UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:	)	Chapter 11
	)	
COLLINS & AIKMAN CORPORATION, et al.	)	Case No. 05-55927
	)	(Jointly Administered)
Debtors.	)	Honorable Steven W. Rhodes

REPORT OF JUDY A. O'NEILL, FEE EXAMINER*

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I. INTRODUCTION

Collins & Aikman Corporation (the "Reporting Company"), Collins & Aikman Products Co. and substantially all their direct and indirect wholly-owned subsidiaries incorporated or organized in the United States (collectively, the "Debtors") were a leading tier one supplier of automotive plastic and trim components, systems and modules to a substantial majority of the largest automotive original equipment manufacturers ("OEMs"), including the entity then known as DaimlerChrysler Corporation ("DaimlerChrysler"), Ford Motor Company ("Ford"), General Motors Corporation ("GM"), Toyota Engineering Motor Manufacturing North America, Inc. ("Toyota"), Honda of America Manufacturing, Inc. ("Honda") and Nissan North America, Inc. ("Nissan," and together with DaimlerChrysler, Ford, GM, Toyota and Honda, the "OEM Customers"). The Debtors also provided supply to certain other automotive suppliers (collectively, with the OEM Customers, the "Customers").[1]

The Debtors, whose predecessors had been in operation since 1843, conducted their operating activities through the Reporting Company's wholly-owned subsidiary, Collins & Aikman Products Co. and the direct and indirect subsidiaries of Collins & Aikman Products Co. The Debtors primarily operated in two business segments: a plastics segment ("Plastics"), and a "soft-trim" segment ("Soft Trim"). Through Plastics, the Debtors manufactured and supplied a full range of plastic-based automotive interior products, such as instrument and door panel and console parts, and exterior products, such as bumper parts. Through Soft Trim, the Debtors

[1] The Fee Examiner has not distinguished with respect to the various Customers throughout this Report and has used the term when only a subset of the entire Customer group is involved. The Fee Examiner notes that the Customers changed throughout the cases, but that at all times the Customers included DaimlerChrysler, Ford and GM. The only Customers the Fee Examiner interviewed were DaimlerChrysler, Ford and GM.

manufactured and supplied various automotive carpet and acoustics products and convertible roof products.

At the time of the Debtors' bankruptcy filings, the Debtors were market share leaders in their primary product areas in North America. GM, Ford and DaimlerChrysler (the "Domestic Customers") accounted for approximately 80 percent of the Debtors' revenues in 2005 and the remaining 20 percent of the Debtors' revenues were generated by business from Toyota, Honda and Nissan, as well as several other tier one suppliers. According to some estimates, parts supplied by the Debtors were on 85 percent of U.S. domestic-built vehicles.

On January 12, 2001, Heartland Industrial Partners, L.P. ("Heartland"), the private equity fund that would eventually place several members on the Reporting Company's board of directors (the "Board"), made a $260 million preferred and common stock investment in the Reporting Company to acquire approximately 60 percent of the Reporting Company's stock. Shortly after this investment, the Debtors quickly pursued and closed a series of debt-financed acquisitions. During 2001, the Debtors completed the acquisitions of the Becker Group, L.L.C., an automotive plastics supplier, Joan Automotive and Western Avenue Dyers, L.P., together an automotive cloth supplier, and Textron Automotive Company's Trim division, one of the largest suppliers of assembled cockpit modules, instrument panels and exterior trim parts. These acquisitions had a total transaction value of over $1.6 billion.

During the years preceding the Debtors' bankruptcy filing, the Debtors experienced a severe deterioration in their performance. Increased raw material costs, which the Debtors were unable to recover under their long-term fixed price contracts with their Customers, constituted a significant factor contributing to the Debtors' financial decline. Another factor was the Debtors' inability to recover engineering, tooling and development costs as timely as the Debtors estimated. The Debtors recovered these costs as an incremental portion of the price paid by Customers for each piece the Debtors produced. Actual volumes from the Debtors' major Customers often failed to meet projected volumes, lengthening the amortization of these investments. The Debtors' overlevered capital structure and well-publicized accounting and management issues prior to their bankruptcy filings compounded the Debtors' other problems. On May 17, 2005 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

As described in further detail below, the Debtors attempted to reorganize over a period of approximately 17 months. To this end, throughout most of 2006, the Debtors focused their efforts on executing their Business Plan (as defined and described below), which was initially issued in January 2006. The Business Plan included projections for the Debtors' adjusted EBITDA for 2006. The projections in the Business Plan incorporated contingencies and assumptions, including cost cutting, Customer price increases, and new business projections which, if met, would have substantially increased the Debtors' 2006 adjusted EBITDA[2] over the Debtors' actual 2005 EBITDA of approximately $60 million. However, the Debtors' financial performance failed to meet the projections in the plan, such that the Debtors materially revised the plan twice during 2006, eventually lowering their projection for adjusted 2006 EBITDA from $265 million to $105.5 million.[3]

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[2] This Report places particular emphasis on the Debtors' 2006 EBITDA. In this situation, the Debtors' 2006 EBITDA was critical because, as described further below, if the Debtors did not achieve EBITDA of $265 million, without third-party concessions the Debtors would not have liquidity necessary to fund their operations and continue their reorganization efforts to enable the creation of value in years after 2006.

[3] In a February 7, 2007 report entitled "December 2006 Financial Performance," the Debtors reported final 2006 EBITDA of $119.4 million.

On October 26, 2006, the Debtors announced in a sealed courtroom that they no longer had the ability to reorganize, and thus would pursue the liquidation of their assets. As of June 30, 2007, approximately $123 million in fees and expenses had been incurred in these cases by twenty-five professionals whose fees are subject to section 327 and section 328 of the Bankruptcy Code.

On May 4, 2007, the Court entered an opinion (the "Fee Examination Opinion") determining the need for a fee examination (the "Fee Examination"). On May 24, 2007, the Court entered an order (the "Fee Examination Order") in accordance with the Fee Examination Opinion, appointing the Fee Examiner and ordering the Fee Examiner to answer the following questions (the "Fee Examination Questions"):

(a) <u>Should the substantial operational, managerial and financial issues in the debtors' plastics division and the effect of such issues on the achievability of management's business plan goals have been discovered earlier?</u>

(b) <u>If so, did the delay result in either unnecessary losses or reductions in creditor recoveries?</u>

(c) <u>Were the key assumptions underlying management's business plan, the nature and substance of the debtors' operating challenges in the debtors' plastics division and substantive developments and changes in the debtors' views on future operating performance adequately and timely disclosed to the debtors' principal creditor constituencies?</u>

(d) <u>Once it became reasonably clear that the value of the debtors' estate was substantially diminished or that a reorganization was unlikely, did any of the estate professionals undertake or continue work on activities that no longer were reasonably necessary under the circumstances in view of their roles?</u>

II. <u>SCOPE OF FEE EXAMINATION</u>

A. <u>Documents Reviewed</u>

In the course of her investigation, the Fee Examiner or her professionals reviewed various documents, including without limitation those described on Exhibit A.

B. **Parties Interviewed**

The Fee Examiner conducted informal interviews and examinations of key parties and professionals in these cases, rather than formal depositions. In the course of the Fee Examination, the Fee Examiner interviewed the individuals set forth on Exhibit B. The Fee Examiner worked with the Debtors, the Official Committee of Unsecured Creditors (the "Committee"), and JP Morgan Chase Bank, N.A. (the "Prepetition Agent"[4] and the "Postpetition Agent," and when acting as both simultaneously, the "Agent") to obtain entry of a protective order to protect parties from the disclosure of sensitive confidential information on certain terms (the "Protective Order"). The Protective Order was modified by subsequent stipulations approved by the Court on August 17, 2007 and October 12, 2007. The Fee Examiner sent each person or constituency whose representatives were formally interviewed a letter substantially in the form of Exhibit C (the "Fee Examination Letter"). Through the Fee Examination Letter or otherwise, the Fee Examiner requested that each party interviewed provide input on any documents that should be reviewed and identify any additional parties that should be interviewed pursuant to the Fee Examination. The Fee Examiner conducted additional interviews and followed up on additional points of investigation, as requested by the parties interviewed.

The Fee Examiner conducted her preliminary investigation of the ordinary course professionals on the list attached as Exhibit D and the other non-327(a) professionals (collectively, with the exception of Davis Polk & Wardwell, the "Ancillary Professionals") by consultation with Stacy Fox ("Fox"), the Executive Vice President, Chief Administrative Officer and General Counsel of the Debtors. After discussion with Fox and the objectors, Third Avenue

[4] The Prepetition Agent acted on behalf of a group of Prepetition Lenders and took directions when appropriate from a subset of that group acting which acted as a steering committee for the Prepetition Lenders (together with the Prepetition Agent, the "Bank Group").

and the Prepetition Agent (collectively, the "Objectors"), the Fee Examiner determined it was not worthwhile to further investigate the fees of these professionals.

Several interviewed parties requested and received follow-up interviews. The Fee Examiner verbally provided her preliminary findings to Third Avenue on August 10, 2007 and to the Prepetition Agent on August 13, 2007. The Fee Examiner disseminated a draft of this Report (the "Draft Report") on August 29, 2007. Pursuant to the Fee Examination Order, the Fee Examiner received comments on the Draft Report from various parties, including the Prepetition Agent, Kirkland & Ellis LLP ("Kirkland"), KZC Services, LLC ("KZC"), Lazard Freres & Co. ("Lazard") and Davis Polk & Wardwell ("Davis Polk"), during the consultation period after such distribution. During the consultation period, various professionals also made offers to settle fee disputes, pursuant to discussions with the Prepetition Agent and the Fee Examiner. These offers are discussed in section VII. below. Following the disclosure of her preliminary findings and analysis of the comments on the Draft Report, the Fee Examiner pursued various follow-up issues and prepared this final Report.

III. SUMMARY OF FEE EXAMINER'S CONCLUSIONS[5]

(a) Should the substantial operational, managerial and financial issues in the debtors' plastics division and the effect of such issues on the achievability of management's business plan goals have been discovered earlier?

Yes. From the outset of the cases, the Customers, the Bank Group, the Agent and the Committee (collectively, the "Key Constituents") and the Debtors were aware of the substantial operational, managerial and financial issues in Plastics. Due in large part to these Plastics issues, until the approval of the October 2005 Customer Agreements in December 2005, the Debtors could not formulate a reliable business plan. As a result of the awareness of these issues and the

[5] Certain capitalized terms used and not previously defined herein have the meanings ascribed below.

Debtors' inability to formulate a reliable Business Plan until January 2006, the meaningful inquiry required by this question is whether there was delay in discovering when the *impact* of these issues rendered that Business Plan and the EBITDA projections therein, as modified, unachievable. For that purpose, the Fee Examiner analyzed two periods: (a) January 2006, when the Business Plan was issued; and (b) the summer of 2006 when the Business Plan was modified by revised business plan projections known as the "4+8 Plan" issued in June 2006 and the "6+6 Plan" issued in August 2006.

With respect to the January 2006 period, certain of the Key Constituents argued that the Business Plan was overaggressive and unachievable when it was issued in January 2006. Notwithstanding and after full consideration of these arguments, the Fee Examiner concludes that it was reasonable for the Board and KZC to defer to Frank Macher (who insisted that the Business Plan was achievable) with respect to the achievability of the Business Plan when it was issued in January 2006, despite the issues in Plastics.

With respect to the summer of 2006, the Fee Examiner concludes that based on the Debtors' performance in March, April and May of 2006 (particularly with respect to initiatives intended to correct the issues in Plastics, the failed implementation of which became clear in June 2006) the Debtors should have known that (a) the aggressive \$179 million 2006 EBITDA projection in the 4+8 Plan was unachievable considering the Plastics Issues in June 2006; and (b) projected 2006 EBITDA at that time should have more realistically resembled the \$105.5 million projected in the 6+6 Plan subsequently issued in August 2006. As a result, the Fee Examiner concludes that there was a delay in discovery of the impact of the Plastics Issues on the Debtors' Business Plan during the period between the issuance of the 4+8 Plan in June 2006 and the 6+6 Plan in August 2006.

(b) If so, did the delay result in either unnecessary losses or reductions in creditor recoveries?

Yes. Given her conclusion that delay existed, the Fee Examiner reviewed the recoveries of each of the Key Constituents to determine whether the delay resulted in either unnecessary losses or reductions in creditor recoveries. As described in more detail below, the Fee Examiner does not believe that the delay resulted in material unnecessary losses or reductions in creditor recoveries, except with respect to: (a) the Prepetition Lenders who funded professionals' fees and likely unnecessarily funded two months of fees as a result of the delay; and (b) the Customers, to the extent they made business decisions during the delay that increased their costs upon liquidation.[6] The Fee Examiner acknowledges that this conclusion requires speculation as to outcomes had the delay had not occurred.

In addition, because of arguments that the Debtors should have proceeded with a more conservative business plan in January 2006, the Fee Examiner has analyzed what the potential outcomes and the recoveries and losses of the same parties might have been had the Business Plan been more conservative when issued in January 2006. She did so to assist the Court in its analysis, in the event the Court comes to a different conclusion. If the Court concludes that the Business Plan should have been more conservative when initially issued in January 2006, the Prepetition Lenders and the Customers likely suffered losses or reductions in recoveries.

[6] As described in further detail below, certain Customers generally released administrative claims against the Debtors through a Customer Agreement and the Debtors' confirmed chapter 11 plan.

(c) Were the key assumptions underlying management's business plan, the nature and substance of the debtors' operating challenges in the debtors' plastics division and substantive developments and changes in the debtors' views on future operating performance adequately and timely disclosed to the debtors' principal creditor constituencies?

Except with respect to the issues noted in the summary answers to questions (a) and (b) with respect to the achievability of the Business Plan and the delay in the summer of 2006, the Fee Examiner concludes that the Debtors adequately and timely disclosed the assumptions underlying the Business Plan (including projections), the substance of the Debtors' operating challenges in Plastics, and the substantive developments and changes in the Debtors' views on future operating performance.

(d) Once it became reasonably clear that the value of the debtors' estate was substantially diminished or that a reorganization was unlikely, did any of the estate professionals undertake or continue work on activities that no longer were reasonably necessary under the circumstances in view of their roles?

Because the Debtors' inability to timely achieve the Business Plan improvements resulted in a *failure to increase* value rather than a true decrease in value, the Fee Examiner concludes that substantial diminution of the Debtors' estates is not relevant to this inquiry, and therefore, that the relevant initial inquiry is whether any particular work was no longer reasonably necessary after reorganization became unlikely. The Fee Examiner concludes that the probability of any reorganization (including one based on the conversion of secured debt to equity) substantially decreased in June 2006, when: (a) the Debtors' projected 2006 adjusted EBITDA fell substantially below $179 million; and (b) reorganization at the lower EBITDA level became necessarily contingent upon additional third-party concessions, such as extraordinary Customer relief which the Fee Examiner concludes was not likely to be obtained.

As stated above, the Fee Examiner concludes that there was a delay between June 2006 and August 2006 in the realization that the Debtors' achievable 2006 EBITDA was substantially less than $179 million. Given the delay, the Fee Examiner concludes that the decision to liquidate these Debtors reasonably could have occurred approximately two months earlier. Therefore, these cases, and the attendant fees, were unnecessarily extended by approximately two months.

In addition, the Fee Examiner concludes that other, less significant work may have been reasonably unnecessary under the circumstances. That work is specifically identified below.

IV. <u>RELEVANT BACKGROUND FACTS AND FINDINGS</u>[7]

Exhibit E is a timeline that sets forth certain key events that are particularly significant to the Fee Examiner's conclusions. Many of these events are discussed in greater detail in the text below.

A. <u>Inception of these Bankruptcy Cases</u>

i. Capital Structure of the Debtors

As of the Petition Date, the Reporting Company and substantially all its domestic direct and indirect subsidiaries (the "Guarantor Parties") were borrowers and/or guarantors under the Senior Secured Credit Facility with the Prepetition Lenders (the "Prepetition Loan Facility"). Approximately $748 million was outstanding under such facility as of the Petition Date. In addition, Collins & Aikman Products Co. also had: (a) approximately $520.7 million in principal and interest outstanding under unsecured 10 3/4 percent Senior Notes due 2011, issued on December 20, 2001 (the "Senior Notes"); and (b) approximately $414.4 million in principal and interest outstanding under unsecured 12 7/8 Senior Subordinated Notes due August 15, 2012,

[7] These facts have been taken from the statements made by various individuals during the Fee Examiner's investigation. Many of these facts are without independent verification. To the extent possible, where disputes exist as to key facts, the Fee Examiner has attempted to note the contradictory facts.

issued on August 26, 2004 (the "Senior Subordinated Notes"). The Senior Notes and the Senior Subordinated Notes were guaranteed by unsecured guaranties of the Guarantor Parties.

Collins & Aikman Products Corporation also had $127 million outstanding as of the Petition Date on a certain receivables financing facility (the "GECC Facility") provided by General Electric Capital Corporation ("GECC"). The Debtors also guaranteed obligations of their European affiliates under an overdraft facility provided by the Agent, which obligations totaled $21 million as of the Petition Date. As of the Petition Date, the Debtors had other general unsecured debt of $539 million. A chart of the Debtors' capital structure is attached as Exhibit F.

ii. Liquidity Issues

Prior to the Petition Date, the Debtors leveraged most of their assets to try to meet their liquidity needs. Much of the Debtors' equipment and real estate was subject to leases as a result of sale-leaseback transactions. The Debtors securitized their receivables pursuant to the GECC Facility.

On April 4, 2005, the Debtors announced a commitment by Credit Suisse First Boston to provide an additional $75 million of term loan financing under the Prepetition Loan Facility. This loan closed on April 8, 2005. The Debtors quickly consumed this additional funding. Less than five weeks later, the Debtors found themselves without sufficient cash.

As a result, on May 12, 2005, the Reporting Company filed an 8-K report (the "May 2005 8-K") with the Securities and Exchange Commission (the "SEC"), announcing a severe cash crisis. The Reporting Company explained that it was fully drawn on the Prepetition Loan Facility, and would fund ongoing operations by accessing remaining availability under the GECC Facility and certain foreign receivables factoring and "fast pay" financing programs. In the May 2005 8-K, the Reporting Company stated that for the near future, it expected to operate its businesses, which generated almost $4 billion in annual sales, with approximately $20 million or less of daily available liquidity.

iii. Information Issues

By all accounts, the Debtors' financial reporting and management processes and controls were severely deficient as of the Petition Date. In Plastics, the Debtors had no "flash" reporting systems or reliable cash management processes, and lacked the financial reporting systems that are typical in similar companies, which would permit instantaneous financial review of a company's integrated operations. As a result, financial reports for Plastics' plants had to be created after the fact, by looking back on a given month's performance.

In addition to the Debtors' lack of reporting systems, at the outset of the cases, fear prevented transparency as to financial issues. The ongoing government investigation had created an atmosphere of fear amongst many employees, who were concerned about discussing problems with the Debtors' professionals. Employees even requested the presence of personal counsel during conversations with the Debtors' professionals. During the tenure of David Stockman ("Stockman"), the Debtors' prior CEO, those who questioned finances or strategy met with disfavor, creating a corporate culture that stymied problem identification and delivery of pertinent information.

Furthermore, the Reporting Company had ceased filing 10-K reports with the SEC after March 17, 2004. The Debtors experienced financial accounting and reporting irregularities during the period preceding the Petition Date, including allegedly improper treatment of supplier rebates. On March 17, 2005, the Reporting Company publicly announced in a filing with the SEC on Form 8-K (the "March 2005 8-K") and an accompanying press release that it had failed to file its annual report on Form 10-K containing fiscal year 2004 audited financial statements by its due date on March 16, 2005.

The Reporting Company stated in the March 2005 8-K that it expected to: (a) restate financial results for the nine months ended September 30, 2004 to reflect correct accounting for various rebates; and (b) reduce its previously reported operating income during the 9 months prior to September 30, 2004 by between $10 million and $12 million. The Reporting Company also stated that the historical financial statements for the period during the 9 months prior to September 30, 2004 should no longer be relied upon. The Reporting Company announced an investigation into whether a restatement of results prior to 2004 would be necessary. Such a restatement has not occurred.

On or about May 11, 2005, the Debtors accepted the resignation of Stockman, the Chief Executive Officer and Chairman of the Board. The Debtors installed Charles Becker ("Becker") as acting Chief Executive Officer.[8]

iv. Distressed Emergency Bankruptcy Filing

On Thursday, May 12, 2005, only five days prior to the Petition Date, the Debtors retained Kirkland to act as restructuring counsel because the Debtors were in severe financial distress. By all accounts, the scene at the Debtors' headquarters was chaotic, even for a distressed soon-to-be chapter 11 debtor. On Friday, May 13, 2005, the Debtors worked with the Agent to line up debtor-in-possession ("DIP") financing from certain lenders (the "DIP Lenders"). The Agent recommended three potential financial advisor candidates, including AlixPartners and KZC.

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[8] On March 26, 2007, federal prosecutors in New York indicted Stockman, alleging he engaged in "a scheme ... to defraud [the Debtors'] investors, banks and creditors by manipulating [the Debtors'] reported revenues and earnings."

The Debtors hired KZC on May 13, 2005. The Board discussed whether KZC's lack of automotive industry experience would affect the restructuring. The Board ultimately hired KZC because: (a) KZC's work on the Enron bankruptcy case (which involved similar SEC reporting issues) and other multi-billion-dollar complex cases demonstrated KZC's skill in restructurings; and (b) KZC's independence, caused by its lack of automotive industry allegiances, would enable KZC to take a fresh look at the Debtors' contractual relationships with the Customers. A team from KZC, including John Boken ("Boken"), began working at the Debtors' headquarters on Saturday, May 14, 2005. The Debtors immediately appointed Boken as their Chief Restructuring Officer. On May 17, 2005, the Debtors hired Lazard to serve as their investment banker.

Based on assurances by the Debtors' personnel that they had sufficient liquidity to fund operations for a few weeks, Kirkland and KZC began to plan for a controlled filing. It quickly became apparent to the professionals that the Debtors had actually run out of cash on Friday, May 13, 2005, when the Prepetition Agent stopped honoring checks drawn on the Debtors' credit facilities.

To investigate the cash flow issues, Boken met with the Debtors' Chief Financial Officer, Bryce Koth, and Treasurer, John Valenti. Both expressed shock at the Debtors' lack of cash. Both anticipated available cash from a payment of $25 million to the Debtors by DaimlerChrysler on Monday, May 16, 2005. KZC invalidated this assumption when it confirmed that the $25 million payment was already earmarked for application against the obligations owed to GECC on the GECC Facility.

The Debtors had less than $1 million in cash on hand. Because this amount was insufficient to continue the Debtors' operations, the professionals prepared for an immediate chapter 11 filing. The Debtors filed chapter 11 petitions on May 17, 2005, only three days after KZC was hired.

On May 24, 2005, the United States Trustee appointed the following entities to the Committee: (a) Third Avenue (which had purchased 50.1 percent of the Senior Notes);[9] (b) MacKay Shields (which had purchased a controlling interest in the Senior Subordinated Notes); (c) BNY Midwest Trust Company; (d) Law Debenture Trust Company of New York; (e) the Pension Benefit Guaranty Corporation; (f) the United Steel Workers of America AFL-CIO; (g) the International Union, UAW; (h) the Brown Corporation of America; and (i) Delphi Corporation. David Barse ("Barse") of Third Avenue served as the Chairman of the Committee. Neil Goldman of MacKay Shields served as the Co-Chairman.

On or around June 1, 2005, the Committee retained Alvarez & Marsal ("Alvarez") as financial advisor. On or around June 7, 2005, the Committee retained Chanin Capital Partners ("Chanin") as investment banker. The Committee retained both Chanin and Alvarez despite Alvarez's attempt to convince the Committee that it could provide both financial advisory and investment banking services to the Committee.

v. Management Issues

During the period immediately following the Petition Date, KZC learned that the Debtors' corporate management was inadequate. Much of the then-existing management team was considered to be weak and incapable of addressing the large hurdles faced by the Debtors. As a result, the positions of Chief Executive Officer, Chief Financial Officer, General Counsel,

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[9] Third Avenue acquired a majority of the Senior Notes after placing the Debtors on their watch list in the fall of 2004, and waiting for bond prices to fall. The Debtors were attractive, in part, because concerns with David Stockman provided an opportunity to easily change management. Upon accumulation of 50.1 percent of the Senior Notes, Third Avenue believed it held a "blocking" vote of all unsecured claims.

President of Plastics Division, President of Soft Trim, Vice President of Manufacturing Operations, Treasurer and Chief Engineer, among other important posts, were either vacant for at least some period or filled by new personnel during the first several months of these cases.

All parties determined that, in order to reorganize the Debtors, the Debtors needed a strong operations manager to effect an operational turnaround, particularly in Plastics. The Debtors sought to retain Macher in the summer of 2005. Macher had concluded a successful tenure as Chief Executive Officer and Chairman of the Board of Federal Mogul. He had an outstanding reputation in the automotive industry for improving operations, including through cost cutting.

On July 7, 2005, the Debtors: (a) accepted the resignation of Charles Becker; (b) appointed Macher as President and Chief Executive Officer;[10] and (c) appointed Stephen Cooper ("Cooper"), Chairman of KZC, to be Chairman of the Board, and Leonard LoBiondo ("LoBiondo"), a managing director of KZC, to the Board. The Debtors also announced the establishment of a restructuring committee of the Board, which included Cooper, LoBiondo, Anthony Hardwick, Timothy Leuliette, and Daniel Tredwell.

Macher hired a number of executives to assist with the Debtors' restructuring. Macher hired: (a) Susan Armstrong as Vice President of Strategic Planning in July 2005; (b) Timothy Trenary ("Trenary") as Vice President, Treasurer in September 2005 (subsequently promoted to Chief Financial Officer in February 2006); (c) Fox as General Counsel in November 2005; (d) Matti Masanovich ("Masanovich") as Vice President, Internal Audit in November 2005

[10] Under his employment agreement, Macher was entitled to a 20 percent share of the Debtors' incentive compensation pool in the event of confirmation of a plan or sale of substantially all the assets of the Debtors. The size of the incentive compensation pool varied according to either the post-reorganization enterprise value of the Debtors or the aggregate transaction value in the event of a sale of substantially all the Debtors' assets.

(Masanovich became Controller in March 2006); (e) Peter Speers as Vice President, Financial Planning in November 2005; (f) Dennis Profitt ("Profitt") as President of Plastics in December 2005; (g) James Wynalek ("Wynalek") as Chief Technology Officer in December 2005 (Wynalek was appointed President of Plastics on August 1, 2006, after Profitt vacated the position); (h) Mark Leyda as Vice President, Human Resources in January 2006; (i) Mary Ann Wright ("Wright") as Vice President, Commercial and Program Management in February 2006; and (j) Michael De Irala as Vice President, Advanced Manufacturing in February 2006.

B. Initial Phases of Restructuring Efforts: May 2005 – October 2005

i. Initial Postpetition Financing and June 2005 Customer Agreement

At filing, the Debtors obtained a $300 million debtor-in-possession facility (the "DIP Facility") they had negotiated with the Postpetition Agent. The DIP Facility encompassed a $150 million interim financing commitment, with the remaining $150 million to be loaned thereafter, pursuant to a postpetition credit agreement (the "DIP Credit Agreement"). The interim facility was intended to cover borrowing needs over the initial four weeks of these cases.

By June 11, 2005, the Debtors had consumed all of the initial $150 million commitment under the DIP Facility. This consumption occurred, in part, because the GECC Facility was not paid down as anticipated. Upon investigation, Boken learned that the projected pay down of the GECC Facility did not occur as anticipated due to the miscalculation of the borrowing base on that facility. (The borrowing base incorrectly included fraudulent receivables and prepetition receivables that were withheld by Customers.) Given the lack of available collateral and the unanticipated speed at which the interim financing was spent, the Postpetition Agent informed the Debtors that it would not loan the additional $150 million under the DIP facility.[11] As a result, within three weeks of the Petition Date, the Debtors were again without cash. The Debtors were forced to seek funding from the Customers, as the lenders of last resort.

The Customers agreed to fund $30 million in bridge financing (the "Bridge Financing") on an unsecured administrative claim basis to continue the Debtors' operations pending the establishment of other financing arrangements. Without the Bridge Financing, the Debtors would have been forced to cease operations. The Court approved the Bridge Financing on June 23, 2006.

The Customers dispensed the $30 million under the Bridge Financing on the basis of actual cash needs, which were determined during daily calls with the Debtors. The Debtors' viability hung in the balance with those daily calls. Given the Debtors' liquidity issues and the state of chaos, the Key Constituents placed professionals on site at the Debtors' headquarters and plants. On site at any time were approximately twelve to fifteen people from KZC on behalf of the Debtors, three to five people from Capstone on behalf of the Prepetition Agent and the Postpetition Agent, and twelve to twenty-four people from BBK on behalf of DaimlerChrysler, GM, Honda and Toyota. BBK had both operations and financial professionals analyzing the Debtors. Ford retained operations and financial professionals from Grant Thornton, some of which were on site at the Debtors. In addition, Alvarez (for the Committee) and Kraft Corporation (for Nissan) had personnel on site from time to time.

Becker was generally uncomfortable negotiating against the Debtors' Customers for necessary concessions in connection with the Bridge Financing, particularly because the

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[11] The Debtors had few assets to support the additional DIP facility. As stated above, the Debtors had leased a substantial portion of their real estate and equipment and, given the accelerated payment terms by the Customers, the Debtors had insignificant post-petition receivables.

Prepetition Agent took the position that the Customer funding would be subordinate to the liens of the Prepetition Lenders. Therefore, Boken and Schrock took the lead in these discussions.[12]

On or around June 29, 2005, the Committee threatened fraudulent conveyance, antitrust and other litigation against the Customers and brought an expedited motion to compel the Debtors to reject unprofitable contracts. These actions were consistent with the Committee's strategy to obtain substantial relief from the Customers and avoid an immediate sale of the Debtors' assets, which the Committee believed would be detrimental to unsecured creditors.[13] In the absence of Customer concessions, at this time there was insufficient enterprise value in the Debtors to ensure full coverage of the Prepetition Lenders' debt and thus a recovery for the unsecured creditors. *See* Exhibit G: 2005 Adjusted EBITDA and Exhibit H: Estimated Enterprise Value.[14] The Committee perceived it had leverage because the Debtors' parts were used in 85 percent of automobiles produced in the U.S. The Committee recognized that shutting down the Debtors would substantially halt U.S. automotive production.

On July 8, 2005, the Debtors and the Customers entered into an agreement (the "July 2005 Customer Agreement"), pursuant to which the Customers provided, among other things: (a) \$82.5 million of temporary price increases through September 30, 2005 (the "July 2005

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[12] The Agent confirmed that Boken's status as an "outsider" in the automotive community enabled him to negotiate more independently with the Customers, affirming the Board's rationale for hiring KZC.

[13] As stated above, substantially all of the Key Constituents: (a) approximated the value of the Debtors by multiplying annual EBITDA by five; and (b) assumed a necessary threshold valuation of approximately \$1.25 billion in order for the unsecured creditors to have a recovery. Therefore, annual EBITDA needed to be at least approximately \$250 million for value to clearly extend beyond secured and priority claims to unsecured creditors. *See* Exhibit G and Exhibit H.

[14] Throughout this Report, when discussing the Debtors' enterprise value, the Fee Examiner has adopted a rough EBITDA-based valuation approach used by most of the people interviewed. This approach calculates enterprise value as a figure that is five times adjusted annual EBITDA. The Fee Examiner acknowledges that value is not typically determined on the basis of a single year's EBITDA. However, in this instance, as described in various portions of this Report, the Debtors' 2006 EBITDA was critical to the Debtors' continued viability and reorganization efforts and to permit the Debtors to establish a foundation for obtaining value in future years.

Customer Funding Period") under existing contracts; (b) an additional $82.5 million of DIP financing (subordinated to the Prepetition Loan Facility); (c) "net instant" (i.e., 5-day) payment terms;[15] and (d) an agreement not to resource production away from the Debtors prior to September 30, 2005. Despite the fact that the Customers were loaning post-petition funds, the Prepetition Agent required the loans to be junior to the Prepetition Loan Facility.

The Committee objected to the approval of the July 2005 Customer Agreement on the grounds that, among other things, the Debtors had failed to properly exercise their leverage against the Customers by (a) agreeing not to seek further price concessions under the Customers' apparently loss-producing contracts during the July 2005 Customer Funding Period; and (b) granting liens to the Customers, which elevated the Customer loans above the claims of unsecured creditors.

On August 11, 2005, the Court approved the July 2005 Customer Agreement. The July 2005 Customer Agreement was intended to provide a framework and time for the Debtors to formulate longer-term solutions to their problems. The solutions contemplated, at the time, included negotiations with Customers regarding long-term pricing and other contract relief. In order to provide a framework for further negotiations, the July 2005 Customer Agreement required the Debtors to develop a business plan by August 31, 2005.

Throughout the summer of 2005, the Debtors' primary focus was daily cash management. The Debtors' entire finance department, a team from KZC, and a large team from various Customers met daily to manage and disburse cash. This process eventually became much less

[15] Ironically, these 5-day payment terms actually created difficulty for the Debtors, because: (a) to be viable in the long term, the Debtors would have to be weaned off of these extremely short payment terms and resume normal payment terms; and (b) the Debtors would not have sizeable receivables upon exit to support exit financing requirements.

cumbersome. However, it continued until subsequent price increases granted by the Customers took effect in October 2005. Simultaneously, KZC worked to establish cash management and financial reporting processes.

ii. Problems in the Debtors' Plastics Division

From the outset of the cases, it became apparent to all constituents that Plastics suffered from a number of critical problems. Plastics had negative EBITDA and cash flows, in addition to substantial near-term capital expenditure requirements. In addition, Plastics lacked effective management throughout the organization. Becker terminated the President of Plastics within three weeks of the Petition Date. The Chief Financial Officer of Plastics was terminated on April 28, 2006. Moreover, Plastics' plants were operating at only 60 to 70 percent capacity. At the same time, Plastics' costs were very high because of substantial above-market facility and equipment lease charges.

In Plastics, programs were often awarded three to four years before the start of production. The Debtors had not received any significant new business for approximately one year preceding the Petition Date. Given their instability, the Debtors did not expect significant new awards of business while in bankruptcy. With the run-off of existing programs and the lead time in awards, the Debtors had to receive "transfer business" previously sourced to other suppliers in order to preserve their historical sales volumes.

The Debtors' contracts with the Customers were generally fixed price contracts, which did not provide for recovery of increases in raw material prices. Raw material prices (particularly resin prices) had increased dramatically, eroding the Debtors' margins. Notwithstanding that erosion, the Debtors were contractually committed to reduce pricing every year by set percentages.

These contracts also committed the Debtors to produce service parts for years (often ten or more) after primary production ceased. The Debtors were obligated to sell the service parts at the original price set for products produced during the program life. The Debtors' costs had increased from the time that they entered into these contracts, rendering the Debtors' actual costs to produce such parts as high as two to three times the original price under the contract.

In addition, the Debtors' contracts with the Customers often required significant investment of capital by the Debtors for engineering and design, capital equipment and tooling. Certain of these items, such as engineering and design costs, were amortized by the Debtors over the life of the program, with payment obtained through incremental portions of the price of each part produced and sold.

Plastics had poor pricing data, and often priced parts with inaccurate margins. Additionally, the Debtors priced parts based on the assumption that full production program volume estimates would be met. The Debtors advanced funds for various capital investments, including engineering and design costs, with the expectation of reimbursement by the Customers based upon estimated volumes. Because these volumes were not achieved, the Debtors were unsuccessful in predicting when their program investments would be repaid. Indeed, the Debtors' survey of one Domestic Customer's programs illustrated that out of fifty programs, volume estimates were achieved for only one program.

The Debtors' tooling system made their advance cash investment greater than that of most other suppliers. The Debtors produced in-house approximately half of the tooling they used. As a result, the Debtors financed themselves tooling costs that are typically financed by outside tooling vendors. The Debtors had approximately $350 million of open purchase orders with the Customers which included amortization of some amount of the Debtors' advance investment over the piece price of parts. Tooling is commonly reimbursed after the completion of the Production Part Approval Process ("PPAP"). In many instances, the Debtors' internal spend on tooling exceeded the amount of the respective tooling purchase order, compounding the burden created by the Debtors' financing of tooling. The Debtors could not recover this incremental amount when the OEMs conducted tooling audits.

Plastics did not have competent plant managers. Plastics experienced extensive turnover after the Petition Date, leaving gaps in Plastics' roster of plant managers and controllers. *See* Exhibit I: Plant Leadership Assessment dated June 8, 2006.

An example of Plastics' problems with plant management arose at the facility in Hermosillo, Mexico. The Debtors had a critical and large Ford Fusion launch scheduled from their Hermosillo plant in early 2006. When Macher arrived, the Debtors were unprepared and three or four months behind Ford's schedule. The manufacturing process was not established and personnel were not adequately trained. According to Macher, the Debtors did not even have screwdrivers to put parts together. The Debtors were painting parts by hand, producing 30 or 40 parts per day when they should have been producing 200 per day and ramping up towards 1000 per day for full production. Macher used his leadership to address these problems. Macher traveled to Hermosillo and reorganized the production. By the time of the launch, the Debtors were producing the proper amount of parts, while Macher was still improving the process.

There also had been no capital investment in Plastics' plants for years prior to the Petition Date. Maintenance had not been performed in Plastics' facilities as necessary, which precipitated production and quality issues. The most glaring example of problems resulting from lack of maintenance occurred in the summer of 2006, when Capstone representatives and Macher toured the Debtors' Evart, Michigan plant. A thunderstorm revealed roof leaks so significant that within minutes, water was ankle-deep and surrounded electrical equipment. The roof situation had been reported for repair prior to the Petition Date, but these requests were ignored because of liquidity issues. As a result of the failure to correct this issue, the problem was not reported again.

Plastics' plants did not have reliable systems for providing timely plant-level financial information, or for tracking effective material management or scrap levels. Monitoring of plant performance primarily occurred through a historical review of plant results and performance each month, in arrears. The lack of effective projection and monitoring systems delayed the discovery of problems. For example, if a plant was delinquent on delivery and was therefore required to deliver parts to Customers by air freight, upper management would not be aware of the issue until one month later when historical reporting occurred. Therefore, the issue could not be addressed until after significant costs had been incurred. An egregious example of the problems arising from the deficient reporting mechanisms occurred in Plastics' Guelph, Ontario plant. There, historical reporting evidenced a change in EBITDA from a negative amount to a positive $40 million over the course of two months, without explanation.

By early summer of 2005, KZC concluded that the Debtors' Plastics business was unsustainable given its condition and that the Debtors' economic model for that business was "broken." KZC informed the Agent and the Committee of this conclusion, and advised them that the potential success of a Plastics restructuring depended on: (a) reconstituting the management team (with focus on finding industry operating expertise in plastics); (b) securing liquidity enhancements and other significant accommodations from the OEM Customers; (c) obtaining significant transfer business from the OEM Customers to fill a future gap in revenue created by prepetition resourcing and loss of business; and (d) implementing an operational cost-savings turnaround. At this point, all constituencies agreed that rather than sell or wind-down the business, it made sense to hire an industry expert, seek concessions from the Customers, and attempt to improve the Plastics business.

iii. Government Investigation

From before the Petition Date until March 23, 2007, the United States Department of Justice (the "DOJ") and the SEC investigated the Debtors' prepetition accounting and financial reporting irregularities. The government expected the Debtors to perform much of the investigative work at their own expense. The Audit Committee of the Board oversaw the internal investigation, which was substantially handled by Davis Polk and Ernst & Young LLP ("E&Y").[16] The Debtors' chief goal in connection with the investigation was to avoid being indicted or fined. These activities accrued over $10 million in fees and expenses. Davis Polk was not initially comfortable with simultaneously representing both the audit committee and the Debtors. Therefore, during the initial stages of these cases, Kirkland represented the Debtors with respect to the investigation and Davis Polk represented the Debtors' audit committee in the matter. Kirkland assisted with collection and review of documents in response to government subpoenas, and then would send the documents to Davis Polk for Davis Polk's review on behalf of the audit committee. Kirkland's personnel also represented the Debtors in connection with employee interviews with the DOJ and the SEC. Shortly after Fox assumed the role of General Counsel for the Debtors, the Debtors determined that Davis Polk could represent both the audit

[16] Both of the Objectors questioned the amounts expended on the investigation. Because E&Y's fees are outside of the scope of the Fee Examination Order (due to the prior entry of a final order approving such fees), the Fee Examiner investigated only those of Davis Polk.

committee on behalf of itself and the Debtors. The Debtors thereby substantially reduced Kirkland's role in this matter. [17]

Once the Debtors publicized in October 2006 that they would pursue a liquidation rather than restructuring, the Debtors requested that Davis Polk wind-down this work. The wind-down entailed finishing the document production already underway and transitioning the document databases to the government.

iv. August 2005 Business Plan

Pursuant to the July 2005 Customer Agreement, the Debtors distributed a business plan on August 31, 2005 (the "August 2005 Business Plan"). Given the chaos at the outset of these cases, the Debtors' professionals did not completely understand the Debtors' true financial and operational challenges at the time they issued the August 2005 Business Plan. A copy of the August 2005 Business Plan is attached as Exhibit J. The August 2005 Business Plan was disseminated to the Agent and the Committee, in addition to other Key Constituents.[18]

The August 2005 Business Plan projected a baseline[19] 2006 adjusted EBITDA of between \$80 million and \$90 million, prior to adjustments and inclusion of restructuring professional fees and retirement charges. The August 2005 Business Plan also projected that the

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[17] It appears that Kirkland billed approximately \$352,556 of fees to the government investigation from September 2005 through May 2006. Kirkland began to shift their responsibilities to Davis Polk in November 2005, substantially decreasing Kirkland's fees on this work thereafter.

[18] The references to "Business Plan" and attendant discussion in this Report do not include the August 2005 Business Plan because that plan was formulated without the benefit of reliable financial information and was generally understood to be a "placeholder" until the 2006 Operating Plan could be formulated as discussed below.

[19] The concept of "baseline" annual EBITDA, as used in this Report, means EBITDA prior to improvements assumed in a given business plan, such as Customer price increases or cost-savings.

Debtors would achieve a 2006 adjusted EBITDA ranging from $278 million to $333 million.[20] The projections for adjusted 2006 EBITDA in the August 2005 Business Plan assumed that the Debtors would achieve in 2006: (a) between $139 million and $159 million of EBITDA impact in price increases from the Customers; (b) between $48 million and $70 million of EBITDA impact in operational improvements; and (c) between $11 million and $14 million of EBITDA impact in corporate overhead savings.

In the August 2005 Business Plan, and each of their business plans issued thereafter, the Debtors projected 2006 adjusted EBITDA using the 2005 EBITDA figure as a foundation. However, at the time of the preparation of the August 2005 Business Plan, which was the first of the Debtors' business plans that projected adjusted EBITDA for 2006: (i) the Debtors did not have reliable historical financial reports; or (ii) the benefit of actual results for the remaining four months of 2005, which was significant given the Debtors' difficulty in projecting future performance due to their inadequate information systems. For its part, as of September 29, 2005, Capstone estimated the Debtors' baseline 2005 EBITDA to be approximately $50 million.[21]

The key risk factors described in the August 2005 Business Plan included: (a) the heavy dependence of Debtors' revenues on sales volumes for DaimlerChrysler, GM and Ford vehicles at a time when market shares of those OEMs continued to deteriorate; (b) the outcome of final Customer negotiations on pricing concessions which were anticipated to occur; (c) the potential increase over time in the primary Customers' ability to resource core contracts; (d) the sufficiency of capital resources to maintain production and make progress on launches and future

[20] Applying a multiple of 5 times adjusted EBITDA, the August 2005 Business Plan implied an enterprise valuation for the Debtors of between $1.39 billion and 1.67 billion.

[21] During the course of 2005, the Debtors suffered substantial cost increases, which, if extrapolated over a year, would have an annual EBITDA effect of approximately negative $77 million.

programs during restructuring; and (e) the ability to pass through to Customers future price increases in raw materials. The August 2005 Business Plan stated that if the projections were achieved, the Debtors would become the industry leader in EBITDA margin performance (as a percentage of sales).

v. Negotiation of October 2005 Customer Agreements

In August 2005, after being substantially consumed with the Debtors' immediate liquidity needs during the initial months of the cases, the Debtors and other Key Constituents turned to longer-term liquidity issues. The Debtors determined that their contract pricing was substantially inadequate to permit the Debtors to continue operations, and that any restructuring would necessarily involve price increases. Starting in August 2005 and continuing into October 2005, the Debtors analyzed their Customer contracts to determine which contracts were unprofitable, and negotiated with the respective Customers to obtain concessions. The Debtors' analysis included, among other things, a review of the risks to the Debtors under the contracts, a quantification of pricing, volume, raw material and labor costs, manufacturing inefficiency issues under the contracts, and an evaluation of possible cost-cutting initiatives with respect to the contracts.

The Debtors negotiated agreements with the Customers (the "October 2005 Customer Agreements"), which provided for the following relief:

(a) approximately $15 million in capital expenditure funding;

(b) approximately $127 million in annual price increases (the amount was not precise due to the run off of various contracts or programs);

(c) approximately $48.5 million in additional one-time surcharges in fourth quarter 2005 (which were meant to address a liquidity shortfall existing after price increases and which were treated as revenue); and

(d) certain restrictions on resourcing by the respective Customers.

This relief was unprecedented.

The Committee consented to the approval of each of the October 2005 Customer Agreements, except for the Debtors' agreement with GM, to which it objected. At the hearing for approval on October 14, 2005, the Court directed the parties to negotiate and achieve a consensual agreement. As of October 26, 2005, the parties reached consensus on the GM October 2005 Customer Agreement. As a result of the Customer negotiations, the Debtors' adjusted EBITDA for 2006 was favorably affected by approximately $127 million. *See* Exhibit K: Roll Forward of 2005 Estimated EBITDA to 2006 Operating Plan.

The Committee's professionals described the Committee's feeling of elation at the conclusion of the negotiations. However, at the hearing on approval of the GM October 2005 Customer Agreement, Robert Weiss ("Weiss"), counsel for GM, stated that "Collins & Aikman is broken."[22]

C. <u>Development and Failure of 2006 Business Plan (November 2005 – March 2006)</u>

After obtaining concessions from the Customers under the October 2005 Customer Agreements, the Debtor, the DIP Lenders and the Prepetition Lenders and the Committee believed a milestone had been reached in these cases. The price at which the Senior Notes were then trading reflected this milestone. *See* Exhibit L. In November 2005, the Senior Notes were trading at approximately $.60 on the dollar. The Prepetition Lenders' debt was trading at par. Through October and November 2005 the Debtors began formulating a revised business plan for 2006. As acknowledged by all of the Key Constituents, this was the first opportunity the Debtors

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[22] Despite Weiss' statement that the Debtors were broken, none of the Customers indicated during their interviews that they believed Plastics was not fixable.

had to turn to the formulation of a plan, because prior to this time, the Debtors were consumed with putting out fires created by the Debtors' illiquidity and with accommodating demands for information by constituents.

On November 22, 2005, the Debtors issued a 2006 forecast in a revised budget (the "November 2005 Revised Post-Closing Date Budget"). A copy of the November 2005 Revised Post-Closing Date Budget is attached as Exhibit M. The November 2005 Revised Post-Closing Date Budget was a "top-down"[23] budget. It indicated an adjusted EBITDA for 2006 of $264.9 million. This EBITDA figure incorporated the value of the Customer pricing accommodations the Debtors had just obtained. These projections also included approximately $100 million in cost-savings. At Board meetings during this time period, Macher indicated his confidence in the cost-savings projections and stated that they were conservative. While Boken believed the Debtors could realize some cost-savings, Boken believed that the cost-saving projections were aggressive and expressed that view. This view created a tension between Boken and Macher that continued throughout these cases. The Board deferred to Macher on the achievability of the cost-savings, given his operational expertise.

The assumptions in the November 2005 Revised Post-Closing Date Budget included, among others: (a) the Debtors' estimate that they could achieve significant cost-savings through plant consolidations, manufacturing efficiencies, purchasing optimization, material usage improvements and productivity enhancements; (b) no reduction for potential contract rejection or loss of business due to Customer action; and (c) the assumptions described in the August 2005 Business Plan.

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[23] A "top-down" forecast, as used herein, means a forecast where the required results dictated from upper management drive the formulation of the forecast. A "bottom-up" forecast, as used herein, means a forecast built with plant-level projections as a foundation, with input from plant-level management.

After the preparation of the projections in the November 2005 Revised Post-Closing Date Budget, the Agent argued to KZC on a daily basis that the Debtors should not formulate a 2006 business plan based upon those projections. In the DIP Credit Agreement, Capstone and the Postpetition Agent had the right to approve the form and substance of the budgets that formed the basis of the Debtors' business plans and projections.[24] On December 13, 2005, Capstone opined to the Bank Group that the "viability of a stand-alone plan will be predicated on opportunities to rationalize the Company's operations."

The discussions regarding these projections culminated at a December 20, 2005 meeting between Capstone and KZC. At that meeting, Peter Nurge of Capstone explained (a) the Agent's opinions regarding the Debtors anticipated 2006 business plan (which would eventually become the 2006 Operating Plan described below); and (b) the reasons the Agent believed it was a disservice to issue that plan. Nurge considered that it would be difficult, even unrealistic, to turn around Plastics on the projected timetable, notwithstanding the Customer price concessions and operational improvement-based cost-savings being pursued by Macher. He believed that even if the Debtors could achieve $70 to $80 million of cost-savings, the Debtors would have to share those savings with the Customers. The Agent urged a sale of the Debtors.

The formulation of the 2006 Operating Plan created tension between the Committee, which wanted a stand-alone plan involving the conversion of unsecured debt to equity, and the Bank Group and the Customers, each of whom encouraged a sale path. The tension was resolved by the adoption of a dual-track process in which the Debtors would seek to effect a stand-alone

[24] *See* section 5.01(o) of the DIP Credit Agreement, as amended.

reorganization as a first priority, but have a sale option ready if needed. On or around December 20, 2005, the Debtors, with the Agent's support, commenced a sale process.[25]

By December 2005, the majority of the Debtors' new senior management team was in place. On January 24, 2006, the Debtors disseminated to the Committee and the Agent the Debtors' operating plan for 2006 (the "2006 Operating Plan"). A copy of the 2006 Operating Plan is attached as Exhibit N. The 2006 Operating Plan was a "bottom-up" plan. It forecast 2006 adjusted EBITDA of $265.2 million. Although the projected 2006 adjusted EBITDA remained approximately the same in the 2006 Operating Plan as it was in the November 2005 Revised Post-Closing Date Budget, a significant change occurred in the calculation of the adjusted 2006 EBITDA figure. The 2006 Operating Plan's EBITDA forecast for the first quarter of 2006 was $26 million lower than the forecast in the November 2005 Revised Post-Closing Date Budget due to delayed implementation of cost-savings. Additional cost-savings were identified for subsequent quarters, which resulted in the total adjusted 2006 EBITDA figure remaining substantially the same. Both the Agent and the Committee were aware of the "back-ended" nature of the cost-savings.

The risks described in the 2006 Operating Plan included: (a) the continued erosion of the Domestic Customers' market share and other volume losses; (b) Customer resourcing; (c) the sufficiency of the Debtors' capital resources for new launches; (d) implementation of raw material indexing protocols; and (e) timely realization of savings from cost-savings initiatives.

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[25] The Committee essentially defined a stand-alone plan as a plan in which the Debtors had sufficient debt capacity to repay the Prepetition Lenders' debt and issue equity to unsecured creditors. However, due to a hole in the Debtors' new business awards, the Debtors could not solely "equitize" the unsecured debt. The Committee believed that either a rights offering would be required to raise funds in connection with a stand-alone plan, or a portion of the Prepetition Lenders' debt would need to be converted to equity. The Committee adamantly believed interests of the unsecured creditors were best served by a stand-alone plan. The Committee believed a controlled sale was better than a liquidation, but worse than a stand-alone option.

The assumptions for realization of the $265.2 million EBITDA contained in the 2006 Operating Plan included: (a) incremental price increases from the OEMs in the amount of $116 million in ordinary course pricing for 2006, which had already been obtained; (b) price increases in the service parts business of $15 million; (c) materials indexing from Ford yielding $11 million; (d) incremental cost reductions totaling $123 million; and (e) approximately $13 million of EBITDA impact from the transfer of business from DaimlerChrysler, consisting primarily of business previously sourced to Lear Corporation ("Lear"). Of all these assumptions and risks, only the $116 million of price increases had been obtained by the time the 2006 Operating Plan was issued. Only the incremental cost reductions were entirely within the control of the Debtors. All of the remaining elements depended upon concessions or other changes within the control of the Customers. All of the improvements with the exception of the price increases depended upon actions yet to be effectuated or revenues yet to be obtained. They were "upside" improvements.

At the time, DaimlerChrysler was embroiled in a substantial and well-publicized pricing dispute with the Debtors' competitor, Lear. As a result, the Debtors began negotiating with DaimlerChrysler to transfer business away from Lear (the "Lear Transfer Business"). The Debtors sought and expected to obtain the Lear Transfer Business to offset the Debtors' loss of business due to (a) normal run-off of program work and (b) the Debtors' financial instability during the normal award cycles. The Lear Transfer Business was to begin in the third quarter of 2006 and run through 2009.[26]

[26] In interviews with the Fee Examiner, DaimlerChrysler representatives substantiated DaimlerChrysler's willingness to transfer the Lear Transfer Business if the Debtors could have achieved financial viability. In the negotiations regarding the transition of the Lear Transfer Business, DaimlerChrysler requested that the Debtors pay a substantial sum owed by the Debtors to DaimlerChrysler. The Debtors did not include this payment in the 2006 Operating Plan, for reasons including that the request was unknown to some representatives of the Debtors at the time. However, upon inquiry by the Fee Examiner, DaimlerChrysler acknowledged that (a) the payment of the sum was part of incomplete negotiations between the Debtors and DaimlerChrysler; and (b) the payment would not have impeded the transfer of the business, because DaimlerChrysler wanted the Debtors to survive.

The 2006 Operating Plan also assumed the establishment of a service parts business. Macher had established a service parts business at Federal Mogul. He charged Wright with implementation of this new business initiative. In order for the service parts business to succeed, the Debtors needed the Customers to agree to: (a) pricing relief on the service parts; (b) a partnership on the process such that there could be planning on production to avoid last minute orders; and (c) some modicum of volume stability with respect to the service parts. Macher envisioned that he could ultimately make the service parts business a profit center, generating $20 to $50 million over time.

The cost-reduction portion of the 2006 Operating Plan was based upon over 750 separate cost-cutting initiatives with an average savings of over $164,000 each. In formulating the cost reduction component of the 2006 Operating Plan, the Debtors calculated the anticipated cost-savings and then discounted it by 25 percent for risk. In addition, the Debtors discounted the projections an additional $5 million to account for risk with respect to the implementation of cost reductions in the Plastics business.

The Debtors planned to close eleven manufacturing facilities (eight in 2006 and three in 2007), launch the Lear Transfer Business (while obtaining full margins upon launch), and move their headquarters while implementing the cost-cutting initiatives. Because the plan was so dependent on cost reductions Trenary and Masanovich instituted a process for measuring the cost reductions in January 2006, and published a book of the results every month. This book was made available to all Key Constituents.

Even though the Debtors' actual 2005 EBITDA was $60 million, as described in Exhibit K, the 2006 Operating Plan gives evidence that if the cost increases that occurred throughout the year were incurred for the entire year, the 2005 EBITDA before any improvements would have been negative $36 million. *See* Exhibit K: Roll Forward of 2005 Estimated EBITDA to 2006 Operating Plan. This baseline EBITDA was comprised of 2005 actual baseline EBITDA of $60 million adjusted for (a) the higher material and energy prices experienced in the fourth quarter of 2005 and (b) volume/mix changes in production. As a result, when analyzed in detail, the 2006 Operating Plan did not truly constitute an attempt to increase annual adjusted EBITDA performance from $60 million in 2005 to $265 million in 2006. Rather, the 2006 Operating Plan projected an increase in annual adjusted EBITDA performance from a 2005 baseline of negative $36 million (excluding approximately $127 million of EBITDA impact from the October 2005 Customer price increases) to a projected result for 2006 of $265 million. Thus, the upside contingencies in the 2006 Operating Plan were critical to make the Debtors viable.

Moreover, the Debtors were cash flow "break even" at a projected 2006 adjusted EBITDA of $265 million. The Debtors required cash flow to pay interest (estimated to be approximately $95 million for 2006), professionals' fees (estimated to be $90 million for 2006) and capital expenditures (estimated to be approximately $97 million for 2006). *See* Exhibit O: March 6, 2006 Lender Group Update – 2006 Operating Plan. Due to the Debtors' cash flow situation, absent extraordinary third party concessions or a capital infusion, the Debtors had to achieve the improvements in the 2006 Operating Plan on the timetable projected in that plan in order to meet their 2006 cash needs, survive, continue their reorganization and maintain any possibility of obtaining long-term benefits and value from the Business Plan improvements in years beyond 2006.

All of the Key Constituents believed the 2006 Operating Plan was overly aggressive. The financial advisors for the Domestic Customers believed that the EBITDA projections were too aggressive. Grant Thornton, the advisor to Ford, believed that the projection of $123 million of cost improvements was questionable. In addition, it knew that Ford was not in a position to give the Debtors new business, and concluded that the requirement for new transfer business would have to be satisfied by the other Customers.

Capstone discounted the projected 2006 adjusted EBITDA of $265.2 million in the 2006 Operating Plan to approximately $180 million. This amount approximated the amount required for the Prepetition Lenders to be fully secured. *See* Exhibit H. However, as noted by Capstone on March 6, 2006, at $180 million of 2006 adjusted EBITDA, the Debtors would not have sufficient cash flow to service anticipated 2006 interest payments, professionals' fees and capital expenditures, including interest to and the fees of the Prepetition Lenders. *See* Exhibit O, p. 5. Capstone refused to put unmitigated faith in over 750 separate cost-cutting initiatives with an average savings of over $164,000 each, given that during the projection period, the Debtors had planned on eliminating some plants, launching conquest or transfer business (while obtaining full margins upon launch), and moving their headquarters. In many cases, there were multiple launches for one program. These launches were taking place at most of the Plastics facilities.

The situation at the Evart, Michigan plant validated Capstone's concerns. Evart had negative $13 million of EBITDA for 2005. Yet, the Debtors forecasted positive EBITDA of $10 million for 2006, based on the anticipated cost-savings. At the same time, the plant was launching a significant new platform. In addition, that plant had bad management and had made no capital improvements for some time, leaving it with poor equipment and poor operating conditions. Capstone believed that because all attention was directed to the launch, cost-savings initiatives would not be implemented. As they reiterated to the Prepetition Lenders on February 7, 2006, Capstone believed that implementation of cost- savings improvements was the greatest risk to the achievability of the Debtors' forecast in the 2006 Operating Plan.

Capstone believed the aggressive projections negatively affected the Debtors' credibility in the sale process. Capstone believed that a robust sale process required reliable projections. While the Debtors received offers, the contingent nature of the projections affected the quality of the offers. Potential buyers told Lazard that if they were going to value the Debtors on the basis of the forecasts, the Debtors needed to be able to achieve the forecasts by obtaining the cost-savings, the pricing concessions, cheaper raw materials, and the Lear Transfer Business.[27]

Despite the Key Constituents' belief that the 2006 Operating Plan was overly aggressive, it was not in the interest of the Debtors, the Committee or the Agent to argue for materially lower projections. The Debtors required a 2006 adjusted EBITDA of approximately $265 million, which in turn required the achievement of numerous contingent improvements on the timetable under the Business Plan, in order to maintain liquidity (and thus their reorganization prospects) in the absence of additional third party concessions. From the Petition Date until August 29, 2006, the Debtors paid the fees of the professionals of the Prepetition Lenders. Those fees totaled $7,744,000. Interest charges on the debt of the Prepetition Lenders and DIP Lenders for 2006 were approximately $95 million. The payment of these amounts would have been jeopardized by a substantially lower EBITDA.

Capstone argued that the projections were overly aggressive, and internally discounted projected 2006 EBITDA to $180 million. $180 million in 2006 EBITDA suggested a value that would leave the Committee without a seat at the table while the Prepetition Lenders were fully secured. However, at $180 million in 2006 EBITDA, the Debtors would not have sufficient cash flow to service anticipated interest payments of approximately $95 million, budgeted

[27] One person interviewed commented that the projections were not "scrubbed" by Lazard in the manner observed by that person in working with investment bankers outside of the bankruptcy arena. Others posited that, had the projections been more realistic, the Debtors could have found a buyer, albeit at a lower price.

professional fees of approximately $90 million and budgeted capital expenditures of approximately $97 million.

The Committee and its professionals were aware of the aggressiveness of the 2006 Operating Plan, yet they encouraged robust projections. Alvarez had concerns about Macher's ability to implement, notwithstanding his "rock star" reputation in operations, because Alvarez saw "holes" in the projections. The Committee's professionals conveyed these concerns to the Debtors privately. However, they were cautious in expressing their concerns because they needed high projections to support a high enough value of the Debtors to support a recovery to unsecured creditors. Alvarez avoided giving any analysis of projections to the Committee in writing because of the concern that in a valuation fight, written work product of Alvarez stating that Macher could not make his projections would be damaging. Neither Alvarez nor the other Committee professionals felt it was in the Committee's interest to highlight the fact that the projections were overly aggressive or unrealistic because whether unsecured creditors were "in the money" or not depended on the success of Macher's operational turnaround and cost-savings measures. Despite their internal concerns, the Committee argued to the Debtors and other Key Constituents that the projections were too conservative.

In late January 2006, Barse prepared for a face-to-face meeting with Macher. The purpose of the meeting was to deliver certain messages, as to which Barse sought guidance from the Committee's professionals. The messages included the following:

(a) The business plan must include a cost cutting plan and Macher should resist the Board's concerns regarding the achievability of the plan;

(b) The Committee supports Macher driving the plan, as opposed to the Debtors' professionals, because "he had more years of automotive experience than the rest of them combined";

(c) Macher should not waste time on the sale process, but rather he should focus on a stand-alone plan; and

(d) Macher should repair the relationships with the OEMs and convince them to support a stand-alone plan.

See Exhibit P.

In February 2006, Barse began meeting with the Customers, accompanied by Macher. At those meetings, Barse stated that Third Avenue was considering whether to sponsor a plan, but required Customer support. Barse met with Bo Andersson, GM's Vice-President of Global Purchasing and Supply. Barse believed that GM was intrigued by the possibility of the plan and that GM encouraged him to work to accomplish a plan. Barse and Macher also had high level meetings with DaimlerChrysler, Honda, and Toyota. In connection with these meetings, DaimlerChrysler continued to mention the possibility of awarding the Debtors the Lear Transfer Business.

On February 17, 2006, Third Avenue delivered a term sheet to the Committee and the Debtors in which Third Avenue proposed that it "back-stop" a rights offering. A copy of this term sheet is attached as Exhibit Q. The rights offering would raise $400 million in exchange for a $40 million second priority convertible secured note and $360 million of new convertible preferred stock. The holders of the Senior Notes would receive 76 percent of the rights offering and the general unsecured creditors would receive 24 percent of the rights offering. In the aggregate, this debt and equity would have been convertible into 85 percent of the common stock of the reorganized Debtors.

On February 27, 2006, Third Avenue sent a letter to Kirkland, Lazard, Chanin and Akin Gump Strauss Hauer Feld LLP, counsel to the Committee ("Akin"). In this letter, Third Avenue reiterated its interest in potentially serving as a standby purchaser in a rights offering to "backstop" a chapter 11 plan. Third Avenue also expressed its belief that, notwithstanding its potential role as a purchaser, Third Avenue's continued service on the Committee would be in the best interest of the estates. Third Avenue had sought assistance in its bid from Akin and Chanin. Akin and Chanin declined because they represented the Committee, and not Third Avenue.

Akin and Kirkland made changes to Third Avenue's rights offering term sheet. Akin's revisions to Third Avenue's term sheet created tension between Michael Stamer, lead counsel for the Committee, and Barse. Third Avenue refused to accept virtually any of Akin's and Kirkland's comments on the term sheet. The Committee considered Third Avenue's rights offering proposal offensive.

On February 28, 2006, the Debtors issued their five-year business plan for 2006 through 2010 (the "Five-Year Business Plan"). A copy of the Five-Year Business Plan is attached as Exhibit R. The Five-Year Business Plan incorporated the 2006 Operating Plan, including its assumptions (collectively, as amended as of a given time of reference by the modifications in the 4+8 Plan and the 6+6 Plan (each defined below), the "Business Plan"). The Five-Year Business Plan stated that the Debtors' new senior management team was in place as of its issuance. Despite the Debtors' recent lack of substantial new business awards, and the Debtors' knowledge that "ordinary course" new business would not be awarded until they exited chapter 11, the Five-Year Business Plan incorporated an aggressive new business forecast for the five-year period. *See* Exhibit S: Collins & Aikman Business Plan Presentation February 28, 2006, p. 16.

On March 6, 2006, Capstone warned the Prepetition Lenders that "given the potential for impacting the ongoing sale process, we have not provided editorial comments or addressed and sensitized the risks and opportunities inherent in the [2006 Operating Plan]." Capstone noted that the Five-Year Business Plan was "the first plan prepared almost exclusively by the new management team and [KZC] was less central to creation of this budget." *See* Exhibit O.

On March 17, 2006, the Debtors received two non-binding indications of interest, subject to finalization of due diligence and purchase documentation, to sell their convertibles business ("Convertibles") for $36-$40 million. The Debtors and the Agent believed the value of Convertibles was significantly higher. This value was based on projections that assumed GM had granted a price increase in connection with the move of certain Convertibles work from Mexico. The President of Convertibles informed Macher that GM had granted the price increase. Macher later learned that GM had not actually granted the price increase, and thus the Debtors and Prepetition Agent had overestimated the value of Convertibles. The Prepetition Agent and the Debtors rejected the indications of interest based on the misrepresentations of the executive. The Debtors subsequently liquidated Convertibles, ultimately receiving only approximately $2 million in proceeds from the liquidation.

In addition to Third Avenue's offer, the Debtors received several other preliminary offers for their assets in late March 2006, with valuations ranging from $1.1 billion to $1.3 billion. All offers required the completion of satisfactory due diligence. *See* Exhibit T: Summary of Preliminary Bids. In March 2006, WL Ross & Co. LLC ("Wilbur Ross") submitted a non-binding indication of interest for the Debtors' North American operations. *See* Exhibit U: Letter from Wilbur Ross dated March 21, 2006. Wilbur Ross' bid was based on a valuation of four to five times the forecasted EBITDA for 2007 of $257.6 million, for a total purchase price of $1.032 to $1.288 billion. Wilbur Ross' indication of interest was conditioned upon the following:

(a) Justification of capital expenditures for supported forecasted program levels;

(b) Satisfactory confirmation of alternative purchasing arrangements (and the terms of such arrangements) for resins and other procured components and materials (i.e., raw material cost reductions);

(c) Documentation by June 30, 2006 of "new business" for 2007 of no less than $376 million;

(d) Confirmation of Customer long-term agreements and comparison of their expected actual impact to the 1 percent annual price-downs in the Debtors' forecast; and

(e) Further detail and the existence of specific action plans to achieve operational cost reductions.

In March 2006, Chanin prepared a preliminary valuation analysis (the "Preliminary Valuation Analysis"). *See* Exhibit V: Preliminary Valuation Analysis. Chanin based the Preliminary Valuation Analysis upon the Five-Year Business Plan and indicated an enterprise value for the Debtors of $1.3 to $1.5 billion. This valuation was also conditioned upon obtaining additional information and the resolution of various matters and certain assumptions. Significant aspects of the valuation included the following:

(a) The valuation excluded the potential tax benefits of $400 million of pre-emergence net operating losses (the valuation noted that the additional value of this loss was unclear but did not appear to be substantial);

(b) The valuation stated that Chanin had requested from the Debtors but had not yet received an EBITDA bridge from 2006 through 2010 on an annual basis to facilitate their understanding of annual changes to the projections; and

(c) The valuation did not include any additional pension plan assumptions other than those used for the 2006 Operating Plan.

On April 28, 2006, Wilbur Ross sent another letter, declining to submit an actual bid to purchase the Debtors. A copy of this letter is attached as Exhibit W. The letter expressed that based upon initial due diligence conducted by Wilbur Ross, a number of open issues in the Debtors' Business Plan (and their attendant impact on the Debtors' 2007 EBITDA) prevented Wilbur Ross from submitting a term sheet. These issues included, among others:

(a) The lack of certainty of any decisions by Customers with respect to transfer business (which had a potential 2007 EBITDA impact of $86 million);

(b) The lack of certainty of resin purchase savings initiatives (with a potential 2007 EBITDA impact of $26 million);

(c) The aggressiveness of the service parts business projections (with a potential 2007 EBITDA impact of $7 million); and

(d) The sub-forecast results of the Plastics cost reduction turnaround initiatives.

On May 12, 2006, Third Avenue submitted a second bid to purchase the Debtors (which was subsequently revised on May 15, 2006). Third Avenue's bid was based on a rights offering for some equity, but primarily included debt. Third Avenue's bid provided for the unsecured creditors to receive a "to be determined" percentage of the common stock of the reorganized Debtors and a "to be determined" percentage of a rights offering, which consisted of an investment in the Debtors through convertible debt securities. The bid contained numerous conditions including: (a) the achievement of EBITDA benchmarks for 2006; (b) the issuance of updated five-year projections that were not materially worse than those issued on February 17, 2006; (c) the extension of five-day payment terms by the Customers for a further two years; and (d) long term business arrangements with the Customers. Furthermore, the bid provided for the estates to reimburse Third Avenue for expenses incurred to date.

Third Avenue retained Fried Frank to represent it in connection with the potential purchase. Third Avenue requested that the Debtors pay its attorneys' fees. The Debtors refused to reimburse the attorneys' fees of any potential purchaser. The Committee supported this position and considered Third Avenue's term sheet unreasonable to the extent it called for reimbursement of professional fees and contained significant commitment fees and break-up fees.

Third Avenue's purchase proposal was not viewed as credible because it required the Customers to continue five-day payment terms for two years after the Debtors' exit from bankruptcy. The Debtors did not believe that condition could be satisfied based upon their understanding that the Customers wanted to reinstate their normal business practices (which would not include such payment terms) when the Debtors emerged from chapter 11. The Committee's professionals believed Third Avenue lost credibility with the Committee as a result of this bid, due to the low amount of the bid and Third Avenue's requests for reimbursement of professional fees.

Third Avenue defended the debt component of the bid by claiming that if the Debtors failed, the bid constituted a remaining option for preservation of value. Third Avenue explored the possibility of working together with Wilbur Ross to purchase the Debtors. Because of the concerns of the Debtors and the Committee regarding collusion – given that, at the time, Third Avenue and Wilbur Ross were the only two remaining bidders – the Debtors did not approve a joint purchase strategy.

D. The Deterioration of the Debtors' Restructuring Prospects (March 2006 – December 2006)

i. Certain Setbacks in the Cost-Savings Initiatives

(1) Headquarters Lease

The Debtors leased their existing headquarters space from Becker. The space was excessive for the Debtors' operations and thus resulted in unnecessary expense. Macher saw a new lease arrangement as an opportunity not only to cut costs but to provide a fresh start for the Debtors. The Debtors located an alternative facility in Southfield and used it as leverage to negotiate with Becker for reduced rent on the existing facility. These negotiations produced an offer from Becker that would have enabled the Debtors to realize 40 to 50 percent of the savings the Debtors would obtain from a move to Southfield. Despite Boken's recommendation that the Debtors accept Becker's offer and avoid the distraction of a move, Macher, the Bank Group and the Committee approved the new Southfield lease (the "March 2006 Lease").[28] Based on comments by the Bank Group, the March 2006 Lease included a buyout provision by the Debtors in the event of an early termination. Although the rent under the March 2006 Lease was less expensive than the Debtors' former rent, the Debtors incurred approximately $1.5 million in costs to move to their new headquarters. The March 2006 Lease provided that it would commence on June 1, 2006 and its base term would continue until November 30, 2016. In April and May 2006, the Debtors obtained increases of the amount of space, increasing the size of the rent and the buyout price in the event of an early termination. As a result, the Debtors obligated themselves to pay nearly $5.3 million to break the March 2006 Lease, after their decision to liquidate.

(2) Attempted Resin Purchase Savings

Macher contacted ACT, a company that had a connection to the Saudi Arabian Basic Industries Corporation ("SABIC"). Macher believed that SABIC had inexpensive raw resin materials available, which would substantially reduce the Debtors' costs to create plastic parts. Macher thought the Debtors could source resin from SABIC at a cost-savings of $20 to $40 million annually. Boken advised Macher not to contract with ACT, who acted as the broker to SABIC, because Boken's research on ACT raised concerns. Nonetheless, Macher entered into

[28] The Prepetition Agent disputes that Boken's recommendation was communicated to the Bank Group. The Prepetition Agent's lead counsel stated that the Bank Group was only told that the Debtors recommended acceptance of the March 2006 Lease. KZC maintains that Boken stated his recommendation to the Prepetition Agent and Capstone.

an agreement with ACT, paying approximately $3 million to begin the process of obtaining resin from SABIC.

ACT agreed to deliver test materials on certain dates. ACT missed those test dates. Additionally, the tests evidenced that the product did not meet the standards required to obtain Customer approval. Despite this setback, Macher continued to believe that this arrangement had potential benefits that would support the transfer of the Lear Transfer Business to the Debtors by DaimlerChrysler. In 2007, ACT filed a petition under Chapter 7 of the Bankruptcy Code. As a result, the Debtors lost their $3 million investment.

ii. March, April and May 2006 Financial Results

On March 9, 2006, the Debtors determined that January 2006 results were in line with the Business Plan projections. Notwithstanding that determination, beginning in March 2006, certain personnel of the Debtors started to become concerned about the achievability of the 2006 Operating Plan. Masanovich, the Debtors' Controller, began to think that the $265 million projection was too aggressive, particularly in light of the fact that (a) the Debtors did not have assurances with respect to the acquisition of the Lear Transfer Business; and (b) the Debtors' contemplated service business was not assured. In March 2006, Trenary and Masanovich began to institute various financial reporting processes that, Trenary noted, a typical stand-alone company would have in place.

Upon review of financial results through April 2006, the Debtors had achieved $16.7 million in cost-savings against a budgeted target of $14 million through April 2006. However, Plastics had only achieved a savings of $6.4 million against a target of $9.9 million. Trenary opined that the inability to realize the cost-savings was attributable to a handful of underperforming plants (specifically, Port Huron, Michigan, Evart, Michigan and Guelph, Ontario). The actions planned to reduce costs had not taken effect as quickly as projected.

On April 26, 2006, Capstone reviewed the cash flow results for the first quarter of 2006. Capstone concluded that the outlook for the second quarter was "guarded yet optimistic."

On May 8, 2006, the Debtors issued financial statements for March 2006. On the surface, these financial statements indicated that the Debtors were "close" to achieving their first quarter forecast. Actual EBITDA for the three months ended March 31, 2006 was $56.1 million, as opposed to forecasted EBITDA for the same period of $59.8 million. This created an unfavorable variance of only $3.7 million (i.e., 6.2 percent below projections). However, sales for the period exceeded budget by $24.6 million (i.e., 3.5 percent above projections), overcoming the lack of cost-savings. *See* Exhibit X: Q1 2006 Actual Compared to 2006 Operating Plan. Because the cost-savings were back-end loaded, the Debtors' inability to achieve their targeted EBITDA signaled that the cost-savings anticipated in the Plastics operational turnaround were not being realized. *See* Exhibit Y: Total Manufacturing Cost Savings – 2006 Operating Plan.[29]

On May 9, 2006, Capstone issued its report to the Prepetition Lenders on the Debtors' February financials. Capstone stated that "the Plastics and Specialty Divisions are having difficulty in delivering their plans, but fortunately the Carpet & Acoustics Division and the corporate expenses are doing better than plan."

On May 11, 2006, at a hearing on the Debtors' motion to extend the exclusive time to file and solicit acceptance of a plan, the Debtors proffered the testimony of Boken. The Debtors stated that Boken would testify, if requested by the Court, that, among other things, the Debtors had developed and implemented the Five-Year Business Plan which, "in his opinion, provides

[29] Exhibit Y evidences that the cost-savings for the 2006 Operating Plan were "back-ended."

the Debtors with an opportunity to effectively reorganize and preserve and maximize value for the benefit of the stakeholders," and that the operational changes that Macher implemented were partly responsible for the Debtors' improved liquidity and cash flow.

On June 2, 2006, the Debtors issued financial statements for April 2006. Actual EBITDA for April 2006 was $5.8 million as opposed to forecasted EBITDA of $11.2 million, for an unfavorable variance of $5.4 million (48.2 percent below budget). Actual sales exceeded budgeted sales by $19.8 million (10.6 percent above the sales projection). April 2006's operating results indicated a significant deviation from the Business Plan. As a result, the Debtors proceeded to revise their plan. *See* Exhibit Z: Comparison of Income Statement Items to 2006 Operating Plan.

iii. June 2006 $179.4M EBITDA Plan (the 4+8 Plan)

Due to the failure to meet projections in March and April 2006, the Debtors revised the Business Plan. On June 8, 2006, the Debtors issued their new business plan forecast for 2006, comprised of four months of actual operating results through April 2006 and revised monthly forecasts for May 2006 through December 2006 (the "4+8 Plan"). A copy of the 4+8 Plan is attached as Exhibit AA. Under the 4+8 Plan, forecasted 2006 EBITDA dropped from $265 million to $179.4 million. *See* Exhibit BB: Comparison of 2006 Operating Plan to Updated Forecasts.

Trenary took charge of the process that generated the 4+8 Plan. To create the 4+8 Plan, the Debtors engaged in a "bottom-up" process in which each of the manufacturing facilities was charged with taking its year-to-date financials and forecasting the remainder of the year. This model projected the results for the year, by facility, and demonstrated, to the extent a facility did not achieve its plan, why the facility was underperforming and the corrections needed to fix the problem.

The negative variation from the 2006 Operating Plan was predominantly caused by implementation issues, specifically unrealized cost-savings, lost business, and delays in implementation of pricing strategies. In addition, the Debtors had failed to obtain new business, including the Lear Transfer Business and miscellaneous other business having an EBITDA impact of approximately $16 million. The miscellaneous business lost or not obtained included resourced business (primarily GM's Lambda program) and follow-on or next generation business that the Debtors expected to receive but did not. *See* Exhibit AA, page 12. In short, the contingent components of the 2006 Operating Plan that were outside the Debtors' control – the development of a successful service parts business, securing the Lear Transfer Business and other follow-on business, and obtaining material indexing from Ford – remained unachieved.

Trenary spent substantial time creating the 4+8 Plan. The Debtors distributed the 4+8 Plan to the Key Constituents in June 2006. *See* Exhibit AA. On or about June 20, various Key Constituents met with the Debtors to go through the projections in detail. Alvarez and Chanin represented the Committee in person at this meeting. The presentation of the lower projections disappointed the Committee. Its representatives asked very pointed questions about the contents of the presentation. The new projections clearly suggested that the unsecured creditors were "out of the money."

Like the 2006 Operating Plan, the 4+8 Plan was "back-ended," in that most of the cost-savings were to be realized in the third and fourth quarter of 2006. Despite the failure to achieve the budget and Boken's growing skepticism, Macher continued to believe that he could meet the cost-savings projections through the remainder of 2006. The tension between Boken and Macher continued, particularly given Boken's unheeded advice that Macher spend more time in the plants in order to effectuate the operational cost-savings turnaround.

A significant cause of the failure to achieve the cost-cutting improvements in Plastics was the lack of effective management. While Plastics had new management teams in both operations and finance, the new teams had failed to execute. The problems in Plastics were spread across all of its facilities, and in many cases, went quite deep into the organization. Plastics lacked competent personnel, which created a high execution risk in the operational turnaround. *See* Exhibit I.

Because the Debtors were cash flow "break even" at an adjusted EBITDA of $265 million, the reduction of projected EBITDA by approximately $85 million rendered the Debtors cash flow negative. *See* Exhibit O and Exhibit CC. With projected 2006 EBITDA of less than $265 million, the Debtors could not sustain budgeted payments of interest, professionals' fees and capital expenditures.

On June 28, 2006, Capstone issued to the Prepetition Lenders its review of the 4+8 Plan and its report on the Debtors' request to amend the DIP Facility to share asset disposition proceeds between the Prepetition Lenders and the Debtors. The parties began negotiating an amendment to the DIP Facility, which was eventually executed on July 13, 2006 (the "Fourth Amendment to the DIP Facility"). Pursuant to the Fourth Amendment to the DIP Facility, the Debtors were able to use up to $50 million in asset sale proceeds for operational liquidity.[30] In addition, through a series of orders entered on August 29, 2005, December 14, 2006 and

[30] Though the Prepetition Lenders had access, through Capstone, to the same information as the DIP Lenders, the Prepetition Lenders did not object to the Fourth Amendment to the DIP Facility. When questioned by the Fee Examiner about the effect of this amendment on the Prepetition Lenders, the Agent reiterated that the DIP Lenders did not want to use their tactical position to advance positions on behalf of the Prepetition Lenders.

January 11, 2007, the Court ordered, pursuant to the Debtors' requests, deferral of the Debtors' adequate protection payments to the Prepetition Lenders until August 1, 2007.

The Capstone review of the 4+8 Plan reported the following risks inherent in the 4+8 Plan:

(a) Customers' sales volumes declined in models critical to the Debtors;

(b) As reported by Frank Macher, Ford had re-tooled substantially all of the Debtors' Ford programs;

(c) The report continued to emphasize the risks in achieving the forecasted cost-savings; and

(d) The assumption in the 2006 Operating Plan that raw material price increases would be passed through to Customers as surcharges was at risk.

On June 29, 2006, the Debtors issued financial statements for May 2006, after closing their books for May 2006. A comparison of these financial statements to the 2006 Operating Plan and the 4+8 Plan is included in Exhibit DD. Prior to their release, the May 2006 results instantly troubled Trenary and others, including Boken, because Plastics had missed its projections for May 2006 by approximately $1.6 million.

iv. Further Offer by Wilbur Ross

In June 2006, the Debtors disseminated revised forecasts based on the 4+8 Plan to all interested potential purchasers. None of those potential purchasers had performed significant due diligence at that time.

On July 6, 2006, Wilbur Ross delivered an updated proposal to purchase the Debtors' businesses through a sale under section 363 of the Bankruptcy Code. The updated proposal offered a purchase price equal to 80 percent of the debt of the Prepetition Lenders and a one-time earn-out payment if the fiscal year 2007 EBITDA of the purchased entity exceeded $185 million. The proposal continued to be subject to numerous conditions, including that there be no material adverse change to the Debtors' results of operations or variance from projections in the 4+8 Plan.[31] The 80 percent payment on the Prepetition Lenders' debt was below the 90 percent price at which such debt was trading at the time. This disparity was largely attributable to the lack of accurate information in the market.

At a meeting on or around July 12, 2006 with Wilbur Ross and the Bank Group, the Debtors' professionals argued passionately to the Bank Group that they should accept the Wilbur Ross offer because the Debtors' predicament would worsen with time as they stayed in chapter 11.[32] Nonetheless, the Bank Group rejected Wilbur Ross' offer because: (a) Wilbur Ross' offer had numerous contingencies (*See* Exhibit EE: Letter from Wilbur Ross dated July 6, 2006), including that there be no material variance from the 4+8 Plan; (b) contrary to the Debtors, the Prepetition Agent believed that the offer was illusory; and (c) there was no other bidder at the time to provide competition in the process.

Instead, the Bank Group decided to support a stand-alone plan, pursuant to which their secured debt would be converted to equity. To preserve a type of sale option, the Bank Group included a provision in its term sheet for such plan which permitted the sale of not less than 100 percent of the common stock of the reorganized entity for cash on the effective date of the plan, provided the purchase price was acceptable to the Debtors and the Prepetition Lenders holding two-thirds in amount and a majority in number of the Prepetition Lenders' claims.

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[31] Specifically, the term sheet provided, among other things that: (i) there would be "no material adverse change with respect to the Debtors' results of operations since March 31, 2006 or the reasonable likelihood of the Debtors achieving their revised projections"; and (ii) there would be "no material variance from the [4+8 Plan]."

[32] During their interviews, the representatives of the Prepetition Lenders did not recall this impassioned argument, but it was corroborated by several other attendees of the meeting.

v. The August 2006 $105.5M EBITDA Plan (the 6+6 Plan)

The Debtors' June 2006 operating results showed even further failure in Plastics' performance as compared with the 4+8 Plan. By June 2006, the Debtors had improved their reporting systems such that they were able to gain insight into a given month's financials within nine to ten days of month-end. Therefore, in early July 2006, the Debtors quickly observed the increased magnitude of the problems in Plastics. The June 2006 results severely jeopardized exit financing because there would be insufficient free cash flow to service the exit financing debt. All free cash flow was being used to fund Plastics.

As a result of the June 2006 failure to meet budget, Macher terminated the new President of Plastics. Macher came to learn that the President of Plastics had suffered significant personal issues that impeded his performance. In addition, the Vice President of Financial Planning was asked to leave the Debtors. Tension occurred between Macher, Trenary and Masanovich, because Trenary and Masanovich insisted that (a) the Debtors' financials would not support the Business Plan; and (b) the Debtors should stop and investigate the discrepancy between the 4+8 Plan and actual results.

At the start of July 2006, Trenary, Masanovich, and their teams began working seven days a week to further analyze Plastics' issues through a plant-by-plant review, and to formulate a new forecast for the Debtors' 2006 adjusted EBITDA. Telephone conferences with Plastics' plant managers and controllers occurred throughout the weekend. Trenary attended all Plastics division meetings, so that he could understand the Plastics issues himself. The teams generated a new forecast comprised of six months of actual performance and six months of forecasts for the remainder of the year (the "6+6 Plan"). A copy of the 6+6 Plan is attached as Exhibit FF.

Based on conversations with management at a number of facilities, Trenary was not satisfied with the thoroughness of the work that had gone into the 6+6 Plan. Because he did not want another set of unrealistic projections, Masanovich and his team put together large binders that examined historical results of fifteen key performance-drivers by plant. Trenary and Masanovich plotted the historical results on a graph, and overlaid it with the projections. This comparative analysis demonstrated that the historical performance bore no relationship to the forecasts. Rather, the comparison of historical performance to forecasts resembled the proverbial "hockey sticks," suggesting that forecasts could only be achieved with a definitive plan to accomplish the improvements.

On a Sunday in mid-July, Trenary met with the managers of the twelve Plastics facilities that had the largest gaps between the projections contained in the 4+8 Plan and the draft 6+6 Plan. The team worked late into the night, putting together high-level ranges (low/medium/high) to create projections for the Debtors' performance. The team met with Macher at 6 o'clock a.m. the next morning to reveal their conclusions. The team's conclusions disappointed Macher. As a result, Trenary's team, Macher and Plastics' senior management conducted a series of meetings over a two- to three-week period to attempt to close the gaps in the forecasts. At the end of that process, the team arrived at a projected 2006 adjusted EBITDA for the 6+6 Plan in the amount of approximately $105 million.

Execution risk still permeated the 6+6 Plan. Calculating adjusted EBITDA on a "back of an envelope" basis, and deleting Customer surcharges and other one-time benefits, Trenary and

Masanovich could not reach the $105 million projected 2006 adjusted EBITDA figure included in the 6+6 Plan. Instead, they arrived at adjusted EBITDA for 2006 of $90 to $95 million.[33]

On August 14, 2006, the Debtors issued financial statements for June 2006. The financial statements revealed that the Debtors had missed their June adjusted EBITDA projections by $5.6 million as compared with the 4+8 Plan and by $11.2 million as compared with the 2006 Operating Plan. *See* Exhibit GG: June 2006 YTD Actual Compared to 2006 Operating Plan and 4+8 Plan. As stated above, the failure to meet projections evidenced that the Debtors were not meeting their operational turnaround cost-savings targets. Because the cost-savings were largely "back-ended" in the 2006 Operating Plan, once the Debtors entered the third and fourth quarters without achieving those targets, the Debtors could not expect to meet those savings for the year.

On August 16, 2006, the Debtor issued a Presentation to Stakeholders (the "August 2006 Stakeholders Presentation"), attached as Exhibit HH. The presentation identified various corrective actions in the Debtors' organization, operational controls, manufacturing systems and manufacturing footprint. The organizational actions involved changes in senior management and temporary staffing. The operational controls called for the Debtors to implement and monitor tracking systems. The manufacturing systems initiatives involved a wholesale overhaul, including work standard revisions, manpower planning, uptime and freight optimization and purchasing efficiencies. The manufacturing footprint actions detailed plans for plant closures, transfers and price increases. Two of the plants with problems were identified as "not fixable in the short term."

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[33] Third Avenue (which alone had used a multiple of 6 in arriving at an approximate value for the Debtors) acknowledged that once adjusted EBITDA slipped below $150 million, unsecured creditors were not the holder of the "fulcrum securities" of the Debtors.

The August 2006 Stakeholders Presentation included the extensive assessment and comprehensive review of the Debtors' operations by management. The presentation recommended filling thirty-five new engineering positions and nine high priority positions at nine plants through the use of temporary employees. The Debtors required these personnel to implement the operational turnaround. The presentation also included plans to close six plants.

On August 18, 2006, Ford announced "an aggressive reduction" of fourth quarter production by 21 percent or 168,000 units. This reduction followed production reductions by Ford in the third quarter of 20,000 units.

On August 22, 2006, the Debtors issued the 6+6 Plan. On August 23 and August 31, 2006, Michael Fineman of Third Avenue sent emails to Chanin and Alvarez, instructing them that it was their job to challenge the 6+6 Plan and the downward implication of that plan on 2007 EBITDA. These emails characterized the projections in the 6+6 Plan as "crazy low and normalized levels are 2x as great." *See* Exhibit II. After the Debtors issued the 6+6 Plan, Barse instructed the Committee's professionals to: (a) pursue the fraudulent conveyance actions against the Customers; (b) investigate whether an examiner should be appointed; (c) investigate the possibility of appointment of a trustee; (d) conduct ongoing discovery of related issues; and (e) work to maximize the value of the Debtors. Although Third Avenue was the principal advocate for each of these initiatives, the initiatives had the support of the entire Committee.

On September 1, 2006, GM forecasted a 12 percent drop in fourth quarter production. Shortly thereafter, on September 19, 2006, DaimlerChrysler announced that it would cut production by 16 percent for the rest of 2006. It forecasted its own operating loss for 2006 at $1.26 billion.

On September 20, 2006, Capstone issued its report on the 6+6 Plan to the Prepetition Lenders. Capstone reported that the Debtors were sending multiple teams to the plants to resolve the operational problems causing the negative variance to both the 2006 Operating Plan and the 4+8 Plan. The report concluded that:

> [There is] "significant execution risk in achieving 2006 EBITDA of $105.5 million and to a greater degree, in achieving 2007 EBITDA of $157 million. We believe management has begun to institute the tools and apply the resources necessary to restructure the Plastics business. While there are significant execution and OEM volume risks in the 6+6 and 2007 Forecasts, we believe that the Plastics business can be restructured and is capable of achieving the forecasted EBITDA margins of 11 percent before corporate overhead allocations, although the timeline for achieving such improvements may be lengthier than forecasted by the company."

During this period, Macher continued to assure the Board that the Debtors' projections were achievable.

vi. Restructuring Efforts During Fall 2006

After the decision to reject Wilbur Ross' July offer, the Prepetition Agent embarked down the path of a stand-alone reorganization involving conversion of the Prepetition Lenders' debt to equity. On August 18, 2006 the Agent delivered a term sheet to the Debtors for such a plan. Discussions prior to the issuance of the 6+6 Plan revolved around the unsecured creditors obtaining an insignificant percentage of warrants and/or common stock. The Agent continued negotiations on the term sheet throughout August 2006, even after the issuance of the 6+6 Plan that projected 2006 adjusted EBITDA of approximately $105 million.

In August 2006, while negotiating the revised plan term sheet with the Prepetition Agent, Third Avenue insisted that the Committee would not settle for less than five percent of the equity, arguing that the Debtors had substantial value and the Prepetition Lenders would recover par value. This was a sharp contrast from the position taken by Third Avenue as a bidder in

February 2006, when projected 2006 EBITDA was $265 million, or $160 million more than that projected in August 2006. Third Avenue eventually agreed to accept less than five percent of the equity if KZC would reduce its fee by $1 million. When Cooper refused a reduction of KZC's fees (asserting that the proper avenue for such issues was the fee approval process), Third Avenue terminated its involvement in the negotiations. The Prepetition Agent then terminated negotiations with the Committee because the Committee would not be able to deliver the support of the largest unsecured creditor (which held a blocking vote) without Third Avenue's involvement in the negotiations. Subsequent negotiations with the Committee after the issuance of the 6+6 Plan involved granting a smaller percentage of a litigation trust to unsecured creditors (rather than granting unsecured creditors a share of the equity and/or warrants in the reorganized Debtors plus a larger share in the litigation trust as had been previously discussed).

At a projected 2006 adjusted EBITDA of $105 million, the Debtors did not believe a stand-alone plan was financeable absent extraordinary relief from the Customers. EBITDA of $105 million threatened the Debtors' ability to make capital expenditures essential to the new business required for reorganization. Pursuant to discussions with the Prepetition Agent, the Debtors compiled a list of accommodations from the Customers that would be necessary to make the plan financeable. The list included: (a) program awards; (b) price adjustments; (c) advance Customer funding of engineering; and (d) advance payments on tooling. The list of proposed Customer concessions (the "Proposed Customer Concessions") also included requests for immediate awards for certain programs beginning in 2009 and 2010. *See* Exhibit JJ: Draft Customer Agreement. The Proposed Customer Concessions were so extraordinary that one Customer remarked that the proposed Customer agreement "could not have been drafted by anyone who had ever been near a car." However, the concessions were necessary because, under the customary method of the supplier making the initial investment in engineering and design, the Debtors' due diligence showed that, if the Debtors were awarded the requested new programs, the Debtors' engineering costs would be required to increase from approximately $40 million per year to $80 to $90 million per year.

The volume reductions by the Domestic Customers caused substantial damage to the Debtors' businesses given the Debtors' reliance on sales with the Domestic Customers. In addition, in May 2006, the Debtors lost GM's Lambda program to Cadence Innovation. The Debtors' production on the program was to begin in 2006. The 2006 Operating Plan had assumed flat line sales, making up lost business with the Lear Transfer Business and miscellaneous other resourced business having a collective positive EBITDA impact of approximately $16 million.

In mid-October 2006, the Prepetition Agent determined that a stand-alone plan was no longer possible.[34] On October 26, 2006, the Debtors reported to the Court that they could not reach an agreement that would enable a plan of reorganization.

The Debtors' decision to liquidate initiated a new round of negotiations resulting in new Customer agreements with the Domestic Customers in November 2006. At the time, operational changes were starting to take hold at key plants that were previously the primary contributors to the failed operational turnaround.

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[34] During this time period, the Debtors realized that the Hermosillo plant could not be sold without price increases. After failed attempts to satisfactorily negotiate those increases, the Debtors, with the support of management, the Board, and the Committee, decided to shut down operations at the plant for several hours, to incentivize Ford, the primary Customer in that plant, to make certain concessions during negotiations. In addition, given the pendency of the stand-alone plan, the Debtors advised the Bank Group of their intended shutdown. The Bank Group did not act to stop the shutdown.

vii. Third Avenue's Resignation from the Committee

On September 22, 2006, Third Avenue resigned its position as Chair and member of the Committee.

viii. Failed Operational Improvements

All the representatives of the Debtors who were interviewed, including Leuliette, Cooper, Trenary, Fox, Masanovich, and Macher himself (as well as Kirkland), concur that Macher and his team were given sole responsibility to accomplish the operational improvements in the 2006 Operating Plan. Management and KZC divided their responsibilities so as to delegate to KZC the financial aspects of the turnaround, and to delegate to Macher and his team the operational aspects of the turnaround. This division was clearly denoted in KZC's third and fourth interim fee applications for the respective periods from January 1, 2006 through April 30, 2006 and from May 1, 2006 through August 31, 2006. The Board supported this division of labor due to Macher's extensive operational experience and expertise, and KZC's relative lack of automotive expertise. KZC therefore assumed responsibility for such matters as liquidity, pricing, and commercial settlements, while Macher was responsible for the implementation of his operational turnaround plan. The Board granted Macher substantial leeway in the operational turnaround, free of interference from the professionals, including KZC. With respect to the preparation of financial information and the Debtors' business plans, Macher's operations team provided KZC the information on the operational turnaround, which KZC then incorporated into the Debtors' financial models and business plans.[35]

[35] Various constituents attack this division as being "convenient" given the result obtained. These constituents point to the fact that they relied on financial information and projections as having the imprimatur of an independent financial consultant. They note that the purpose of bringing in KZC to serve as CRO, Chairman of the Board and to head and participate on the restructuring committee of the Board was to bring this independent

Macher assumed primary responsibility for the Debtors' failure to meet their projections with respect to the operational turnaround and cost-savings. He attributes the Debtors' failure to execute on problems that could not have been anticipated by senior management.[36] Specifically, Macher attributes the failure to achieve the turnaround to incompetent or insufficient plant management and to a corporate culture that did not promote the disclosure of relevant information, nor implementation. His characterization is supported by numerous people interviewed on behalf of the Debtors and other constituents. The following examples illustrate these problems.

When Macher visited the Debtors' Guelph, Ontario plant, he witnessed forty extra personnel on a shift (in excess of budget) to trim parts on a certain program there. Macher determined that subcontracting the business to another supplier would save the Debtors $4 million per year, based upon a quote received by the supplier. Macher instructed the plant manager to move forward with the plan to move the business to the alternate supplier, including ordering new tools to be constructed to use in ongoing production during the move. Unbeknownst to Macher, the plant already possessed a second set of tools, obviating the need to have a second set fabricated. The plant manager never offered this information to Macher. After weeks had passed and after numerous inquiries by Macher, Macher learned about the second set of tools. In the end, the plant manager's inability to take timely and appropriate steps to effectuate the outsourcing and to follow through on instructions delayed the implementation of

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financial and restructuring expertise to the process. They believe this process failed in that the Debtors consistently issued overly-optimistic projections.

[36] Macher recognized that if (a) the President of Plastics not suffered personal issues which impeded his performance; and (b) the Vice-President of Strategic Planning had possessed a skill set better suited to her position during the turnaround, some of these issues may have been discovered earlier.

the cost-savings measure. The Debtors lost the opportunity to realize $1 million of the anticipated $4 million in cost-savings as a result of this delay.

Similarly, Macher observed that there were two operators running two machines, who were not working for as much as 80 percent of the time they were on duty. Macher directed that the plant manager terminate one of the operators. This termination would have yielded approximately $150,000 in annual savings. Macher returned to the plant the next week and both operators were still working. The plant manager indicated that he did not fire the individual because he had to pay workers' compensation claims for the individual. Macher then proposed a transfer for the individual in such a manner as to eliminate one head count. This change was never made.

The Debtors' Port Huron, Michigan plant was also a model of inadequate execution and incompetent personnel. At one point, the Debtors were losing $1 million per month at their Port Huron plant. Macher traveled there every week and observed the following scenarios.

The Debtors had launched a new program with incompetent workers, yielding 95 percent scrap on the parts produced. The plant had no plant manager, no controller and no engineer. Rather, a quality control person was running the plant. Macher learned that the people formerly in these positions had been terminated to save money. Macher also learned that the former Port Huron plant manager had met projections in the first quarter of 2006 by running excessive overtime in the fourth quarter of 2005. The plant manager built a bank of parts over the December holiday period to increase performance in the next quarter. By April 2006, the plant manager quit, because he knew he could not meet his targets again.

On another occasion, Macher waited for a shift change in Port Huron. Instead of the shift change, he observed the plant shutting down. Upon inquiry, he learned that the shutdown was due to the fact that the workers routinely called in sick on Fridays and Mondays, so that they would have to come in on Saturdays and Sundays to perform their work, entitling them to overtime for the work they should have performed on the days of their feigned illness. Macher had to terminate employees for this behavior, as such action was not taken before he learned of the practice.

Macher believed the Debtors could have achieved their operational turnaround goals if they had the proper personnel in place. According to Macher, the Debtors did not have sufficient resources to timely hire the additional personnel they required to effectuate the operational turnaround.

On April 26, 2007, the Debtors issued the Presentation to Pre-Petition Secured Lenders Chapter 11 Plan and Status of Sale/Wind-down Process. *See* Exhibit KK: Presentation to Pre-Petition Secured Lenders – Chapter 11 Plan and Status of Sale/Wind Down Process. In this presentation, the Debtors provided a post-mortem of the events leading to the ultimate outcome of the cases. The items of note included:

(a) Evolution of the Chapter 11 Plan (p. 10-11);

(b) Summary of Customer Agreements detailing in excess of $750 million of funding by the Customers since the beginning of these cases (p. 15);

(c) Evolution of the Carpet and Acoustics Forecast (pp. 29, 31-32);

(d) Marketing process and transaction economics for Plastic Interiors Transaction (pp 36, 39);

(e) Delineation of the sources of the $150 million postpetition financing repayment (p. 45); and

(f) Other key transactions, recoveries and developments, including the Canadian statutory severance of $72 million and the Debtors' agreement with the PBGC (pp. 49, 51-55).

V. FEE EXAMINER'S CONCLUSIONS WITH RESPECT TO QUESTIONS POSED BY THE COURT

General Statement:

Upon commencing these cases, the Debtors were like emergency room patients that were "dead on arrival." The Debtors had virtually no cash. They had encumbered substantially all of their assets as collateral to various lenders. The majority of the Debtors' business, Plastics, consisted of loss-producing contracts. Yet no constituent, particularly the Customers, who were dependent on the Debtors' supply for their own production needs, could have let the Debtors die on the operating table without attempting to revive them. The Customers' dependency on the Debtors at the outset of these cases was so great that it enabled the Bank Group (in funding negotiations), and the Committee (through threats of litigation and shutdown of the Debtors' operations) to successfully exert their leverage to extract monetary concessions from the Customers. Indeed, the Bank Group extracted unprecedented concessions from the Customers due to the Customers' perceived inability to resource their business away from the Debtors in a timely manner.

All constituents and professionals worked hard through the summer of 2005 to resuscitate the Debtors and keep them viable. This stabilization effort continued through the fall and winter of 2005. As a result of Customer concessions, the Debtors temporarily stabilized during the end of 2005 and the beginning of 2006, but they remained critically ill. Their only hope for continuation as a going concern was a miraculous cure to be administered on a critical projected timeframe during 2006. Because the Key Constituents and the Debtors each desired that the Debtors survive as a going concern, they were willing to explore extraordinary cure options. The Debtors adopted and pursued an aggressive operational turnaround plan, particularly in Plastics, which was to: (a) provide the Debtors with substantially increased EBITDA, which would (i) create value for the Prepetition Lenders and the unsecured creditors and (ii) provide the necessary liquidity to permit the Debtors' reorganization; and (b) provide a stable platform for continued production for the Customers. This turnaround plan was contained in the Debtors' Business Plan as originally issued in January 2006 and modified in June and August of 2006.

The cure thus consisted of an array of contingent and uncertain improvements contained in the Business Plan. In the absence of extraordinary third party concessions or a capital infusion, these improvements had to be achieved on the timetable projected in the Business Plan in order to meet the Debtors' 2006 cash needs and thereby permit the survival of the Debtors and their ability to obtain value beyond 2006. Any deviation from the timetable set forth in the Business Plan threatened the Debtors' fragile liquidity and reorganization prospects. Therefore, the cure required monitoring to prevent the potential consequences of negative deviation.

The improvements necessary to cure the Debtors took time to implement. As time elapsed, the Debtors' financial results demonstrated that the operational turnaround was not occurring with sufficient speed to overcome the Debtors' revenue problems, ensure continued liquidity in 2006, and overcome the impact of the Debtors' dissipating book of business. Early "misses" on Business Plan projections and the downward revisions to EBITDA projections in the 4+8 Plan and the 6+6 Plan signaled that the cure was failing. While some Key Constituents pressed harder than others to continue in the attempt to rehabilitate the Debtors, the efforts to rehabilitate the Debtors ceased after projected EBITDA fell to levels at which the Debtors' cash flow issues mandated further extraordinary Customer accommodations to maintain the viability of the Debtors.

Now that the disappointing result of the Debtors' chapter 11 cases is clear and the bill for the efforts to save the Debtors has been tallied, questions have arisen as to whether, due to the

Debtors' grave condition, the formulation and execution of plans to rehabilitate the Debtors were flawed, or whether the attending physicians failed to heed warning signs of the Debtors' impending demise.

A. **<u>Should The Substantial Operational, Managerial And Financial Issues In The Debtors' Plastics Division And The Effect Of Such Issues On The Achievability Of Management's Business Plan Goals Have Been Discovered Earlier?</u>**

i. Discovery of The Plastics Issues

Without question, from the outset of these cases, the Debtors, the DIP Lenders and the Key Constituents were aware of the substantial operational, managerial and financial issues in Plastics (the "Plastics Issues"). The Plastics Issues became apparent in the midst of the liquidity crisis which was apparent as of the Petition Date and persisted throughout the summer of 2005. The signals that alerted the Debtors and all Key Constituents to the Plastics Issues included: (a) the Debtors' failure to obtain significant new business awards for at least a year prior to the Petition Date, which created an evaporating book of business and revenues; (b) the DIP Lenders' refusal to lend beyond the initial $150 million of interim financing, signaling concern; (c) the Debtors' lack of reporting processes, which impeded the Key Constituents' ability to obtain information, including information to forecast the Debtors' cash needs; (d) the prevalence of loss-producing contracts in the Plastics business, which, together with the Debtors' forecasting problems, precipitated the Debtors' daily liquidity crises; (e) abrupt changes in key management positions during the early months of these cases, including three changes of the Debtors' Chief Executive Officer and the termination of the President of Plastics, destroying continuity of management; (f) the Debtors' lack of unencumbered assets, which left the Debtors without collateral to offer for further financing; (g) significant operational issues at the plant level, as evidenced by, among other things, the total lack of readiness in the Hermosillo plant for the Ford

Fusion launch, evidencing inability to implement directives at the plants; and (h) the Debtors' internal managerial and operational paralysis caused by the corporate culture created by Stockman and the ongoing governmental investigation. Given the chaos, legions of professionals for the Key Constituents descended upon the Debtors and maintained consultants on site, at a cost to the estate that exceeded tens of millions of dollars. The estate spent these millions of dollars educating all Key Constituents as to the existence of the Plastics Issues.

ii. Delay in the Discovery of Effect Of Plastics Issues On Achievability Of Management's Business Plan

All Key Constituents knew of the existence of the Plastics Issues. The Business Plan hinged upon improvements in the Plastics Issues. The Business Plan could not be reasonably achieved and the cash flow needs of the Debtors could not be met if these improvements could not be implemented in the timeframe projected in the Business Plan. If the improvements were not implemented as scheduled, the Debtors would face dangerous liquidity risk that would threaten their viability in 2006 and beyond, impeding their reorganization efforts. Therefore, the true focus of the delay issue investigated in this question involves the timing of the discovery that the improvements in the Plastics Issues could not be achieved on the schedule anticipated in the Business Plan. If the improvements could not be achieved on schedule, the effect of the Plastics Issues rendered the Business Plan unachievable. To the extent the Debtors did not timely anticipate that the improvements could not be achieved as scheduled by the Business Plan, the Business Plan was unreasonably aggressive, constituting delay in the discovery of the impact of the Plastic Issues on the Business Plan. Given the fragility of the Debtors' liquidity and the critical nature of the Debtors' timely achievement of the improvements to sustain viability, any delay in discovery of the effect of the Plastics Issues on the Business Plan was significant to the success of the reorganization.

The Business Plan was originally formulated in January 2006. It was then modified by the 4+8 Plan issued in June 2006; and by the 6+6 Plan issued in August 2006. Therefore, the inquiry requires an analysis of the achievability of the Business Plan at the three times at which it was formulated: (a) January 2006; (b) June 2006; and (c) August 2006. The 6+6 Plan issued in August 2006 proved to be a realistic forecast of the Debtors' actual 2006 performance. As a result, the relevant analysis is the achievability of the Business Plan in January 2006 and June 2006. The achievability of the Business Plan during each of the foregoing timeframes is analyzed below.

(1) Background Facts Pertinent to the Formulation of the Business Plan

During the summer of 2005, the Debtors were focused on liquidity and survival. At this point, the Debtors did not have historical financial information or reporting ability to make reliable forecasts to make a foundation for a business plan. They were faced with two choices: attempt to reorganize or liquidate. Rather than liquidate, which would have yielded the lowest recovery for all stakeholders, the Debtors and the Key Constituents believed that the Debtors should attempt to reorganize by (a) hiring someone like Macher to lead the operational turnaround of the Debtors' business and (b) seeking substantial monetary and contractual concessions from the Customers. The Customers, who predictably preferred an immediate sale process to extract themselves from an insolvent sole-source supplier, did not appear to have immediate resource plans in place, and therefore had little leverage to oppose a reorganization.

In order to formulate a financial forecast that would indicate the Debtors were a viable economic entity, the Debtors required concessions from the Customers. The Customers yielded concessions in two rounds of negotiations. First, in July 2005, the Customers granted one-time surcharges and subordinated loans to sustain the Debtors while the Debtors evaluated their options. Subsequently, the October 2005 price increases, obtained primarily through the efforts of KZC (and supported by the Committee's threats of litigation and shutdown), provided longer-term liquidity and stability which allowed the Debtors, their new management team and their professionals to construct and implement the Business Plan. The initial form of the Business Plan was the detailed 2006 Operating Plan. The severity of the Plastics Issues mandated a Business Plan premised on an operational turnaround. The operational turnaround consisted of numerous improvements, which were required to be made as scheduled in the Business Plan in order to preserve liquidity and permit the Debtors to demonstrate viability in 2006 and, thus, maintain their reorganization prospects.

(2) Summary of Conclusions with Respect to Achievability of the Business Plan in January and June 2006

The Fee Examiner concludes that whether the Business Plan was reasonably achievable when it was issued in January 2006 in the form of the 2006 Operating Plan due to the Plastics Issues is a subjective question. The Board considered the aggressiveness of the 2006 Operating Plan and determined that Macher should be afforded the opportunity to achieve the improvements that were the basis of the Business Plan. In so doing, they implicitly determined that the Business Plan was reasonably achievable.

Weighing all the factors, the Fee Examiner cannot conclude that it was unreasonable for the Board and KZC to defer to Macher with respect to the achievability of the improvements on which the Business Plan was based, when the plan was issued in January 2006. Therefore, the Fee Examiner cannot conclude that the improvements in the 2006 Operating Plan were not reasonably achievable at the time the plan was issued. The Fee Examiner concludes that there was no delay in the discovery that the Plastics Issues rendered the Business Plan unachievable as of the initial issuance of the Business Plan in January 2006.

The Fee Examiner concludes that based on the Debtors' performance in March, April and May 2006 and the liquidity issues caused by that performance, the Debtors should have known that the critical EBITDA projection in the Business Plan, as modified by the 4+8 Plan, was unachievable no later than the issuance of the 4+8 Plan in June 2006. The Fee Examiner believes that, by June 2006, the Debtors had or should have had sufficient information and knowledge to realize that the improvements embedded in the Business Plan could not be achieved in the timeframe anticipated in the Business Plan.

Only two months after issuing the 4+8 Plan in August 2006, the Debtors reformulated the Business Plan to project 2006 adjusted EBITDA of approximately $105 million – approximately $75 million less than the Debtors had projected only two months earlier. This change in the projections was due, in large part, to the failure to implement the improvements as anticipated. The Debtors controlled a significant portion of these improvements. The Fee Examiner believes that the Debtors should have known no later than June 2006 that (a) it was unlikely that the improvements would timely occur; and (b) EBITDA would be significantly less than $179 million, severely affecting liquidity. Therefore, the Fee Examiner concludes that there was approximately a two-month delay in discovery of the effect of the Plastics Issues on the achievability of the Business Plan, as amended by the 4+8 Plan. These conclusions are explained in further detail below.

(a) Initial Issuance of Business Plan in January 2006

The Debtors issued the Business Plan in the initial form of the 2006 Operating Plan in January of 2006. The Business Plan was based almost entirely on "upside" improvements which had not occurred as of the time of its initial issuance. As illustrated in Exhibit K, the Debtors' baseline EBITDA for 2006, based on actual 2005 performance, adjusted for the impact of rising commodity energy prices and other items, was negative $36 million. The only certain element of the Business Plan was the October 2005 price increases, which had already been obtained from the Customers. Based upon this certain element and the Debtors' baseline EBITDA, the Debtors' value was starkly below the balance of the Prepetition Lenders' debt. The sum of (a) the baseline 2006 EBITDA (negative $36 million); and (b) the EBITDA impact of the October 2005 price increases, including one-time surcharges in the first quarter of 2006 (positive $127 million) was $91 million of 2006 EBITDA. Applying a multiple of five to this calculation of reasonably assured 2006 EBITDA (prior to inclusion of the projected upside improvements) implied an enterprise value for the Debtors of only $455 million, well below the Prepetition Lenders' debt and priority claims. *See* Exhibit H.

All other components of the Debtors' projected 2006 EBITDA, and hence, value to cover and exceed the Prepetition Lenders' debt, hinged upon the execution of future upside improvement initiatives (such as new business and cost savings efforts). Because these initiatives were contingent on future implementation, they each entailed significant execution risk.

Each Key Constituent recognized the materiality of the execution risk inherent in the various components of the Business Plan contemporaneously with the issuance of the Business Plan. The Business Plan expressly stated that it could not be achieved unless the Debtors: (a) implemented approximately $123 million of cost savings initiatives for 2006, consisting of hundreds of items at an average cost improvement of over $100,000 per item;[37] (b) established a service parts business that would generate approximately $15 million of annual EBITDA; (c) effectuated management changes, including filling numerous critical vacant positions; (d)

[37] Most of the cost improvements were not projected to have a material impact on the Debtors' EBITDA until the third or fourth quarters of 2006.

obtained over $300 million of new transfer business, having an EBITDA impact for 2006 of approximately $13 million; and (e) obtained material pricing indexing of approximately $11 million from Ford. *See* Exhibit K. Thus, the achievability of the Business Plan depended upon the achievement of its key components, which were clearly and demonstrably contingent on future implementation and subject to material risks. Moreover, in order to preserve liquidity and demonstrate viability in 2006, and thus maintain prospects for reorganization and potential value in years beyond 2006, the Debtors had to achieve the improvement initiatives on the scheduled timeline in the Business Plan. The Business Plan was "break even" at $265 million of EBITDA. At $91 million of EBITDA, which was the baseline for 2006 before the improvements in the Business Plan, the Debtors could not pay interest, professional fees and capital expenditures. Therefore, performance against the Business Plan was critical because any failure jeopardized the Debtor's liquidity and, hence, their ability to reorganize.

From the time of the August 31, 2005 release of the predecessor to the Business Plan, the August 2005 Business Plan, the Debtors disclosed the execution risks in the financial, managerial and operational assumptions underlying the Business Plan. Attached as Exhibit LL is a summary of various risks and assumptions identified in the Debtors' business plans from and after the August 2005 Business Plan.

While the Key Constituents acknowledge that the risks and assumptions in the Business Plan were disclosed, they dispute whether, in light of those risks, the Debtors should have issued and continued to pursue a plan as aggressive as the Business Plan, or, instead, should have issued a more conservative Business Plan that had a greater probability of being achieved in light of the Plastics Issues. If the Business Plan was unreasonably aggressive given the Plastics Issues, then the Business Plan created expectations that it would be achieved. Had these expectations not been set, the course of these cases may have been different.

The Prepetition Agent argued that the Business Plan was too aggressive because it sought to implement $123 million in cost savings from hundreds of initiatives, in the midst of launching a significant number of new product platforms. The Prepetition Agent argued that the Plastics Issues should have prompted the formulation of a more achievable target for 2006 adjusted EBITDA. Such a plan should have recognized that the cost improvements would not occur until 2007, rather than in the third and fourth quarter of 2006 as projected by the Business Plan. Capstone believed in January 2006 that the 2006 EBITDA forecast should have been approximately $180 million. EBITDA of $180 million would have implied a value that threatened the Committee's seat at the table. *See* Exhibit H. As such, it would have changed parties' expectations and possibly the course of these chapter 11 cases.

At the same time, Capstone also acknowledged that time was an impediment to the Debtors' restructuring. The Debtors' financial instability impeded their ability to obtain new business awards before and during bankruptcy, leaving them with a significantly diminishing book of business. In order to achieve the same sales as they had in 2005 (i.e., keep sales flat in the Business Plan), the Debtors had to obtain over $300 million of transfer business already sourced to other suppliers. As the Debtors lingered in bankruptcy, they missed award cycles, compounding the problem.

Prior to the issuance of the Business Plan in January 2006, the Prepetition Agent voiced concerns to KZC regarding the plan's achievability. The Prepetition Agent speculated internally with the Bank Group that the Debtors' projected 2006 adjusted EBITDA should have been approximately $180 million. An EBITDA of $180 million would have implied a value that threatened any recovery for unsecured creditors.[38] However, at an EBITDA of $180 million, the Debtors would not have had sufficient cash flow to pay interest, professional fees and capital expenditures, including interest and fees of the Prepetition Lenders. Yet, it does not appear that the Prepetition Agent addressed the cash flow problems that would result from a $180 million 2006 EBITDA.

Nonetheless, neither the Prepetition Agent nor its financial advisor, Capstone, disapproved the budget comprising the Business Plan or insisted upon changes in the Business Plan.[39] This inaction could have been attributable to the fact that (a) under the DIP Credit Agreement, the right to approve the form and substance of the budgets was held by the Postpetition Agent and Capstone, as the advisor to the Postpetition Agent; (b) the Prepetition Lenders' debt was trading at par or close to par during such time period, suggesting higher value; (c) the Prepetition Lenders were receiving payments of interest and fees, to which they would not be entitled if they were undersecured and which the Debtors would not be able to pay at an EBITDA of $180 million; and (d) in the event that a stand-alone was pursued, the Prepetition Lenders wanted a strategic value to support an acceptable treatment for themselves.

Certain Customers also criticized the Debtors for not being more conservative in the projections under the Business Plan. Some argued that if the projections had been more conservative, the sale process would have been more credible. In addition, they argued, the

[38] Using a five-times-adjusted EBITDA multiple to calculate enterprise value, a $180 million adjusted EBITDA forecast implies sufficient value to pay the debts of the DIP Lender and the Prepetition Lenders in full, yet leaves no value for unsecured creditors.

[39] Section 5.01(o) of the DIP Credit Agreement, as amended, required that the Business Plan budgets be reasonably satisfactory to Capstone and the Postpetition Agent in form and substance. The DIP Credit Agreement did not expressly give these rights to the Prepetition Agent, or to Capstone on behalf of the Prepetition Agent (as opposed to the Postpetition Agent).

Debtors would not have lost credibility with their Customers by failing to deliver what they promised.

The Committee's professionals also believed the Business Plan was aggressive, yet did not raise those concerns. Because there was insufficient value to inure to unsecured creditors without the realization of the contingent initiatives in the Business Plan, the Committee believed it was against its interest to attack the Business Plan. In addition, the Committee professionals believed that the Committee's members would have characterized as inadequate any projections which did not demonstrate a value sufficient to pay unsecured creditors in full.

In contrast to the Bank Group, Customers and Committee professionals, Third Avenue argued that the Business Plan, when issued, was not only achievable, but was conservative, despite the Plastics Issues. However, Third Avenue believed that the passage of time during these cases destroyed the value created by: (a) the $127 million of price increases; and (b) Macher's cost improvement plan, because of the Debtors' diminishing book of business. The belief that time was the Debtors' enemy conflicted with the Debtors' need for time to permit Macher to overcome the chaos of 2005, take proper control of operations as he was hired to do, and implement the operational improvements, such that their value (including future value for years beyond 2006) could be recognized by a purchaser or creditors in a stand-alone plan.

The Board questioned the aggressiveness of the Business Plan, which was also the subject of much debate between Macher and Boken. The Board was comprised of sophisticated individuals, including Tim Leuliette, Chief Executive Officer of Metaldyne Company LLC, who has extensive experience in the automotive industry. Leuliette acknowledged that the Board gave substantial deference to Macher. Leuliette asserted that this was appropriate, because a Board ordinarily does not look behind the statements of and thereby micromanage the Chief

Executive Officer. He indicated that the Board understood it needed a Chief Executive Officer who understood the challenges of survival in the automotive supply industry and could formulate aggressive strategies to meet these challenges. Macher's reputation and strategy seemed to satisfy the Board's need.

In the Board's deliberations, both KZC and Lazard recall Macher assuring the Board that the Business Plan was achievable. Both recall Macher emotionally and emphatically reassuring the Board that "he always delivers what he promises." Giving further credence to Macher's assurances, many interviewed parties indicated that throughout the Debtors' attempts to reorganize, Macher reiterated to many of them that his plan was achievable. After these deliberations, the Board deferred to Macher's judgment regarding the achievability of the Business Plan.

The Fee Examiner questioned Macher about his motivations in formulating the Business Plan. Macher confirmed that he developed the Business Plan independent of pressure from the Committee and/or Third Avenue (contrary to the insinuations of some interviewed parties). Macher also asserted that the Business Plan was necessary to provide a more rational strategy to the Committee, which had previously used threats of litigation and production stoppages to obtain value for the unsecured creditors.

Despite their support for Macher, several Key Constituents criticize KZC. They assert that KZC, as an independent financial advisor, with its representatives acting as Chief Restructuring Officer, Chairman of the Board, member of the Board and members of the restructuring committee, was the independent face of the restructuring. They assert that, in its various capacities, KZC should have overridden Macher's support for an aggressive plan and moved forward with a more conservative plan.

KZC acknowledged that it did not impose its judgment regarding the achievability of the Business Plan and overrule those with more automotive experience. Rather, KZC asserts that it made full disclosures of all of the risks, so that the Key Constituents could make informed choices about the Business Plan.

Although most of the Key Constituents acknowledge that the Business Plan was aggressive, none address the fact that the Business Plan cash forecast was cash flow "break even" at an EBITDA of $265 million, due to the forecasted disbursements for professional fees, interest (including interest on the debt of and fees incurred by the Prepetition Lenders) and capital expenditures. Those parties challenging the aggressiveness of the Business Plan do not speculate as to how the Debtors and the Key Constituents would have handled a Business Plan that was not cash flow "break even," though they posit different outcomes for these cases. A Business Plan that was not cash flow "break even" would likely have changed the complexion of these cases.

The Fee Examiner considered: (a) the polarized viewpoints of the various constituents; and (b) the inherent risks of the forecast, including (i) the anticipated revenue enhancements that required favorable negotiations with third parties, including the Customers, who had spent or committed to spend over $200 million to enable the survival of the Debtors by the time of initial issuance of the Business Plan in January 2006; and (ii) the magnitude of cost improvement initiatives required by the Business Plan. The Fee Examiner believes that, although there is no doubt the timetable for the operational turnaround of the business was aggressive, the Board's deference to Macher with respect to the formulation and pursuit of the Business Plan as initially issued in January 2006 was reasonable given that: (a) each of the Key Constituents supported Macher; (b) Macher believed the Business Plan was achievable; (c) Macher was an industry expert who had an excellent reputation and vast experience; and (d) Macher validated his reputation in the Hermosillo situation. In the exercise of its business judgment, the Board believed Macher needed to be given the opportunity to utilize his skills to create value for the estate. The Board accommodated the differing interests between the Prepetition Lenders and the Committee by opting for the Business Plan, which pursued both sale and stand-alone plan options. The Fee Examiner cannot view this deference as unreasonable.

Because the Fee Examiner defers to the Board's judgment in determining that the Business Plan was reasonably achievable, and because the plan included the dual track of a sale and stand-alone plan strategies, the Fee Examiner believes there was no delay in realizing that the effect of the Plastics Issues would render the Business Plan unachievable when the Business Plan was initially issued in January 2006.

(b) Modification of the Business Plan Through Issuance of the 4+8 Plan in June 2006

Critically, in order to ensure liquidity and thus their prospects for reorganization, the Debtors had to achieve their improvement initiatives in the Business Plan on the timeline scheduled in the Business Plan. If the Debtors failed to improve as scheduled, in the absence of further third-party concessions or a capital infusion: (a) they would not have sufficient cash resources to continue operation; and (b) their viability in 2006 would be jeopardized, which would likely prevent potential purchasers or plan sponsors from giving the Debtors credit for potential value and further improvements during years beyond 2006.

In early 2006, all parties were guardedly optimistic about the Debtors' performance against the initial iteration of the Business Plan, the 2006 Operating Plan. However, by early May 2006, when the March financial statements were issued, obvious warning signs appeared that indicated the Debtors' performance would not meet the projections in that plan. For March

2006, despite sales exceeding budget by approximately $25 million, the Debtors suffered a $3.7 million unfavorable EBITDA variance from the projections in the 2006 Operating Plan. Given the criticality of the improvements to the liquidity of the Debtors, this failure to meet projections was significant, despite the offset provided by increased sales.

On June 2, 2006, the Debtors issued financial results for April 2006 indicating an unfavorable EBITDA variance of $5.4 million (48 percent below projections in the 2006 Operating Plan), even though sales for the month exceeded 2006 Operating Plan projections by $19.8 million (10.6 percent higher than projected). On June 8, 2006, the Debtors issued their 4+8 Plan, revising projected 2006 adjusted EBITDA downward to $179.4 million. On August 14, 2006, the Debtors issued financial statements for June 2006. The actual adjusted June EBITDA of approximately $21 million was lower than both the 2006 Operating Plan (in comparison to which the results demonstrated an $11.2 million unfavorable variance) and the 4+8 Plan (in comparison to which the results demonstrated a $5.6 million unfavorable variance), while sales were on target with the 2006 Operating Plan and compared favorably with the 4+8 Plan.

On August 16, 2006, the Debtors issued a Presentation to Stakeholders outlining the operational problems faced by the Debtors. *See* Exhibit HH. On August 22, 2006, the Debtors issued their 6+6 Plan, revising expected 2006 adjusted EBITDA downward to $105.5 million.

Although the time period between the issuance of the 4+8 Plan and the 6+6 Plan is relatively short, because (a) a significant deviation from the 2006 Operating Plan started to appear by May and become more apparent by June 2006; (b) the liquidity issues presented by a plan that projected less than $265 million of EBITDA should have made such signals more significant; and (c) the Debtors forecasted such a dramatic further decline in the 6+6 Plan issued just two months after issuance of the 4+8 Plan, the Fee Examiner considered whether the Debtors' conclusions reached in their 6+6 Plan should have surfaced by June 2006. Exhibit BB is a "bridge" from the projected 2006 adjusted EBITDA in the 2006 Operating Plan to the projected 2006 adjusted EBITDA in both the 4+8 Plan and the 6+6 Plan. This Exhibit evidences the underlying causes of the failure to meet projections. As such, it facilitates a determination as to whether the issues that threatened achievability of the Business Plan should have been discovered earlier.

As revealed by Exhibit BB, in addition to operational issues, revenue assumptions also contributed to the failure to achieve the forecasts in the 2006 Operating Plan. The Fee Examiner believes it should have been apparent well before August 2006 that these revenue assumptions would not be met. As set forth in Exhibit BB, the 4+8 Plan revealed approximately $44 million of revenue improvements which had not been or could not be achieved as anticipated. The 6+6 Plan revealed $62 million of revenue improvements which had not been or could not be achieved as anticipated. Each of these revenue enhancements depended upon reaching agreements with third parties. Although the achievement of these enhancements was not completely predictable, it is reasonable to assume that the Debtors should have known well before August 2006 that they would fail to achieve these enhancements sufficiently timely so as not to threaten the achievability of the Business Plan.

Although the failure to achieve these revenue enhancements was a significant component of the lower forecast for performance from the 2006 Operating Plan to the 4+8 Plan in June 2006, they were a much smaller reason for the downward revisions made between 4+8 Plan in June 2006 and the 6+6 Plan in August 2006. Rather, the downward revisions between the issuance of the 4+8 Plan and the 6+6 Plan were largely attributable to the further downgrade of the achievability of cost improvements. The negative deviation in projected 2006 adjusted EBITDA as compared with the Business Plan was (a) \$44.4 million with respect to revenue improvements and \$41.2 million with respect to cost improvements in the 4+8 Plan; and (b) \$61.7 million with respect to revenue improvements and \$97.8 million with respect to cost improvements, in the 6+6 Plan. Thus, in the two month period between the 4+8 Plan and the 6+6 Plan, the deviation in Debtor-controlled cost improvements more than doubled.

As indicated on Exhibit BB, manufacturing performance, cost reductions and various miscellaneous expense issues caused this deviation. The bulk of these cost opportunities were not actually lost or decreased in the first four or six months of actual results during 2006, but rather *were not achieved as projected*. In addition to the factors discussed above, the Debtors' failure in achievement of the projections in the 2006 Operating Plan was foreseeable by June 2006, particularly considering the following:

- All parties acknowledge that the focus in 2005 was to keep production flowing to Customers and to obtain sufficient liquidity for the long run. With stability achieved by the October 2005 Customer price increases and the arrival of a new management team by early 2006, the Debtors and their professionals had five full months to analyze the production efficiencies for the Plastics plants.

- In his interview with the Fee Examiner, Macher concluded in hindsight that his failure to properly assess the strength of plant level management was the major cause for the failure to achieve the cost improvements. Yet, as demonstrated by Exhibit I, which was included in the 4+8 Plan, there were significant managerial deficiencies at the plant level, of which the Debtors should have been aware in June. Recognizing that time was required to determine that these deficiencies were in fact obstacles to the achievement of the Business Plan, the Fee Examiner believes that June 2006 was an appropriate time for the Debtors to discover the severity of their impact on the Business Plan.

- On August 16, 2006, the Debtors issued a Presentation to Stakeholders (*see* Exhibit HH) outlining the monumental operational tasks still confronting the Debtors. It is hard to imagine that the magnitude of the issues on this list developed solely between June and August of 2006 such that they should not have been discovered earlier.

- Trenary, the Debtors' Chief Financial Officer, indicated to the Fee Examiner that in July 2006, he and Matti Masanovich could only calculate on the "back of an envelope" a projected 2006 adjusted EBITDA of approximately $95 to $105 million for the Debtors, which translates to approximately $105 to $110 million when the one-time Customer surcharges received in the first quarter of 2006 are included as they were in the 6+6 Plan. This suggested that, at least by July 2006, the Debtors should have known performance was going to be much more like their reduced estimates in August 2006.

As a result of the liquidity issues presented by a Business Plan projecting 2006 EBITDA below $265 million, the Debtors' operational and liquidity issues converged in June 2006. The Fourth Amendment to the DIP Facility was the "cash fix" to permit sufficient cash flow to enable the operational improvement forecasted in the latter half of 2006. However, if $179 million of EBITDA could not be achieved in 2006, as forecast in June 2006, it would mean that the operational turnaround was taking even longer to implement, meaning that the cash problem was greater. This greater problem would require a more significant and long term cash fix to permit the slower turnaround and, thus, long term viability. When EBITDA was finally acknowledged in the 6+6 Plan to have dropped below the $179 million, the fix ultimately chosen was the Proposed Customer Concessions that were not ultimately obtained.

Given the foregoing facts, the Fee Examiner believes the Debtors should have concluded by June 2006 that their actual 2006 adjusted EBITDA would be substantially less than the $179.4 million projected in the 4+8 Plan and that, therefore, the 4+8 Plan issued in June 2006 was unachievable given the Plastics Issues. Because this realization was made two months later, in August 2006, there was approximately a two-month delay (the "Delay") in determining the meaningful effect of the Plastics Issues on the achievability of the Business Plan. The Fee Examiner believes this unnecessarily extended these cases, and attendant professionals' fees, by two months.

B. **<u>If So, Did The Delay Result In Either Unnecessary Losses Or Reductions In Creditor Recoveries?</u>**

Given her conclusion that the Delay existed, the Fee Examiner reviewed the recoveries of each of the Key Constituents to determine whether the Delay resulted in either unnecessary losses or reductions in creditor recoveries. As described in more detail below, the Fee Examiner does not believe that the Delay resulted in material unnecessary losses or reductions in creditor recoveries, except with respect to: (a) the Prepetition Lenders, to the extent that these cases could have been accelerated by approximately two months and professional fees funded by the Prepetition Lenders could have been reduced accordingly; and (b) the Customers, to the extent they made business decisions during the Delay that increased their costs upon liquidation. The Fee Examiner acknowledges that this conclusion requires speculation as to hypothetical outcomes had the Delay had not occurred.

In addition, because of the arguments that the Business Plan was unreasonably unachievable when it was issued in January 2006 in the form of the 2006 Operating Plan, the Fee Examiner analyzed what the potential outcomes and the recoveries and losses of the same parties might have been had the Business Plan been more conservative when issued in January 2006. She did so to assist the Court in its analysis, in the event the Court comes to a different conclusion on this issue.

i. Analysis of Unnecessary Losses or Reductions in Recoveries for Certain Parties

(1) DIP Lenders

The Fee Examiner concludes that there was no material impact on the recovery of the DIP Lenders, because the DIP Lenders were paid in full, notwithstanding the Delay. The DIP Lenders were paid in full on April 4, 2007. Had there been no Delay, the DIP Lenders might have been paid two months earlier. However, because the DIP Lenders received interest accrued until the principal was paid, the DIP Lenders suffered no harm as a result of the Delay.

(2) Prepetition Lenders

The Prepetition Lenders suffered reductions in their recovery as a result of the Delay because professional fees were paid from the proceeds of their collateral. The Prepetition Lenders did not otherwise suffer unnecessary losses or reductions in recovery. These conclusions are based on the analysis of several hypothetical scenarios that could have affected or did affect the recovery of the Prepetition Lenders. Each is discussed below.

(a) The Fourth Amendment to the DIP Facility

Professional fees were funded from the proceeds of collateral securing the debts of the Prepetition Lenders pursuant to the Fourth Amendment to the DIP Facility. Therefore, the Fee Examiner analyzed whether (a) the DIP Agent would have entered into the Fourth Amendment to the DIP Facility had it known in June 2006 that the Debtors' 2006 EBITDA would be substantially lower than $179 million (and, thus, the Delay had not occurred); and (b) whether the professional fees funded by the Fourth Amendment to the DIP Facility were greater as a result of the Delay.

In June 2006, once the Debtors acknowledged that their projected 2006 adjusted EBITDA dropped to $179.4 million, they realized they needed an amendment to the DIP Facility to fund operational liquidity. As stated above, the Debtors required approximately $265 million of annual EBITDA to fund payments of interest, professional fees and capital expenditures. The Fourth Amendment to the DIP Facility allowed the use of fixed asset sale proceeds to fund operational liquidity, including professional fees.

The Fee Examiner concludes that the DIP Agent would likely have entered into the Fourth Amendment to the DIP Facility and funded operations, including professional fees, even if the Agent knew in June 2006 that the Debtors' 2006 EBITDA would be substantially lower than $179 million. This conclusion is based on the facts that (a) the Fourth Amendment to the DIP Facility did not affect payment of the DIP Loan (and the DIP Agent did not use its leverage to protect the Prepetition Lenders); and (b) when projected 2006 adjusted EBITDA was known to be only $105.5 million, the Bank Group continued to believe that a stand-alone plan was the primary exit strategy and funded professional fees to pursue that plan. Indeed, the Bank Group only abandoned this strategy in October 2006, after the confluence of several events, including the inability to achieve the extraordinary Proposed Customer Concessions, and reductions in volume by the Domestic Customers. As a result, the Fee Examiner believes that the Fourth Amendment to the DIP Facility would have been granted notwithstanding the Delay.

However, had the Delay not occurred, the fees and expenses in pursuit of the eventual liquidating plan would likely have concluded two months earlier, accelerating these cases and reducing the total amount of fees accrued. A chart showing the monthly fees incurred by the primary professional firms in these cases from May 2005 through June 2007 is attached as Exhibit MM. Based solely on this chart, the average monthly run rate for these professionals exceeded $3.7 million. This chart does not include the Ancillary Professionals or Davis Polk. The fees of Davis Polk averaged over $585,000 per month, prior to the decision to liquidate in October 2006. They were significantly reduced when the Debtors decided to liquidate, because there was no longer the need to avoid the indictment of the Debtors. Thus, an acceleration of these cases may have saved over $4.3 million per month, or a total amount of approximately $8.6 million. The Prepetition Lenders funded these fees. Thus, the Prepetition Lenders' recovery was likely reduced by $8.6 million as a result of the Delay.

(b) Sale to Wilbur Ross

The Fee Examiner also examined the possibility that the Bank Group would have pursued a sale to Wilbur Ross had the Delay not occurred. The Fee Examiner believes it is probable that the factors that made the Bank Group forego that alternative in June and July of 2006 would have compelled the same result had the Bank Group known in June 2006 that forecasted 2006 EBITDA would be substantially less than the then-projected $179 million. Specifically: (a) the debt was still trading above the offer to pay 80 percent of the Prepetition Lenders' debt, plus the earn-out; (b) had Wilbur Ross known of the lower projected EBITDA, any further offer from him would likely have been less than the "80 percent of the debt" offer he previously made; (c) Wilbur Ross' offer would still have been the only offer, leaving the Bank Group desirous of a stand-alone plan option that would provide competition; and (d) the Bank Group would still have considered Wilbur Ross' offer to be so contingent as to be illusory. For these reasons, the Fee Examiner concludes that the Bank Group would still have pursued a stand-alone plan in lieu of such offer, as it did in August 2006.

(c) Plant Sale/Wind-down

In addition, the Fee Examiner examined whether the Bank Group would have decided, as an alternative, to implement a total "by plant" sale/wind-down strategy for all plants had the Delay not occurred. The Fee Examiner concluded the Bank Group would not have chosen this option if they knew in June or July 2006 that projected adjusted EBITDA for 2006 was substantially less than $179 million because: (a) although this alternative would have entailed the lowest implementation risk, it also had lowest perceived gross recovery for the estate;[40] but (b)

[40] The ability to achieve going concern value through a sale of facilities on a "by plant" basis would have been compromised by the fact that the Debtors were not "top of class" in their product classes, mid-level

even in August, 2006, when the risks of implementation of the operational improvements were fully known, the Bank Group pursued the stand-alone plan option described above. The Fee Examiner notes that, had this alternative been pursued earlier, professional fees would have been lower, but the payment of interest and fees to the Prepetition Lenders would likely have ceased earlier than August 29, 2006, offsetting this reduction.

(d) Soft Trim Reorganization

The Fee Examiner examined whether the Bank Group would have decided to reorganize around the Soft Trim business, had the Delay not occurred. Key Constituents have questioned why this option was not fully considered given the substantial risks in the Business Plan. The Fee Examiner concludes that this option would not have been pursued because: (a) the Debtors considered this option in April 2007, citing ten challenges to its realization (five of which were as pertinent in early 2006 as they were as of April 2007), which would likely have defeated that option (*See* Exhibit KK, pp. 31-32); and (b) at that time, none of the Key Constituents appeared to be evaluating the Debtors as separate entities, but rather treated the Debtors as if they were substantively consolidated, thereby considering only reorganization of the Debtors as a whole. The Debtors have indicated that the interdependent Customer base, and the concerns that the separate treatment of Plastics would have had a negative impact on Soft Trim supported a consolidated treatment for the Debtors. For these reasons, the Fee Examiner does not believe that this option was probable.

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management, production efficiency, engineering capability, internal controls or reporting systems. In addition, at certain plants, quality was deficient.

(e) Soft Trim Sale

Had the Delay not occurred, the Debtors may have decided to sell Soft Trim (excluding Convertibles after it had been liquidated). The Fee Examiner believes this would have been unlikely, given the Prepetition Lenders' decision to pursue a stand-alone plan even after the Debtors' projected 2006 EBITDA fell to $105.5 million. Various professionals of the Debtors believed that an independent Soft Trim sale would have been defeated by the Customers who they believe would have imposed ramifications on the prospective purchaser or the Debtors to avoid a result which deprived Plastics of the revenue support provided by Soft Trim. Undisputedly, the Plastics operations relied on revenues from Soft Trim to, among other things, fund losses that would have otherwise required support from the Customers. The Fee Examiner cannot reach this conclusion without more investigation, but acknowledges that financial support of Plastics derived from Soft Trim.

If Soft Trim had been sold earlier, the Fee Examiner believes that the sale proceeds would have been greater. By the time Soft Trim (exclusive of the liquidated Convertibles business) was actively marketed on an independent basis, its future business had substantially diminished, making it less valuable to any potential buyer. *See* Exhibit KK, pp. 19, 29-30, attributing sales declines to lost programs and JD Power's volume forecast decline. An earlier marketing program for this business on an independent basis may have prevented loss of value due to lost programs.

(3) Unsecured Creditors

The Fee Examiner does not believe that unsecured creditor recoveries were affected by the Delay. Using the valuation approach used by most of the Key Constituents in valuing the Debtors (i.e., five times EBITDA), there was insufficient value for unsecured creditors to receive a distribution, absent enterprise value in excess of $1.25 billion (the "Threshold Value"). This

Threshold Value was widely used by many of the Key Constituents. The Fee Examiner does not believe enterprise value ever exceeded the Threshold Value. To achieve $265 million in 2006 EBITDA (only slightly above the Threshold Value) and sustain the EBITDA for subsequent years as projected in the Business Plan, the Debtors had to achieve all of the initiatives set forth in the Business Plan, including $123 million of cost improvements, $15 million in service parts business and over $300 million of new transfer business having a $13 million EBITDA impact. None of these was achieved. Indeed, EBITDA under the 4+8 Plan suggested that unsecured creditors were "out of the money" by at least $152 million. As a result, unsecured creditors did not suffer a loss due to the Delay.

(4) Customers

The Fee Examiner believes that it is possible that the Customers suffered losses as a result of the Delay.[41] In reaching this conclusion, the Fee Examiner examined the following issues.

(a) Funding of Debtors

While the Fee Examiner concludes that these cases likely were extended by two months as a result of the Delay, the Fee Examiner does not have enough facts to determine if the actual period in which the wind-down occurred (i.e., from November 2006 to October 2007) was elongated by the Delay. However, if it was, the Customers would have suffered a loss from an increase of fees during such longer period, because the Customers absorbed the cost of such fees pursuant to the Customer Agreements approved in January 2007, under which they bore the costs

[41] Despite any loss incurred, pursuant to section XII.B. of the Debtors' confirmed chapter 11 plan and the final Customer agreement approved by the Court on January 11, 2007 (the "Final Customer Agreement"), the Customers that were parties to the Final Customer Agreement, namely GM (and certain of its affiliates), DaimlerChrysler (and certain of its affiliates), Ford, Honda (and certain of its affiliates) and AutoAlliance International, Inc. (the "Releasing Customers") released administrative claims against the Debtors, including any claims for damages under the relevant supply contracts at Plastics or Convertibles plants.

of the wind-down of the Debtors until the sale or resource of production from plants. *See* Exhibit KK, p. 13.

(b) Recovery on OEM Customer Loans

The Delay did not affect recovery on the Customers' loans. An earlier wind-down would not have likely improved the ultimate value of the liquidated estate. As indicated in Exhibit H, the Debtors owed approximately $906 million in debt to the Prepetition Lenders and other claimants senior to the $82.5 million subordinated Customer DIP loans. It is unlikely that a more timely "by plant" sale/wind-down strategy would have yielded a distribution sufficient to flow down to these subordinated loans.

(c) Wind-down losses

Had there been no Delay, certain of the Customers may not have granted the Debtors programs or made business decisions (such as decisions to delay resourcing) that increased their overall costs incurred to protect their production through a total sale/wind-down strategy. For example, Chrysler granted the Debtors certain programs that increased their total back-end costs, considering the ultimate need to resource those programs. The Fee Examiner does not have access to the necessary information in order to have reached any definitive conclusion on this issue.

It is worth noting that although the Customers received parts in consideration for higher prices, and their assembly lines were not interrupted during these cases (with the exception of the intentional Hermosillo shutdown), the Customers' total funding to the Debtors above their prepetition contracts was approximately $758 million. *See* Exhibit KK, pp. 14-15. Without question, this was extraordinary. The amount may well exceed the proceeds from the sale of all of the Debtors' assets.

ii. January 2006 Timeframe

For the reasons stated above, in case the Court comes to a different conclusion with respect to delay, the Fee Examiner examined whether the Key Constituents would have been spared losses or obtained greater creditor recoveries if the Business Plan had been more conservative when it was initially issued in January 2006. Set forth below is an analysis of the various hypothetical outcomes that might have been effected by a more conservative plan.

(1) Stand-Alone Plan.

Had the Business Plan been more conservative in January 2006, the threshold issue would have been the cash flow issues presented by a projected 2006 EBITDA of less than $265 million. Because the Debtors could not pay interest, professional fees and capital expenditures with 2006 EBITDA of less than $265 million, a lower EBITDA would have raised issues regarding the payment of all professional fees, including the fees of the professionals for the Prepetition Lenders. The inability to pay fees might have prompted different decisions regarding the incurrence of professional fees. For example, it may have allowed the parties or the Court to successfully reduce the scope of work of two financial professionals for the Committee. At a minimum, it would have brought professional fees into focus at a much earlier stage in the proceedings.

Had the cash flow issues not singularly changed the course of these cases, a more conservative Business Plan may have prompted a valuation contest surrounding a stand-alone plan involving conversion of secured debt to equity. While the Fee Examiner cannot speculate how the valuation contest would have played out, it would likely have crystallized, for the constituents and the Court, the appropriate role of the Committee in these cases, considering the relative stake of unsecured creditors given the value of the Debtors. This also may have decreased professional fees.

(2) Wind-Down

For the reasons set forth above, the Fee Examiner does not believe this path would have been undertaken even if the Business Plan had been more conservative.

(3) Soft Trim Reorganization

For the reasons set forth above, the Fee Examiner does not believe this path would have been undertaken even if the Business Plan had been more conservative.

(4) Soft Trim Sale

The Fee Examiner believes that the Prepetition Lenders may have decided to sell Soft Trim if the Business Plan had been more conservative in January 2006. As discussed above, the Fee Examiner believes that the amount of sale proceeds from Soft Trim was negatively affected by a delay in marketing Soft Trim for sale. By the time Soft Trim (exclusive of the liquidated Convertibles business) was actively marketed on an independent basis, its future business had substantially diminished, making it less valuable to any potential buyer. *See* Exhibit KK, pp. 19, 29-30. As stated above, an earlier marketing program for this business on an independent basis may have prevented a loss of value due to lost programs.

(5) Earlier Sale of the Debtors

The Fee Examiner does not believe this path would have changed if the Business Plan had been more conservative. The Business Plan included the dual paths of sale and reorganization.[42] Therefore, a sale option was pursued notwithstanding the aggressiveness of the

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[42] The form of letter sent by Lazard with an initial information memorandum to parties that expressed interest in the Debtors stated "As you are aware, Lazard is assisting C&A with respect to a possible sale, stand-alone reorganization, or similar strategic transaction for the Company and/or certain of its businesses." Lazard believes

Business Plan. The Fee Examiner believes that the sale process as to segments of the Debtors' business may have been more robust had the Business Plan been more conservative. However, although the Prepetition Agent believed that the Business Plan should have been more conservative, the Fee Examiner did not discover evidence that the Prepetition Agent attempted to force any changes in the sale process (e.g., by mandating sales of business segments). Therefore, the Fee Examiner does not believe that a more conservative Business Plan would have resulted in an earlier sale.

As stated in response to first of the Court's questions above, critics of the Business Plan argue that a more conservative 2006 EBITDA forecast would have dramatically benefited the sale process in the first quarter of 2006. The Fee Examiner believes that even at a lower projected EBITDA for 2006, as was issued to purchasers in 4+8 Plan, the value to the Debtors from a sale would only have been based on the achievement of the revenue and cost initiatives in the Business Plan that subsequently proved to be unachievable. Prospective purchasers for the Plastics plants would have only paid for value that was going to be realized. Because the Debtors had no reliable historical financial statements, any offer for the Debtors' assets would have been dependent upon achieving even the forecasts contained in the Business Plan (and, subsequently, in the 4+8 Plan), which they did not do. Therefore, the Fee Examiner does not believe this result would have been different.

The Prepetition Agent suggests that had the Business Plan been more realistic, although the sale process may have yielded lower bids, the bids may have been less illusory in the Prepetition Agent's view. The Fee Examiner acknowledges that the Prepetition Agent would

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that the inclusion of the language "and/or certain of its businesses" evidenced the Debtors' openness to individual plant or company offers. The Fee Examiner believes that this may have been insufficient to invite a robust plant-by-plant or individual company sale process.

have had less skepticism about conditions in an offer that was based upon the ability to achieve forecasts. Although the ability to satisfy these conditions would have been more certain, for the reasons set forth above, the actual price received would not have been higher. Yet, to the extent the Prepetition Agent thought such conditions could be satisfied, and consequently viewed offers with such conditions as less illusory, the offers would have been accepted. As a result, the proceedings would likely have been resolved earlier, diminishing the amount of professionals' fees incurred.

C. Were The Key Assumptions Underlying Management's Business Plan, The Nature And Substance Of The Debtors' Operating Challenges In The Debtors' Plastics Division And Substantive Developments And Changes In The Debtors' Views On Future Operating Performance Adequately And Timely Disclosed To The Debtors' Principal Creditor Constituencies?

During the course of the Fee Examiner's investigation, each of the Debtors, the Committee, the Agent and each of their professionals acknowledged that the Debtors conducted a transparent process during these chapter 11 cases. Except with respect to the issues noted in sections V.A. and V.B. above with respect to the achievability of the Business Plan and the Delay, each agree that the Debtors adequately and timely disclosed the assumptions underlying the Business plan, the substance of the Debtors' operating challenges in Plastics, and the substantive developments and changes in the Debtors' views on future operating performance. They and the Customers also acknowledge that they were generally advised of substantive issues and problems and changes in the direction of the cases, promptly after they occurred.

In addition, the Debtors permitted each of the Key Constituents to maintain consultants on site at the Debtors' facilities to monitor performance issues. Moreover, the Debtors issued financial results and updated forecasts reasonably promptly after they were prepared (taking reasonable amounts of time when necessary to review and understand the numbers). Each time the Debtors issued a forecast or plan, they also disclosed the assumptions inherent in the forecast or plan, and the methods for measuring performance against the assumptions they developed.

Based upon the Fee Examiner's investigation and interviews, the key assumptions underlying the business plan, the nature and substance of the Debtors' operating challenges in Plastics, and substantive developments and changes in the Debtors' views on future operating performance were adequately and timely disclosed to the Debtors' principal creditor constituencies.

D. Once It Became Reasonably Clear That The Value Of The Debtors' Estate Was Substantially Diminished Or That A Reorganization Was Unlikely, Did Any Of The Estate Professionals Undertake Or Continue Work On Activities That No Longer Were Reasonably Necessary Under The Circumstances In View Of Their Roles?

i. The Point of Reference Under This Question

In order to assess the necessity of work pursuant to this question, the Fee Examiner has sought to determine the earliest point at which either (1) the value of the Debtors' estates was substantially diminished or (2) reorganization became unlikely.

(1) Substantial Diminution of the Debtors' Estates

The Fee Examiner concludes that substantial diminution of the Debtors' estates did not occur prior to the time that the Debtors' reorganization became unlikely. As set forth in section V.A.ii.(2)(b) above, there was no true decrease or diminution in value that destroyed the Debtors' reorganization prospects. Rather, there was a failure to timely increase value that destroyed the Debtor's reorganization prospects. Absent the success of the initiatives set forth in the Business Plan on the projected timeline, the Debtors' value was below a reasonable threshold level for a reorganization.

The only components of the Business Plan that were not contingent on the creation of value were (a) projected baseline 2006 EBITDA (which was actually negative $36 million as described in Exhibit K); and (b) price increases obtained in the October 2005 Customer Agreements (approximately $127 million, including one-time surcharges in the first quarter of 2006). The sum of these numbers, constituting the Debtors' projected 2006 EBITDA, without the creation of value through the initiatives of the Business Plan, was $91 million. This was insufficient cash flow to sustain the Debtors, given its requirements for interest, capital expenditures and professional fees. Thus, the Debtors' survival and value depended upon these initiatives.

Based upon the foregoing, the Fee Examiner concludes that *a failure to create value, rather than a diminution of existing value*, was the most significant factor that destroyed the reorganization prospects. Therefore, the Fee Examiner concludes that the time of a substantial diminution of the Debtors' value is not the relevant point of reference under this question.

(2) Likelihood of Reorganization

The Fee Examiner concludes that the time at which the Debtors' reorganization became unlikely is the relevant point of reference under this question. The Fee Examiner concludes that the probability of any reorganization (including one based on the conversion of secured debt to equity) decreased such that reorganization became unlikely at the time when the Debtors' projected 2006 adjusted EBITDA fell substantially below $179 million.

With EBITDA substantially below $179 million, the Debtors did not have sufficient cash flow to meet their needs. Even with the abatement of interest through the Fourth Amendment to the DIP Facility, the Debtors still had insufficient cash to meet capital expenditures, professional fees and other cash needs. The Debtors found cash from various sources such as amounts paid by Customers in connection with certain of the Debtors' grants of resourcing rights. These pockets of cash were viability-sustaining in the short term, and not value-creating in the long-term.

Therefore, the reorganization became unlikely when 2006 EBITDA fell substantially below $179 million. This conclusion is also supported by the following: (a) at projected 2006 adjusted EBITDA of $105.5 million, even the Agent recognized that a stand-alone plan converting secured debt to equity could not succeed without extraordinary concessions from Customers; and (b) the Proposed Customer Concessions required from the Customers given the Debtors' EBITDA were so extraordinary that they were unlikely to be obtained. The Proposed Customer Concessions included advance payments of engineering and design costs, extended five-day payment terms after the Debtors' proposed exit from chapter 11 and rights of last refusal on follow-on program work (even if the program platform or nameplate changed). These changes would have required the Customers to substantially change the way they did business. For example, Ford's representatives noted that certain of the changes requested by the Debtors would have required Ford to change its accounting processes throughout the company.[43] Because the Fee Examiner concluded that the Debtors should have known that projected 2006 EBITDA was substantially below $179 million in June 2006, and that, at such level, the probability of reorganization was decreased so as to be unlikely, the Fee Examiner believes activities after June 2006 should be scrutinized.

[43] The Fee Examiner acknowledges that the negotiations regarding these concessions did not progress to completion prior to the Debtors' and the Bank Group's determination to abandon reorganization efforts. Therefore, the Fee Examiner cannot determine whether the Debtors could have achieved some more narrowly-tailored alternative relief from the Customers which would have enabled a reorganization.

ii. Activities No Longer Reasonably Necessary Under The Circumstances

(1) Procedure Utilized

In accordance with the Court's statements in the Fee Examination Opinion, the Fee Examiner did not conduct a line-by-line review of time entries. Rather, the Fee Examiner reviewed the categorical descriptions of time in the fee applications filed by the various professionals subject to the Fee Examination Order from May 2006 through April 2007 to discern selected work activities that were arguably unnecessary.

The Fee Examiner did not review fee applications for the period between January 2006 and April 2006 given her conclusions regarding the Delay. The Fee Examiner only commented on work performed during this time to the extent that (a) the work was targeted by an Objected or interviewee, or (b) the Fee Examiner believed such comments would be helpful to the Court in the event the Court came to a different conclusion than the Fee Examiner in answer to the Court's first question above regarding the achievability of the Business Plan in January 2006.

In addition, the Fee Examiner asked substantially all of the interviewees to answer this question. The Fee Examiner reviewed and contemplated those responses in the context of the discussion below.

Furthermore, the Fee Examiner questioned the Objectors about the activities of the Ancillary Professionals and Davis Polk. Both of the Objectors indicated that they did not take issue with the charges of the Ancillary Professionals. The Objectors did take issue with the charges of Davis Polk, which worked on the government investigation, because Davis Polk's fees were very large and were incurred for services the details of which were unknown to both Objectors.[44] Therefore, the Fee Examiner conducted a limited investigation of Davis Polk.

Both Objectors noted that, to the extent the Ancillary Professionals rendered services that may have been inappropriate, the impropriety may be the responsibility of those who directed that work. As to the Ancillary Professionals, the Fee Examiner limited her investigation to discussions with Fox, who directed their work. Based on those discussions, the Fee Examiner determined that there were no material unnecessary tasks undertaken by the Ancillary Professionals. As a result, the Fee Examiner does not include any discussion of those tasks.

Finally, the Fee Examiner reviewed all requests for reimbursement from the estates made by members of the Committee (the "Committee Member Reimbursement Requests"), which are discussed below.

Although the Fee Examiner has determined that (a) it was reasonable for the Board and KZC to defer to Macher with respect to the achievability of the Business Plan as it was initially issued in January 2006 and (b) reorganization did not become clearly unlikely until June 2006, the Fee Examiner has summarily commented on the possible impact on the fees of professionals from and after January 2006, if the Business Plan had been more conservative when issued. The Fee Examiner made these comments because she recognizes that the Court might come to a different conclusion than the Fee Examiner has with respect to the perceived impact of the Plastics Issues on the Business Plan at the time it was issued in January 2006.

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[44] The Objectors also took issue with the fees of E&Y, which worked on the investigation with Davis Polk, for similar reasons. This Report does not address E&Y because E&Y is not within the scope of the Fee Examination Order because it was granted a final fee order.

(2) Work From and After June 2006

The work described below may be argued to have been unnecessary under the circumstances after June 2006. In addition, the Fee Examiner has set forth below her review of the Committee Member Reimbursement Requests.

(a) Work Performed as a Result of the Delay

As indicated above, the Fee Examiner concludes that there was a Delay in the discovery of the effect of the Plastics Issues on the Business Plan in the summer of 2006. Given the Delay, the Fee Examiner concludes that it is reasonable to assume that these cases were unnecessarily extended by two months. As a result, professional fees were unnecessarily increased to the extent of that period. As stated above, at the "run rate" in excess of $4.3 million per month, two months of unnecessary services cost the estate in excess of $8.6 million.

(b) Work on Stand-Alone Plan

The Fee Examiner concludes that at the time of work on the Prepetition Lenders' stand-alone plan, in July through October of 2006, reorganization was unlikely. However, the Fee Examiner concludes that work performed because of the continued pursuit of a stand-alone plan through October 2006 was not "unreasonable under the circumstances, in view of the professionals' roles," given the following: (a) the Bank Group's desire to pursue a stand-alone plan until it determined that a stand-alone plan was no longer feasible in October 2006; and (b) the fact that the Prepetition Lenders bore the burden of the professional fees during such time. As of June 2006, the Prepetition Lenders undisputedly held the fulcrum security (i.e., value was insufficient to support a recovery for unsecured creditors). This gave them even more control over these chapter 11 cases. By funding the continuing professional fees (by virtue of the Fourth Amendment to the DIP Facility), the Prepetition Lenders essentially paid for the opportunity to realize more value through a stand-alone plan. Put simply, the Bank Group demonstrated, by its decisions to proceed with the stand alone plan, knowing that professional fees were potentially being funded by the proceeds of collateral otherwise payable to the Prepetition Lenders, that it was willing to assume the risk and fund the activities to potentially improve value through a reorganization. Therefore, the Fee Examiner concludes that though a reorganization was unlikely after June 2006, the efforts and activities undertaken in pursuit of a reorganization were not unreasonable under the circumstances. However, had the Delay not occurred, the Fee Examiner believes these cases would have been accelerated by two months and the final decision to abandon reorganization efforts would have been made earlier.

(c) Proposed Customer Concession Negotiation Work Relative to the Stand-Alone Plan

Attached as Exhibit JJ is a form of the Customer Agreement proposed in connection with the work towards the Prepetition Lenders' stand-alone plan. This agreement contains the Proposed Customer Concessions. The Fee Examiner concludes that the Proposed Customer Concessions were so extraordinary that they were unlikely to be achieved, particularly given that (a) the Debtors had previously obtained other extraordinary concessions from the Customers and (b) by this point the Debtor's leverage had waned because the Customers had extensive time to make other sourcing decisions. The Fee Examiner acknowledges that the concessions contained in the attached Customer Agreement represented an offer in negotiations and that not all of the concessions may have been required to satisfy the condition of the Prepetition Lenders to the implementation of their stand-alone plan. Despite this fact, the Fee Examiner believes that to fund capital expenditures and meet other liquidity needs, the Debtors would still have had to obtain extraordinary concessions from the Customers or another funding source, which were unlikely to be obtained. Therefore, any time spent working towards the Proposed Customer Concessions (as opposed to the concessions subsequently obtained in connection with the wind-down) could be argued to be unnecessary, because the prospect of obtaining the necessary concessions was so unrealistic.

However, given that the work to attempt to obtain the Proposed Customer Concessions was necessary to the Prepetition Lenders' stand-alone plan, and because, as explained above, the Prepetition Lenders were willing to fund those activities for the possibility of obtaining greater value in a stand-alone plan, the activities were "reasonably necessary under the circumstances."

(d) Committee Financial Advisory Work

Beginning in June 2006, the Debtors' lowered 2006 EBITDA expectations and the Debtors' attendant life-threatening liquidity issues implied insufficient value to support a recovery to the unsecured creditors. Notwithstanding the value of the Debtors, the fees of Chanin and Alvarez were not renegotiated until December 2006 and January 2007. *See* Exhibit MM. The Fee Examiner concludes that the service of both advisors was unnecessary under the circumstances. However, the Fee Examiner acknowledges the following factors mitigate this conclusion: (a) the Chair of the Committee insisted on greater activity during this period; (b) during prior periods actual fees incurred exceeded monthly fees and, thus, given the fixed monthly fee structure, excess fees were intended to be absorbed by months in which fees incurred were less than the fixed fee; and (c) Chanin and Alvarez renegotiated or terminated their monthly fee in January 2007 with the understanding that this would resolve the Agent's objection to their fees.[45]

(e) Certain Sale Work

When adjusted 2006 EBITDA fell substantially below $179.4 million, as projected in the 4+8 Plan, the Debtors' ability to be sold as a going concern, as a whole, became limited. Indeed,

[45] The Agent's understanding of this agreement was that it covered prospective fees, only.

for that reason, the Bank Group reviewed the stand-alone plan and liquidation options after issuance of the 6+6 Plan. Given the larger-scale sale abilities of Lazard, the Fee Examiner believes that the fees of Lazard may have been curtailed earlier than January 2007, were it not for the Delay.

However, the Fee Examiner notes, as a mitigating factor, that Lazard voluntarily reduced its fees in these cases on a couple of occasions. First, in negotiations concerning its application for retention in August 2005, Lazard agreed to forgo a five percent financing fee on any equity or capital raise. Furthermore, in January of 2007, Lazard further voluntarily reduced its monthly fee from $150,000 to $100,000. In July 2007, Lazard reached agreement with the Agent formalizing the reduction in its monthly fees, totaling $450,000.

(f) Litigation Work, Including 2004 Exam

Professionals engaged in activities related to potential litigation by the Committee involving fraudulent conveyance and related theories in the fall of 2006. During that time, reorganization was unlikely and recovery for the unsecured creditors was likely to be limited to a share of a litigation trust. Given that the Customers had already provided extraordinary financial relief to the Debtors at the time, and had significant claims against the estates, such activities of the Committee's professionals can be argued to be reasonably unnecessary.

The pursuit of these claims by the Committee resulted in increased fees of the Debtor's professionals, because it required the Debtors' professionals to spend time exploring the validity of the Committee's claims, as a predicate to releasing them pursuant to the plan. The Debtors could not release such claims without a sense of their value. Therefore, it could be argued that the work by the Committee prompted the incurrence of additional fees by the Debtors that would have been avoided but for these activities. The Fee Examiner realizes that this litigation was mandated in large part by the Committee itself. As a result, these activities could be argued to have been rendered reasonably necessary by the circumstances of the client's demands.

(g) Reclamation Work

Kirkland incurred fees and expenses in addressing reclamation issues from and after June 2006. Kirkland's work on these matters eventually facilitated the Debtors' procurement of the Court's February 21, 2007 Order Deeming Reclamation Claims as General Unsecured Claims Against the Debtors and Granting Related Relief. Nonetheless, the Fee Examiner believes that these charges were excessive given the implied value of the Debtors as of June 2006 and the attendant clarity that unsecured reclamation claims should be treated as general unsecured claims. It could be argued that Kirkland could have achieved the same result with a substantially lower expenditure of fees, including by addressing the treatment of reclamation claims in the plan.

(h) Corporate Structure Analysis and Substantive Consolidation Work

From and after June 2006, the Committee continued analysis of the Debtors' corporate structure, their significant contracts and relationships with non-Debtor affiliates. Furthermore, the Committee continued analyzing intercompany claims and the potential substantive consolidation of the Debtors' estates, and conducted extensive review of the Debtors' schedules, statements of financial affairs, books and records, relationships with creditors, business dealings, and significant contracts. The foregoing work appears to have been unnecessary considering the Debtors' value, and thus the unsecured creditors' position, at the time.

(i) Committee Member Reimbursement Requests

There are no Committee Member Reimbursement Requests made for periods after March 2006. Because it became reasonably clear that there was insufficient enterprise value to support a return to unsecured creditors in June 2006 and no requests were made for periods subsequent to June 2006, none of the Committee Member Reimbursement Requests appears to have been made unnecessary after reorganization became unlikely. Although beyond the scope of the Fee Examination Questions, the Fee Examiner does note, however, that some of the reimbursement requests, particularly with respect to airfare, appear to be very high.

iii. Comments to Assist the Court Regarding the Period From January 2006 Through May 2006

(1) Additional Work Charges Due to Longer Potential Delay Determined by the Court

To the extent the Court determines that there was delay in discovery of the effect of the Plastics Issues on the Business Plan from and after January 2006 (rather than June 2006 as the Fee Examiner has concluded), the Court may also find that these cases were unnecessarily extended (and thus the accrual of fees unnecessarily continued) for an additional 7 months.

(2) Committee Financial Advisor Work

Considering the five-times annual EBITDA calculation used by the Key Constituents, the Threshold Value to ensure unsecured creditor recovery required 2006 annual EBITDA at least in the amount of approximately $250 million. In January 2006, it was clear to all Key Constituents that 2006 EBITDA of $265 million (only slightly above the level that would support the Threshold Value) could not be reached absent the achievement of significant future initiatives. It should have also been clear to all financial advisors that if the initiatives were not implemented in the time provided in the Business Plan, the Debtors would suffer severe liquidity issues.

Notwithstanding: (a) this contingent value; (b) the Committee's belief that the Business Plan was robust; and (c) the liquidity issues that would result if the improvements were not timely achieved, the Committee retained and maintained two financial advisors, and proceeded to incur professional fees in an "ordinary course fashion" that did not appear to recognize the extremely contingent recovery to unsecured creditors or the fragility of the Debtor's cash flow. The Fee Examiner recognizes that the tasks undertaken by the Committee's financial advisors may have been (a), in part, driven by the need to protect unsecured creditors' contingent recovery; and (b) driven by a client who insisted on more, rather than less, work under the circumstances. However, given the severe challenges to the Debtors' viability and unsecured creditor recoveries, the Fee Examiner believes that, after January 2006, the continued retention of both Chanin and Alvarez at the monthly rates negotiated at the outset of these cases was likely unnecessary.

iv. Certain Work Cited as Unnecessary by Interviewed Parties

During the investigation, several constituents identified the following services as unnecessary given the delay they believe occurred in these cases.

(1) March 2006 Lease

The Bank Group's professionals opined that the decision to enter into the Debtors' new headquarters lease would have been unnecessary had the Business Plan not been as aggressive as it was. Therefore, if the Court finds that the Business Plan was unreasonably aggressive when issued, the activities associated with the Debtors' new headquarters lease would have been unnecessary. Kirkland, KZC, Akin, McDonald Hopkins and CB Richard Ellis all appear to have charged fees for this work. However, because the Fee Examiner deferred to the judgment of the Board concerning the Business Plan, and therefore, concluded that the Business Plan was not unreasonably aggressive when issued, the Fee Examiner does not find that this work was unnecessary. Rather, the activities were reasonable under the circumstances that existed at the time.

(2) Motions for Exclusivity

After it became certain that the Debtors would liquidate in October 2006, the Debtors continued to pursue exclusivity. Kirkland, Akin Gump and KZC all charged the estates for work on continued exclusivity. Third Avenue has asserted that this service was unnecessary. Other Key Constituents have argued that exclusivity (a) was necessary to preserve stability; and (b) was agreed to by the Debtors, the Committee and the Agent, evidencing the reasonableness of the task associated with extending exclusivity.

The Fee Examiner believes the activities in connection with the extension of exclusivity were reasonable because the Key Constituents believed continued exclusivity was required to preserve stability, as evidenced by their consent to the motion.

VI. FACTORS REGARDING AMOUNTS OF FEES INCURRED

Virtually all of the Key Constituents and the Debtors' personnel (as opposed to the Debtors' professionals) interviewed by the Fee Examiner believed that the professional fees in these cases were excessive.

During interviews, Key Constituents noted the following factors that contributed to their belief that fees in these cases were unnecessarily high:

a. Certain Key Constituents asserted that fees were excessive in light of the fact that there was no major litigation in these cases and no significant negotiations concerning a plan, given the fact that the ultimate plan was a liquidating plan. They noted that many of the motions that were brought were uncontested, yet the professionals still spent time in court on such motions. These constituents suggested that much more Court-related work could have been effected by stipulation, at a savings to these estates.

b. Certain interviewees noted that fees were increased by the Customer conflict(s) of interest under which Kirkland labored, particularly with respect to GM. Because these cases were so heavily laden with Customer negotiations, the role of conflicts counsel, Carson Fischer, was increased. The Fee Examiner notes that there were no allegations of non-disclosure of these conflicts at the time of Kirkland's or Carson Fischer's appointment.[46]

c. Macher noted that the fees of KZC could not be controlled because of the conflict of interest created by KZC's status as the Debtors' financial advisor, Boken's position as Chief Restructuring Officer and Cooper's position as Chairman of the Board. Macher notes that, in the event he considered services to be unnecessary, he could not complain to his Chairman about such concerns.

VII. SETTLEMENTS PROPOSED BY CERTAIN SIGNIFICANT PROFESSIONALS AND ACCEPTED BY THE PREPETITION AGENT AND SUPPORTED BY THE FEE EXAMINER TO ADDRESS THE FEE EXAMINER'S CONCLUSIONS

Because the Fee Examiner concluded that the Prepetition Lenders were the constituency that likely suffered creditor losses or reduced recoveries as a result of the Delay, following the issuance of the Draft Report, the Fee Examiner contacted the Prepetition Agent to discuss the possible settlement of issues raised by this Report[47]. The Fee Examiner and the Prepetition Agent then engaged in good faith discussions with various professionals to determine whether a mutual resolution could be reached to benefit the estates, to assist the Court in assessing the reasonableness of these professionals' fees and expenses and to avoid potentially costly litigation in connection with the conclusions set forth in this Report. The Fee Examiner is pleased to report that these negotiations were successful with respect to certain of the professionals. Those professionals and their proposed settlements are set forth below. The Fee Examiner strongly supports this resolution and believes that any concerns regarding each of the professionals set forth below that are raised in this Report are adequately addressed by this compromise. Other

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[46] Kirkland disclosed many Customer relationships in the affidavits of Richard Cieri supporting its employment. In particular, Kirkland disclosed its substantial relationships with GM in its original affidavit in support of its retention, as well as the Fourth, Sixth and Seventh supplemental affidavits in support of its retention.

[47] The Fee Examiner did not contact the Customers given the releases provided in the confirmed plan of reorganization.

professionals contacted by the Fee Examiner and not set forth below did not reach agreements as of the time of filing of this Report.

The proposed settlements set forth below are subject to the entry of an order of this Court approving them as final in the amounts set forth below.

A. Kirkland

Kirkland has agreed to reduce the amount of the fees and expenses sought in its final fee application by $1,000,000. Kirkland's agreement to this reduction is based up the foregoing reduction being the only reduction to its final fee application. Based on the interim fee applications filed to date by Kirkland and the invoices submitted by Kirkland to the Prepetition Agent after the last filed application, the Fee Examiner and the Prepetition Agent support this resolution.

B. Lazard

The discussions with the Prepetition Agent and Lazard focused on both: (a) the amount of Lazard's fee (a portion of which had to be calculated based on the amount of certain proceeds of sale) under the amended and restated engagement letter between Lazard and the Debtors in August 2007, and approved by the Prepetition Agent; and (b) the amount of an appropriate reduction under the circumstances. Those discussions resulted in an agreement that the Prepetition Agent and the Fee Examiner would support a total fee for Lazard (calculated using all reductions to which Lazard has previously and currently agreed, plus the further reduction discussed in the context of this Report) in the amount of $6,091,000, plus expenses.

C. Chanin

Chanin's fee pursuant to the engagement letter approved by the Court and previously amended by agreement of the parties is $3,758,709.68. Chanin has agreed to reduce those fees by $237,500 – a reduction of 6.3 percent in fees – provided that there are no further reductions to this fee. The Prepetition Agent and Fee Examiner have agreed to support the fee in this amount.

The Fee Examiner notes that discussions with certain professionals were incomplete at the time of filing this Report. In particular, the Fee Examiner and the Prepetition Agent have reached a tentative proposed resolution with Davis Polk, which is subject to Davis Polk's final internal review. The Fee Examiner will file supplements to this Report if additional settlements are reached.

Respectfully submitted,

/s/ Judy A. O'Neill

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EXHIBIT LIST

Exhibit A: Materials Reviewed

Exhibit B: Individuals Interviewed

Exhibit C: Fee Examination Letter

Exhibit D: Ancillary Professionals

Exhibit E: Timeline

Exhibit F: Debtors' Capital Structure

Exhibit G: 2005 Adjusted EBITDA

Exhibit H: Estimated Enterprise Value

Exhibit I: Plant Leadership Assessment dated June 8, 2006

Exhibit J: August 2005 Business Plan

Exhibit K: Roll Forward of 2005 Estimated EBITDA to 2006 Operating Plan

Exhibit L: Collins & Aikman Corp – Financial Performance

Exhibit M: November 2005 Revised Post-Closing Date Budget

Exhibit N: 2006 Operating Plan

Exhibit O: March 6, 2006 Lender Group Update – 2006 Operating Plan, pp. 4-5

Exhibit P: Freeman email January 21, 2006; Dublin email dated January 24, 2006; Freeman email transmitting Akin Gump memorandum dated January 24, 2006.

Exhibit Q: Third Avenue Term Sheet dated February 17, 2006

Exhibit R: Five-Year Business Plan

Exhibit S: Collins & Aikman Business Plan Presentation dated February 28, 2006, p. 16

Exhibit T: Summary of Preliminary Bids

Exhibit U: Letter from Wilbur Ross dated March 21, 2006

Exhibit V: Preliminary Valuation Analysis

Exhibit W: Letter from Wilbur Ross dated April 28, 2006

Exhibit X: Q1 2006 Actual Compared to 2006 Operating Plan

Exhibit Y: Total Manufacturing Cost Savings – 2006 Operating Plan

Exhibit Z: Comparison of Income Statement Items to 2006 Operating Plan

Exhibit AA: Presentation regarding 4+8 Plan dated June 20, 2006

Exhibit BB: Comparison of 2006 Operating Plan to Updated Forecasts

Exhibit CC: Free Cash Flow – 2006 Operating Plan vs. 4+8 Plan

Exhibit DD: May 2006 YTD vs. 2006 Operating Plan vs. 4+8 Plan

Exhibit EE: Letter from Wilbur Ross dated July 6, 2006

Exhibit FF: 6+6 Plan

Exhibit GG: June 2006 YTD Actual Compared to 2006 Operating Plan and 4+8 Plan

Exhibit HH: August 2006 Stakeholders Presentation

Exhibit II: Jacobs email dated August 30, 2006; Dublin email dated August 31, 2006

Exhibit JJ: Draft Customer Agreement

Exhibit KK: Presentation to Pre-Petition Secured Lenders Chapter 11 Plan and Status of Sale/Wind Down Process

Exhibit LL: Debtors' Disclosure of Material Assumptions, Risks, and Challenges

Exhibit MM: Monthly Fee Statements of Select Professionals

Exhibit NN: Preliminary Solvency Analysis

Exhibit OO: Adjusted EBITDA Revisions

Exhibit PP: Letter from David Barse dated February 27, 2006

Exhibit QQ: Letter from David Barse dated September 22, 2006

Note: *Exhibits NN through QQ are not referenced in the text of the Report. They are referenced in Exhibit E.*

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EXHIBIT A

DOCUMENTS REVIEWED PURSUANT TO FEE INVESTIGATION

The Fee Examiner or her professionals reviewed the following documents, among others, in the course of her investigation.

1. Filed DIP financing and cash collateral motions.

- First Day Motion for Interim and Final Orders (i) Authorizing Debtors to (A) Obtain Post-Petition Secured Financing and (B) Utilize Cash Collateral; (ii) Granting Adequate Protection to Pre-Petition Secured Parties; and (iii) Scheduling Final Hearing

- Stipulation and Order with Respect to Amendments to Interim Order (A) to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(d)(1) and 364(e) and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. §363, (ii) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364 and (iii) Scheduling Final Hearing Pursuant to Bankruptcy Rule 4001(B) and (C)

- Interim Order (i) Authorizing Debtors (a) Authorizing Debtors (a) to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(d)(1) and 364(e) and (b) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, (ii) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363, and 364 and (iii) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001 (b) and (c)

- Stipulation Regarding Continued Use of Cash Collateral and Certain Other Matters Related to Repayment of Debtors DIP Credit Agreement

- Order Approving Continued Use of Cash Collateral and Certain Other Matters Related to Repayment of Debtors DIP Credit Agreement

- Final Order (i) Authorizing Debtors (A) to Obtain Post-Petition Financing pursuant to 11 U.S.C. §§105, 361, 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. §363 and (ii) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364

- Debtors' Motion for Order for Interim and Final Orders Authorizing the Debtors to Obtain Postpetition Unsecured Financing

- Statement of JPMorgan Chase Bank, N.A., as Administrative Agent Under the Pre-Petition Credit Agreement, in Support of Debtors' Motion for

Interim and Final Orders Authorizing Price Relief from Customers, Providing Post-Petition Financing and related Relief

- Debtors' Reply in Support of Final Order for Secured DIP Financing and Final Order for Cash Management System

- Debtors' Response to Unsecured Creditors Committee's Supplemental Objection to Final Approval of the Financing Agreement Between the Debtors and Customers

- Final Order (i) Authorizing Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 363, and 364, and (ii) Granting Liens, Security Interests and Administrative Expense Claims

- Final Order Authorizing the Debtors to Obtain Post-Petition Unsecured Financing

- Order Authorizing the Debtors to Amend the Debtor in Possession Financing Agreement with JPMorgan Chase Bank, N.A.

- Pleadings regarding amendments to DIP Financing Agreement

2. **All Court-approved agreements between the Debtors and their customers relating to customer financing or concessions such as price increases.**

   a. **July 2005 Customer Financing**

- Debtors' Motion for Interim and Final Orders Authorizing the Entry into an Agreement (I) Providing for Immediate Price Increases under Existing Customer Contracts, (II) Allowing Customers to Fund Certain Capital Requirement, (III) Providing for Customers' Agreement Not to Re-Source, (IV) Establishing Framework for Additional Customer Price Negotiations and (V) Providing for Post-petition Financing

- Interim Order Authorizing the Debtors to Enter into an Agreement (I) Providing for Immediate Price Increases under Existing Customer Contracts, (II) Allowing Customers to Fund Certain Capital Requirements, (III) Providing for Customers' Agreement Not to Re-Source, (IV) Establishing Framework for Additional Customer Price Negotiations and (V) Providing for Postpetition Financing

- Final Order Authorizing the Debtors to Enter into an Agreement (I) Providing for Immediate Price Increases under Existing Customer Contracts, (II) Allowing Customers to Fund Certain Capital Requirements, (III) Providing for Customers' Agreement Not to Re-Source, (IV) Establishing Framework for Additional Customer Price Negotiations and (V) Providing for Postpetition Financing

- Notice of Filing Customer Financing Documents

b. Debtors' Price Relief Motion Regarding Honda

- Debtors' Motion for Order Authorizing Entry into Agreement with Honda of America Manufacturing Inc. Providing for Immediate Price Relief and Other Related Benefits
- Order Granting Motion for Entry into Agreement with Honda of America Manufacturing Inc. Providing for Immediate Price Relief and Other Related Benefits
- FILED UNDER SEAL - Term Sheet of Honda of America

c. Debtors' Price Relief Motion Regarding Toyota

- Debtors' Motion for Order Authorizing Entry into Agreement with Toyota Motor Manufacturing North America Inc. Providing for Immediate Price Relief and Other Related Benefits
- Order Granting Motion for Entry into Agreements with Toyota Motor Manufacturing North America, Inc.
- FILED UNDER SEAL - Term Sheet of Toyota Motor Manufacturing North America Inc.

d. Debtors' Price Relief Motion Regarding Nissan

- Debtors' Motion for Order Authorizing Entry into Agreement with Nissan North America Inc. Providing for Immediate Price Relief and Other Related Benefits
- Order Granting Motion for Entry into Agreement with Nissan North America Inc. Providing for Immediate Price Relief and Other Related Benefits
- FILED UNDER SEAL - Term Sheet of Nissan North America Inc.

e. Debtors' Price Relief Motion Regarding DaimlerChrysler

- Debtors' Motion for Order Authorizing Entry into Agreement with DaimlerChrysler Corporation Providing for Immediate Price Relief and Other Related Benefits
- Order Granting Motion for Entry into Agreement with DaimlerChrysler Corporation Providing for Immediate Price Relief and Other Related Benefits
- FILED UNDER SEAL - Term Sheet of DaimlerChrysler Corporation

f. Debtors' Price Relief Motion Regarding General Motors

- Debtors' Motion for Order Authorizing Entry into Agreement with General Motors Corporation Providing for Immediate Price Relief and Other Related Benefits

- Order Granting Motion for Entry into Agreement with General Motors Corporation Providing for Immediate Price Relief and Other Related Benefits

- FILED UNDER SEAL - Term Sheet of General Motors Corporation

g. Debtors' Price Relief Motion Regarding Ford Motor Company

- Debtors' Motion for Order Authorizing Entry into Agreement with Ford Motor Company Providing for Immediate Price Relief and Other Related Benefits

- Order Granting Motion for Entry into Agreement with Ford Motor Company Providing for Immediate Price Relief and Other Related Benefits

- FILED UNDER SEAL - Term Sheet of Ford Motor Company

h. Amended General Motors Agreement

- Motion For Order Authorizing Entry Into Amended Agreement With General Motors Corporation

- Order Authorizing Entry Into Amended Agreement With General Motors Corporation

- FILED UNDER SEAL - Exhibit B to Motion for Order Authorizing Entry Into Amended Agreement With General Motors Corporation

i. Final Customer Agreement

- Debtors' Motion for Interim and Final Orders Approving Customer Agreement among the Debtors, Their Principal Customers and JPMorgan Chase Bank, N.A. and Related Brief

- Interim Order Approving Customer Agreement among the Debtors, Their Principal Customers and JPMorgan Chase Bank, N.A. and Related Relief

- Final Order Approving Customer Agreement among the Debtors, Their Principal Customers and JPMorgan Chase Bank, N.A. and Related Relief

- FILED UNDER SEAL - Exhibits to Customer Agreement

j. **Debtors' Motion to Settle with Nissan**

- Debtors' Motion for Entry of an Order Approving Settlement Agreement between the Debtors and Nissan North America, Inc.
- Order Approving Settlement Agreement Between The Debtors And Nissan North America, Inc.
- FILED UNDER SEAL - Exhibit B to Debtors' Motion for Entry of an Order Approving Settlement Agreement between the Debtors and Nissan North America, Inc.

3. **All filed motions for exclusivity and the transcripts of hearings on the same.**

4. **The final approved disclosure statement, the confirmed plan and the entered confirmation order.**

5. **All budgets, forecasts and re-forecasts that were released to principal creditor constituencies or other key parties-in-interest during these chapter 11 cases.**

- Strategic Business Plan (2006-2010) ("August 2005 Business Plan")
- DIP Lenders Post-Closing Date Budget (Sep 2005-May 2007)
- Revised DIP Lenders Post-Closing Date Budget (Sep 2005-May 2007) ("November 2005 Revised Post-Closing Date Budget")
- 2006 Operating Plan
- Five Year Business Plan (2006 – 2010)
- Revised Forecast 2006 – 2008 ("4+8 Plan")
- Revised Forecast 2006 – 2007 ("6+6 Plan")
- DIP Lenders Reporting Package (Jun-Jul 05)
- DIP Lenders Reporting Package (Aug 05)
- DIP Lenders Reporting Package (Sep 05)
- DIP Lenders Reporting Package (Oct 05)
- DIP Lenders Reporting Package (Nov 05)
- DIP Lenders Reporting Package (Dec 05)
- DIP Lenders Reporting Package (Jan 06)

- DIP Lenders Reporting Package (Feb 06)
- DIP Lenders Reporting Package (Mar 06)
- DIP Lenders Reporting Package (Apr 06)
- DIP Lenders Reporting Package (May 06)
- DIP Lenders Reporting Package (Jun 06)
- DIP Lenders Reporting Package (Jul 06)
- DIP Lenders Reporting Package (Aug 06)
- DIP Lenders Reporting Package (Sep 06)
- DIP Lenders Reporting Package (Oct 06)
- DIP Lenders Reporting Package (Nov 06)
- DIP Lenders Reporting Package (Dec 06)
- DIP Lenders Reporting Package (Jan 07)
- DIP Lenders Reporting Package (Feb 07)
- DIP Lenders Reporting Package (Mar 07)
- Management Report (Jan 06)
- Management Report (Feb 06)
- Management Report (Mar 06)
- Management Report (Apr 06)
- Management Report (May 06)
- Management Report (Jun 06)
- Management Report (Jul 06)
- Management Report (Aug 06)
- Management Report (Sep 06)
- Management Report (Oct 06)
- Management Report (Nov 06)

- Management Report (Dec 06)
- Management Report (Jan 07)
- Management Report (Feb 07)
- Management Report (Mar 07)

6. **Reports prepared by Capstone which were distributed to the Agent, the Prepetition Lenders and DIP Lenders.**

- Pre-Petition Lender Group Presentation – June 28, 2005
- July and August Operating Results – October 2, 2006
- 2006 and 2007 Operating Forecasts – September 20, 2006
- June Operating Results – July 28, 2006
- 4+8 Cash Flow Forecast – June 28, 2006
- Lender Group Update, March and Q1 2006 Operating Results with April 2006 Outlook – June 7, 2006
- Group Update, February 2006 YTD Operating Results and March 2006 Outlook – May 9, 2006
- Cash Flow Update – April 26, 2006
- Lender Group Update – April 3, 2006
- Lender Group Update, 2006 Operating Plan – March 6, 2006
- Lender Group Update – February 7, 2006
- Lender Group Update – December 13, 2005
- Revised Cash Flow Budget, October 2005 to December 2005 and DIP Amendments – November 15, 2005
- OEM Negotiations and Revised Cash Flow Forecast – October 21, 2005
- EBITDA Bridge, Strategic Plan to Post-Closing Budget – September 29, 2005
- Cash Flow Forecast for OEM Term Sheet – July 6, 2005

7. **All monthly financial reporting packages that were provided to the Prepetition Agent and the Postpetition Agent and their advisors, as well as monthly internal management reports that were released to those and other parties during the case.**

8. **All filed monthly operating reports.**

9. **The transcripts of hearings held on September 12, 2005, July 7, 2005, October 7, 2005, October 14, 2005, December 14, 2005, January 5, 2006, May 11, 2006, July 13, 2006, September 25, 2006, October 26, 2006, and January 11, 2007.**

10. **Fee applications of professionals subject to the Fee Examination Order:**

    - Akin Gump Strauss Hauer & Feld LLP
    - Alvarez & Marsal, LLC
    - Beringea, LLC
    - Brinks, Hofer, Gilson & Lione, PC
    - Butzel Long, PC
    - Carson Fischer, PLC
    - Chanin Capital Partners, LLC
    - Davis Polk & Wardell
    - Deloitte Tax LLP
    - Donnelly Penman & Partners
    - Gordon Brothers Group LLC/Tex Mach
    - Hilco Appraisal Services, LLC
    - Keen Realty, LLC and CB Richard Ellis
    - Kirkland & Ellis LLP
    - Kurtzman Carson Consultants, LLC
    - KZC Services, LLC
    - Lazard Freres & Co. LLC
    - McDonald Hopkins Co., LPA
    - Sitrick & Co., Inc.

- Haley & Aldrich

11. **All non-fee application requests for professional fee reimbursement under section 503(b) of the Bankruptcy Code.**

12. **All requests for reimbursement from the estates made by members of the Committee (the "Committee Member Reimbursement Requests").**

13. **Schedule of Work Awards / Losses**

14. **Offers or indications of interest for the purchase of the Debtors' business received from the Debtors**

    - August 17, 2007 letter from Kirkland & Ellis to Judy O'Neill
    - March 7, 2007 letter from [Redacted]
    - March 5, 2007 letter from [Redacted]
    - March 5, 2007 letter from [Redacted]
    - February 15, 2007 letter from [Redacted]
    - December 5, 2006 letter from [Redacted]
    - December 4, 2006 letter from [Redacted]
    - November 20, 2006 letter from [Redacted]
    - November 17, 2006 letter from [Redacted]
    - November 14, 2006 letter from [Redacted]
    - November 13, 2006 letter from [Redacted]
    - November 6, 2006 letter from [Redacted]
    - November 6, 2006 letter from [Redacted]
    - November 6, 2006 letter from [Redacted]
    - November 6, 2006 letter from [Redacted]
    - November 6, 2006 letter from [Redacted]
    - July 6, 2006 letter from [Redacted]
    - July 6, 2006 letter from [Redacted]

- July 5, 2006 letter from [Redacted]
- May 16, 2006 letter from [Redacted]
- May 15, 2006 letter from [Redacted]
- May 12, 2006 letter from [Redacted]
- April 28, 2006 letter from [Redacted]
- April 28, 2006 letter from [Redacted]
- April 28, 2006 letter from [Redacted]
- April 26, 2006 Draft Purchase Commitment Agreement
- March __, 2006 draft Summary Term Sheet for Proposed Restructuring of Collins & Aikman Corporation and its debtor subsidiaries
- March 24, 2006 letter from [Redacted]
- March 23, 2006 letter from [Redacted]
- March 21, 2006 letter from [Redacted]
- February 24, 2006 letter from [Redacted]

15. Documents Pertaining to Proposed Order Appointing Fee Examiner

- Proposed Order Appointing Fee Examiner – Judy A. O'Neill
- Statement of Official Committee of Unsecured Creditors Regarding Appointment of a Fee Examiner
- Statement of JPMorgan Chase Bank, N.A., as Agent for the Pre-Petition Lenders, with Respect to Appointment of Fee Examiner
- Third Avenue Trust's Statement in Support of Appointment of Fee Examiner
- Debtors' Appointment Regarding Appointment of Fee Examiner
- Order Extending Deadline for Comments Regarding Fee Examiner
- Statement of KZC Services, LLC and John R. Boken regarding Appointment of Fee Examiner
- Opinion Regarding the Appointment of Fee Examiner

- Comments of Proposed Fee Examiner, Judy A. O'Neill, on Proposed Order Appointing Fee Examiner

- Response of JPMorgan Chase Bank, N.A., as Agent for the Pre-Petition Lenders, to Request for Comments on Proposed Fee Examiner Order

- Debtors' Reply to the Court's Request for Comments on Proposed Fee Examiner Order

- Stipulation Resolving Request for Comments on Proposed Order Appointing Fee Examiner

- Order Appointing Fee Examiner, Judy A. O'Neill, May 24, 2007

- Opposition of Creditor Third Avenue Value Fund to the Interim Fee Application of Haley & Aldrich, Inc. for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Opposition of Creditor Third Avenue Value Fund to the Second Interim Fee Application of Brinks Hofer Gilson & Lione for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Reply of Brinks Hofer Gilson & Lione to Opposition of Creditor Third Avenue Value Fund to the Second Interim Fee Application of Brinks Hofer Gilson & Lione for Interim Allowance of Compensation for Services Rendered During the Third Quarter of 2006

- Opposition of Creditor Third Avenue Value Fund to the Third Interim Fee Application of Ernst & Young LLP for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Response of Ernst & Young LLP to Opposition of Creditor Third Avenue Value Fund to the Third Interim Fee Application of Ernst & Young LLP

- Official Committee of Unsecured Creditors' Reply to Oppositions of Creditor Third Avenue Value Fund to the Fourth Interim Fee Applications of Committee Professionals for Interim Allowance of Compensation and for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Lazard Freres & Co. LLC for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Sitrick and Company Inc. for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of McDonald Hopkins Co., LPA for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Akin Gump Strauss Hauer & Feld LLP for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Chanin Capital Partners LLC for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Chanin Capital Partners LLC for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Reply of Kirkland & Ellis LLP to Opposition of Third Avenue Value Fund to the Fourth Interim Fee Application of Kirkland & Ellis LLP for Compensation and Reimbursement of Expenses for Services Rendered as Debtors' Counsel for the Period May 1, 2006 through August 31, 2006

- Reply of JPMorgan Chase Bank, N.A., as Agent for the Pre-Petition Lenders to Opposition of Third Avenue Value Fund to the Fourth Interim Fee Application of Kirkland & Ellis LLP for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of KZC Services, LLC and John R. Boken for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Reply of KZC Services, LLC and John R. Boken to Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of KZC Services, LLC and John R. Boken for Allowance of Compensation and Reimbursement of Expenses for Services Provided to the Debtors for the Period May 1, 2006 through August 31, 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Davis Polk & Wardell for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Response of Davis Polk & Wardell to the Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Davis Polk & Wardell for Compensation and Reimbursement of Expenses for Services Rendered as Special Counsel to the Audit Committee and Independent Directors of Collins & Aikman for the Period May 1, 2006 through August 31, 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Deloitte Tax LLP for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Reply of Deloitte Tax LLP to Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Deloitte Tax LLP for Interim Allowance of Compensation and Reimbursement of Expenses for Services Rendered During to the Debtors During the Period of April 1, 2006 through August 31, 2006

- Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Alvarez & Marsal, LLC for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

- Reply of Alvarez & Marsal, LLC to Opposition of Creditor Third Avenue Value Fund to the Fourth Interim Fee Application of Alvarez & Marsal, LLC for Interim Allowance of Compensation for the Reimbursement of Expenses (SIC) for Services Rendered During the Third Quarter of 2006

- Amended Reply of JPMorgan Chase Bank, N.A., as Agent for the Pre-Petition Lenders to Motion of Third Avenue Value Fund to the Various Professional Interim Fee Applications for Interim Allowance of Compensation for the Reimbursement of Expenses for Services Rendered During the Third Quarter of 2006

16. **Exclusivity Pleadings**

- Notice and Opportunity to Respond to the Debtors' Motion for an Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon

- Limited Objection of JPMorgan Chase Bank, N.A., as Pre-Petition Agent, to Debtors' Motion for an Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and Solicit Votes Thereon

- Debtors' Second Motion for an Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon
- Debtors' Motion for a Bridge Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon
- Debtors' Third Motion for an Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon
- Debtors' Fourth Motion for an Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon
- Objection of General Electric Capital Corporation to Debtors' Fourth Motion for an Order Extending the Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon
- Debtors' Fifth Motion for an Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon
- Debtors' Sixth Motion for an Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon
- Debtors' Seventh Motion for an Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon
- Debtors' Motion for a Bridge Order Extending the Debtors' Exclusivity Periods to File a Chapter 11 Plan and to Solicit Votes Thereon

17. Akin Gump / Committee's Document Production For Fee Examiner

- Correspondence with Third Avenue including dates and subjects
- Dates of Debtors' Weekly Update Calls with Committee
- Summary of Akin Gump Time Records Post-October 2006
- Chanin / A&M presentations to the Committee
- Draft Term Sheet
- List of deposition dates, names of deposed and Akin Gump attendees
- Deposition Transcript for John Boken dated August 4, 2007
- Customer Agreement Transcript
- Collins & Aikman Transcripts

18. Chanin Capital Partners / Committee's Document Production For Fee Examiner

- Engagement Letter dated June 7, 2005
- Bonus Pool Concept and Structure
- Strategic Business Plan dated August 31, 2005
- Part Profitability Update
- Presentation to Unsecured Creditors Committee September 2005
- Notes from Wednesday, September 14, 2005 Committee Call with Company
- Comparable Automotive Exit Financings and Working Capital Statistics January 2007
- Potential Exit Lenders
- Drill Down 4 Point Plan E-Mail
- 4 Point Plan Memo
- February 27, 2006 Notes from A. Kapur
- Term Sheets
- Third Avenue Letter of February 27, 2006
- Exit Financing Package E-Mail dated March 1, 2006
- Solvency Analysis dated February 2006
- Summary of Preliminary Bids – March 2006
- C&A Term Sheet as of March 15, 2006
- Preliminary Valuation Analysis – March 2006
- Preliminary Proposal Review – March 2006
- Comp Auto Exit Financings and Working Capital Statistics – March 2006
- Meeting with UCC – June 14, 2006
- Preliminary Assessment of Avoidance Actions – July 31, 2006
- Preliminary Solvency Analysis – July 2006
- Plan of Reorganization and OEM Term Sheet

- Third Ave – M. Fineman e-mail –August 23, 2006
- Third Ave – M. Fineman e-mail –August 31, 2006
- Meridian D.S. Summary – September 15, 2006
- Proposal Analysis – September 21, 2006
- E-Mail from A. Kapur– September 29, 2006
- Expressions of Interest – February 1, 2007
- Preliminary Intercreditor Analysis – Jan 2007
- Presentation to Pre-Petition Secured Lenders – April 26, 2007
- Chanin's Fourth, Fifth and Sixth Interim Fee Applications
- Summary of Chanin's hours

EXHIBIT B

Individuals Interviewed in the Course of the Investigation

In the course of the Fee Examination, the Fee Examiner interviewed the following individuals:

1. Ray Schrock, Esq. and David Eaton, Esq. of Kirkland & Ellis LLP ("Kirkland"), lead bankruptcy counsel to the Debtors. (The interview took place in person on June 6, 2007 and was continued on August 8, 2007.)

2. David Barse, Michael Fineman and James Hall, Esq. of Third Avenue Value Fund Series ("Third Avenue"), a former member and Chairman of the Committee. (The interview took place in person on June 8, 2007 and by phone with David Barse and Michael Fineman on August 10, 2007.)

3. Peter Chadwick and Peter Nurge of Capstone Advisory Group, LLC ("Capstone"), advisors to the Debtors' prepetition senior secured lenders (the "Prepetition Lenders") and the Debtors' debtor-in-possession lenders (the "DIP Lenders"). (The interview took place in person on June 8, 2007 and was continued with Peter Nurge by phone on August 13, 2007.)

4. Ann Kurinskas of JP Morgan Chase Bank, N.A., the agent for the Prepetition Lenders and DIP Lenders (the "Agent", and specifically in each such respective capacity, the "Prepetition Agent" or the Postpetition Agent"). (The interview took place in person on June 8, 2007.)

5. Hal Novikoff, Esq. of Wachtell, Lipton, Rosen & Katz, and Ronald Rose, Esq. of Dykema Gossett PLLC, counsel to the Prepetition Agent. (The interview took place in person on June 8, 2007 and was continued by phone on August 15, 2007.)

6. John Boken of KZC Services, LLC ("Kroll"), the Chief Restructuring Officer of the Debtors. (The interview took place in person on June 11, 2007 and continued in person on August 16, 2007.)

7. Matti Masanovich, Vice President, Chief Accounting Officer, and Controller of the Debtors. (The interview took place in person on June 18, 2007.)

8. Timothy Trenary, Executive Vice President, Chief Financial Officer and Treasurer of the Debtors. (The interview took place in person on June 20, 2007.)

9. Michael Stamer, Esq. and Phillip Dublin, Esq. of Akin Gump Strauss Hauer & Feld LLP ("Akin Gump"), counsel to the Committee. (The interview took place in person on June 25, 2007 and was continued by telephone on June 28, 2007 and in person on July 11, 2007.)

10. Thomas Hill of Alvarez & Marsal ("Alvarez"), the Committee's operational advisors. (The interview took place in person on June 25, 2007 and was continued by telephone on June 28, 2007.)

11. Russell Belinsky, Esq. of Chanin Capital Partners LLC ("Chanin"), the Committee's investment bankers, along with Andrew Goldman, Esq. of WilmerHale (The interview took place by telephone on June 25, 2007 and was continued by telephone on June 28, 2007, July 11, 2007, and August 1, 2007. Goldman was present in person on July 11 and by telephone on August 1.)

12. Richard Cieri, Esq. of Kirkland, counsel to the Debtors. (The interview took place in person on June 26, 2007.)

13. Steve Cooper of Kroll, Chairman of the Debtors' board of directors (the "Board"). (The interview took place in person on June 26, 2007 and continued by telephone on June 29, 2007.)

14. Timothy Leuliette, member of the Debtors' Board. (The interview took place by telephone on July 5, 2007.)

15. Stacy Fox, Esq., Executive Vice President, Chief Administrative Officer and General Counsel of the Debtors. (The interview took place in person on July 6, 2007.)

16. James Clough of the Debtors' customer, DaimlerChrysler, and DaimlerChrysler's counsel, James Plemmons, Esq. of Dickinson Wright PLLC. (The interview took place on July 20, 2007. Plemmons was interviewed in person; Clough participated by telephone.)

17. Kriss Andrews of BBK, Ltd., operational consultant to the Debtors' customers DaimlerChrysler, GM, Honda and Toyota. (The interview took place in person on July 20, 2007.)

18. Mark Fischer of the Debtors' customer, GM, and GM's counsel, Robert Weiss, Esq. of Honigman Miller Schwartz & Cohn LLP. (The interview took place in person on July 24, 2007.)

19. Renee Jones and Daniella Saltz, Esq. of the Debtors' customer, Ford, and Ford's financial and operations consultant John Penczak of Grant Thornton LLP and counsel Jonathan Green of Miller, Canfield, Paddock & Stone P.L.C. (The interview took place in person on July 25, 2007.)

20. Eric Mendelsohn of Lazard Freres & Co. LLC ("Lazard"), the Debtors' investment bankers. (The interview took place by telephone on August 2, 2007.)

21. James Butler, Esq., the former Chief Financial Officer of the Debtors' plastics division. (Note: This was an informal interview, which took place on August 3, 2007.)

22. Frank Macher, the Debtors' former President and Chief Executive Officer. (The interview took place in person on August 7, 2007.)

23. Martine Beamon, Esq., and Kimberley Harris, Esq., of Davis Polk &Wardwell. (The interview took place by telephone on August 20, 2007).

EXHIBIT C

FOLEY
FOLEY & LARDNER LLP

ATTORNEYS AT LAW
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500 WOODWARD AVENUE, SUITE 2700
DETROIT, MI 48226-3489
313.234.7100 TEL
313.234.2800 FAX
www.foley.com

[Date]

CLIENT/MATTER NUMBER
999700-0216

VIA ELECTRONIC MAIL

[Addressee]

Re: In re: Collins & Aikman Corporation et al., Case No. 05-55927 – Fee Examination

Dear [ ]:

Thank you for agreeing to meet with me to discuss the issues relative to the fee examination in the above-referenced case. This letter outlines the procedures for our meeting. For your convenience, I have set forth below the questions required to be answered pursuant to the Court's Order Appointing Fee Examiner entered on May 24, 2007. They are:

(a) Should the substantial operational, managerial and financial issues in the debtors' plastics division and the effect of such issues on the achievability of management's business plan goals have been discovered earlier?

(b) If so, did the delay result in either unnecessary losses or reductions in creditor recoveries?

(c) Were the key assumptions underlying management's business plan, the nature and substance of the debtors' operating challenges in the debtors' plastics division and substantive developments and changes in the debtors' views on future operating performance adequately and timely disclosed to the debtors' principal creditor constituencies?

(d) Once it became reasonably clear that the value of the debtors' estate was substantially diminished or that a reorganization was unlikely, did any of the estate professionals undertake or continue work on activities that no longer were reasonably necessary under the circumstances in view of their roles?

In advance of our discussion, it would be helpful for you to: (a) identify all participants you would like to have attend our discussion or have separately interviewed on your behalf; (b) indicate whether you believe it is important for me to include a business consultant in our discussion; and (c) identify all documents, including pleadings, that you would like to have me read prior to our discussion.

Subject to the terms of the enclosed stipulation (the "Stipulation"), to the extent applicable, our discussion and the documents provided to me will not be confidential and anything learned in our conversation or provided to me may appear in the report to be filed with the Court. In the event that trade secrets, attorney-client communications or the like (including "Shared Material" under the Stipulation, to the extent applicable) are pertinent to our discussion, you will need to flag that for me and advise me at any protections you may request, so that I can take appropriate steps, if necessary, to protect that information from dissemination in the public domain.

I look forward to our meeting. Our meeting is scheduled to take place in our Detroit office at One Detroit Center, 500 Woodward Avenue, Suite 2700 on [Date]. Please feel free to call me if you have any questions.

Sincerely,

/s/ Judy A. O'Neill

Judy A. O'Neill

cc: Fred Caruso

EXHIBIT D

Ordinary Course Professionals

Adler Pollock & Sheehan PC
ASI Environmental Technologies
Black, McCuskey, Souers & Arbaug
Brinks Hofer Gilson & Lione
Business Financial Consultants
Cacheaux Cavazos & Newton LLP
Cahill Gordon & Reindel
Consor Intellectual Assets
Danning Gill Diamone & Kollitz
Diversified Property Solutions
Duane Morris LLP
Edwards Geldard
Ennes & Associates Inc
Fragomen Del Rey Bernsen & Loe
Friday Elderedge & Clark
Fuller Tubb Pomeroy & Stokes
Global Environmental Solutions
Grossman Tucker Perreault & PF
Haley & Aldrich Inc
Heyl Royster Voelker & Allen
Horn Murdock Cole
Keller-Fishback
KPMG LLP
Kroll Associates, Inc.
LFR Levine Fricke
McNeese & Hahn PLLC
Miller Canfield Paddock & Stone
Moore & Van Allen
Moore Ingram Johnson & Steele
Myers Bigel Sibley & Sajovec
Neal & Harwell
Ogletree Deakins Nash Smoak
Parker Poe Adams
Pepper Hamilton LLP
Potter Anderson & Corroon LLP
Powell Goldstein Frazer & Murphy LLP
PricewaterhouseCoopers LLP
Pustorino Tilton Parrington
Rath Young & Pignatelli
Risk International Svcs Inc
Rogers Towers PA
Sedgwick Detert Moran & Arnold
Towers Perrin

Van Suilichem & Associates, P.C.
Wagner Law Group
White Consulting Services LLC

EXHIBIT E

Narrative Timeline of Key Ever

Collins & Aikman

Period Between October 2003 – Decembe

Fourth Quarter 2003
Wall Street research reveals Debtors projected 2005 EBITDA of $350m [1]

May 2004
Debtors stop receiving significant new business awards

Fourth Quarter 2004
Wall Street research reveals Debtors projected 2005 EBITDA of $247m [2]

10/03 | 1/04 | 4/04 | 7/04 | 10/04 | 1/05

10/1/2003

First Quarte
Third Avenue acquires 50.1 percent of Se Notes in mon leading to Pe Date

Capitalized terms used and not otherwise defined in this timeline have the meanings ascribed to them in the text of the Report.

Narrative Timeline of Key Events

Collins & Aikman

Period Between January 2006 – October 2006

1/1/2006

January 24, 2006
Debtors update the 2006 Operating Plan, with 2006 adjusted EBITDA of $265 million (considered optimistic by Agent and Committee) which "back ended" $26m of cost savings from the Revised Post-Closing Budget.[5]

Late January 2006
Barse prepares to meet Macher to push stand-alone plan, cost cutting (despite concerns of Board on achievability), and Customer relationship repair.[4]

January 30, 2006
Capstone believes forecasted 2006 adjusted EBITDA should be $180

February 7, 2006
Capstone opines to Bank Group that cost control presents greatest risk achievement of 2006 Operating Plan

February 17, 2006
Third Avenue submits proposal to purchase Debtors, providing unsecured creditors (excluding Third Avenue) 24% of equity in reorganized Debtors

February 20, 2006
The Debtors' financial statements imply 2005 baseline EBITDA of $60m.[6]

February 27, 2006
Barse writes to Debtors and Committee questioning continued service on Committee given Third Avenue interest in back stop of rights offering.[7]

February 28, 2006
Debtors issue Five-Year Business Plan incorporating 2006 $265m EBITDA forecast in 2006 Operating Plan and aggressive new business forecast for 2006 to 2010.[8]

March 6, 2006
Capstone reports to Bank Group on Five-Year Business Plan; Capstone does not sensitize risks and opportunities of such plan due to impact on sale process; Capstone illustrates 2006 Operating Plan is cash "break even".[9]

March 2006
The Debtors receive 4 bids, ranging from $1.1B to 1.3B, including Third Avenue and Wilbur Ross bids.[10]

March 2006
Chanin prepares preliminary valuation analysis indicating Debtors' enterprise value at $1.3B to $1.5B.[11]

March 21, 2006
Wilbur Ross submits non-binding indication of interest for Debtors in amount between $1.032B to $1.288B.

4/06

April 26, 2006
Capstone reviews Debrors' 1st Q 2006 cash flows and concludes outlook for 2nd Q 2006 is "guarded yet optimistic".

May 8, 2006
Debtors issue March 2006 financials, indicating $3.7m unfavorable EBITDA variance from 2006 Operating Plan.[12]

May 9, 2006
Capstone reports to Bank Group that Plastics is having difficulty in delivering plans, but Soft Trim and corporate expenses exceeding plan; Capstone notes "back ended" cost savings.[13]

June 2, 2006
Debtors issue April 2006 financials, indicating $5.4m unfavorable EBITDA variance from 2006 Operating Plan, despite sales being $19.8m over plan.[14]

June 7, 2006
Capstone reports to Bank Group that 2006 EBITDA would decrease materially.

June 8, 2006
The Debtors issue 4+8 Plan, dropping 2006 EBITDA to $179.4m and including a Plant Leadership Analysis.[15]

June 28, 2006
Capstone reports to Bank Group on 4+8 Plan and request for Fourth Amendment to alleviate liquidity issues caused by $85m drop in EBITDA.

June 29, 2006
Debtors issue May 2006 financials indicating $15.1m unfavorable EBITDA variance from 2006 Operating Plan.[16]

7/06

July 6, 2006
Wilbur Ross delivers updated proposal to purchase Debtors in 363 sale for 80% of Prepetition Lenders' debt, which Bank group declines.

July 13, 2006
Agent approves Debtors' request to use up to $50m in asset sale proceeds for operational liquidity and pursues stand alone plan.

August 14, 2006
Debtors issue June 2006 financials showing unfavorable variance from EBITDA of $5.6m against the 4+8 Plan and $11.2m against the 2006 Operating Plan.[17]

August 16, 2006
Debtors issue Presentation to Stakeholders outlining monumental corrective actions.[18]

Capitalized terms used and not otherwise defined in this timeline have the meanings ascribed to them in the text of the Report.

Narrative Timeline of Key Events

Collins & Aikman

END NOTES

1. See Exhibit NN: Preliminary Solvency Analysis
2. See Exhibit NN: Preliminary Solvency Analysis
3. See Exhibit G: 2005 Adjusted EBITDA and Exhibit H: Estimated Enterp
4. See Exhibit P: Freeman email January 21, 2006; Dublin email dated Ja
   Akin Gump memorandum dated January 24, 2006
5. See Exhibit OO: Adjusted EBITDA Drift
6. See Exhibit G: 2005 Adjusted EBITDA
7. See Exhibit PP: Letter from David Barse dated February 27, 2006
8. See Exhibit R: Collins & Aikman Business Plan Presentation dated Feb
9. See Exhibit O: Lender Group Update – 2006 Operating Plan March 6, 2
10. See Exhibit T: Summary of Preliminary Bids
11. See Exhibit V: Preliminary Valuation Analysis
12. See Exhibit X: Comparison of Q1 2006 Actual Results to 2006 Operatin
13. See Exhibit Y: Total Manufacturing Cost Savings – 2006 Operating Plan
14. See Exhibit Z: Comparison of 2006 Income Statement to 2006 Operatin
15. See Exhibit I: 2006 Forecast (4+8) June 8, 2006, p.12
16. See Exhibit DD: May 2006 YTD vs. 2006 Operating Plan vs. 4+8 Plan
17. See Exhibit GG: June 2006 YTD vs. 2006 Operating Plan vs. 4+8 Plan
18. See Exhibit HH: August 16, 2006 Presentation to Stakeholders
19. See Exhibit II: Jacobs email dated August 30, 2006; Dublin email dated
20. See Exhibit QQ: Letter from David Barse dated September 22, 2006

EXHIBIT F

COLLINS & AIKMAN

Collins & Aikman Corporation
Prepetition Capital Structure of the Debtors
Selected Components
(in millions)

	May 17, 2005
Senior Secured Credit Facility ("Prepetition Facility")[1]	$748.0
Unsecured 10 3/4% Senior Notes due 2011 ("Senior Notes")[2]	520.7
Unsecured 12 7/8% Subordinated Notes due 2012 (Senior Subordinated Notes)[3]	414.4
Total	$1,683.1
Other	
GECC Receivables Finaneing Facility[4]	$127.0
Overdraft Facility[5]	$21.0
General Unsecured Claims	$539.0

1 The Pepetition Facility is comprised of a $473 Tranche B-1 Term Loan, a $170 supplemental revolving credit facility (including $56.3 of undrawn letters of credit) and a $150 revolving credit facility. There was approximately $748 outstanding under the Prepetition Facility (plus accrued and unpaid interest).
2 The Senior Notes due 2011 have an aggregate prineipal amount outstanding of $500 with accrued and unpaid interest of approximately $20.7.
3 The Senior Subordinated Notes due 2012 have an aggregate principal amount outstanding of $401 with acerued and unpaid interest of approximately $13.4
4 After the Petition Date the Debtors and GECC worked together to collect prepetion receivables and pay down the balance. The Debotrs have no further obligations under this facility.
5 Pursuant to the DIP Credit Agreement, the Debtors agreed to guaranty obligations of their European affiliates owed under an overdraft facility issued by JPMorgan. Approximately $21 is owed under that facility.

Source: Amended Disclosure Statement for the First Amended Joint Plan of Collins & Aikman Corporation and its Debtor Subsidiaries dated February9, 2007
Debtor Response to the June 20, 2007 Information Request

EXHIBIT G

COLLINS & AIKMAN

Collins & Aikman Corporation
Including Direct and Indirect Debtor Subsidiaries
2005 Reported EBITDA
(000)

	YTD May	June	July	Aug	Sept	Oct	Nov	Dec	Total Post	Total 2005
Date Issued		*9/26/05*	*9/26/05*	*10/6/05*	*11/14/05*	*11/29/05*	*1/4/06*	*2/20/06*		
Operating Income		**434**	**(10,220)**	**30,208**	**29,008**	**19,631**	**6,141**	**(22,157)**	**53,045**	
Add:									-	
Depreciation		11,235	7,107	7,245	8,884	8,448	7,931	10,441	61,291	
Amortization		1,475	1,032	1,126	1,001	1,084	1,044	1,050	7,812	
EBITDA		13,144	(2,081)	38,578	38,893	29,163	15,116	(10,665)	122,148	
Add(Less) Other Adjustments:										
Restructuring/Other		158	95	125	112	148	115	7,479	8,232	
KERP		20	13	13	13	1,090	1,113	958	3,220	
Professional Fees		11,480	8,513	2,569	17,020	8,355	7,953	7,627	63,517	
FAS 106		(5,046)	(3,387)	(2,479)	(3,390)	(3,389)	(3,389)	(3,389)	(24,469)	
Adjusted EBITDA	**17,352**	**19,756**	**3,153**	**38,807**	**52,648**	**35,366**	**20,908**	**2,009**	**172,648**	**190,000**
Less Customer Surcharges	-	-	(17,500)	(32,500)	(32,500)	(15,729)	(15,729)	(15,729)	(129,687)	(129,687)
Adj EBITDA w/o Surcharges	17,352	19,756	(14,347)	6,307	20,148	19,637	5,179	(13,720)	42,961	60,313

Source: DIP Crdit Facility Monthly Reporting Packages and Debtor response to June 20, 2007 Information Request

EXHIBIT H

COLLINS & AIKMAN

Collins & Aikman Corporation
Including Direct and Indirect Subsidiaries
EstimatedEnterprise Valuation at Various Points in Time
(millions)

	2005 "Run Rate"	9/22/05 Post Closing Budget	11/22/05 Revised Post Closing Budget	1/24/06 06 Operating Plan	2/28/06 Five Yr. Bus Plan	6/8/06 "4+8" Forecast	8/22/06 "6+6" Forecast
Adjusted EBITDA	$60.0	$302.3	$264.9	$265.3	$265.2	$179.4	$105.5
Valuation Mulitple[1]	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Estimated Enterprise Valuation	$300.0	$1,511.5	$1,324.5	$1,326.5	$1,326.0	$897.0	$527.5
Secured & Priority Claims		1,042.3	1,056.4	1,057.4	1,057.4	1,049.5	1,049.4
Surplus (Deficit) Available to Unsecured		469.2	268.1	269.1	268.6	(152.5)	(521.9)
Secured & Priority Claims							
Secured:							
JPM DIP Facility		149.4	149.4	149.4	149.4	146.4	146.3
Lux Loan Guarantee		17.2	17.2	17.2	17.2	17.2	17.2
JPM Pre Petition Secured[2]		740.3	740.3	740.3	740.3	740.3	740.3
OEM Subordinated DIP Loans		70.5	82.5	82.5	82.5	82.5	82.5
Admin Claims:							
Post Petition Payables[2]		15.0	15.0	15.0	15.0	15.0	15.0
OEM Capex Funding		14.6	16.7	17.7	17.7	12.8	12.8
OEM Admin Loan		30.0	30.0	30.0	30.0	30.0	30.0
Pre Petition Priority Claims:							
Tax Claims & Other		5.3	5.3	5.3	5.3	5.3	5.3
Total Secured & Priority Claims[3]		**1,042.3**	**1,056.4**	**1,057.4**	**1,057.4**	**1,049.5**	**1,049.4**

1 Multiple based on Key Constituent valuation approach
2 Data not provided on an interim basis was treated as flat throughout the analysis
3 Does not include unknown amounts for lease cures and professional fees

Source: Debtor response to June 20, 2007 Information Request

EXHIBIT I

Collins & Aikman

2006 Forecast (4+8)

June 8, 2006

Confidential

Plant Leadership Assessment

	Plant Leadership							
	Plant Manager	Controller	Operations Manager	HR Manager	Quality Manager	Materials Manager	Engin. Manager	Director
Crosier								
Brampton			N/A		N/A		N/A	
Guelph								
Gananoque			N/A			N/A	N/A	
Mississauga								
Scarborough								
Port Hope			N/A *					
Port Huron			Open			Open	Open	
Belleville		N/A	N/A		N/A		N/A	
De Irala								
Evart						Open	N/A	
Americus			Open					
Saltillo			N/A			Open		
Hermosillo			N/A *					
Di Sebastian								
Athens			N/A *					
Columbia			N/A *		Open		Open	
Havre de Grace		Open						
Morristown	Open							
Rantoul I								
Rantoul II			N/A					
Rantoul II			N/A					
Kibbey								
Sterling			Open					
Williamston	Open		N/A			Open		
Owosso			N/A			Open		
Sequencing								
Belvedere								
St. Louis					Open			
Windsor		N/A	N/A	N/A	N/A	N/A	N/A	
Tooling								
Farmington								
TEG Farmington								

Legend
- Critical Concern
- New / Developmental
- Solid
- Unrated

* Indicates organized by Manufacturing Managers by product and/or commodity.

Note: Excludes plant closures - Nashville, Manchester, Westland

EXHIBIT J

Collins & Aikman

Strategic Business Plan

August 31, 2005

Confidential – Draft

Safe Harbor Statement

This document contains statements relating to future results of Collins & Aikman Corporation ("C&A" or the "Company") (including certain anticipated, believed, planned, forecasted, expected, targeted, and estimated results and C&A's outlook concerning future results) that are "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. Guidance concerning our expected results are such "forward-looking" statements and they are preliminary estimates that are subject to change based upon, among other things, additional information not yet available, a review of those results by C&A and its auditors and additional analyses that have not yet been undertaken or completed. This information is necessarily incomplete and should be reviewed in the context of the Company's reported results once those are available. Factors that could cause such material differences include, without limitation, the following: conditions affecting the markets and industry within which we operate, including declines in North American, South American and European automobile and light truck builds, our dependence on significant automotive customers, the level of competition in the automotive supply industry and pricing pressures from automotive customers, fluctuations in the production of vehicles for which we are a supplier, changes in the popularity of particular cars and interior trim programs, labor costs and strikes at our major customers and at our facilities and risks associated with doing business in foreign countries; the adequacy of our liquidity and capital resources, which are extremely limited and based in part on short-term arrangement with customers, and required capital expenditures; our high debt levels and our ability to obtain financing and service or refinance our debt, uncertainty regarding our future operating results, prevailing levels of interest rates and other factors detailed in our filings with the Securities and Exchange Commission; our ability to otherwise maintain satisfactory relations with our creditors, suppliers and customers; our change in leadership; the results of our pending investigation; the impact of defaults under our material agreements and debt instruments; and uncertainty and expenses related to our Chapter 11 bankruptcy proceedings.

This document also contains information regarding EBITDA, a non-GAAP financial measure. The Company believes that EBITDA is a meaningful measure of performance as it is commonly utilized in its industry to analyze operating performance. EBITDA should not be construed as income from operations, net income (loss) or cash flow from operating activities as determined by generally accepted accounting principles. Other companies may calculate EBITDA differently.

Collins & Aikman

Table of Contents

Collins & Aikman

DRAFT

Executive Summary

Background

- C&A is $2.5 billion domestic auto parts supplier with products in approximately 90% of vehicles produced by Chrysler, GM and Ford in North America
- C&A currently operates in three primary business units
  - Plastics (interior and exterior products)
  - Carpets & Acoustics (includes Fabrics)
  - Specialty Products (primarily Convertible Tops)
- Plastics division is largest plastic injection molder in North America with broad range of product capabilities
  - Commodity type products manufactured on low tonnage presses (e.g., hard trim)
  - More complicated, value-added products manufactured on high tonnage presses (e.g., instrument panels, consoles)
- Carpet & Acoustics division is largest automotive carpet manufacturer in North America
  - Controls over 50% of market share for floor carpets and accessory mat segments
  - Regarded as industry and market leader in both technology and manufacturing

Collins & Aikman

Executive Summary

Background

- C&A's financial performance has been deteriorating for some time, primarily in Plastics
- C&A filed for Chapter 11 bankruptcy protection on May 17, 2005
- Chapter 11 filing was result of severe liquidity crisis brought on by several factors, including:
  - Continuing decline in market shares of primary customers (Chrysler, GM and Ford) and resulting impact on C&A volume
  - Impact of significant pricing givebacks granted to primary customers
  - Inability to pass through significant increases in raw material and component costs
  - Extraordinary engineering and capital investment costs associated with programs in pre-production stage
  - Significant legacy fixed cost structure resulting from numerous acquisitions and sale/leaseback transactions
- Operating performance in first 3+ months of Chapter 11 proceeding has been poor
  - Significant negative cash flow
  - Forecasts indicate that performance problems are **not** solely due to timing or other factors that might be expected to "self-correct"
  - Complex and inefficient operating infrastructure has constrained ability to mitigate negative results through pure cost cutting
  - Situation is not sustainable and illustrates significant viability problem with business model

Collins & Aikman

Executive Summary

Strategic Planning Process

- In July 2005, concurrent with hiring of Frank Macher as CEO, C&A initiated process of formulating its strategic business plan and implementing action steps to correct performance and operational problems
    - As part of this process, Mr. Macher began to install new senior management team to assist with, among other things, developing strategic vision, stabilizing operations and executing on operational improvement initiatives
- Key objectives of strategic planning process were well-defined at outset
    - Identify core and non-core operations, products and contracts
    - Define action steps necessary to create viable and sustainable business model, with goal of retaining maximum amount of existing production contracts and future programs
    - Develop information to support immediate negotiations with primary customers on necessary pricing modifications
    - Outline requirements for establishing viable enterprise that, properly capitalized, could compete for future program opportunities with primary customers

Executive Summary

Strategic Planning Process

- Over past six weeks, C&A's strategic planning team has performed the following analyses:
  - Evaluated industry dynamics and assessed key factors impacting current C&A business model
  - Analyzed customer relationships and circumstances
  - Completed contract re-pricing analysis and initiated pricing negotiations with primary customers
  - Analyzed material usage (primary component of cost structure), identifying strategies from purchasing to plant floor to optimize sourcing and reduce costs
  - Evaluated plant and machinery capacities and utilization, developing strategies for consolidation and improved absorption of fixed costs
  - Performed high-level assessment of manufacturing processes, developing preliminary estimates for savings from process improvements and efficiencies
  - Performed high-level assessment of labor contracts and costs, developing preliminary estimates for potential cost reductions
  - Analyzed plant, office and machinery lease costs, identifying above-market leases and measuring potential opportunities for lease renegotiation
  - Analyzed corporate overhead costs, assessing potential for headcount reduction and/or other cost savings

Collins & Aikman

Executive Summary

Strategic Planning Process

- Based on analyses performed to date, C&A's strategic planning team has developed preliminary estimates and perspective on the following:
  - Baseline EBITDA (as-is business model)
  - Range of price increases expected to result from negotiations with primary customers (by customer and by program)
  - Range of target cost reductions by major category, including estimated timelines for achievement
  - Key risk factors that could affect performance within estimated ranges
- Given time constraints, preliminary estimates have been prepared on a "top-down" basis, and will need to be validated once detailed re-forecast of 2006 and 2007 has completed (September 15, 2005 deadline)
- As customer pricing negotiations and certain key analyses are still in process, C&A is issuing this document in "draft" form, with expectation that estimates provided herein will continue to be validated and refined through at least September 30, 2005

Executive Summary

Preliminary Conclusions

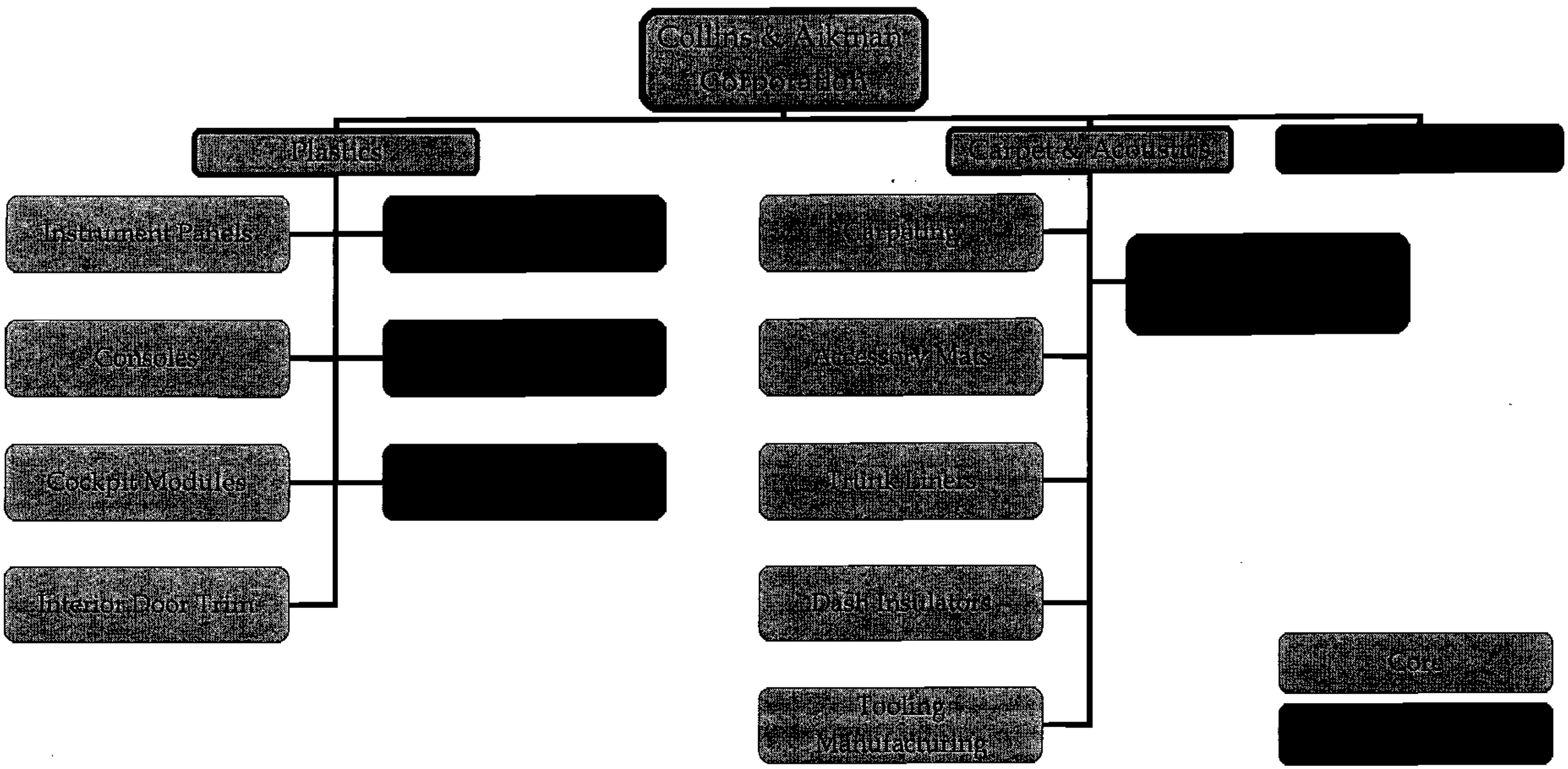
- C&A has competitive advantage and is well positioned in interior products
  - Fewer competitors, driven by product/technology rather than just price
  - Through price renegotiation and operational restructuring, C&A should be able to maintain vast majority of current production contracts relating to both Plastics and Carpet & Acoustics interior products (approximately $2.3 billion in 2004 revenues)
- C&A has identified following business segments as non-core and is currently evaluating alternatives for these operations:
  - Fabrics
  - Convertible Tops
  - Exteriors
  - Assembly and Sequencing (Oklahoma City operation)
  - Engine Covers
- C&A has concluded that it is neither economically desirable nor strategic to maintain in-house tooling manufacturing capabilities for Plastics and will seek to shed this operation via sale
- Preliminary estimated sale proceeds of non-core operations ranges from $70 to $130 million (Lazard is currently working to refine this estimate)

Collins & Aikman

Executive Summary

Preliminary Conclusions

- With respect to non-core operations, C&A would expect to retain those businesses that generate positive cash flow if sufficient value cannot be generated through sale process



Collins & Aikman

Executive Summary

Preliminary Conclusions

- C&A estimates that it can achieve significant ongoing price relief through re-pricing negotiations with primary customers
  - $139 - $159 million relating to estimated 2006 volumes
  - $115 - $132 million relating to estimated 2007 volumes
  - $110 - $126 million relating to estimated 2008 volumes
- C&A estimates that it can generate significant cost savings through plant consolidations, manufacturing efficiencies, purchasing optimization, materials usage improvements and productivity enhancements
  - $48 - $70 million assumed achievable in 2006
  - Additional $41 - $65 million assumed achievable in 2007
  - Additional $35 - $37 million assumed achievable in 2008
- Cost savings estimates assume that 8 plants (6 Plastics and 2 Carpet & Acoustics facilities) will be closed beginning in 2006
  - One time closure costs will range from $27 - $34 million

Executive Summary

Preliminary Conclusions

- Based on analyses performed to date and assumptions driving both price increase and cost savings estimated, C&A believes that it is possible to achieve future EBITDA performance as follows (*Note: Achieving estimated EBITDA figures presented herein will require significant effort and projected results are not fully risk-adjusted*):
  - $278 - $333 million in 2006
  - $309 - $378 million in 2007
  - $343 - $412 million in 2008
- Future prospects of C&A as stand-alone entity are heavily dependent on primary customers taking C&A off of "new business hold" and affording C&A opportunity to bid on new programs
- Capital constraints will likely have some effect on timing and magnitude of cost savings generated through identified initiatives
- While C&A's financial condition remains significant risk, overall state of industry and generally weak financial condition of many of C&A's key competitors may limit alternative supplier options and create opportunity for successful stand-alone restructuring

Executive Summary

Preliminary Conclusions

	2005	2006	2007 prelim	2008 prelim
Baseline EBITDA Forecast [1]	**$70 - $80**	**$80 - $90**	**$80 - $90**	**$80 - $90**
Pricing Relief	34 - 40	139 - 159	115 - 132	110 - 126
Operating Improvements				
Manufacturing Efficiencies & Productivity	1 - 2	20 - 22	34 - 38	50 - 56
CREAMS (Materials Usage)	-	9 - 13	17 - 20	22 - 27
Plant & Machinery Rationalization	-	17 - 28	29 - 48	40 - 55
Energy Cost Increases	(1) - 0	(6) - (3)	(11) - (6)	(16) - (9)
Purchasing improvements [2]	-	8 - 10	30 - 35	38 - 43
Total Operating Improvements	0 - 2	48 - 70	99 - 135	134 - 172
Corporate Overhead Savings				
Headcount attrition/reductions	0 - 1	5 - 7	8 - 10	11 - 15
IT efficiencies	-	2	3	4
Headquarters relocation	0 - 1	4 - 5	4 - 5	4 - 5
Total Corporate Overhead Savings	0 - 2	11 - 14	15 - 18	19 - 24
Revised EBITDA Forecast, All Businesses [3]	**$105 - $123**	**$278 - $333**	**$309 - $375**	**$343 - $412**

1. *EBITDA before restructuring professional fees and FAS 106.*
2. *Assumes raw material price increases are passed on to customers.*
3. *Noncore businesses, if sold, would reduce annual EBITDA as follows:*
   Convertible Tops: $14 million — *Tooling: $10 million*
   Exteriors: $9 million — *Fabrics: ($3) million*

Collins & Aikman

Executive Summary

Key Risk Factors

- Projected C&A financial performance as outlined herein was based on numerous assumptions, some of which are manageable and others which are mostly outside of C&A's direct control
- Following outlines some of most significant risk factors that are likely to affect future operating performance:
  - Revenues are heavily dependent on sales volume of Chrysler, GM and Ford vehicles at time when market shares of those OEM's continue to deteriorate
  - Outcome of final negotiations with primary customers on contract re-pricing
  - Ability to obtain commitments from primary customers on long-term sourcing that does not require material compromise to fair and reasonable re-pricing requests
  - Potential increase over time in primary customers' ability to re-source any material, core contracts
  - Sufficiency of capital resources to maintain production and progress on launches and future programs during restructuring period
  - Ability to pass through future supplier price increases in resin and other key raw materials and components
- Assuming projected results outlined herein are achieved within estimated ranges, C&A would become industry leader in EBITDA margin performance (as percentage of sales)
  - Concern that primary customers would attempt to leverage C&A back to within recent industry EBITDA margin range

Executive Summary

Next Steps

- Complete detailed re-forecast of 2006 and 2007 (September 15, 2005 deadline)
- Complete re-pricing negotiations with primary customers
  - If remaining efforts prove unsuccessful, initiate process of rejecting contracts
- Initiate process of marketing non-core businesses
- Perform comprehensive benchmarking analysis of primary competitors in interior products
- Identify post-September 30, 2005 funding requirements, if any, net of assumed price increases
  - Anticipate that initial view will be completed week of September 6, 2005

Industry, Market and Customer Overview

Industry Overview

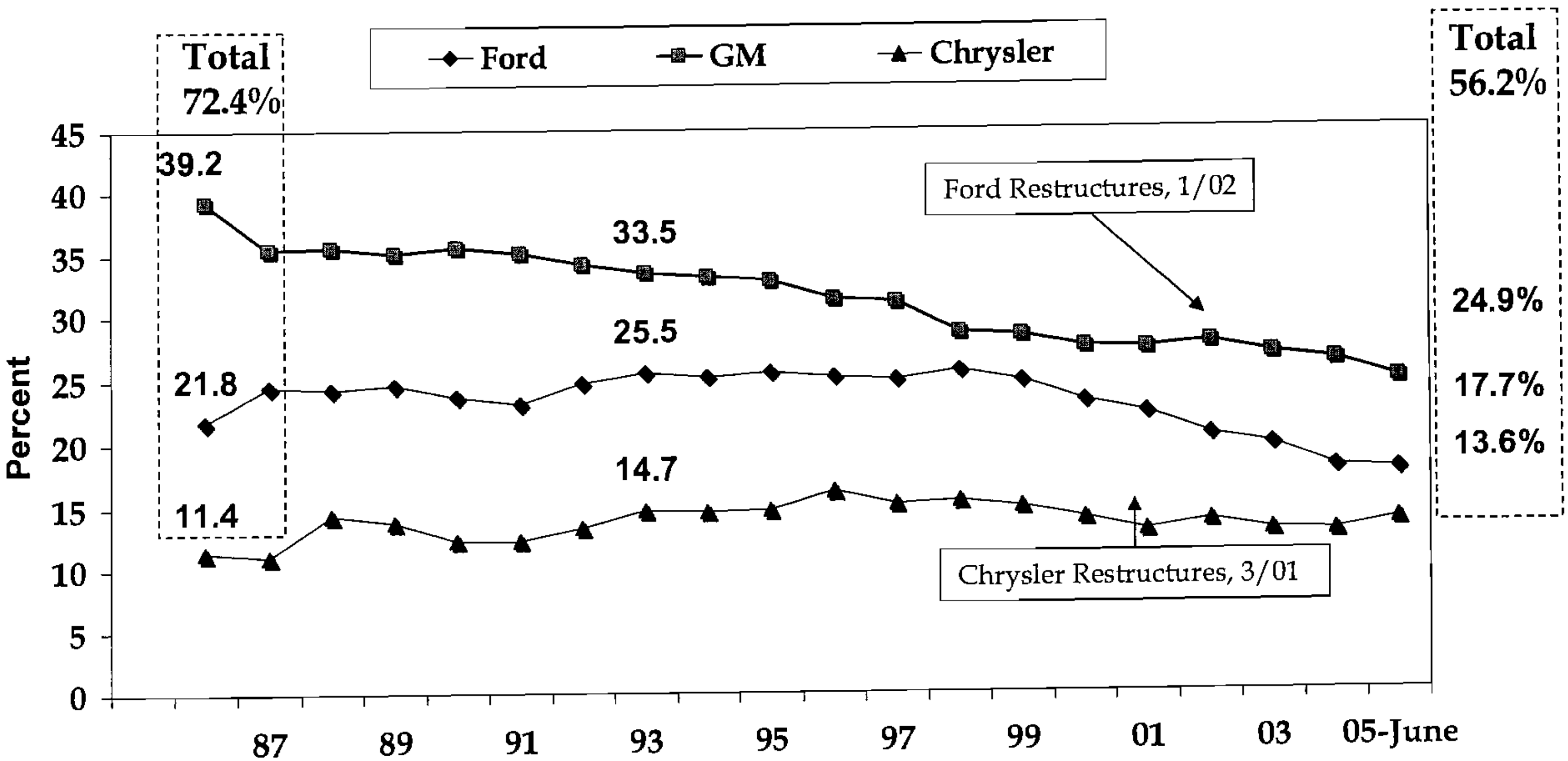
State of the Automotive Industry

- The dynamics of the automotive industry continue to evolve with continued lowest cost and highest quality assumed to be "givens"
  - Increasing and new foreign competition (e.g. Japan and Korea) resulting in eroding market share for the traditional "Big 3".
  - Proliferation of product offerings with resultant finer market segments and shorter production runs.
  - Rapid product introductions via short product development cycles, especially by transplant manufacturers.
  - Worldwide industry overcapacity of 25 million units of which 4 million exists in North America (see Appendix C for supporting data)
  - A relentless and continuing attack by the OEM's on all elements of cost.
  - Trend toward globalization for OEM's and the supply base.
  - Increased reliance on suppliers to accept responsibility for providing expanded services at little or no profit.
  - Government pressure for improved fuel economy and expanded safety features.
  - Increased fuel prices causing a trend toward smaller cars with lower profits, as well as hybrids and diesels.

Industry Overview

State of the Automotive Industry

Big 3 U.S. Market Share Down 16% in last 20 years.



Collins & Aikman

Industry Overview

State of the Automotive Industry

- As a result of industry pressures, OEM customers in the future will likely require that suppliers are positioned to provide:
  - Continuous improvement in product, process and in human resource capabilities
  - Access to emerging technologies worldwide
  - Quicker response times
  - Quick change capability to support shorter production runs
  - Access to global sources
  - Management of the supply chain
  - Logistics solutions
  - Expanded responsibility for defects and warranty

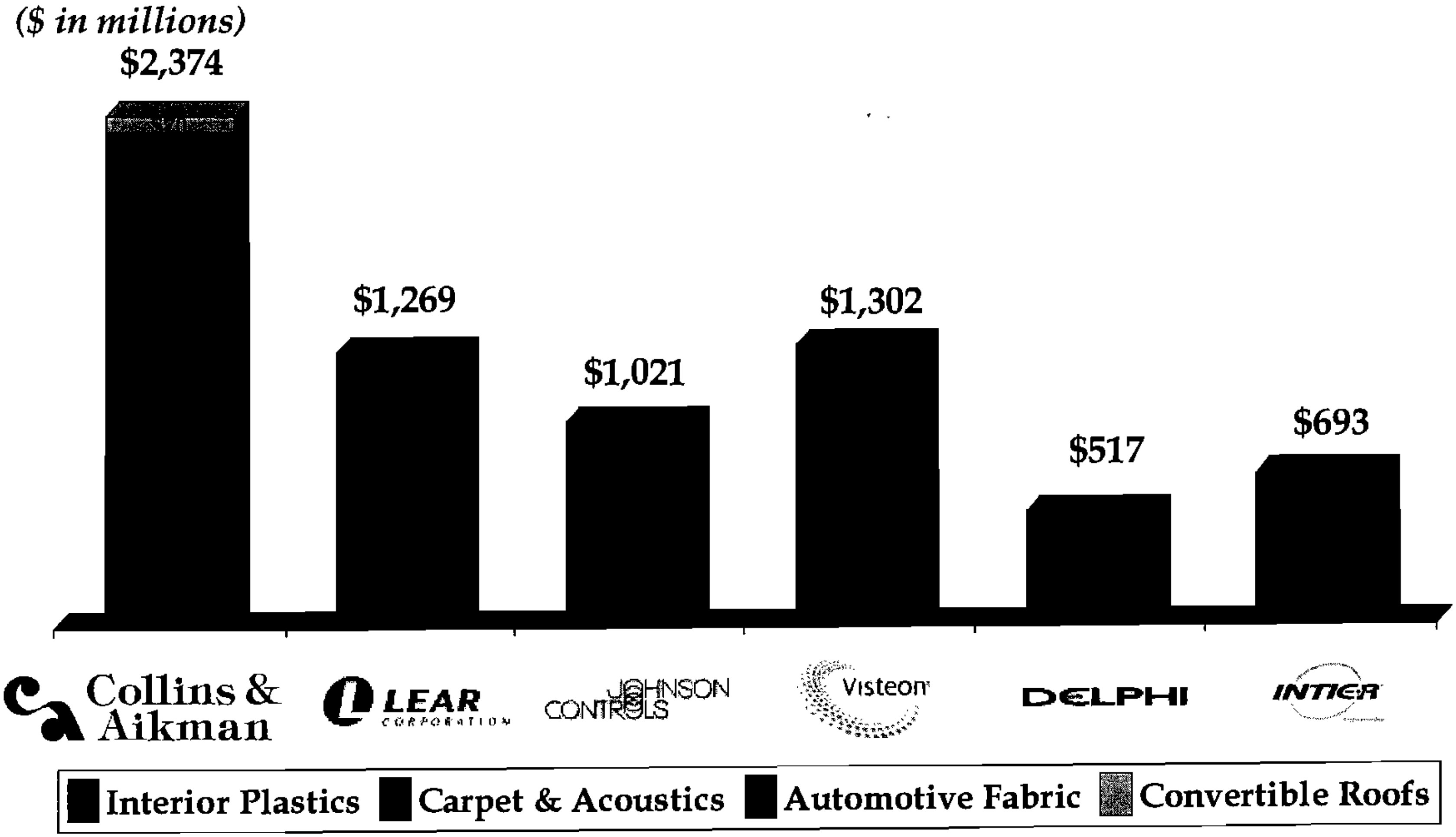
Market Overview

Size of Market and Characteristics

- NAFTA markets in which C&A competes approach $11 billion annually.
- C&A holds strong market share positions in instrument panels and cockpits, consoles, carpeting and accessory mats.
- Opportunities exist as OEMs look to move additional business from costly legacy suppliers -- Visteon and Delphi.
- Additional growth potential remains in instrument panel modules as OEMs look to reduce labor costs.
- The proliferation of vehicles offerings with convertible roof systems has created niche opportunities for soft top vehicles.
- Growth opportunities also exist with transplant customers as they increase production capabilities in NAFTA. The optimum approach for C&A may be through a variety of alliances within the transplant supply base.

Market Overview

2004 North American Interior Revenue for major competitors



Market Share based on CSM Worldwide and C&A Management Estimates.

Market Overview

Market Share Analysis

Product Category	Tier I Integrators			Tier I Legacy Supplier		Collins & Aikman	Total Market	Traditional Tier II Suppliers					
	Lear	JCI	Magna Intier	Visteon	Delphi			Milliken	Gates	Pretty	ASC	HP	M-Tek
Door Trim	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]						[illegible]
Market Share %	28.1%	9.6%	10.6%	8.4%	0.2%	9.5%	100%						9.7%
Rank	1	4	2	6	19	5							3
Garnish Trim	[illegible]	$130.0	[illegible]	[illegible]	$62.0	[illegible]	$1,108.3						[illegible]
Market Share %	19.7%	11.7%	4.7%	4.8%	5.6%	16.2%	100%						4.0%
Rank	1	3	7	6	5	2							8
IP/Cockpits	$45.2	[illegible]	[illegible]	$984.0	$413.6	[illegible]	$3,812.3						
Market Share %	1.2%	13.1%	9.8%	25.8%	10.8%	18.0%	100%						
Rank	11	3	6	1	5	2							
IP Components	$67.0	$78.0	$29.0	$27.0	$33.0	[illegible]	[illegible]						[illegible]
Market Share %	10.8%	12.6%	4.7%	4.4%	5.3%	17.8%	100%						3.7%
Rank	3	2	8	7	6	1							9
Floor Consoles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]						[illegible]
Market Share %	4.3%	6.8%	2.9%	12.5%	1.2%	24.2%	100%						0.5%
Rank	8	6	11	2	15	1							20
Total Interior Plastics	$949.9	$945.5	$692.6	$1,302.8	$517.5	$1,296.6	$8,135.5						$275.9
Market Share %	11.7%	11.6%	8.5%	16.0%	6.4%	15.9%	100%						3.4%
Rank	3	4	5	1	6	2							8
Floor Carpet	[illegible]					[illegible]	[illegible]					[illegible]	
Market Share %	20.9%					49.0%	100%					6.7%	
Rank	2					1	8					5	
Trunk Liner(1)	[illegible]					[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]
Market Share %	13.5%					23.7%	100%	0.0%	27.8%			9.0%	5.2%
Rank	3					2	11	8	1			6	7
Accessory Mats	[illegible]					[illegible]	[illegible]			[illegible]			
Market Share %	1.1%					61.1%	100%			6.0%			
Rank	3					1	8			2			
Dash Insulator	[illegible]					[illegible]	[illegible]					[illegible]	
Market Share %	10.0%					12.4%	100%					2.5%	
Rank	2					1	11					6	
Other Acoustics	[illegible]					[illegible]	[illegible]					[illegible]	
Market Share %	6.6%					7.4%	100%					1.8%	
Rank	3					2	9					6	
Total Carpet & Acoustics	$286.7					$729.8	$2,348.3	$0.0	$61.8	$17.0		$96.5	$11.6
Market Share %	12.2%					31.1%	99%	0.0%	2.6%	0.7%		4.1%	0.5%
Rank	2					1	21	18	4	5		7	17
Convertible Tops						$74.2	$176.8				$13.6		
Market Share %						42.0%	100%				7.7%		
Rank						1	5				3		
Automotive Fabric						$266.5	$740.0	$195.0					
Market Share %						36.0%	100%	26.4%					
Rank						1	6	2					
TOTAL 2004 Product Sales	$1,236.6	$945.6	$892.6	$1,302.8	$517.5	$2,367.1	$11,400.6	$196.0	$61.8	$17.0	$13.6	$96.5	$287.8
% Total	10.8%	8.3%	6.1%	11.4%	4.5%	20.8%	99%	1.7%	0.5%	0.1%	0.1%	0.8%	2.5%
Rank	3	4	5	2	6	1	63	10	20	22	45	29	8

Market Share based on CSM Worldwide 2004 market share information and C&A Management Estimates

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Customer Overview

- The Big 3 represent 80% of C&A's North American revenues. These customers continue to experience a loss in market share resulting in part from failing to rapidly develop niche vehicles. To help meet these demands, C&A can utilize its development, prototyping and manufacturing capabilities.
  - DaimlerChrysler
    - Aggressive cost-down program with suppliers has been in place since 2001.
    - De-contenting has been a focus as a means of reducing cost.
    - Wants, but is unwilling to pay for, aesthetic and functional improvements.
    - Sourcing is moving towards a vehicle integrator, similar to GM a few years ago.
  - GM
    - Re-inventing its vehicle interiors both from an appearance and content standpoint.
    - Utilizing more high-end appearance and tactile items like: soft IP and door uppers, "leather-like" materials, metallic and wood grain appliqués.
    - Prefers to combine products and car lines to make "mega quotes" and then leverages suppliers. Very little pre-sourcing or preferred suppliers. Giving more decision making power to its Design Center Staff, offering C&A an opportunity to participate earlier in the product development cycle and offer quicker response to customer requirements.
  - Ford
    - Focused on integration of the entire interior of a vehicle and is mainly interested in full service suppliers.
    - Expects the incumbent suppliers to work with the Design Studio on new programs offering C&A an opportunity to participate earlier in the product development cycle and offer quicker response to customer requirements.
    - Ford wants C&A to focus on the CD338/CD378 launches.

Customer Overview

The most significant growth opportunity lies with the Asian transplants. To compete effectively in this market segment requires demonstrated engineering and technical expertise. C&A has the opportunity to access business within its core competencies by leveraging its broad product line, technology and manufacturing base.

At the same time, aggressive competition could arise from Asian suppliers in North America, requiring joint ventures to increase the business base at these customers.

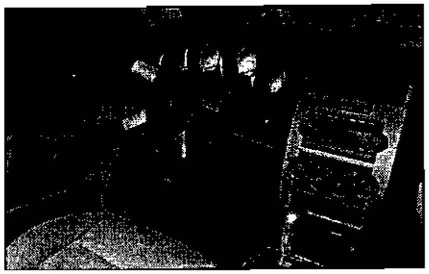
- Toyota
  - Although C&A enjoys a positive relationship with Toyota, there is aggressive competition from the Japanese suppliers that have North American production facilities.
  - Generally the incumbent supplier will have an advantage
  - Strategically located global supply capabilities is an advantage
  - Sourcing is a team decision
  - Values good long term supplier relationships
- Honda
  - Strategy involves sourcing to larger companies with engineering and technical expertise.
  - Interested in long-term partnership.
- Nissan
  - Interested in long-term partnerships.
  - North America recommends suppliers, but the final decision is made in Japan. Nissan tends to stay with suppliers that helped them through their turnaround.

Company Overview

Company Overview

- C&A is one of the largest domestic auto parts suppliers. Approximately 80% of its sales are to the Big 3 domestic auto makers and its products are included in 90% of their models.
- C&A's legacy is the Carpet & Acoustics business. In recent years the Company made several acquisitions to expand into the Plastics segment of the auto supply chain. As part of this expansion, they acquired certain businesses which are now viewed by the customers as commodities (i.e. hard trim) and others that showed higher revenue figures, but low profitability (i.e. sequencing).
- Many of these acquisitions were never fully integrated, operate on stand alone platforms and therefore, many of the projected synergies never materialized.
- Under prior management, relations with several of its customers became strained. In order to maintain existing business and compete for new programs, several discounted pricing strategies were implemented. These discounted prices, coupled with an increase in raw material prices and declining unit sales at the Big 3, forced C&A to file for bankruptcy on May 17, 2005.

Company Overview



Interior and Exterior Plastics
$1,780 million*

23% Market Share

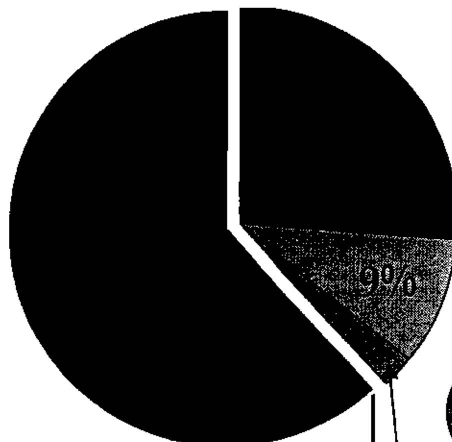
Injection Molded Plastic Components and Systems

Interior Products ($1,560 million - 88%)

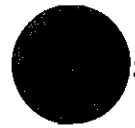
- Fully Assembled and Sequenced Cockpits
- Instrument Panels
  (65% Cast Skin 27% Hard 8% Vacuum form)
- Instrument Panel Components
  - Air Registers
  - Cup Holders
  - Decorative Trim
- Door Panels
- Floor Consoles
- Pillar, Sidewall and Garnish Trim
- Package Trays
- Head and Arm Rests

Exterior Products ($220 million - 12%)

- Assembled and Sequenced Front and Rear Fascia
- Bumpers (painted)
- Cladding and Trim
- Lens Lighting



Flooring and Acoustics
$750 million*



35% Market Share

Flooring Products
- Accessory Mats
- Conventional Molded Flooring
  - Non-woven Carpet
  - Tufted Carpet
- Alternative Molded Flooring
- Luggage Compartment Trim

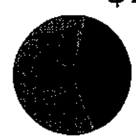
Acoustic Systems
Absorbing Materials
Damping Materials
Engine Compartment
NVH Systems
Interior Insulators

Automotive Fabrics
$270 million*

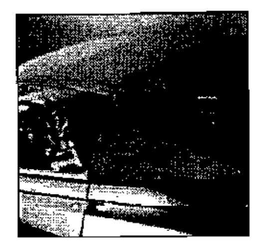
36% Market Share

Fabric Products
- Seat Fabrics, Headliner Material

Convertible Systems
$70 million*



40% Market Share



* Based on unaudited 2004 revenues for North America, subject to restatement

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Company Overview

Instrument Panels

- C&A's competitive advantage in cast & skin foam, typically used on hi-line/premium vehicles, offers opportunities at DCX and Toyota.
- At the same time, competition will increase in C&A's other I/P business as a result of:
  - Ford and Honda trending toward selective soft I/P's
  - GM and Nissan trending toward hard I/P's

Door Panels

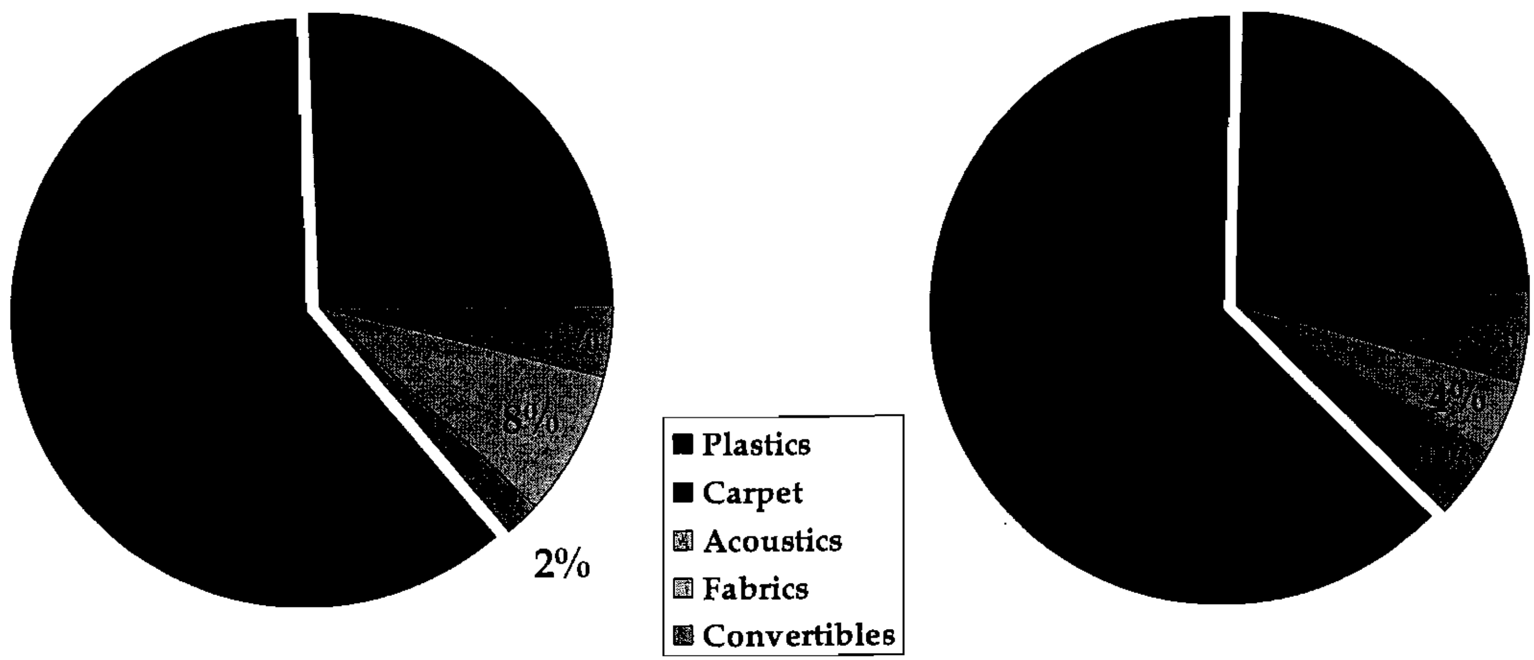
- As with I/P's, C&A's advantage is its expertise in cast, skin and foam technology.
- Historically C&A has not been competitive on standard door technologies which puts C&A at a competitive disadvantage at most OEM's except for hi-line / premium vehicles (i.e. DCX and Toyota).
- Ford and Nissan are trending toward hard door panels.
- GM and Honda are trending toward selective soft doors.

Consoles

- C&A's integration capability provides it with a competitive advantage. With Ford and Toyota trending toward integration of additional electronics and storage bins, this product area could represent a growth opportunity.
- Both Honda and Nissan are trending toward alternative materials which could enable C&A to leverage its capability to supply a broad array of technologies.

Company Overview

Revenue Mix Projection by Product
100% "Booked" Business



2005
$2.5 billion

2007
$2.3 billion

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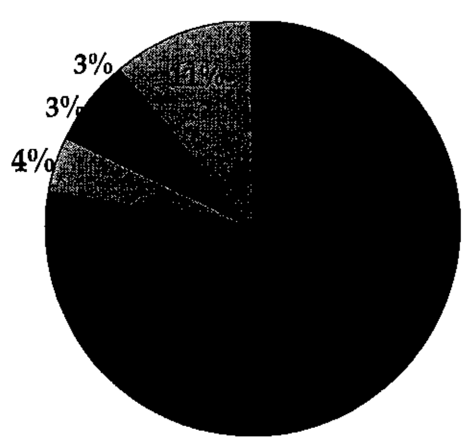
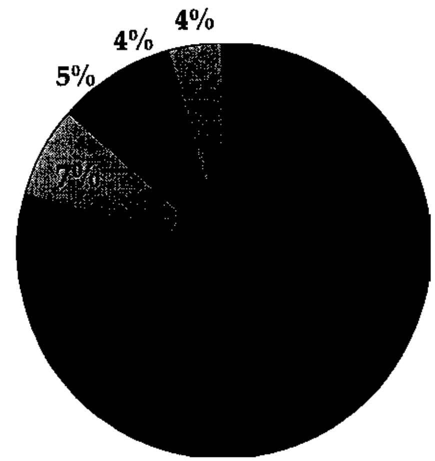
Company Overview

Revenue Mix Projection by OEM

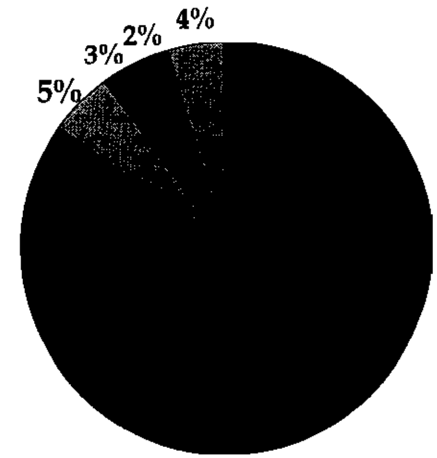
100% "Booked" Business



2003
$2.9 billion



2005
$2.5 billion



2007
$2.3 billion

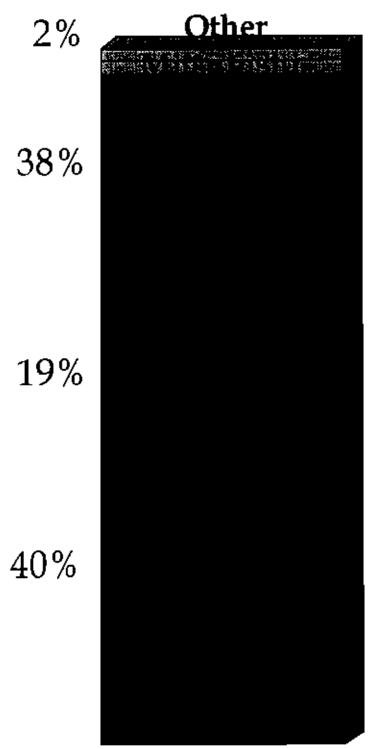
DaimlerChrysler ■ General Motors ■ Ford ▨ Toyota □ Honda ■ Nissan ■ Other

* Based on unaudited 2004 revenues for North America, subject to restatement

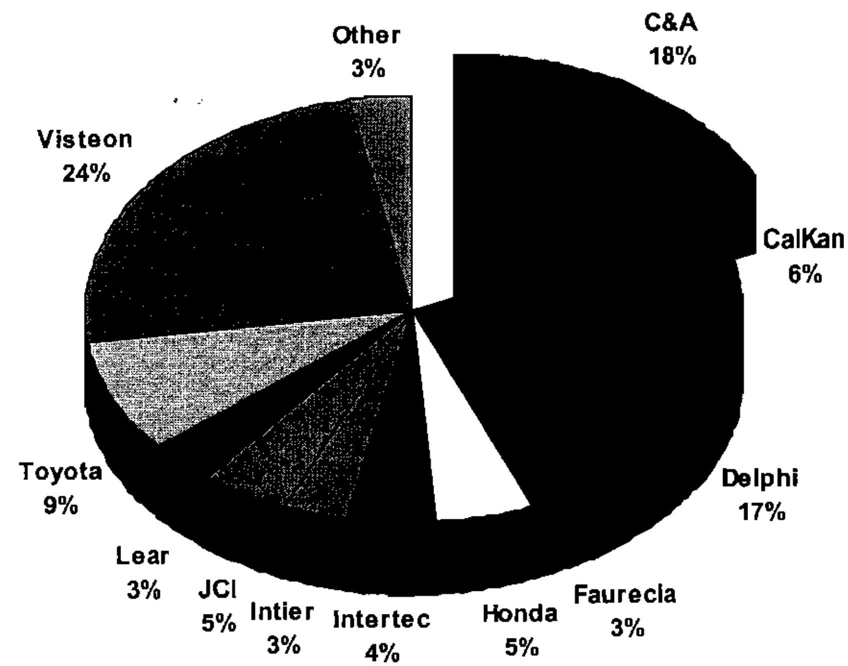
Company Overview

2005 Instrument Panel / Cockpit Business

Customers



Competitors



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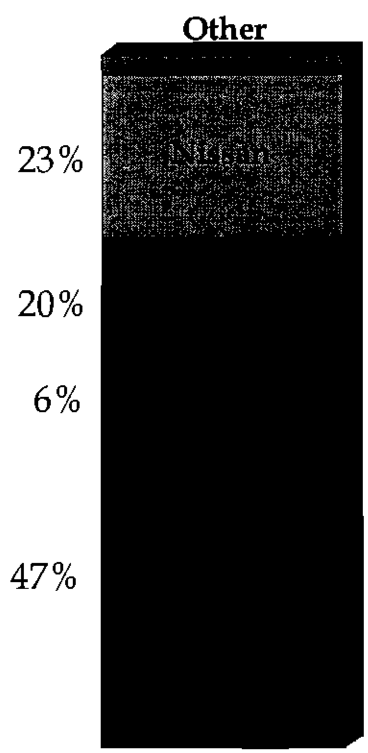
Company Overview

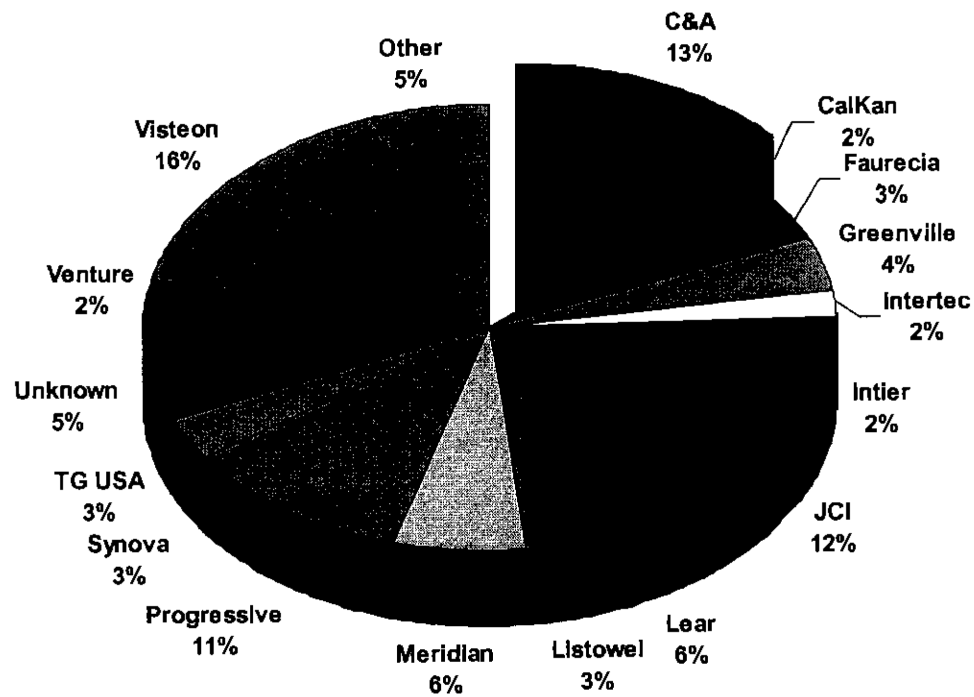
2005 Floor Console Business

Customers



$108.9 million

Competitors



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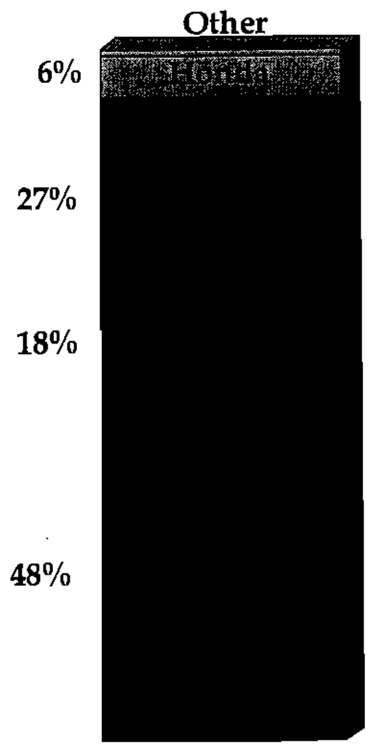
Company Overview

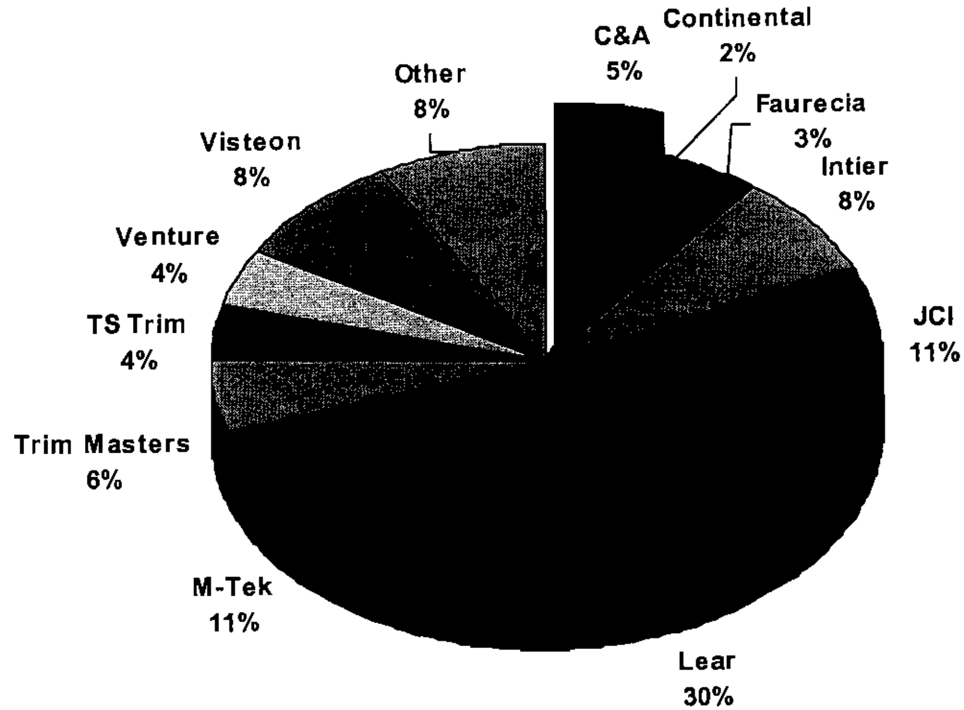
2005 Door Panel Business

Customers



$221.9 million

Competitors



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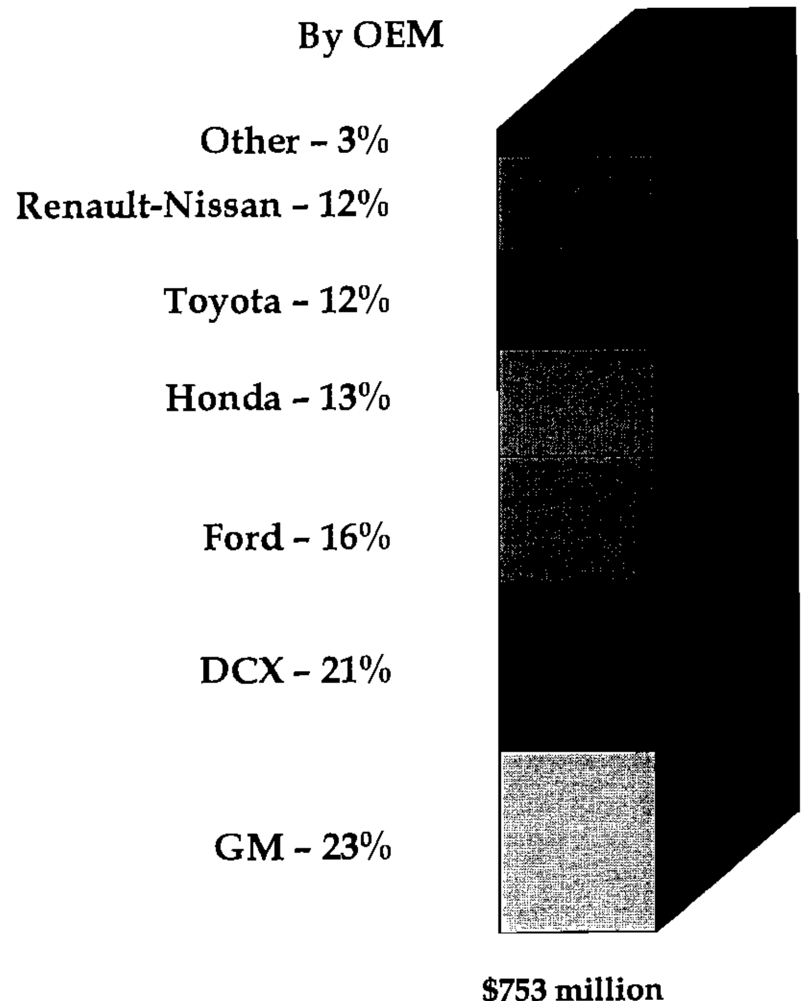
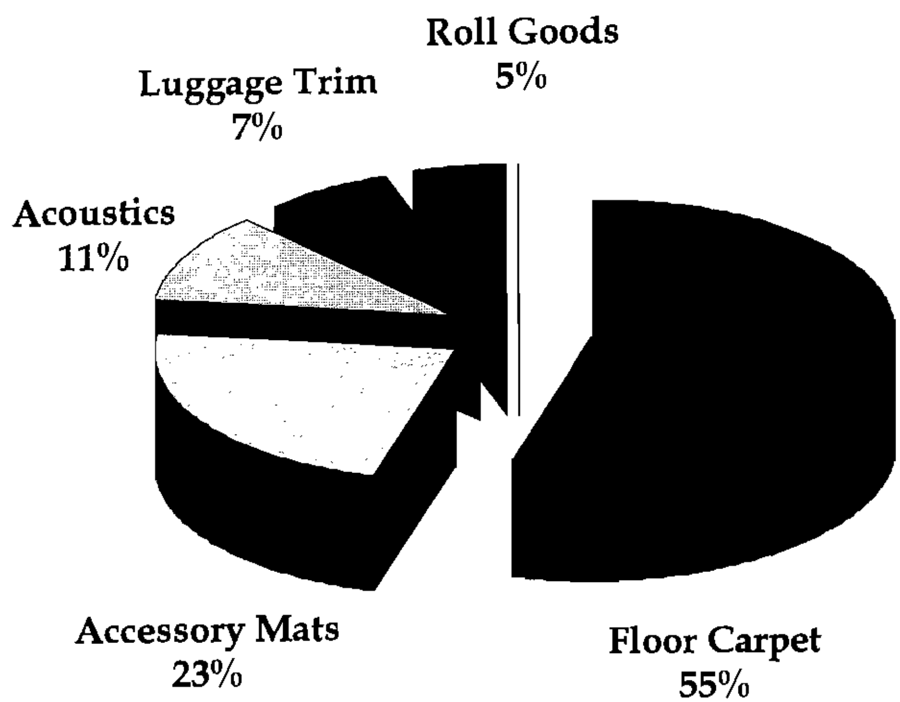
Company Overview

2005 Carpet and Acoustics Business

By OEM



By Product ('05 Forecast)



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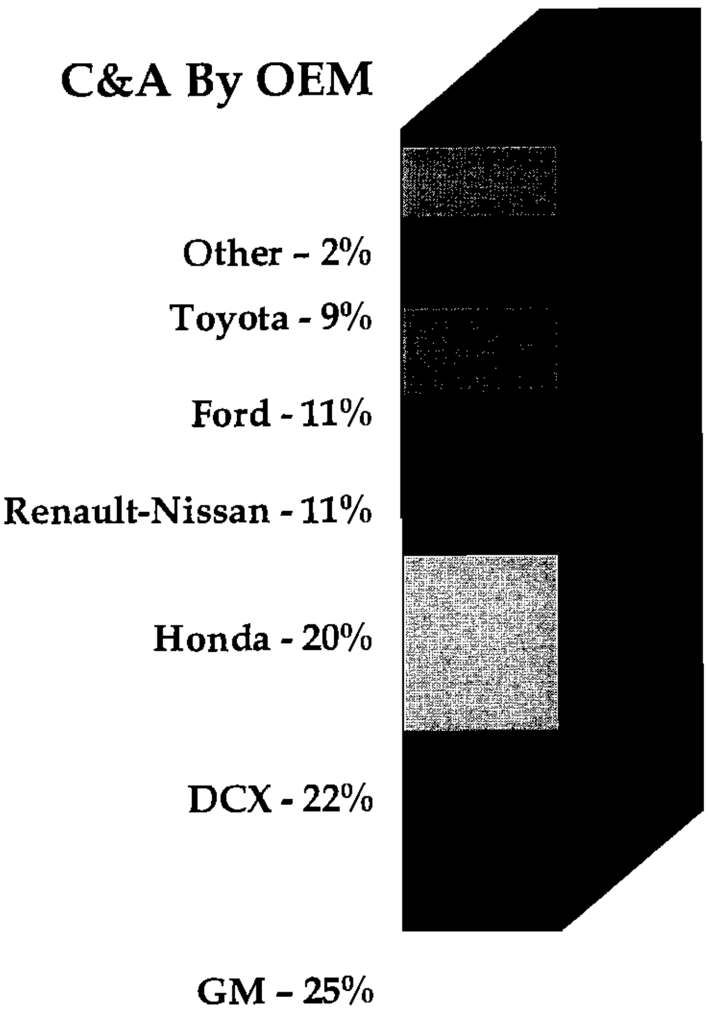
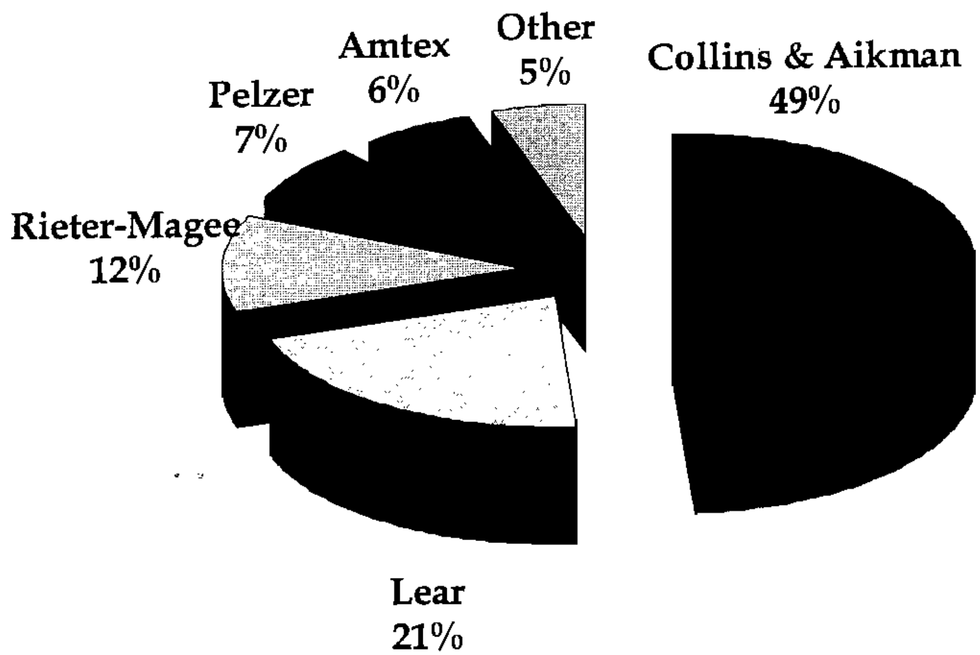
Company Overview

2005 Molded Floor Business

C&A By OEM



Molded Floor Market Share



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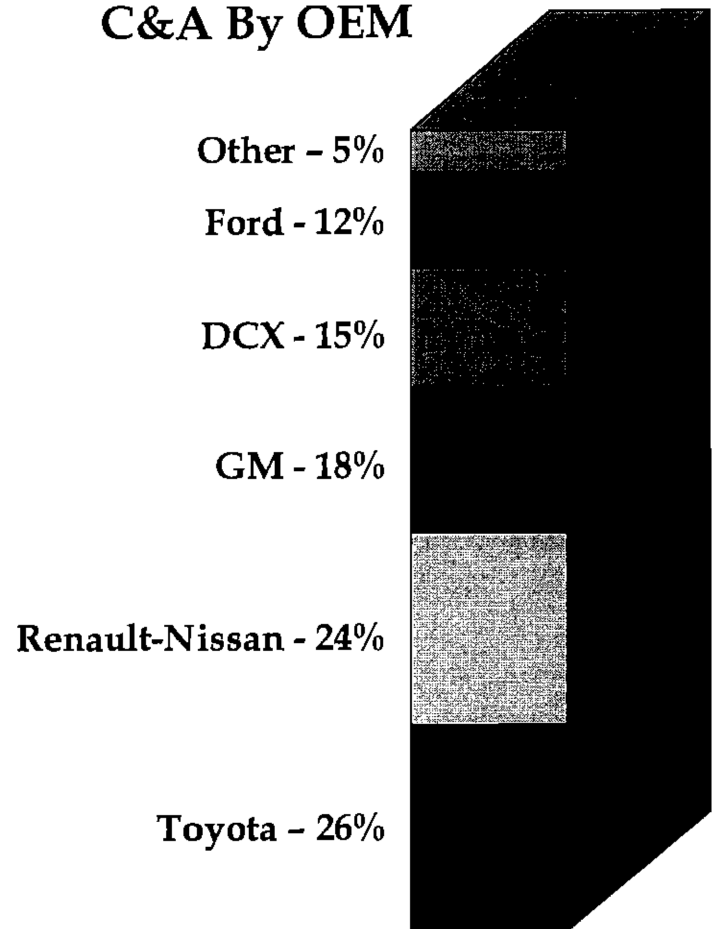
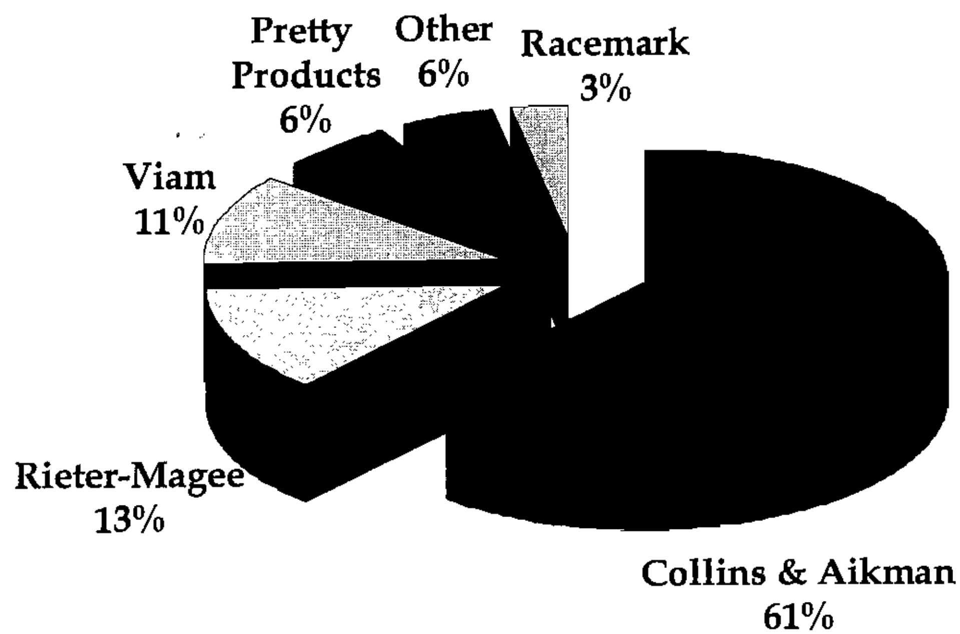
Company Overview

2005 Accessory Mat Business

C&A By OEM



Accessory Mat Market Share



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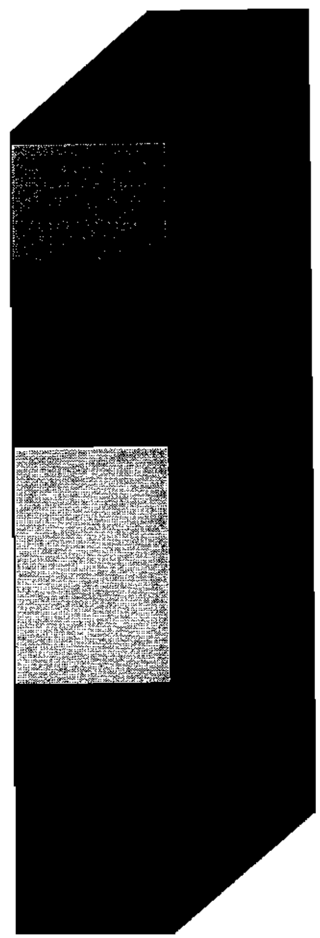
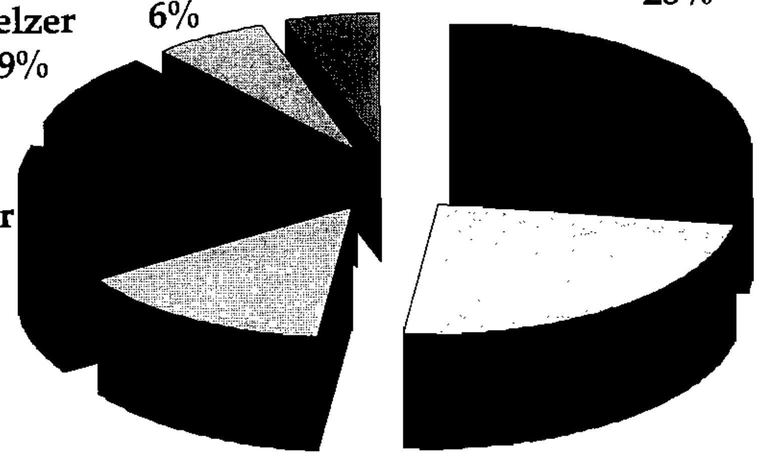
Company Overview

2005 Luggage Trim Business

C&A By OEM



Luggage Trim Market Share



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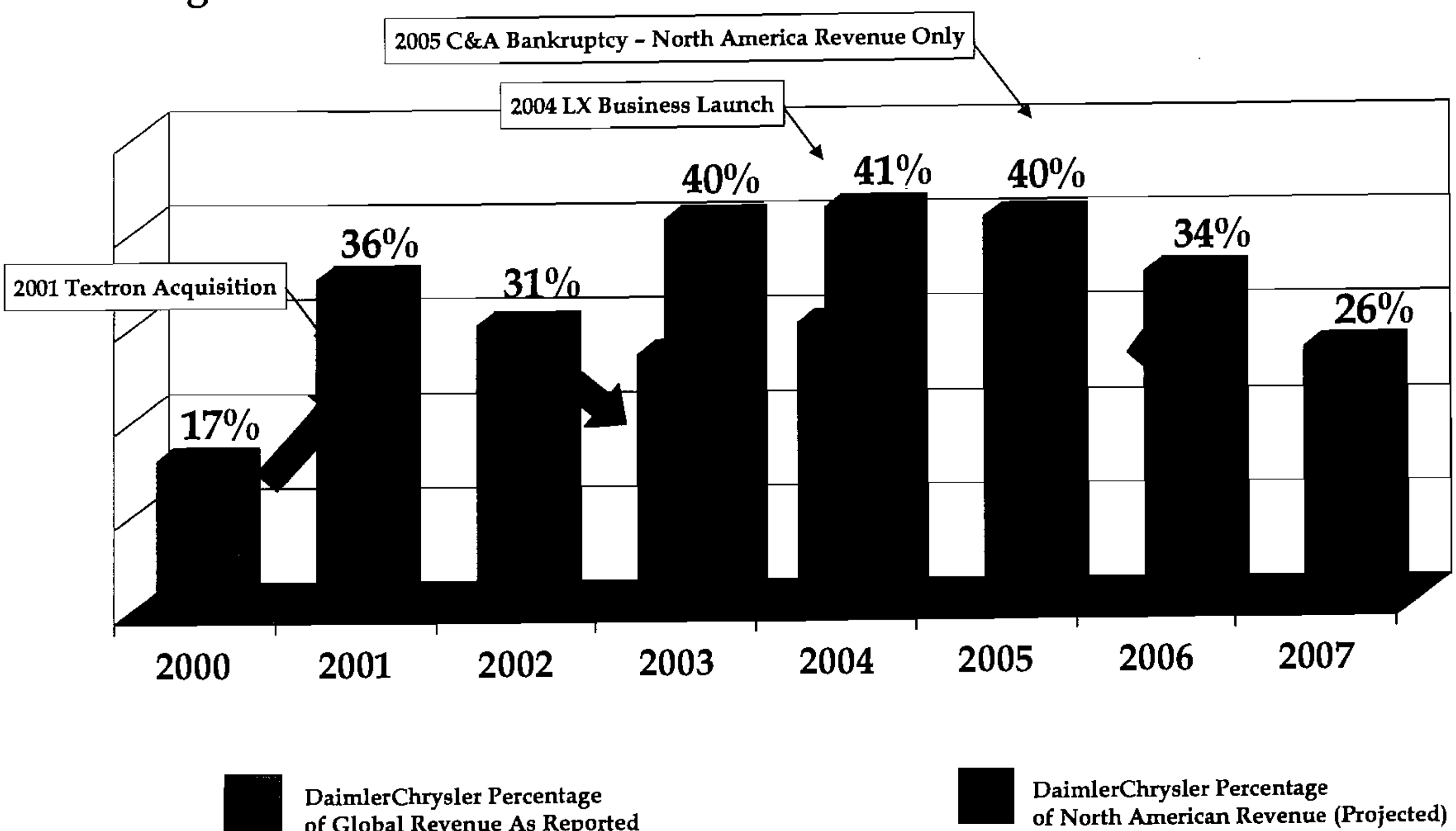
Company Overview

DaimlerChrysler Decline

Percentage of Revenue 2000-2007



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Strategic Plan

Strategic Plan

Mission

- C&A will become the supplier of choice for vehicle interiors:
  - Instrument panels and cockpits
  - Consoles
  - Door panels
  - Acoustics systems
  - Floor and lining solutions
- C&A will supply customer valued products and services at highest quality and competitive prices.
- C&A will continue to provide support to its customers in other areas provided we can be profitable and not consume significant resources. These areas include:
  - Convertible tops
  - Exterior bumpers, fascias & lamps
  - Aftermarket service parts

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Strategic Plan

Core Competencies

- Current
  - Broad portfolio of design, engineering and manufacturing expertise in instrument panels, carpet & mats, acoustics and related proprietary technology
  - Craftsmanship excellence in color coordination, fit and finish for complete vehicle interiors
  - Interior acoustics expertise
  - Experienced in sequenced just-in-time assembly and delivery
- Future
  - More focused advanced product development, process development and material development
  - Expand activities to facilitate quick prototype, simultaneous engineering and short-run capability
  - Implementation of fast turn, dedicated past model service centers
  - Aggressive innovation in customer valued features, performance and cost reduction opportunities
  - Underhood acoustic capability

Strategic Plan

Sustainable Competitive Advantage
"Cradle to Grave Customer Support"
A one piece manufacturing mentality for fast development

Advanced Development
- Flexible Manufacturing and Product
- Materials
- Skins (Invisible Air Bag)
- Acoustics
- Carpet Molding
- Tac II
- Skunk Works
- Crash Technology
- Squeak & Rattle

Competitive Advantage in New Consumer Desired Features, Products & Technology

Patents & Know How

Licensing Patent Protection

Product Development
- Design
- Engineering
- Full Interiors Testing

Full Service Supplier Only when Sourced Major Components

Prototypes / Samples
- Build of "Soft" tools
  - Aluminum
  - Kirksite
  - Stereo Litho
  - Sputter / Layups

Quick Response to Customer Design Requirements with Representative Parts

Tool Build & Follow-Up
- Follow-Up
  - Injection molds
  - Gages
  - C&A Molds
- Tool Build
  - Nickel Tools
  - TAC II Equipment
  - Proprietary Process/Equipment
  - Tooling
- PPAP

Provide Competitive Advantage

Tool / Process Tryout & Debug
- Pilot Plant Concept
- Short Run Processes (low volume)
- Quick Change Capability

Production Assistance
- Launch Teams
- Trouble Shooting

Full Service Source to Manufacturing

Past Model Service
- Centers of Excellence
- Quick Change
- MPL Advantages
- Short Run capability

Provide Competitive Advantage 95% Fill

Utilize to Acquire other Supplier Service

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Strategic Plan

Key Business Drivers

VOLUME AND PRICING

- Industry volumes
- Pricing – OEM pressures
- Raw material increases
  (resin & steel)

EXTERNAL FACTORS

- Health care costs
- Pension liabilities
- Domestic economy
- Energy prices
- Global competition
- Loss of Europe

C&A ACTIONS

- OEM pricing adjustments
- Future business commitments
- Material cost reductions
- Rationalization of plant & equipment
- Productivity
- Purchase part resourcing (make/buy)

Strategic Plan

Based on the implementation of the Strategic Plan, projected EBITDA is as follows:

	2005	2006	2007 prelim	2008 prelim
Baseline EBITDA Forecast [1]	**\$70 - \$80**	**\$80 - \$90**	**\$80 - \$90**	**\$80 - \$90**
Pricing Relief	34 - 40	139 - 159	115 - 132	110 - 126
Operating Improvements				
Manufacturing Efficiencies & Productivity	1 - 2	20 - 22	34 - 38	50 - 56
CREAMS (Materials Usage)	-	9 - 13	17 - 20	22 - 27
Plant & Machinery Rationalization	-	17 - 28	29 - 48	40 - 55
Energy Cost Increases	(1) - 0	(6) - (3)	(11) - (6)	(16) - (9)
Purchasing improvements [2]	-	8 - 10	30 - 35	38 - 43
Total Operating Improvements	0 - 2	48 - 70	99 - 135	134 - 172
Corporate Overhead Savings				
Headcount attrition/reductions	0 - 1	5 - 7	8 - 10	11 - 15
IT efficiencies	-	2	3	4
Headquarters relocation	0 - 1	4 - 5	4 - 5	4 - 5
Total Corporate Overhead Savings	0 - 2	11 - 14	15 - 18	19 - 24
Revised EBITDA Forecast, All Businesses [3]	**\$105 - \$123**	**\$278 - \$333**	**\$309 - \$375**	**\$343 - \$412**

1. *EBITDA before restructuring professional fees and FAS 106.*
2. *Assumes raw material price increases are passed on to customers.*
3. *Noncore businesses, if sold, would reduce annual EBITDA as follows:*
   Convertible Tops: \$14 million — *Tooling: \$10 million*
   Exteriors: \$9 million — *Fabrics: (\$3) million*

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Strategic Plan

Price Increases

- C&A sought price relief from all of its major customers for underperforming programs and a "general" raw material price increase starting in December 04. Despite numerous meetings and requests none of the customers were willing to agree to any price increases.
- After the filing and in accordance with the Customer Financing Agreement, a thorough analysis of all of C&A's underperforming contracts was completed. This analysis identified certain programs that generate significant losses or insufficient profits to warrant continued production at existing price levels. C&A is currently in negotiations with the customers to obtain adequate price relief.
  - In order to determine a fair and reasonable price for each program, C&A performed a detailed analysis of the production costs and then calculated a reasonable mark up. This amount was then juxtaposed against what C&A felt was a fair and reasonable market price for similar type products given the product and risk involved.
  - In addition to the analysis of specific contracts, C&A is requesting a "general" raw material increase on all other programs not reviewed individually.
- As part of the new program pricing, the OEM will acknowledge terms and conditions that C&A will retain the work throughout the life of the programs.
- The outcome of the price negotiations will be complete by September 30, 2005.

Strategic Plan

Price Increases

- As part of the customer negotiations, C&A has discussed the concept of retroactive increases for raw materials. All customers have strongly disagreed with this concept, citing the funding in the Customer Agreement as one of the main reasons, among others.
- C&A has proposed 2 other modifications to the existing price structure:
  - Indexing of raw materials, particularly resin, to provide for a monthly or quarterly true up for actual raw material prices and prospective repricing of programs. GM and DCX are willing to listen to C&A's proposal, but have expressed reservations. Ford is generally positive towards indexing, although they want to understand the specifics.
  - Developing a cost plus structure for past model service parts which are no longer in current production. The OEMs generally view past model service parts as "a cost of doing business". They are unwilling to pay for the additional set up charges and other production costs required to manufacturer what are typically small order quantities. This concept has been discussed with each of the OEMs and they are awaiting C&A's specific proposal.
- Price negotiations must be in conjunction with commitments for long term business

Strategic Plan

Price Increases

- Below is a summary of the total price relief requested. Prospective amounts are calculated assuming customers agree with C&A's price request per program multiplied by the projected volume levels. No resourcing of programs is assumed.

Price Increase Request Summary by OEM

In $ Millions	Retroactive Price Increases	One Time Payments	EBITDA IMPACT Q4 2005	EBITDA IMPACT 2006	EBITDA IMPACT 2007	EBITDA IMPACT 2008
Program Pricing Initiatives						
DCX	$ 12	$ 9	$ 17	$ 79	$ 60	$ 60
Ford	7	15	2	8	3	1
GM	29	-	10	38	31	29
Honda	2	5	2	8	7	7
Toyota	3	-	1	3	1	0
Subaru	0	-	0	0	0	0
Total Program Pricing Initiatives	53	29	33	135	104	97
Raw Material Price Recovery						
Hermosillo - Raw Materials			2	9	8	8
Yarns & Rubber	10	-	3	13	13	13
Resin	27	-	8	32	31	31
Steel	7	-	2	9	9	9
Total Raw Material Price Recovery	44	-	16	63	61	61
Total Pricing Relief	**$ 97**	**$ 29**	**$ 49**	**$ 198**	**$ 165**	**$ 158**

- Excludes service parts increases and Ford Hermosillo program pricing proposals

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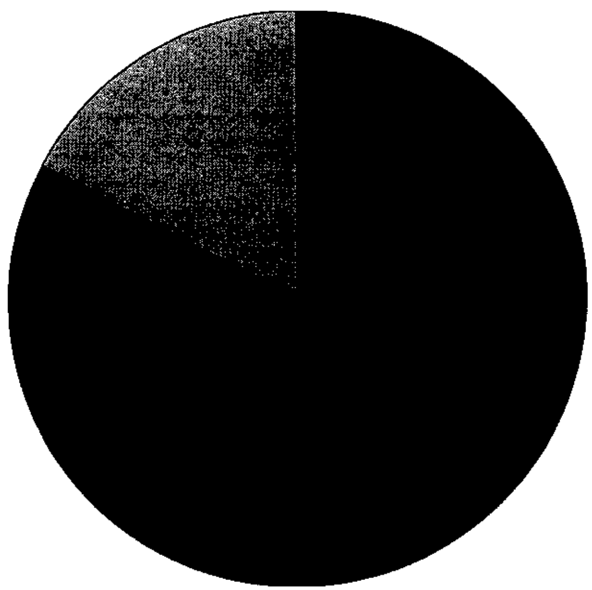
Strategic Plan

FY 2006 OEM Price Increase Request Totals $198 million



Request ($ in MM)	% of Total
$29.0	15%
117.4	60%
14.5	8%
37.5	17%

Highly Confident - Price increases on certain GM & Honda programs with a high likelihood for a price increase

Reasonably Confident - Includes 100% recovery of RM increases as well as a percentage of specific program requests.

Unlikely - Includes Fabric price increase

TBD - Includes those price increases that are uncertain at this time

Strategic Plan

Manufacturing Efficiencies & Productivity

EBITDA Savings by Type	**Q4 2005**	**2006**	**2007**
$ in millions			
Material	$ 0.7	$ 6.8	$ 5.4
Labor	0.9	8.4	7.1
Utilities	0.0	0.3	0.5
Supplies	0.1	0.1	0.3
Engineering	-	0.1	0.2
Packaging	0.0	0.7	0.4
Operations	0.1	3.1	2.3
Other	0.1	0.4	0.3
Total	$ 1.9	$ 20.0	$ 16.4
Cumulative	1.9	21.9	38.4
Implementation costs	6.5	3.2	2.5

COMMENTS:

- *Before expenses and capital investment.*
- *Excludes Oklahoma City and Hermosillo.*

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Strategic Plan

"CREAMS" Material Efficiency Concept

C = Combine - i.e., two parts into one, two operations into one

R = Re-pair, re-work instead of scrap

Regrind - Increase mix - Repelletize

Resource Make vs. Buy

E = Eliminate - Paint operation, screws 3 instead of 4 flash

A = Alternative - Can we substitute lower cost materials in same application

M = Minimize - Build all parts to low end of material specs

S = Standardize - Commonize material specs - Economy of scale purchases

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Strategic Plan

Material Efficiency Program

- There is significant opportunity to utilize reprocessed and alternative materials to improve margins, as shown below.

Implementation Stage	Estimated Annual Savings ($MM)			Investment Cost ($MM)	Comments
	2006	2007	2008		
Phase 1	$5.0			$0.0	Non safety related parts, use OEM permitted regrind levels with purchased broker resins.
Phase 2	14.0			1.0	Non safety related parts, use OEM permitted regrind levels with C&A reprocessed waste streams.
Phase 3		8.0	10.5	6.0	Focus on safety related parts although suitable for non safety related parts. Sub-system and system validation required for safety related parts. Customer acceptance will be based on performance results.
Cumulative effect	$19.0	$27.0	$37.5		
Assume 70% probability	**$13.3**	**$18.9**	**$26.3**		

Notes:

Current resin prices volatile.

Based on external source availability.

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Strategic Plan

Plant Consolidation

- The cost to close 8 plants and rationalize capacity at other plants is approximately $26-37 million, with approximately $17-28 million positive EBITDA impact in fiscal 2006.

			EBITDA Impact $MM		
	Exit Date	Exit Cost	2005	2006	2007
Transition to other C&A facilities					
Carpet & Acoustics - 1	March '07	$9.0 - $10.0	$0.0 - $0.0	$2.0 - $2.5	$4.0 - $5.0
Carpet & Acoustics - 2	March '07	2.0 - 3.0	0.0 - 0.0	0.1 - 0.2	1.0 - 1.5
Plastics - 1	June '06	2.0 - 3.0	0.0 - 0.0	1.9 - 2.3	3.8 - 4.6
Plastics - 2	June '06	4.0 - 5.0	0.0 - 0.0	3.9 - 4.5	7.7 - 9.0
Plastics - 3	June '06	2.0 - 3.0	0.0 - 0.0	1.3 - 1.5	2.5 - 3.0
Reorganization	July '06	2.0 - 4.0	0.0 - 0.0	6.3 - 13.2	4.1 - 15.7
Plastics - 4	Sept '06	6.0 - 7.0	0.0 - 0.0	1.5 - 1.8	5.9 - 7.2
Sales/Closures					
Plastics - 5	June '06	(0.5 - 1.0)	(0.5 - 1.0)	(0.5 - 1.0)	(0.5 - 1.0)
Oklahoma City (transition to GM)	Dec '06	(0.5 - 1.0)	(0.5 - 1.0)	(0.5 - 1.0)	(0.5 - 1.0)
Total plant consolidations		$25.0 - $34.0	$0.0 - $0.0	$15.0 - $25.0	$27.0 - $45.0
Other plant rationalizations					
M&E utilization (reject 50-60 machine leases)		1.0 - 3.0	0.0 - 0.0	2.0 - 3.0	2.0 - 3.0
Total plant rationalizations		$26.0 - $37.0	$0.0 - $0.0	$17.0 - $28.0	$29.0 - $48.0

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Strategic Plan

Purchasing Improvements

	EBITDA Impact $MM		
	2006	2007	2008
Purchasing Improvements (Electrical, Steel and Plastic)	8.0 - 10.0	22.0 - 25.0	8.0
Cumulative impact	8.0 - 10.0	30.0 - 35.0	38.0 - 43.0

* *Assumes raw material price increases are passed on to customers*

Strategic Plan

Cost Reductions - Corporate

- The consolidation of the corporate headquarters will initially save up to $1.8 million on an annualized basis in Phase 1, with up to $4 million annual savings to be realized at the completion of Phase 2.
  - Phase 1: Consolidate 350 Stephenson building into other HQ buildings and Plymouth acoustics facility. $1.8 million annual rent savings, cost $150K.
  - Phase 2: Move 150 and 250 Stephenson staff into another building or renegotiate with the existing landlord a deal with equal or greater savings at the existing headquarters location. $2.2 million annual rent savings, cost of $850K.

Strategic Plan

Several of the strategic initiatives will require additional funding to implement. A summary of the costs and related timing is presented below:

	Cost ($MM)	Timing
Manufacturing efficiencies	$10 - $15	Late '05 through '06
Reprocessed material program	6 - 8	Late '05 through mid-'07
Plant & machinery consolidations	30 - 41	Primarily in '06
Corporate overhead reductions	3 - 6	Late '05 early '06
Total	$49 - $70	

Strategic Plan

Sale of Non-Core Businesses

- C&A is considering selling certain Non-Core businesses. The pertinent financial information is listed below:

$ in millions	Outside Sales 2005	Outside Sales 2006	EBITDA 2005	EBITDA 2006	CapEx 2005	CapEx 2006	Potential Proceeds (a)
Non - Core - A	$ 105.4	$ 106.8	$ 13.3	$ 14.7	$ 1.0	$ 1.6	**$ 40 - $ 50**
Non - Core - B	78.7	85.3	8.4	10.5	5.9	8.8	**$ 20 - $ 30**
Non - Core - C	24.4	20.2	7.1	5.2	0.8	0.5	**$ 20 - $ 30**
Subtotal	208.5	212.2	28.7	30.5	7.7	10.9	**$ 80 - $ 110**
Non - Core - D	-	-	10.6	12.8	1.6	TBD	**$ 10 - $ 20**
Fabrics	207.9	149.0	(3.9)	(5.9)	7.3	3.6	**TBD**
Total Noncore Businesses	$ 416.4	$ 361.2	$ 24.8	$ 24.6	$ 15.0	$ 14.5	**$ 90 - $ 130**

(a) Estimates only; not based on formal valuation or offers

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Strategic Plan

Fabrics Business Unit

Customers tend to view fabrics as a price-driven commodity, tending to select cheaper alternative products/vendors when faced with a price increase. There are two major alternate domestic suppliers, Guilford Mills and Milliken, the market leader. All domestic fabric suppliers have been hit with raw material price increases, but have had difficulty passing along this increase to the customers. Several Asian companies are looking to establish domestic fabric production to service Asian customers. In addition, several OEMs are pushing to have their fabrics imported from low cost labor countries.

The Fabrics Division manufacturers textiles for the automotive industry with facilities in Roxboro and Farmville, North Carolina and El Paso, Texas. The principal automotive products include seating surfaces and headliners. Fabrics offers virtually every major weave/knit technology in the market. Total FY 05 and FY 06 sales for the automotive business line are expected to be approximately $194 million and $145 million, respectively.

Non-automotive business lines include casket liners and fabric for paint rollers. Combined these product lines achieve total annual sales and EBITDA in the amount of approximately $25 and $5 million, respectively.

Financial Performance

- Sales have declined from $316 million in FY 2003 to an estimated $220 million in FY 2005.
- Expected sales and EBITDA for FY 2006 are $172 million and ($2.9) million without any restructuring actions.
- Expected sales and EBITDA for FY 2006 are $178 million and $6.0 million with restructuring actions.
- Total capacity utilization is roughly 50%.

Strategic Plan

Fabrics Business Unit

Strategic Alternatives:

- Option 1 - Restructure the operations
- Option 2 – Sell as a going concern, establish a JV and/or sell individual assets

Option 1 - Restructure the business

- Operations
  - Close the Western Ave, Lowell dyeing facility and establish a supply agreement with Unifi to provide alternative dyeing solution.
  - Close the Elm Facility, consolidate woven velour equipment to Sycamore and sell or store the remaining velour weaving machines.
  - Reconfigure and expand the sales team to include more staff with an understanding of the characteristics of the fabrics business.
- Pricing
  - Fabrics has a number of contracts that are unprofitable or do not achieve acceptable margins.
  - Price increase proposals have been presented to the customers.
  - The FY 06 impact of the full price increase is $14.3 million, but it is unlikely the OEMs will agree to these increases.

Strategic Plan

Fabrics Business Unit

Option 2 - Sell as a going concern, establish a JV and/or sell individual assets

- Rationale for a sale:
  - The 2006 forecast is a negative $4.3 million EBITDA or break-even after several restructuring initiatives. Price increases, which OEMs have strongly resisted, are required to generate positive EBITDA.
  - Sales expected to continue to decline through 2008 due to loss of replacement programs, new business hold by OEMs and understaffed sales force.
  - Adverse trend toward commodity product status and movement of production to low labor countries.
  - Significant excess manufacturing capacity, especially related to woven velour which is trending down as a product offering.
- Sale process expectations:
  - Capturing "going-concern" value will depend upon desire of Guilford Mills or Asian supplier transplants to expand U.S. market share (Milliken unlikely to be interested).
  - Assess feasibility of establishing a JV with one of the Asian transplants.
  - Buyer interest likely to be for specific plants rather than whole business (in order of "salability": SW Laminates, Sycamore, Roxboro, and Elm).
  - Financial sponsors unlikely to be interested due to profitability issues although some offers can be expected at or near liquidation values.
  - Possibility exists to sell one or more plants and close/liquidate remaining plants.

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Strategic Plan

Fabrics Business Unit

Option 2 - Sell as a going concern, establish a JV and/or sell individual assets

The Direct US competitors

- Guilford Mills (owned by Cerberus) – has expressed interest in pieces of the business.
- Milliken – unlikely to be interested unless they buy the customer contracts (do not need any of the physical assets).

Direct foreign competitors

- Several Japanese competitors may be interested in one or more plants (and the related contracts) in order to develop or increase their US footprint.
- Kolon Glo Tech is a Korean competitor that has no US footprint.

Indirect competitors

- Leather interior suppliers may be interested
- Other automotive suppliers may be interested in expanding into adjacent businesses.

Financial buyers

- Given the lack of profitability, its unlikely a financial buyer would be interested in anything other than liquidation type deals.

Strategic Plan

Growth Opportunities

- Expand business with International Customers
- In order to expand its revenue base with the International customers C&A will implement the following:
  - Expand its sales resources in Asia where many of the product decisions are made.
  - Improve its cost structure to be competitive with many of the keiretsu entities that the Asians have established in the US.
  - Improve the product development relationships with the decision makers at these entities.
  - This will require the hiring/reallocating several new/existing sales people and engineers to focus on these customers.

Strategic Plan

Growth Opportunities - Grow Package Tray Product Category

- Rationale:
  - Carpet & Acoustics currently holds less than 5% of the market; the products currently sold are profitable.
  - The Package Tray market, at these higher margins, is a good use of capital.
  - The market for Package Trays is very fragmented – Lear holds the largest market share at roughly 20% and there are 8 other competitors that have between approximately 5-10% of the market.
  - Carpet & Acoustics has a superior finishing technique for a non-woven product that can be used as a substitute for fabric in higher end vehicles at a lower cost without a loss in product quality.
  - Customers have responded well to test products.
- Capacity and Capital
  - There is available capacity at the Montgomery plant to produce the non-woven fabric.
  - The two finishing machines at Montgomery would need modifications that would cost $175,000 per machine to increase productivity of the machine or an investment of $1.200,000 in new machines. This would be required to sell the non-woven fabric to Tier II customers.
  - To sell the entire package tray to Tier I customers, an analysis would be required of the molding and airlay equipment capacity available at Kitchener and Puebla.
  - Molding presses of this type typically cost $300,000 to $400,000.
- Action Items
  - Identify and target available programs; continue product research and work with OEM designers.
  - Determine whether Carpet & Acoustics should be a Tier 1 or Tier 2 supplier.
  - Analyze impact of Kitchener consolidation (fabrication plant)
  - Assess integration of Owosso blow molded /living hinge package tray

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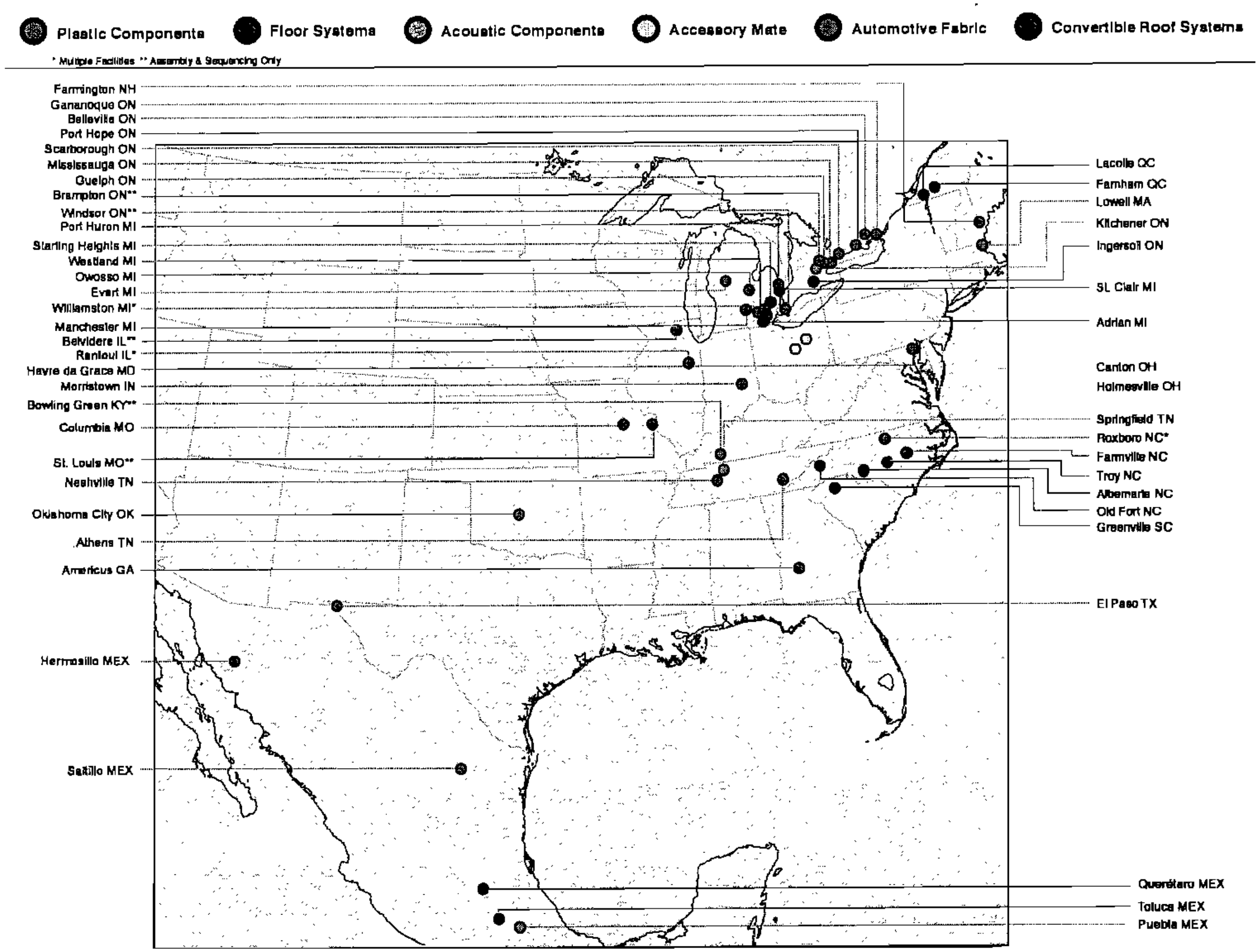
Appendix A - C&A Manufacturing Locations



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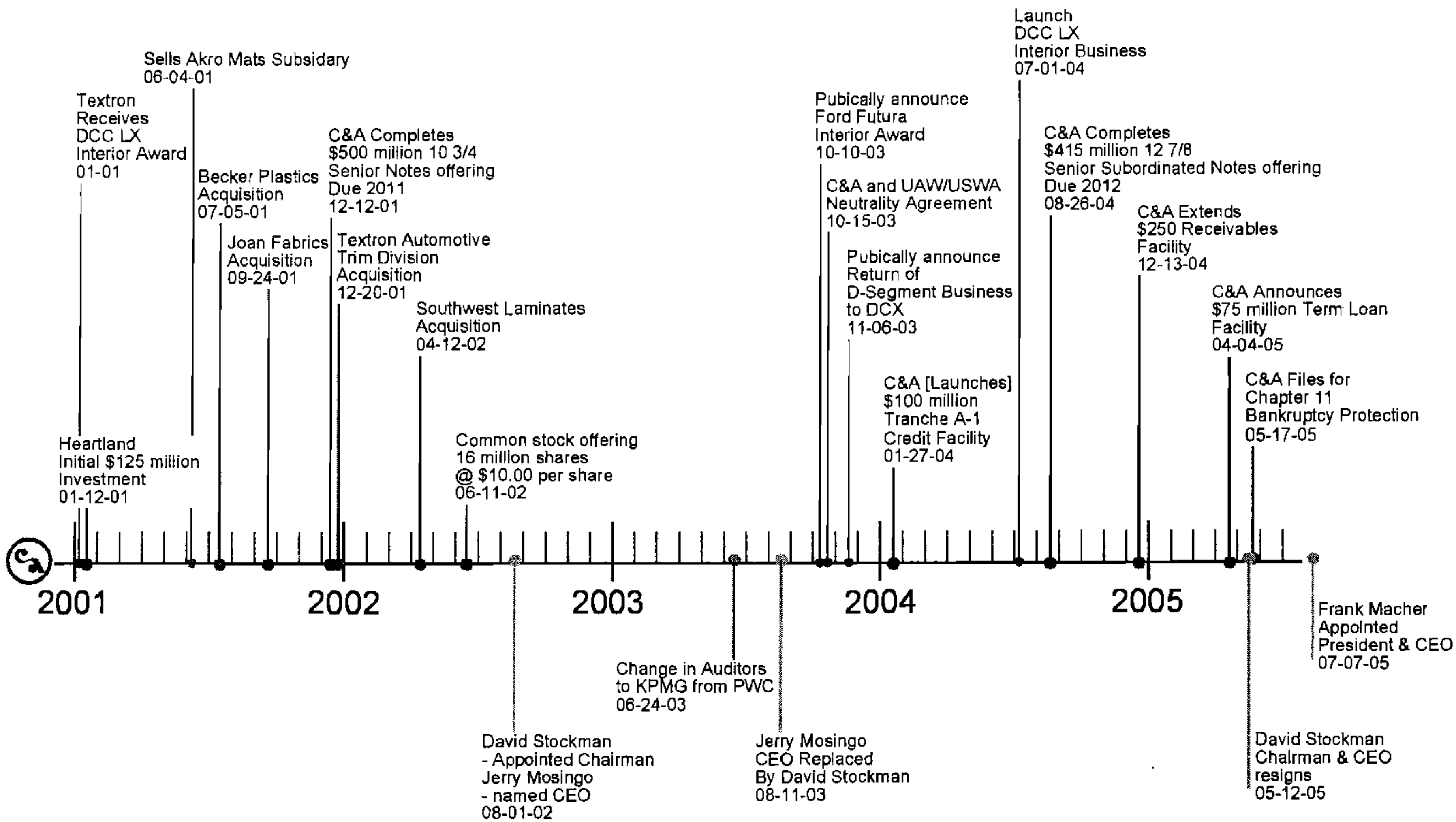
Appendix B – Recent Events Timeline



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Appendix C - Worldwide OEM Capacity Utilization [1]

Region	Capacity (millions)			Capacity Utilization (%)			Excess Capacity (millions)		
	2002	2005	2009	2002	2005	2009	2002	2005	2009
North America	19.1	19.5	20.1	86%	80%	85%	2.7	3.9	3.0
South America	4.1	4.4	4.3	46%	61%	68%	2.2	1.7	1.4
Europe	25.7	27.2	27.0	56%	67%	76%	11.3	9.0	6.5
Japan	12.6	14.2	14.1	79%	71%	76%	2.6	4.1	3.4
ROW	12.4	20.9	24.5	72%	64%	78%	3.5	7.5	5.4
Total	73.9	86.2	90.0	70%	70%	78%	22.3	26.2	19.6

[1] Source: JD Power 2nd Quarter Report

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EXHIBIT K

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Roll Forward of 2005 Est. EBITDA to 2006 Operating Plan
in millions

2005 Estimated EBITDA		**60**	
Less:			
Annualized Impact of Higher Costs During 2005 & Other		(77)	*
Increased Energy Costs		(9)	
Volume/Mix Change (i.e., primarily EBITDA from '05 sales not expected in '06)		(10)	
2005 Est. EBITDA at End of Year Cost Levels, net of Lost Volume		**(36)**	*
Revenue Improvements Already Obtained			
Incremental Pricing**	116		
One Time Customer Surcharges (1st Qtr. '06)**	11		
Subtotal		127	
Revenue Improvements Still " At Risk"			
Service Parts Bus	15		
Take Away Bus	13		
Ford Material Indexing	11		
Subtotal		39	
2006 Forecasted EBITDA Before Expense Savings Initiatives		**130**	
Expense Improvements			
Incremental Cost Savings per C&A 2006 Operation Plan		123	
Net Stretch Opportunities		12	
Total Expense Improvements		135	
2006 EBITDA per 2006 Operating Plan		**265**	***

Note

* *Represents estimated calculation for impact for rising commodity prices incurred in 2005, i.e., the annualized impact on 2005 EBITDA as if the increasing costs incurred during 2005 had been incurred for the entire year. This is an estimated amount based upon anecdotal information; it is not meant to be an exact calculation.*

***Already obtained Revenue Imporvements total $127*

**** 2005 EBITDA Bridge to 2006 Operating Plan per Capstone report entitled Lender Group Update-2006 Operating Plan dated March 6th, 2006.*

EXHIBIT L

Collins & Aikman Corp. - Financial Performance

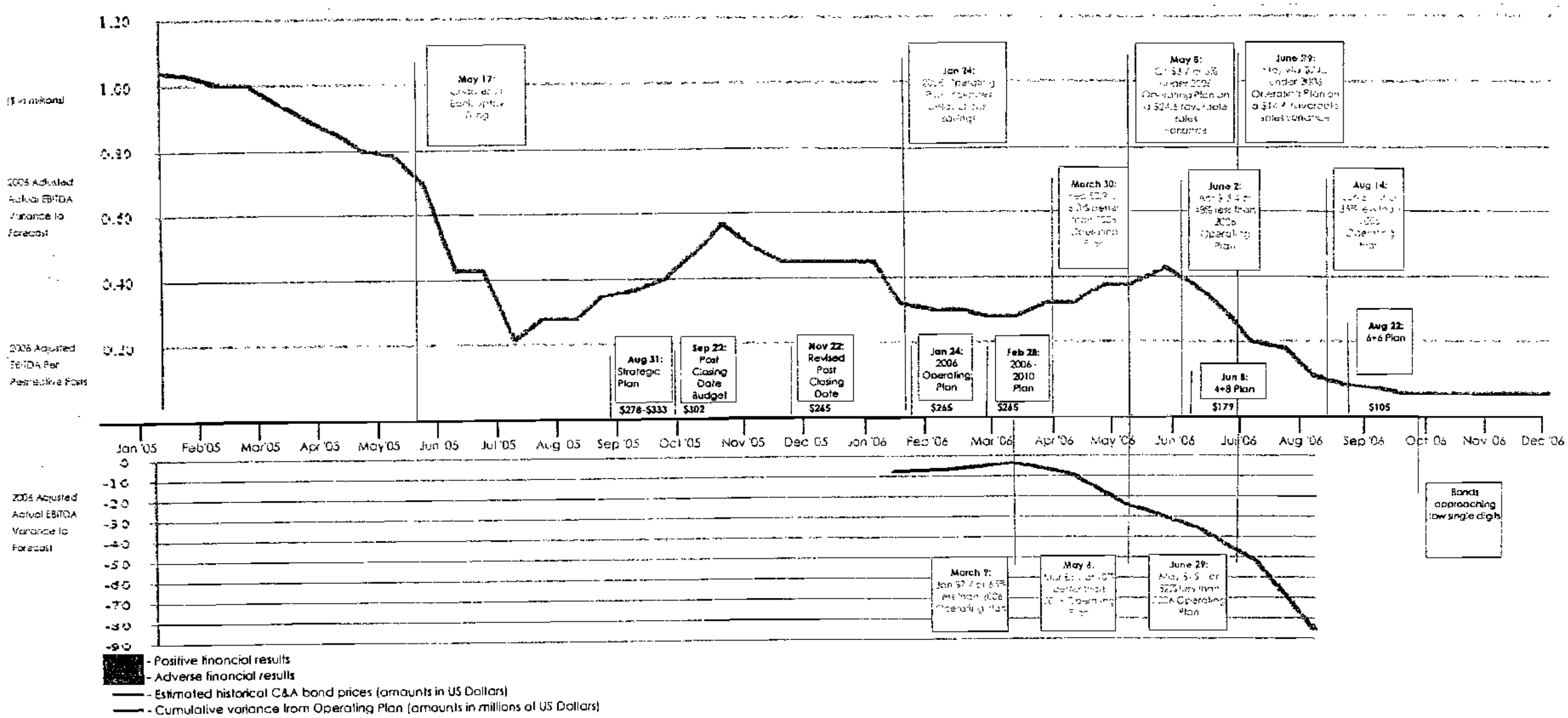


EXHIBIT M

Collins & Aikman

Revised Post-Closing Date Budget
September 2005 - May 2007

November 22, 2005

Revised Post-Closing Date Budget

SAFE HARBOR STATEMENT:

This document contains statements relating to future results of Collins & Aikman (including certain anticipated, believed, planned, forecasted, expected, targeted, and estimated results and Collins & Aikman's outlook concerning future results) that are "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward looking statements.

The financial projections contained in this presentation do not contain certain cost-savings and other items that would be necessary to realize for the Debtors to successfully emerge from Chapter 11 through a plan of reorganization or other transaction. Instead, the following presentation contains financial projections that assume a cost structure consistent with the Debtors continuing to operate in Chapter 11.

Key Assumptions

- The Revised Post-Closing Budget includes consolidating Income Statements, Balance Sheets, and Cash Flows for the US, Canada, and Mexico as well as consolidated North America
  - Unaudited, actual results are included for the period January 2005 – August 2005 for North America on a pro-forma basis to exclude the operations under European Administration
- Projected Sales Revenue are at customer release volumes through the end of 2005 where available. JD Power's June 2005 production forecast has been used for any products or time periods where customer releases are not available
- 2006 and 2007 volumes are per the June JD Power forecast adjusted for where the company believes it has better information on either start up / balance out dates or volumes
  - Industry volume assumptions for North America for 2006 and 2007 are 16.3 million and 16.8 million vehicles respectively
- All programs currently awarded to Collins & Aikman are included in the Revised Post-Closing Budget. No assumption has been made for potential contract rejection or loss of business due to actions taken by the customers to move business except for those noted in the notes describing Significant Revised Budget Adjustments
- C&A estimates that it can generate significant cost savings through plant consolidations, manufacturing efficiencies, purchasing optimization, material usage improvements and productivity enhancements. Cost savings estimates have not changed from the original 9/22 Post-Closing Budget estimates
- OE reimbursement for 3rd party tooling is assumed to occur concurrently with C&A vendor payments throughout the forecast period
- C&A's six largest customers are assumed to continue to provide fast-pay terms throughout the forecast period

Key Assumptions

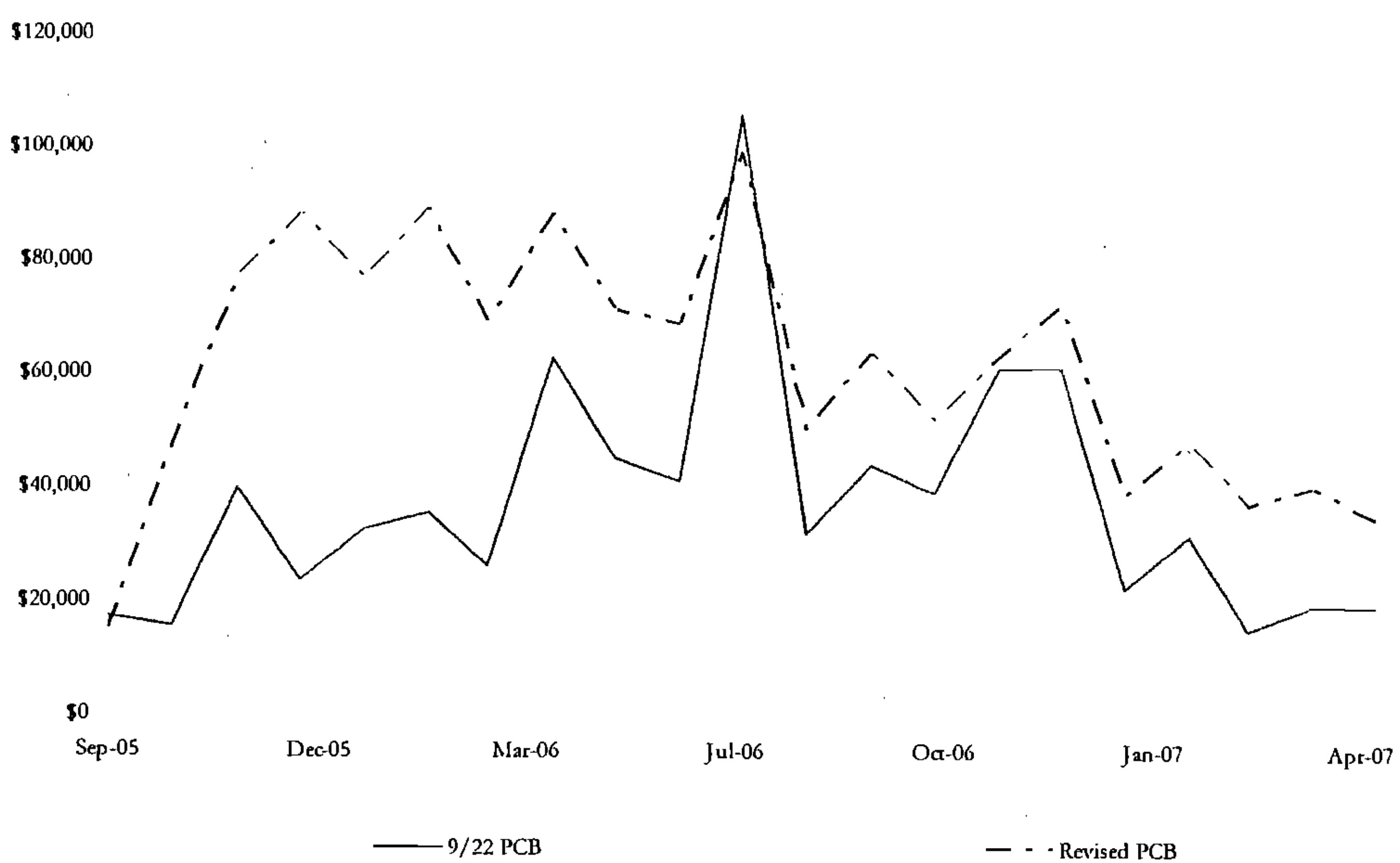
- Cash management for U.S. and Canada is through one concentration system. The model does not sweep cash from Canada to the U.S. for modeling simplicity purposes. Operating cash in the model is assumed to be the combination of U.S. and Canada balances. Mexico has a separate cash management system
- Projected C&A financial performance as outlined herein was based on numerous assumptions, some of which are manageable and others of which are mostly outside of C&A's direct control
- The following outlines some of the most significant risk factors that are likely to impact future operating performance:
  - Revenues are heavily dependent on the sales volumes of Chrysler, GM and Ford vehicles while their market shares continue to deteriorate
  - The ability to obtain commitments from primary customers on long-term sourcing that does not require material compromise to fair and reasonable re-pricing requests
  - Potential increase over time in primary customers' ability to re-source any material, core contracts
  - Sufficiency of capital to maintain production and progress on launches and future programs
  - The ability to pass through future supplier price increases in resin and other key raw materials and components for those customers who do not have indexing that fluctuates directly with the changes in the price index
- Effective July 15, 2005, Collins & Aikman's European Operations filed for Administration with the English High Court in London
  - Consolidation of those entities ceased at that time
  - To more accurately state the financial condition of the DIP entities, C&A has excluded the investment in Europe

Significant Revised Budget Adjustments

- C&A revised the September 22, 2005 Post Closing Budget ("PCB") to reflect updated information including the outcome of the customer negotiations
- The revenue forecast was adjusted for the following:
  - Matched price increases and surcharges to actual term-sheet levels
  - Adjusted for resourced Ford, Nissan, and Toyota business
  - Adjusted DCX fourth quarter 2005 volumes for extended shutdown
  - Removed 80% Target business
- Cost of Goods Sold was adjusted for costs associated with the above revenue adjustments
- Restructuring costs were adjusted to add contingency and shift forward timing of costs
- Opening balance sheet was adjusted for revised actual, unaudited August 31, 2005 balances
- Capital expenditures were adjusted for updated estimates; customer funding was extended through March 2006
- Balance sheet and cash flow adjustments include environmental, tax payable, amortization of other non-current assets, depreciation, tooling and molding, AR, AP
- Clerical errors in the original PCB were fixed

Cash Comparison

($ 000)



EBITDA Reconciliation

($ mm)

EBITDA BRIDGE

	2005			2006					2007	2005-2007
	Sept	Q4	Total	Q1	Q2	Q3	Q4	Total	Jan - May	Forecast Period
Post-Closing Budget (9/22/05)	**$42.5**	**$78.8**	**$121.3**	**$100.3**	**$79.2**	**$54.3**	**$68.5**	**$302.3**	**$126.9**	**$550.5**
Revenue Adjustments:										
Price Increases	$0.0	$26.5	$26.5	($11.9)	($5.1)	$2.1	($2.0)	($17.0)	$0.0	$9.5
Lost Business (Revenue)	0.0	(13.5)	(13.5)	(9.2)	(18.0)	(18.0)	(18.0)	(63.2)	(30.0)	(106.7)
80% Business Removed (Revenue)	0.0	0.0	0.0	0.0	0.0	(15.0)	(15.0)	(30.0)	(33.4)	(63.4)
Total Revenue Adjustments	**$0.0**	**$13.0**	**$13.0**	**($21.1)**	**($23.1)**	**($30.9)**	**($35.0)**	**($110.1)**	**($63.4)**	**($160.6)**
Expense Adjustments:										
Lost Business (COGS)	$0.0	$9.1	$9.1	$6.8	$14.0	$14.0	$14.0	$48.8	$23.3	$81.1
80% Business Removed (COGS)	$0.0	$0.0	$0.0	$0.0	$0.0	$12.0	$12.0	$24.0	$26.8	$50.8
Total Expense Adjustments	**$0.0**	**$9.1**	**$9.1**	**$6.8**	**$14.0**	**$26.0**	**$26.0**	**$72.8**	**$50.0**	**$131.9**
Revised Post-Closing Budget	**$42.5**	**$100.9**	**$143.4**	**$86.0**	**$70.0**	**$49.4**	**$59.5**	**$264.9**	**$113.5**	**$521.8**

Note: The forecast also includes adjustments for cash flow contingencies (SG&A), restructuring costs (SG&A), and bank fees (Interest), which do not affect EBITDA and are therefore excluded from the above EBITDA bridge

Price Increase Reconciliation

($ 000)

	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06	2006	5/31/07 YTD
PCB 9/22							
Price Increases	34,000	37,567	37,248	30,019	34,148	138,982	53,481
Surcharge	25,000	25,000	0	0	0	25,000	0
Price Relief	0	3,000	3,000	3,000	3,000	12,000	3,542
Total Price Relief	59,000	65,567	40,248	33,019	37,148	175,982	57,023
ACTUAL PRICE INCREASES							
Price Increases	35,500	45,118	35,127	35,127	35,127	150,500	57,023
Surcharge	50,000	8,500	0	0	0	8,500	0
Price Relief	0	0	0	0	0	0	0
Total Price Relief	85,500	53,618	35,127	35,127	35,127	159,000	57,023
PCB ADJUSTMENT							
Price Increases	1,500	7,551	(2,121)	5,109	979	11,518	3,542
Surcharge	25,000	(16,500)	0	0	0	(16,500)	0
Price Relief	0	(3,000)	(3,000)	(3,000)	(3,000)	(12,000)	(3,542)
Total Price Relief	26,500	(11,949)	(5,121)	2,109	(2,021)	(16,982)	0

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North America

($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)
Assets					
Cash & Cash Equivalents	$14,442	$47,031	$76,354	$87,810	$87,810
AR - Trade Net	309,493	299,442	285,584	265,167	265,167
AR - Other Non-Trade	8,911	9,020	9,161	9,094	9,094
Inventory Net	159,603	158,329	155,465	152,173	152,173
Tooling and Molding, net-current	59,092	55,592	52,092	46,492	46,492
Prepaid Expenses	116,773	120,323	120,273	121,039	121,039
Miscellaneous Current Assets	2,783	2,783	2,783	2,783	2,783
Current Assets	$671,099	$692,721	$701,712	$684,559	$684,559
Investments in Subsidiaries	125,540	125,540	125,540	125,540	125,540
PPE Net	554,689	629,583	634,845	641,303	641,303
Goodwill - Net	821,109	821,109	821,109	821,109	821,109
Deferred Tax Assets-Long Term	25,939	25,939	25,939	25,939	25,939
Tooling and Molding, net-Long Term	12,235	12,235	12,235	12,235	12,235
Other Noncurrent Assets	166,094	165,040	163,993	162,916	162,916
Inter Company Assets	307,459	307,459	307,459	307,459	307,459
Total Assets	**$2,684,164**	**$2,779,626**	**$2,792,832**	**$2,781,059**	**$2,781,059**
Liabilities and Equity					
Current Portion-Long Term Debt	$260,384	$260,384	$260,384	$250,384	$250,384
Current Portion-Capital Leases	135	8,665	8,665	8,665	8,665
Accounts Payable	100,499	101,485	100,620	99,514	99,514
Accrued Interest Payable	7,179	7,597	8,015	8,433	8,433
Accrued and Other Liabilities	79,580	96,356	108,862	120,094	120,094
Income Taxes Payable	(23,444)	(24,448)	(26,108)	(27,224)	(27,224)
Total Current Liabilities	$424,334	$450,039	$460,439	$459,867	$459,867
Pre Petition Liabilities	2,201,721	2,200,881	2,200,161	2,199,406	2,199,406
Long Term Debt	0	0	0	0	0
Capital Lease Obligations-Long Term	159	59,159	58,449	57,738	57,738
Deferred Income Taxes	29,231	29,231	29,231	29,231	29,231
Minority Interest in Consol Subs	1,107	1,107	1,107	1,107	1,107
Other Noncurrent Liabilities	232,368	228,075	223,773	219,480	219,480
Intercompany Liabilities	(0)	(0)	(0)	(0)	(0)
Total Liabilities	$2,888,920	$2,968,492	$2,973,158	$2,966,828	$2,966,828
Total Equity	($204,756)	($188,866)	($180,326)	($185,768)	($185,768)
Total Liabilities and Equity					
Total Liabilities and Equity	**$2,684,164**	**$2,779,626**	**$2,792,833**	**$2,781,060**	**$2,781,060**

Collins & Aikman

North America

($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)
Net Income (loss)	**$14,247**	**$15,889**	**$8,540**	**($5,442)**	**$33,234**
Asset Impairment	0	0	0	0	0
Depreciation	8,306	8,477	8,485	8,540	33,809
Amortization	1,064	1,054	1,047	1,077	4,242
Loss on sale of property, plant and equipment	0	0	0	0	0
Gain on curtailment of postretirement benefit p	0	4	4	4	13
(Increase) decrease in accounts and other receiv	(28,402)	9,943	13,717	20,483	15,741
(Increase) decrease in inventories	(8,432)	1,274	2,864	3,292	(1,003)
(Increase) decrease in prepaid assets	4,000	(3,750)	250	(766)	(266)
(Increase) decrease in tooling	0	3,500	3,500	5,600	12,600
(Increase) decrease in other assets	0	0	0	0	0
Increase (decrease) in accounts payable	14,544	986	(865)	(1,106)	13,559
Increase (decrease) in other liabilities	(24,697)	12,479	8,199	6,934	2,915
Other, net	617	(586)	(1,242)	(698)	(1,909)
Net cash used in operating activities	**($18,754)**	**$49,270**	**$44,301**	**$37,919**	**$112,936**
Additions to property, plant and equipment	**($16,121)**	**($83,371)**	**($13,748)**	**($14,997)**	**($128,236)**
Net cash provided by financing activities	**$24,018**	**$66,690**	**($1,431)**	**($11,466)**	**$77,812**
Net change in cash	**($10,856)**	**$32,589**	**$29,322**	**$11,456**	**$62,511**
Increase (decrease) in cash	**($10,856)**	**$32,589**	**$29,322**	**$11,456**	**$62,511**
Beginning Cash	25,298	14,442	47,031	76,354	25,298
Ending Cash	14,442	47,031	76,354	87,810	87,810

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Outside Sales	$239,565	$227,797	$259,957	$310,901	$240,035	$237,623	$130,033	$234,899	$213,500	$230,844	$213,810	$184,734	$2,623,699
Inter-Company Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Sales	**239,565**	**227,797**	**259,957**	**210,901**	**240,035**	**237,623**	**130,033**	**234,899**	**213,500**	**230,844**	**213,810**	**184,734**	**2,623,699**
Cost of Good Sold	205,096	199,081	222,878	189,558	208,111	213,667	129,052	200,515	194,311	199,837	187,780	171,227	2,321,113
Gross Profit	**34,470**	**28,717**	**37,079**	**21,343**	**31,924**	**23,956**	**981**	**34,384**	**19,189**	**31,007**	**26,030**	**13,507**	**302,586**
Total Selling, General & Admin	27,039	26,410	27,305	22,399	22,075	22,007	22,155	21,719	16,609	21,660	21,487	21,291	272,155
Operating Income	**7,431**	**2,307**	**9,774**	**(1,056)**	**9,849**	**1,949**	**(21,174)**	**12,664**	**2,579**	**9,347**	**4,543**	**(7,783)**	**30,431**
Net Interest	7,955	8,032	8,472	7,893	8,032	8,545	7,893	8,032	8,555	7,955	8,032	8,493	97,890
Loss on Sale of Receivables	13	11	10	12	11	14	12	12	15	16	13	13	150
Preferred Stock Accretion	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (Income) / Expense	371	304	254	307	279	370	182	167	259	293	213	218	3,216
Pretax Income	(908)	(6,040)	1,038	(9,267)	1,527	(6,979)	(29,261)	4,453	(6,250)	1,083	(3,715)	(16,507)	(70,825)
Income Taxes	361	351	361	356	344	366	370	359	369	307	350	358	4,311
Net Income Before Extraordinary Items	(1,268)	(6,391)	678	(9,623)	1,182	(7,345)	(29,631)	4,094	(6,619)	716	(4,065)	(16,865)	(75,136)
Disc Operations (Gain)/Loss	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	**($1,268)**	**($6,391)**	**$678**	**($9,623)**	**$1,182**	**($7,345)**	**($29,631)**	**$4,094**	**($6,619)**	**$716**	**($4,065)**	**($16,865)**	**($75,136)**
Memo: EBITDA Build													
Operating Income	$7,431	$2,307	$9,774	($1,056)	$9,849	$1,949	($21,174)	$12,664	$2,579	$9,347	$4,543	($7,783)	$30,431
Depreciation	8,159	8,183	8,314	8,332	8,348	8,323	8,287	8,352	8,424	8,433	8,581	8,622	100,360
Amortization	1,015	1,002	995	997	993	1,000	977	982	987	992	973	971	11,883
Professional Fees	8,000	8,000	8,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	78,000
KERP	1,166	1,167	1,167	1,166	1,167	1,167	1,166	1,167	1,167	1,166	1,167	1,167	14,000
Restructuring and Contingency	4,000	3,000	4,000	1,000	1,000	7,500	3,000	1,000	1,500	1,000	1,000	1,000	29,000
Amortization of Loss on Sale Leaseback	103	103	103	103	103	103	103	103	103	103	103	103	1,236
Asset Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
FAS 106	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted EBITDA	**$29,874**	**$23,761**	**$32,354**	**$16,542**	**$27,460**	**$26,042**	**($1,641)**	**$30,268**	**$20,761**	**$27,041**	**$22,368**	**$10,080**	**$264,910**

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Net income (loss)	($1,268)	($6,391)	$678	($9,623)	$1,182	($7,345)	($29,631)	$4,094	($6,619)	$716	($4,065)	($16,865)	($75,136)
Asset Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	8,159	8,183	8,314	8,332	8,348	8,323	8,287	8,352	8,424	8,433	8,581	8,622	100,360
Amortization	1,015	1,002	995	997	993	1,000	977	982	987	992	973	971	11,883
Loss on sale of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on curtailment of postretirement benefit p	4	4	4	4	4	4	4	4	4	4	4	4	53
(Increase) decrease in accounts and other receiv	(17,177)	10,204	(24,578)	30,287	(16,977)	1,392	63,537	(62,562)	12,715	(10,683)	10,586	15,879	12,623
(Increase) decrease in inventories	(722)	2,478	2,174	1,655	457	1,512	6,614	(4,903)	1,021	(1,590)	5,312	6,100	20,109
(Increase) decrease in prepaid assets	449	(2,301)	699	699	699	699	699	699	699	449	449	(766)	3,177
(Increase) decrease in tooling	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in accounts payable	832	(2,498)	(2,394)	(3,264)	2,373	6,870	(7,817)	8,298	8,784	(8,360)	(3,927)	9,911	8,806
Increase (decrease) in other liabilities	16,259	12,045	7,198	(5,403)	367	(6,122)	(1,381)	697	(969)	446	323	(9,299)	13,959
Other, net	(2,704)	3,570	(2,550)	3,526	(4,651)	3,264	(2,701)	2,627	(2,631)	3,350	(3,433)	3,418	1,085
Net cash used in operating activities	**$4,846**	**$26,297**	**($9,459)**	**$27,211**	**($7,203)**	**$9,597**	**$38,388**	**($41,710)**	**$22,416**	**($6,243)**	**$14,803**	**$17,975**	**$96,919**
Additions to property, plant and equipment	**($15,169)**	**($11,945)**	**($8,845)**	**($6,838)**	**($8,076)**	**($10,680)**	**($6,534)**	**($6,196)**	**($8,219)**	**($4,253)**	**($2,744)**	**($7,453)**	**($96,953)**
Net cash provided by financing activities	**($1,543)**	**($1,633)**	**($1,661)**	**($1,533)**	**($1,453)**	**($1,506)**	**($1,128)**	**($1,103)**	**($1,148)**	**($1,113)**	**($1,103)**	**($1,138)**	**($16,060)**
Net change in cash	**($11,866)**	**$12,719**	**($19,965)**	**$18,839**	**($16,731)**	**($2,589)**	**$30,726**	**($49,008)**	**$13,048**	**($11,609)**	**$10,957**	**$9,384**	**($16,095)**
Increase (decrease) in cash	**($11,866)**	**$12,719**	**($19,965)**	**$18,839**	**($16,731)**	**($2,589)**	**$30,726**	**($49,008)**	**$13,048**	**($11,609)**	**$10,957**	**$9,384**	**($16,095)**
Beginning Cash	87,810	75,944	88,663	68,697	87,537	70,805	68,217	98,943	49,935	62,983	51,374	62,331	87,810
Ending Cash	75,944	88,663	68,697	87,537	70,805	68,217	98,943	49,935	62,983	51,374	62,331	71,715	71,715

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	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Assets													
Cash & Cash Equivalents	$75,944	$88,663	$68,697	$87,537	$70,805	$68,317	$98,943	$49,935	$62,983	$51,374	$62,331	$71,715	$71,715
AR - Trade Net	282,349	270,788	295,079	264,963	281,675	280,107	216,583	278,800	265,803	276,101	265,194	249,082	249,082
AR - Other Non-Trade	9,089	10,446	10,733	10,561	10,827	11,003	10,990	11,334	11,617	12,002	12,323	12,556	12,556
Inventory Net	152,896	150,418	148,244	146,589	146,131	144,619	138,005	142,908	141,886	143,476	138,164	132,065	132,065
Tooling and Molding, net-current	46,492	46,492	46,492	46,492	46,492	46,492	46,492	46,492	46,492	46,492	46,492	46,492	46,492
Prepaid Expenses	120,589	122,890	122,191	121,491	120,792	120,093	119,393	118,694	117,995	117,545	117,096	117,862	117,862
Miscellaneous Current Assets	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783
Current Assets	$690,143	$692,480	$694,220	$680,417	$679,506	$673,314	$633,190	$650,947	$649,560	$649,775	$644,384	$632,555	$632,555
Investments in Subsidiaries	125,540	125,540	125,540	125,540	125,540	125,540	125,540	125,540	125,540	125,540	125,540	125,540	125,540
PPE Net	648,312	652,075	652,606	651,113	650,841	653,197	651,444	649,288	649,083	644,903	639,065	637,896	637,896
Goodwill - Net	821,109	821,109	821,109	821,109	821,109	821,109	821,109	821,109	821,109	821,109	821,109	821,109	821,109
Deferred Tax Assets-Long Term	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939
Tooling and Molding, net-Long Term	12,235	12,235	12,235	12,235	12,235	12,235	12,235	12,235	12,235	12,235	12,235	12,235	12,235
Other Noncurrent Assets	161,901	160,900	159,905	158,908	157,915	156,915	153,938	154,956	153,969	152,977	152,004	151,033	151,033
Inter Company Assets	307,459	307,459	307,459	307,459	307,459	307,459	307,459	307,459	307,459	307,459	307,459	307,459	307,459
Total Assets	**$2,792,639**	**$2,797,737**	**$2,799,012**	**$2,782,720**	**$2,780,544**	**$2,775,708**	**$2,732,854**	**$2,747,473**	**$2,744,893**	**$2,739,937**	**$2,727,735**	**$2,713,766**	**$2,713,766**
Liabilities and Equity													
Current Portion-Long Term Debt	$250,384	$250,384	$250,384	$250,384	$250,384	$230,384	$250,384	$250,384	$250,384	$250,384	$250,384	$250,384	$250,384
Current Portion-Capital Leases	8,665	8,665	8,665	8,665	8,665	8,665	8,665	8,665	8,665	8,665	8,665	8,665	8,665
Accounts Payable	100,346	97,848	95,454	92,190	94,563	101,433	93,615	101,914	110,697	102,337	98,410	108,320	108,320
Accrued Interest Payable	8,933	9,433	9,933	10,433	10,933	11,433	11,933	12,433	12,933	13,433	13,933	14,433	14,433
Accrued and Other Liabilities	135,820	147,330	154,386	148,466	148,348	142,108	140,037	140,258	139,181	139,145	138,992	129,586	129,586
Income Taxes Payable	(30,428)	(27,358)	(30,408)	(27,381)	(32,532)	(29,769)	(32,970)	(30,843)	(33,974)	(31,124)	(35,057)	(32,139)	(32,139)
Total Current Liabilities	$473,721	$486,303	$488,415	$482,758	$480,362	$484,256	$471,665	$483,812	$487,887	$482,841	$475,327	$479,250	$479,250
Pre Petition Liabilities	2,198,574	2,197,652	2,196,702	2,195,880	2,195,138	2,194,343	2,193,926	2,193,534	2,193,097	2,192,695	2,192,303	2,191,876	2,191,876
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations-Long Term	57,027	56,316	55,605	54,894	54,184	53,473	52,762	52,051	51,340	50,629	49,918	49,208	49,208
Deferred Income Taxes	29,231	29,231	29,231	29,231	29,231	29,231	29,231	29,231	29,231	29,231	29,231	29,231	29,231
Minority Interest in Consol Subs	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107
Other Noncurrent Liabilities	220,016	220,536	220,703	221,223	221,713	221,834	222,330	222,811	222,922	223,408	223,889	224,000	224,000
Intercompany Liabilities	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total Liabilities	$2,979,675	$2,991,164	$2,991,762	$2,985,092	$2,981,733	$2,984,243	$2,971,020	$2,981,545	$2,985,584	$2,979,911	$2,971,775	$2,974,671	$2,974,671
Total Equity	($187,036)	($193,427)	($192,749)	($202,372)	($201,189)	($208,534)	($238,166)	($234,071)	($240,690)	($239,974)	($244,039)	($260,904)	($260,904)
Total Liabilities and Equity													
Total Liabilities and Equity	**$2,792,639**	**$2,797,737**	**$2,799,013**	**$2,782,720**	**$2,780,544**	**$2,775,709**	**$2,732,855**	**$2,747,473**	**$2,744,894**	**$2,739,937**	**$2,727,736**	**$2,713,766**	**$2,713,766**

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($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 (P)
Outside Sales	$222,061	$223,423	$228,017	$218,493	$220,365	$1,112,359
Inter-Company Sales	0	0	0	0	0	0
Net Sales	**222,061**	**223,423**	**228,017**	**218,493**	**220,365**	**1,112,359**
Cost of Good Sold	199,805	196,198	211,822	193,660	192,864	994,349
Gross Profit	**22,256**	**27,225**	**16,195**	**24,833**	**27,501**	**118,010**
Total Selling, General & Admin	20,204	19,795	8,822	19,919	19,003	87,743
Operating Income	**2,052**	**7,430**	**7,372**	**4,914**	**8,498**	**30,267**
Net Interest	7,589	7,739	8,189	7,589	7,739	38,847
Loss on Sale of Receivables	0	0	0	0	0	0
Preferred Stock Accretion	0	0	0	0	0	0
Other (Income) / Expense	(400)	(400)	(400)	(400)	(400)	(2,000)
Pretax Income	(5,137)	91	(417)	(2,275)	1,159	(6,580)
Income Taxes	435	420	433	424	413	2,124
Net Income Before Extraordinary Items	(5,572)	(329)	(850)	(2,699)	745	(8,704)
Disc Operations (Gain)/Loss	0	0	0	0	0	0
Net Income	**($5,572)**	**($329)**	**($850)**	**($2,699)**	**$745**	**($8,704)**
Memo: EBITDA Build						
Operating Income	$2,052	$7,430	$7,372	$4,914	$8,498	$30,267
Depreciation	8,550	8,556	8,573	8,579	8,577	42,835
Amortization	933	932	935	917	916	4,633
Professional Fees	6,000	6,000	6,000	6,000	6,000	30,000
KERP	1,166	1,167	1,167	1,166	583	5,249
Restructuring and Contingency	0	0	0	0	0	0
Amortization of Loss on Sale Leaseback	103	103	103	103	103	515
Asset Impairment	0	0	0	0	0	0
FAS 106	0	0	0	0	0	0
Adjusted EBITDA	**$18,804**	**$24,189**	**$24,150**	**$21,678**	**$24,678**	**$113,499**

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($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 (P)
Assets						
Cash & Cash Equivalents	$38,526	$47,670	$36,904	$39,972	$34,682	$34,682
AR - Trade Net	273,133	274,091	276,980	271,054	272,090	272,090
AR - Other Non-Trade	12,534	12,666	12,839	13,184	13,606	13,606
Inventory Net	130,812	129,328	129,089	127,387	126,106	126,106
Tooling and Molding, net-current	46,492	46,492	46,492	46,492	46,492	46,492
Prepaid Expenses	117,412	119,963	119,514	119,064	118,615	118,615
Miscellaneous Current Assets	2,783	2,783	2,783	2,783	2,783	2,783
Current Assets	$621,692	$632,994	$634,601	$619,936	$614,375	$614,375
Investments in Subsidiaries	125,540	125,540	125,540	125,540	125,540	125,540
PPE Net	638,701	638,175	651,321	652,172	650,135	650,135
Goodwill - Net	821,109	821,109	821,109	821,109	821,109	821,109
Deferred Tax Assets-Long Term	25,939	25,939	25,939	25,939	25,939	25,939
Tooling and Molding, net-Long Term	12,235	12,235	12,235	12,235	12,235	12,235
Other Noncurrent Assets	150,100	149,168	148,233	147,316	146,400	146,400
Inter Company Assets	307,459	307,459	307,459	307,459	307,459	307,459
Total Assets	**$2,702,775**	**$2,712,619**	**$2,716,437**	**$2,711,707**	**$2,703,191**	**$2,703,191**
Liabilities and Equity						
Current Portion-Long Term Debt	$250,384	$250,384	$250,384	$250,384	$250,384	$250,384
Current Portion-Capital Leases	8,665	8,665	8,665	8,665	8,665	8,665
Accounts Payable	106,002	113,154	123,473	118,451	119,479	119,479
Accrued Interest Payable	14,933	15,433	15,933	16,433	16,933	16,933
Accrued and Other Liabilities	129,487	129,417	128,250	128,144	122,760	122,760
Income Taxes Payable	(35,269)	(32,327)	(35,344)	(32,411)	(37,484)	(37,484)
Total Current Liabilities	$474,202	$484,727	$491,361	$489,667	$480,738	$480,738
Pre Petition Liabilities	2,191,626	2,191,376	2,191,001	2,190,746	2,190,506	2,190,506
Long Term Debt	0	0	0	0	0	0
Capital Lease Obligations-Long Term	48,497	47,786	47,075	46,364	45,653	45,653
Deferred Income Taxes	29,231	29,231	29,231	29,231	29,231	29,231
Minority Interest in Consol Subs	1,107	1,107	1,107	1,107	1,107	1,107
Other Noncurrent Liabilities	224,589	225,198	224,317	224,946	225,565	225,565
Intercompany Liabilities	(0)	(0)	(0)	(0)	(0)	(0)
Total Liabilities	$2,969,251	$2,979,425	$2,984,091	$2,982,061	$2,972,800	$2,972,800
Total Equity	($266,476)	($266,805)	($267,655)	($270,354)	($269,608)	($269,608)
Total Liabilities and Equity						
Total Liabilities and Equity	**$2,702,775**	**$2,712,620**	**$2,716,437**	**$2,711,707**	**$2,703,191**	**$2,703,191**

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($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 (P)
Net Income (loss)	**($5,572)**	**($329)**	**($850)**	**($2,699)**	**$745**	**($8,704)**
Asset Impairment	0	0	0	0	0	0
Depreciation	8,550	8,556	8,573	8,579	8,577	42,835
Amortization	933	932	935	917	916	4,633
Loss on sale of property, plant and equipment	0	0	0	0	0	0
Gain on curtailment of postretirement benefit p	4	4	4	4	4	22
(Increase) decrease in accounts and other receiv	(24,029)	(1,090)	(3,062)	5,380	(1,457)	(24,057)
(Increase) decrease in inventories	1,253	1,483	239	1,703	1,280	5,959
(Increase) decrease in prepaid assets	449	(2,551)	449	449	449	(753)
(Increase) decrease in tooling	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0
Increase (decrease) in accounts payable	(2,318)	7,153	10,319	(5,022)	1,027	11,159
Increase (decrease) in other liabilities	486	535	(2,053)	519	(4,769)	(5,282)
Other, net	(2,630)	3,442	(2,518)	3,433	(4,573)	(2,845)
Net cash used in operating activities	**($22,874)**	**$18,136**	**$12,037**	**$13,464**	**$2,201**	**$22,965**
Additions to property, plant and equipment	**($9,355)**	**($8,031)**	**($21,718)**	**($9,430)**	**($6,540)**	**($55,074)**
Net cash provided by financing activities	**($961)**	**($961)**	**($1,086)**	**($966)**	**($951)**	**($4,924)**
Net change in cash	**($33,189)**	**$9,144**	**($10,766)**	**$3,068**	**($5,289)**	**($37,033)**
Increase (decrease) in cash	**($33,189)**	**$9,144**	**($10,766)**	**$3,068**	**($5,289)**	**($37,033)**
Beginning Cash	71,715	38,526	47,670	36,904	39,972	71,715
Ending Cash	38,526	47,670	36,904	39,972	34,682	34,682

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($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)
Outside Sales	$201,022	$175,426	$154,591	$137,578	$2,065,744
Inter-Company Sales	6,855	6,113	6,307	5,553	84,647
Net Sales	**207,877**	**181,539**	**160,897**	**143,131**	**2,150,391**
Cost of Good Sold	166,601	144,449	132,821	121,847	1,909,169
Gross Profit	**41,276**	**37,089**	**28,076**	**21,283**	**241,221**
Total Selling, General & Admin	18,674	22,095	21,875	22,631	203,368
Operating Income	**22,602**	**14,994**	**6,201**	**(1,347)**	**37,853**
Net Interest	13,269	7,488	7,150	7,000	94,940
Loss on Sale of Receivables	0	0	0	0	1,613
Preferred Stock Accretion	0	0	0	0	18,148
Other (Income) / Expense	(388)	(393)	(393)	(393)	(19,967)
Pretax Income	9,721	7,899	(556)	(7,934)	(56,882)
Income Taxes	0	0	0	0	1,086
Net Income Before Extraordinary Items	9,721	7,899	(556)	(7,934)	(57,967)
Disc Operations (Gain)/Loss	(900)	(900)	(900)	(900)	(10,802)
Net Income	**$10,621**	**$8,799**	**$344**	**($7,054)**	**($47,165)**

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($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)
Assets					
Cash & Cash Equivalents	$19,925	$47,938	$69,799	$69,969	69,969
AR - Trade Net	272,924	259,550	242,055	233,475	233,475
AR - Other Non-Trade	4,108	4,103	4,098	4,076	4,076
Inventory Net	121,673	121,389	118,238	115,759	115,759
Tooling and Molding, net-current	58,550	55,050	51,350	45,950	45,950
Prepaid Expenses	67,285	71,035	70,785	71,551	71,551
Miscellaneous Current Assets	(88)	(88)	(88)	(88)	(88)
Current Assets	$544,378	$558,978	$556,437	$540,691	$540,691
Investments in Subsidiaries	229,601	229,601	229,601	229,601	229,601
PPE Net	371,674	378,300	381,026	385,544	385,544
Goodwill - Net	492,554	492,554	492,554	492,554	492,554
Deferred Tax Assets-Long Term	25,939	25,939	25,939	25,939	25,939
Tooling and Molding, net-Long Term	13,816	13,816	13,816	13,816	13,816
Other Noncurrent Assets	97,847	96,866	95,890	94,908	94,908
Inter Company Assets	806,124	806,124	806,124	806,124	806,124
Total Assets	**$2,581,933**	**$2,602,178**	**$2,601,388**	**$2,589,177**	**$2,589,177**
Liabilities and Equity					
Notes Payable	$0	$0	$0	$0	$0
Short Term Borrowings	0	0	0	0	0
Advance on Receivables	0	0	0	0	0
Current Portion-Long Term Debt	260,384	260,384	260,384	250,384	250,384
Current Portion-Capital Leases	0	0	0	0	0
Accounts Payable	34,503	35,820	32,526	33,761	33,761
Accrued Interest Payable	7,179	7,597	8,015	8,433	8,433
Accrued and Other Liabilities	57,404	71,671	78,575	86,178	86,178
Income Taxes Payable	(4,429)	(4,529)	(5,354)	(5,394)	(5,394)
Total Current Liabilities	$355,041	$370,943	$374,147	$373,362	$373,362
Pre Petition Liabilities	2,201,721	2,200,881	2,200,161	2,199,406	2,199,406
Long Term Debt	0	0	0	0	0
Capital Lease Obligations-Long Term	0	0	0	0	0
Deferred Income Taxes	20,832	20,832	20,832	20,832	20,832
Minority Interest in Consol Subs	1,107	1,107	1,107	1,107	1,107
Other Noncurrent Liabilities	188,079	184,461	180,844	177,227	177,227
Intercompany Liabilities	0	0	0	0	0
Total Liabilities	$2,766,779	$2,778,224	$2,777,090	$2,771,933	$2,771,933
Total Equity	($184,845)	($176,046)	($175,701)	($182,755)	($182,755)
Total Liabilities and Equity	**$2,581,934**	**$2,602,178**	**$2,601,388**	**$2,589,178**	**$2,589,178**

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($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)
Net income (loss)	**$10,621**	**$8,799**	**$344**	**($7,054)**	**$12,711**
Asset Impairment	0	0	0	0	0
Depreciation	5,828	5,261	5,265	5,313	21,667
Amortization	987	981	976	982	3,926
Loss on sale of property, plant and equipment	0	0	0	0	0
Gain on curtailment of postretirement benefit pla	0	0	0	0	0
(Increase) decrease in accounts and other receivab	(25,212)	13,379	17,500	8,603	14,270
(Increase) decrease in inventories	(1,652)	284	3,151	2,479	4,262
(Increase) decrease in prepaid assets	4,000	(3,750)	250	(766)	(266)
(Increase) decrease in tooling	0	3,500	3,500	5,600	12,600
(Increase) decrease in other assets	0	0	0	0	0
Increase (decrease) in accounts payable	7,804	1,317	(3,294)	1,235	7,062
Increase (decrease) in other liabilities	(25,576)	10,650	3,287	3,986	(7,654)
Other, net	1,356	318	(407)	378	1,645
Net cash used in operating activities	**($21,844)**	**$40,740**	**$30,572**	**$20,755**	**$70,223**
Additions to property, plant and equipment	**($12,500)**	**($11,886)**	**($7,991)**	**($9,831)**	**($42,209)**
Net cash provided by financing activities	**$23,841**	**($840)**	**($720)**	**($10,755)**	**$11,526**
Increase (decrease) in cash	**($10,503)**	**$28,013**	**$21,861**	**$169**	**$39,541**
Beginning Cash	30,428	19,925	47,938	69,799	30,428
Ending Cash	19,925	47,938	69,799	69,969	69,969

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Outside Sales	$154,318	$147,304	$166,550	$136,313	$151,475	$149,303	$85,127	$148,332	$134,714	$145,213	$132,098	$119,929	$1,670,676
Inter-Company Sales	7,047	6,570	7,095	6,271	7,022	7,306	4,531	6,868	6,821	7,083	6,666	5,407	78,688
Net Sales	**161,366**	**153,874**	**173,646**	**142,583**	**158,497**	**156,609**	**89,659**	**155,200**	**141,534**	**152,296**	**138,764**	**125,337**	**1,749,364**
Cost of Good Sold	135,967	134,563	150,932	128,559	139,313	143,808	87,683	132,545	130,329	131,190	123,144	115,068	1,553,102
Gross Profit	**25,599**	**19,309**	**22,714**	**14,025**	**19,185**	**12,802**	**1,976**	**22,655**	**11,205**	**21,106**	**15,620**	**10,269**	**196,262**
Total Selling, General & Admin	25,623	24,981	25,765	20,976	20,687	20,576	20,746	20,331	15,207	20,233	20,097	19,875	255,099
Operating Income	**(225)**	**(5,672)**	**(3,051)**	**(6,952)**	**(1,503)**	**(7,774)**	**(18,771)**	**2,324**	**(4,002)**	**872**	**(4,478)**	**(9,606)**	**(58,837)**
Net Interest	7,000	7,150	7,600	7,000	7,150	7,600	7,000	7,150	7,600	7,000	7,150	7,600	87,000
Loss on Sale of Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
Preferred Stock Accretion	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (Income) / Expense	(393)	(393)	(393)	(404)	(404)	(404)	(404)	(404)	(404)	(404)	(404)	(404)	(4,813)
Pretax Income	(6,832)	(12,429)	(10,258)	(13,548)	(8,249)	(14,970)	(25,367)	(4,422)	(11,198)	(5,724)	(11,224)	(16,802)	(141,022)
Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income Before Extraordinary Items	(6,832)	(12,429)	(10,258)	(13,548)	(8,249)	(14,970)	(25,367)	(4,422)	(11,198)	(5,724)	(11,224)	(16,802)	(141,022)
Disc Operations (Gain)/Loss	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	**($6,832)**	**($12,429)**	**($10,258)**	**($13,548)**	**($8,249)**	**($14,970)**	**($25,367)**	**($4,422)**	**($11,198)**	**($5,724)**	**($11,224)**	**($16,802)**	**($141,022)**

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($ In thousands)

	JAN 06	FEB 06	MAR 86	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Assets													
Cash & Cash Equivalents	$58,845	$64,239	$45,547	$49,573	$33,439	$23,774	$42,145	$3,171	$10,957	($6,739)	($2,799)	($5,019)	($5,019)
AR - Trade Net	244,035	236,001	249,932	228,769	238,799	237,362	194,911	236,720	227,711	234,657	225,981	217,932	217,932
AR - Other Non-Trade	5,404	5,399	5,394	5,389	5,385	5,380	5,375	5,370	5,366	5,361	5,356	5,351	5,351
Inventory Net	116,726	114,688	112,247	111,719	111,018	108,508	104,263	107,894	106,842	108,253	103,344	98,296	98,296
Tooling and Molding, net-current	45,950	45,950	45,950	45,950	45,950	45,950	45,950	45,950	45,950	45,950	45,950	45,950	45,950
Prepaid Expenses	71,102	73,402	72,703	72,004	71,304	70,605	69,906	69,306	68,507	68,058	67,608	68,374	68,374
Miscellaneous Current Assets	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)	(88)
Current Assets	$541,973	$539,611	$531,685	$513,316	$505,807	$491,491	$462,462	$468,224	$465,245	$455,451	$445,353	$430,796	$430,796
Investments in Subsidiaries	229,601	229,601	229,601	229,601	229,601	229,601	229,601	229,601	229,601	229,601	229,601	229,601	229,601
PPE Net	391,864	393,735	395,468	395,222	396,074	399,706	399,284	397,066	398,180	395,861	392,322	392,474	392,474
Goodwill - Net	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554
Deferred Tax Assets-Long Term	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939
Tooling and Molding, net-Long Term	13,816	13,816	13,816	13,816	13,816	13,816	13,816	13,816	13,816	13,816	13,816	13,816	13,616
Other Noncurrent Assets	93,921	92,946	91,979	91,008	90,043	89,071	88,115	87,162	86,202	85,238	84,290	83,344	83,344
Inter Company Assets	806,124	806,124	806,124	806,124	806,124	806,124	806,124	806,124	806,124	806,124	806,124	806,124	806,124
Total Assets	$2,595,792	$2,594,326	$2,587,166	$2,567,581	$2,559,958	$2,548,303	$2,517,895	$2,520,486	$2,517,660	$2,504,584	$2,489,999	$2,474,648	$2,474,648
Liabilities and Equity													
Notes Payable	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Short Term Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0
Advance on Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Portion-Long Term Debt	250,384	250,384	250,384	250,384	250,384	250,384	250,384	250,384	250,384	250,384	250,384	250,384	250,384
Current Portion-Capital Leases	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	31,681	31,631	27,725	26,500	28,238	34,714	29,515	36,071	44,586	36,061	32,242	42,076	42,076
Accrued Interest Payable	8,933	9,433	9,933	10,433	10,933	11,433	11,933	12,433	12,933	13,433	13,933	14,433	14,433
Accrued and Other Liabilities	100,848	110,874	117,366	111,503	111,391	107,806	106,693	106,581	105,496	105,383	105,270	95,936	95,936
Income Taxes Payable	(5,494)	(5,371)	(5,326)	(5,242)	(7,287)	(7,487)	(7,587)	(8,412)	(8,452)	(8,552)	(9,377)	(9,417)	(9,417)
Total Current Liabilities	$386,353	$396,951	$400,082	$393,578	$393,659	$396,851	$390,939	$397,057	$404,948	$396,710	$392,453	$393,412	$393,412
Pre Petition Liabilities	2,198,574	2,197,652	2,196,702	2,195,880	2,195,138	2,194,343	2,193,926	2,193,534	2,193,097	2,192,695	2,192,303	2,191,876	2,191,876
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations-Long Term	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Income Taxes	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832
Minority Interest in Consol Subs	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107
Other Noncurrent Liabilities	178,514	179,801	180,720	182,007	183,294	184,213	185,500	186,787	187,706	188,993	190,280	191,199	191,199
Intercompany Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	$2,785,379	$2,796,342	$2,799,442	$2,793,403	$2,794,029	$2,797,344	$2,792,303	$2,799,316	$2,807,688	$2,800,336	$2,796,974	$2,798,425	$2,798,425
Total Equity	($189,587)	($202,016)	($212,275)	($225,822)	($234,071)	($249,041)	($274,408)	($278,830)	($290,028)	($295,751)	($306,975)	($323,777)	($323,777)
Total Liabilities and Equity	$2,595,792	$2,594,326	$2,587,167	$2,567,581	$2,559,958	$2,548,303	$2,517,895	$2,520,486	$2,517,661	$2,504,585	$2,489,999	$2,474,648	$2,474,648

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Net income (loss)	($6,832)	($12,429)	($10,258)	($13,548)	($8,249)	($14,970)	($25,367)	($4,422)	($11,198)	($5,724)	($11,224)	($16,802)	($141,022)
Asset Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	5,113	5,131	5,202	5,212	5,222	5,190	5,135	5,198	5,234	5,239	5,386	5,417	62,678
Amortization	988	975	966	971	966	971	956	953	960	964	948	946	11,565
Loss on sale of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on curtailment of postretirement benefit plai	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in accounts and other receivab	(11,889)	8,039	(13,927)	21,168	(10,025)	1,441	42,456	(41,804)	9,013	(6,941)	8,680	8,054	14,267
(Increase) decrease in inventories	(967)	2,038	2,442	527	701	2,510	4,245	(3,631)	1,053	(1,411)	4,910	5,048	17,463
(Increase) decrease in prepaid assets	449	(2,301)	699	699	699	699	699	699	699	449	449	(766)	3,177
(Increase) decrease in tooling	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in accounts payable	(2,080)	(51)	(3,906)	(1,225)	1,738	6,476	(5,199)	6,556	8,516	(8,525)	(3,819)	9,834	8,315
Increase (decrease) in other liabilities	15,958	11,313	7,410	(4,575)	1,175	(2,666)	175	1,175	(166)	1,175	1,175	(8,416)	23,730
Other, net	400	623	545	584	(1,545)	300	400	(325)	460	400	(325)	460	1,977
Net cash used in operating activities	$1,140	$13,338	($10,826)	$9,813	($9,318)	($48)	$23,500	($35,602)	$14,570	($14,374)	$6,180	$3,775	$12,150
Additions to property, plant and equipment	($11,432)	($7,002)	($6,935)	($4,966)	($6,073)	($8,822)	($4,712)	($2,980)	($6,547)	($2,920)	($1,848)	($5,568)	($69,608)
Net cash provided by financing activities	($832)	($922)	($950)	($822)	($742)	($793)	($417)	($392)	($437)	($402)	($392)	($427)	($7,530)
Increase (decrease) in cash	($11,124)	$5,414	($18,712)	$4,025	($16,133)	($9,665)	$18,371	($38,974)	$7,786	($17,696)	$3,940	($2,220)	($74,988)
Beginning Cash	69,969	58,845	64,259	45,547	49,573	33,439	23,774	42,145	3,171	10,957	(6,739)	(2,799)	69,969
Ending Cash	58,845	64,259	45,547	49,573	33,439	23,774	42,145	3,171	10,957	(6,739)	(2,799)	(5,019)	(5,019)

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($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 (P)
Outside Sales	$151,376	$152,799	$156,797	$148,805	$149,886	$759,662
Inter-Company Sales	7,900	7,732	7,742	7,493	7,571	38,437
Net Sales	**159,275**	**160,531**	**164,539**	**156,297**	**157,456**	**798,099**
Cost of Good Sold	142,930	140,749	145,306	137,623	137,882	704,490
Gross Profit	**16,345**	**19,782**	**19,233**	**18,675**	**19,574**	**93,609**
Total Selling, General & Admin	18,823	18,396	7,306	18,526	17,642	80,692
Operating Income	**(2,478)**	**1,386**	**11,927**	**149**	**1,933**	**12,917**
Net Interest	7,000	7,150	7,600	7,000	7,150	35,900
Loss on Sale of Receivables	0	0	0	0	0	0
Preferred Stock Accretion	0	0	0	0	0	0
Other (Income) / Expense	(400)	(400)	(400)	(400)	(400)	(2,000)
Pretax Income	(9,078)	(5,364)	4,727	(6,451)	(4,817)	(20,983)
Income Taxes	0	0	0	0	0	0
Net Income Before Extraordinary Items	(9,078)	(5,364)	4,727	(6,451)	(4,817)	(20,983)
Disc Operations (Gain)/Loss	0	0	0	0	0	0
Net Income	**($9,078)**	**($5,364)**	**$4,727**	**($6,451)**	**($4,817)**	**($20,983)**

Collins & Aikman

US

($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 (P)
Assets						
Cash & Cash Equivalents	($32,386)	($29,902)	($20,995)	($19,705)	($23,090)	($23,090)
AR - Trade Net	238,733	239,675	242,319	237,032	237,747	237,747
AR - Other Non-Trade	5,043	5,038	5,033	5,029	5,024	5,024
Inventory Net	97,235	97,564	97,532	95,818	94,943	94,943
Tooling and Molding, net-current	45,950	45,950	45,950	45,950	45,950	45,950
Prepaid Expenses	67,925	70,475	70,026	69,577	69,127	69,127
Miscellaneous Current Assets	(88)	(88)	(88)	(88)	(88)	(88)
Current Assets	$422,412	$428,712	$439,779	$433,612	$429,614	$429,614
Investments in Subsidiaries	229,601	229,601	229,601	229,601	229,601	229,601
PPE Net	389,635	386,015	389,514	386,986	383,478	383,478
Goodwill - Net	492,554	492,554	492,554	492,554	492,554	492,554
Deferred Tax Assets-Long Term	25,939	25,939	25,939	25,939	25,939	25,939
Tooling and Molding, net-Long Term	13,816	13,816	13,816	13,816	13,816	13,816
Other Noncurrent Assets	82,438	81,332	80,624	79,734	78,844	78,844
Inter Company Assets	806,124	806,124	806,124	806,124	806,124	806,124
Total Assets	**$2,462,519**	**$2,464,293**	**$2,477,951**	**$2,468,366**	**$2,459,970**	**$2,459,970**
Liabilities and Equity						
Notes Payable	$0	$0	$0	$0	$0	$0
Short Term Borrowings	0	0	0	0	0	0
Advance on Receivables	0	0	0	0	0	0
Current Portion-Long Term Debt	250,384	250,384	250,384	250,384	250,384	250,384
Current Portion-Capital Leases	0	0	0	0	0	0
Accounts Payable	37,666	43,344	53,397	48,809	51,138	51,138
Accrued Interest Payable	14,933	15,433	15,933	16,433	16,933	16,933
Accrued and Other Liabilities	93,823	95,710	94,626	94,513	89,067	89,067
Income Taxes Payable	(9,517)	(9,517)	(9,517)	(9,517)	(11,562)	(11,562)
Total Current Liabilities	$389,289	$395,355	$404,824	$400,622	$395,961	$395,961
Pre Petition Liabilities	2,191,626	2,191,376	2,191,001	2,190,746	2,190,506	2,190,506
Long Term Debt	0	0	0	0	0	0
Capital Lease Obligations-Long Term	0	0	0	0	0	0
Deferred Income Taxes	20,832	20,832	20,832	20,832	20,832	20,832
Minority Interest in Consol Subs	1,107	1,107	1,107	1,107	1,107	1,107
Other Noncurrent Liabilities	192,521	193,843	193,681	195,003	196,325	196,325
Intercompany Liabilities	0	0	0	0	0	0
Total Liabilities	$2,795,374	$2,802,512	$2,811,443	$2,808,309	$2,804,730	$2,804,730
Total Equity	($332,855)	($338,219)	($333,492)	($339,943)	($344,760)	($344,760)
Total Liabilities and Equity	**$2,462,519**	**$2,464,293**	**$2,477,951**	**$2,468,367**	**$2,459,970**	**$2,459,970**

Collins & Aikman

US

($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 (P)
Net Income (loss)	($9,078)	($5,364)	$4,727	($6,451)	($4,817)	($20,983)
Asset Impairment	0	0	0	0	0	0
Depreciation	5,346	5,349	5,361	5,355	5,349	26,759
Amortization	906	906	908	890	890	4,499
Loss on sale of property, plant and equipment	0	0	0	0	0	0
Gain on curtailment of postretirement benefit pla	0	0	0	0	0	0
(Increase) decrease in accounts and other receivab	(20,493)	(937)	(2,640)	5,292	(710)	(19,488)
(Increase) decrease in inventories	1,061	(328)	31	1,715	874	3,353
(Increase) decrease in prepaid assets	449	(2,551)	449	449	449	(753)
(Increase) decrease in tooling	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0
Increase (decrease) in accounts payable	(4,411)	5,679	10,053	(4,588)	2,329	9,062
Increase (decrease) in other liabilities	1,210	1,210	(1,247)	1,210	(4,124)	(1,742)
Other, net	400	500	300	500	(1,545)	355
Net cash used in operating activities	**($24,610)**	**$4,463**	**$18,142**	**$4,371**	**($1,304)**	**$1,062**
Additions to property, plant and equipment	**($2,507)**	**($1,729)**	**($8,860)**	**($2,827)**	**($1,840)**	**($17,763)**
Net cash provided by financing activities	**($250)**	**($250)**	**($375)**	**($255)**	**($240)**	**($1,370)**
Increase (decrease) in cash	**($27,367)**	**$2,484**	**$8,907**	**$1,289**	**($3,385)**	**($18,071)**
Beginning Cash	(5,019)	(32,386)	(29,902)	(20,995)	(19,705)	(5,019)
Ending Cash	(32,386)	(29,902)	(20,995)	(19,705)	(23,090)	(23,090)

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($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)
Outside Sales	$56,322	$55,925	$57,373	$48,655	$522,820
Inter-Company Sales	8,301	8,082	7,565	6,424	104,121
Net Sales	**64,623**	**64,007**	**64,937**	**55,080**	**626,942**
Cost of Good Sold	61,201	37,296	57,814	52,824	595,384
Gross Profit	**3,422**	**6,711**	**7,123**	**2,256**	**31,558**
Total Selling, General & Admin	305	332	293	273	4,124
Operating Income	**3,117**	**6,380**	**6,830**	**1,983**	**27,434**
Net Interest	0	0	0	0	14,169
Loss on Sale of Receivables	0	0	0	0	0
Preferred Stock Accretion	0	0	0	0	0
Other (Income) / Expense	0	0	0	0	7,916
Pretax Income	3,117	6,380	6,830	1,983	5,349
Income Taxes	180	177	161	169	2,344
Net Income Before Extraordinary Items	2,937	6,203	6,669	1,814	3,005
Disc Operations (Gain)/Loss	0	0	0	0	0
Net Income	**$2,937**	**$6,203**	**$6,669**	**$1,814**	**$3,005**

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($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)
Assets					
Cash & Cash Equivalents	($7,806)	($3,526)	$4,077	$10,719	10,719
AR - Trade Net	22,169	23,790	24,596	16,052	16,052
AR - Other Non-Trade	3,485	3,323	3,165	2,983	2,983
Inventory Net	25,295	24,576	24,703	24,127	24,127
Tooling and Molding, net-current	182	182	182	182	182
Prepaid Expenses	31,778	31,778	31,778	31,778	31,778
Miscellaneous Current Assets	0	0	0	0	0
Current Assets	$75,103	$80,123	$88,301	$85,842	$85,842
Investments in Subsidiaries	0	0	0	0	0
PPE Net	134,207	133,961	133,396	134,062	134,062
Goodwill - Net	282,638	282,638	282,638	282,638	282,638
Deferred Tax Assets-Long Term	0	0	0	0	0
Tooling and Molding, net-Long Term	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)
Other Noncurrent Assets	62,271	62,244	62,217	62,189	62,189
Inter Company Assets	0	(0)	0	0	0
Total Assets	**$552,601**	**$557,347**	**$563,134**	**$563,113**	**$563,113**
Liabilities and Equity					
Notes Payable	$0	$0	$0	$0	$0
Short Term Borrowings	0	0	0	0	0
Advance on Receivables	0	0	0	0	0
Current Portion-Long Term Debt	0	0	0	0	0
Current Portion-Capital Leases	135	135	135	135	135
Accounts Payable	46,591	46,329	48,658	46,427	46,427
Accrued Interest Payable	0	0	0	0	0
Accrued and Other Liabilities	10,698	10,989	11,281	11,573	11,573
Income Taxes Payable	(24,643)	(25,466)	(26,305)	(27,536)	(27,536)
Total Current Liabilities	$32,781	$31,988	$33,769	$30,600	$30,600
Pre Petition Liabilities	0	0	0	0	0
Long Term Debt	0	0	0	0	0
Capital Lease Obligations-Long Term	159	159	159	159	159
Deferred Income Taxes	10,675	10,675	10,675	10,675	10,675
Minority Interest in Consol Subs	0	0	0	0	0
Other Noncurrent Liabilities	37,123	36,459	35,795	35,131	35,131
Intercompany Liabilities	419,092	419,092	419,092	419,092	419,092
Total Liabilities	$499,830	$498,373	$499,491	$495,657	$495,657
Total Equity	$52,771	$58,974	$63,643	$67,457	$67,457
Total Liabilities and Equity	**$552,601**	**$557,347**	**$563,134**	**$563,113**	**$563,113**

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($ in thousands)

	SEP 05	OCT 05	NDV 05	DEC 05	2005 (P)
Net income (loss)	$2,937	$6,203	$6,669	$1,814	$17,623
Asset Impairment	0	0	0	0	0
Depreciation	1,824	1,845	1,845	1,846	7,360
Amortization	32	28	27	28	114
Loss on sale of property, plant and equipment	0	0	0	0	0
Gain on curtailment of postretirement benefit plan:	0	4	4	4	13
(Increase) decrease in accounts and other receivabl	(1,044)	(1,459)	(648)	8,725	5,574
(Increase) decrease in inventories	(6,066)	719	(127)	576	(4,898)
(Increase) decrease in prepaid assets	0	0	0	0	0
(Increase) decrease in tooling	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0
Increase (decrease) in accounts payable	6,945	(261)	2,329	(2,231)	6,782
Increase (decrease) in other liabilities	(371)	(377)	(377)	(377)	(1,502)
Other, net	(820)	(823)	(839)	(1,231)	(3,713)
Net cash used in operating activities	$3,437	$5,879	$8,883	$9,154	$27,353
Additions to property, plant and equipment	($1,780)	($1,598)	($1,280)	($2,512)	($7,171)
Net cash provided by financing activities	$178	$0	($0)	$0	$178
Increase (decrease) in cash	$1,835	$4,280	$7,603	$6,642	$20,360
Beginning Cash	(9,641)	(7,806)	(3,526)	4,077	(9,641)
Ending Cash	(7,806)	(3,526)	4,077	10,719	10,719

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Outside Sales	$53,637	$51,853	$59,396	$46,596	$55,890	$55,828	$28,742	$53,647	$50,030	$54,122	$53,598	$42,211	$605,549
Inter-Company Sales	7,881	7,546	8,615	7,034	8,169	8,080	4,711	7,712	7,182	7,620	7,106	5,803	87,459
Net Sales	**61,518**	**59,399**	**68,011**	**53,631**	**64,059**	**63,908**	**33,452**	**61,359**	**57,213**	**61,741**	**60,704**	**48,014**	**693,009**
Cost of Good Sold	56,265	52,946	58,299	48,898	55,339	56,611	33,650	53,422	52,235	55,339	52,943	45,836	621,783
Gross Profit	**5,253**	**6,453**	**9,712**	**4,732**	**8,720**	**7,297**	**(198)**	**7,937**	**4,978**	**6,402**	**7,761**	**2,178**	**71,226**
Total Selling, General & Admin	310	317	428	311	278	322	300	281	293	312	281	300	3,733
Operating Income	**4,943**	**6,136**	**9,285**	**4,422**	**8,442**	**6,975**	**(497)**	**7,656**	**4,684**	**6,090**	**7,480**	**1,878**	**67,493**
Net Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on Sale of Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
Preferred Stock Accretion	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (Income) / Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Pretax Income	4,943	6,136	9,285	4,422	8,442	6,975	(497)	7,656	4,684	6,090	7,480	1,878	67,493
Income Taxes	169	159	168	164	151	173	182	169	180	177	161	169	2,021
Net Income Before Extraordinary Items	4,774	5,977	9,117	4,258	8,290	6,803	(680)	7,487	4,504	5,914	7,319	1,709	65,472
Disc Operations (Gain)/Loss	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	**$4,774**	**$5,977**	**$9,117**	**$4,258**	**$8,290**	**$6,803**	**($680)**	**$7,487**	**$4,504**	**$5,914**	**$7,319**	**$1,709**	**$65,472**

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Canada

($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Assets													
Cash & Cash Equivalents	$12,708	$19,004	$19,225	$30,978	$33,012	$40,432	$45,228	$44,908	$47,935	$55,119	$60,243	$69,927	69,927
AR - Trade Net	19,582	17,815	24,992	19,607	23,517	23,491	12,094	22,573	21,052	22,773	22,553	17,761	17,761
AR - Other Non-Trade	860	860	868	859	859	855	835	851	855	855	859	838	838
Inventory Net	23,931	23,466	23,469	22,564	22,454	22,961	21,805	22,115	22,001	22,447	22,178	21,378	21,378
Tooling and Molding, net-current	182	182	182	182	182	182	182	182	182	182	182	182	182
Prepaid Expenses	31,778	31,778	31,778	31,778	31,778	31,778	31,778	31,778	31,778	31,778	31,778	31,778	31,778
Miscellaneous Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Assets	$89,041	$93,105	$100,513	$105,967	$111,803	$119,699	$111,922	$122,407	$123,802	$133,153	$137,793	$141,865	$141,865
Investments in Subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0
PPE Net	135,002	136,986	136,662	135,949	135,470	134,787	134,781	135,981	135,827	135,009	134,049	134,116	134,116
Goodwill - Net	282,638	282,638	282,638	282,638	282,638	282,638	282,638	282,638	282,638	282,638	282,638	282,638	282,638
Deferred Tax Assets-Long Term	0	0	0	0	0	0	0	0	0	0	0	0	0
Tooling and Molding, net-Long Term	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)
Other Noncurrent Assets	62,166	62,143	62,117	62,095	62,070	62,045	62,027	62,002	61,978	61,953	61,931	61,910	61,910
Inter Company Assets	(0)	(0)	(0)	(0)	0	0	0	(0)	0	(0)	0	(0)	(0)
Total Assets	**$567,229**	**$573,253**	**$580,312**	**$585,031**	**$590,363**	**$597,551**	**$589,749**	**$601,410**	**$602,627**	**$611,136**	**$614,793**	**$618,910**	**$618,910**
Liabilities and Equity													
Notes Payable	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Short Term Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0
Advance on Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Portion-Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Portion-Capital Leases	135	135	135	135	135	135	135	135	135	135	135	135	135
Accounts Payable	49,278	46,826	48,293	46,284	46,889	47,308	44,739	46,470	46,735	46,890	46,796	46,758	46,758
Accrued Interest Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued and Other Liabilities	11,864	12,156	12,448	12,739	13,031	10,823	10,114	10,406	10,698	10,989	11,281	11,573	11,573
Income Taxes Payable	(30,597)	(27,650)	(30,702)	(27,759)	(30,824)	(27,859)	(30,913)	(27,963)	(31,008)	(28,060)	(31,120)	(28,163)	(28,163)
Total Current Liabilities	$30,681	$31,468	$30,174	$31,400	$29,231	$30,407	$24,074	$29,048	$26,560	$29,955	$27,093	$30,303	$30,303
Pre Petition Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations-Long Term	159	159	159	159	159	159	159	159	159	159	159	159	159
Deferred Income Taxes	10,675	10,675	10,675	10,675	10,675	10,675	10,675	10,675	10,675	10,675	10,675	10,675	10,675
Minority Interest in Consol Subs	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Noncurrent Liabilities	34,391	33,651	32,886	32,122	31,332	30,542	29,752	28,952	28,153	27,353	26,553	25,752	25,752
Intercompany Liabilities	419,092	419,092	419,092	419,092	419,092	419,092	419,092	419,092	419,092	419,092	419,092	419,092	419,092
Total Liabilities	$494,998	$495,046	$492,987	$493,448	$490,490	$490,875	$483,753	$487,927	$484,639	$487,234	$483,573	$485,982	$485,982
Total Equity	$72,231	$78,208	$87,325	$91,583	$99,873	$106,676	$105,996	$113,484	$117,988	$123,902	$131,220	$132,929	$132,929
Total Liabilities and Equity	**$567,229**	**$573,253**	**$580,312**	**$585,031**	**$590,363**	**$597,551**	**$589,749**	**$601,410**	**$602,627**	**$611,136**	**$614,793**	**$618,910**	**$618,910**

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($ in thousands)

	JAN 06	FEB 86	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Net income (loss)	$4,774	$5,977	$9,117	$4,258	$8,290	$6,803	($680)	$7,487	$4,504	$5,914	$7,319	$1,709	$65,472
Asset Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	1,626	1,628	1,644	1,650	1,654	1,657	1,660	1,661	1,696	1,697	1,699	1,708	19,980
Amortization	24	23	26	22	24	25	18	25	24	25	22	21	279
Loss on sale of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on curtailment of postretirement benefit plans	4	4	4	4	4	4	4	4	4	4	4	4	53
(Increase) decrease in accounts and other receivable	(1,406)	1,767	(7,185)	5,394	(3,910)	30	11,417	(10,496)	1,518	(1,721)	216	4,812	436
(Increase) decrease in inventories	196	465	(3)	905	110	(506)	1,156	(311)	114	(445)	268	800	2,749
(Increase) decrease in prepaid assets	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in tooling	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in accounts payable	2,851	(2,452)	1,467	(2,009)	605	419	(2,569)	1,731	265	155	(93)	(38)	331
Increase (decrease) in other liabilities	(453)	(453)	(478)	(478)	(503)	(3,003)	(1,503)	(513)	(513)	(513)	(513)	(514)	(9,431)
Other, net	(3,061)	2,947	(3,053)	2,943	(3,065)	2,965	(3,055)	2,951	(3,044)	2,948	(3,060)	2,956	(628)
Net cash used in operating activities	$4,555	$9,907	$1,540	$12,691	$3,210	$8,394	$6,450	$2,541	$4,568	$8,064	$5,863	$11,458	$79,242
Additions to property, plant and equipment	($2,566)	($3,611)	($1,320)	($938)	($1,175)	($974)	($1,653)	($2,862)	($1,541)	($880)	($739)	($1,775)	($20,034)
Net cash provided by financing activities	$0	($0)	$0	($0)	($0)	$0	($0)	$0	($0)	$0	($0)	$0	$0
Increase (decrease) in cash	$1,989	$6,296	$220	$11,753	$2,035	$7,420	$4,796	($321)	$3,027	$7,184	$5,124	$9,684	$59,208
Beginning Cash	10,719	12,708	19,004	19,225	30,978	33,012	40,432	45,228	44,908	47,935	55,119	60,243	10,719
Ending Cash	12,708	19,004	19,225	30,978	33,012	40,432	45,228	44,908	47,935	55,119	60,243	69,927	69,927

Collins & Aikman

Canada

($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 YTD
Outside Sales	$43,575	$43,268	$43,904	$42,338	$43,203	$216,288
Inter-Company Sales	6,115	6,091	6,262	6,086	6,235	30,790
Net Sales	49,690	49,359	50,167	48,424	49,439	247,078
Cost of Good Sold	46,572	44,636	56,200	44,826	44,233	236,467
Gross Profit	3,118	4,723	(6,033)	3,598	5,206	10,611
Total Selling, General & Admin	286	296	414	290	262	1,548
Operating Income	2,833	4,427	(6,448)	3,307	4,944	9,063
Net Interest	0	0	0	0	0	0
Loss on Sale of Receivables	0	0	0	0	0	0
Preferred Stock Accretion	0	0	0	0	0	0
Other (Income) / Expense	0	0	0	0	0	0
Pretax Income	2,833	4,427	(6,448)	3,307	4,944	9,063
Income Taxes	169	159	168	164	151	810
Net Income Before Extraordinary Items	2,664	4,268	(6,615)	3,143	4,793	8,253
Disc Operations (Gain)/Loss	0	0	0	0	0	0
Net Income	$2,664	$4,268	($6,615)	$3,143	$4,793	$8,253

Collins & Aikman

Canada

($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 YTD
Assets						
Cash & Cash Equivalents	$65,414	$71,683	$51,147	$52,730	$49,927	$49,927
AR - Trade Net	18,335	18,206	18,474	17,815	18,179	18,179
AR - Other Non-Trade	846	838	838	838	838	838
Inventory Net	20,661	18,834	18,736	18,934	18,879	18,879
Tooling and Molding, net-current	182	182	182	182	182	182
Prepaid Expenses	31,778	31,778	31,778	31,778	31,778	31,778
Miscellaneous Current Assets	0	0	0	0	0	0
Current Assets	$137,216	$141,521	$121,157	$122,277	$119,784	$119,784
Investments in Subsidiaries	0	0	0	0	0	0
PPE Net	138,669	142,649	153,190	157,362	159,870	159,870
Goodwill - Net	282,638	282,638	282,638	282,638	282,638	282,638
Deferred Tax Assets-Long Term	0	0	0	0	0	0
Tooling and Molding, net-Long Term	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)	(1,618)
Other Noncurrent Assets	61,886	61,863	61,840	61,816	61,793	61,793
Inter Company Assets	(0)	0	0	(0)	0	0
Total Assets	**$618,791**	**$627,054**	**$617,206**	**$622,474**	**$622,466**	**$622,466**
Liabilities and Equity						
Notes Payable	$0	$0	$0	$0	$0	$0
Short Term Borrowings	0	0	0	0	0	0
Advance on Receivables	0	0	0	0	0	0
Current Portion-Long Term Debt	0	0	0	0	0	0
Current Portion-Capital Leases	135	135	135	135	135	135
Accounts Payable	47,452	48,914	49,150	48,736	47,406	47,406
Accrued Interest Payable	0	0	0	0	0	0
Accrued and Other Liabilities	11,864	12,156	12,448	12,739	13,031	13,031
Income Taxes Payable	(31,225)	(28,277)	(31,330)	(28,387)	(31,452)	(31,452)
Total Current Liabilities	$28,227	$32,928	$30,403	$33,224	$29,121	$29,121
Pre Petition Liabilities	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0
Capital Lease Obligations-Long Term	159	159	159	159	159	159
Deferred Income Taxes	10,675	10,675	10,675	10,675	10,675	10,675
Minority Interest in Consol Subs	0	0	0	0	0	0
Other Noncurrent Liabilities	25,045	24,338	23,631	22,934	22,237	22,237
Intercompany Liabilities	419,092	419,092	419,092	419,092	419,092	419,092
Total Liabilities	$483,198	$487,193	$483,961	$486,085	$481,284	$481,284
Total Equity	$135,593	$139,861	$133,246	$136,389	$141,182	$141,182
Total Liabilities and Equity	**$618,791**	**$627,054**	**$617,206**	**$622,474**	**$622,466**	**$622,466**

Collins & Aikman

Canada

($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 YTD
Net income (loss)	**$2,664**	**$4,268**	**($6,615)**	**$3,143**	**$4,793**	**$8,253**
Asset Impairment	0	0	0	0	0	0
Depreciation	1,729	1,731	1,732	1,734	1,735	8,660
Amortization	24	23	24	24	23	117
Loss on sale of property, plant and equipment	0	0	0	0	0	0
Gain on curtailment of postretirement benefit plan	4	4	4	4	4	22
(Increase) decrease in accounts and other receivabl	(582)	137	(268)	659	(364)	(418)
(Increase) decrease in inventories	718	1,826	96	(196)	54	2,499
(Increase) decrease in prepaid assets	0	0	0	0	0	0
(Increase) decrease in tooling	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0
Increase (decrease) in accounts payable	694	1,462	236	(414)	(1,330)	648
Increase (decrease) in other liabilities	(420)	(420)	(420)	(410)	(410)	(2,079)
Other, net	(3,061)	2,947	(3,053)	2,943	(3,065)	(3,288)
Net cash used in operating activities	**$1,769**	**$11,980**	**($8,263)**	**$7,488**	**$1,441**	**$14,415**
Additions to property, plant and equipment	**($6,282)**	**($5,711)**	**($12,273)**	**($5,905)**	**($4,243)**	**($34,414)**
Net cash provided by financing activities	**($0)**	**($0)**	**$0**	**$0**	**($0)**	**($0)**
Increase (decrease) in cash	**($4,513)**	**$6,269**	**($20,536)**	**$1,583**	**($2,803)**	**($20,000)**
Beginning Cash	69,927	65,414	71,683	51,147	52,730	69,927
Ending Cash	65,414	71,683	51,147	52,730	49,927	49,927

Collins & Aikman

Mexico

($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)
Outside Sales	$16,961	$27,173	$31,951	$26,393	$164,835
Inter-Company Sales	3,737	3,345	2,874	3,222	25,368
Net Sales	**20,698**	**30,517**	**34,825**	**29,615**	**190,203**
Cost of Good Sold	18,670	26,838	30,415	26,839	175,469
Gross Profit	**2,028**	**3,679**	**4,410**	**2,776**	**14,734**
Total Selling, General & Admin	102	1,109	1,103	1,106	4,141
Operating Income	**1,926**	**2,570**	**3,307**	**1,670**	**10,593**
Net Interest	356	893	882	955	5,936
Loss on Sale of Receivables	13	13	13	10	125
Preferred Stock Accretion	0	0	0	0	0
Other (Income) / Expense	558	630	652	522	10,007
Pretax Income	999	1,035	1,760	182	(5,495)
Income Taxes	310	148	233	384	2,322
Net Income Before Extraordinary Items	689	887	1,527	(202)	(7,817)
Disc Operations (Gain)/Loss	0	0	0	0	0
Net Income	**$689**	**$887**	**$1,527**	**($202)**	**($7,817)**

Collins & Aikman

Mexico

($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)	
Assets						
Cash & Cash Equivalents	$2,323	$2,619	$2,478	$7,122	7,122	
AR - Trade Net	14,400	16,102	18,933	15,640	15,640	MP 7.6
AR - Other Non-Trade	1,318	1,594	1,897	2,035	2,035	
Inventory Net	12,635	12,364	12,524	12,288	12,288	
Tooling and Molding, net-current	360	360	360	360	360	
Prepaid Expenses	17,710	17,710	17,710	17,710	17,710	
Miscellaneous Current Assets	2,871	2,871	2,871	2,871	2,871	
Current Assets	$51,618	$53,620	$56,774	$58,026	$58,026	
Investments in Subsidiaries	(0)	(0)	(0)	(0)	(0)	
PPE Net	48,808	117,322	120,423	121,697	121,697	
Goodwill - Net	45,917	45,917	45,917	45,917	45,917	
Deferred Tax Assets-Long Term	0	0	0	0	0	
Tooling and Molding, net-Long Term	38	38	38	38	38	
Other Noncurrent Assets	5,976	5,930	5,885	5,818	5,818	
Inter Company Assets	(0)	(0)	(0)	(0)	(0)	
Total Assets	$152,355	$222,827	$229,037	$231,495	$231,495	
Liabilities and Equity						
Current Portion-Capital Leases	$0	$8,530	$8,530	$8,530	$8,530	
Accounts Payable	19,406	19,336	19,436	19,326	19,326	
Accrued Interest Payable	0	0	0	0	0	
Accrued and Other Liabilities	11,479	13,696	19,006	22,343	22,343	
Income Taxes Payable	5,628	5,547	5,551	5,706	5,706	
Total Current Liabilities	$36,512	$47,108	$52,523	$55,905	$55,905	
Pre Petition Liabilities	0	0	0	0	0	
Long Term Debt	0	0	0	0	0	
Capital Lease Obligations-Long Term	0	59,000	58,289	57,578	57,578	
Deferred Income Taxes	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	
Minority Interest in Consol Subs	0	0	0	0	0	
Other Noncurrent Liabilities	7,166	7,155	7,134	7,123	7,123	
Intercompany Liabilities	79,573	79,573	79,573	79,573	79,573	
Total Liabilities	$120,976	$190,561	$195,243	$197,903	$197,903	
Preferred Stock	0	0	0	0	0	
Stock Warrants	0	0	0	0	0	
Common Stock	71,143	71,143	71,143	71,143	71,143	
Treasury Stock	0	0	0	0	0	
Paid in Capital	30,583	30,583	30,583	30,583	30,583	
Retained Earnings - Beg of Year	(71,968)	(71,968)	(71,968)	(71,968)	(71,968)	
Dividends Paid	0	0	0	0	0	
Net Income-YTD	(10,028)	(9,142)	(7,615)	(7,817)	(7,817)	
Foreign Currency Translation	11,651	11,651	11,651	11,651	11,651	
Pension Equity Adjustment	0	0	0	0	0	
Total Equity	$31,380	$32,267	$33,793	$33,592	$33,592	
Total Liabilities and Equity	$152,355	$222,827	$229,037	$231,495	$231,495	

Collins & Aikman

Mexico

($ in thousands)

	SEP 05	OCT 05	NOV 05	DEC 05	2005 (P)
Net income (loss)	$689	$887	$1,527	($202)	$2,901
Asset Impairment	0	0	0	0	0
Depreciation	654	1,371	1,375	1,382	4,782
Amortization	45	45	45	67	202
Loss on sale of property, plant and equipment	0	0	0	0	0
Gain on curtailment of postretirement benefit plans	0	0	0	0	0
(Increase) decrease in accounts and other receivable	(2,147)	(1,977)	(3,135)	3,156	(4,103)
(Increase) decrease in inventories	(713)	271	(160)	237	(366)
(Increase) decrease in prepaid assets	0	0	0	0	0
(Increase) decrease in tooling	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0
Increase (decrease) in accounts payable	(205)	(70)	100	(110)	(285)
Increase (decrease) in other liabilities	1,349	2,206	5,290	3,326	12,070
Other, net	81	(81)	4	155	159
Net cash used in operating activities	($347)	$2,652	$5,045	$8,010	$15,360
Additions to property, plant and equipment	($1,841)	($69,886)	($4,476)	($2,655)	($78,857)
Net cash provided by financing activities	($0)	$67,530	($711)	($711)	$66,108
Increase (decrease) in cash	($2,188)	$296	($141)	$4,644	$2,611
Beginning Cash	4,511	2,323	2,619	2,478	4,511
Ending Cash	2,323	2,619	2,478	7,122	7,122

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Outside Sales	$31,610	$28,641	$34,011	$27,992	$32,670	$32,493	$16,164	$32,920	$28,756	$31,509	$28,114	$22,594	$347,474
Inter-Company Sales	4,346	4,438	5,068	4,219	4,671	3,898	1,577	3,174	3,259	3,752	2,875	2,396	43,673
Net Sales	**35,956**	**33,079**	**39,079**	**32,212**	**37,341**	**36,390**	**17,741**	**36,094**	**32,015**	**35,261**	**30,989**	**24,990**	**391,147**
Cost of Good Sold	32,138	30,123	34,426	29,626	33,322	32,533	18,538	32,303	29,009	31,762	28,340	23,929	356,049
Gross Profit	**3,818**	**2,956**	**4,653**	**2,586**	**4,019**	**3,857**	**(797)**	**3,791**	**3,006**	**3,499**	**2,650**	**1,060**	**35,098**
Total Selling, General & Admin	1,105	1,112	1,112	1,112	1,109	1,109	1,109	1,107	1,109	1,115	1,108	1,116	13,324
Operating Income	**2,713**	**1,844**	**3,541**	**1,474**	**2,910**	**2,748**	**(1,906)**	**2,684**	**1,897**	**2,384**	**1,541**	**(55)**	**21,774**
Net Interest	955	882	872	893	882	945	893	882	955	955	882	893	10,890
Loss on Sale of Receivables	13	11	10	12	11	14	12	12	15	16	13	13	150
Preferred Stock Accretion	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (Income) / Expense	764	697	647	711	683	774	586	571	663	697	617	622	8,031
Pretax Income	981	254	2,012	(141)	1,334	1,016	(3,397)	1,219	264	716	29	(1,583)	2,703
Income Taxes	192	192	193	192	193	193	188	190	189	190	189	189	2,290
Net Income Before Extraordinary Items	789	62	1,819	(333)	1,141	823	(3,585)	1,029	75	326	(160)	(1,772)	413
Disc Operations (Gain)/Loss	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	**$789**	**$62**	**$1,819**	**($333)**	**$1,141**	**$823**	**($3,585)**	**$1,029**	**$75**	**$526**	**($160)**	**($1,772)**	**$413**

Collins & Aikman

Mexico

($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Assets													
Cash & Cash Equivalents	$4,391	$5,400	$3,925	$6,986	$4,354	$4,011	$11,569	$1,856	$4,092	$2,994	$4,887	$6,807	$6,807
AR - Trade Net	18,731	16,972	20,154	16,588	19,359	19,254	9,578	19,507	17,040	18,672	16,660	13,389	13,389
AR - Other Non-Trade	2,826	4,187	4,473	4,313	4,583	4,768	4,780	5,113	5,397	5,786	6,109	6,366	6,366
Inventory Net	12,238	12,264	12,528	12,305	12,659	13,150	11,937	12,898	13,043	12,776	12,642	12,391	12,391
Tooling and Molding, net-current	360	360	360	360	360	360	360	360	360	360	360	360	360
Prepaid Expenses	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710	17,710
Miscellaneous Current Assets	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871	2,871
Current Assets	$59,128	$59,764	$62,021	$61,134	$61,896	$62,125	$58,807	$60,316	$60,513	$61,170	$61,239	$59,894	$59,894
Investments in Subsidiaries	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
PPE Net	121,446	121,355	120,477	119,942	119,297	118,704	117,380	116,240	115,076	114,033	112,694	111,306	111,306
Goodwill - Net	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917
Deferred Tax Assets-Long Term	0	0	0	0	0	0	0	0	0	0	0	0	0
Tooling and Molding, net-Long Term	38	38	38	38	38	38	38	38	38	38	38	38	38
Other Noncurrent Assets	5,815	5,812	5,808	5,805	5,802	5,799	5,795	5,792	5,789	5,786	5,782	5,779	5,779
Inter Company Assets	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total Assets	$232,343	$232,884	$234,360	$232,833	$232,949	$232,581	$227,936	$228,302	$227,332	$226,943	$225,669	$222,934	$222,934
Liabilities and Equity													
Current Portion-Capital Leases	$8,530	$8,530	$8,530	$8,530	$8,530	$8,530	$8,530	$8,530	$8,530	$8,530	$8,530	$8,530	$8,530
Accounts Payable	19,386	19,391	19,436	19,406	19,436	19,411	19,361	19,373	19,376	19,386	19,371	19,486	19,486
Accrued Interest Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued and Other Liabilities	23,107	24,300	24,572	24,224	23,926	23,480	23,229	23,271	22,988	22,773	22,440	22,077	22,077
Income Taxes Payable	5,663	5,663	5,621	5,620	5,579	5,578	5,532	5,533	5,486	5,488	5,440	5,442	5,442
Total Current Liabilities	$56,686	$57,884	$58,159	$57,779	$57,471	$56,999	$56,652	$56,707	$56,379	$56,177	$55,781	$55,535	$55,535
Pre Petition Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations-Long Term	56,868	56,157	55,446	54,735	54,024	53,313	52,602	51,892	51,181	50,470	49,759	49,048	49,048
Deferred Income Taxes	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)
Minority Interest in Consol Subs	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Noncurrent Liabilities	7,111	7,104	7,097	7,094	7,087	7,080	7,078	7,071	7,064	7,062	7,056	7,049	7,049
Intercompany Liabilities	79,573	79,573	79,573	79,573	79,573	79,573	79,573	79,573	79,573	79,573	79,573	79,573	79,573
Total Liabilities	$197,963	$198,442	$197,998	$196,906	$195,879	$194,689	$193,630	$192,967	$191,921	$191,006	$189,893	$188,929	$188,929
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Stock Warrants	0	0	0	0	0	0	0	0	0	0	0	0	0
Common Stock	71,143	71,143	71,143	71,143	71,143	71,143	71,143	71,143	71,143	71,143	71,143	71,143	71,143
Treasury Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Paid in Capital	30,583	30,583	30,583	30,583	30,583	30,583	30,583	30,583	30,583	30,583	30,583	30,583	30,583
Retained Earnings - Beg of Year	(79,785)	(79,785)	(79,785)	(79,785)	(79,785)	(79,785)	(79,785)	(79,785)	(79,785)	(79,785)	(79,785)	(79,785)	(79,785)
Dividends Paid	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income-YTD	789	851	2,670	2,337	3,478	4,301	715	1,744	1,819	2,345	2,185	413	413
Foreign Currency Translation	11,651	11,651	11,651	11,651	11,651	11,651	11,651	11,651	11,651	11,651	11,651	11,651	11,651
Pension Equity Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity	$34,381	$34,443	$36,262	$35,929	$37,069	$37,892	$34,307	$35,336	$35,411	$35,937	$35,777	$34,005	$34,005
Total Liabilities and Equity	$232,343	$232,884	$234,260	$232,835	$232,949	$232,581	$227,936	$228,302	$227,332	$226,943	$225,669	$222,934	$222,934

Collins & Aikman

Mexico

($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006 (P)
Net income (loss)	$789	$62	$1,819	($333)	$1,141	$823	($3,585)	$1,029	$75	$526	($160)	($1,772)	$413
Asset Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	1,421	1,424	1,468	1,470	1,472	1,476	1,493	1,493	1,495	1,496	1,496	1,498	17,701
Amortization	3	3	3	3	3	3	3	3	3	3	3	3	39
Loss on sale of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on curtailment of postretirement benefit plans	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in accounts and other receivable	(3,882)	398	(3,467)	3,725	(3,042)	(80)	9,663	(10,262)	2,184	(2,021)	1,690	3,013	(2,080)
(Increase) decrease in inventories	49	(25)	(265)	223	(353)	(492)	1,213	(961)	(145)	267	134	252	(103)
(Increase) decrease in prepaid assets	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in tooling	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in accounts payable	60	5	45	(30)	30	(25)	(50)	12	3	10	(15)	115	160
Increase (decrease) in other liabilities	753	1,185	265	(351)	(305)	(454)	(253)	35	(291)	(216)	(340)	(369)	(340)
Other, net	(43)	0	(42)	(1)	(41)	(1)	(46)	1	(47)	2	(48)	2	(264)
Net cash used in operating activities	($849)	$3,051	($173)	$4,706	($1,095)	$1,251	$8,439	($8,649)	$3,277	$67	$2,760	$2,741	$15,527
Additions to property, plant and equipment	($1,171)	($1,332)	($590)	($935)	($828)	($883)	($169)	($354)	($331)	($453)	($157)	($110)	($7,311)
Net cash provided by financing activities	($711)	($711)	($711)	($711)	($711)	($711)	($711)	($711)	($711)	($711)	($711)	($711)	($8,530)
Increase (decrease) in cash	($2,731)	$1,008	($1,474)	$3,061	($2,633)	($343)	$7,359	($9,713)	$2,235	($1,097)	$1,892	$1,921	($315)
Beginning Cash	7,122	4,391	5,400	3,925	6,986	4,354	4,011	11,569	1,856	4,092	2,994	4,887	7,122
Ending Cash	4,391	5,400	3,925	6,986	4,354	4,011	11,569	1,856	4,092	2,994	4,887	6,807	6,807

Collins & Aikman

Mexico

($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 YTD
Outside Sales	$27,110	$27,356	$27,315	$27,351	$27,276	$136,409
Inter-Company Sales	3,832	3,298	3,307	3,507	3,511	17,454
Net Sales	**30,942**	**30,654**	**30,622**	**30,857**	**30,787**	**153,863**
Cost of Good Sold	28,149	27,934	27,627	28,297	28,066	140,074
Gross Profit	**2,793**	**2,720**	**2,995**	**2,560**	**2,721**	**13,789**
Total Selling, General & Admin	1,095	1,103	1,102	1,103	1,100	5,502
Operating Income	**1,697**	**1,617**	**1,893**	**1,458**	**1,621**	**8,287**
Net Interest	589	589	589	589	589	2,947
Loss on Sale of Receivables	0	0	0	0	0	0
Preferred Stock Accretion	0	0	0	0	0	0
Other (Income) / Expense	0	0	0	0	0	0
Pretax Income	1,108	1,028	1,304	869	1,032	5,340
Income Taxes	266	261	265	260	262	1,314
Net Income Before Extraordinary Items	842	767	1,039	609	770	4,026
Disc Operations (Gain)/Loss	0	0	0	0	0	0
Net Income	**$842**	**$767**	**$1,039**	**$609**	**$770**	**$4,026**

Collins & Aikman

Mexico

($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 YTD
Assets						
Cash & Cash Equivalents	$5,498	$5,889	$6,751	$6,947	$7,846	$7,846
AR - Trade Net	16,065	16,211	16,186	16,207	16,163	16,163
AR - Other Non-Trade	6,644	6,789	6,967	7,317	7,743	7,743
Inventory Net	12,916	12,930	12,819	12,635	12,284	12,284
Tooling and Molding, net-current	360	360	360	360	360	360
Prepaid Expenses	17,710	17,710	17,710	17,710	17,710	17,710
Miscellaneous Current Assets	2,871	2,871	2,871	2,871	2,871	2,871
Current Assets	$62,064	$62,761	$63,665	$64,048	$64,977	$64,977
Investments in Subsidiaries	(0)	(0)	(0)	(0)	(0)	(0)
PPE Net	110,397	109,511	108,617	107,824	106,787	106,787
Goodwill - Net	45,917	45,917	45,917	45,917	45,917	45,917
Deferred Tax Assets-Long Term	0	0	0	0	0	0
Tooling and Molding, net-Long Term	38	38	38	38	38	38
Other Noncurrent Assets	5,776	5,773	5,769	5,766	5,763	5,763
Inter Company Assets	(0)	(0)	(0)	(0)	(0)	(0)
Total Assets	**$224,191**	**$223,999**	**$224,005**	**$223,592**	**$223,481**	**$223,481**
Liabilities and Equity						
Current Portion-Capital Leases	$8,530	$8,530	$8,530	$8,530	$8,530	$8,530
Accounts Payable	20,885	20,896	20,926	20,906	20,934	20,934
Accrued Interest Payable	0	0	0	0	0	0
Accrued and Other Liabilities	21,799	21,551	21,176	20,892	20,662	20,662
Income Taxes Payable	5,473	5,468	5,503	5,493	5,530	5,530
Total Current Liabilities	$56,687	$56,445	$56,135	$55,820	$55,657	$55,657
Pre Petition Liabilities	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0
Capital Lease Obligations-Long Term	48,337	47,627	46,916	46,205	45,494	45,494
Deferred Income Taxes	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)	(2,275)
Minority Interest in Consol Subs	0	0	0	0	0	0
Other Noncurrent Liabilities	7,023	7,016	7,003	7,009	7,002	7,002
Intercompany Liabilities	79,573	79,573	79,573	79,573	79,573	79,573
Total Liabilities	$189,344	$188,385	$187,353	$186,331	$185,450	$185,450
Preferred Stock	0	0	0	0	0	0
Stock Warrants	0	0	0	0	0	0
Common Stock	71,143	71,143	71,143	71,143	71,143	71,143
Treasury Stock	0	0	0	0	0	0
Paid in Capital	30,583	30,583	30,583	30,583	30,583	30,583
Retained Earnings - Beg of Year	(79,372)	(79,372)	(79,372)	(79,372)	(79,372)	(79,372)
Dividends Paid	0	0	0	0	0	0
Net Income-YTD	842	1,609	2,648	3,256	4,026	4,026
Foreign Currency Translation	11,651	11,651	11,651	11,651	11,651	11,651
Pension Equity Adjustment	0	0	0	0	0	0
Total Equity	$34,847	$35,614	$36,633	$37,261	$38,031	$38,031
Total Liabilities and Equity	**$224,191**	**$223,999**	**$224,005**	**$223,592**	**$223,481**	**$223,481**

Collins & Aikman

Mexico

($ in thousands)

	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	2007 YTD
Net income (loss)	$842	$767	$1,039	$609	$770	$4,026
Asset Impairment	0	0	0	0	0	0
Depreciation	1,475	1,477	1,480	1,490	1,493	7,415
Amortization	3	3	3	3	3	16
Loss on sale of property, plant and equipment	0	0	0	0	0	0
Gain on curtailment of postretirement benefit plans	0	0	0	0	0	0
(Increase) decrease in accounts and other receivable	(2,954)	(291)	(154)	(370)	(383)	(4,151)
(Increase) decrease in inventories	(525)	(15)	112	184	352	107
(Increase) decrease in prepaid assets	0	0	0	0	0	0
(Increase) decrease in tooling	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0
Increase (decrease) in accounts payable	1,399	12	29	(30)	28	1,448
Increase (decrease) in other liabilities	(304)	(255)	(386)	(281)	(236)	(1,461)
Other, net	31	(5)	35	(10)	37	88
Net cash used in operating activities	($33)	$1,694	$2,158	$1,605	$2,065	$7,488
Additions to property, plant and equipment	($566)	($591)	($585)	($698)	($456)	($2,896)
Net cash provided by financing activities	($711)	($711)	($711)	($711)	($711)	($3,554)
Increase (decrease) in cash	($1,310)	$392	$862	$196	$899	$1,038
Beginning Cash	6,807	5,498	5,889	6,751	6,947	6,807
Ending Cash	5,498	5,889	6,751	6,947	7,846	7,846

EXHIBIT N

Collins & Aikman

2006 Operating Plan

January 24, 2006

2006 Operating Plan

SAFE HARBOR STATEMENT:

This document contains statements relating to future results of Collins & Aikman (including certain anticipated, believed, planned, forecasted, expected, targeted, and estimated results and Collins & Aikman's outlook concerning future results) that are "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements.

The financial projections contained in this presentation do not contain certain cost-savings and other items that would be necessary to realize for the Debtors to successfully emerge from Chapter 11 through a plan of reorganization or other transaction. Instead, the following presentation contains financial projections that assume a cost structure consistent with the Debtors continuing to operate in Chapter 11.

2006 Operating Plan

- Per Section 5.01 o) of the Revolving Credit, Term Loan, and Guaranty Agreement, Collins & Aikman has prepared a Post Closing Budget for its US, Canada, and Mexico operations for fiscal 2006 (the "2006 Operating Plan").
- The 2006 Operating Plan includes consolidating Income Statements, Balance Sheets, and Cash Flows for the US, Canada, and Mexico as well as consolidated North America.
- The 2006 Operating Plan is certified to be prepared in good faith on the basis of assumptions, methods, data, tests, and information believed by Collins & Aikman to be reasonable as of January 24, 2006. Such financial information, as it relates to future events, is not to be viewed as fact and actual results during the period or periods covered by such financial information (including without limitation, projections) may differ from the projected results set forth therein by a material amount.

Opportunities & Risks

- Opportunities
  - Potential transfer business from DCX.
  - Labor - no assumed benefit for savings from modifying any union agreements. The process of analyzing the agreements is underway.
  - No recovery is assumed from European administration, MOBIS, Brazil or other material asset sales.

- Risks
  - Continued erosion of Big 3 market share and/or other volume losses.
  - Customer re-sourcing.
  - Sufficiency of capital resources to launch new programs.
  - Implementation of raw material indexing protocols.
  - Timely realization of savings from cost saving initiatives.

Budget Assumptions – Sales Revenue

- The 2006 vehicle volumes are based on J D Power projections with adjustments for instances in which the Company believes it has better information on either start up / balance out dates or volumes and/or significant updates to J D Power data.
- All programs currently awarded to Collins & Aikman are included and assumed to continue.
- Price increases comprise $150.5 million ordinary course pricing, plus $11.0 million Q1 surcharges.

Budget Assumptions - Other Key Items

- Working capital assumptions remain largely unchanged
  - Big 6 customers continue to pay on a fast pay basis.
  - Inventory levels are based on plant projections, adjusted for plant closures and consolidations.
  - Minimal trade credit is assumed.
- Economics
  - Hourly union increases are based on contractual terms.
  - Material costs are at current price levels. No additional surcharges nor relief from surcharges are included.
- Pension payments assume no legislative relief.

Budget Assumptions – Other Key Items

- C&A collects $22 million of open tooling purchase orders during the first quarter.
- $5 million of prepetition accounts receivable held in the GE securitization facility is collected in March 2006 and available to fund operations.
- C&A is required to post a $7 million letter of credit in November 2006 for workers' compensation insurance which requires a corresponding paydown on the DIP facility.
- Professional fees and KERP assumptions are as follows:

	Nov PCB	Operating Plan	Comments
Professional fees (Ch. 11)	$78.0	$90.0	Reclass of $12MM contingency reserve for acctg investigation
Employee Bonuses			
KERP & Key Executives	14.0	6.2	Adjusted for timing
Contractual bonuses	1.9	1.3	
Total	**$93.9**	**$97.5**	

Collins & Aikman

Collins & Aikman

Consolidated

($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Net Sales	209,488	221,305	273,276	186,869	243,768	260,553	114,523	240,848	242,765	212,414	213,246	199,776	2,618,832
Cost of Good Sold	194,051	202,296	237,567	173,239	212,621	225,633	117,558	203,336	205,831	180,560	185,546	182,617	2,320,857
Gross Profit	15,436	19,010	35,708	13,630	31,147	34,920	(3,035)	37,512	36,934	31,853	27,701	17,159	297,975
Selling, General & Administrative	24,611	24,226	25,193	22,041	21,350	21,169	21,541	20,605	20,817	20,247	19,666	19,581	261,047
Operating Income	(9,175)	(5,216)	10,515	(8,412)	9,797	13,752	(24,576)	16,907	16,117	11,607	8,034	(2,422)	36,927
Net Interest	8,757	7,969	8,757	8,495	8,757	8,495	8,757	8,757	8,495	8,757	8,495	8,757	103,245
Other (Income) / Expense	3	7	7	7	7	7	7	7	7	7	7	7	77
Pretax Income	(17,935)	(13,191)	1,752	(16,913)	1,033	5,250	(33,339)	8,143	7,615	2,843	(467)	(11,185)	(66,394)
Income Taxes	3,088	3,088	3,088	3,088	3,088	3,088	3,088	3,088	3,088	3,088	3,088	3,088	37,052
Net Income Before Extraordinary Items	(21,022)	(16,279)	(1,336)	(20,001)	(2,054)	2,162	(36,427)	5,056	4,527	(244)	(3,555)	(14,273)	(103,446)
Disc Operations (Gain)/Loss	33	33	33	33	33	33	33	33	33	33	33	33	390
Net Income	($21,055)	($16,312)	($1,368)	($20,034)	($2,087)	$2,130	($36,459)	$5,023	$4,495	($277)	($3,587)	($14,305)	($103,836)
Memo: EBITDA Build													
Operating Income	($9,175)	($5,216)	$10,515	($8,412)	$9,797	$13,752	($24,576)	$16,907	$16,117	$11,607	$8,034	($2,422)	$36,927
Depreciation	8,409	8,310	8,400	8,297	8,295	8,265	8,249	8,299	8,268	8,268	8,278	8,268	99,606
Amortization	1,004	1,004	1,005	990	995	996	975	989	988	990	985	979	11,901
Professional Fees	9,000	9,000	9,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	90,000
KERP	788	788	788	788	788	788	788	788	788	788	788	788	9,460
Restructuring	1,667	1,569	2,561	2,406	1,845	1,535	1,452	1,069	969	528	173	245	16,019
Amortization of Loss on Sale Leaseback	108	108	108	108	108	108	108	108	108	108	108	108	1,295
Adjusted EBITDA	$11,802	$13,563	$32,377	$11,178	$28,829	$32,443	($6,003)	$35,160	$34,236	$29,289	$25,366	$14,967	$265,289

Collins & Aikman

Consolidated

($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Assets													
Cash & Cash Equivalents	$61,376	$44,340	$71,003	$80,974	$39,528	$53,502	$100,468	$48,527	$48,506	$80,834	$80,476	$91,181	$91,181
AR - Trade, Net	297,317	309,549	297,645	278,705	311,146	327,735	231,860	304,100	311,049	286,112	289,355	270,774	270,774
AR - Other Non-Trade	12,678	12,678	12,678	12,678	12,678	12,678	12,678	12,678	12,678	12,678	12,678	12,678	12,678
Inventory, Net	164,752	156,513	157,674	157,956	154,784	147,928	140,426	146,655	150,365	148,055	145,821	141,666	141,666
Tooling and Molding, Net	62,835	54,952	41,952	41,952	41,952	41,952	41,952	41,952	41,952	41,952	41,952	41,952	41,952
Prepaid Expenses & Other Current Assets	109,829	111,168	110,307	109,446	108,585	107,724	106,863	106,002	105,141	104,280	104,147	110,759	110,759
Current Assets	$708,787	$689,200	$691,259	$681,711	$688,673	$691,521	$634,247	$659,915	$669,691	$673,912	$674,430	$669,011	$669,011
Investments in Subsidiaries	125,541	125,541	125,541	125,541	125,541	125,541	125,541	125,541	125,541	125,541	125,541	125,541	125,541
PPE, Net	591,450	598,734	604,752	603,078	601,405	600,069	600,156	599,663	596,573	592,442	587,338	582,704	582,704
Goodwill, Net	827,306	827,506	827,306	827,306	827,306	827,506	827,306	827,506	827,306	827,306	827,306	827,306	827,306
Deferred Tax Assets, Long Term	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939
Tooling and Molding, Net Long Term	12,925	12,925	12,925	12,925	12,925	12,925	12,925	12,925	12,925	12,925	12,925	12,925	12,925
Other Noncurrent Assets	128,411	127,407	126,402	125,412	124,417	123,421	122,446	121,457	120,469	119,479	118,494	117,515	117,515
Intercompany Assets	297,098	297,098	297,098	297,098	297,098	297,098	297,098	297,098	297,098	297,098	297,098	297,098	297,098
Total Assets	$2,717,457	$2,704,150	$2,711,222	$2,699,010	$2,703,304	$2,703,819	$2,645,658	$2,669,843	$2,675,541	$2,674,642	$2,669,070	$2,658,039	$2,658,039
Liabilities and Equity													
Current Portion of Long Term Debt	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$241,825	$241,825	$241,825
Current Portion of Capital Leases	8,530	8,530	8,530	8,530	8,530	8,550	8,530	8,530	8,530	8,530	8,530	8,530	8,530
Accounts Payable	101,769	96,235	94,197	101,562	106,587	108,811	90,644	106,260	105,912	103,598	104,122	99,928	99,928
Accrued Interest Payable	8,361	8,989	9,686	10,361	11,058	11.733	12,430	13,127	13,801	14,516	15,208	15,922	15,922
Accrued & Other Liabilities	84,625	94,133	103,057	100,618	98,704	93,789	89,050	89,135	89,221	89,574	90,051	95,979	95,979
Income Taxes Payable	(26,055)	(28,366)	(25,936)	(22,049)	(19,490)	(17,060)	(14,880)	(12,286)	(9,856)	(7,676)	(5,082)	(2,652)	(2,652)
Total Current Liabilities	$426,055	$428,346	$438,359	$447,846	$454,214	$454,628	$434,599	$453,592	$456,433	$457,166	$454,654	$459,532	$459,532
Pre Petition Liabilities	2,195,736	2,195,736	2,195,736	2,195,756	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations, Long Term	57,578	57,578	55,478	55,478	55,478	53,378	53,378	53,378	51,278	51,278	51,278	49,178	49,178
Deferred Income Taxes	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177	28,177
Minority Interest in Consol Subs	469	469	469	469	469	469	469	469	469	469	469	469	469
Other Noncurrent Liabilities	239,496	240,208	240,736	239,071	239,084	239,155	237,482	237,651	238,113	236,758	237,285	237,782	237,782
Intercompany Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	$2,947,511	$2,950,515	$2,958,956	$2,966,777	$2,973,158	$2,971,544	$2,949,842	$2,969,003	$2,970,207	$2,969,584	$2,967,600	$2,970,874	$2,970,874
Total Equity	($230,054)	($246,365)	($247,733)	($267,767)	($269,854)	($267,724)	($304,183)	($299,160)	($294,665)	($294,942)	($298,529)	($312,835)	($312,835)
Total Liabilities and Equity	$2,717,457	$2,704,150	$2,711,222	$2,699,010	$2,703,305	$2,703,820	$2,645,658	$2,669,843	$2,675,542	$2,674,642	$2,669,070	$2,658,039	$2,658,039

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Net income (loss)	($21,055)	($16,312)	($1,368)	($20,034)	($2,087)	$2,138	($36,459)	$5,023	$4,495	($277)	($3,587)	($14,305)	($103,836)
Asset Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	8,409	8,310	8,400	8,297	8,295	8,265	8,249	8,299	8,268	8,268	8,278	8,268	99,606
Amortization	1,004	1,004	1,005	990	995	996	975	989	988	990	985	979	11,901
Loss on sale of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on curtailment of postretirement benefit pla	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in accounts and other receival	(21,263)	(72,232)	11,904	18,940	(32,442)	(16,589)	95,875	(72,240)	(6,948)	24,937	(3,243)	18,581	5,279
(Increase) decrease in inventories	(2,167)	8,239	(1,161)	(282)	3,172	6,855	7,502	(6,229)	(3,709)	2,309	2,234	4,155	20,919
(Increase) decrease in prepaid assets	661	(1,339)	861	861	861	861	861	861	861	861	133	(6,613)	(270)
(Increase) decrease in tooling	4,750	7,883	13,000	0	0	0	0	0	0	0	0	0	25,633
(Increase) decrease in other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in accounts payable	62	(5,534)	(2,038)	7,365	5,026	2,224	(18,167)	15,616	(349)	(2,314)	524	(4,193)	(1,779)
Increase (decrease) in other liabilities	15,298	10,220	9,452	(4,105)	(1,901)	(4,843)	(6,412)	254	547	(1,203)	1,205	6,424	24,937
Other, Net	(198)	(1,682)	3,127	4,562	3,257	3,105	2,877	3,292	3,105	2,894	3,287	3,144	30,766
Net cash used in operating activities	($14,499)	($1,442)	$43,181	$16,594	($14,824)	$3,002	$55,302	($44,136)	$7,257	$36,465	$9,815	$16,440	$113,158
Additions to property, plant and equipment	($14,156)	($15,394)	($14,418)	($6,624)	($6,622)	($6,928)	($8,337)	($7,805)	($5,378)	($4,137)	($3,173)	($3,635)	($96,687)
Net cash provided by financing activities	($0)	($0)	($2,100)	($0)	$0	($2,100)	($0)	($0)	($2,100)	($0)	($7,000)	($2,100)	($15,400)
Increase (decrease) in cash	($28,655)	($17,036)	$26,663	$9,971	($21,446)	($6,025)	$46,963	($51,941)	($21)	$32,328	($358)	$10,705	$1,151
Beginning Cash	90,031	61,376	44,340	71,003	80,974	59,528	53,502	100,468	48,527	48,506	80,834	80,476	90,031
Ending Cash	61,376	44,340	71,003	80,974	59,528	53,502	100,468	48,527	48,506	80,834	80,476	91,181	91,181

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Outside Sales	$121,717	$134,593	$171,777	$105,625	$149,232	$165,378	$66,435	$146,502	$154,128	$119,937	$124,380	$128,404	$1,588,110
Inter-Company Sales	8,143	7,626	8,171	7,091	8,038	8,368	4,741	8,154	8,005	8,476	7,795	6,080	90,686
Net Sales	129,860	142,219	179,948	112,716	157,270	173,746	71,176	154,656	162,133	128,413	132,175	134,483	1,678,796
Cost of Good Sold	123,054	132,692	161,456	107,325	139,328	154,532	74,510	130,968	139,380	109,737	117,095	125,641	1,515,718
Gross Profit	6,805	9,527	18,492	5,391	17,942	19,214	(3,333)	23,688	22,754	18,676	15,080	8,843	163,078
Selling, General & Administrative	23,149	22,608	23,471	20,552	19,598	19,657	20,014	19,210	19,366	18,950	18,377	18,260	243,212
Operating Income	(16,344)	(13,082)	(4,979)	(15,161)	(1,655)	(443)	(23,347)	4,478	3,387	(274)	(3,297)	(9,418)	(80,134)
Net Interest	8,171	7,383	8,171	7,909	8,171	7,909	8,171	8,171	7,909	8,171	7,909	8,171	96,218
Other (Income) / Expense	(625)	(585)	(637)	(434)	(508)	(501)	(283)	(560)	(503)	(547)	(461)	(372)	(6,015)
Pretax Income	(23,890)	(19,880)	(12,513)	(22,636)	(9,318)	(7,851)	(31,235)	(3,133)	(4,019)	(7,898)	(10,746)	(17,217)	(170,337)
Income Taxes	333	333	333	333	333	333	333	333	333	333	333	333	4,000
Net Income Before Extraordinary Items	(24,223)	(20,213)	(12,847)	(22,969)	(9,652)	(8,184)	(31,569)	(3,467)	(4,352)	(8,232)	(11,079)	(17,550)	(174,337)
Disc Operations (Gain)/Loss	33	33	33	33	33	33	33	33	33	33	33	33	390
Net Income	($24,256)	($20,245)	($12,879)	($23,002)	($9,684)	($8,217)	($31,601)	($3,499)	($4,385)	($8,264)	($11,112)	($17,582)	($174,727)
Memo: EBITDA Build													
Operating Income	($16,344)	($13,082)	($4,979)	($15,161)	($1,655)	($443)	($23,347)	$4,478	$3,387	($274)	($3,297)	($9,418)	($80,134)
Depreciation	5,050	4,940	5,025	4,915	4,949	4,916	4,889	4,935	4,869	4,867	4,874	4,863	59,090
Amortization	990	990	989	977	980	980	967	973	974	975	972	967	11,733
Professional Fees	9,000	9,000	9,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	90,000
KERP	788	788	788	788	788	788	788	788	788	788	788	788	9,460
Restructuring	1,667	1,569	2,526	2,316	1,417	1,405	1,397	939	914	473	118	190	14,929
Amortization of Loss on Sale Leaseback	117	117	117	117	117	117	117	117	117	117	117	117	1,401
Adjusted EBITDA	$1,269	$4,322	$13,465	$952	$13,598	$14,763	($8,189)	$19,230	$18,049	$13,945	$10,572	$4,508	$106,479

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Assets													
Cash & Cash Equivalents	$43,522	$30,634	$56,058	$67,379	$46,942	$38,918	$85,000	$35,546	$34,488	$65,062	$65,142	$73,933	$73,933
AR - Trade, Net	252,431	261,589	251,825	236,800	263,955	278,627	207,867	257,106	265,317	240,017	243,469	235,108	235,108
AR - Other Non-Trade	4,947	4,947	4,947	4,947	4,947	4,947	4,947	4,947	4,947	4,947	4,947	4,947	4,947
Inventory, Net	114,869	107,768	108,099	108,961	106,813	103,955	98,803	105,628	109,527	107,135	104,846	103,654	103,654
Tooling and Molding, Net	62,548	54,665	41,665	41,665	41,665	41,665	41,665	41,665	41,665	41,665	41,665	41,665	41,665
Prepaid Expenses & Other Current Assets	78,040	79,379	78,518	77,657	76,797	75,936	75,075	74,214	73,353	72,492	72,358	78,971	78,971
Current Assets	$536,357	$538,982	$541,113	$537,409	$541,118	$544,048	$511,356	$519,106	$529,297	$531,318	$532,428	$538,277	$538,277
Investments in Subsidiaries	229,602	229,602	229,602	229,602	229,602	229,602	229,602	229,602	229,602	229,602	229,602	229,602	229,602
PPE, Net	342,693	347,325	349,915	349,724	349,721	350,459	352,211	351,710	351,088	349,453	346,823	344,308	344,308
Goodwill, Net	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554	492,554
Deferred Tax Assets, Long Term	25,939	25,959	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939	25,939
Tooling and Molding, Net Long Term	14,377	14,377	14,377	14,377	14,377	14,377	14,377	14,377	14,377	14,377	14,377	14,377	14,377
Other Noncurrent Assets	93,508	92,518	91,530	90,553	89,573	88,593	87,626	86,653	85,680	84,705	83,733	82,766	82,766
Intercompany Assets	805,988	800,988	788,988	773,988	763,988	753,988	739,988	737,988	727,988	715,988	703,988	691,988	691,988
Total Assets	$2,561,017	$2,542,284	$2,534,816	$2,514,145	$2,506,871	$2,499,558	$2,453,652	$2,457,928	$2,456,523	$2,443,934	$2,429,442	$2,419,809	$2,419,809
Liabilities and Equity													
Current Portion of Long Term Debt	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$248,825	$241,825	$241,825	$241,825
Current Portion of Capital Leases	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	45,913	39,513	38,122	45,031	48,241	50,539	40,923	47,297	48,771	44,900	46,171	46,695	46,695
Accrued Interest Payable	8,361	8,989	9,686	10,361	11,058	11,733	12,430	13,127	13,801	14,516	15,208	15,922	15,922
Accrued & Other Liabilities	60,184	66,475	71,111	68,773	66,959	64,646	61,008	61,194	61,381	61,635	62,413	68,442	68,442
Income Taxes Payable	(5,471)	(5,178)	(5,045)	(5,511)	(5,248)	(5,115)	(5,231)	(4,933)	(4,800)	(4,916)	(4,618)	(4,485)	(4,485)
Total Current Liabilities	$357,812	$358,624	$362,700	$367,479	$369,835	$370,628	$357,954	$365,510	$367,979	$364,959	$361,000	$368,400	$368,400
Pre Petition Liabilities	2,195,736	2,195,736	2,193,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736	2,195,736
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations, Long Term	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Income Taxes	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832	20,832
Minority Interest in Consol Subs	469	469	469	469	469	469	469	469	469	469	469	469	469
Other Noncurrent Liabilities	193,871	194,570	195,106	193,457	193,512	193,623	191,992	192,211	192,722	191,418	191,997	192,546	192,546
Intercompany Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	$2,768,719	$2,770,231	$2,774,843	$2,777,973	$2,780,384	$2,781,288	$2,766,983	$2,774,758	$2,777,738	$2,773,414	$2,770,034	$2,777,983	$2,777,983
Total Equity	($207,702)	($227,947)	($240,827)	($263,828)	($273,513)	($281,729)	($313,331)	($316,830)	($321,215)	($329,479)	($340,591)	($358,173)	($358,173)
Total Liabilities and Equity	$2,561,017	$2,542,284	$2,534,016	$2,514,145	$2,506,871	$2,499,558	$2,453,652	$2,457,928	$2,456,523	$2,443,935	$2,429,443	$2,419,810	$2,419,810

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Net Income (loss)	($24,256)	($20,245)	($12,879)	($23,002)	($9,684)	($8,217)	($31,601)	($3,499)	($4,385)	($8,264)	($11,112)	($17,582)	($174,727)
Asset Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	5,050	4,940	5,025	4,915	4,949	4,916	4,889	4,935	4,869	4,867	4,874	4,863	59,090
Amortization	990	990	989	977	980	980	967	973	974	975	972	967	11,733
Loss on sale of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on curtailment of postretirement benefit pla	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in accounts and other receivab	(16,756)	(9,158)	9,764	15,025	(27,155)	(14,672)	70,760	(49,239)	(8,211)	25,300	(3,452)	8,361	567
(Increase) decrease in inventories	(1,858)	7,101	(331)	(862)	2,149	2,858	5,153	(6,825)	(3,899)	2,392	2,289	1,192	9,357
(Increase) decrease in prepaid assets	661	(1,339)	861	861	861	861	861	861	861	861	133	(6,613)	(270)
(Increase) decrease in tooling	4,750	7,883	13,000	0	0	0	0	0	0	0	0	0	25,633
(Increase) decrease in other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in accounts payable	(1,323)	(6,400)	(1,391)	6,909	3,209	2,298	(9,616)	6,374	1,474	(3,871)	1,271	524	(540)
Increase (decrease) in other liabilities	11,971	6,990	3,172	(3,987)	(1,759)	(2,202)	(5,269)	406	698	(1,050)	1,358	6,578	18,905
Other, Net	505	922	830	208	960	808	580	995	808	597	990	847	9,053
Net cash used in operating activities	($20,265)	($8,316)	$21,039	$1,044	($25,491)	($12,370)	$36,723	($45,020)	($6,811)	$21,806	($2,676)	($862)	($43,299)
Additions to property, plant and equipment	($7,897)	($9,572)	($7,615)	($4,723)	($4,946)	($5,653)	($6,641)	($4,434)	($4,247)	($3,232)	($2,244)	($2,348)	($63,552)
Net cash provided by financing activities	$0	$5,000	$12,000	$15,000	$10,000	$10,000	$14,000	$2,000	$10,000	$12,000	$5,000	$12,000	$107,000
Increase (decrease) in cash	($28,162)	($12,888)	$25,423	$11,320	($20,437)	($8,024)	$44,082	($47,454)	($1,058)	$30,574	$80	$8,791	$2,249
Beginning Cash	71,684	43,522	30,634	56,058	67,379	46,942	38,918	83,000	35,546	34,488	65,062	65,142	71,684
Ending Cash	43,522	30,634	56,058	67,379	46,942	38,918	83,000	35,546	34,488	65,062	65,142	73,933	73,933

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Outside Sales	$51,558	$53,963	$62,873	$50,701	$59,066	$59,778	$29,793	$56,695	$55,619	$56,278	$56,510	$45,427	$638,259
Inter-Company Sales	8,439	8,148	9,337	7,569	9,040	9,399	4,956	8,733	7,822	8,463	7,641	6,114	95,663
Net Sales	59,996	62,111	72,210	58,270	68,106	69,177	34,749	65,428	63,441	64,741	64,151	51,541	733,922
Cost of Good Sold	54,047	54,369	62,238	51,708	57,953	59,873	33,408	55,408	55,479	55,147	54,339	47,782	641,751
Gross Profit	5,949	7,742	9,972	6,562	10,153	9,304	1,341	10,020	7,962	9,594	9,811	3,759	92,171
Selling, General & Administrative	333	491	601	365	629	393	403	276	335	178	171	202	4,378
Operating Income	5,616	7,251	9,372	6,197	9,523	8,911	939	9,744	7,627	9,416	9,640	3,556	87,793
Net Interest	(4)	(4)	(4)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(45)
Other (Income) / Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Pretax Income	5,620	7,255	9,376	6,201	9,527	8,915	942	9,747	7,630	9,420	9,644	3,560	87,837
Income Taxes	2,352	2,352	2,352	2,352	2,352	2,352	2,352	2,352	2,352	2,352	2,352	2,352	28,220
Net Income Before Extraordinary Items	3,268	4,903	7,024	3,849	7,175	6,563	(1,409)	7,396	5,279	7,068	7,292	1,208	59,617
Disc Operations (Gain)/Loss	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	$3,268	$4,903	$7,024	$3,849	$7,175	$6,563	($1,409)	$7,396	$5,279	$7,068	$7,292	$1,208	$59,617
Memo: EBITDA Build													
Operating Income	$5,616	$7,251	$9,372	$6,197	$9,523	$8,911	$939	$9,744	$7,627	$9,416	$9,640	$3,556	$87,793
Depreciation	1,843	1,852	1,852	1,858	1,858	1,860	1,861	1,861	1,894	1,895	1,895	1,895	22,425
Amortization	13	13	15	12	14	14	7	15	13	14	12	10	153
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
KERP	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring	0	0	35	90	428	130	55	130	55	55	55	55	1,090
Amortization of Loss on Sale Leaseback	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(137)
Adjusted EBITDA	$7,461	$9,105	$11,263	$8,146	$11,813	$10,904	$2,851	$11,739	$9,578	$11,370	$11,591	$5,505	$111,324

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Assets													
Cash & Cash Equivalents	$4,968	$4,559	$5,762	$4,473	$4,752	$5,323	$7,871	$4,758	$5,366	$5,753	$5,721	$6,684	$6,684
AR - Trade, Net	27,830	30,883	27,628	27,040	30,485	31,882	15,377	29,262	29,663	29,047	30,139	23,446	23,446
AR - Other Non-Trade	6,015	6,015	6,015	6,015	6,015	6,015	6,015	6,015	6,015	6,015	6,015	6,015	6,015
Inventory, Net	18,184	18,081	18,908	18,052	17,638	16,960	16,067	17,048	16,817	17,048	16,835	15,342	15,342
Tooling and Molding, Net	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses & Other Current Assets	22,878	22,878	22,878	22,878	22,878	22,878	22,878	22,878	22,878	22,878	22,878	22,878	22,878
Current Assets	$79,876	$82,417	$81,192	$78,459	$81,768	$83,058	$68,209	$79,961	$80,739	$80,741	$81,588	$74,365	$74,365
Investments in Subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0
PPE, Net	132,690	135,453	137,388	136,532	135,590	134,530	134,265	135,686	134,703	133,663	132,482	131,864	131,864
Goodwill, Net	288,835	288,835	288,835	288,835	288,835	288,835	288,835	288,835	288,835	288,835	288,835	288,835	288,835
Deferred Tax Assets, Long Term	0	0	0	0	0	0	0	0	0	0	0	0	0
Tooling and Molding, Net Long Term	(1,489)	(1,489)	(1,489)	(1,489)	(1,489)	(1,489)	(1,489)	(1,489)	(1,489)	(1,489)	(1,489)	(1,489)	(1,489)
Other Noncurrent Assets	28,476	28,463	28,449	28,437	28,423	28,408	28,401	28,386	28,373	28,359	28,347	28,337	28,337
Intercompany Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	$528,389	$533,680	$534,374	$530,774	$533,127	$533,342	$518,221	$531,379	$531,161	$530,109	$529,764	$521,912	$521,912
Liabilities and Equity													
Current Portion of Long Term Debt	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Current Portion of Capital Leases	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	19,964	20,095	20,348	21,596	22,534	23,483	19,552	23,103	23,394	23,063	23,215	21,946	21,946
Accrued Interest Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued & Other Liabilities	13,190	16,201	19,494	19,622	19,751	17,380	16,509	16,637	16,766	16,895	17,024	17,152	17,152
Income Taxes Payable	(24,480)	(27,249)	(25,117)	(20,928)	(18,797)	(16,665)	(14,534)	(12,403)	(10,271)	(8,140)	(6,008)	(3,877)	(3,877)
Total Current Liabilities	$8,674	$9,047	$14,725	$20,290	$23,508	$24,198	$21,526	$27,337	$29,889	$31,818	$34,231	$35,222	$35,222
Pre Petition Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations, Long Term	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Income Taxes	9,276	9,276	9,276	9,276	9,276	9,276	9,276	9,276	9,276	9,276	9,276	9,276	9,276
Minority Interest in Consol Subs	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Noncurrent Liabilities	38,505	38,520	38,513	38,497	38,457	38,419	38,379	38,330	38,282	38,232	38,182	38,130	38,130
Intercompany Liabilities	419,247	419,247	407,247	394,247	386,247	379,247	368,247	368,247	360,247	350,247	340,247	330,247	330,247
Total Liabilities	$475,702	$476,090	$469,761	$462,311	$457,489	$451,140	$437,428	$443,191	$437,694	$429,574	$421,936	$412,876	$412,876
Total Equity	$52,687	$57,590	$64,614	$68,463	$75,639	$82,202	$80,793	$88,188	$93,467	$100,536	$107,828	$109,036	$109,036
Total Liabilities and Equity	$528,389	$533,680	$534,375	$530,774	$533,127	$533,342	$518,221	$531,379	$531,161	$530,110	$529,764	$521,912	$521,912

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Net income (loss)	$3,268	$4,903	$7,024	$3,849	$7,175	$6,563	($1,409)	$7,396	$5,279	$7,068	$7,292	$1,208	$59,617
Asset Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	1,843	1,852	1,852	1,858	1,858	1,860	1,861	1,861	1,894	1,895	1,895	1,895	22,425
Amortization	13	13	15	12	14	14	7	15	13	14	12	10	153
Loss on sale of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on curtailment of postretirement benefit pla	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in accounts and other receivab	(5,585)	(3,053)	3,255	588	(3,445)	(1,396)	16,505	(13,885)	(401)	617	(1,092)	6,693	(1,201)
(Increase) decrease in inventories	338	103	(827)	856	414	677	893	(981)	231	(231)	213	1,494	3,180
(Increase) decrease in prepaid assets	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in tooling	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in accounts payable	(1,398)	131	253	1,248	957	930	(3,932)	3,551	291	(331)	152	(1,269)	585
Increase (decrease) in other liabilities	2,302	3,025	3,286	113	89	(2,409)	(912)	80	81	79	78	77	5,890
Other, Net	(869)	(2,769)	2,131	4,189	2,131	2,131	2,131	2,131	2,131	2,131	2,131	2,131	19,734
Net cash used in operating activities	($87)	$4,206	$16,990	$12,714	$9,195	$8,370	$15,145	$168	$9,520	$11,243	$10,682	$12,239	$110,384
Additions to property, plant and equipment	($3,966)	($4,615)	($3,787)	($1,003)	($916)	($799)	($1,397)	($3,283)	($911)	($835)	($714)	($1,277)	($23,721)
Net cash provided by financing activities	$5,000	$0	($12,000)	($13,000)	($8,000)	($7,000)	($11,000)	$0	($8,000)	($10,000)	($10,000)	($10,000)	($84,000)
Increase (decrease) in cash	$948	($409)	$1,203	($1,289)	$279	$571	$2,549	($3,114)	$608	$388	($32)	$963	$2,664
Beginning Cash	4,021	4,968	4,559	5,762	4,473	4,752	5,323	7,871	4,758	5,366	5,753	5,721	4,021
Ending Cash	4,968	4,559	5,762	4,473	4,752	5,323	7,871	4,758	5,366	5,753	5,721	6,684	6,684

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Outside Sales	$36,213	$32,750	$38,625	$30,543	$35,471	$35,397	$18,296	$37,651	$33,018	$36,199	$32,356	$25,946	$392,463
Inter-Company Sales	3,399	4,218	5,082	4,258	4,232	3,734	1,466	2,994	3,089	3,590	3,037	2,563	41,663
Net Sales	39,612	36,968	43,707	34,801	39,703	39,131	19,762	40,645	36,107	39,788	35,393	28,509	434,126
Cost of Good Sold	36,930	35,227	36,463	33,125	36,650	32,729	20,805	36,842	29,888	36,205	32,584	23,951	391,400
Gross Profit	2,681	1,741	7,244	1,676	3,052	6,402	(1,043)	3,804	6,218	3,583	2,809	4,558	42,726
Selling, General & Administrative	1,129	1,126	1,121	1,125	1,123	1,119	1,124	1,119	1,116	1,119	1,118	1,118	13,457
Operating Income	1,553	614	6,123	551	1,929	5,283	(2,168)	2,685	5,103	2,464	1,692	3,440	29,269
Net Interest	589	589	589	589	589	589	589	589	589	589	589	589	7,072
Other (Income) / Expense	628	592	644	441	515	508	289	566	509	554	467	379	6,092
Pretax Income	335	(567)	4,890	(478)	825	4,186	(3,046)	1,529	4,004	1,321	635	2,472	16,106
Income Taxes	403	403	403	403	403	403	403	403	403	403	403	403	4,832
Net Income Before Extraordinary Items	(67)	(969)	4,487	(881)	422	3,783	(3,449)	1,127	3,601	919	232	2,069	11,274
Disc Operations (Gain)/Loss	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	($67)	($969)	$4,487	($881)	$422	$3,783	($3,449)	$1,127	$3,601	$919	$232	$2,069	$11,274
Memo: EBITDA Build													
Operating Income	$1,553	$614	$6,123	$551	$1,929	$5,283	($2,168)	$2,685	$5,103	$2,464	$1,692	$3,440	$29,269
Depreciation	1,516	1,518	1,524	1,525	1,488	1,489	1,500	1,502	1,504	1,506	1,508	1,510	18,091
Amortization	1	1	1	1	1	1	1	1	1	1	1	1	15
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
KERP	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of Loss on Sale Leaseback	3	3	3	3	3	3	3	3	3	3	3	3	30
Adjusted EBITDA	$3,072	$2,136	$7,650	$2,080	$3,421	$6,776	($664)	$4,191	$6,611	$3,974	$3,203	$4,954	$47,406

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Assets													
Cash & Cash Equivalents	$12,886	$9,147	$9,183	$9,122	$7,834	$9,262	$9,396	$8,223	$8,652	$10,018	$9,613	$10,564	$10,564
AR - Trade, Net	17,055	17,077	18,191	14,864	16,705	17,227	8,617	17,732	16,069	17,048	15,747	12,220	12,220
AR - Other Non-Trade	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717
Inventory, Net	31,699	30,664	30,667	30,943	30,333	27,013	25,556	23,979	24,021	23,872	24,140	22,671	22,671
Tooling and Molding, Net	287	287	287	287	287	287	287	287	287	287	287	287	287
Prepaid Expenses & Other Current Assets	8,910	8,910	8,910	8,910	8,910	8,910	8,910	8,910	8,910	8,910	8,910	8,910	8,910
Current Assets	$72,554	$67,801	$68,954	$65,843	$65,787	$64,415	$54,683	$60,848	$59,655	$61,853	$60,414	$56,369	$56,369
Investments in Subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0
PPE, Net	116,067	115,956	117,450	116,822	116,094	115,080	113,680	112,267	110,783	109,327	108,033	106,533	106,533
Goodwill, Net	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917	45,917
Deferred Tax Assets, Long Term	0	0	0	0	0	0	0	0	0	0	0	0	0
Tooling and Molding, Net Long Term	38	38	38	38	38	38	38	38	38	38	38	38	38
Other Noncurrent Assets	6,426	6,425	6,424	6,423	6,421	6,420	6,419	6,417	6,416	6,415	6,414	6,412	6,412
Intercompany Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	$241,001	$236,137	$238,782	$235,042	$234,257	$231,869	$220,736	$225,487	$222,808	$223,548	$220,815	$215,268	$215,268
Liabilities and Equity													
Current Portion of Long Term Debt	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Current Portion of Capital Leases	8,530	8,530	8,530	8,530	8,530	8,530	8,530	8,530	8,530	8,530	8,530	8,530	8,530
Accounts Payable	35,892	36,627	35,726	34,934	35,793	34,789	30,170	35,861	33,747	35,635	34,735	31,286	31,286
Accrued Interest Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued & Other Liabilities	11,252	11,458	12,453	12,223	11,993	11,763	11,534	11,304	11,074	10,844	10,614	10,384	10,384
Income Taxes Payable	3,896	4,060	4,225	4,390	4,555	4,720	4,885	5,050	5,215	5,379	5,544	5,709	5,709
Total Current Liabilities	$59,569	$60,675	$60,935	$60,077	$60,871	$59,802	$55,119	$60,744	$58,565	$60,388	$59,424	$55,910	$55,910
Pre Petition Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations, Long Term	57,578	57,578	55,478	55,478	55,478	53,378	53,378	53,378	51,278	51,278	51,278	49,178	49,178
Deferred Income Taxes	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)	(1,931)
Minority Interest in Consol Subs	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Noncurrent Liabilities	7,120	7,119	7,117	7,116	7,115	7,113	7,112	7,110	7,109	7,108	7,106	7,105	7,105
Intercompany Liabilities	89,642	84,642	84,642	82,642	80,642	77,642	74,642	72,642	70,642	68,642	66,642	64,642	64,642
Total Liabilities	$211,979	$208,084	$206,242	$203,383	$202,175	$196,005	$188,320	$191,944	$185,664	$185,486	$182,520	$174,905	$174,905
Total Equity	$29,023	$28,053	$32,540	$31,659	$32,081	$35,864	$32,416	$33,542	$37,144	$38,063	$38,295	$40,364	$40,364
Total Liabilities and Equity	$241,002	$236,137	$238,782	$235,042	$234,257	$231,869	$220,736	$225,487	$222,808	$223,548	$220,815	$215,269	$215,269

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($ in thousands)

	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	2006
Net income (loss)	($67)	($969)	$4,487	($881)	$422	$3,783	($3,449)	$1,127	$3,601	$919	$232	$2,069	$11,274
Asset Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	1,516	1,518	1,524	1,525	1,488	1,489	1,500	1,502	1,504	1,506	1,508	1,510	18,091
Amortization	1	1	1	1	1	1	1	1	1	1	1	1	15
Loss on sale of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on curtailment of postretirement benefit pla	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in accounts and other receivab	1,078	(21)	(1,115)	3,327	(1,841)	(521)	8,610	(9,116)	1,664	(980)	1,302	3,527	5,913
(Increase) decrease in inventories	(646)	1,035	(3)	(276)	609	3,321	1,457	1,577	(41)	149	(268)	1,469	8,381
(Increase) decrease in prepaid assets	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in tooling	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in accounts payable	2,782	735	(901)	(793)	859	(1,004)	(4,618)	5,690	(2,114)	1,888	(900)	(3,449)	(1,823)
Increase (decrease) in other liabilities	1,024	205	994	(231)	(231)	(231)	(231)	(231)	(231)	(231)	(231)	(231)	142
Other, Net	165	165	165	165	165	165	165	165	165	165	165	165	1,978
Net cash used in operating activities	$5,853	$2,669	$5,152	$2,837	$1,472	$7,003	$3,434	$716	$4,549	$3,417	$1,809	$5,062	$43,972
Additions to property, plant and equipment	($2,293)	($1,407)	($3,017)	($898)	($760)	($475)	($100)	($990)	($820)	($850)	($215)	($910)	($9,334)
Net cash provided by financing activities	($5,000)	($5,000)	($2,100)	($2,000)	($2,000)	($5,100)	($3,000)	($2,000)	($4,300)	($2,000)	($2,000)	($4,100)	($38,400)
Increase (decrease) in cash	($1,441)	($5,738)	$35	($961)	($1,288)	$1,428	$334	($1,374)	$429	$1,367	($406)	$952	($3,762)
Beginning Cash	14,326	12,886	9,147	9,183	9,122	7,834	9,262	9,596	8,223	8,652	10,018	9,613	14,326
Ending Cash	12,886	9,147	9,183	9,122	7,834	9,262	9,596	8,223	8,652	10,018	9,613	10,564	10,564

EXHIBIT O

Collins & Aikman

DRAFT

Lender Group Update – 2006 Operating Plan

March 6, 2006

BY

CAPSTONE
ADVISORY GROUP, LLC

Privileged & Confidential

Prepared at the Request of Counsel

2006 Operating Plan - Overview

CAPSTONE ADVISORY GROUP, LLC

Plan Overview

- The following report is intended to provide lenders with a greater understanding of the assumptions behind the 2006 Operating Plan (the "Plan"), which also serves as the basis for the Company's five-year business plan that will be provided to potential acquirers and exit financing lenders. Given the potential for impacting the ongoing sale process, we have not provided editorial comments or addressed and sensitized the risks and opportunities inherent in the Plan in this report. Private lenders interested in further insight as to the Plan's risks and opportunities are welcome to contact Capstone directly.
- The Plan is the first budget that was prepared almost exclusively by the new management team, including Frank Macher, the new CEO, Tim Trenary, the new CFO, and the new EVP Human Resources, VP Financial Planning, EVP Strategic Planning, President Plastics, VP Plastics, Chief Engineering Officer, EVP General Counsel, VP Internal Audit, and other more junior executives. Kroll Zolfo Cooper was less central to the creation of this Budget.
- The Plan reflects a bottoms-up approach to the income statement forecast and additional top-side adjustments (including "stretch opportunities" of $19 million related to incremental volume and additional cost savings and a $7 million high-level risk adjustment) to arrive at the $265 million of projected EBITDA.

2006 Operating Plan - Overview

CAPSTONE ADVISORY GROUP, LLC

- Based on achieving $123 million of cost savings and $131 million of price increases, the Company forecasts being cash flow breakeven in 2006. This includes, however, $118.6 million of extraordinary and bankruptcy related costs, without which the Company would forecast generating $120 million of free cash flow.

2006 Operating Plan - Free Cash Flow

(in millions)	Plastics	Carpet & Acoustics	Specialty	Fabrics	Tooling	Home Office & Elims	Total C&A NA
Adjusted EBITDA	$ 229.2	$ 143.9	$ 11.6	$ (6.7)	$ (13.8)	$ (99.0)	$ 265.2
W/C (A/R, Inventory & A/P) (a)	-	-	-	-	-	28.2	28.2
Capex	(50.7)	(34.1)	(3.4)	(3.6)	(3.9)	(0.9)	(96.6)
Customer Funded Capex (a)	-	-	-	-	-	25.2	25.2
Repayment of Cust. Funded Capex (a)	-	-	-	-	-	(9.8)	(9.8)
Tooling Reimbursement	-	-	-	-	22.0	-	22.0
Capital Lease - Hermosillo	(8.4)	-	-	-	-	-	(8.4)
DIP Paydown for LC Posting	-	-	-	-	-	(7.0)	(7.0)
Other Balance Sheet Items & Other	-	-	-	-	-	10.3	10.3
Operating Cash Flow	170.1	109.8	8.2	(10.3)	4.3	(53.0)	229.1
Cash Interest	-	-	-	-	-	(94.8)	(94.8)
Cash Taxes	-	-	-	-	-	(14.5)	(14.5)
Free Cash Flow Before Restr. Items	170.1	109.8	8.2	(10.3)	4.3	(162.3)	119.8
Professional Fees (b)	-	-	-	-	-	(90.0)	(90.0)
Restructuring Costs	(16.0)	-	-	-	-	-	(16.0)
KERP, Guaranteed Bonuses (b)	-	-	-	-	-	(12.6)	(12.6)
Free Cash Flow	$ 154.1	$ 109.8	$ 8.2	$ (10.3)	$ 4.3	$ (264.9)	$ 1.2

(a) Balance sheet not prepared on a business unit basis; therefore amounts are shown as Home Office.

(b) Total assumed paid in 2006; assumes no holdbacks for professional fees.

EXHIBIT P

Freeman, Alexis

From:	David Barse [dbarse@thirdave.com]
Sent:	[redacted]
To:	Stamer, Michael; rbelinsky@chanin.com; thill@alvarezandmarsal.com; Goldman, Neal
Cc:	sjindal@chanin.com; akapur@chanin.com; mkvarda@alvarezandmarsal.com; Dublin, Philip; Freeman, Alexis
Subject:	RE: collins

Russ,

I would like to drill down on your "4" point plan.

1. Business Plan. Can we provide more direction in terms of driving Frank toward a minimum EBITDA number that incorporates both his new business initiatives with specifics as well as [redacted] (which he is so famous for) and is extended out beyond '06 into '07 thru '10.

2. Get some specific understanding of what the new CFO is taking ownership of and how the CFO as well as the other Senior Team members are going to collaberate together to complete the business plan and exit strategy from Chapter 11 as soon as practicable to [redacted].

3. Get more detail on meeting with the OEM's on Thurs and what other steps [redacted]. In addition, how Frank is going to improve relations between the OEM's and the Creditors (if that is a real
concern) and establish credibiltiy for a stand alone plan.

4. [redacted]. Do what is necessary to illustrate that there are no buyers of this company for $2.5bn and nothing more. Every minute wasted beyond that is wasting everyone else's time and further damaging the Company's chances for emerging as a stand alone feasible company.

Other comments? Anyone.

-----Original Message-----
From: Stamer, Michael [mailto:mstamer@AkinGump.com]
Sent: Friday, January 20, 2006 6:36 PM
To: rbelinsky@chanin.com; thill@alvarezandmarsal.com; David Barse; Goldman, Neal
Cc: sjindal@chanin.com; akapur@chanin.com; mkvarda@alvarezandmarsal.com; Dublin, Philip; Freeman, Alexis
Subject: Re: collins

Tom,

In the future, please copy my team and me on this type of correspondence. Thanks.

Michael S. Stamer
Akin, Gump, Strauss, Hauer & Feld, LLP
590 Madison Avenue, 22nd Floor
New York, New York 10022
(212) 872-1025
(212) 872-1002 Fax

-----Original Message-----
From: Russ Belinsky
To: Hill, Tom; dbarse@thirdave.com; Goldman, Neal
CC: Sanjay Jindal; Anurag Kapur; Kvarda, Matt; Stamer, Michael
Sent: Fri Jan 20 18:12:39 2006
Subject: RE: collins

As usual, I agree with Tom

[redacted]

From: Hill, Tom [mailto:THill@alvarezandmarsal.com]
Sent: Friday, January 20, 2006 2:05 PM
To: Russ Belinsky; dbarse@thirdave.com; Goldman, Neal
Cc: Sanjay Jindal; Anurag Kapur; Kvarda, Matt
Subject: RE: collins

David/Neal,

The only other points that we would like to emphasize with Frank would be that the Business Plan is Management's Plan [redacted] and that Frank also needs to focus on the cost cutting in addition to the new business as part of the plan. The earlier that Frank can demonstrate that this business is viable on a standalone basis the sooner he can get it out of bankruptcy, which will have three main benefits. First, it will allow him to win new business faster from the OEM's because it takes away the stigma that is associated with a supplier in bankruptcy. Second, it will cut off the professional meter that is running at a significant monthly rate (and increasing the amount of working capital the Company will need to exit). Finally, it makes Frank richer sooner.

As Russ will tell you, there was a significant amount of rhetoric on today's call about [redacted]

Best regards,

Tom

Thomas E. Hill

Alvarez & Marsal, LLC

55 W. Monroe St., Suite 3700

Chicago, IL 60603

312-601-4226

From: Russ Belinsky [mailto:rbelinsky@chanin.com]
Sent: Friday, January 20, 2006 3:37 PM
To: dbarse@thirdave.com; Goldman, Neal
Cc: Hill, Tom; Sanjay Jindal; Anurag Kapur; Russ Belinsky
Subject: collins

David/Neal

Give me a call so I can give you an update on our call with Lazard today regarding standalone plan discussions

Also, our 4 point plan for Frank is as follows:

1. Business Plan: 2007-2009 plan-need to focus on new business.
2. Build out team: CFO and others to finish plan.
3. OEMs: Frank needs to sell them that our standalone plan is feasible (revenue and cost cuts and debt) and backed by long term investors (eg, third ave and McKay)

[redacted]

Call me when you have time.

Russ

Dublin, Philip

From: Stamer, Michael
Sent: Tuesday, January 24, 2006 8:42 AM
To: Dublin, Philip
Subject: Fw: Update

Need to get macher outline done today.

Michael S. Stamer
Akin, Gump, Strauss, Hauer & Feld, LLP
590 Madison Avenue, 22nd Floor
New York, New York 10022
(212) 872-1025
(212) 872-1002 Fax

-----Original Message-----
From: David Barse
To: Stamer, Michael
Sent: Tue Jan 24 07:36:41 2006
Subject: Update

Looking for update on conversations w Martin and draft of Frank 4 pt plan.

Freeman, Alexis

From:	Dublin, Philip
Sent:	Tuesday, July 03, 2007 10:25 AM
To:	Freeman, Alexis
Subject:	FW: C&A -- Privileged & Confidential/Attorney Work Product
Attachments:	EAST-#7534524-v3-C&A_-_Memo_re__Stand_Alone_Plan_Discussions.DOC

Philip C. Dublin
Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, NY 10022
212.872.8083
212.872.1002 (fax)
pdublin@akingump.com

From:	Dublin, Philip
Sent:	Tuesday, January 24, 2006 4:09 PM
To:	'David Barse'
Cc:	Stamer, Michael
Subject:	C&A -- Privileged & Confidential/Attorney Work Product

David, attached is a short memo synthesizing the issues related to the 4 point plan for your meeting with Frank Macher. If you have any questions, please contact Mike Stamer at (212) 872-1025 or me at (212) 872-8083. Thanks.

Philip C. Dublin
Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, New York 10022
(212) 872-8083
(212) 872-1002 (fax)
pdublin@akingump.com

EAST-#7534524-v3
-C&A_-_Memo_re...

SHARED MATERIAL PURSUANT TO THE STIPULATION OF JUNE 13, 2007. DO NOT DISCLOSE TO ANYONE EXCEPT PURSUANT TO THE TERMS OF THE STIPULATION AND PROTECTIVE ORDER.

PRIVILEGED & CONFIDENTIAL
ATTORNEY WORK PRODUCT

AKIN GUMP
STRAUSS HAUER & FELD LLP
Attorneys at Law

MEMORANDUM

SHARED MATERIAL PURSUANT TO THE STIPULATION OF JUNE 13, 2007. DO NOT DISCLOSE TO ANYONE EXCEPT PURSUANT TO THE TERMS OF THE STIPULATION AND PROTECTIVE ORDER.

January 24, 2006

To: David Barse

From: Akin Gump Strauss Hauer & Feld LLP

Re: Collins & Aikman Corporation, *et al.* ("C&A" or the "Company") – Talking Points for January 26, 2006 meeting with Frank Macher

In contemplation of your scheduled meeting with Frank Macher on Thursday, January 26, 2006, as requested, we have synthesized the issues that you and the Committee's advisors have raised and that should be addressed with Macher relating to (i) the Debtors' long term Business Plan; (ii) the hiring of additional executives; (iii) the Company's discussions with their customers about the future of C&A; and ~~(iv) the prospects for a stand-alone reorganization as opposed to a sale of the Company's assets~~.

1. Business Plan

The Company should be focused on preparing and being able to support a Business Plan for years 2007-2009 that is predicated upon the realization of cost savings and obtaining new business. The Business Plan should be prepared by the Company's management team with the assistance of the Company's advisors – not the other way around. Macher needs to reinforce with the Company's advisors that (i) he is committed to reorganizing Collins & Aikman as a stand-alone entity, (ii) the Business Plan is one that will enable the Company to thrive, and (iii) the [redacted]

[redacted] Emerging from chapter 11 will provide the Company with the following benefits, among others: (i) removal of the stigma of chapter 11; (ii) the ability to solidify new business commitments from the OEMs and provide the OEMs with evidence of the Company's financial wherewithal; (iii) a substantial reduction in reorganization costs – most notably the professional fees and expenses of the various constituencies; and (iv) the ability of Macher and his management team to realize upon the millions of dollars in incentive compensation predicated on the enterprise value of the reorganized Company.

[redacted] In addition, Macher should use his best efforts to estimate how much new business he can realistically win for years 2008 through 2010 and how much cost savings he can achieve on his current business, especially through further plant consolidations. Additionally, we would like to provide Macher with more direction in extending the Business Plan through 2010.

What is the CCP model?

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ATTORNEY WORK PRODUCT

2. Management Team

C&A must finalize, without further delay, the hiring of a CFO and other necessary employees to implement the Business Plan and ensure C&A's continued viability. [redacted]).

The Committee needs a specific understanding of what tasks the new CFO will be taking ownership of and how the CFO, as well as other senior team members, are going to collaborate to complete the Business Plan and exit strategy. In addition to the normal financial statements processes and procedures, [redacted]

3. OEMs

The Company must sell the idea of a stand alone plan to the OEMs and convince the OEMs that a stand alone plan is feasible and backed by long-term investors (i.e., Third Avenue Management). We need to obtain more information as to what steps Macher is taking to improve relations with the OEMs as well as his efforts to reach a consensual resolution to GM's determination to pull the Lambda program (i.e, through new business at equal or greater EBITDA than the Lambda program would have provided). [redacted] However, this can only be achieved with the Committee getting comfortable that the OEMs are committed to the Company for the long term.

OD

4. Stand Alone Plan v. Sale Process

Macher should be told that the Company needs to focus more of its energy on the stand-alone plan. [redacted] A number of Macher's new business opportunities involve taking business from Lear. The OEM's will be less inclined to re-source Lear business to the Company if there is a possibility that it will circle back to Lear through a sale process. Understanding that the Company will continue to move down a dual-track process regardless of the Committee's position, Macher should be reminded that the Company needs to be amenable to receiving input from the Committee and its advisors on both the stand-alone process and the sale process. For example, the Committee's advisors gave Lazard and KZC the preliminary list of potential exit financing lenders, and Lazard has agreed to pursue this path when they deem it appropriate. However, we understand that the restructuring committee of the board has not authorized Lazard to run the exit financing process. To truly run a dual track, this process should begin as soon as possible, notwithstanding the fact that Lazard has stated that they think the exit financing effort is premature. Chanin has told Lazard that (i) the M&A sale process is premature and (ii) if they want to run an M&A process, they must also run a stand alone process which, by definition, includes exit financing.

EXHIBIT Q

Confidential/Not for Public Release
For Discussion Purposes Only
~~Being~~ Delivered Pursuant to ~~E-mail~~Express Confidentiality Agreement ~~Dated February 17, 2006~~

Summary Term Sheet for Proposed Restructuring
of Collins & Aikman Corporation and its debtor subsidiaries (the "Debtors")

~~February~~**March** [__], 2006

I. **Overview**

This summary term sheet sets forth certain of the principal terms upon which Third Avenue Trust or its affiliates ("Third Avenue") and Wayzata Investment Partners or its affiliates ("Wayzata") would be willing to serve as standby purchasers (collectively, the "Standby Purchasers") for a rights offering (the "Rights Offering") for New Securities (as defined below) to be implemented through and in conjunction with a chapter 11 plan of reorganization (the "Plan") filed by the Debtors that is satisfactory in all respects to the Standby Purchasers and the Debtors.[1]

This term sheet does not include a description of all of the terms, conditions and other provisions that are to be contained in the definitive documentation governing such matters, which remain subject to discussion and negotiation amongst the Standby Purchasers and the Debtors. This term sheet is proffered in the nature of a settlement proposal in furtherance of settlement discussions, and is intended to be entitled to the protections of Rule 408 of the Federal Rules of Evidence and any other applicable statutes or doctrines protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions. Nothing herein shall be deemed to be the solicitation of an acceptance or rejection of a plan of reorganization. Further, nothing herein shall be an admission of fact or liability or deemed binding on the Debtors. Capitalized terms not otherwise defined herein shall have the meanings typically associated with such terms in the Bankruptcy Code, 11 U.S.C. § 101-1330 (the "Bankruptcy Code") and plans of reorganization.

This summary term sheet is being provided on a confidential basis to the Debtors and their advisors, and this term sheet, its contents or it existence may not be distributed, disclosed or discussed with any party other than in accordance with the ~~e-mail~~**express confidentiality** agreements between the parties~~ of February 17, 2006.~~**.**

1 This term sheet shall not be considered as a financing commitment of any person. The proposed terms and conditions set forth in this term sheet are intended merely as an outline of certain material terms of a potential financing transaction and are provided for discussion purposes only and do not constitute an offer, agreement or commitment to lend. This term sheet does not include descriptions of all of the terms, conditions and other provisions that would be contained in definitive documentation relating to the proposed financing transaction and is not intended to limit the scope of discussion and negotiation of any matters not consistent with the specific matters set forth herein.

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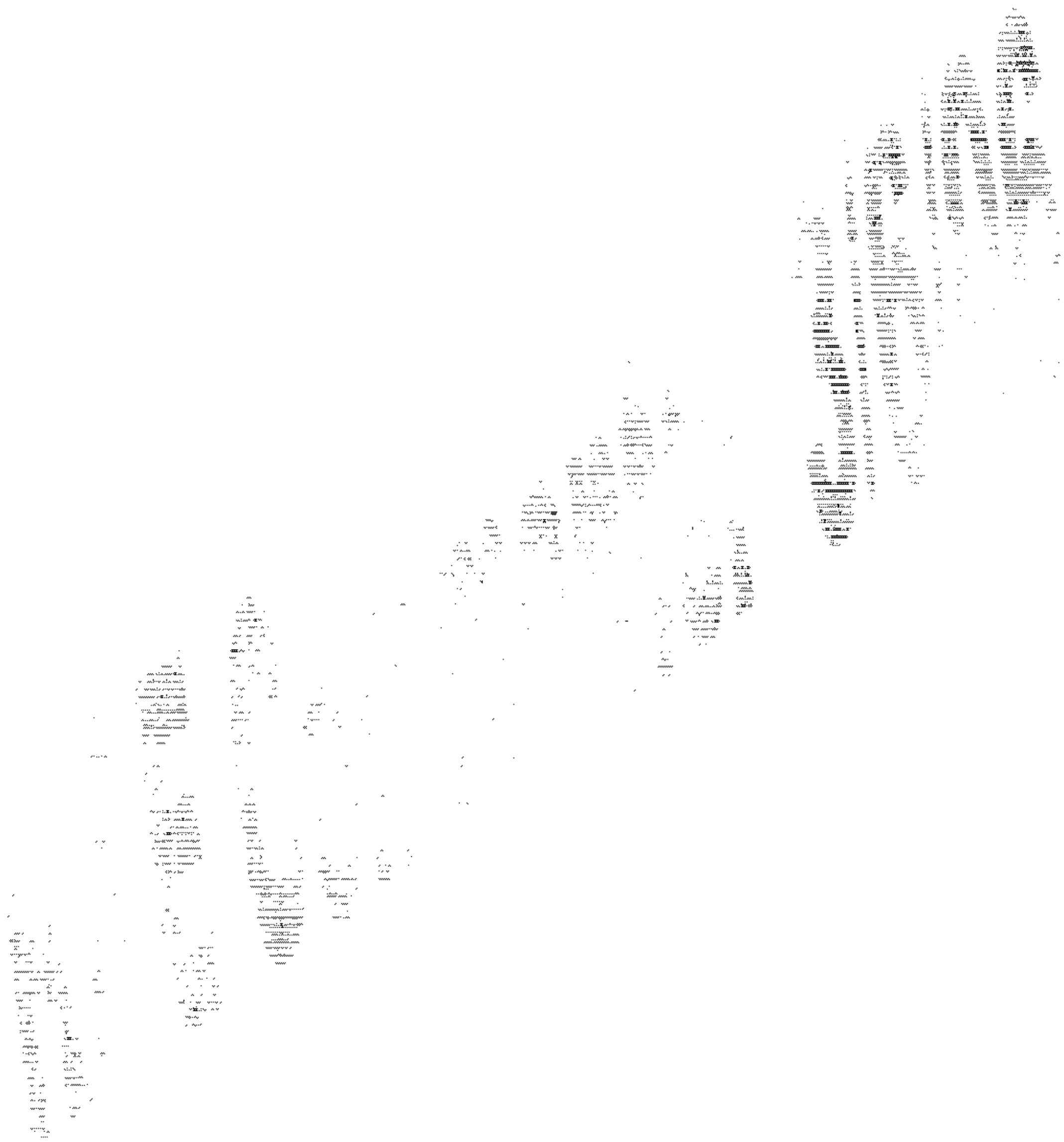
II. **Plan Treatment:**

Class of Claim or Interest	Amount of Claim	Treatment of Claim or Interest
DIP Facility Claims	$150 million (plus unpaid expenses)	$13.1 million in undrawn Letters of Credit rolled into First Priority Exit Facility. Remaining funded debt paid in full in cash on the Effective Date.
JPM Pre-Petition Facility Claims	$748 million (plus accrued stub interest and unpaid expenses)	$56.3 million in undrawn Letters of Credit rolled into First Priority Exit Facility (however, approximately $23 million may be drawn before emergence). Remaining funded debt paid in full in cash on the Effective Date.
OEM Junior DIP Claims	$82.5 million (plus accrued interest)	Treatment satisfactory to the OEMs, Standby Purchas~~ers~~**, Debtors** and the ~~Debtors~~**Official Committee of Unsecured Creditors ("Committee")**.
General Administrative Claims	$50 million [Estimated]	Paid in full in cash on the Effective Date. (Amount will increase by Standby Fee.)
OEM Administrative Claims	$30 million (plus accrued interest)	Treatment satisfactory to the OEMs, Standby Purchasers**, Debtors** and the ~~Debtors~~**Committee**.
Priority Tax Claims	[TBD]	Treated as required pursuant to 11 U.S.C. § 1129(a)(9)(C).
Other Priority Claims	[TBD]	Paid in cash on the Effective Date.
Other Secured Claims	[TBD]	Reinstated, paid in cash, collateral returned or other treatment rendering such claims unimpaired.
Capital Leases Claims	$[68] million	Reinstated.

Trade & Other General Unsecured Creditors Claims (will include intercompany claims of European subsidiaries)	$[300] million for Trade plus [TBD]	Cancelled in exchange for their pro rata share of: (x) estimated 24% of the New Common Stock issued and outstanding on the Effective Date, subject to dilution by the Management Incentive Plan; and (y) estimated 24% of the Rights described in Section III below. [Need to Consider Claim Classification Issues (e.g., Trade vs. Senior Notes) for a Substantively Consolidated Plan]
Senior Note Claims	$520.7 million	Cancelled in exchange for their pro rata share of: (x) estimated 76% of the New Common Stock issued and outstanding on the Effective Date, subject to dilution by the Management Incentive Plan; and (y) estimated 76% of the Rights described in Section III below.[2]
Senior Subordinated Note Claims	$414.3 million	Cancelled with no distribution. Pro rata share of New Common Stock and Rights discussed above to be distributed to Senior Note Claimants pursuant to 11 U.S.C. § 510(a). [Distribution (if any) to the Senior Subordinated Notes from the largess and with the consent of the Senior Notes to be discussed]
Convenience Class	[TBD]	Payment of a Convenience Cash Amount **acceptable to the Standby Purchasers, Debtors and the Committee.**
Intercompany Claims and Interests (other than claims of European subsidiaries)	**[TBD]**	Reinstated; provided the Debtors, with the consent of the Standby Purchaser, reserve the right to extinguish or cancel any or all Intercompany Claims and Interests**.**
Pre-petition Preferred, Common and Other Equity **and Securities Litigation Claims**	--	Cancelled with no distribution.

2 Reflects effectuation of subordination provision in the indenture for the Senior Subordinated Notes.



III. Rights Offering Summary:

Rights	In connection with consummation of the Plan, pursuant to the Rights Offering, the Debtors will distribute rights (the "Rights") to all holders of Senior Note Claims and Trade and Other Unsecured Creditors Claims as set forth in Section 2 above (the Senior Note Claimants will receive any Rights that would otherwise be distributable to the Senior Subordinated Note Claims). The Rights Offering will yield gross proceeds of $400 million, and Rights will allow the holder of the claims referenced above to purchase, a pro rata share, by units ("Units") of (x) $~~40~~**100** Million of New ~~Convertible~~ Second Priority Notes as described on Exhibit 1 and (y) $~~360~~**300** Million of New Convertible Preferred Stock as described on Exhibit 2.
Transferability	The Rights will be transferable, subject to conditions agreeable to the Standby Purchasers, **Debtors** and the ~~Debtors~~**Committee**.
~~Oversubscription~~	~~Each Right will also entitle each holder thereof to purchase, at par, up to its pro rata share of the Units not subscribed to by exercise of the Rights.~~
Standby Purchasers	Third Avenue and Wayzata are the Standby Purchasers and will have the exclusive right to purchase the Units not subscribed for in the Rights Offering so as to ensure that the Rights Offering generates gross proceeds equal to not less than $400 million (the "Purchase Commitment"). The Standby Purchasers will be required to purchase the unsubscribed Units for a price equal to 100% of the price set forth in the Rights~~, less a fully earned, non-refundable utilization fee equal to 1.5% of aggregate price of the unsubscribed Units so purchased~~.
Standby Fee	Standby Fee – a fully earned non-refundable standby fee equal to ~~2.5~~5 % of the Purchase Commitment payable in full in cash on the Effective Date.
Breakup Fee	Once the Debtors, Creditors' Committee, and Standby Purchasers have executed an agreement on the terms of a Purchase Commitment and a Plan Term Sheet, the Debtors and the ~~Creditors'~~ Committee will file a joint motion (the "Plan

	Sponsor Motion") seeking approval of a breakup fee equal to 3% of the Purchase Commitment (the "Breakup Fee"), bidding procedures **acceptable to the Standby Purchasers, Debtors and the Committee,** and other mutually agreeable protections for the Standby Purchasers. The Breakup Fee shall be payable to the Standby Purchaser in the event the Debtors pursue a transaction that causes the Purchase Commitment to terminate or the Rights Offering to be no longer practicable; provided that no Breakup Fee will not be payable if the Standby Purchasers consent to a Topping Proposal (to be negotiated in the Purchase Commitment document).
Conditions	The Purchase Commitment will be subject to the following conditions precedent: a) Filing of a Plan that embodies the terms set forth in this Plan Term Sheet and that is otherwise reasonably satisfactory to the ~~Debtors~~**, Committee** and the Standby Purchasers, no later than ~~May 1,~~**April 15,** 2006; b) Entry of a final order **by September 30, 2006** (in form and substance reasonably satisfactory to the Standby Purchasers**, Debtors** and the ~~Debtors~~**Committee**) confirming the Plan (in form and substance reasonably satisfactory to the Standby Purchasers**, Debtors** and the ~~Debtors~~**Committee**), and all Plan related documents are in form and substance reasonably satisfactory to the Standby Purchasers**, Debtors** and the ~~Debtors~~**Committee**; c) Prior to the Effective Date, entry by the Debtors into the First Priority Exit Facility in form and substance satisfactory to the Standby Purchasers**, Debtors** and the ~~Debtors~~**Committee**; d) ~~The~~**Prior to the entry of an order confirming a plan of reorganization, the** Debtors having **(1) accounts receivable terms and (2) long-term** business ~~arrangements~~**commitments, in each case,** with Ford, DCX, GM, Toyota, Honda and Nissan that are reasonably satisfactory to the Standby Purchasers**, Debtors** and the ~~Debtors~~**Committee**; e) On the Effective Date, drawn amount on first-priority lien exit facility (excluding replacement letters of credit), plus Capital Leases of no more than $648 million **and cash-on-hand of $125 million**; f) Trade & Other Unsecured Creditors Claims of no more than $~~[~~300~~]~~ million or Plan mechanisms satisfactory to the Debtors and the Standby Purchasers to address

	undetermined Trade & Other Unsecured Creditor Claims; g) **The Debtors' operations between the execution of the Purchase Commitment agreement and the closing of the Rights Offering shall be at least as favorable in all material respects, taken as a whole, as those reflected in the Debtors' long-term business plan dated as of February 17, 2006;** **h)** Prior to the Confirmation Hearing Date, the Debtors will provide to the Standby Purchasers updated projections for the years 2006 to 2010 (the "Updated Projections") that are reasonably acceptable to the Standby Purchasers**. Unless the Standby Purchasers consent, the Updated Projections shall be at least as favorable in all material respects, taken as a whole, as those projections set forth in the long-term business plan dated as of February 17, 2006**; ~~h~~**i**) As of the Effective Date, there shall not have been any material adverse change with respect to the Debtors' operations, taken as a whole; ~~and~~ ~~i~~**j**) Completion of the Standby Purchasers' due diligence by no later than the date the Plan Sponsor Motion is filed, which due diligence is necessary to confirm the information set forth in the Business Plan and to confirm that there are no financial or operational obstacles which would, in the reasonable opinion of the Standby Purchasers, have a material adverse effect on the ability of the Debtors to achieve the results forecast in the long term Business Plan**;** **k) Treatment of the Debtors' pension obligations in a manner reasonably satisfactory to the Standby Purchasers, Debtors and the Committee;** **l) Treatment of tort claims against the Debtors in a manner reasonably satisfactory to the Standby Purchasers, Debtors and the Committee; and** **m) Resolution of any internal and external investigations of prepetition acts in a manner reasonably satisfactory to the Standby Purchasers, Debtors and the Committee**.

IV. **Other:**

Corporate Governance	The Board of Directors of Reorganized C&A will be comprised of the Chief Executive Officer and six other

	members, of which five members will be selected by the Standby Purchasers and one member will be selected by the ~~Creditors'~~ Committee. Management of Reorganized C&A will be satisfactory to the Standby Purchasers.
Management Incentive Plan **and Management Employment Contracts**	On the Effective Date, a **management incentive plan (the** "Management Incentive Plan**")** will be implemented to reserve for designated members of management New Common Stock in Reorganized C&A in an amount up to [ ]% of the New Common Stock (inclusive of New Common Stock distributed pursuant to Success Sharing Plan previously approved by the Bankruptcy Court). ~~The~~**Managements' employment contracts and the** Management Incentive Plan will contain terms and conditions that shall be determined by the Board of Directors of Reorganized C&A and which shall be satisfactory to the Standby Purchasers.
Registration Rights	Reorganized C&A will provide customary registration rights for resales by affiliates of shares of the New Convertible Preferred Stock and the New Common Stock issued under the Plan. [Discuss 1145 Issues]
Substantive Consolidation	The Debtors shall be substantively consolidated or the Plan otherwise shall provide for a settlement such that, to resolve issues relating to allocation of joint and several or guaranteed prepetition debt among the Debtors and related concerns, all unsecured creditors of each Debtor shall receive the same treatment.
Subordination	The classification and manner of satisfying all Claims and the respective distributions and treatments shall take into account and/or conform to the relative priority and rights of the Claims in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(a) of the Bankruptcy Code or otherwise, and any and all such rights shall be settled, compromised and released pursuant to the Plan.
Cancellation of Notes, Instruments, Certificates and Other Documents	On the Effective Date, except to the extent otherwise provided herein, all notes, instruments, certificates, and other documents evidencing debt or equity interests in the Debtors shall be cancelled and the obligations of the Debtors or Reorganized Debtors and its subsidiaries thereunder or in any way related thereto shall be discharged.
Issuance of New Securities;	On the Effective Date, Reorganized Debtors shall issue all

Execution of Plan Documents	securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan.
Releases	The Plan shall include a full release from liability in favor of the Debtors and all current officers, directors, employees, advisors, attorneys, professionals, accountants, investment bankers, consultants, agents and other representatives (including their respective officers, directors, employees, members and professionals) of the Debtors from any and all claims and causes of action arising on or prior to the Effective Date.
Exculpation	The Plan shall include a full exculpation from liability in favor of the Debtors, the ~~Creditors'~~ Committee, the lenders under the JPMorgan Prepetition Facility, the Standby Purchasers and all of their respective current and former officers, directors, members, employees, advisors, attorneys, professionals, accountants, investment bankers, consultants, agents or other representatives (including their respective officers, directors, employees, members and professionals) from any and all claims and causes of action arising on or after the Petition Date, including any act taken or omitted to be taken in connection with, or related to, formulating, negotiating, preparing, disseminating, implementing, administering, confirming or consummating the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors.
Discharge of the Debtors	Except as otherwise provided herein, on the Effective Date, and effective as of the Effective Date: (1) the rights afforded in the Plan and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge and release of all Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or any of their assets, property or Estates; (2) the Plan shall bind all holders of Claims and Interests, notwithstanding whether any such Holders failed to vote to accept or reject the Plan or voted to reject the Plan; (3) all Claims against and Equity Interests in the Debtors shall be satisfied, discharged and released in full, and the Debtors' liability with respect thereto shall be extinguished completely, including, without limitation, any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (4) all Persons and Entities shall be precluded from asserting against the Debtors, the Debtors' Estates, the Reorganized Debtors, their successors

	and assigns, their assets and properties, any other Claims or Equity Interests based upon any documents, instruments, or any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.
Injunction	From and after the Effective Date, all Persons and Entities are permanently enjoined from commencing or continuing in any manner, any suit, action or other proceeding, on account of or respecting any Claim, demand, liability, obligation, debt, right, Cause of Action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.
Director & Officer Liability Policy	As of the Effective Date, the Debtors shall assume all of the D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an executory contract that has been assumed by the Debtors under the Plan as to which no proof of claim need be filed.
Indemnification	Under the Plan, all indemnification provisions currently in place (whether in the by-laws, certificates of incorporation, articles of limited partnership, board resolutions, contracts or otherwise) for the current directors, officers, employees, attorneys, other professionals and agents of the Debtors and such current directors' and officers' respective affiliates shall be assumed and shall survive effectiveness of the Plan.
Executory Contracts	The Plan shall provide for the assumption or rejection, as the case may be, of executory contracts and unexpired leases that are acceptable to the Debtors and the Standby Purchasers.
Avoidance Actions and Other Litigation	Pursuant to 11 U.S.C. § 1123(b)(3), the Reorganized Debtors shall retain all rights to commence and pursue any and all avoidance actions and other litigation.
Resolution of Disputed Claims	The Plan shall provide for the resolution of disputed Claims and any reserves therefor.
Retention of Jurisdiction	The Plan shall provide for the retention of jurisdiction by the Bankruptcy Court for Claims resolution and certain other purposes.

EXHIBIT 1 - TERM SHEET FOR NEW ~~CONVERTIBLE~~ SECOND PRIORITY NOTES[3]

Issuer: Reorganized C&A.

Principal Amount: $~~40~~<u>100</u> Million

Purpose: To fund transactions and distributions contemplated by the Plan.

Guarantors: Same as First Priority Exit Facility.

Interest: ~~[5]~~<u>10</u>% payable semi-annually, at the Reorganized Debtors' option, in cash or in ~~New Common Stock~~<u>payable in-kind</u>. Upon Triggering Event, ~~dividend~~<u>interest</u> rate shall increase by 2%.

Maturity: ~~[~~15~~]~~ years from the Effective Date.

Security: The New Convertible Second Priority Notes shall be secured by a second priority security interest in all of the collateral securing the First Priority Exit Facility. Such lien shall be second only to the liens securing the First Priority Exit Facility. Intercreditor arrangements shall be satisfactory to Standby Purchasers.

Amortization: None. Payable in full on maturity date.

Redemptions: ~~[Market provisions to be discussed]~~ Non-Call first ~~[~~10~~]~~ Years. Redemptions permitted at any time after 10 years, in whole or in part, at the premiums listed below:

- During year 11 - ~~102.5~~<u>105</u>%
- During year 12 - ~~102~~<u>104</u>%
- During year 13 - ~~101.5~~<u>103</u>%
- During year 14 - ~~101~~<u>102</u>%
- During year 15 - ~~100.5~~<u>101</u>%.

~~**Conversion:**~~ ~~[Conversion provisions to be discussed] A holder of New Convertible Second Priority Notes will have the right to convert, at any time, the New Convertible Second Priority Notes that it holds into shares of New Common Stock. The New Convertible Second Priority Notes and the New Convertible Preferred Stock will be entitled to convert, in the aggregate, into 85% of the fully diluted New Common Stock.~~

Covenants, Restrictions, Defaults, Representations, Same as the First Priority Exit Facility and satisfactory to Standby Purchasers. Additional covenants and defaults will

---

[3] ~~Discuss whether notes should be convertible.~~

and Conditions: include anti-laying provisions, limitation on incurrence of indebtedness and cross-defaults with senior debt.

EXHIBIT 2 - SUMMARY NEW CONVERTIBLE PREFERRED STOCK TERM SHEET[4]

Issuer:	Reorganized C&A.
Type of Security:	Convertible Preferred Stock.
Issue Amount:	$~~360~~300 Million
Liquidation Preference:	Issue Amount, plus accrued and unpaid dividends through and including the date of determination.
Ranking:	The New Convertible Preferred Stock will be senior equity securities of the Issuer. Accordingly, they will be: • junior in right of payment to all of the Issuer's existing and future debt; and • senior in right of payment to all of the New Common Stock and other equity securities issued by the Reorganized Debtors, including, without limitation, any preferred equity securities distributed to the OEMs.
Dividends:	Accrue at ~~[5]~~10%, payable quarterly, at the option of the Issuer, in cash or New Common Stock. Upon Triggering Event, dividend rate shall increase by 2%.
Voting Rights:	Holders of New Convertible Preferred Stock will have the right to vote as a single class with the holders of New Common Stock on all matters relating to the Issuer for which the holders of New Common Stock are entitled to vote. For purposes of such voting, the shares of New Convertible Preferred Stock will receive a number of votes equal to the number of shares of New Common Stock underlying the New Convertible Preferred Stock on an "as converted" to New Common Stock basis.
Required Vote:	The consent of 66% of New Convertible Preferred Stock will be required for, and the holders of the New Convertible Preferred Stock will have class voting rights with respect to, certain matters acceptable to the Standby Purchasers and the Debtors, including, without limitation, (a) amendments to the Issuer's Charter or Bylaws, (b) matters adversely altering the

4 ~~General comment: market terms of convertible preferred stock to be discussed.~~

powers and preferences of the New Convertible Preferred Stock, (c) additional issuances of equity securities, and (d) extraordinary transactions, including the incurrence of indebtedness above certain levels, and certain other matters to be agreed upon by the Debtors and the Standby Purchasers.

Triggering Events:

The certificate of designation creating the New Convertible Preferred Stock will provide for the following Triggering Events:

- breach or violation of any of the terms of the New Convertible Preferred Stock or the covenants set forth in the New Convertible Second Priority Notes (including limitations on incurrence of indebtedness) (after giving effect to applicable grace periods); or
- occurrence of an Event of Default in the First Priority Exit Facility.

Upon the occurrence of a Triggering Event, the dividend rate will increase by 2%, unless otherwise agreed by 66% of the holders of the New Convertible Preferred Stock.

Conversion:

A holder of New Convertible Preferred Stock will have the right to convert, at any time, the New Convertible Preferred Stock that it holds into shares of New Common Stock. The New Convertible Preferred Stock and the New Convertible Second Priority Notes will be entitled to convert, in the aggregate, into [~~85~~__]% [percentage to be based on discount of enterprise value at emergence] of the fully diluted New Common Stock.

Maturity:

Perpetual.

Optional Redemption:

~~[Market provisions to be discussed]~~ At any time after the ~~[~~10~~]~~th anniversary of the date of issuance, the Issuer may redeem (subject to contractual and other restrictions with respect thereto and to the legal availability of funds therefor) all of the shares of New Convertible Preferred Stock then outstanding at a redemption price equal to (a) during year 11, 102.5% of the Liquidation Preference, (b) during year 12, 102% of the Liquidation Preference, (c) during year 13, 101.5% of Liquidation Preference, (d) during year 14, 101% of the Liquidation Preference and (e) during year 15 and thereafter, 100.5% of the Liquidation Preference.

Transferability:

[To be discussed].

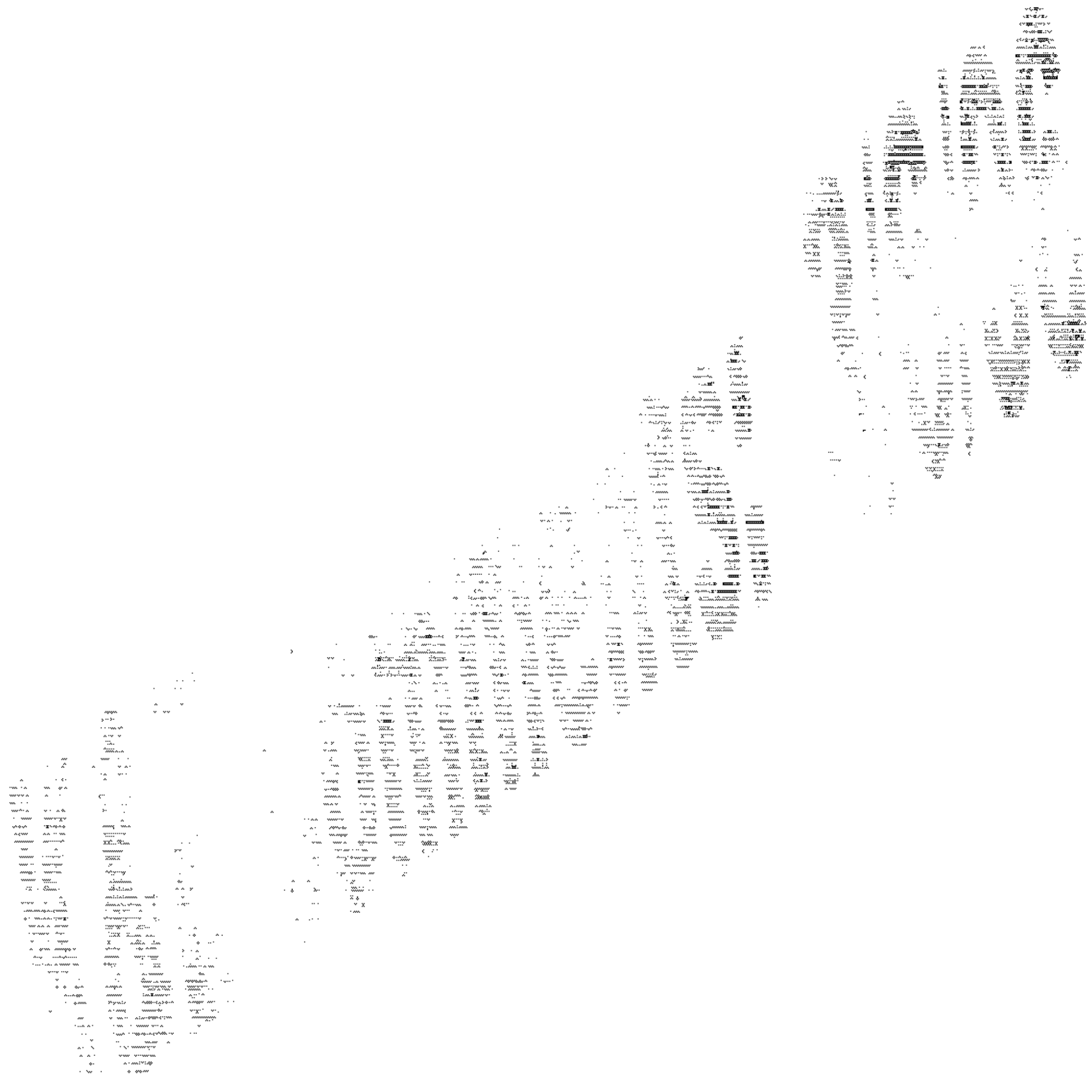


EXHIBIT R

Collins & Aikman

2006 – 2010 COLLINS & AIKMAN BUSINESS PLAN

February 2006

Contains Confidential Information

Notice Regarding Confidentiality, Risk Factors and Safe Harbor Statement

This document is furnished subject to the terms of the Confidentiality Agreement previously delivered and, accordingly, may not be copied, reproduced, distributed or disclosed except in compliance with such Confidentiality Agreement.

This document contains statements relating to future results of Collins & Aikman Corporation ("C&A" or the "Company") (including certain anticipated, believed, planned, forecasted, expected, targeted, and estimated results and C&A's outlook concerning future results) that are "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. Guidance concerning our expected results are such "forward-looking" statements and they are preliminary estimates that are subject to change based upon, among other things, additional information concerning results not yet available, a review of those results by C&A and its auditors and additional analyses that have not yet been undertaken or completed. This information is necessarily incomplete and should be reviewed in the context of the company's reported results once those are available. Risk factors that could cause material differences in the information contained herein, include, without limitation: (a) market and industry conditions including: a decline in North American, South American and European automobile and light truck builds; the level of competition in the automotive supply industry; changes in the popularity of particular cars and interior trim programs; labor unrest (including potential strikes) affecting major customers; increases in the price of raw materials; and changes to prevailing levels of interest rates; (b) company-specific conditions including: the ability to earn significant "takeaway business" from other suppliers; dependence on significant automotive customers; the ability to obtain financing and service or refinance high debt levels; the adequacy of liquidity and capital resources; the ability to finance needed capital expenditures; fluctuations in the production of vehicles for which C&A is a supplier; pricing pressures from customers; labor unrest (including potential strikes) at operations; and risks associated with doing business in foreign countries; and (c) additional risk factors detailed in C&A's filings with the Securities and Exchange Commission.

The financial projections contained in this presentation do not contain certain cost-savings and other items that the Debtors would need to realize to successfully reorganize and emerge from Chapter 11. Instead, the following presentation contains conservative financial projections that assume a cost restructure consistent with the Debtors remaining in Chapter 11.

Table of Contents

I Executive Summary

Executive Summary

- Collins & Aikman ("C&A" or the "Company") completed the development of the Strategic Plan in August 2005 - the roadmap for stabilizing and returning the Company to profitability, with specific focus upon the Plastics business unit.
- The Company immediately implemented initiatives to improve performance and operations, including significant cost reductions and facility and manufacturing capacity rationalization.
- The Company's new senior management team is now in place.
- The 2006 Budget was approved by C&A's Board of Directors on January 15, 2006 and reflects the Company's return to profitability in 2006.
- The 2006 Budget is the foundation of C&A's 5-year business and strategic plan (the "Business Plan").
- The 2006 Budget and the 2006 to 2010 Business Plan reflect management's assumptions and predictions in regards to the industry over the next 5 years and incorporates the Company's various strategic and operational initiatives.

Executive Summary *(Continued)*

Key Business Plan Strategies

New business growth – Realignment with our customers.

- The core of C&A's Business Plan is ~~new business growth.~~
- Traditional domestic OEM's account for a significant portion (approximately 80%) of C&A's current revenue. Certain of these customers have experienced a decline in market share.
- Certain new domestic OEMs (e.g.,Toyota, Nissan, Honda and Hyundai) are increasing market share in North America.
- While C&A intends to maintain the relationships it currently enjoys with the traditional domestic OEMs, the Company further intends to enhance business relations with the new domestic OEMs. Key initiatives include:

  Repair relationships with existing customers.

  Expand the scope of business opportunities with new domestic customers: Toyota, Nissan, Honda and Hyundai.

  Address near term (2007 and 2008) decline in revenue:

  - Targeted short lead-time new awards
  - Attract business from certain other OEM suppliers ("takeaway" business)

  Win new awards for major programs with all customers in 2009 and beyond.

Collins & Aikman

Executive Summary

Key Business Plan Strategies

New business growth – Realignment with our customers *(Continued)*

- C&A's strategy to expand the scope of business opportunities with new domestic customers includes:
  - Use the existing relationships C&A enjoys with the new domestics in the carpet, acoustics and accessory mats business unit as a springboard to similar relationships in the Plastics business.
  - Win new business through continued investment in customer valued technology.
  - Utilize joint ventures, keiretsu, and established relationships to broaden the scope of business opportunities.
  - Establish an engineering sales and marketing presence in Asia.

Executive Summary *(Continued)*

Key Business Plan Strategies
Invest in customer valued technology

- Continuing to invest in customer valued technology is necessary to enhance top-line growth. C&A's industry leading technologies include:

  TAC II™ - a revolutionary skin casting process that is more efficient than traditional methods; it lowers manufacturing cost by decreasing cycle time and reducing energy consumption.

  InvisiTec™ - a family of proprietary designs, materials and manufacturing techniques used to provide high performance invisible airbag door systems for a wide range of vehicles.

  Tuflor™ - a unique engineered floor covering that provides superior durability and abrasion resistance, excellent grain and pattern retention, water management, custom color matching and integrative logo design.

  Akro Edge® - a patented method for a bindless accessory mat edge that offers customers a molded finished edge without the added cost of surging; this method changed the industry with more than 60% of North American products now using this method.

Executive Summary

Key Business Plan Strategies
Invest in customer valued technology *(Continued)*

- C&A has certain other competitive advantages including:

  Ability to bundle multiple components into integrated, custom packages thereby distinguishing the Company from competitors.

  Industry leadership in product innovation for all of its product lines. C&A produces components and surfaces for essentially all non-glass interior surface applications. This breadth of product offering provides a significant advantage as vehicle manufacturers increasingly view the interior as a major point of differentiation and rely upon suppliers for research, engineering, design and styling resources.

  The Company is accelerating innovation through the creation of Skunk Works, an innovative initiative to invent and design new features and applications to fulfill customer and market needs and desires.

  Development of the next generation of low-cost skin materials (TPU) and low-cost soft instrument panels (EcoSoft™).

  Implementation of C&A Launch Management and "Best in Class" Engineered Products and Systems (BICEPS) to improve its operational efficiencies, as well as Engineering Green, an environmentally responsible alternative to petroleum.

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Executive Summary *(Continued)*

Key Business Plan Strategies
Develop a best in class cost structure

- Low cost suppliers grow and prosper. The Company has specifically identified opportunities to improve manufacturing efficiency and right size the cost infrastructure by incorporating best practices for processes, procedures and technologies across the Company's operations.
  - Over $100 million near term cost reduction initiatives have been identified
  - Business Plan incorporates <u>cumulative</u> savings from cost reduction initiatives of $1.4 billion by 2010.
- C&A's cost reduction initiatives include:
  - Total Cost Management ("TCM").
  - Purchasing savings (such as leveraging the Company's raw material buy).

Executive Summary

Key Business Plan Strategies
Develop a best in class cost structure *(Continued)*

- Outsourcing purchased plastic component parts to low cost countries.
- Revamping product development and advanced manufacturing processes to improve the time to market of new products.
- Development and engineering improvements - BICEPS.
- Consolidating plants, rationalizing manufacturing capacity and selling excess equipment.
- Reducing corporate overhead costs

- Tooling for all non-core injection molding will be outsourced to external tool shops – C&A is winding down the majority of its internal plastic tool shops.
- The Company continues to evaluate other opportunities available under the Bankruptcy Code to improve its cost structure and competitive position.
- With its new and experienced management team and numerous proprietary manufacturing technologies and patented processes, C&A will be among the most efficient suppliers in North America.

Executive Summary *(Continued)*

Key Business Plan Strategies
Marry robust EBITDA performance with appropriate capital structure

- Robust EBITDA performance
  - Strong customer relationships and industry leading products at competitive prices
  - Strict attention to the business equation: Annual cost reductions in excess of customer price downs, and labor and other inflation
  - Positive net new business
- Appropriate capital structure
  - Right-sized funded debt
  - Adequate liquidity

II New Management Team

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New Management Team

New Management Team with extensive industry credentials and experience in turnarounds is in place.

- Frank Macher – President and Chief Executive Officer (July 2005)
  - 40+ years of automotive industry experience
  - 2001 - 2004 Federal-Mogul: Chairman and CEO
  - 1997 - 1999 ITT Automotive: CEO
  - 1966 - 1997 Ford Motor Company: various senior leadership roles including Vice President and General Manager, Automotive Components Division (now Visteon).
- Tim Trenary – Executive Vice President, Chief Financial Officer and Treasurer (September 2005)
  - 28 Years of financial and operations experience including transactions, capital formation treasury, audit and turnarounds.
  - 2001 – 2004 Federal-Mogul: Director, Reorganization Finance and Administration; Finance Director, South America; and Director, Financial Services and Processes
  - 1988 – 2000 James Cable Partners: Chief Operating Officer and Chief Financial Officer

New Management Team *(Continued)*

- Dennis Profitt – President, Plastics
  (December 2005)
  - 30 years of automotive industry experience with worldwide experience in manufacturing operations.
  - 1974 - 2005 Ford Motor Company: various senior executive roles including Rouge Center Site Manager, the flagship Ford factory.
- Millard King – President, Soft Trim
  (March 1971)
  - 35 years of Fabric, Carpet and Acoustic industry experience.
  - 1971 - Present Collins & Aikman: various senior leadership roles, the past 3 years as President, Soft Trim which included significant European operations
- Jim Wynalek – Executive Vice President and Chief Technology Officer
  (December 2005)
  - 28 Years of design, manufacturing and business development experience in the automotive industry.
  - 2001 - 2004 Dell Computer: Vice President, Engineering and Quality.
  - 1973 - 2001 Ford Motor Company and Visteon: various senior executive roles, including General Manager of a manufacturing division.

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New Management Team *(Continued)*

- Mary Ann Wright – Executive Vice President, Sales and Program Management (February 2006)
  - 18 Years in the automotive industry, including finance, business development, and engineering roles.
  - 1988 - 2005 Ford Motor Company: various leadership roles culminating as Director, Sustainable Mobility Technologies and Hybrid and Fuel Cell Vehicle Programs.
- Arthur Hariskos – Executive Vice President, Purchasing (April 2005)
  - 24 Years supply chain experience in the automotive industry.
  - 1996 - 2005 Venture Industries: Vice President, Purchasing.
  - 1988 - 1996 Toyota Motors – Australia: various executive purchasing positions.
- Stacy Fox – Executive Vice President, Chief Administrative Officer and General Counsel (November 2005)
  - 17 Years of automotive industry experience.
  - 2000 - 2005 Visteon: Senior Vice President, Legal Affairs and General Counsel.
  - 1993 - 1999 Johnson Controls: Group Vice President and General Counsel.

New Management Team *(Continued)*

- Susan Armstrong – Executive Vice President, Strategic Planning (July 2005)

  16 Years of experience as a turnaround/workout executive.

  2002 - 2005 Conway, Mackenzie and Dunleavy: Director.

  1995 - 2002 PNC Bank: Senior Workout Counsel.

- Mark Leyda – Executive Vice President, Human Resources (January 2006)

  39 Years of extensive experience in all areas of Human Resources

  2005 - 2006 Automotive Holding Components: Project Director - Employee Development

  2002 - 2005 Michigan State University: Senior Consultant - Labor and Industrial Relations

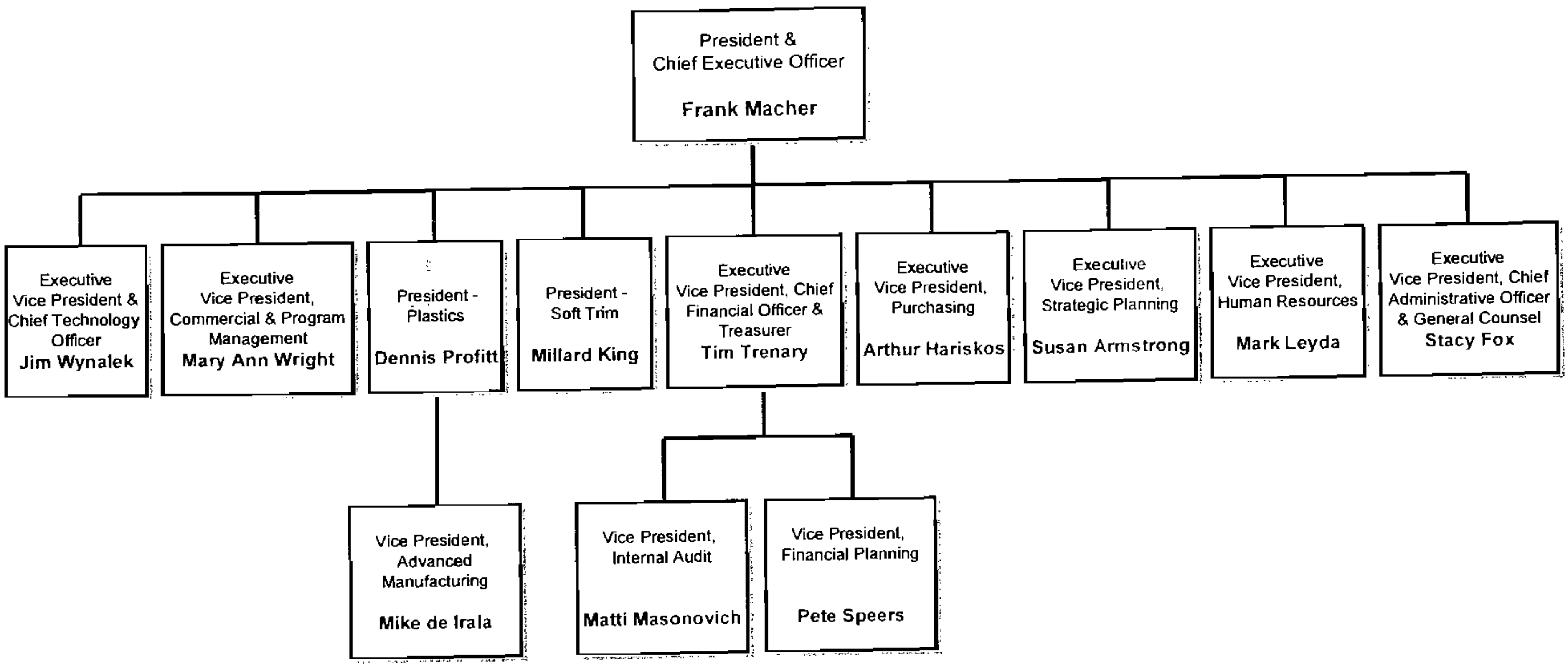
  1999 - 2002 Executive Director (State Scholarship Program), Michigan Merit Award

  1967 - 1999 Ford Motor Company: various senior human resources positions with plant, division, operations and international scope.

New Management Team *(Continued)*

- Mike De Irala – Vice President, Advanced Manufacturing (February 2006)
  - 33 Years advanced manufacturing experience in automotive industry.
  - 1973 - 2005 Ford Motor Company: various leadership roles culminating as Executive Director, Manufacturing.
- Matti Masanovich – Vice President, Internal Audit (November 2005)
  - 12 Years of Internal Audit experience.
  - 2001 - 2005 Federal-Mogul: Chief Audit Executive and Director, Audit Services.
  - 1994 - 2001 PriceWaterhouseCoopers: Manager, Global Risk Management.
- Pete Speers – Vice President, Financial Planning (November 2005)
  - 20 Years of financial experience in the automotive industry, including operations and corporate positions.
  - 2000 - 2005 Visteon: Multi-Plant Controller and Pricing Development Manager
  - 1986 - 2000 Ford Motor Company: various senior financial positions.

Senior Management Team



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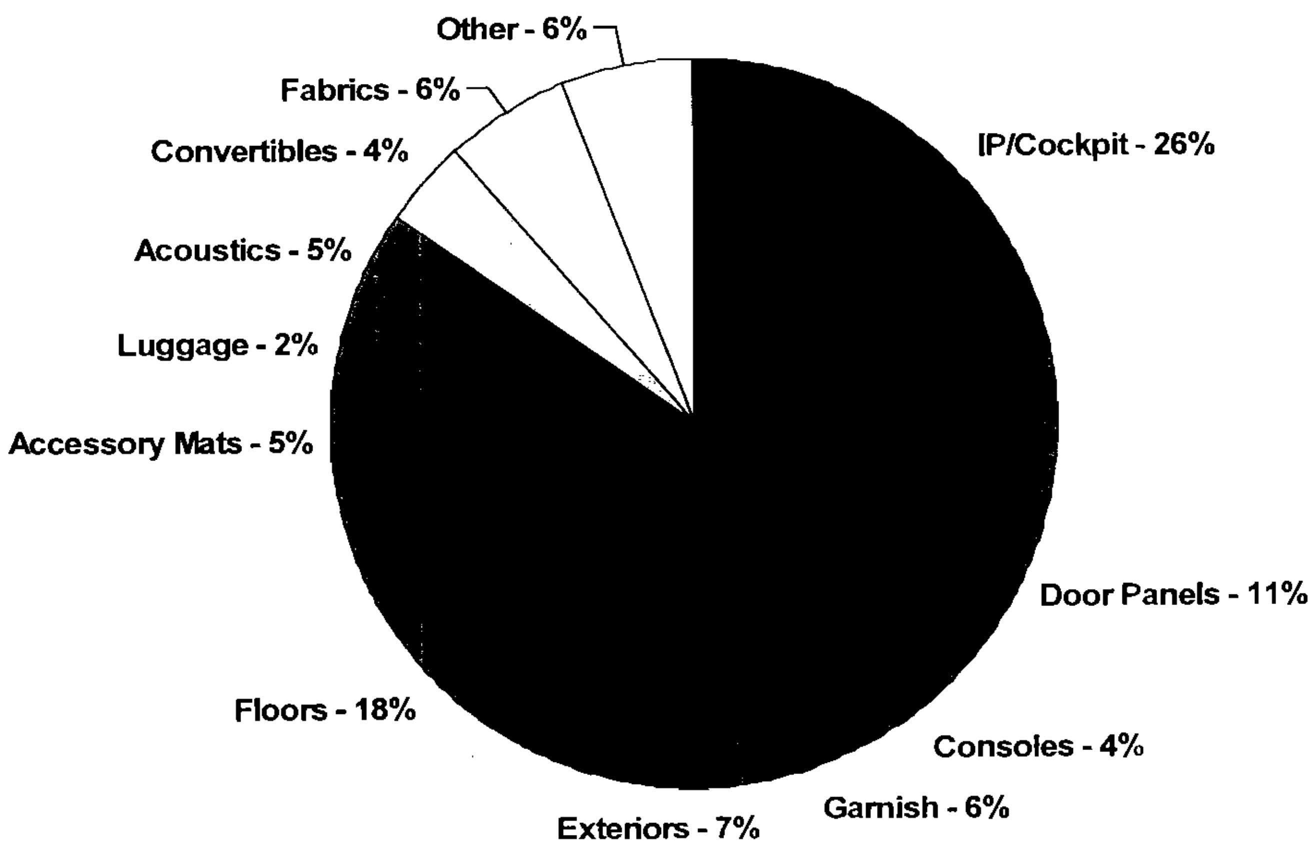
III New Business Growth

Strong Market Share Positions and Solid Reputation

Collins & Aikman is recognized as one of the few interior suppliers offering a full array of interior products, cutting edge innovative technology and an extensive manufacturing footprint in North America that is well positioned to supply components, modules and systems to OEMs.

- Collins & Aikman holds a dominant market share position. In the combined product segments in which the Company competes; (injection molded plastics, carpet and acoustics), and convertible roof systems. The Company:
  - Ranks first or second in nearly all key product offerings (I/P, consoles, carpet and accessory mats) and is recognized as a critical partner by the OEMs.
  - Is recognized as an industry leader in technology and quality.
  - Has an extensive manufacturing footprint in close proximity to OEM assembly plants.

2006 Sales by Product Line - *Total Sales = $2.4 billion



Other Includes:

- Air Registers – 0.4%
- Cargo Products – 0.2%
- Headliners – 0.2%
- Misc. Plastics – 2.9%
- Non Auto – 1.6%
- Plastics Service – 0.7%

*Includes pursuit business

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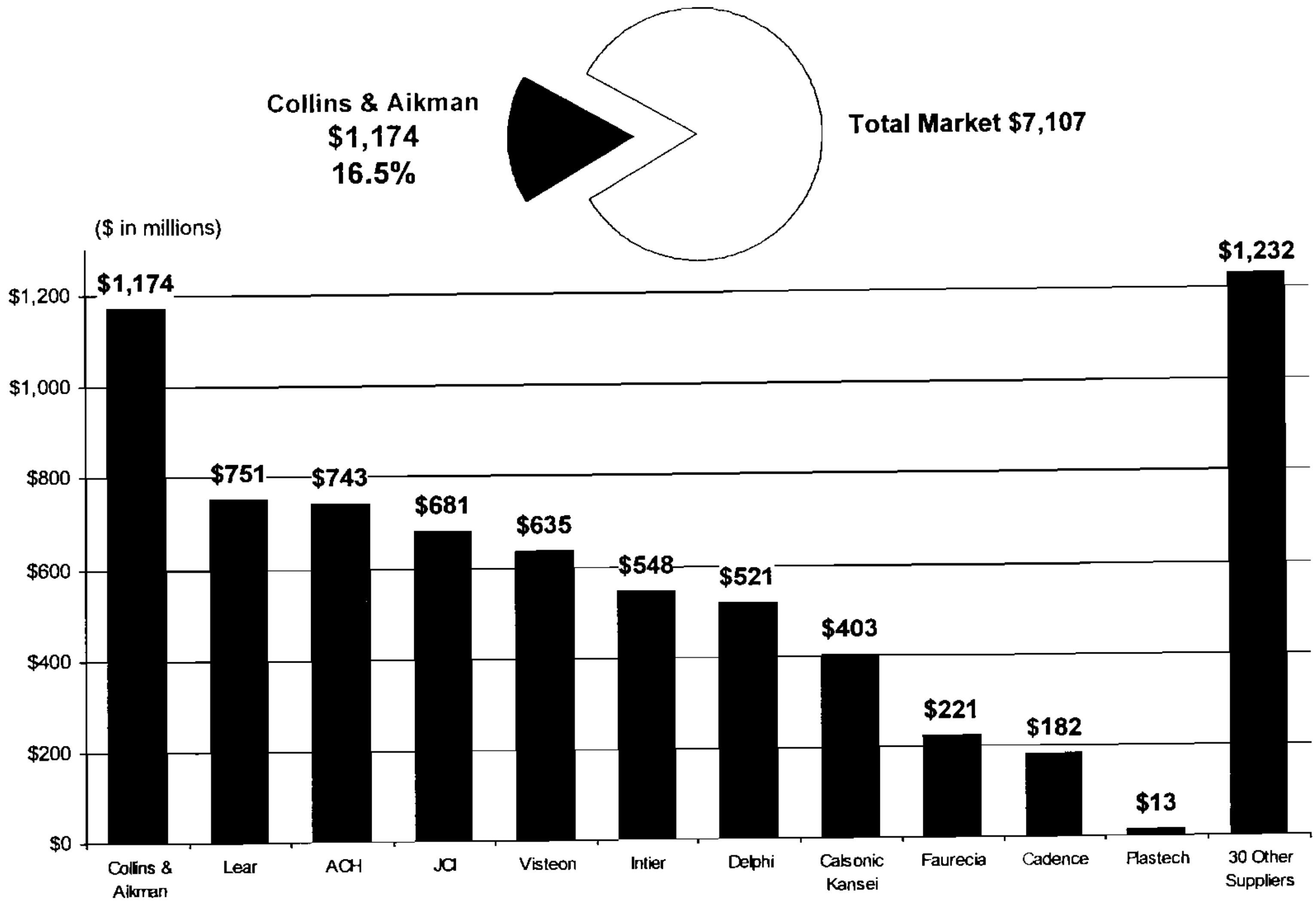
2006 North American Injection Molded Plastic Market
(Instrument Panels, Door Panels and Consoles Only)



Source: CSM Worldwide and C&A Management Estimates

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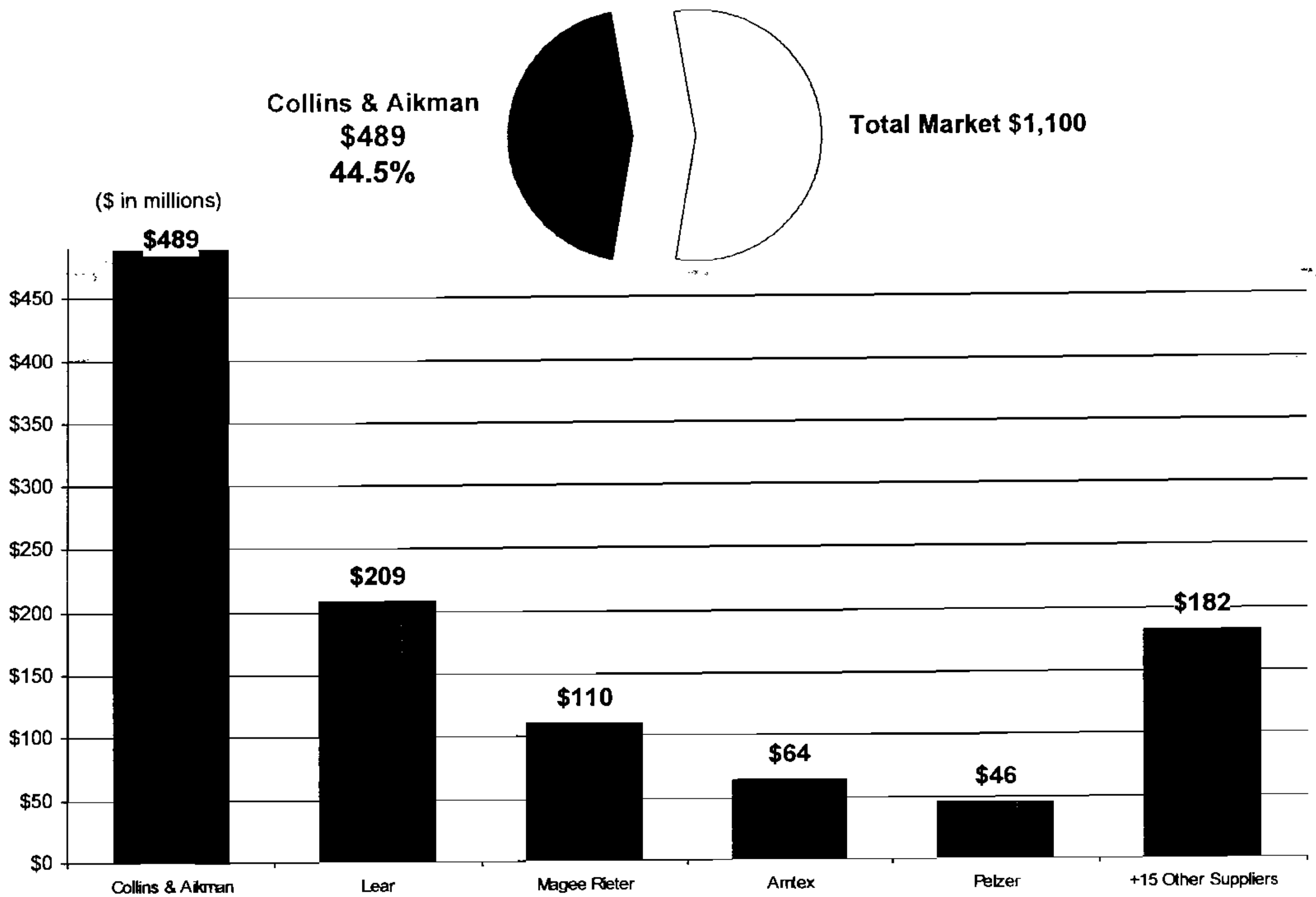
2006 North American Flooring and Trunk Trim Market
(Does not include Acoustics or Accessory Mats)



Source: CSM Worldwide and C&A Management Estimates

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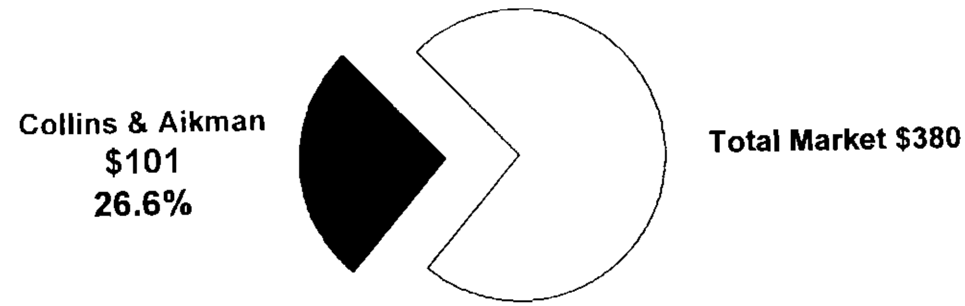
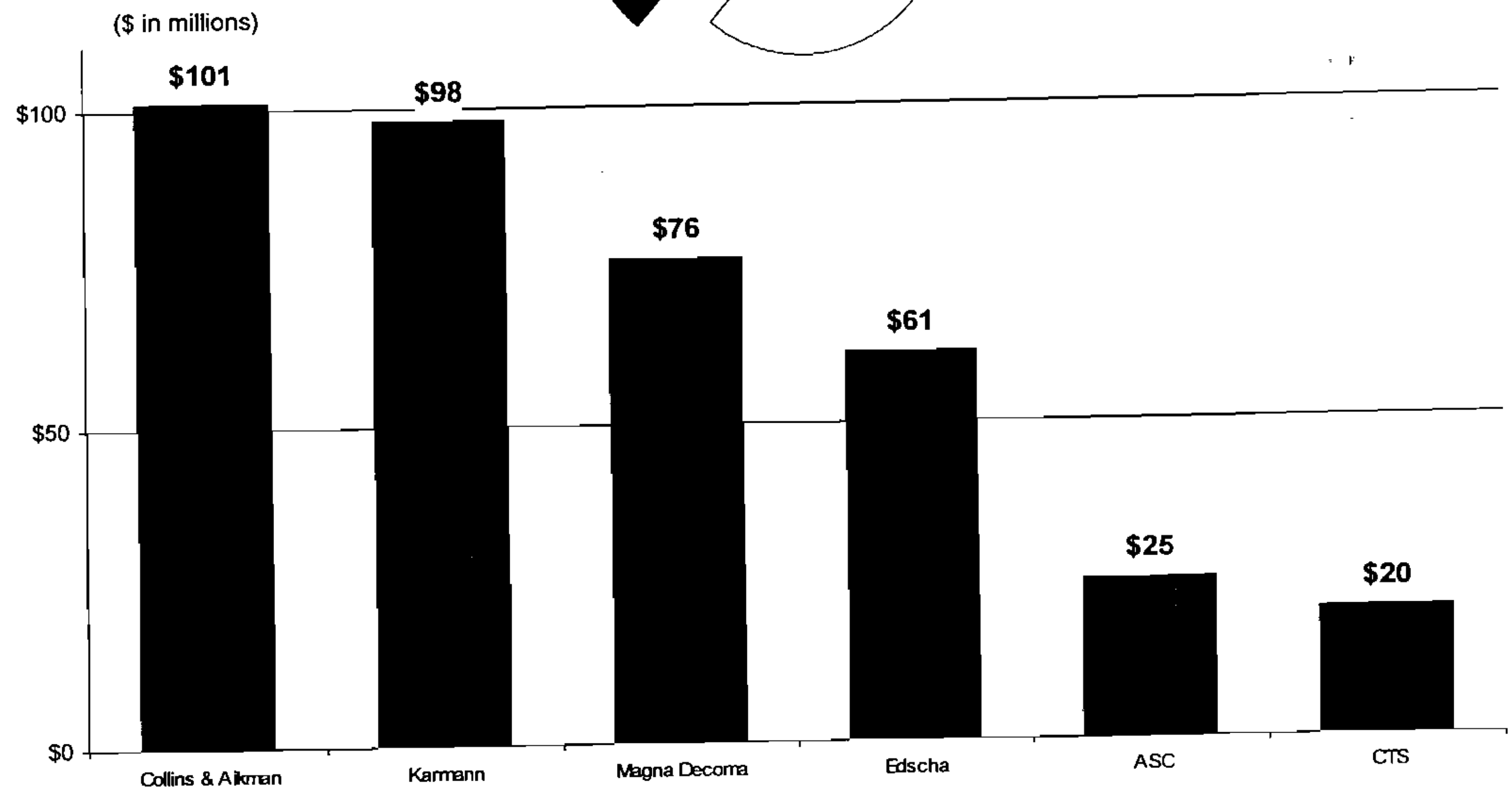
2006 North American Convertible Roof Assembly Market





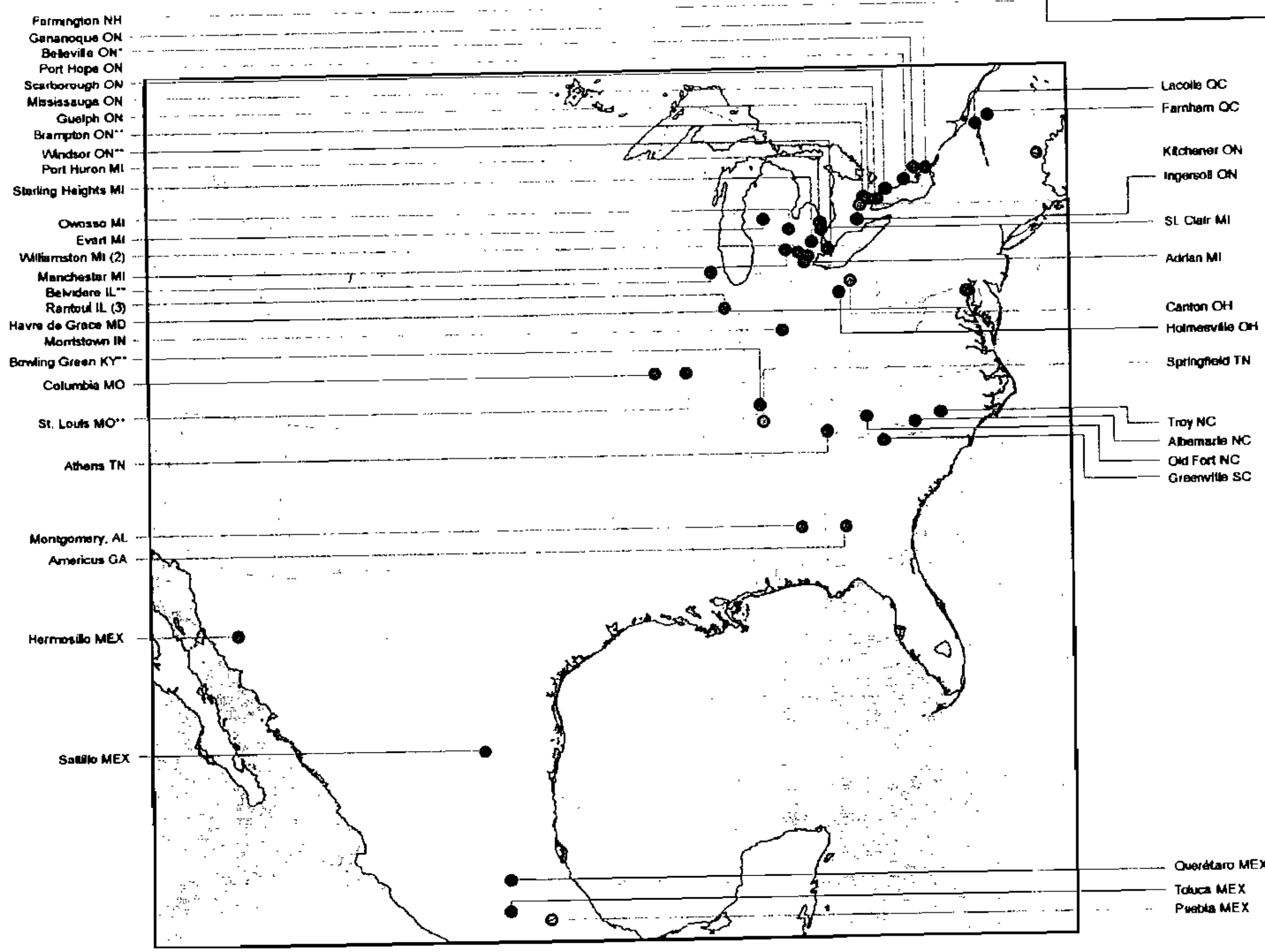
Source: CSM Worldwide and C&A Management Estimates

Manufacturing Footprint

Plastic Components · Floor Systems · Acoustic Components · Convertible Roof Systems

(#) Multiple Facilities *Material Processing Center Only **Assembly & Sequencing Only

46 Manufacturing Facilities
- 30 Leased
- 16 Owned



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Current Market and Industry Conditions

- Traditional domestic OEMs are at a crossroads facing overcapacity and escalating labor costs:

    GM & Ford continue to lose market share.

    GM & Ford are consolidating their manufacturing footprint and have recently announced a significant number of plant closures and workforce reduction initiatives.

    The OEMs are looking to reduce the number of key suppliers.

    Many of their suppliers are facing significant financial and operational challenges.

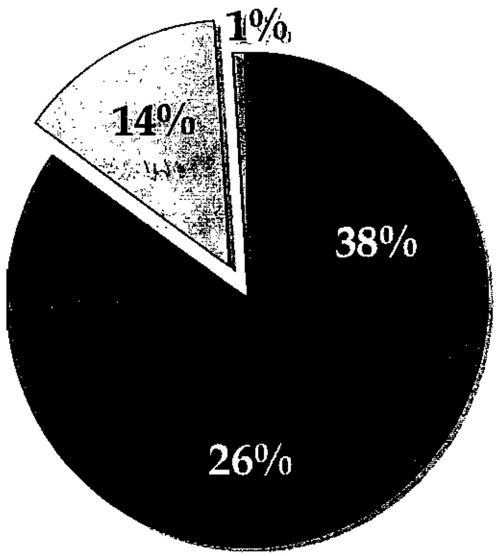
- New domestic (Asian) OEMs continue to grow their North American positions.

    Toyota, Nissan and Honda are increasing market share and production volumes.

- The traditional domestic OEMs account for approximately 80% of C&A's book of business. C&A's goal is to diversify and balance its current customer base by growing its business with the Asian OEMs by 2010.

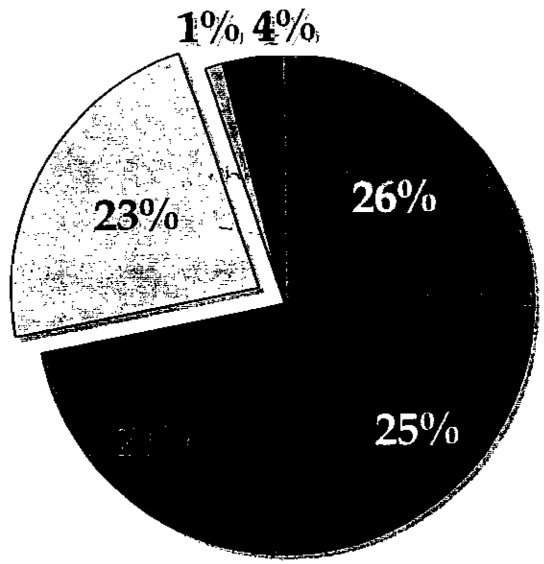
Revenue Mix Projection by OEM "Booked & Targeted" Business

Current



2006
$2.469 billion

Vision



2010
$2.644 billion

Through takeaway business, joint ventures and new business awards, C&A projects **64%** growth in revenue with Asian OEM's by 2010 creating a balanced customer base.

DaimlerChrysler | Ford | General Motors | Asian OEMs | Other | New Service Parts

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New Business Growth – Assumptions and Actions

- The Company used December 2005 JD Power North American production volumes to forecast sales.
- Revenues reflect programs balancing out, new model replacement business and takeaway business (near and long-term).
- Asian OEMs are important to long term success.
  - Carpet and Acoustics currently enjoys an excellent relationship with the Asian OEMs.
  - The objective is to increase sales to Asian OEMs to 23% of 2010 revenues from 14% in 2006.
  - Enhancement of existing Asian OEM relationships is underway. Management is meeting with the Asian OEMs to present C&A's technology portfolio, manufacturing expertise and engineering / design disciplines .
  - Management is actively working with Asian OEMs to identify global partners.

New Business Growth – Assumptions and Actions *(Continued)*

- The establishment of a meaningful past model service business is an element of the growth strategy.
  - Independent sales group will market new "service parts" capabilities to OEMs and Tier I suppliers.
  - C&A will dedicate facilities solely for service parts manufacturing capability.
  - Quality and production metrics to meet customers' needs and expectations are being established.

New Business Growth – Assumptions and Actions *(Continued)*

- Resourcing of business from competitors to C&A is an important near term element of the growth strategy – "takeaway business".
  - Specific opportunities have been identified.
  - Pursuit teams have been engaged.
- New business awards are a key element of long term success.
  - Specific opportunities have been identified.
  - Pursuit teams have been engaged.

Consolidated Revenue Forecast 2006 - 2010

	2006 Sales	2007 Sales	2008 Sales	2009 Sales	2010 Sales
100% Booked Business	$ 2,408,743,837	$ 1,881,572,784	$ 1,665,722,199	$ 1,525,567,880	$ 1,409,717,301
Replacement Business	$ -	$ -	$ -	$ 66,247,500	$ 137,831,000
New Business					
Domestic:					
Takeover Business	$ 60,256,163	$ 346,013,991	$ 435,258,922	$ 405,467,126	$ 379,390,679
New Business	$ -	$ 20,000,000	$ 71,668,240	$ 168,494,837	$ 344,910,754
Domestic Opportunities Subtotal	$ 60,256,163	$ 366,013,991	$ 506,927,162	$ 573,961,962	$ 724,301,433
Asian:					
Takeover Business	$ -	$ 1,601,400	$ 1,698,840	$ 3,842,535	$ 3,927,855
New Business	$ -	$ 8,872,171	$ 173,970,713	$ 274,699,064	$ 421,595,001
Asian Opportunities Subtotal	$ -	$ 10,473,571	$ 175,669,553	$ 278,541,599	$ 425,522,856
Total New Business	$ 60,256,163	$ 376,487,562	$ 682,596,715	$ 852,503,562	$ 1,149,824,289
Less: Net Annual Price Downs		$ (12,760,346)	$ (20,818,914)	$ (37,218,942)	$ (53,772,590)
Total Revenue Forecast	$ 2,469,000,000	$ 2,245,300,000	$ 2,327,500,000	$ 2,407,100,000	$ 2,643,600,000

* Based on December JD Power volumes

** Annual Price Downs (1%, 1%, 1%, 1%) excluding 1st year awards

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New Business Growth Overview - Summary

Total Domestic Targeted Business	2006	2007	2008	2009	2010
DCX	$ 60,256,163	$ 235,214,851	$ 290,861,916	$ 260,173,497	$ 227,206,999
Ford		$ 38,684,817	$ 93,986,984	$ 103,806,984	$ 218,230,809
GM		$ 72,114,323	$ 72,078,262	$ 109,981,482	$ 178,863,625
New Service		$ 20,000,000	$ 50,000,000	$ 100,000,000	$ 100,000,000
Total	$ 60,256,163	$ 366,013,991	$ 506,927,162	$ 573,961,963	$ 724,301,433

Domestic Takeover/Conquest Business	2006	2007	2008	2009	2010
DCX	$ 60,256,163	$ 235,214,851	$ 271,474,416	$ 241,158,247	$ 227,206,999
Ford	$ -	$ 38,684,817	$ 91,706,244	$ 92,309,064	$ 82,215,055
GM	$ -	$ 72,114,323	$ 72,078,262	$ 71,999,815	$ 69,968,625
New Service	$ -	$ -	$ -	$ -	$ -
Subtotal	$ 60,256,163	$ 346,013,991	$ 435,258,922	$ 405,467,128	$ 379,390,679

Domestic New Business	2006	2007	2008	2009	2010
DCX	$ -	$ -	$ 19,387,500	$ 19,015,250	$ -
Ford	$ -	$ -	$ 2,280,740	$ 11,497,920	$ 136,015,754
GM	$ -	$ -	$ -	$ 37,981,667	$ 108,895,000
New Service	$ -	$ 20,000,000	$ 50,000,000	$ 100,000,000	$ 100,000,000
Subtotal	$ -	$ 20,000,000	$ 71,668,240	$ 168,494,837	$ 344,910,754

Total Asian Targeted Business	2006	2007	2008	2009	2010
Honda	$ -	$ 8,872,171	$ 34,816,713	$ 48,237,705	$ 56,656,628
Mitsubishi	$ -	$ 1,601,400	$ 1,698,840	$ 1,744,260	$ 1,829,580
Renault-Nissan	$ -	$ -	$ -	$ 26,756,910	$ 52,695,562
Subaru	$ -	$ -	$ -	$ 2,098,275	$ 2,098,275
Toyota	$ -	$ -	$ 14,154,000	$ 49,704,449	$ 112,242,812
Asian (JV)	$ -	$ -	$ 125,000,000	$ 150,000,000	$ 200,000,000
Total	$ -	$ 10,473,571	$ 175,669,553	$ 278,541,599	$ 425,522,857

Asian Takeover/Conquest Business	2006	2007	2008	2009	2010
Honda	$ -	$ -	$ -	$ -	$ -
Mitsubishi	$ -	$ 1,601,400	$ 1,698,840	$ 1,744,260	$ 1,829,580
Renault-Nissan	$ -	$ -	$ -	$ -	$ -
Subaru	$ -	$ -	$ -	$ 2,098,275	$ 2,098,275
Toyota	$ -	$ -	$ -	$ -	$ -
Asian (JV)	$ -	$ -	$ -	$ -	$ -
Subtotal	$ -	$ 1,601,400	$ 1,698,840	$ 3,842,535	$ 3,927,855

Asian New Business	2006	2007	2008	2009	2010
Honda	$ -	$ 8,872,171	$ 34,816,713	$ 48,237,705	$ 56,656,628
Mitsubishi	$ -	$ -	$ -	$ -	$ -
Renault-Nissan	$ -	$ -	$ -	$ 26,756,910	$ 52,695,562
Subaru	$ -	$ -	$ -	$ -	$ -
Toyota	$ -	$ -	$ 14,154,000	$ 49,704,449	$ 112,242,812
Asian (JV)	$ -	$ -	$ 125,000,000	$ 150,000,000	$ 200,000,000
Subtotal	$ -	$ 8,872,171	$ 173,970,713	$ 274,699,064	$ 421,595,002

 Collins & Aikman

DaimlerChrysler Strategy

($M)

2006	2007	2008	2009	2010
60	235	291	260	227

- Targeted Business is a balance of near term takeover awards and long term development programs. We are leveraging our incumbency while enhancing our program management, engineering and commercial disciplines to better position the Company for new programs.
  - Implementing Toyota production system principles throughout C&A
  - Enhance operations and quality leadership within our plastics operations
  - Establishing improved program development processes (CALM)
- Lear Corporation's stated desire to exit the interior trim market has presented C&A with significant new business opportunities in the immediate future. The ability to absorb these programs is enhanced by the following:
  - Programs require minimal engineering and design support
  - Utilize existing capital resources
  - Can be sourced to C&A as Tier I or Tier II business
  - C&A is more price competitive
- Programs targeted include, but are not limited to:
  - 2006 Ram Truck
  - 2007 Minivan
  - 2006 Crossover

Collins & Aikman

Ford Target Strategy

($M)

2006	2007	2008	2009	2010
0	39	94	104	218

- In order to sustain and grow our business with Ford C&A plans to:

  Leverage our senior management team's product knowledge, customer relationships and industry credibility with Ford management.

  Build upon our success on the Fusion/Milan/Zephyr programs.

  Expand our soft trim technology advantage.

  Improve relationship with customer so that C&A is viewed as a preferred source for existing business.

- Target competitor programs (short-term) that minimize risk to Ford during C&A's reorganization:

  2007 F-Series Truck
  - Cost advantage over Current Supplier with VA/VE opportunities.
  - Existing Capacity.
  - No Development Costs for C&A.
  - Volume tools available to transition from current supplier.

- Targeted development programs (long-term) with higher content - total interior programs that will showcase our capabilities and maximize customer value:

  2010 Focus
  - Demonstrated development expertise (Total interiors).
  - Technology advantage (Driving innovation with creativity).
  - Price / cost and logistical advantage.
  - Award date coincides with Chapter 11 exit.

General Motors Strategy

($M)

2006	2007	2008	2009	2010
0	72	72	110	179

- C&A's Targeted Business plan with GM replaces loss revenue from the Lambda program and fills short term revenue gap in 2007 – 2008 and new business growth in 2009 – 2010.

- We are pursuing programs (short- and long-term) that have minimal risk to GM during C&A's re-organization.

  2006 Envoy/Trailblazer/Rainer program.

  GMT, SRX, SRS AND STS programs.

  New Business Growth
  - C&A is targeting mid-cycle takeover business.
  - C&A is targeting current GM production programs that have multiple tools.
  - Utilizes existing capacity and technology.
  - No development costs.

- We are pursuing longer-term programs

  2010 Camaro Program
  - C&A is negotiating additional business on the new Camaro to offset the loss of the Lambda program.
  - Early involvement with the GM program team will allow C&A to influence design direction and interior content.
  - Leverage the C&A Acoustics technology portfolio advantage.
  - Program timing will allow for proper staffing during development phase.

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Honda Target Strategy

($M)

2006	2007	2008	2009	2010
0	9	35	48	57

- Targeted Business focuses on short-term takeover business and long-term development programs. These programs require enhancing our program management, engineering and commercial disciplines as follows:
  - Complete implementation of Asian-OEM Production System principles
  - Enhance Operations and Quality Leadership within our Plastics Operations
  - Establishing comprehensive Program Development processes (CALM)
  - Improve our Commercial relationship and overall responsiveness
- Collins & Aikman will focus on our strategic advantage in Carpet & Acoustics to create incremental opportunities within Plastics, targeting:
  - Programs that require minimal engineering and design support
  - Utilize existing capital resources
  - Can be sourced to C&A as Tier I or Tier II business
  - C&A is more price competitive
- Programs targeted include, but may not be limited to Accord, Acura TL, Civic, Odyssey and Ridgeline.

Renault-Nissan Strategy

($M)

2006	2007	2008	2009	2010
0	0	0	27	53

- Targeted Business is contingent upon reestablishing relationships via:

  Engaging Renault-Nissan in co-development programs while identifying new technology applications.

  Enhancing operations and quality leadership within our Plastics operations and aligning ourselves with Nissan production metrics.

  Developing Cost Reduction / VAVE programs with Nissan.

  Institutionalizing the use of best practice program management, engineering & design activities and production methodology.

  Maintaining stable business levels while demonstrating long-term viability.

- Targeted Business focuses on longer lead time, new awards with the introduction of IP technology.

  2009 Frontier/Pathfinder/Xterra
  - Development timeline allows for C&A to influence the final IP design.
  - Early involvement of engineering and design to demonstrate C&A's technical competence.
  - Utilizing existing capacity and technology to ensure high quality product launches.

Toyota Target Strategy

($M)

2006	2007	2008	2009	2010
0	0	14	50	112

- Targeted Business is a balance of near term awards and long term development programs. We are leveraging our incumbency while addressing our Business Model with Toyota, to that end the following have been undertaken:

  Top Executive meetings with key members of Toyota's Board of Directors in Japan, the President of Toyota Technical Center in Ann Arbor, MI, and Toyota, N.A. Headquarters.

  Continuing implementation of Toyota Production System principles throughout C&A.

  Enhance Operations and Quality Leadership within our Plastics Operations.

  Support Toyota's desire to increase North American supplier goodwill.

  Enable C&A to participate in development programs to demonstrate our technological capabilities.

  Explore Toyota sponsored partnerships with Keiretsu suppliers.

Toyota Target Strategy *(Continued)*

($M)

2006	2007	2008	2009	2010
0	0	14	50	112

- C&A is targeting programs where it possesses a logistical, manufacturing, and/or technology advantage, while considering the following:
- Programs targeted include, but are not limited to:

  2009 Sienna

  2008 RAV4/Scion

  2010 Avalon

  - Leverage the C&A acoustics technology portfolio advantage.
  - Program timing that allows for proper staffing during development phase.
  - Early involvement with program teams will allow C&A to influence design direction and interior content properly match technology, performance expectations and cost.
  - Toyota wants to grow C&A at a sustainable rate.

Hyundai Target Strategy

($M)

2006	2007	2008	2009	2010
TBD	TBD	TBD	TBD	TBD

- Targeted business is a combination of immediate in-cycle awards as well as long-term pursuit programs.

  Hyundai is interested in increasing NAFTA content, which will in turn leverage our logistics advantages in Mexico.

  Future alliances with Hyundai owned suppliers will allow for immediate Tier 2 opportunities.

- C&A's targeted business focuses on introducing soft trim and acoustic technology.

  Santa FE
  - Incumbent supplier on the I/P.
  - Logistics and incumbency advantage.
  - Utilize existing capacity.

  Hyundai/Kia Pickup
  - OEM building a new facility.
  - Logistics and advantage.
  - JV opportunity.

  Kia large SUV
  - Logistics advantage.
  - Currently working with Kia on acoustics technology.

Tier 2 Target Business Plan

- Targeted Business focuses on near term business programs. We are working with other Tier 1 suppliers who have been awarded business, but do not have the manufacturing or technological capabilities without a significant investment.
  - Requires no capital investment or up-front development costs
  - Eliminate further industry overcapacity
  - Absorbs fixed overhead at facilities in business transition
  - Offers opportunity for technology licensing
  - Maintains OEM customer relationships

IV Investing in Customer Valued Technology

Customer Valued Technology

Collins & Aikman is building on its proprietary product portfolio to create and maintain a competitive advantage. Investing in technological innovation is key to Collins & Aikman's top-line growth.

Collins & Aikman is focused on the following:

- Accelerating innovation though its Skunk Works operations:
  - Customer / market (consumer) desires
  - Commercial application of emerging technologies
- Delivering low-cost manufacturing capabilities:
  - Process improvements and Innovations
  - New material applications
- Providing flawless program execution

C&A's Technology Driving Factors

- Craftsmanship - extensive offering in surface materials and technologies will support growth as the demand for highly crafted interiors increases.
- Time-to-market - implementing high speed prototyping and lean product development processes to quickly adopt emerging technologies and react to consumer demands.
- Leverage strong customer relationships with customers' engineering and purchasing groups.
- Leverage reputation in the market place as low-cost producer.
- Build on current strong market position (first or second in six product lines).

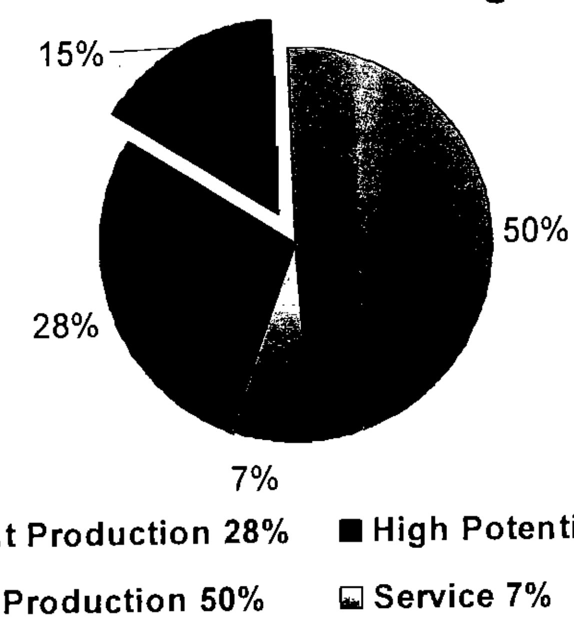
Proprietary Product & Process Portfolio

Collins & Aikman's proprietary portfolio includes its line of invisible airbag technologies -InvisiTec™, technology advanced cast skin manufacturing process – TAC II, and acoustically tuned materials and products - ACT™ technologies.

Key areas of Protection

■ Airbag/energy management	92
■ Manufacturing technology	72
■ Carpets	20
■ Acoustics	11
■ Interior trim – (general)	81

338 Active US Patents
Patents Use
Portfolio Ranking



Collins & Aikman

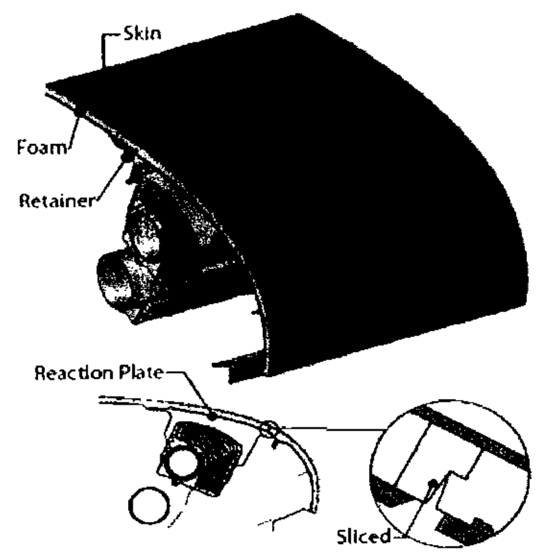
Technology Portfolio – Instrument Panel Industry Leader

Collins & Aikman continues to be a technological leader with the broadest offering of technologies for instrument panel construction in the plastic automotive components market. Throughout its history, the Company has also developed a number of industry firsts including its line of invisible airbag technologies – InvisiTec™, which provide a competitive advantage.

Technology	C&A	Cadence	Delphi	Faurecia	Intier	JCI	Lear	Plastec	Visteon
Cast Skin									
In House Material Development									
Shell Tooling									
Appliques									
A/C Registers									
Invisible Hard PAB									
Invisible Soft PAB									
Two Shot Molding									
Spray PU									
Vac Forming									

Invisitec™ Soft Invisible Air Bag Technology Example

- Proven designs available to match system requirements
- Superior tactility with in-house proprietary skin materials
- Industry leader with over 10 million units produced

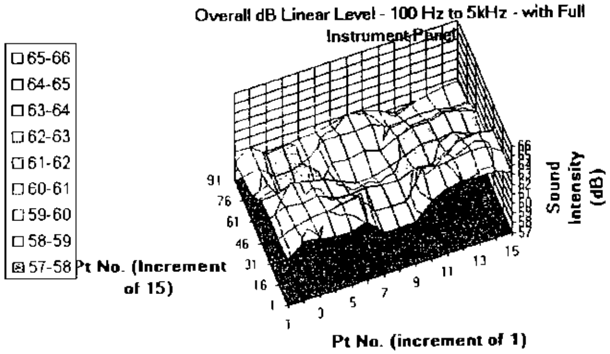


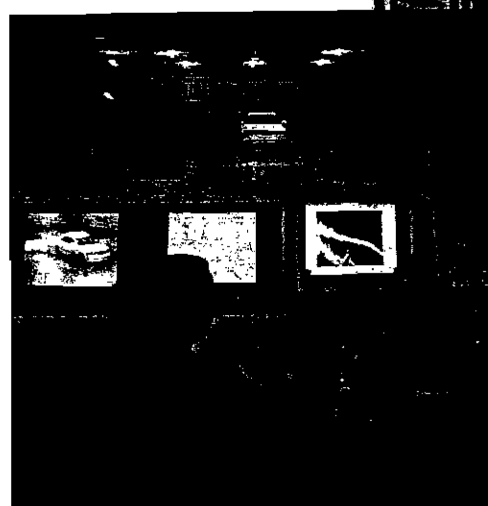
Collins & Aikman

Technology Portfolio – *"Silence is Golden"* Flooring and Acoustics

Collins & Aikman delivers optimized flooring and acoustic vehicle system solutions utilizing its light weight, high performance products and industry leading testing and development capabilities.

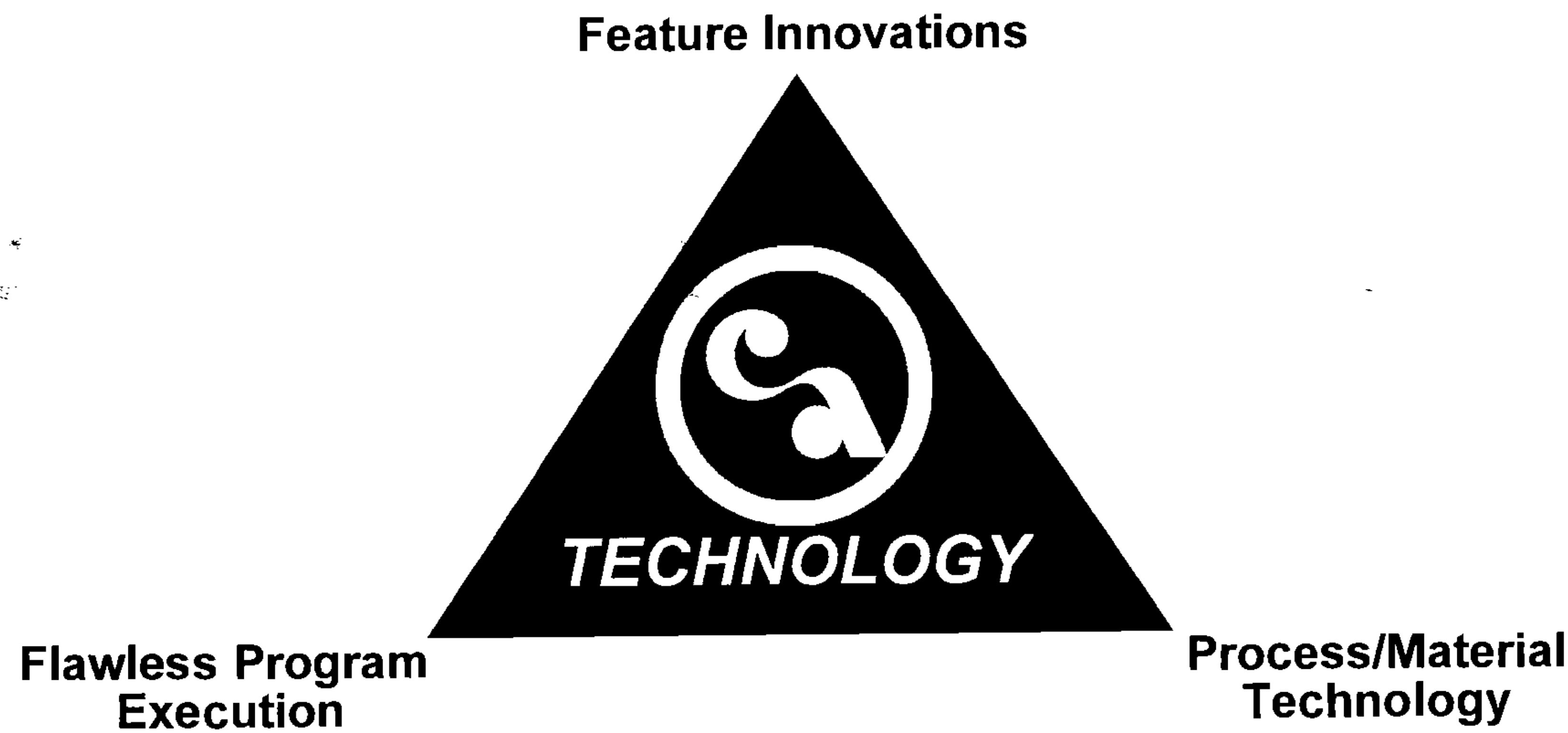
- Act™ Technologies - A family of materials and products engineered to be acoustically fine-tuned to meet specific sound management requirements.
- Light weight, high performance optimization





C&A's Hemi Anechoic Dynamometer Test Chamber in Plymouth, Michigan is the largest supplier owned and operated facility of its kind in North America.

Collins & Aikman


Feature Innovations
TECHNOLOGY
Flawless Program
Execution
Process/Material
Technology

V Becoming the Low Cost Producer of Interiors

C&A has developed a comprehensive strategy to become the low cost producer of interiors and to achieve manufacturing excellence.

Total Cost Management

VA/VE

Operational cost reductions and efficiencies:

- Facility and manufacturing capacity rationalization
- Purchasing savings
- Labor efficiencies
- SG&A reductions

Total Cost Management ("TCM")

Facility management is accountable for all costs, including material, labor, overhead and purchased parts and is therefore aligned with purchasing and engineering to evaluate alternative sources, material substitutions, reprocessed material opportunities, etc.

- TCM – A bottom up, phased approach to achieving cost reductions.
  - Cost reduction initiatives initiated at the facility level.
  - Develop 3 year cost reduction plan by facility and product.
  - Management reviews the one year plan (the budget) monthly. Management reviews the 3 year cost reduction plan on a quarterly basis.
  - All projects are prioritized based on amount of cost savings, capital expenditures payout / payback and timing.
    - Funds are allocated on the basis of return (biggest bang for the buck and quality) and affordability.
  - A cost savings "bookshelf" will be developed to include currently unaffordable projects. These will be used to provide continued cost reduction momentum as cash flow improves.
  - Comprehensive materials and VA/VE programs will be institutionalized to support TCM.

VA/VE Process

- Product focused
  - Address major vehicle systems (e.g, Door Trim, Console) and high volume vehicle lines
- Cross Functional
  - Includes integrated teams consisting of engineering, quality, manufacturing, materials, purchasing and program management with appropriate involvement of sales and finance.
- Facility/Vendor Participation
  - Solicit participation from facilities and major component / material suppliers.
- Budget for resources, test and tooling
  - Additional resources added to accelerate implementation of cost savings initiatives.
  - Recover resource cost through first year savings.

VA/VE

	2006 Savings
■ Design	$1,100,000
Optimize manufacturability through product redesign	
Alternate material substitutions through use of CAE tools	
■ Material Selection	2,000,000
Optimize material specification and supply base	
Resin and paint color optimization	
Regrind initiatives	
■ Labor Content	500,000
Reduction in plant labor through design optimization	
■ Product Complexity	1,200,000
Reduce component count through redesign	
Commonization of fasteners	
■ Low Cost Design / Sourcing	300,000
Continue use of low cost offshore design	
Optimize engineering staff costs	
Optimize engineering staff workload	
	$5,100,000

Operational Cost Reductions and Efficiencies

- Plastics Division is a key area of focus.
- Improvement actions include:

  Completing a total management review by the end of the 2nd quarter.

  Creating goals, strategies and supporting metrics concurrent with the management review process.

  Implementing and enhancing TCM with accountable plant management.
- Manufacturing capacity utilization will be improved through increased closures and consolidations of additional facilities (5-7) over the next two years.
- Equipment utilization will be improved by selling or reallocating 200 – 250 pieces of equipment presently leased or owned within these facilities.

Operational Cost Reductions and Efficiencies *(Continued)*

- All sequencing centers are under review for potential joint ventures or alternative relationships.
- Growing the service parts business by establishing centers of excellence by the third quarter of 2006, with an emphasis on low volume manufacturing efficiency, schedule performance, quick change capability and operational flexibility.
- Launch excellence: Implementation of a launch quality operating system.
  - Utilize input from the plants, the advanced manufacturing experts and program launch team to develop check lists to prevent disruptions during launch of new models.

Operational Cost Reductions and Efficiencies *(Continued)*

- Cost reductions: Every plant has been assigned an average 3% annual improvement through:
  - Labor improvements via work practices, industrial engineering and automation
  - Thru-put improvements
  - Kaizen activities
  - Die-set time reductions
  - Process improvements
  - Overtime reductions through improved project management
  - Reduce re-work
  - Optimized indirect labor
- Inventory reduction targets have been set for 2006.
  - Average 10%
  - Contingent upon stability and achieving operational discipline.
  - Reduction of 35% by 2010

Operational Cost Reductions and Efficiencies *(Continued)*

- Material savings are projected at 2%/year based upon process improvements such as reduced width or thickness.
- Technology / innovation: Implement "Best in Class" processes to:

  Protect leadership in key commodities

  Incorporating state of the art equipment with value added return to the customer such as TAC II, spray urethane and low-pressure molding.
- Analysis of the business case will drive all decisions – optimize cost and maintain quality.

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Cost Reduction Initiatives Summary

	2006	2007	2008	2009	2010	5 year Total
Savings:						
Operations	$ 60.4	$ 108.9	$ 166.0	$ 214.1	$ 258.2	$ 807.6
Purchasing/Sourcing	27.9	53.3	73.0	94.1	120.4	368.7
Closures/Consolidation	23.1	20.7	41.3	41.3	41.3	167.7
Selling & Administrative	12.0	17.0	17.0	17.0	17.0	80.0
Gross Savings-EBITDA Impact	**$ 123.4**	**$ 199.9**	**$ 297.3**	**$ 366.5**	**$ 436.9**	**$ 1,424.0**
Cost to Attain Savings						
Operations	$ (20.0)	$ (16.0)	$ (17.0)	$ (17.0)	$ (18.0)	$ (88.0)
Purchasing/Sourcing	-	-	-	-	-	-
Closures/Consolidation	(15.5)	(11.0)	-	-	-	(26.5)
Selling & Administrative	(2.7)	-	-	-	-	(2.7)
Total Cost to Attain Savings	**$ (38.2)**	**$ (27.0)**	**$ (17.0)**	**$ (17.0)**	**$ (18.0)**	**$ (117.2)**
Net Cash Flow						
Operations	$ 40.4	$ 92.9	$ 149.0	$ 197.1	$ 240.2	$ 719.6
Purchasing/Sourcing	27.9	53.3	73.0	94.1	120.4	368.7
Closures/Consolidation	7.6	9.7	41.3	41.3	41.3	141.2
Selling & Administrative	9.3	17.0	17.0	17.0	17.0	77.3
Total Net Cash Flow	**$ 85.2**	**$ 172.9**	**$ 280.3**	**$ 349.5**	**$ 418.9**	**$ 1,306.8**
Cumulative Net Cash Flow	**$ 85.2**	**$ 258.1**	**$ 538.4**	**$ 887.9**	**$ 1,306.8**	

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Cost Reductions - Operations

Operational Reductions	2006	2007	2008	2009	2010
Plastics	$ 32.8	$ 53.7	$ 79.6	$ 101.4	$ 123.7
Carpet & Accousitcs	19.1	33.0	47.3	61.5	75.9
Convertibles	3.5	7.2	9.1	11.2	13.6
VAVE	5.0	15.0	30.0	40.0	45.0
Incremental EBITDA	60.4	108.9	166.0	214.1	258.2
Capital Expenditures	(20.0)	(16.0)	(17.0)	(17.0)	(18.0)
Net Cash Flow	$ 40.4	$ 92.9	$ 149.0	$ 197.1	$ 240.2

Key Divisions - by category of spend	2006	2007	2008	2009
Plastics				
Material	$ 10.1	$ 19.5	$ 33.7	$ 45.6
Labor	15.6	21.6	27.0	33.9
Overhead	7.1	12.6	18.9	21.9
	$ 32.8	**$ 53.7**	**$ 79.6**	**$ 101.4**
Carpet & Acoustics				
Material	$ 9.7	$ 18.8	$ 28.3	$ 37.7
Labor	6.9	10.5	14.1	17.7
Overhead	2.5	3.7	4.9	6.1
	$ 19.1	**$ 33.0**	**$ 47.3**	**$ 61.5**

Cost Reductions-Facility Rationalization

Manufacturing Rationalization	2006	2007	2008	2009	2010
Number of Facilities Closing	8	3	-	-	-
Gross EBITDA Impact	23.1	41.3	41.3	41.3	41.3
Cost to Attain Savings	(16.0)	(11.0)		-	-
Net Incremental Cash Flow	**$ 15.1**	**$ 33.3**	**$ 41.3**	**$ 41.3**	**$ 41.3**

Includes Lease Rejection of $5 million in 2006 and $2 million in 2007

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Purchasing Cost Reductions *(Continued)*

- Total North American C&A procurements externally is $1.0 billion.
  - Plastics procurements are $700 million; Soft Trim procurements are $300 million
  - Purchased components total cost base approximates $450 million
    - C&A has entered into a contract with a 3rd party sales representative to purchase components from Asia and other low cost countries. In 2006-2007 we anticipate a savings of 4% on the outsourced components.
    - C&A is pursuing strategic alliances which will provide for outsourcing of 30 - 50% of purchased components from low-cost countries at a projected savings of 20%. This is expected to be in place by the end of 2007.

Purchasing Cost Reductions *(Continued)*

- Resins – Total cost base approximates $260 million.
  - C&A purchases 260 million pounds of resin on an annual basis.
  - C&A is currently engaged in discussions with a two off-shore material suppliers for its base resin requirements and expects to enter into a long-term contract and begin testing these products by the 2nd quarter 2006.
  - The Company is targeting to purchase 30% of its total resin buy from off-shore sources and to achieve the full benefits of this objective starting in 2007.

Purchasing Cost Reductions *(Continued)*

- Alternative Materials Sourcing

  C&A has entered into a supply contract with an off-shore alternative material supplier to provide 20 million lbs of base and compounded grade materials for a three-year period reviewed annually.

  Contracts have been finalized for the CoPP and reactor PP compounded products.

  Start up will occur by the 3rd quarter with a 20% improvement in the our overall cost structure.

- Expedited Freight

  Current annual freight expense is approximately $40 million.

  Methods to attain cost reduction:

  - 5% savings by centralizing carrier appointment, trailer rental and dock management.
  - 5% savings through utilization of information management to optimize network scheduling by the 3rd quarter 2007.

Cost Reductions - Purchasing

Purchasing/Sourcing	2006	2007	2008	2009	2010
Purchased Components	$ 10.4	$ 16.0	$ 24.0	$ 39.0	$ 59.0
Resin Sourcing	6.2	26.2	37.4	41.2	45.0
Regrind and Re-processing	8.3	10.3	12.3	16.2	20.1
MRO	1.8	1.8	2.9	4.0	5.1
Expedited Freight	2.7	2.7	2.7	2.7	2.7
Various Attained to Date	4.4	4.4	4.4	4.4	4.4
Carpet & Accoustics	6.4	11.4	15.9	20.4	25.1
Risk Adjustment	(12.3)	(19.5)	(26.6)	(33.8)	(41.0)
Gross EBITDA Impact	**$ 27.9**	**$ 53.3**	**$ 73.0**	**$ 94.1**	**$ 120.4**

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Labor Strategy

Current Status

- C&A's U.S. labor rates are competitive. Canadian labor rates are significantly higher than the U.S. rates. Mexican labor rates remain attractive.
- The fully-loaded, non-union rate is $3.40/hour and below competitors within the sector.
- The average fully-loaded union rate for the U.S. and Canada is slightly below the competitor average, influenced by high Canadian rates as mentioned previously.

Recent Changes

- C&A has successfully negotiated significantly reduced "new work" rates at UAW and USW facilities.
- The most recent agreement (CAW) in Canada provides for no increase in wage rates over the life of the agreement (ratified: 2/01/06 – Expires: 1/31/09).
- A framework for a new, low-cost, Canadian facility has been established with the objective of reducing the fully-loaded rate by $9 (Canadian) per hour.
- Presentations are being made at all major C&A unions in conjunction with the business planning process, emphasizing the need for reduced labor costs, and / or increased labor productivity.

Cost Reductions-SG&A

Selling & Adminitrative	2006	2007	2008	2009	2010
Headcount Attrition Reductions	$ 6.0	$ 9.0	$ 9.0	$ 9.0	$ 9.0
IT Efficiencies	2.0	$ 3.0	$ 3.0	$ 3.0	$ 3.0
Headquarters Relocation	4.0	$ 5.0	$ 5.0	$ 5.0	$ 5.0
EBITDA	**12.0**	**17.0**	**17.0**	**17.0**	**17.0**
Cost to Attain	(2.7)	-	-	-	-
Net Cash Flow	**$ 9.3**	**$ 17.0**	**$ 17.0**	**$ 17.0**	**$ 17.0**

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VI Financial Projections

Selected 2006 Financial Highlights - Income Statement & EBITDA Build

$(millions)	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2006
Net Sales	$704.1	$691.2	$598.1	$625.4	$2,618.8
Cost of Goods Sold	633.9	611.5	526.7	548.7	2,320.8
Gross Profit	$70.2	$79.7	$71.4	$76.7	$298.0
Selling, General & Administrative	74.0	64.6	63.0	59.5	261.1
Operating Income	($3.8)	$15.1	$8.4	$17.2	$36.9
Net Interest	25.5	25.7	26.0	26.0	103.2
Other, net	0.1	0.1	0.1	0.1	0.4
Pretax Income	($29.2)	($10.5)	($17.5)	($8.7)	($65.9)
Income Taxes	9.3	9.3	9.3	9.3	37.2
Net Income	**($38.5)**	**($19.8)**	**($26.8)**	**($18.0)**	**($103.1)**

	Q1	Q2	Q3	Q4	2006
Operating Income	($3.8)	$15.1	$8.4	$17.2	$36.9
Add: Depreciation & Amortization	28.1	27.8	27.8	27.8	111.5
Professional Fees	27.0	21.0	21.0	21.0	90.0
KERP	2.4	2.4	2.4	2.4	9.6
Facility Rationalization	5.8	5.8	3.5	0.9	16.0
Other, net	0.3	0.3	0.3	0.3	1.2
EBITDA	**$59.8**	**$72.4**	**$63.4**	**$69.6**	**$265.2**
Margin	*8.5%*	*10.5%*	*10.6%*	*11.1%*	*10.2%*

Selected 2006 Financial Highlights - Cash Flow Statement & Liquidity

($ in millions)	Q1 2006	Q2 2006	Q3 2006	Q4 2006	2006
Net Income	($38.5)	($19.8)	($26.8)	($18.0)	($103.1)
Add: Depreciation & Amortization	28.1	27.8	27.8	27.8	111.5
Professional Fees	27.0	21.0	21.0	21.0	90.0
Less: Capital Expenditures	44.2	20.2	21.3	10.9	96.6
Change in Working Capital	36.6	(14.0)	8.3	43.8	74.7
All Other, net	(0.9)	8.8	7.2	0.2	15.3
Cash Flow from Operations	$8.1	$3.6	$16.2	$63.9	$91.8
Less: Professional Fees	27.0	21.0	21.0	21.0	90.0
Cash Flow	($18.9)	($17.4)	($4.8)	$42.9	$1.8
Cash – Beginning	$90.0	$71.1	$53.7	$48.9	$90.0
Add: Cash Flow	($18.9)	($17.4)	($4.8)	$42.9	$1.8
Cash before Opportunities	$71.1	$53.7	$48.9	$91.8	$91.8
Opportunities:					
Annuity Contract (2)	$3.3				$3.3
Sale of MOBIS (3)		$4.3			$4.3
Sale of Intellectual Property (4)	$5.5			$0.8	$6.3
Pre-Petition Receivables (5)	$5.0	$10.0			$15.0
Disposal of Idle Assets (6)	$1.5	$1.5	$1.5	$1.5	$6.0
Sale of C&A Europe (7)			$35.0	$35.0	$70.0
Cash after Opportunities	**$86.4**	**$84.8**	**$116.5**	**$196.7**	**$196.7**

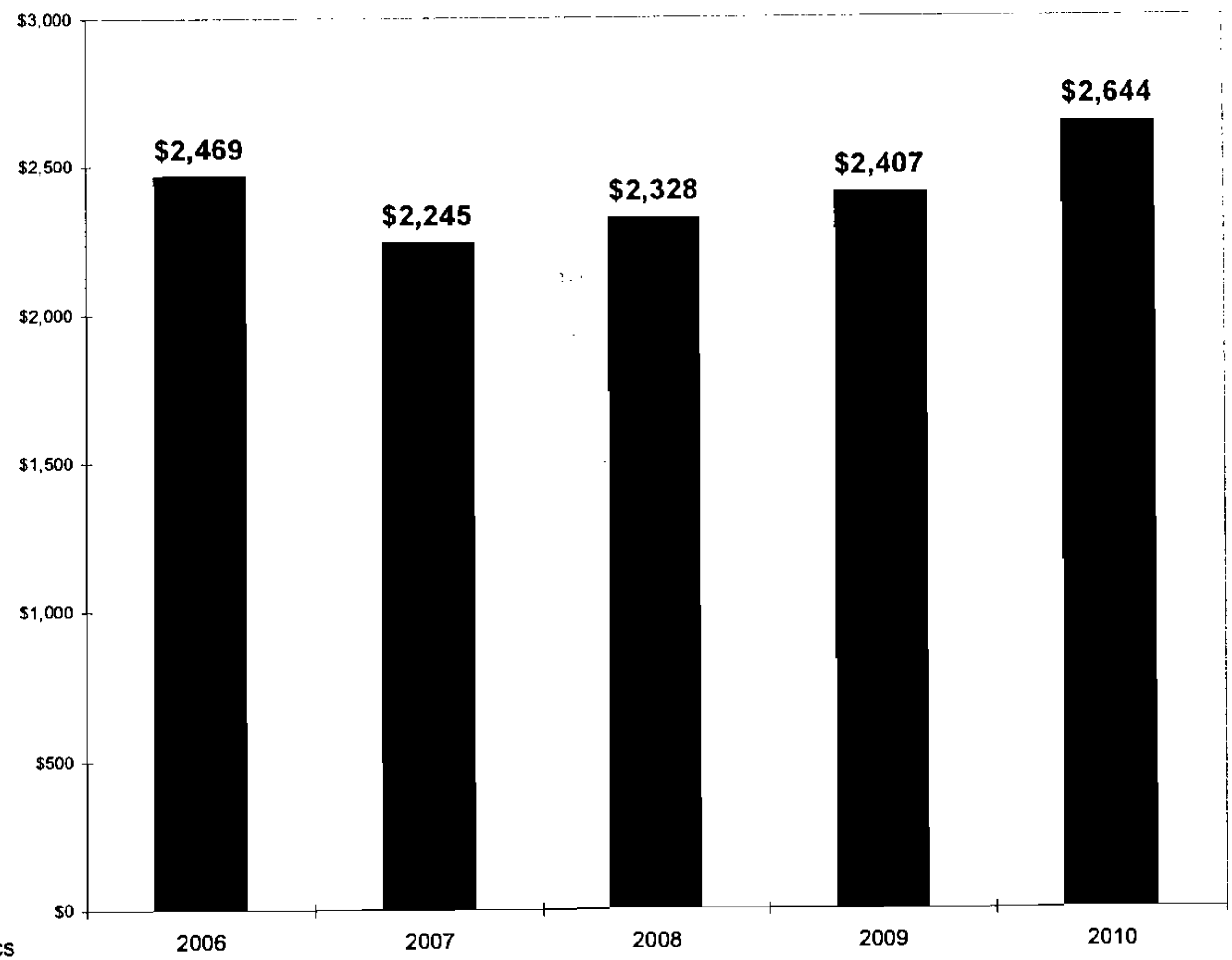
Notes: (1) Includes restricted cash of $26 million.
(2) Monetization of annuity contract - approx. $6.5 million. 50/50 split with lenders - DIP
(3) Sale of MOBIS JV. $8.5 million. 50/50 split with lenders - DIP amendment pending
(4) Sale of intellectual property - $12.5 million. 50/50 split with lenders - DIP amendment pending
(5) Collection of pre-petition receivables. Range $5 to $25 million, net of approximately $23 million to GECC
(6) Disposal of idle assets - $6.0 million est. DIP amendment pending
(7) Sale of C&A Europe. Range $50 to $90 million. Availability subject to UK Administrator's distribution plan and waiver of loan covenants.

Key Assumptions

- Revenue build incorporates:
  - Build out of current programs
  - New and replacement program wins
  - Takeaway business from competitors
  - Expansion of the service parts product line
  - Incremental Asian opportunities
- Light vehicle build based on JD Power December dataset
- Pricing reflects Customer Agreements, as agreed; otherwise 1% annual price downs on existing and new business
- Fabrics is assumed to be sold or closed and is excluded from the 2006 – 2010 projections
- Facility and manufacturing capacity rationalization and other cost reduction initiatives as described herein
- Material costs remain at current levels, reflecting indexing in accordance with Customer Agreements
- Non-union salary and wage inflation is 2.5% annually in U.S. and Canada, and 4.5% annually in Mexico
- Union wages reflect existing contracts
- Currency exchange impact is assumed to be neutral

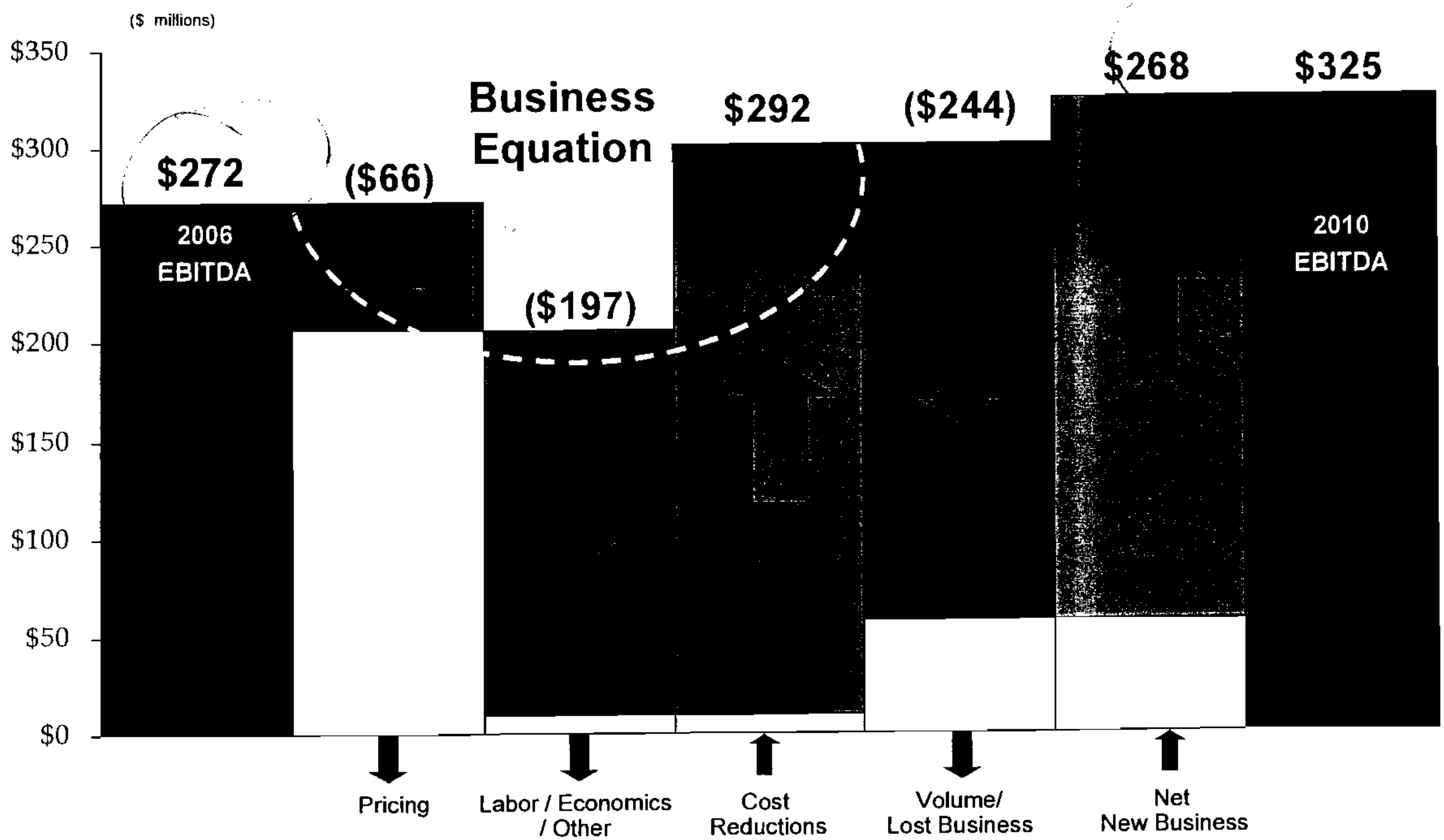
Revenue Projection

($ in thousands)



Note: Excludes Fabrics

2006 to 2010 High Level EBITDA Bridge



 Collins & Aikman

Consolidated Income Statement

$ in thousands	2006	2007	2008	2009	2010
Revenues	$ 2,469.0	$ 2,245.3	$ 2,327.5	$ 2,407.1	$ 2,643.6
Less:					
Material	1,242.6	1,133.0	1,089.7	1,109.7	1,193.5
Direct Labor	191.1	180.0	178.9	188.7	208.2
Overhead	630.0	559.4	626.1	655.4	740.8
Cash Gross Profit	405.3	372.9	432.8	453.3	501.1
Less: SG&A	248.3	143.0	160.8	162.3	176.1
EBITDA	$ 157.0	$ 229.9	$ 272.0	$ 291.0	$ 325.0
Restructuring Expense	16.0	11.0			
Professional Fees	90.0				
KERP & Guaranteed Bonuses	9.5				
Adjusted EBITDA	272.5	240.9	272.0	291.0	325.0
Adjusted EBITDA % of Sales	11.0%	10.7%	11.7%	12.1%	12.3%

Note: Excludes Fabrics

Collins & Aikman

Capital Spending

($ in millions)	2006	2007	2008	2009	2010
New Business	$45	$58	$62	$65	$71
Cost Improvements	20	27	27	28	30
Maintenance/Other	26	27	26	27	29
Total Spending	$91	$112	$115	$120	$130
% of Revenue	3.7%	5.0%	4.9%	5.0%	4.9%
% of EBITDA	33.5%	46.7%	42.3%	41.2%	40.0%

Note: The Company is refining the capital required to obtain the projected new business and maintain existing programs.

EXHIBIT S

Collins & Aikman

COLLINS & AIKMAN BUSINESS PLAN PRESENTATION

February 28, 2006

Contains Confidential Information

Consolidated Revenue Forecast 2006 - 2010

	2006 Sales	2007 Sales	2008 Sales	2009 Sales	2010 Sales
100% Booked Business	$ 2,408,743,837	$ 1,881,572,784	$ 1,665,722,199	$ 1,525,567,880	$ 1,409,717,301
Replacement Business	$ -	$ -	$ -	$ 66,247,500	$ 137,831,000
New Business					
Domestic:					
Takeaway Business	$ 60,256,163	$ 346,013,991	$ 435,258,922	$ 405,467,126	$ 379,390,679
New Business	$ -	$ 20,000,000	$ 71,668,240	$ 168,494,837	$ 344,910,754
Domestic Opportunities Subtotal	$ 60,256,163	$ 366,013,991	$ 506,927,162	$ 573,961,962	$ 724,301,433
Asian:					
Takeaway Business	$ -	$ 1,601,400	$ 1,698,840	$ 3,842,535	$ 3,927,855
New Business	$ -	$ 8,872,171	$ 173,970,713	$ 274,699,064	$ 421,595,001
Asian Opportunities Subtotal	$ -	$ 10,473,571	$ 175,669,553	$ 278,541,599	$ 425,522,856
Total New Business	$ 60,256,163	$ 376,487,562	$ 682,596,715	$ 852,503,562	$ 1,149,824,289
Less: Net Annual Price Downs		$ (12,760,346)	$ (20,818,914)	$ (37,218,942)	$ (53,772,590)
Total Revenue Forecast	$ 2,469,000,000	$ 2,245,300,000	$ 2,327,500,000	$ 2,407,100,000	$ 2,643,600,000

* Based on December JD Power volumes

** Annual Price Downs (1%, 1%, 1%, 1%) excluding 1st year awards

EXHIBIT T

DRAFT: PREPARED IN CONTEMPLATION OF LITIGATION

PREPARED AT THE DIRECTION OF COUNSEL

Summary of Preliminary Bids (entire co)

Collins & Aikman

Collins & Aikman Corporation

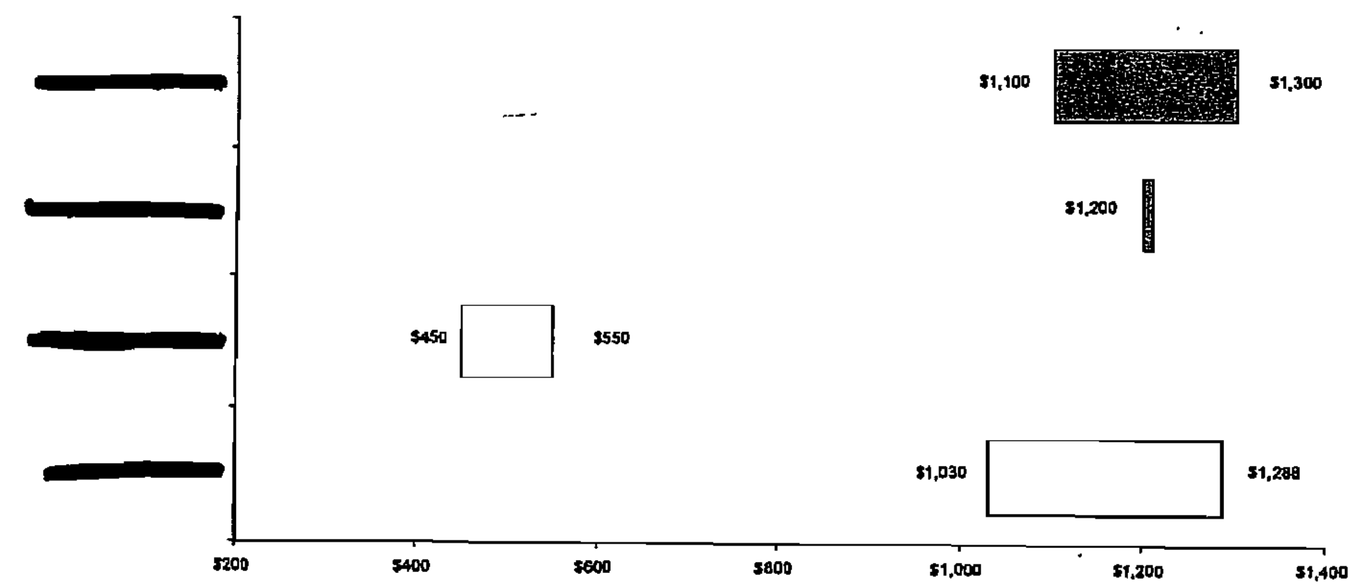
March 2006

CHANIN CAPITAL PARTNERS

Summary of Preliminary Bids

- Chanin Capital Partners has made a preliminary review of the Collins & Aikman Corporation [redacted]. Please find the summary table below and on the next few pages a side-by-side comparison of the proposals that have been presented to C&A.
  - All proposals are presented on a "debt-free" enterprise value basis.

COLLINS & AIKMAN CORPORATION
Summary of Preliminary Bids
($ in millions)



(1) [redacted] is only bidding for the Company's Carpet & Acoustics division.

Summary of Term Sheets Submitted by Third Avenue and Wilbur Ross & Co.

1. **Third Avenue – February 17, 2006**

   a. Treatment of Claims:

   - DIP Facility Claims ($150m): $13.1m in undrawn Letter s of Credit rolled into First Priority Exit Facility; Remaining funded debt paid in full in cash on the Effective Date.
   - JPM Pre-Petition Facility Claims ($748m): $56.3m in undrawn Letters of Credit rolled into First Priority Exit Facility; remaining funded debt paid in full in cash on the Effective Date.
   - OEM Junior DIP Claims ($82.5m): Treatment satisfactory to the OEMs, Standby Purchasers, and the Debtors.
   - General Administrative Claims ($50m): Paid in full in cash on the Effective Date.
   - OEM Administrative Claims ($30m): Treatment satisfactory to the OEMs, Standby Purchasers, and the Debtors.
   - Priority Tax Claims: Treated as required pursuant to Code.
   - Other Priority Claims: Paid in cash on the Effective Date.
   - Other Secured Claims: Reinstated, paid in cash, collateral returned or other treatment rendering such claims unimpaired.
   - Capital Leases Claims ($68m): Reinstated.
   - Trade & Other General Unsecured Creditors Claims: Cancelled in exchange for their pro rata share of:
     - Estimated 24% of the New Common Stock issued and outstanding; and
     - Estimated 24% of the Rights Offering.
   - Senior Note Claims ($520m): Cancelled in exchange for their pro rata share of:
     - Estimated 76% of the New Common Stock issue and outstanding; and
     - Estimated 76% of the Rights Offering described below.

- Senior Subordinated Note Claims ($414m): Cancelled with no distribution; pro rata share of New Common Stock and Rights Offering to be distributed to Senior Note Claimants.

- Convenience Class: Payment of a Convenience Cash Amount.

- Intercompany Claims and Interests: Reinstated; provided the Debtors, with the consent of the Standby Purchaser, reserve the right to extinguish or cancel any or all Intercompany Claims and Interests.

- Prepetition Preferred, Common and Other Equity: Cancelled with no distribution

b. Rights Offering: will yield gross proceeds of $400 million, and Rights will allow the holder of the claims referenced above to purchase a pro rata share, by units, of:

- $40 million of New Convertible Second Priority Notes and

- $360m of New Convertible Preferred Stock

c. Conditions.

- Filing of a Plan that embodies the terms set forth in this Term Sheet and is otherwise reasonably satisfactory to the Debtors and the Standby Purchasers no later than April 15, 2006;

- Entry of a final order by September 30, 2006 confirming the Plan.

- Prior to the Effective Date, entry by the Debtors into the First Priority Exit Facility.

- The Debtors having business arrangements with Ford, DCX, GM, Toyota, Honda and Nissan.

- On the Effective Date, drawn amount on first-priority lien exit facility plus Capital Leases of no more than $648 million.

- Trade & Other Unsecured Creditors Claims of no more than $300m.

- Prior to the Confirmation hearing Date, the Debtors will provide to the Standby Purchasers updated projections for the years 2006 to 2010.

- No Material Adverse Change.

- Completion of the Standby Purchasers' due diligence by no later than the date the Plan sponsor Motion is filed.

2. Wilbur Ross – March 21, 2006 (as amended on March 23 and March 24)

a. Purchasers: International Automotive Components Group LLC (composed of Wilbur Ross, Lear Corp. and Franklin Mutual Advisors).

b. Consideration.

- Sale of assets under Section 363 for $1.03b to $1.288b (4.0x to 5.0x of 2007 EBITDA of $257.6m).
- IAC would consider participating in a plan of reorganization on the following basis: C&A believes it can raise $570 million in a term loan and have the $82.5 million OEM subordinated DIP loan roll into a debt or preferred instrument. In order to raise the additional capital required to satisfy C&A's priority claims, reorganized C&A would sell 75% of its fully diluted equity for $500 million. The creditors will subscribe to a minimum of $125 million of equity and IAC would commit to subscribe for $250 million of equity and to "backstop" an additional $125 million of equity. The balance of the reorganized C&A equity will be issued to C&A 's unsecured creditors. IAC would "back stop" the rights offering and make the equity commitment in exchange for:
  - A 4% commitment fee and
  - Be named the stalking horse bidder and an $7.5m break up fee.

c. Conditions

- Net debt of no more than $495.5 million in reorganized C&A
- Pension obligation of no more than $116 million post freezing the current plan and converting to a 401k plan.
- Justification of the baseline 2007 EBITDA forecast of $240.9m.
- Justification of capital expenditure budget to support the projected level of program growth and maintenance requirements for current business.
- Satisfactory confirmation of alternative purchasing arrangements, and terms of such arrangements for resins and other procured components.
- Documented "new business" of no less than $376m for 2007 by June 30, 2006.

- Confirmation of contractual LTA's and expected impact compared to 1% annual price downs in the forecast.
- Understanding of price increases provided by OEMs and terms of any raw material indexing arrangements
- Further detail and specific action plans to achieve operational cost reductions in forecast.
- A commitment to allow IAC to discuss with the creditor committee the merits of combining on a non-dilutive basis IAC's operations in Europe and Brazil as part of the transaction.

3. **Third Avenue ("Standby Purchasers") – May 12, 2006 (as revised on May 15, 2006)**

a. Treatment of Claims

- DIP Facility Claims ($150m): $13.1m in undrawn letters of credit replaced by letters of credit issued under the exit facility; remaining funded debt paid in full in cash on the effective date of the Plan.

- JPM Prepetition Facility Claims ($748m): $56.3m in undrawn letters of credit replaced by letters of credit issued under the Exit Facility; remaining funded debt paid in full in cash on the Effective Date.

- OEM Junior DIP Claims ($82.5m): Treatment satisfactory to the OEMS, Standby Purchasers and the Debtors.

- General Administrative Claims ($50m): Paid in full in cash on the Effective Date, according to terms.

- OEM Administrative Claims ($30m): Treatment satisfactory to the OEMs, Standby Purchasers and the Debtors.

- Priority Tax Claims: Treated as required pursuant to the Code.

- Other Priority Claims. Paid in cash on the Effective Date.

- Other Secured Claims: To extent such claims are secured: reinstate, paid in cash, collateral returned, or other treatment rendering such claims unimpaired.

- Capital Leases Claims ($68m): Reinstated or other treatment so as to render such Claims unimpaired.

- Trade & Other General Unsecured Creditors Claims: Cancelled in exchange for their pro rata share of:

  - A to be determined percentage of 100% of the common stock of reorganized C&A;

  - A to be determined percentage of the Rights Offering; and

  - A to be determined percentage of 100% of the beneficial interest in the Litigation Trust.

- Senior Note Claims ($520.7m):

  - A to be determined percentage of 100% of the common stock of reorganized C&A;

    - A to be determined percentage of the Rights Offering; and
    - A to be determined percentage of 100% of the beneficial interest in the Litigation Trust.

- Senior Subordinated Note Claims ($414.3m): In accordance with Section 510(a) of the Code, distributions, if any, to Senior Subordinated Note Claims holders must be agreed to by Senior Note Claims holders.
- Convenience Class: Payment of a cash amount, subject to an aggregate cap, acceptable to the Standby Purchasers, the Debtors and the Official Committee of Unsecured Creditors.
- Intercompany Claims and Interests: TBD.
- Prepetition Preferred, Common and Other Interests and Securities Litigation Claims: Cancelled with no distribution.

b. Rights Offering: The exercise of the Rights will yield gross proceeds of $400m in the aggregate, and Rights will allow the holders thereof to purchase a pro rata share of units consisting of:

- $125m of New Junior Lien Notes and
- $275m of New Convertible Preferred Stock.

c. Conditions

- Filing of the Plan Sponsor Motion within one business days after execution of the Agreement;
- Prior to filing the Plan but in no event later than August 1, 2006, the Debtors having business arrangements with Ford, DCX, GM, Toyota, Honda and Nissan, including accounts receivable terms and long-term business arrangements that are reasonably satisfactory to the Standby Purchasers and the Debtors.
- The Standby Purchasers have completed their legal due diligence with respect to the Debtors.
- [Prior to filing the Plan, the Standby Purchasers shall be reasonably satisfied with the Debtors' proposed Plan treatment of the Debtors' pension and OPEB obligations.]
- Filing of a Plan that embodies the Term Sheet.

- Prior to the confirmation hearing date, the Debtors shall provide updated projections for the years 2006 to 2010.
- Entry of a final order confirming the Plan.
- The Debtors shall have an EBITDA in an amount not less than
    - For the quarter ending June 30, 2006, $121m;
    - For the quarter ending September 30, 2006, $179m; and
    - For the quarter ending December 31, 2006, $242m.
- On the Effective Date, must comply with Adjusted Net Debt Formula.
- On the Effective Date, net working capital balance of not less than $218m.
- On the Effective Date, the Debtors' senior executive operations management team shall be reasonably satisfactory to the Standby Purchasers.
- From and after the Effective Date, Reorganized C&A shall be a private company.
- No Material Adverse Change.

4. Wilbur Ross – May 16, 2006

a. Treatment of Claims

- DIP Facility Claims ($150m): $13.1m in undrawn letters of credit replaced by letters of credit issued under the New Bank Facility; remaining funded debt paid in full in cash on the Effective Date.

- JPM Prepetition Facility Claims ($748m): Up to $56.3m in undrawn letters of credit replaced by letters of credit issued under the New Bank Facility; remaining funded debt paid in full in cash on the Effective Date.

- OEM Capex Funding Claims ($40m): To be assumed by Newco.

- All Other Priority OEM Claims ($112.5m): If an OEM has satisfied the Booked Business Condition, the Other Priority Claims of such OEM will be paid in full in cash on the Effective Date. If an OEM has not satisfied the Booked Business Condition as of the Effective Date, (1) an amount equal to lesser of 0.85 multiplied by such OEM's Initial Shortfall and such OEM's Other Priority Claim will be deposited into the OEM Escrow and an amount equal to the balance of such OEM's Other Priority Claim will be paid in cash on the Effective Date.

- General Administrative Claims ($50m): Paid in full in cash.

- Priority Tax Claims: N/A

- Other Priority Claims: N/A

- Other Secured Claims: N/A

- Capital Leases Claims ($68m): Reinstated or other treatment so as to render such Claims unimpaired.

- Trade & Other General Unsecured Creditor Claims: Cancelled in exchange for Pro Rata Share of:
    - Rights Offering and Gifted Stock
    - Stock Escrow; and
    - The recovery of the Litigation Trust

- Senior Note Claims ($520.7m): Cancelled in exchange for their pro rata share of:
    - Rights Offering and Gifted Stock

- Stock Escrow; and
- The recovery of the Litigation Trust

- Senior Subordinated Note Claims: Cancelled in exchange for their pro rata share of:
  - Rights Offering and Gifted Stock
  - Stock Escrow; and
  - The recovery of the Litigation Trust

- Intercompany Claims and Interests: Cancelled

- Prepetition Preferred, Common, and other Securities Claims: Cancelled.

b. Gifted Stock: Up to 10% of New Common Stock.

c. Rights Offering: The Standby Purchaser will purchases 50.1% of the New Common Stock for $276.94 million and Newco will distribute pro rata rights to purchase 44.9% of the New Common Stock (for an aggregate price of $248.06m) to the Unsecured Creditors. The purchase of the New Common Stock by the Standby Purchaser plus the exercise of the Rights will yield gross proceeds of $525m in the aggregate.

d. Conditions

- Filing of the Purchase Motion within two days after execution of the Purchase Agreement;
- Entry of a final order no later than 15 days after the filing of the Purchase Motion, approving the Purchase Agreement;
- Filing a Plan and other Definitive Plan Documents that embody the terms set forth in this Term Sheet;
- Standby Purchaser being satisfied with the Debtors' activities in furtherance of the Plan and its confirmation;
- Creditors of the Debtors having exercised no less than one-half of the Rights;
- Prior to filing the Plan, the Standby Purchaser being satisfied with the proposed treatment of, or outcome of, all accounting and investigation matters, tort claims, tax claims, and environmental claims;

- The claim amounts reflected above being correct in all material respects (within $10m);
- Entry of a final order confirming the Plan and all Plan related documents;
- Newco obtaining third-party bank financing, including a term loan facility of no less than $570m and a revolving credit facility of no less than $300m;
- On the Effective Date, drawn amounts under the New Bank Facility plus capital leases and less cash on hand or expected proceeds from non-core asset sales being no more than $474.8m;
- Net working capital being no less than a minimum specified in the Purchase Agreement;
- No material adverse change with respect tot the Debtors' results of operations since March 31, 2006 or the reasonable likelihood of the Debtors achieving their projections;
- The Debtors not having been notified that a current program or replacement program will be re-sourced;
- There being no reason to believe that any of the Debtors' major customers have become insolvent;
- Ernst & Young having delivered its opinion that the carve-out financial statements for the Business fairly present the Business;
- The OEMs having agreed in writing to the treatment of their Claims described above;
- The holders of the JPM Prepetition Facility Claims having received payment in full in cash of such Claims;
- Pursuant to the Plan or otherwise, the Debtors having sold or provided for the disposition of their fabrics business with net proceeds of at least $25.4m;
- The Debtors having business arrangements with Ford, DCX, GM, Toyota, Honda and Nissan, including accounts receivable terms and documented long-term business for 2006, 2007, and 2008 (and related capital expenditure and start-up cost requirements), that support and are demonstrably consistent with the Debtors' business plan;

- Written confirmation of SABIC providing resin supply with pricing as indicated in the Debtors' business plan;

- Newco being satisfied that its assumed environmental obligations will not be greater than $17.7m;

- There being no material variance from the 2006 Operating Plan;

- Year-to-date cost savings targets for each division being met according to the Debtors' business plan; and

- Prior to filing the Plan, the Standby Purchaser being satisfied with the Debtors' proposed Plan treatment of the Debtors' pension obligations, that shall not exceed $114m for U.S. and Canadian employees and retirees and that Newco will assume no more than $75.5m of OPEB liabilities.

5. Wilbur Ross – July 6, 2006

a. Treatment of Claims

- DIP Facility Claims ($150m): $13.1m in undrawn letters of credit replaced by letters of credit issued under the New Bank Facility; remaining funded debt paid in full in cash on the Effective Date.

- LuxCo Loan Guarantee ($19m): Paid in full in cash on the Effective Date.

- JPM Prepetition Facility Claims ($748m): Up to $27.4m in undrawn letters of credit replaced by letters of credit issued under the New Bank Facility; 80% of the remaining allowed claim paid in full in cash; 20% of the remaining allowed claim paid in full in cash following the completion of the audit relating to Newco's 2007 fiscal year.

- OEM Capex Funding Claims ($36m): To be assumed by Newco.

- OEM Administrative Loan ($30m): Paid in full in cash.

- All Other Priority OEM Claims ($82.5m): Paid in full in cash following the completion of the audit relating to Newco's 2008 fiscal year.

- General Administrative Claims ($50m): Paid in full in cash.

- Priority Tax Claims: N/A

- Other Priority Claims: N/A

- Other Secured Claims: N/A

- Capital Leases Claims ($66m): Reinstated or other treatment so as to render such Claims unimpaired.

- Trade & Other General Unsecured Creditor Claims: Cancelled in exchange for Pro Rata Share of:

    - Rights Offering; and

    - The recovery of the Litigation Trust

- Senior Note Claims ($520.7m): Cancelled in exchange for their pro rata share of:

    - Rights Offering; and

- The recovery of the Litigation Trust

- Senior Subordinated Note Claims ($414.3m): Cancelled in exchange for their pro rata share of:

  - Rights Offering and Gifted Stock

  - Stock Escrow; and

  - The recovery of the Litigation Trust

- Intercompany Claims and Interests: Cancelled

- Prepetition Preferred, Common, and other Securities Claims: Cancelled.

b. Rights Offering: The Standby Purchaser will purchases 50.1% of the New Common Stock for $200.4 million and Newco will distribute pro rata rights to purchase 49.9% of the New Common Stock (for an aggregate price of $199.6m) to the Unsecured Creditors. The purchase of the New Common Stock by the Standby Purchaser plus the exercise of the Rights will yield gross proceeds of $400m in the aggregate.

c. Conditions

- Filing of the Purchase Motion within two days after mutual agreement of the Term Sheet;

- Entry of a final order ASAP after the filing of the Purchase Motion approving the Purchase Agreement;

- Filing a Plan and other Definitive Plan Documents that embody the terms set forth in this Term Sheet;

- Standby Purchaser being satisfied with the Debtors' activities in furtherance of the Plan and its confirmation;

- Creditors of the Debtors having exercised no less than one-half of the Rights;

- Prior to filing the Plan, the Standby Purchaser being satisfied with the proposed treatment of, or outcome of, all accounting and investigation matters, tort claims, tax claims, and environmental claims;

- The claim amounts reflected above being correct in all material respects (within $10m);

- Entry of a final order confirming the Plan and all Plan related documents;

- Newco obtaining third-party bank financing, including a term loan facility of no less than $450m and a revolving credit facility of no less than $300m;

- On the Effective Date, drawn amounts under the New Bank Facility plus capital leases and less cash on hand or expected proceeds from non-core asset sales being no more than $356.4m;

- Net working capital being no less than a minimum specified in the Purchase Agreement;

- No material adverse change with respect tot the Debtors' results of operations since March 31, 2006 or the reasonable likelihood of the Debtors achieving their projections;

- The Debtors not having been notified that a current program or replacement program will be re-sourced;

- There being no reason to believe that any of the Debtors' major customers have become insolvent;

- KPMG having delivered its opinion that the carve-out financial statements for the Business fairly present the Business;

- The OEMs having agreed in writing to the treatment of their Claims described above;

- The holders of the JPM Prepetition Facility Claims having received payment in full in cash of such Claims;

- Pursuant to the Plan or otherwise, the Debtors having sold or provided for the disposition of their fabrics business with net proceeds of at least $25.4m;

- The Debtors having business arrangements with Ford, DCX, GM, Toyota, Honda and Nissan, including accounts receivable terms and documented long-term business for 2006, 2007, and 2008 (and related capital expenditure and start-up cost requirements), that support and are demonstrably consistent with the Debtors' business plan;

- Written confirmation of SABIC providing resin supply with pricing as indicated in the Debtors' business plan;

- Newco being satisfied that its assumed environmental obligations will not be greater than $16.0m;

- There being no material variance from the 2006 Forecast (4+8);

- Year-to-date cost savings targets for each division being met according to the Debtors' business plan; and

- Prior to filing the Plan, the Standby Purchaser being satisfied with the Debtors' proposed Plan treatment of the Debtors' Prepetition pension and OPEB obligations, namely that Newco will have no liability for the Debtors' Prepetition US and Canadian employees and retirees or any Prepetition OPEB liabilities.

- The closure or other disposition of the eight non-performing C&A plastic plants (i.e., Evart, St. Louis, Morristown, Belvedere, Owosso, New Baltimore, Stratford and Windsor) unless the economic condition of those plants can be changed to provide a competitive cost structure and a satisfactory case rate of return on invested capital, as agreed by the Standby Purchaser.

EXHIBIT U

WL ROSS & CO. LLC

Wilbur L. Ross, Jr.
Chairman and
Chief Executive Officer

March 21, 2006

TRANSMITTED ELECTRONICALLY

Mr. Robert S. Kost
Managing Director
Lazard Frères & Co. LLC
30 Rockefeller Plaza
New York, NY 10020

Dear Mr. Kost,

In accordance with your letter dated March 7, 2006, International Automotive Components Group, LLC ("IAC") is pleased to submit a non-binding indication of interest (the "Proposal") in purchasing the North American operations of Collins & Aikman Corporation ("C&A").

1. Description of the Businesses Included in the Proposal

The Proposal is made for C&A's North American operations including the Plastics, Soft Trim and Convertible Tops operations in the US, Canada and Mexico. The Proposal does not contemplate the inclusion of the Fabrics operation.

2. Description of the Type and Structure of Proposal

IAC would prefer an asset sale pursuant to Section 363 of the Bankruptcy Code pursuant to which the assets would be purchased by one or more subsidiaries of IAC (the "Purchaser"). In such a transaction, IAC expects that the Purchaser would receive (subject to Bankruptcy Court approval) customary stalking horse protections. As indicated in Paragraph 4 below, however, IAC is willing to consider participating in an approach that involves a plan of reorganization if the parties believe that approach is more likely to succeed.

WL Ross & Co. LLC
600 Lexington Avenue
New York, NY 10022

Telephone: 212-826-2111
Fax: 212-317-4891
E-mail: wlross@wlross.com
Website: www.wlross.com

3. Purchase Price / Valuation

Based on the information received to date, we propose a preliminary purchase valuation range of 4.0x – 5.0x expected 2007 EBITDA of $257.6 million (comprised of $240.9 million of forecasted EBITDA plus $16.7 million for pension expense not assumed), which would result in a purchase price of $1,030 to $1,288 million for the purchased assets. This valuation assumes full cash consideration at closing, that the assets are acquired unencumbered and on a debt-free and cash-free basis and that the Purchaser does not assume any liabilities other than ordinary course trade accounts payable and executory contract obligations. In particular, this valuation assumes that the Purchaser does not assume any pension or other employee benefit liabilities.

The Proposal is based on the information provided to date by Lazard Frères & Co. LLC ("Lazard"), including the following:

- Collins & Aikman information memorandum (December 2005);
- Revised 2006 Operating Plan and assumptions (January 2006);
- 2006-2010 Collins & Aikman Business Plan (February 2006);
- 2006-2010 financial projections, excluding Fabrics business unit (February 2006).

The preliminary purchase valuation is subject to ongoing due diligence and certain key valuation factors including, but not limited to:

i) Justification of the baseline 2007 EBITDA forecast of $240.9 million

ii) Justification of capital expenditure budget to support the projected level of program growth and maintenance requirements for current business

iii) Satisfactory confirmation of alternative purchasing arrangements, and terms of such arrangements, for resins and other procured components / materials

iv) Documented "new business" of no less than $376 million for 2007 by June 30, 2006

v) We have assumed that IAC would not take the obligations of the pension program and accordingly have adjusted EBITDA upward in our valuation

vi) Confirmation of contractual LTA's and expected impact compared to 1% annual price downs in the forecast

vii) Understanding of price increases provided by OEM's and terms of any raw material indexing arrangements

viii) Further detail and specific action plans to achieve operational cost reductions in forecast

IAC received just prior to submission of this Proposal an analysis from C&A of potential synergies between IAC's current operations and those of C&A. Given the short period of time we have not reflected any synergies in this Proposal. We will analyze potential synergies and impact in the next phase of the process.

4. Consideration and Financing

The consideration for the Proposal is contemplated to be 100% cash. The entire purchase price would be generated by capital contributed to IAC by investment funds managed by WL Ross & Co. ("WLR") and Franklin Mutual Advisers, LLC ("FMA").

If, however, C&A elects to pursue a plan of reorganization instead of a Section 363 sale, IAC would consider participating on the following basis. C&A has approximately $1,060 million of priority claims. It is our understanding that C&A believes it can raise $660 million debt financing in an exit facility. The remaining $400 million would be raised by a rights offering to creditors of C&A pursuant to which such creditors would be offered the opportunity to purchase equity in reorganized C&A. IAC would "back stop" the rights offering in exchange for (i) a fee of 4% plus out of pocket expenses and (ii) reorganized C&A's acquisition of IAC (i.e., formerly C&A's European and Brazilian operations) for newly issued shares of the reorganized C&A on a basis that would not be dilutive to either party's projected 2007 EBITDA.

Regardless of which approach is taken, the Purchaser's or IAC's obligation to close a transaction would not be subject to any financing contingency. At such time that C&A concludes which route it prefers and IAC completes its due diligence, IAC would be willing to provide a firm financing commitment in support of either the Purchaser's proposed purchase of the C&A assets or the rights offering.

5. Conditions to Proposal

Other than the receipt of Bankruptcy Court and any required regulatory approvals (including antitrust), we are not currently aware of any specific conditions that we would require in connection with the definitive documentation of the Proposal. As noted above, the Proposal will not be subject to a financing contingency.

6. Timing

We are prepared to devote the resources necessary to close a transaction as quickly as possible within the constraints imposed by the bankruptcy process.

7. Confidentiality

The facts and contents of this letter and the enclosures, as well as our indication of interest generally, are strictly confidential and both the existence and the substancc of this letter must be treated as confidential in accordance with the existing confidentiality agreement among the parties.

8. Non-binding

Until the execution of definitive documentation, none of IAC or its owners or other affiliates will be under any obligation with respect to the matters contemplated hereby.

9. Other Information

IAC is a joint venture bctween WLR, FMA and Lear Corporation. WLR and FMA currently own 99.99% of IAC. IAC is currently negotiating to acquire Lear's European interiors (ISD) business. If successful, Lear would become a minority shareholder of IAC. No assurances can be made that a transaction with Lear will be finalized. This Proposal is not contingent upon the outcome of the Lear negotiations.

WL Ross & Co. LLC

WL Ross oversees in excess of $4.5 billion in private investments focused on private equity, hedge fund investments and real estate. The firm's most notable transaction was the creation of International Steel Group (ISG), regrouping Bethlehem, LTV and Acme Steel, to become the second largest US integrated steel company. ISG went public in December 2003 and was acquired by Mittal Steel in November 2004 in a deal valuing it in excess of $4 billion.

Franklin Mutual Advisers, LLC
Franklin Mutual Advisers, LLC manages the Mutual Series family of mutual funds and other accounts totaling more than $40 billion in assets. FMA is a subsidiary of Franklin Resources, Inc. (NYSE: BEN), a global investment management organization.

Lear Corporation
Lear Corporation is one of the world's largest suppliers of automotive interior components and systems. Lear provides complete seating systems, interior trim products and electrical & electronics systems. With annual net sales of $17 billion in 2004, Lear ranks #127 among the Fortune 500. The company's world-class products are designed, engineered and manufactured by a diverse team of more than 110,000 employees in 34 countries. Lear's headquarters are in Southfield, Michigan, and Lear stock is traded on the New York Stock Exchange under the symbol LEA. Further information about Lear is available on the Internet at http://www.lear.com.

Any correspondence with respect to this Proposal should be directed to:

WL Ross & Co. LLC
600 Lexington Avenue, 19th Floor
New York, NY 10022

Attn: Wilbur L. Ross
Chairman & CEO
Tel. 212-826-2111
Fax. 212-317-4891
E-mail: wlross@wlross.com

Please feel free to contact us with any questions or clarifications. We look forward to hearing from you with respect to this Proposal.

Sincerely,

Wilbur L. Ross

Wilbur L. Ross
WL Ross & Co. LLC

EXHIBIT V

DRAFT: PREPARED IN CONTEMPLATION OF LITIGATION

PREPARED AT THE DIRECTION OF COUNSEL

Preliminary Valuation Analysis
Prepared for the Unsecured Creditors Committee

Collins & Aikman

Collins & Aikman Corporation

March 2006

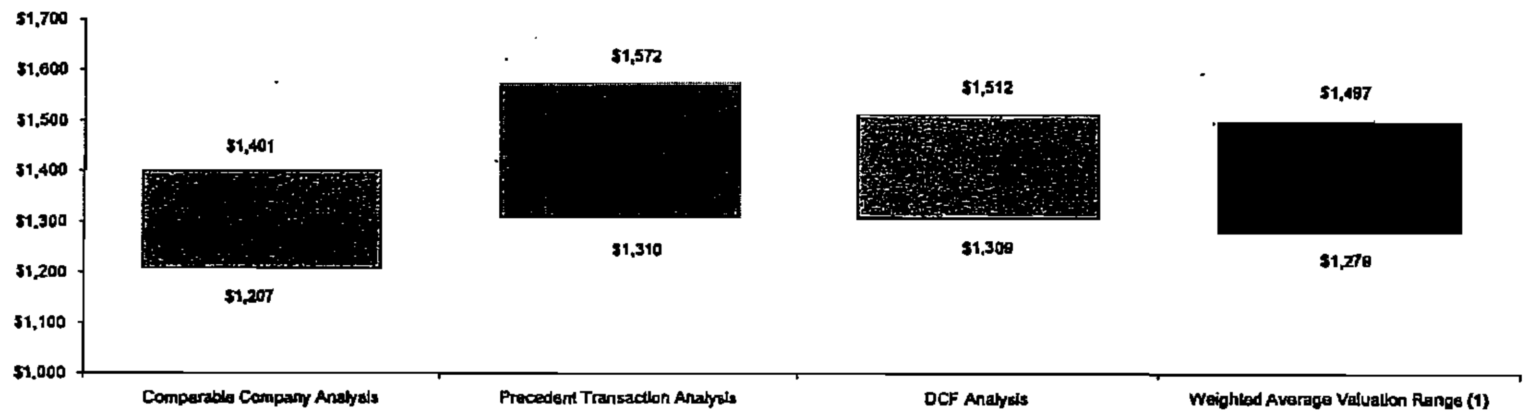
CHANIN CAPITAL PARTNERS

Preliminary Valuation Summary

Based on Chanin's Preliminary Base Case Valuation Analysis, we believe the range of enterprise values for C&A is approximately $1.3 billion to $1.5 billion.

COLLINS & AIKMAN CORPORATION
Summary Preliminary Valuation
($ in millions)

SUMMARY OF VALUATION (1)



	Low	Mid	High
Comparable Company Analysis	$1,207	$1,304	$1,401
Precedent Transaction Analysis	$1,310	$1,441	$1,572
DCF Analysis	$1,309	$1,410	$1,512
Weighted Average Valuation Range (1)	[illegible]	[illegible]	[illegible]

(1) The Weighted Average Value Range utilizes a 30% weighting under the Comparable Company Analysis, a 30% weighting under the Precedent Transaction Analysis and a 40% weighting under the DCF Analysis. Given the significant cash flow fluctuations, among other considerations, Chanin has applied a larger weighting to the DCF methodology to estimate the C&A valuation.

1395

EXHIBIT W

WL ROSS & CO. LLC

Wilbur L. Ross, Jr.
Chairman and
Chief Executive Officer

April 28, 2006

TRANSMITTED ELECTRONICALLY

Mr. Robert S. Kost
Managing Director
Lazard Frères & Co. LLC
30 Rockefeller Plaza
New York, NY 10020

Dear Mr. Kost:

This letter responds to your request to submit a Summary Term Sheet for the restructuring of Collins & Aikman Corporation's North American operations ("C&A" or the "Company"). As you know International Automotive Components Group, LLC ("IAC") is very excited about a potential transaction with C&A and has spent a significant amount of time and resources performing due diligence on C&A, including:

- Attending several meetings with representatives of Kroll Zolfo Cooper, C&A's advisor, to discuss the Company's business;
- Spending multiple days at C&A's headquarters meeting with members of the Company's management team;
- Meeting with certain customers of C&A; and
- Reviewing the material included on the electronic data room and other information presented to us.

After performing this due diligence and reviewing our findings, IAC remains very interested in pursuing a transaction with C&A; however there are a number of major open issues raised by C&A's business plan that prevent us from submitting a meaningful term sheet at this time. We believe these open issues, a summary of which are below, have a significant impact on the outlook for the Company's 2007 financial performance and thus valuation.

WL ROSS & CO. LLC

Item	Issue	Potential 2007 EBITDA Impact
New business	Our understanding is that there still has not been any decision made by any of the OEMs with respect to the projected business on existing platforms that C&A plans to take from other suppliers. C&A's business plan is heavily dependent on getting this business. Additionally, we have not received any information supporting the incremental margin assumed from this business.	$86 million
OEM price downs	C&A's business plan projects a 1% annual price down for all non-GM business. The GM contracted LTA's are well in excess of 1% and are factored into the business plan. We have done extensive comparisons to peers as well as independent research and to date do not have a reasonable basis to support the assumption. Our internal analysis of C&A's peer group results in an average annual price down of 2%.	$13 million
Resin purchase savings	We understand that C&A has not yet had substantive discussions with SABIC concerning the alternative resin sourcing arrangement. This would materially impact the business plan. If the arrangement is firmed up, we will want to understand the practicality of transitioning 100% of the primary resin buy (PPO, PC ABS, ABS and TPO) to a new single source immediately.	$26 million
Service-parts business	We believe the assumptions for service parts business are aggressive. To date, we have received no information that would justify the assumption that C&A can achieve 3x production cost, 35%-40% contribution margin and substantially gain market share.	$7 million
Pension liabilities / OPEB	We have a number of outstanding issues regarding the current pension underfunding and projected liabilities. Additionally we understand that there are $75.5 million of projected OPEB liabilities which would need to be considered in the valuation.	TBD
2006 CapEx underspend	Only $10 million of the $46 million YTD capex budget has been spent. This may lead to additional "catch up" capex spend.	N/A
Fabrics liquidation	Cash proceeds from the Fabrics liquidation appear to be forecasted to be less than the $30 million originally expected from monetizing the division.	N/A
Plastics cost cuts	The Plastics Division cost cuts have been significantly below forecast. Additionally, the $5 million cushion runs out in June which will make it difficult to achieve the cost savings necessary.	TBD
Actuals through March	Adjusted actual versus budgeted EBITDA is approximately $6.3 million or 10.6% below forecast.	$25 million annualized

WL ROSS & CO. LLC

Given the magnitude of these open items when compared to the projected profitability of C&A, we do not believe it is practical or fair to you for us to submit a term sheet at this time. We would like to continue to work with you to resolve these open issues and once we have a more refined view of these items we would be in position to promptly submit a detailed proposal.

Please feel free to call me if you have any questions.

Sincerely,

Wilbur L. Ross, Jr.
Chairman and Chief Executive Officer

EXHIBIT X

COLLINS & AIKMAN

Collins & Aikman Corporation and North American Subsidiaries
(millions)

Q1 2006 Actual Compared to "2006 Operating Plan"

	Actual	2006 Operating Plan	Variance (%)	Variance (%)
Sales	$728.7	$704.1	$24.6	3.5%
Adjusted EBITDA	$56.1	$59.8	($3.7)	-6.2%

Source: DIP Credit Facility Monthly Reporting Package March 31, 2006
Debtor Response to the June 20, 2007 Information Request

EXHIBIT Y

Excluding the problems at the EVART plant, operating cost savings are slightly ahead of Plan. However, the total cost savings in the Plan are highly back-ended as shown in the chart below.

(millions)

Total Manufacturing Cost Savings 2006-Plan

Q1	Q2	Q3	Q4	Total
$9.5	$16.8	$31.2	$31.0	$88.5

Source: Lender Group Update February 2006 YTD Operating Results & March 2006 Outlook May 9, 2006

EXHIBIT Z

COLLINS & AIKMAN

Collins & Aikman Corporation and North American Subsidiaries
Comparison of Income Statement Items to 2006 Operating Plan
For the 12 month period January 1, 2006 - December 31, 2006
Amounts in US Dollars Millions

REPORTING DATE	ACTUAL ADJUSTED EBITDA	BUDGETED ADJUSTED EBITDA	ADJUSTED EBITDA VARIANCE	ADJUSTED EBITDA VARIANCE	ACTUAL SALES	BUDGETED SALES	SALES VARIANCE	SALES VARIANCE	DATE OF REPORT TRANSMITTAL
31-Jan-06	**4.1**	11.8	(7.7)	-65.3%	**202.7**	209.5	(6.8)	-3.25%	
28-Feb-06	**16.5**	15.6	0.9	5.8%	**239.0**	221.3	17.7	8.00%	30-Mar-06
31-Mar-06	**35.5**	32.4	3.1	9.6%	**287.0**	273.3	13.7	5.01%	8-May-06
29-Apr-06	**5.8**	11.2	(5.4)	-48.2%	**206.7**	186.9	19.8	10.59%	2-Jun-06
27-May-06	**13.7**	28.8	(15.1)	-52.4%	**214.3**	243.8	(29.5)	-12.10%	29-Jun-06
30-Jun-06	**21.2**	32.4	(11.2)	-34.6%	**259.4**	260.6	(1.2)	-0.46%	14-Aug-06
29-Jul-06	**(22.8)**	(6.0)	(16.8)	-280.0%	**97.5**	114.5	(17.0)	-14.85%	31-Aug-06
26-Aug-06	**2.4**	35.2	(32.8)	-93.2%	**183.1**	241.0	(57.9)	-24.02%	29-Sep-06
Q1-06	**56.1**	**59.8**	**(3.7)**	-6.2%	**728.7**	**704.1**	**24.6**	3.49%	
Q2-06	**40.7**	**72.4**	**(31.7)**	-43.8%	**680.4**	**691.3**	**(10.9)**	-1.58%	
Aug YTD	**76.4**	**161.4**	**(85.0)**	-52.7%	**1,689.7**	**1,750.9**	**(61.2)**	-3.50%	

Source: DIP Credit Facility Monthly Reporting Packages

EXHIBIT AA

Collins & Aikman

Presentation for Prepetition Secured and DIP Lenders

June 20, 2006

Confidential

Notice Regarding Confidentiality, Risk Factors and Safe Harbor Statement

This document is furnished subject to the terms of the Confidentiality Agreement previously delivered and, accordingly, may not be copied, reproduced, distributed or disclosed except in compliance with such Confidentiality Agreement.

This document contains statements relating to future results of Collins & Aikman Corporation ("C&A" or the "Company") (including certain anticipated, believed, planned, forecasted, expected, targeted, and estimated results and C&A's outlook concerning future results) that are "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. Guidance concerning our expected results are such "forward-looking" statements and they are preliminary estimates that are subject to change based upon, among other things, additional information concerning results not yet available, a review of those results by C&A and its auditors and additional analyses that have not yet been undertaken or completed. This information is necessarily incomplete and should be reviewed in the context of the company's reported results once those are available. Risk factors that could cause material differences in the information contained herein, include, without limitation: (a) market and industry conditions including: a decline in North American, South American and European automobile and light truck builds; the level of competition in the automotive supply industry; changes in the popularity of particular cars and interior trim programs; labor unrest (including potential strikes) affecting major customers; increases in the price of raw materials; and changes to prevailing levels of interest rates; (b) company-specific conditions including: the ability to earn significant "takeaway business" from other suppliers; dependence on significant automotive customers; the ability to obtain financing and service or refinance high debt levels; the adequacy of liquidity and capital resources; the ability to finance needed capital expenditures; fluctuations in the production of vehicles for which C&A is a supplier; pricing pressures from customers; labor unrest (including potential strikes) at operations; and risks associated with doing business in foreign countries; and (c) additional risk factors detailed in C&A's filings with the Securities and Exchange Commission.

The financial projections contained in this presentation do not contain certain cost-savings and other items that the Debtors would need to realize to successfully reorganize and emerge from Chapter 11. Instead, the following presentation contains conservative financial projections that assume a cost restructure consistent with the Debtors remaining in Chapter 11.

This document is meant to be released in conjunction with an oral presentation. Both components are considered to be an integral and necessary part of this work product. We do not recommend the use of these observations and analyses as a basis for drawing conclusions regarding C&A's financial condition without understanding the substance of the oral presentation.

Collins & Aikman

Overview

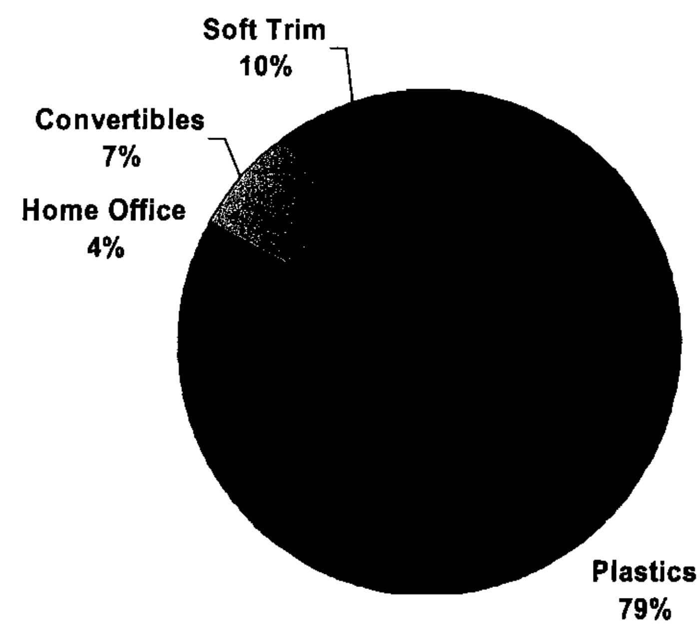
Overview

- Company EBITDA $179.4 million – Unfavorable **$85.6** million
- Plastics EBITDA $146.2 million – Unfavorable **$67.8** million
  - Manufacturing performance
  - Service parts pricing
  - Cost reductions
  - Sequencing
- Convertibles EBITDA $5.7 million – Unfavorable **$5.9** million
  - Solstice program
- Soft Trim EBITDA $132.2 million – Unfavorable **$8.6** million
  - Customer re-sourcing

Revenue and EBITDA

	Forecast	Budget	Forecast B/(W)
Revenue	$ 2,485.2	$ 2,618.7	$ (133.5)
Cash COGS	$ 2,146.9	$ 2,205.9	$ 59.0
SG&A	$ 158.9	$ 147.8	$ (11.1)
EBITDA	$ 179.4	$ 265.0	$ (85.6)
Margin	7.2%	10.1%	

EBITDA Underperformance to Plan by Segment

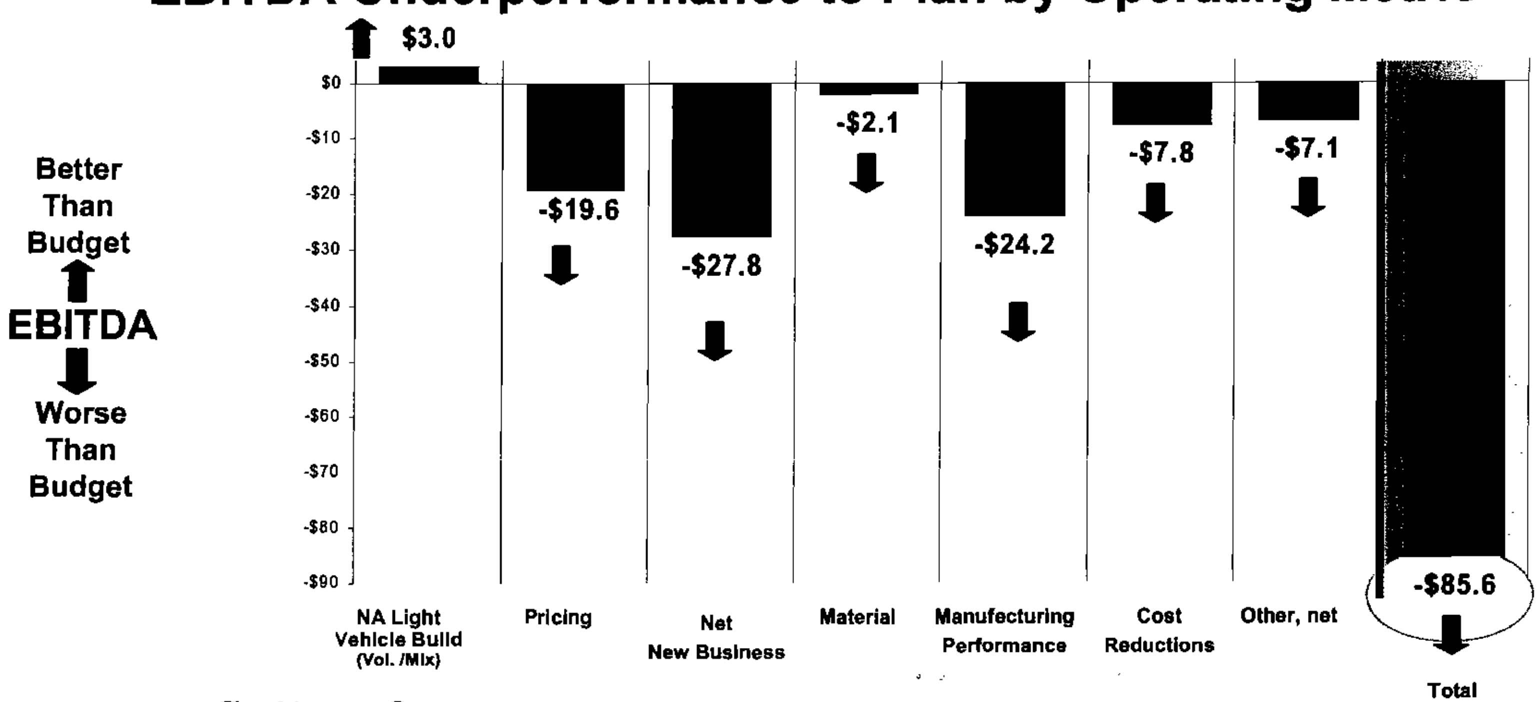


 Collins & Aikman

Overview

- Volume/Mix – Favorable **$3.0** million
  - Manufacturing – $10.3 million
  - Sequencing – ($7.3) million
- Pricing – Unfavorable **$19.6** million
  - Service Parts – ($12.2) million
  - Other – ($7.4) million
- Lost Business – Unfavorable **$27.8** million
  - DCX Business opportunity – ($11.8) million
  - Other – ($16.0) million
- Material – Unfavorable **$2.1** million
- Manufacturing Performance – Unfavorable **$24.2** million
  - Evart
  - Hermosillo
  - Morristown
  - Saltillo
  - Guelph
- Cost Reductions – Unfavorable **$7.8** million
- Other, net – Unfavorable **$7.1** million

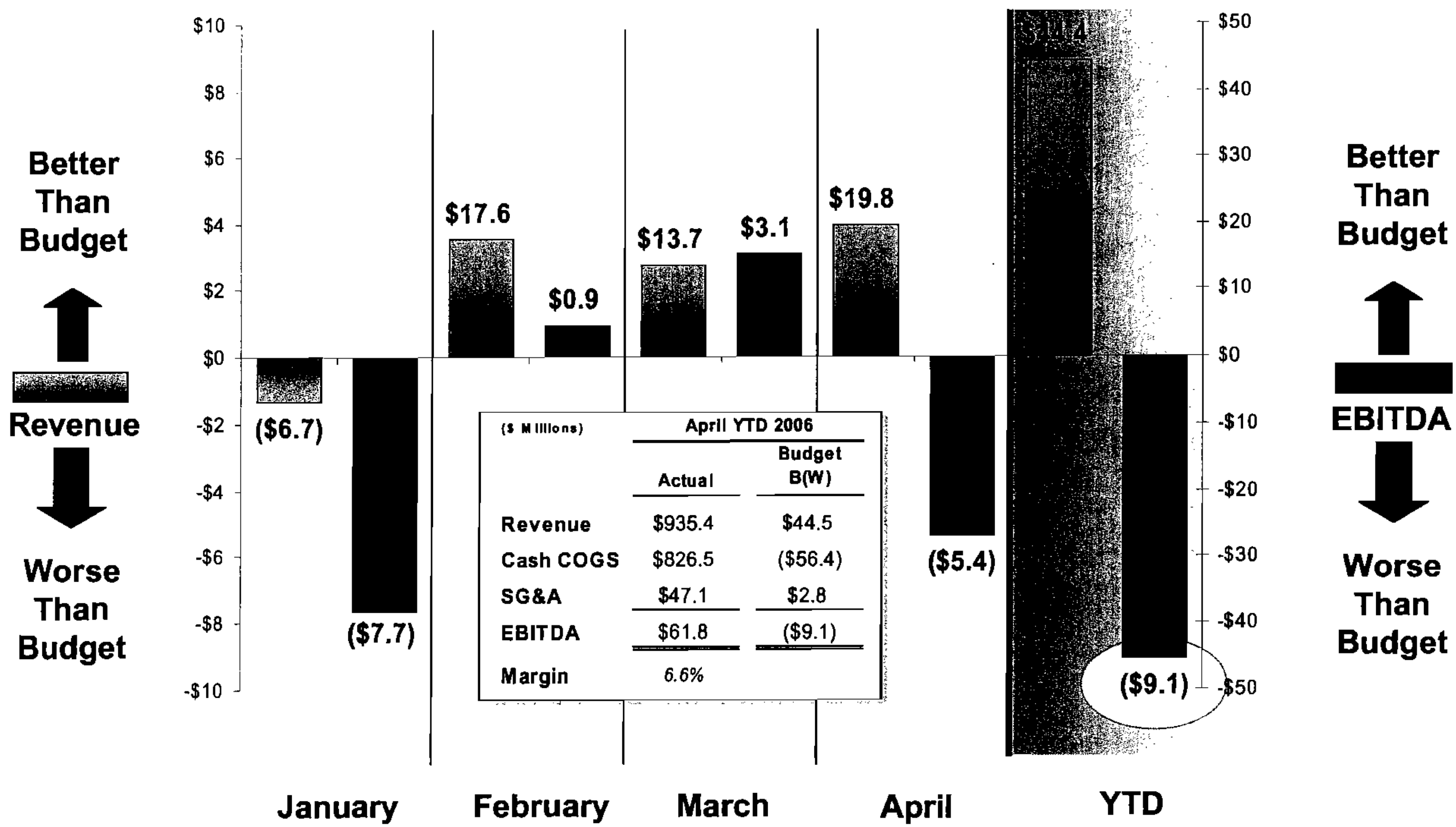
EBITDA Underperformance to Plan by Operating Metric



Collins & Aikman

Year to Date Performance

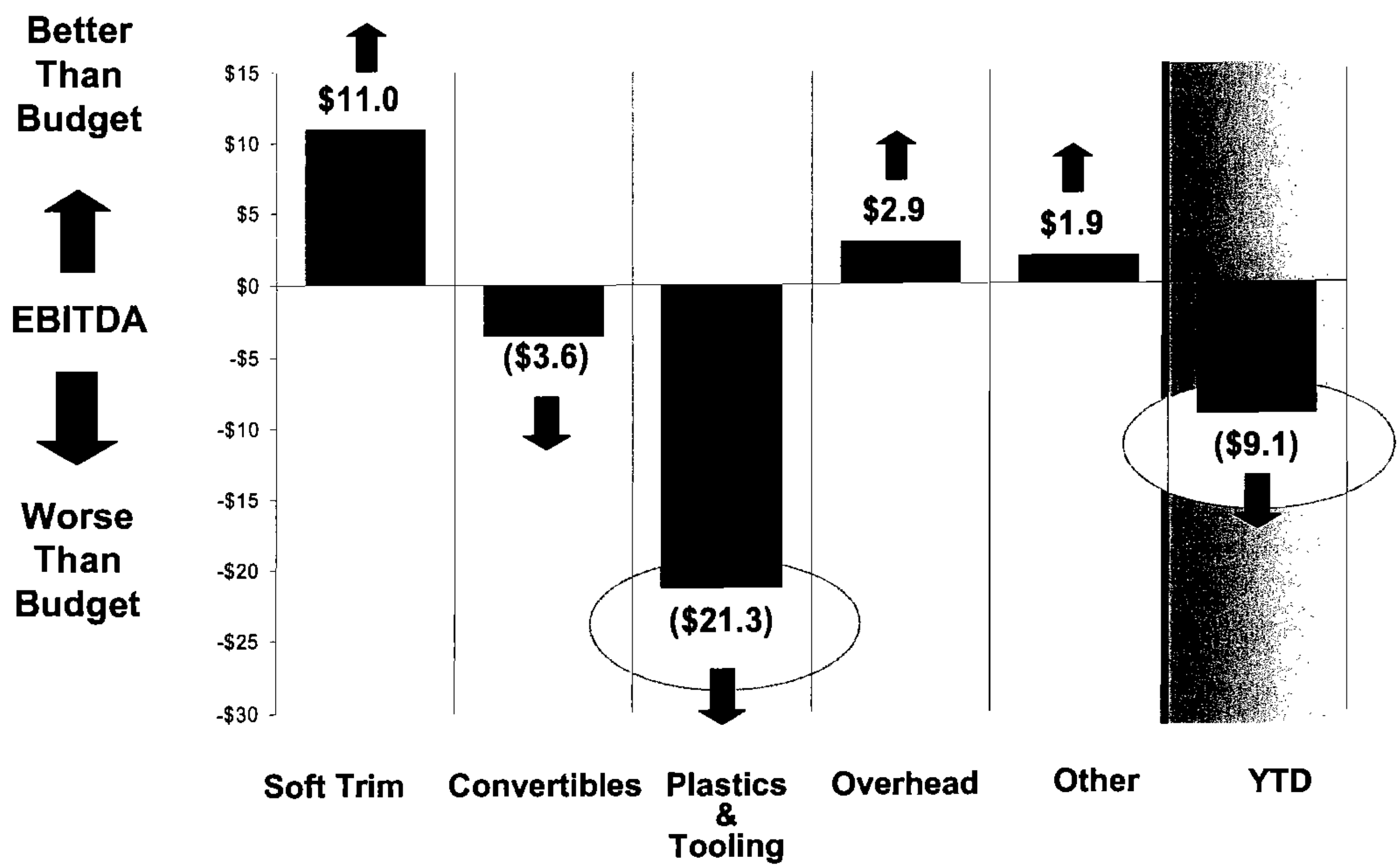
April YTD Financial Performance – EBITDA and Revenue by Month



($ Millions)	April YTD 2006 Actual	April YTD 2006 Budget B(W)
Revenue	$935.4	$44.5
Cash COGS	$826.5	($56.4)
SG&A	$47.1	$2.8
EBITDA	$61.8	($9.1)
Margin	6.6%	

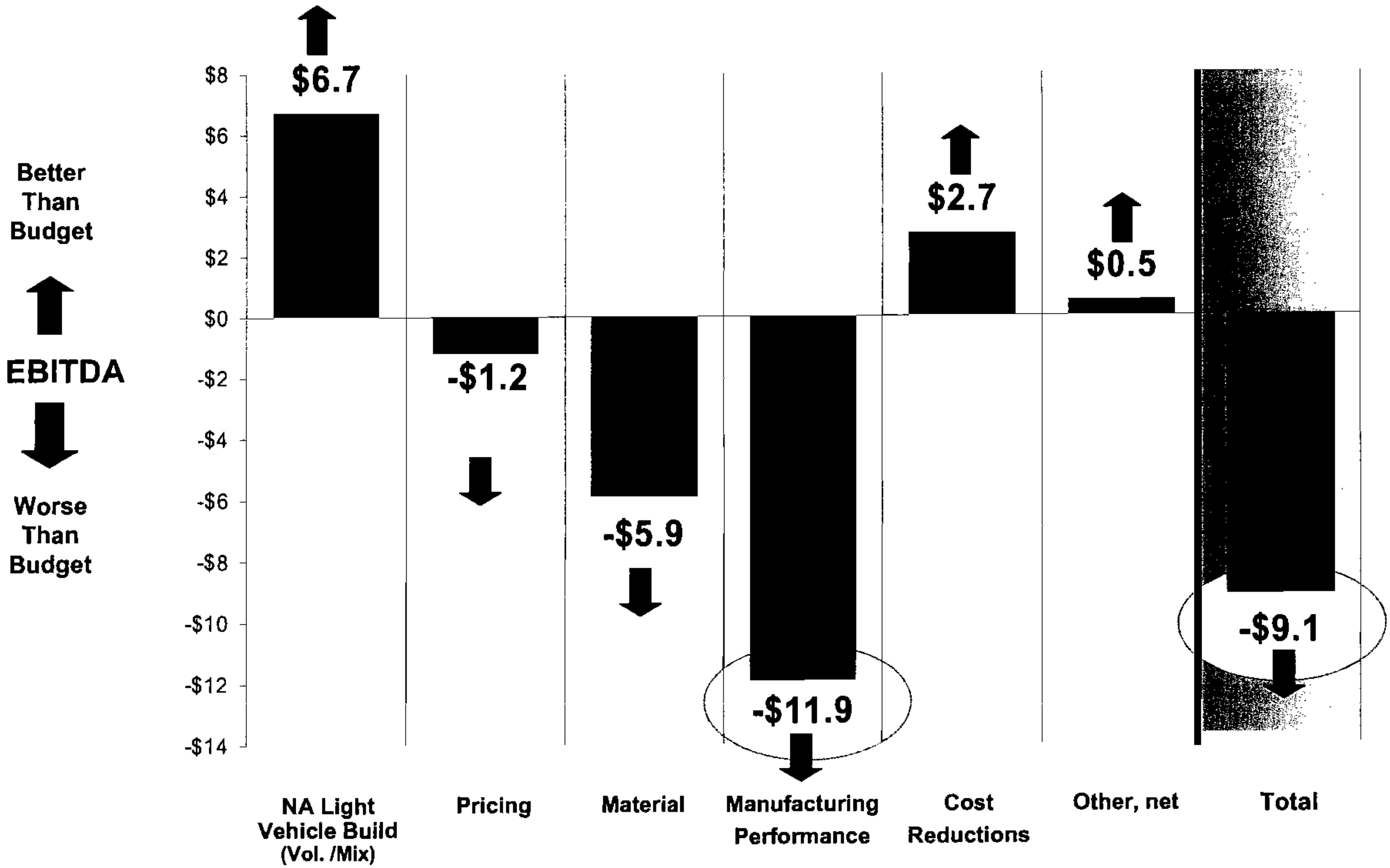
Collins & Aikman

April YTD Financial Performance – EBITDA by Segment



Collins & Aikman

April YTD Financial Performance – EBITDA by Operating Metric



Collins & Aikman

Revised 2006 Forecast (4+8)

Process and Key Assumptions

Process

- Objectives:
  - Identify performance gap to plan
  - Identify actions to close gap
  - Identify risks and opportunities to achievement of forecast
- Bottom-up
- Iterative

Key Assumptions

- NA light vehicle build forecast – JD Power dataset (adjusted for 13 week customer releases)
- Raw material costs – current levels
- Liquidity – adequate for spending associated with cost reductions
- Delphi production not materially disrupted

Company EBITDA Bridge – Budget to Forecast

($ Millions)

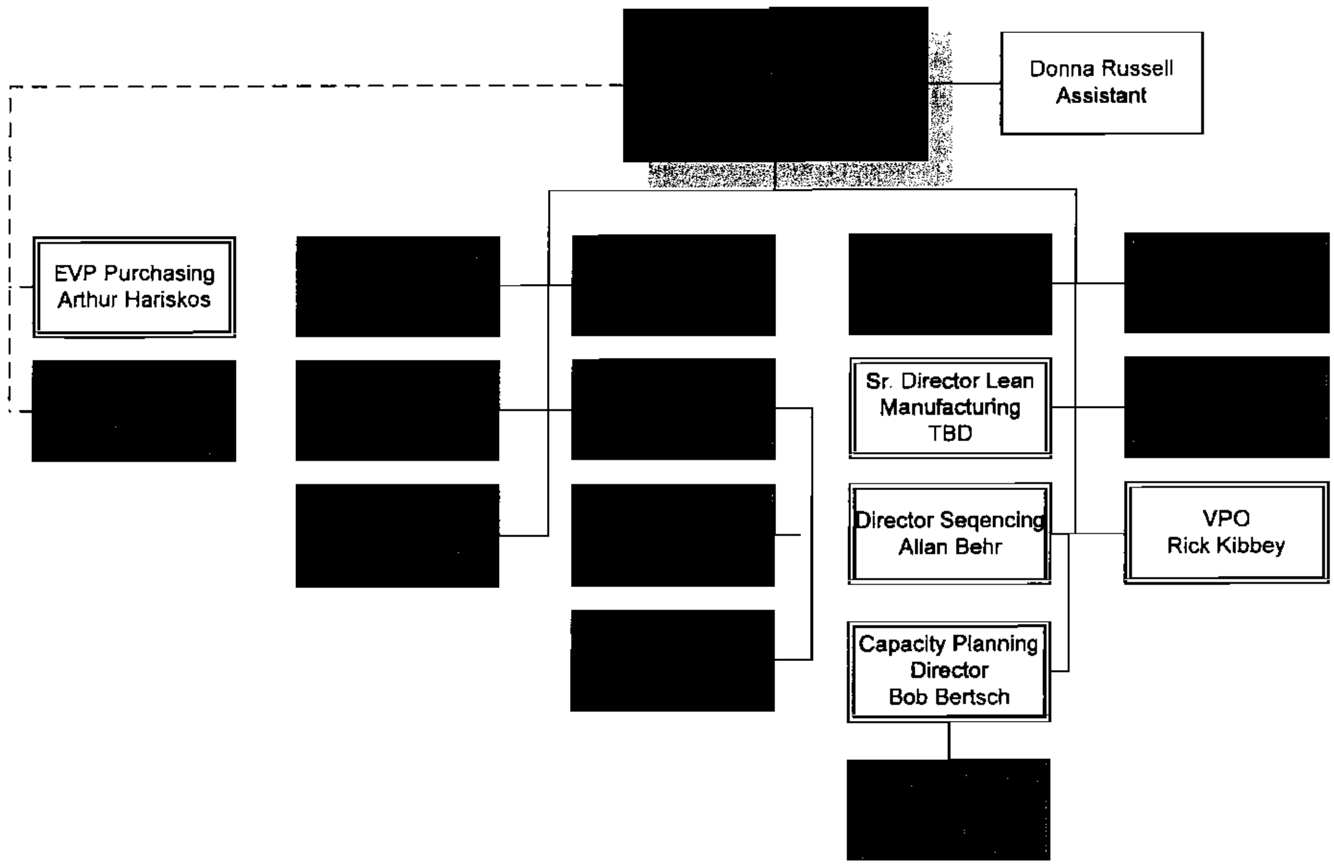
		Comments
Budget	**$ 265.0**	
Volume / Mix - Manufacturing	10.3	
Volume / Mix - Sequencing	(7.3)	Labor inefficiencies associated with reduced volumes
Service Part Pricing	(12.2)	Delay in implementation of pricing strategy
Other Pricing	(7.4)	Solstice Program; Pricedowns associated with retention of business and future sourcing
DCX Business Opportunity	(11.8)	Delayed
Lost Business	(16.0)	Re-sourced business - primarily GM Lambda program and Nissan and Toyota mat programs
Material	(2.1)	Pricing
Manufacturing Performance	(24.2)	Evart ($10.9), Hermosillo ($2.5), Morristown ($2.5), Saltillo ($2.2) Guelph ($2.7)
Cost Reductions	(7.8)	
Other, net	(7.1)	See Appendix I
Net Change	(85.6)	
Forecast	**$ 179.4**	

Collins & Aikman

Company Revenue and EBITDA Bridge by Segment Budget to Forecast

($ Millions)	Company		Plastics		Soft Trim		Convertibles		Corporate	
	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA
Budget	$ 2,618.7	$ 265.0	$ 1,551.2	$ 214.0	$ 952.2	$ 140.8	$ 100.6	$ 11.6	$ 14.3	$ (101.4)
Volume / Mix - Manufacturing	(0.4)	10.3	29.0	9.9	(31.3)	-	1.9	0.4	-	-
Volume / Mix - Sequencing	(16.9)	(7.3)	(16.9)	(7.3)	-	-	-	-	-	-
Service Part Pricing	(12.2)	(12.2)	(10.5)	(10.5)	(1.7)	(1.7)	-	-	-	-
Pricedowns	(7.4)	(7.4)	-	-	(2.3)	(2.3)	(5.4)	(5.4)	0.3	0.3
DCX Business Opportunity	(59.8)	(11.8)	(48.6)	(9.0)	(11.2)	(2.8)	-	-	-	-
Lost Business - Other	(51.4)	(16.0)	(18.0)	(4.6)	(33.4)	(11.4)	-	-	-	-
Material	-	(2.1)	-	(1.6)	-	(0.5)	-	-	-	-
Manufacturing Performance	-	(24.2)	-	(25.9)	-	1.7	-	-	-	-
Cost Reductions	-	(7.8)	-	(9.5)	-	(1.7)	-	(0.1)	-	3.3
Other, net	38.6	(7.1)	34.4	(9.5)	4.2	10.1	-	(0.8)	-	(6.9)
Eliminations	(24.0)	-	(24.0)	-	-	-	-	-	-	-
Net Change	(133.5)	(85.6)	(54.6)	(67.8)	(75.7)	(8.6)	(3.5)	(5.9)	0.3	(3.3)
Forecast	$ 2,485.2	$ 179.4	$ 1,496.6	$ 146.2	$ 876.9	$ 132.2	$ 97.1	$ 5.7	$ 14.6	$ (104.7)

Plastics Organization



New Plant Managers

* Laura Safie – Sterling Heights
* George Lovell - Evart
* Barry Stuart - Port Huron

[redacted]

Collins & Aikman

Plant Leadership Assessment – Plastics

	Plant Leadership							
	Plant Manager	Controller	Operations Manegar	HR Manager	Quality Managar	Materials Manager	Engin. Manager	Director
Crosier								
Brampton			N/A		N/A		N/A	
Guelph								
Gananoque			N/A			N/A		
Mississauga								
Scarborough								
Port Hope			N/A *					
Port Huron								
Belleville		N/A	N/A		N/A		N/A	
De Irala								
Evart							N/A	
Americus								
Saltillo			N/A					
Hermosillo			N/A *					
Di Sebastian								
Athens			N/A *					
Columbia			N/A *					
Havre de Grace								
Morristown								
Rantoul I								
Rantoul II			N/A					
Rantoul II			N/A					
Kibbey								
Sterling								
Williamston			N/A					
Owosso			N/A					
Sequencing								
Belvedere								
St. Louis								
Windsor		N/A	N/A	N/A	N/A	N/A	N/A	
Tooling								
Farmington								
TEG Farmington								

Legend
Critical Concern
New / Developmental
Solid
Unrated

* Indicates organized by Manufacturing Managers by product and/or commodity.

Note: Excludes plant closures - Nashville, Manchester, Westland

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Next Steps – Plastics

- Standardization
  - Quality Operating System
  - Production Operating System
  - Business Operating System
  - Launch Operating System
  - Cost reduction best practices
  - Material Usage System
  - Maintenance Operating System
- Labor strategy
- Health and safety operating system
- Transportation rationalization
- Non production material optimization
- Make/Buy sourcing and part profitability
- Rationalize tooling organization
- Ongoing rationalization of manufacturing footprint

Plastics Forecast – Risks and Opportunities

($ Thousands)	Location	8 Months - SALES				8 Months - EBITDA			
		Q2	Q3	Q4	FY	Q2	Q3	Q4	FY
Risks									
Ford Raw Material Recovery (all in 4th quarter)	Hermosillo							$10,400	$10,400
Ford Raw Material Recovery	Multiple					$1,000	$1,000	$1,000	$3,000
Manufacturing performance	Guelph						$1,500	$1,500	$3,000
Service Parts pricing	Evart/Americus		$300	$2,700	$3,000		$300	$2,700	$3,000
NAFTA duty	Hermosillo			$2,300	$2,300			$2,300	$2,300
Cost reductions	Port Huron						$500	$500	$1,000
RS (Minivan) Production Volume	Columbia/Rantoul		$3,900		$3,900		$1,200		$1,200
MOBIS Divestiture	MOBIS		$400	$500	$900		$600	$700	$1,300
MOBIS Raw Material Re-sourcing / Pricing	Belleville		$700	$700	$1,400		$300	$300	$600
Manufacturing performance	Sterling Heights					$400	$400		$800
Opportunities									
Launch bonus	Hermosillo							$1,700	$1,700
fx	Hermosillo			$2,600	$2,600			$2,600	$2,600
VAVE actions	Multiple						$200	$300	$500
Material cost improvements	Multiple						$100	$100	$200
DCX packaging	Guelph			$1,300	$1,300			$1,300	$1,300
Manufacturing performance	Rantoul							$500	$500
Resin strategy pull ahead	Multiple							$2,000	$2,000

Soft Trim Forecast – Risks and Opportunities

($ Thousands)	Location	8 Months - SALES				8 Months - EBITDA			
		Q2	Q3	Q4	FY	Q2	Q3	Q4	FY
Risks									
Ford Raw Material Recovery	GST Plants					$376	$454	$494	$1,324
Other (non-Ford) Material Recoveries	GST Plants						$400	$400	$800
Material change	Springfield					$50	$225	$300	$575
Kitchener severance expense	Kitchener						$300		$300
Toyota Forklift	GST Plants					$200			$200
Opportunities									
RS/CS Underlay re-sourcing	Ingersoll							$500	$500
Ford Raw Material Recovery	GST Plants					$400	$100		$500
Material change	Old Fort						$300		$300
Nissan rack costs	Greenville / Springfield						$300		$300
Fiber reduction	Old Fort						$100	$135	$235
Service Part pricing	GST Plants			$125	$125			$125	$125
Overtime	Albemarle					$25	$25	$25	$75
Expendable packaging recovery	Greenville					$70			$70
Voridian pricing	Old Fort					$50			$50
Freudenberg	Albemarle					$50			$50
Switch to returnable packaging	Ingersoll					$10	$20	$20	$50
Energy Savings	Queretaro					$15	$20	$15	$50
Sales of waste foam	Greenville	$2	$4	$4	$10	$4	$4	$4	$12

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Convertibles Forecast – Risks and Opportunities

($ Thousands)	Location	8 Months - SALES				8 Months - EBITDA			
		Q2	Q3	Q4	FY	Q2	Q3	Q4	FY
Risks									
Solstice Program Pricing	Adrian	$300	$400	$400	$1,100	$300	$400	$400	$1,100
Opportunities									
Solstice Program Pricing	Adrian					$200	$500	$300	$1,000
Thunderbird Engineering Cost Recovery	Adrian					$650			$650
Ford warranty claim reserve	Toluca					$100			$100

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Other Forecast Risks and Opportunities

Risks

- General business environment
- Execution
- Substance and timing of DCX business opportunity

Opportunities

- GE / Textron leases
- Wall thickness of skins
- Foam density
- Offal reduction
- Regrind usage
- Intracompany shipping costs
- Make/Buy
- Cost of quality - premium freight / inspection
- Energy savings - load shedding
- Labor contracts
- Manufacturing footprint rationalization
- Program / Product pricing

Revised 2007 – 2008 Forecast

Revised FY2007 - FY2008 Business Plan Key Assumptions, Risks & Opportunities

KEY ASSUMPTIONS

Revenue updated for known changes from Commercial Group from original Business Plan
Fabrics and Convertibles included in FY2006 only
New Domestics, Service and Tier 1 business opportunities included

RISKS & OPPORTUNITIES

Risks

General business environment
Hermosillo pricing
Price downs in excess of assumed 1.5% for DCX /Ford and 2% for GM
New Domestic, Service and Tier 1 business coming on stream at a forecasted contribution margin of 20%, 25% and 30%, respectively
Substance and timing of the DCX business opportunity
Achievment of VAVE initiatives
Engineering design and development cost recovery
Evart - execution
Achievment of cost reduction initiatives

Opportunities

Make vs Buy
Rationalization of Sequencing operations
Energy Savings - Shedding and Rates
Labor Contracts
Cost of quality - premium freight / inspection

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Revised Business Plan FY2006 - FY2008

	Total Co. incl Con & Fab	Covertibles & Fabrics	Total Company Excluding Convertibles & Fabrics		
	4 + 8 Forecast	4 + 8 Forecast	4 + 8 Forecast	Revised Business Plan	
$ In Millions	FY2006	FY2006	FY2006	FY2007	FY2008
Total Revenue	$ 2,484.9	$ 201.3	$ 2,283.6	$ 2,296.3	$ 2,250.2
Less COGS:					
Material	(1,258.9)	(120.4)	(1,138.5)	(1,120.6)	(1,061.1)
Material %	50.7%	59.8%	49.9%	48.8%	47.2%
Labor	(218.5)	(20.5)	(198.0)	(183.5)	(169.0)
Labor %	8.8%	10.2%	8.7%	8.0%	7.5%
Overhead	(665.5)	(53.3)	(612.2)	(597.7)	(599.6)
Overhead %	26.8%	26.5%	26.8%	26.0%	26.6%
Cash Gross Profit	342.0	7.1	334.9	394.5	420.4
Cash Gross Profit %	13.8%	3.5%	14.7%	17.2%	18.7%
SG&A	(162.6)	(7.6)	(155.0)	(178.5)	(178.9)
SG&A %	6.5%	3.8%	6.8%	7.8%	7.9%
EBITDA	**$ 179.4**	**$ (0.5)**	**$ 179.9**	**$ 216.0**	**$ 241.6**
EBITDA %	**7.2%**	**-0.2%**	**7.9%**	**9.4%**	**10.7%**

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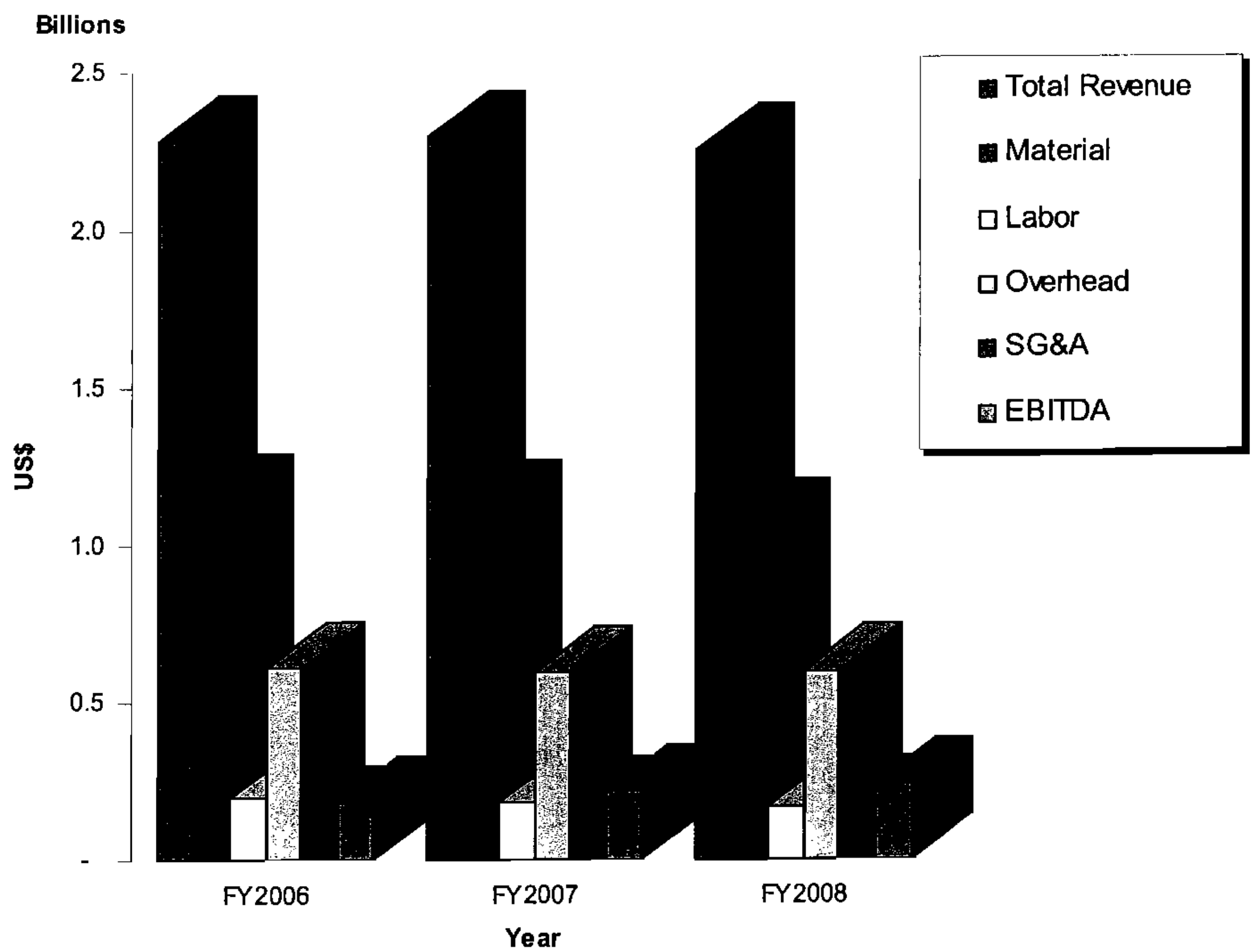

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Revised Business Plan - By Division

$ In Millions	Total Co. (Incl Con & Fab)		Total Company Excluding Convertibles & Fabrics					
	4 + 8 Forecast		4 + 8 Forecast		Revised Business Plan			
	FY2006		FY2006		FY2007		FY2008	
	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA
Plastics (incl. tooling)	$ 1,619.0	$ 146.0	$ 1,619.0	$ 146.0	$ 1,569.0	$ 212.0	$ 1,464.8	$ 222.5
Margin %		9.0%		9.0%		13.5%		15.2%
Soft Trim	772.2	138.5	772.2	138.5	780.6	135.0	757.6	132.6
Margin %		17.9%				17.3%		17.5%
Convertibles & Fabrics	201.3	(0.5)						
Margin %		-0.2%						
New Domestics, Service and Tier 1 Business	-	-	-	-	44.1	12.2	124.1	29.7
Margin %		-		-		27.7%		23.9%
Corporate	14.7	(104.6)	14.7	(104.6)	-	(143.2)	-	(143.2)
Margin %		4.2%		4.6%		6.2%		6.4%
Eliminations	(122.3)		(122.3)		(97.4)		(96.3)	
Total	**$ 2,484.9**	**$ 179.4**	**$ 2,283.6**	**$ 179.9**	**$ 2,296.3**	**$ 216.0**	**$ 2,250.2**	**$ 241.6**
Margin %		**7.2%**		**7.9%**		**9.4%**		**10.7%**
Prior Business Plan	**$ 2,469.0**	**$ 272.0**			$ 2,245.0	$ 240.0	$ 2,327.0	$ 272.0
Less: Convertibles & Fabrics	N/A	N/A			88.1	7.8	98.6	11.2
Total	**$ 2,469.0**	**$ 272.0**			$ 2,156.9	$ 232.2	$ 2,228.4	$ 260.8
Margin %		**11.0%**				**10.8%**		**11.7%**

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Soft Trim Revised Business Plan

$ In Millions	4 + 8	Revised Business Plan	
	FY2006	FY2007	FY2008
Total Revenue	$ 772.2	$ 780.6	$ 757.6
Material	(385.5)	(387.6)	(367.0)
Material %	49.9%	49.7%	48.4%
Direct Labor	(56.7)	(57.9)	(57.0)
Direct Labor %	7.3%	7.4%	7.5%
Overhead	(177.0)	(187.5)	(187.5)
Overhead %	22.9%	24.0%	24.7%
Cash Gross Profit	153.0	147.6	146.1
Cash Gross Profit %	19.8%	18.9%	19.3%
SG&A	(14.5)	(12.6)	(13.5)
SG&A %	1.9%	1.6%	1.8%
EBITDA	$ 138.5	$ 135.0	$ 132.6
EBITDA Margin %	17.9%	17.3% [1]	17.5%

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Plastics (including tooling)

	4 + 8	Revised Business Plan	
$ In Millions	FY 2006	FY 2007	FY 2008
Total Revenue	$ 1,619.0	$ 1,569.0	$ 1,464.8
Less COGS:			
Material	(875.3)	(811.3)	(734.0)
Material %	54.1%	51.7%	50.1%
Labor	(141.3)	(122.7)	(103.3)
Labor %	8.7%	7.8%	7.1%
Overhead	(435.2)	(400.3)	(382.8)
Overhead %	26.9%	25.5%	26.1%
Cash Gross Profit	$ 167.2	$ 234.7	$ 244.6
Cash Gross Profit %	10.3%	15.0%	16.7%
SG&A	(21.2)	(22.7)	(22.1)
SG&A %	1.3%	1.4%	1.5%
EBITDA	**$ 146.0**	**$ 212.0**	**$ 222.5**
EBITDA %	**9.0%**	**13.5%**	**15.2%**

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New Domestic, Service, Tier 1 and Other Business - Plastics

$ In Millions	FY 2007	FY 2008
Revenue:		
Tier 1	$ 24.1	$ 24.1
New Service	20.0	50.0
New Domestics		50.0
Total Revenue	$ 44.1	$ 124.1
Less COGS:		
Material	(19.1)	(56.4)
Material %	43.2%	45.5%
Labor	(2.9)	(8.7)
Labor %	6.7%	7.0%
Overhead	(9.9)	(29.3)
Overhead %	22.4%	23.6%
Cash Gross Profit	$ 12.2	$ 29.7
Cash Gross Profit %	27.7%	23.9%
SG&A	-	-
SG&A %		
EBITDA	**$ 12.2**	**$ 29.7**
EBITDA %	**27.7%**	**23.9%**

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Appendix I – Selected Financial Information

Company EBITDA Bridge – "Other, net" Detail

($ Millions)

Engineering Department	($5.7)	Engineering headcount and cost increase for existing and new business awards
Engineering Department	(4.4)	Engineering headcount increase for planned DCX business
Corporate - Home office	(1.7)	Self-insured medical claim increase
Information Technology	(1.1)	Deferral of data center move to December 2006
Forecasted cost reductions home office	(4.1)	Corporate cost reduction plans not achievable (primarily GE lease savings in litigation and open commercial issues)
Cancellation claim - Engineering Department	10.4	Engineering cost recovery for Lambda, U387/388 and V229
Fabrics wind down	9.3	Cost savings associated with plant shutdown by September 2006
Plastics plants	(5.4)	Includes delayed plant shutdowns, higher than expected lease expense (Textron) and sequencing inefficiencies
Plastics overhead	(4.1)	Additional plastics salaried positions in operations, finance, advanced manufacturing
Other	(0.3)	
	($7.1)	

Corporate Overhead

($ Millions)	Forecast	Budget	Forecast B/(W)	Comments
Corporate Overhead				
Commercial	$17.6	$17.8	$0.2	
Engineering	62.9	47.1	(15.8)	Reference Corporate Overhead - Memo Items pg. 36
Finance	16.3	18.0	1.7	Staffing
Human Resources	2.6	2.2	(0.4)	
Information Systems	13.0	11.9	(1.1)	Data center relocation deferred
Facilities Management	9.1	8.4	(0.7)	Corporate office relocation
Executive Management	1.9	2.3	0.4	
Strategic Planning	0.6	0.7	0.1	
Legal	3.8	4.1	0.3	
Aircraft	2.9	3.5	0.6	
Corporate Overhead	**$130.7**	**$116.0**	**($14.6)**	
Overlays				
Customer Price Surcharges	($12.8)	($11.3)	$1.5	
Medical claims	1.7	0.0	(1.7)	Medical claims
Pension expense	2.4	3.6	1.2	Costs moved to discontinued operations
Plastics hedge	1.7	5.0	3.3	
Commercial Recoveries	(10.4)	0.0	10.4	Engineering-Lambda $4.2mil; U387/8 $2.7mil; V229 $3.5mil
Europe - IT support, patents, licenses	(0.8)	0.0	0.8	Retro payment
Cost reductions	(7.8)	(11.9)	(4.1)	Reference Corporate Overhead - Memo Items pg. 36
Total Corporate Overhead	**$104.7**	**$101.4**	**($3.3)**	

Corporate Overhead – Memo Items

Engineering

($ Millions)	
Budget	$47.1
Program support - DCX LX, Challenger, Ford 338/378	3.5
DCX Business Opportunity	4.4
Quality Engineers	1.2
Pursuit Business	1.0
Net Division Transfers	5.8
Other	(0.1)
Forecast	**$62.9**

Topside Cost Reductions

($ Millions)	Forecast	Budget	Forecast B/(W)	Comments
Salary strive	$4.1	$6.2	($2.1)	Actuals April YTD offset in the respective departments
GE lease	0.0	2.0	(2.0)	Pending litigation
Commercial pricing	2.0	3.0	(1.0)	Nissan pricing($0.3); Commercial pricing ($0.7)
Other	1.7	0.7	1.0	
Net Total	**$7.8**	**$11.9**	**($4.1)**	

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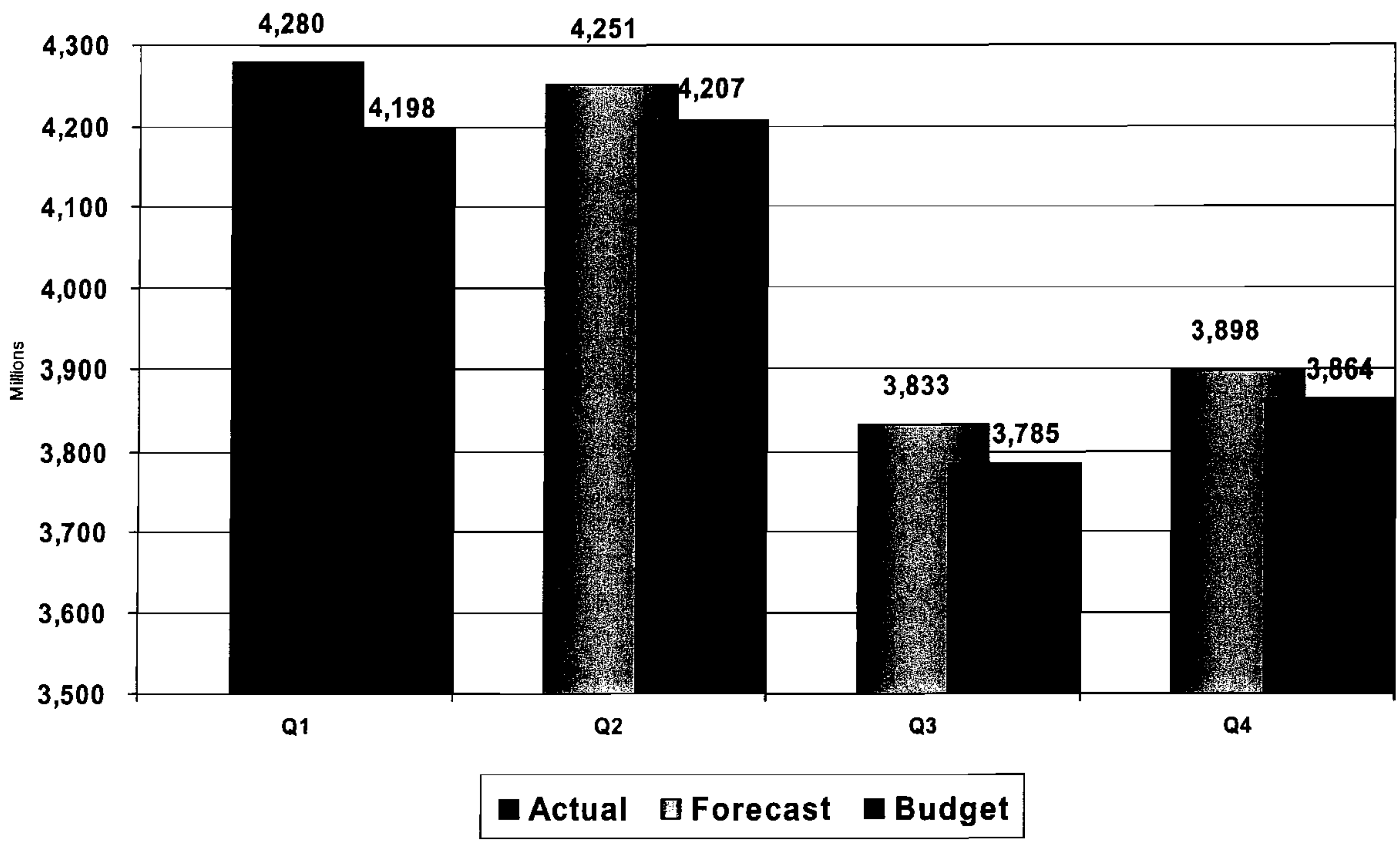
Appendix II – Cost Reductions

Cost Reduction Performance to Plan by Segment

($ Millions)	April YTD			2006		
	Actual	Budget	% ACHIEVED	Forecast	Budget	% ACHIEVED
Soft Trim	$6.4	$4.2	152%	$23.7	$21.6	110%
Fabrics	1.6	1.4	114%	1.6	5.5	29%
Convertibles	0.4	0.4	100%	2.5	2.4	104%
Plastics	6.4	9.9	65%	50.3	59.0	85%
Tooling	1.9	1.4	136%	5.8	5.1	114%
Plastics Hedge	0.0	(3.3)	NM	(1.7)	(5.0)	NM
Company	**$16.7**	**$14.0**	**119%**	**$82.2**	**$88.6**	**93%**

Appendix III – NA Light Vehicle Production

2006 NA Light Vehicle Production Volumes



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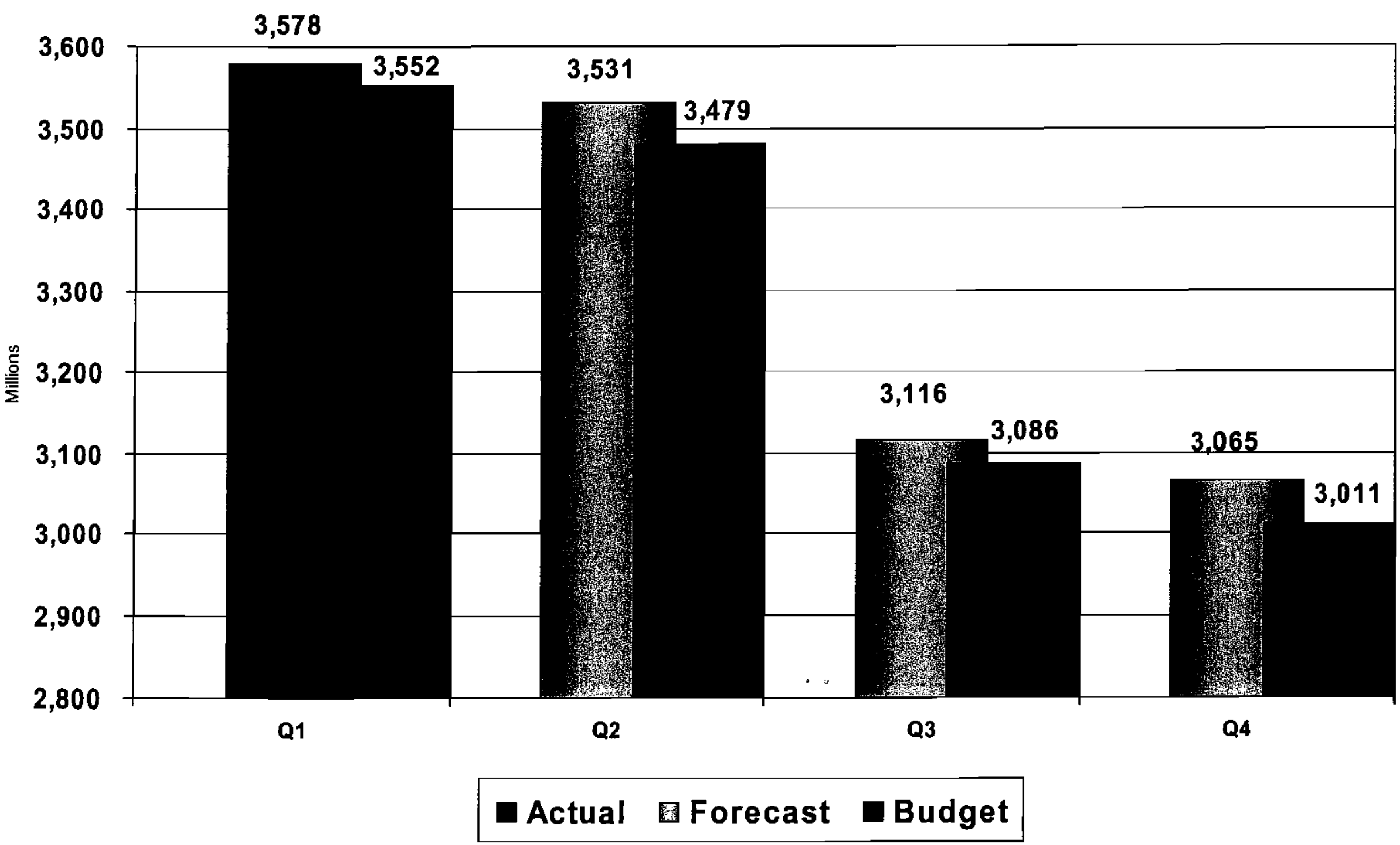
2006 NA Light Vehicle Production Volumes – C&A Platforms



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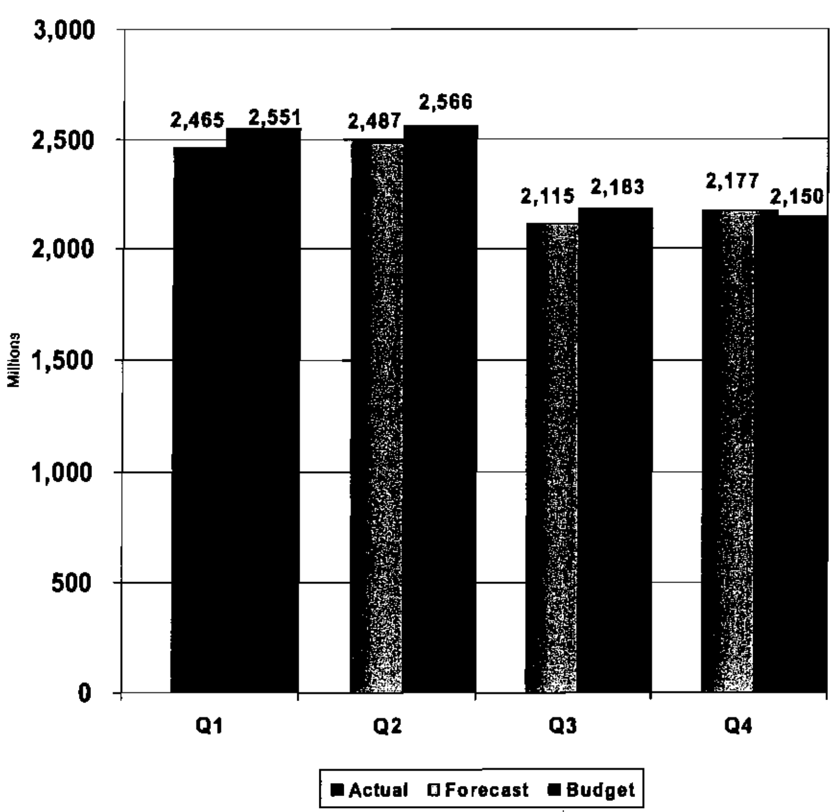
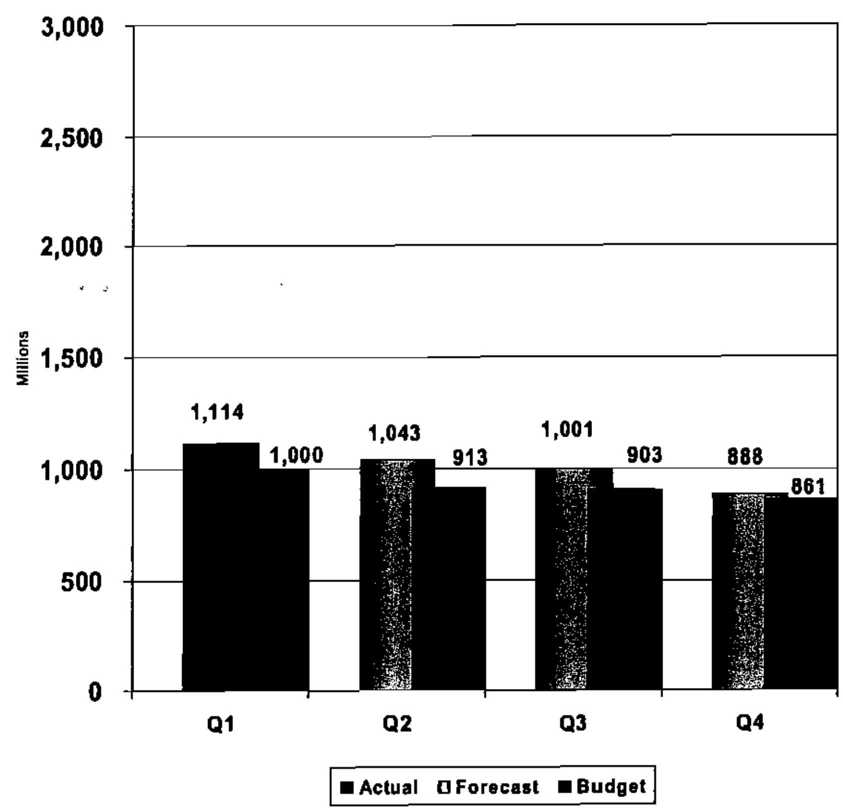
2006 NA Light Vehicle Production Volumes – C&A Platforms

Traditional Domestic OEs



New Domestic OEs



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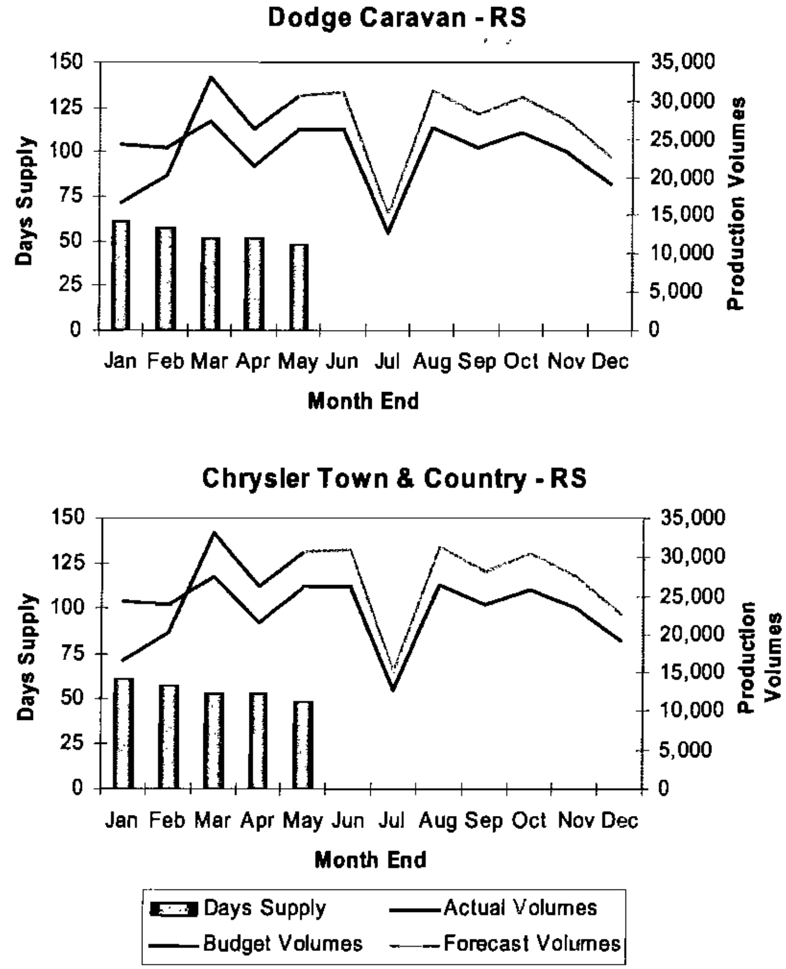
2006 DCX RS Platform Production Volumes & Days Supply
Dodge Caravan and Chrysler Town & Country

14% of C&A Business



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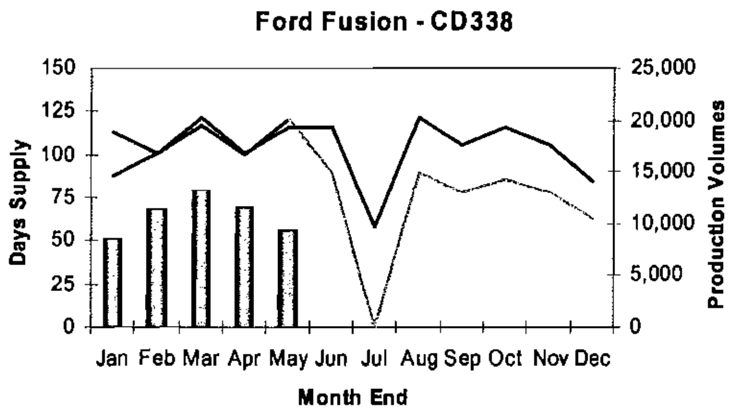
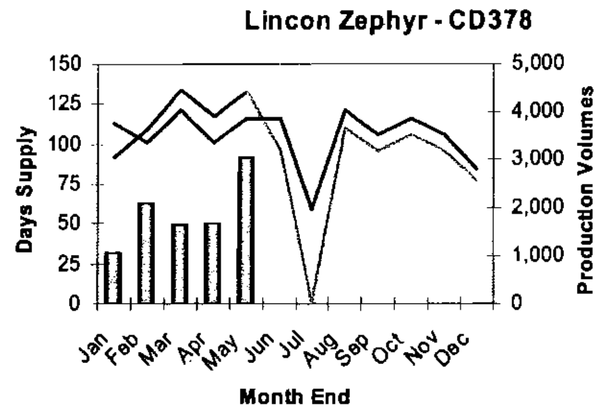
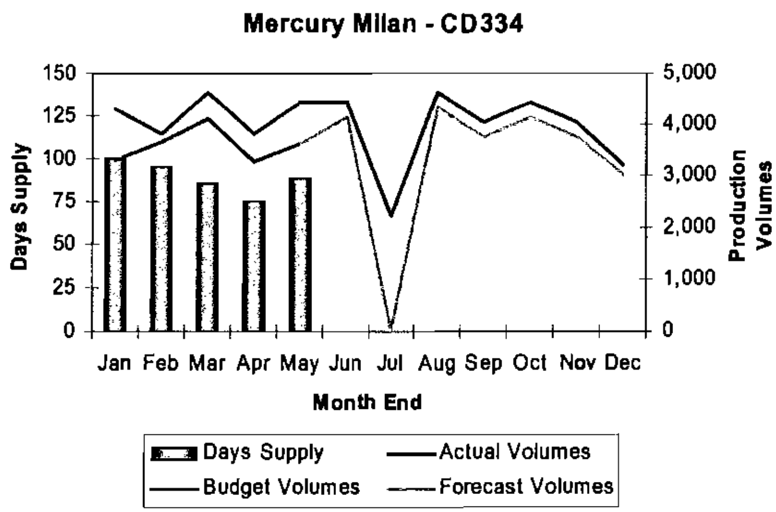
2006 Ford CD Platform Production Volumes & Days Supply
Ford Fusion, Mercury Milan and Lincoln Zephyr
14% of C&A Business







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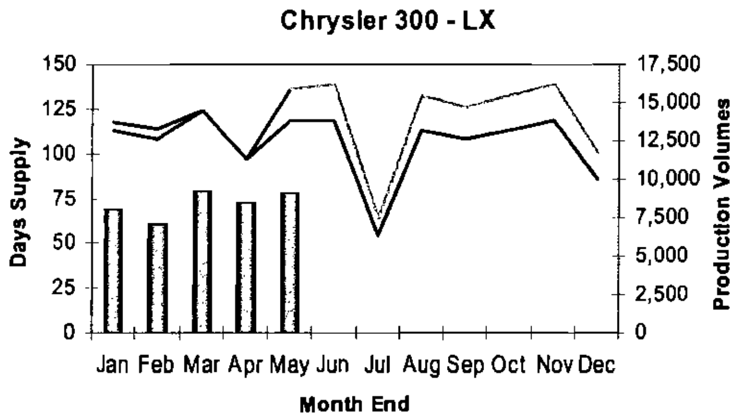
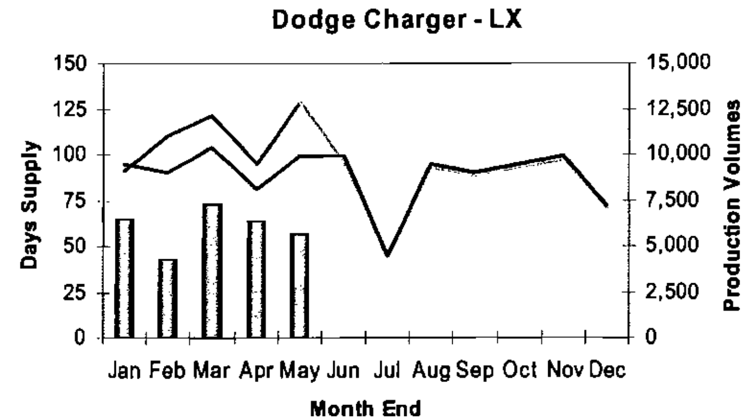
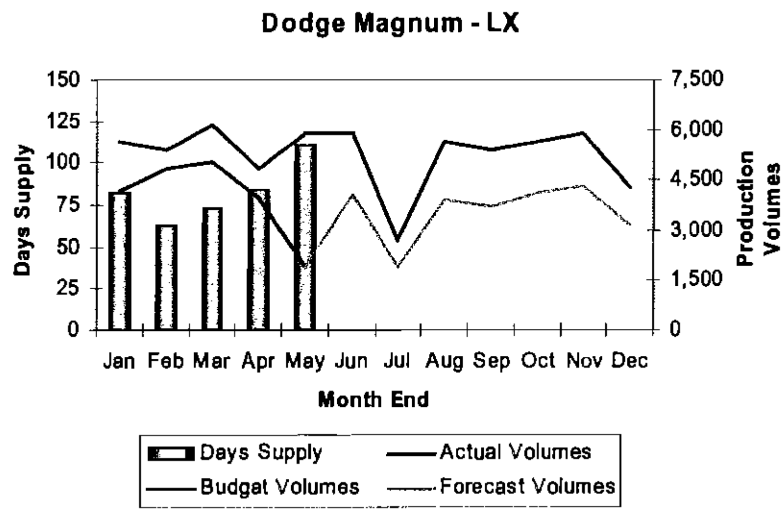
2006 DCX LX Platform Production Volumes & Days Supply
Dodge Charger & Magnum and Chrysler 300

11% of C&A Business







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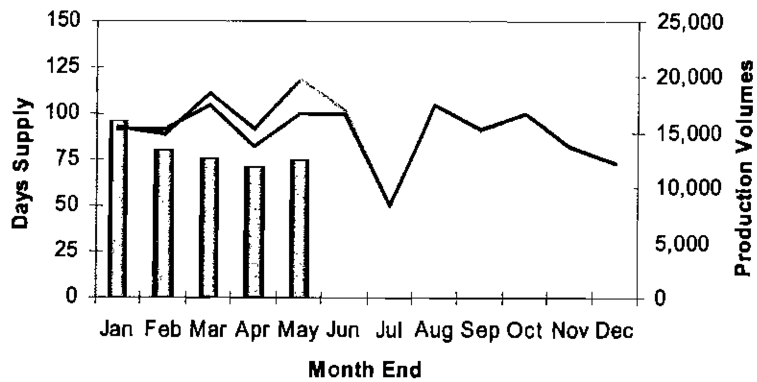
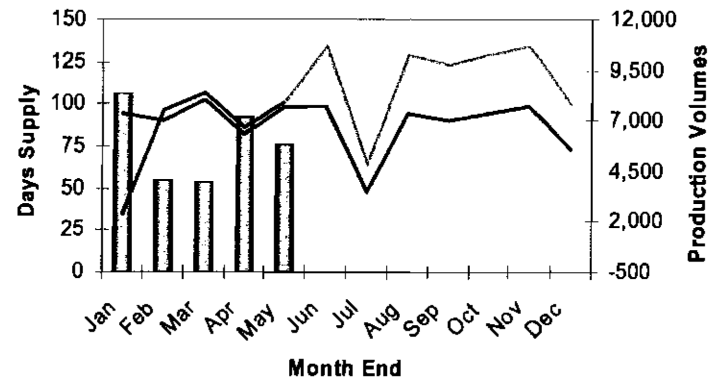
2006 Production Volumes & Days Supply
Ford Mustang, Chrysler Pacifica and Dodge Durango

9% of C&A Business

Ford Mustang - S197



Chrysler Pacifica - CS



Dodge Durango - HB/HG

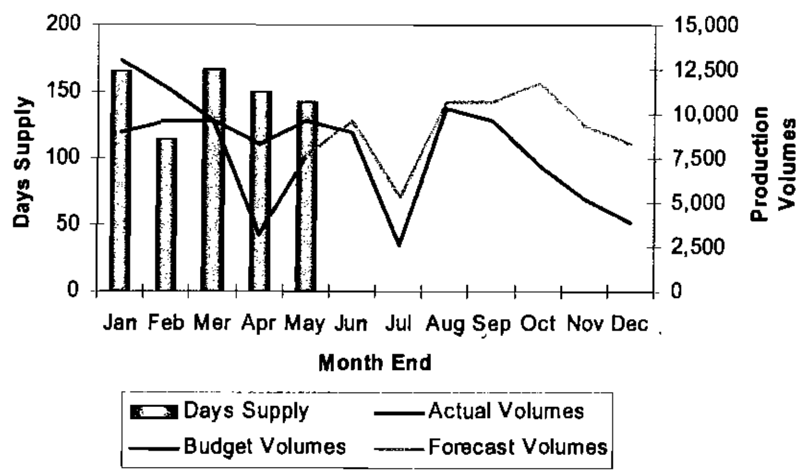


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EXHIBIT BB

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Comparison of 2006 Operating Plan to Updated Forecasts
in millions

	Updated '06 EBITDA Forecasts 8-Jun-06 "4+8"	22-Aug-06 "6+6"
2006 Operating Plan	**265.0**	**265.0**
Revenue Improvements		
Volume Mix	10.3	9.3
Volume Mix-Sequencing	(7.3)	(7.3)
Pricing-Givebacks	(7.4)	(7.4)
Lost Business	(16.0)	(16.0)
Ford Resin Recovery	-	(11.8)
Service Part Pricing	(12.2)	(15.2)
DCX Business Opportunity	(11.8)	(13.3)
Revenue Imp. Fav(Unfav) Variance from Operating Plan	**(44.4)**	**(61.7)**
Subtotal	**220.6**	**203.3**
Expense Improvements		
Manufacturing Performance	(26.7)	(51.4)
Cost Reductions	(5.8)	(15.6)
Geulph Material Forecast Anomaly	-	(6.4)
Tooling Overuns Related to Outsourcing	-	(5.5)
NAFTA Recovery	-	(2.5)
Textron Lease Reduction	(0.6)	(3.0)
GE Lease Reduction	(2.0)	(2.0)
Overhead Expense Reduction	(17.4)	(17.4)
Program Cancellation Claims	10.9	9.2
Other	0.4	(3.2)
Expense Imp. Fav(Unfav) Variance from Operating Plan	**(41.2)**	**(97.8)**
Adjusted Forecast Per Indicated Forecast Update	**179.4**	**105.5**

Note:
Rollforward information provided by C&A/ZKC per Examiner's request.

EXHIBIT CC

COLLINS & AIKMAN

Collins & Aikman Corporation

FREE CASH FLOW*

(in millions)

	2006 Operating Plan	4+8 Plan
Adjusted EBITDA	$265.2	$179.3
W/C (A/R, Inventory & A/P) (a)	28.20	28.20
Capex	(96.60)	(96.60)
Customer Funded Capex (a)	25.20	25.20
Repayment of Cust. Funded Capex (a)	(9.80)	(9.80)
Tooling Reimbursement	22.00	22.00
Capital Lease Hermosillo	(8.40)	(8.40)
DIP Paydown for LC Posting	(7.00)	(7.00)
Other Balance Sheet Items & Other	10.30	10.30
Operating Cash Flow	229.10	143.20
Cash Interest	(94.80)	(94.80)
Cash Taxes	(14.50)	(14.50)
Free Cash Flow Before Restr. Items	119.80	33.90
Professional Fees (b)	(90.00)	(90.00)
Restructuring Costs	(16.00)	(16.00)
KERP, Guaranteed Bonuses (b)	(12.60)	(12.60)
Free Cash Flow	1.20	(84.70)

* Based on analysis performed by Capstone in the *Lender Group Update - 2006 Operating Plan, March 6, 2006 p5*

(a) Balance sheet not prepared on a business unti basis; therefore amounts are shown as Home Office
(b) Total assumed paid in 2006; assumes no holdbacks for professional fees

EXHIBIT DD

COLLINS & AIKMAN

Collins & Aikman Corporation and North American Subsidiaries
(millions)

May 2006 YTD Actual Compared to "2006 Operating Plan" and "4+8 Plan"

	Actual	2006 Operating Plan	Variance ($)	Variance (%)	4+8 Plan	Variance ($)	Variance (%)
Net Sales	$1,149.7	$1,134.8	$14.9	1.3%	$1,149.3	$0.4	0.0%
Adjusted EBITDA (reported)	$75.6	$90.5	($14.9)	-16.5%	$73.7	$1.9	2.6%
Adjusted EBITDA (corrected)	$75.6	$99.8	($24.2)	-24.2%			

May 2006 Month Actual Compared to "2006 Operating Plan" and "4+8 Plan"

	Actual	2006 Operating Plan	Variance ($)	Variance (%)	4+8 Plan	Variance ($)	Variance (%)
Net Sales	$214.3	$243.8	($29.5)	-12.1%	$213.9	$0.4	0.2%
Adjusted EBITDA	$13.7	$28.8	($15.1)	-52.4%	$11.8	$1.9	16.1%

Source: DIP Credit Facility Monthly Reporting Package May 27, 2006
Debtor Response to the June 20, 2007 Information Request

EXHIBIT EE

WL ROSS & CO. LLC

Wilbur L. Ross, Jr.
Chairman and
Chief Executive Officer

July 6, 2006

VIA E-MAIL

Mr. Robert S. Kost
Managing Director
Lazard Frères & Co. LLC
30 Rockefeller Plaza
New York, NY 10020

Dear Mr. Kost:

We are pleased to submit our revised term sheet for acquiring the North American plastics and soft trim business of Collins & Aikman Corporation ("C&A"). As you know, we are committed to building a global automotive components company, and C&A's operations could play a central role in this company.

As a condition to moving forward in accordance with this term sheet, we are requesting that the open commercial issue between IAC Group, LLC ("IAC") and C&A, related to defective tooling sold by C&A to IAC, be resolved. As previously discussed with C&A management, we believe this would entail an ordinary course payment of $3.76 million by C&A to IAC for damages incurred.

We are eager to discuss our term sheet with you, your clients and Kroll Zolfo Cooper, and we will consider in good faith any further suggestions anyone on your side might have regarding this term sheet.

Sincerely,

Wilbur L. Ross, Jr.

Wilbur L. Ross, Jr.
Chairman and Chief Executive Officer

WL Ross & Co. LLC
600 Lexington Avenue
New York, NY 10022

Telephone: 212-826-2111
Fax: 212-317-4891
E-mail: wlross@wlross.com
Website: www.wlross.com

INDICATIVE TERMS FOR PROPOSED RESTRUCTURING OF COLLINS & AIKMAN CORPORATION ("C&A") AND ITS CHAPTER 11 DEBTOR SUBSIDIARIES (COLLECTIVELY, THE "DEBTORS")

July 6, 2006

I. <u>OVERVIEW</u>:

This Term Sheet sets forth certain of the indicative terms upon which International Automotive Components Group, LLC ("IACG") would capitalize a newly formed company ("Newco") to acquire the North American plastics and soft trim business (together, the "Business") of the Debtors and participate in the restructuring of the Debtors. IACG also would, among other things, serve as the standby purchaser (IACG, together with Newco, the "Standby Purchaser") for a rights offering (the "Rights Offering") of Newco common stock (the "New Common Stock") to be implemented through and in conjunction with a chapter 11 plan of reorganization, the principal terms of which are set forth in this Term Sheet (the "Plan").

This Term Sheet does not include a description of all of the terms, conditions and other provisions that are to be contained in the definitive documentation governing such matters (the "Definitive Plan Documents"), which remain subject to discussion and negotiation among the Standby Purchaser and the Debtors. The principal Definitive Plan Documents include:

- A definitive asset purchase and equity commitment agreement (the "Purchase Agreement");
- The disclosure statement (the "<u>Disclosure Statement</u>");
- The Plan, including as exhibits thereto constituent documentation for Newco and other customary documentation; and
- Procedures ("Bid Procedures") permitting the Debtors to receive and negotiate fully documented alternative proposals up to a date to be specified therein.

The parties will negotiate in good faith with the objective of submitting a mutually agreed Term Sheet and mutually acceptable Bid Procedures to the Bankruptcy Court by July 11, 2006, executing a Purchase Agreement on or prior to July 21, 2006, obtaining Bankruptcy Court approval of the Purchase Motion (as defined below) on or prior to July 28, 2006, filing with the Bankruptcy Court mutually acceptable forms of the balance of the Definitive Plan Documents by August 4, 2006 and confirming and consummating the Plan by September 30, 2006 (the "Effective Date"). The Debtors would agree in the Purchase Agreement to coordinate their activities in furtherance of the Plan with the

Standby Purchaser. Neither the Standby Purchaser nor Newco would be responsible for any aspect of the Plan other than as set forth in the Purchase Agreement.

As to parties in interest in the Debtors' chapter 11 cases, this Term Sheet is proffered in the nature of a settlement proposal in furtherance of settlement discussions, and is intended to be entitled to the protections of Rule 408 of the Federal Rules of Evidence and any other applicable statutes or doctrines protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions. Nothing herein shall be deemed to be the solicitation of an acceptance or rejection of a plan of reorganization. Further, nothing herein shall be an admission of fact or liability or deemed binding on IACG, Newco, the Debtors or any other party. Capitalized terms not otherwise defined herein shall have the meanings typically associated with such terms in the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"), and chapter 11 plans of reorganization for substantial companies.

This Term Sheet is highly confidential, and this Term Sheet, its contents or its existence may not be distributed, disclosed or discussed with any party other than in accordance with the express terms of the confidentiality agreement among C&A, WL Ross & Co. LLC ("WLR & Co.") and certain other parties. Without limiting the generality or effect of the foregoing, the Debtors will implement procedures to assure that the existence and contents of this Term Sheet are not disclosed to any other potential bidder or its representatives, including any member of the Unsecured Creditors Committee or any representative thereof, unless such disclosure is either approved by the Standby Purchaser in writing prior thereto or the recipient irrevocably commits not to submit, encourage, solicit or otherwise participate in the making of any proposal that is intended, or could be reasonably expected, to reduce the likelihood that the transactions contemplated hereby will be completed.

Except for the immediately preceding paragraph (which is intended to be binding on the Standby Purchaser, the Debtors and their respective representatives), neither this Term Sheet nor any other document constitutes a binding obligation of any person or entity, such obligations to arise only under the Definitive Plan Documents and then only on the terms and subject to the conditions and limitations thereof.

II. PLAN TREATMENT:

CLASS OF CLAIM OR INTEREST	AMOUNT OF CLAIM	TREATMENT OF CLAIM OR INTEREST
DIP Facility Claims	$150 million (or lesser amount then outstanding, plus accrued stub interest, unpaid expenses and	$13.1 million in undrawn letters of credit replaced by letters of credit issued under the New Bank Facility (defined below). Remaining allowed claim paid in full in cash on the Effective Date.

CLASS OF CLAIM OR INTEREST	AMOUNT OF CLAIM	TREATMENT OF CLAIM OR INTEREST
	amounts due pursuant to Section 10.05 of the DIP facility agreement)	
LuxCo Loan Guarantee	$19 million (or lesser amount then outstanding, including accrued stub interest and unpaid expenses)	Paid in full in cash on the Effective Date.
JPM Pre-Petition Facility Claims	$748 million (or lesser amount then outstanding, plus accrued stub interest and unpaid expenses)	Up to $27.4 million in undrawn letters of credit replaced by letters of credit issued under the New Bank Facility. 80% of the remaining allowed claim paid in full in cash on the Effective Date. 20% of the remaining allowed claim paid in full in cash following the completion of the audit relating to Newco's 2007 fiscal year, subject to the terms of the EBITDA Earn-Out (see <u>Annex A</u>).
OEM Capex Funding Claims	$36 million	To be assumed by Newco.
OEM Administrative Loan	$30 million	Paid in full in cash on the Effective Date.
All Other Priority OEM Claims	$82.5 million (plus accrued interest)	Paid in full in cash following the completion of the audit relating to Newco's 2008 fiscal year, subject to the terms of the OEM Earn-Out (see <u>Annex B</u>).
General Administrative Claims	$50 million	Paid in full in cash on the Effective Date, or according to terms.
Priority Tax Claims	$ - 0 -	N/A

CLASS OF CLAIM OR INTEREST	AMOUNT OF CLAIM	TREATMENT OF CLAIM OR INTEREST
Other Priority Claims	$ - 0 -	N/A
Other Secured Claims	$ - 0 -	N/A
Capital Leases Claims	$66 million	Reinstated or other treatment so as to render such Claims unimpaired.
Trade & Other General Unsecured Creditor Claims	$ - 0 -	Cancelled in exchange for their Individual Pro Rata Share[1] of (1) the Rights (defined below) and (2) the recovery of the Litigation Trust (the "Litigation Recovery Interests").
10.75% Senior Note Claims	$520.7 million	Cancelled in exchange for their Individual Pro Rata Share of (1) the Rights and (2) the Litigation Recovery Interests.
12.875% Senior Subordinated Note Claims	$414.3 million	Cancelled in exchange for their Individual Pro Rata Share of (1) the Rights and (2) the Litigation Recovery Interests.
Intercompany Claims and Interests	N/A	Cancelled with no distribution.
Pre-petition Preferred, Common and Other Interest and Securities Litigation Claims	N/A	Cancelled with no distribution.

III. RIGHTS OFFERING AND PURCHASE COMMITMENT SUMMARY:

Purchase Commitment and Rights	In connection with consummation of the Plan, the Standby Purchaser will purchase 50.1% of the New Common Stock for $200.4 million and Newco will distribute pro rata rights (the "Rights") to purchase 49.9% of the New Common Stock (for an aggregate price of $199.6 million) to the Unsecured Creditors (being the Trade & Other General Unsecured Creditor Class and the 10.75% and 12.875% Noteholders). The purchase of New Common Stock by the Standby Purchaser plus the exercise of the Rights will yield gross proceeds of $400.0 million in the aggregate (the

1 For purposes of this Term Sheet, the term "Individual Pro Rata Share" means as to the Trade & General Unsecured Creditor Class, the 10.75% Senior Note Class and the 12.875% Senior Subordinated Class (the "Unsecured Creditors"), the aggregate allowed amount of each particular class divided by the sum of the aggregate allowed amount of all such classes.

	"Purchase Commitment").
Transferability	Rights will be transferable in accordance with applicable securities laws.
Backstop Commitment	The Standby Purchaser will be obligated to exercise the Rights not exercised by the creditors.
Standby Fee	Standby Fee – a fully earned non-refundable standby fee equal to $16.0 million payable in full in cash upon the launch of the Rights Offering.
Breakup Fee/ Expenses	Once the Debtors and the Standby Purchaser have submitted a mutually agreed Term Sheet, the Debtors will file a motion (the "Purchase Motion") seeking approval of, among other things, (1) payment on a monthly basis, commencing with the first month after Bankruptcy Court approval of the Purchase Motion, of the Standby Purchaser's documented third-party expenses, up to $5.0 million, incurred in connection with its due diligence efforts (including those before the date of this Term Sheet) and with negotiating the Definitive Plan Documents and this Term Sheet (but not for expenses arising as a result of any dispute related thereto) (the "Expense Reimbursement") and (2) a breakup fee of $20.0 million (the "Breakup Fee"), (3) Bid Procedures, including form of bids and minimum overbids, acceptable to the Standby Purchaser, the Debtors and the Committee, and (4) other mutually agreeable protections for the Standby Purchaser. The Expense Reimbursement and Breakup Fee shall be granted super priority administrative expense status under Section 507(b) of the Bankruptcy Code. The Breakup Fee shall be paid to the Standby Purchaser if (1) the Debtors or the Standby Purchaser terminates the Purchase Agreement for any reason other than the failure of a Business Plan Condition (defined below) or (2) at any time prior to the Purchase Agreement's termination for any reason or within 18 months thereafter, the Debtors propose another plan or enter into an agreement to sell (by asset sale, recapitalization, reorganization or any other means), in one or more related or unrelated transactions, a major portion (defined as 25% or more of the Business, measured by EBITDA) of the Business. For the avoidance of doubt: (a) the Breakup Fee will be paid upon the earlier to occur of the events described in clauses (1) and (2) of the preceding sentence, (b) if the Standby Fee is paid, the Breakup Fee shall be reduced to $4.0 million, and (c) the

	Expense Reimbursement will be paid in all circumstances.
Conditions	The Purchase Commitment and Backstop Commitment will be subject to customary conditions for comparable transactions and the satisfaction on or prior to the Effective Date (or earlier, if so specified) of the following conditions precedent: 1) Filing of the Purchase Motion within two business days after mutual agreement of the Term Sheet; 2) Entry of a final order (in form and substance satisfactory to the Standby Purchaser and the Debtors) as soon as possible approving the Purchase Agreement and the Bid Procedures; 3) Filing of a Plan and the other Definitive Plan Documents that embody the terms set forth in this Term Sheet and that are satisfactory to the Standby Purchaser as soon as possible, but no later than 15 business days after execution of the Purchase Agreement; 4) The Standby Purchaser being satisfied with the Debtors' activities in furtherance of the Plan and its confirmation; 5) Prior to filing the Plan, the Standby Purchaser being satisfied with the proposed treatment of, or outcome of, as applicable, all accounting and investigation matters, tort Claims, tax Claims and environmental Claims; 6) The claim amounts reflected in Section II hereof being correct in all material respects ("material" being defined for this purpose as $10 million or more); 7) Entry of a final order (in form and substance satisfactory to the Standby Purchaser) confirming the Plan (in form and substance satisfactory to the Standby Purchaser) and all Plan related documents (in form and substance satisfactory to the Standby Purchaser); 8) Newco obtaining third-party bank financing (the "New Bank Facility"), including a term loan facility of no less than $450.0 million and a revolving credit facility of no less than $300.0 million, on terms acceptable to the Standby Purchaser; 9) On the Effective Date, (1) drawn amounts under the New Bank Facility (excluding outstanding, undrawn letters of credit), (2) plus capital leases, and (3) less cash on hand or expected proceeds from non-core

	asset sales being no more than $356.4 million; 10) On the Effective Date, net working capital being no less than a minimum to be specified in the Purchase Agreement; 11) As of the Effective Date, there having been no material adverse change with respect to the Debtors' results of operations since March 31, 2006 or the reasonable likelihood of the Debtors achieving their revised projections; 12) The Debtors not having been notified that a current program or replacement program will be re-sourced; 13) There being no reason to believe that any of the Debtors' major customers have become insolvent; 14) KPMG or another internationally recognized audit firm having delivered its opinion that the carve-out financial statements for the Business fairly present, in all material respects, the financial condition, results of operations and cash flows of the Business in accordance with GAAP, and such opinion having no qualifications other than customary qualifications as to the Business as a going concern (without the Plan) and for carve-out financial statements; 15) The OEMs having agreed in writing to the treatment of their Claims as described in Part II above; 16) Pursuant to the Plan or otherwise, the Debtors having sold or provided for the disposition of their fabrics business and/or other tangible assets not related to the Business, with net proceeds of at least $25.4 million; 17) The Debtors having business arrangements with Ford, DCX, GM, Toyota, Honda and Nissan, including accounts receivable terms and documented long-term business for 2006, 2007 and 2008 (and related capital expenditure and start-up cost requirements), that support and are demonstrably consistent with the Debtors' revised business plan; 18) Written confirmation of SABIC providing resin supply with pricing as indicated in Debtors' business plan and on terms satisfactory to the Standby Purchaser including adequate successor provisions; 19) Newco being satisfied that its assumed environmental obligations will not be greater than $16.0 million; 20) There being no material variance from the 2006 Forecast (4+8); 21) Year-to-date cost savings targets for each division being met according to the Debtors' business plan;

	22)The Standby Purchaser being satisfied with the Debtors' successful negotiation, prior to filing the Plan, of the proposed Plan the Debtors have shared with the Standby Purchaser regarding the treatment of the Debtors' prepetition pension and OPEB obligations. Namely, that Newco will have no liability for the Debtors' prepetition U.S. and Canadian employees and retirees or any prepetition OPEB liabilities; and 23)The closure or other disposition of the eight non-performing C&A plastic plants (*i.e.*, Evart, St. Louis, Morristown, Belvedere, Owosso, New Baltimore, Stratford and Windsor) unless the economic condition of those plants can be changed to provide a competitive cost structure and a satisfactory cash rate of return on invested capital, as agreed by the Standby Purchaser. To the extent such closures and/or dispositions yield net proceeds, it is anticipated that such proceeds will be used to help fund the Plan in accordance with Section II above. The conditions specified in clauses (17) – (23) above are referred to herein as the "Business Plan Conditions."

IV. <u>OTHER</u>:

Corporate Governance	The Board of Directors of Newco will be comprised of the Chief Executive Officer of C&A and eight other members, of whom six members will be selected by the Standby Purchaser and two will be selected by the Committee. The nominees of the Standby Purchaser will include the Chairman of WLR & Co. Two of the Standby Purchaser's nominees and one of the Committee's nominees must be a nominee that would qualify as an "independent" director under NYSE guidelines (whether or not the New Common Stock is listed). The Standby Purchaser and the Committee will consult in good faith with the representatives of the Debtors regarding the selection of such members.
Management Incentive Plan and Management Employment Contracts	On or promptly after the Effective Date, a management incentive plan (the "Management Incentive Plan") will be implemented to reserve New Common Stock for designated members of management. Newco expects to implement new employment agreements for designated members of management.

	The terms of the Management Incentive Plan and such new employment agreements will be set forth on exhibits to the Plan.
Exculpation	The Plan will include a full exculpation from liability in favor of the Debtors, the Committee, the agent, lenders and steering committee under the Debtors' prepetition, senior secured credit facility, the agent and lenders under the Debtors' senior, secured postpetition credit facility, the Standby Purchaser and all of their respective current and former officers, directors, members, employees, advisors, attorneys, professionals, accountants, investment bankers, consultants, agents or other representatives (including their respective officers, directors, employees, members and professionals) from any and all Claims and causes of action arising on or after the Petition Date, including any act taken or omitted to be taken in connection with, or related to, formulating, negotiating, preparing, disseminating, implementing, administering, confirming or consummating the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors.
Substantive Consolidation	The Debtors will be substantively consolidated or the Plan shall otherwise provide for a settlement to resolve issues relating to allocation of joint and several or guaranteed prepetition debt among the Debtors and related concerns.
Discharge of the Debtors	Except as otherwise provided herein, on the Effective Date, and effective as of the Effective Date: (1) the rights afforded in the Plan and the treatment of all Claims and interests herein will be in exchange for and in complete satisfaction, discharge and release of all Claims and interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or any of their assets, property or their estates; (2) the Plan will bind all holders of Claims and interests, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (3) all Claims against and interests in the Debtors will be satisfied, discharged and released in full, and the Debtors' liability with respect thereto will be extinguished completely, including any

	liability of the kind specified under section 502(g) of the Bankruptcy Code; and (4) all persons and entities shall be precluded from asserting against the Debtors, the Debtors' estates, the Reorganized Debtor(s), their successors and assigns, their assets and properties, any other Claims or interests based upon any documents, instruments, or any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.
Injunction	From and after the Effective Date, all persons and entities will be permanently enjoined from commencing or continuing in any manner, any suit, action or other proceeding, on account of or respecting any Claim, demand, liability, obligation, debt, right, cause of action, interest or remedy released or to be released pursuant to the Plan or the confirmation order.
Indemnification	Continuing and new directors and officers will be offered customary director and officer indemnity arrangements.
Director & Officer Liability Policy	As of the Effective Date, the Debtors will assume all of the D&O liability insurance policies pursuant to section 365(a) of the Bankruptcy Code. Entry of the confirmation order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O liability insurance policies.
Executory Contracts	The Plan will provide for the assumption and assignment to Newco or rejection, as the case may be, of executory contracts and unexpired leases that are acceptable to the Standby Purchaser.
Avoidance Actions and Other Litigation	Except as otherwise agreed to among the Debtors, Standby Purchaser and the Committee, pursuant to 11 U.S.C. § 1123(b)(3), the Reorganized Debtors will retain all rights to commence and pursue any and all avoidance actions and other litigation, except as released, provided, however, that neither the Reorganized Debtors nor the Litigation Trust may commence or pursue any avoidance action or other litigation after the Effective Date against any vendor of Newco without Newco's prior written consent. Notwithstanding anything herein to the contrary, the Debtors and other persons who benefit under the "Releases" provision in the Plan will release those parties listed in the Exculpation section of this Term Sheet.
Litigation Trust	A litigation trust (the "Litigation Trust") will be formed on the Effective date, and the Debtors will transfer to the Litigation Trust on the Effective Date the causes of action to be specified in the Definitive Plan Documents. The

	Litigation Trust trustee will be selected by the Committee. The Litigation Trust will be governed by a committee comprised of [number constituting a majority] members selected by the Debtors and ___ members selected by the Committee. The other terms of the Litigation Trust agreement shall be satisfactory to the Standby Purchaser, Debtors and the Committee. The Reorganized Debtors will have no obligation to fund any expenses of the Litigation Trust beyond the funding described above.
Resolution of Disputed Claims	The Plan will provide for the resolution of disputed Claims and any reserves therefor.
Retention of Jurisdiction	The Plan will provide for the retention of jurisdiction by the Bankruptcy Court for Claims resolution and certain other purposes.

Exhibit A

EBITDA EARN OUT

Holders of the JPM Pre-Petition Facility Claims will be eligible for a one-time earn-out payment if Newco's EBITDA for its 2007 fiscal year exceeds $185 million.

The 20% of the remaining allowed claim, plus interest, will be paid in full only if Newco's EBITDA for its 2007 fiscal year is equal to at least $225 million.

To the extent Newco's EBITDA for its 2007 fiscal year is between $185 million and $225 million, the 20% of the remaining allowed claim, plus interest, will be paid proportionately in accordance with the amount that 2007 fiscal year EBITDA is between $185 million and $225 million (*e.g.*, if Newco had 2007 EBITDA of $205 million (the midpoint between $185 million and $225 million), Newco would fund 10% of the remaining allowed claim (50% of the total potential earn out)).

Exhibit B

OEM EARN OUT

Each applicable OEM will be eligible for a one-time earn-out payment that will be equal to, subject to negotiations with management, [20]% of the incremental total revenue amount generated by such OEM in excess of the Target Revenue Amount applicable for such OEM, as determined by Newco, based on its 2007 and 2008 audit, subject to the Recovery Cap.

"Recovery Cap" means for each OEM the total amount of other priority claims such OEM did not previously recover.

"Target Revenue Amount" means, for each OEM, the revenue forecast included in the 2007 and 2008 business plan indicating total revenue of $2.30 billion and $2.26 billion, respectively. The applicable Target Revenue Amount for each OEM is identified in the column headed "Total" below:

	2007	2008	Total
DCX	[TBD]	[TBD]	[TBD]
Ford	[TBD]	[TBD]	[TBD]
GM	[TBD]	[TBD]	[TBD]
Honda	[TBD]	[TBD]	[TBD]
Toyota	[TBD]	[TBD]	[TBD]
Nissan	[TBD]	[TBD]	[TBD]

EXHIBIT FF

Collins & Aikman

Conference Call Presentation to Lender Group

August 22, 2006

Confidential – Contains Material Non-Public Information

Notice Regarding Confidentiality, Risk Factors and Safe Harbor Statement

This document is furnished subject to the terms of the Confidentiality Agreement previously delivered and, accordingly, may not be copied, reproduced, distributed or disclosed except in compliance with such Confidentiality Agreement.

This document contains statements relating to future results of Collins & Aikman Corporation ("C&A" or the "Company") (including certain anticipated, believed, planned, forecasted, expected, targeted, and estimated results and C&A's outlook concerning future results) that are "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. Guidance concerning our expected results are such "forward-looking" statements and they are preliminary estimates that are subject to change based upon, among other things, additional information concerning results not yet available, a review of those results by C&A and its auditors and additional analyses that have not yet been undertaken or completed. This information is necessarily incomplete and should be reviewed in the context of the company's reported results once those are available. Risk factors that could cause material differences in the information contained herein, include, without limitation: (a) market and industry conditions including: a decline in North American, South American and European automobile and light truck builds; the level of competition in the automotive supply industry; changes in the popularity of particular cars and interior trim programs; labor unrest (including potential strikes) affecting major customers; increases in the price of raw materials; and changes to prevailing levels of interest rates; (b) company-specific conditions including: the ability to earn significant "takeaway business" from other suppliers; dependence on significant automotive customers; the ability to obtain financing and service or refinance high debt levels; the adequacy of liquidity and capital resources; the ability to finance needed capital expenditures; fluctuations in the production of vehicles for which C&A is a supplier; pricing pressures from customers; labor unrest (including potential strikes) at operations; and risks associated with doing business in foreign countries; and (c) additional risk factors detailed in C&A's filings with the Securities and Exchange Commission.

The financial projections contained in this presentation do not contain certain cost-savings and other items that the Debtors would need to realize to successfully reorganize and emerge from Chapter 11.

This document is meant to be released in conjunction with an oral presentation. Both components are considered to be an integral and necessary part of this work product. We do not recommend the use of these observations and analyses as a basis for drawing conclusions regarding C&A's financial condition without understanding the substance of the oral presentation.

Management Participants

■ Frank Macher	President and Chief Executive Officer
■ John Boken	Chief Restructuring Officer
■ Tim Trenary	EVP – Chief Financial Officer and Treasurer
■ Jim Wynalek	President, Plastics
■ Mary Ann Wright	EVP – Engineering, Product Development, Commercial and Program Management
■ Stacy Fox	EVP – Chief Administrative Officer and General Counsel

Presentation Agenda

■ Overview	John Boken
■ Financial Projections	Tim Trenary
■ Liquidity and Cash Flow	John Boken
■ YTD Performance Issues	Frank Macher
■ Key Operational Initiatives – Plastics	Jim Wynalek
■ Customer Update	Mary Ann Wright
■ Wrap-up and Summary	John Boken
■ Questions	All

Overview

Overview

- YTD variances from Business Plan have been significant
  - Plastics turnaround has not yet materialized
  - Manufacturing execution in Plastics still sub-par
  - Arrangements for OEM transfer business not finalized
  - Challenges encountered in enhancing service revenues / EBITDA
  - OEM re-sourcing of programs has had negative impact
- Industry dynamics have impacted performance and constrained POR alternatives
- Critical need for POR in near-term
  - Liquidity requirements
  - OEM support – key condition to successful reorganization

Overview

- Lender-sponsored POR represents optimum recovery opportunity and platform
  - POR will equitize pre-petition lender claims
  - Preserves M&A and other disposition options with manageable risk
  - De-leveraged and recapitalized C&A enhances lender recovery opportunity
  - Management confident that Plastics operation can be restructured and contribute to overall recoveries
- M&A process continuing
  - Extensive sale process conducted since January (more than 45 parties contacted)
  - Significant uncertainty around Plastics financial performance detrimental to process
  - Several parties remain interested and are in various stages of due diligence
  - Ability to sell Company will be incorporated into Lender-sponsored POR
- Suspension of adequate protection payments essential bridge to reorganization

Financial Projections

Financial Projections – 2006 Forecast (6 + 6)

($ in Millions)

	PLASTICS	CARPET & ACOUSTICS	CONVERTIBLES	FABRICS	TOOLING / MATERIALS DEVELOPMENT	CORPORATE & ELIMS	2006
Net Sales	$1,560.3	$777.1	$97.5	$104.1	$51.2	($110.0)	$2,480.2
Direct Materials	907.2	387.1	63.1	57.4	14.1	(124.0)	1,304.9
Direct Labor	137.7	57.0	7.1	13.1	13.4	0.0	228.2
Variable Overhead	278.1	120.0	12.9	21.0	24.1	0.0	456.1
Fixed Overhead	138.2	56.2	7.1	11.4	11.4	0.0	224.2
Manufacturing Depreciation	58.6	22.7	3.3	6.3	3.4	-	94.3
Subtotal COGS	**$1,519.6**	**$643.0**	**$93.5**	**$109.2**	**$66.5**	**($124.0)**	**$2,307.8**
Gross Profit	**$40.6**	**$134.1**	**$4.0**	**($5.1)**	**($15.3)**	**$14.0**	**$172.4**
SG&A Expense	16.3	15.9	2.3	5.8	6.3	114.6	161.3
SG&A Depreciation	-	-	-	-	-	3.7	3.7
Amortization	0.2	1.7	0.0	-	-	8.6	10.5
Subtotal SG&A	**$16.5**	**$17.7**	**$2.3**	**$5.8**	**$6.3**	**$126.8**	**$175.4**
Operating Income (EBIT)	**$24.2**	**$116.4**	**$1.7**	**($10.9)**	**($21.6)**	**($112.8)**	**($3.0)**
Depreciation	58.6	22.7	3.3	6.3	3.4	3.7	98.0
Amortization	0.2	1.7	0.0	-	-	8.6	10.5
EBITDA	**$82.9**	**$140.8**	**$5.1**	**($4.6)**	**($18.2)**	**($100.6)**	**$105.5**
						EBITDA Margin	**4.3%**

Note: Includes actuals through June; projections for July - December

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Financial Projections – 2006

Adjusted EBITDA

($ in Millions)	Proforma Impact on 2006 EBITDA	
2006 EBITDA (6+6 Forecast)		$105.5
Discontinued Operations:		
Manufacturing Facility Closures	7.7	
Premier Tooling Closure	4.9	
Fabrics	4.6	
Convertibles	(5.1)	12.1
Manufacturing Capacity Restructuring (Phase II):		
Plants 1, 2, and 3	14.7	
Plant 4	2.8	
Plant 5	4.7	
Plant 6	(0.3)	21.9
Significant Non-recurring Items:		
Customer Surcharges	(12.8)	
Commercial Recoveries	(10.0)	
C&A Europe IT Support	(3.5)	(26.3)
Pension Expense, net of DC Plan		12.9
Adjusted 2006 EBITDA (6+6 Forecast)		**$126.1**
Other Considerations:		
Resin Indexing		7.0 est.
Lease Re-negotiations		10.0 est.

Financial Projections – 2007

($ in Millions)

	PLASTICS	CARPET & ACOUSTICS	TOOLING / MATERIALS DEVELOPMENT	PENSION	CORPORATE	ELIMS	2007
Net Sales	**$1,371.2**	**$702.4**	-	-	-	**($78.3)**	**$1,995.3**
Direct Materials	756.0	351.5	-	-	-	(78.3)	1,029.2
Direct Labor	104.7	53.4	-	-	-	-	158.1
Variable Overhead	236.2	115.2	-	(10.3)	-	-	341.1
Fixed Overhead	103.0	55.3	-	-	-	-	158.3
Subtotal Cash COGS	**$1,199.9**	**$575.4**	-	**($10.3)**	-	**($78.3)**	**$1,686.7**
Cash Gross Profit	**$171.3**	**$127.0**	-	**$10.3**	-	-	**$308.7**
Cash SG&A Expense	20.0	15.3	6.0	(2.6)	113.0	-	151.7
EBITDA	**$151.3**	**$111.7**	**($6.0)**	**$12.9**	**($113.0)**	-	**$157.0**
						EBITDA Margin	**7.9%**

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Financial Projections – 2007

Plastics Roll Forward

($ in 000s)

	2006	NNB, Volume & Mix (a)	Targeted Business (b)	Manufacturing Capacity Restructuring (Phase II) (c)	Cost Reductions (d)	Resin Strategy (e)	2006 Plant Closures (f)	Other, net	2007
Net Sales	**$1,560.3**	**($293.6)**	**$217.3**	**($48.0)**	**$0.0**	**$5.6**	**($59.7)**	**($10.6)**	**$1,371.2**
Direct Materials	907.2	(170.3)	123.9	(28.5)	(21.9)	(20.2)	(40.9)	6.8	756.0
Direct Labor	137.7	(26.4)	13.0	(7.4)	(9.0)	-	(6.9)	3.7	104.7
Variable Overhead	278.1	(26.4)	19.6	(16.8)	(4.7)	-	(10.5)	(3.0)	236.2
Fixed Overhead	138.2	-	-	(13.7)	(1.7)	-	(9.1)	(10.7)	103.0
Subtotal Cash COGS	**$1,461.1**	**($223.2)**	**$156.5**	**($66.4)**	**($37.3)**	**($20.2)**	**($67.4)**	**($3.1)**	**$1,199.9**
Cash Gross Profit	**$99.2**	**($70.5)**	**$60.9**	**$16.4**	**$37.3**	**$25.8**	**$7.7**	**($7.5)**	**$171.3**
Cash SG&A Expense & Other	**16.3**	-	-	-	**1.7**	-	-	**2.0**	**20.0**
EBITDA	**$82.9**	**($70.5)**	**$60.9**	**$18.4**	**$35.6**	**$25.8**	**$7.7**	**($9.5)**	**$151.3**

Footnotes:

(a) Net new business (exclusive of targeted business and closures), volume and mix.
(b) Substantially all is transfer business.
(c) One plant closure projected to occur as of 1/1/2007, five plant closures as of 7/1/2007.
(d) Cost reduction plans including scrap/labor and variable OH ($17.2); net purchasing savings ($12.4); and VAVE ($6.0).
(e) Estimated savings from alternate resin source and resin cost recovery from indexing.
(f) Impact of 2006 plant closures and sales on 2007.

Financial Projections – 2007

Key Opportunities and Risks

- Opportunities
  - OEM price negotiations
  - Carpet & Acoustics business awards
- Risks
  - Targeted OEM transfer business
  - Implementation of cost reductions
  - Execution and timing of plant closures
  - Implementation and timing of resin strategy
  - Production volumes

Liquidity and Cash Flow

Liquidity and Cash Flow

- Liquidity position has been and will remain tight
  - Operating performance has eroded anticipated cushion
  - Generally operating with only 1 to 2 days of unrestricted cash
  - No margin for unexpected events or changes in industry environment
- Funds accumulating in Net Transaction Proceeds Account represents limited cushion
  - Maximum of $25 million available for operational purposes
  - Up to $35 million available for unique capex needs (OEM transfer business)
- Infusions resulting from "self-help" efforts have allowed C&A to start to rebuild balance sheet and maintain moderate liquidity base during Chapter 11 proceeding

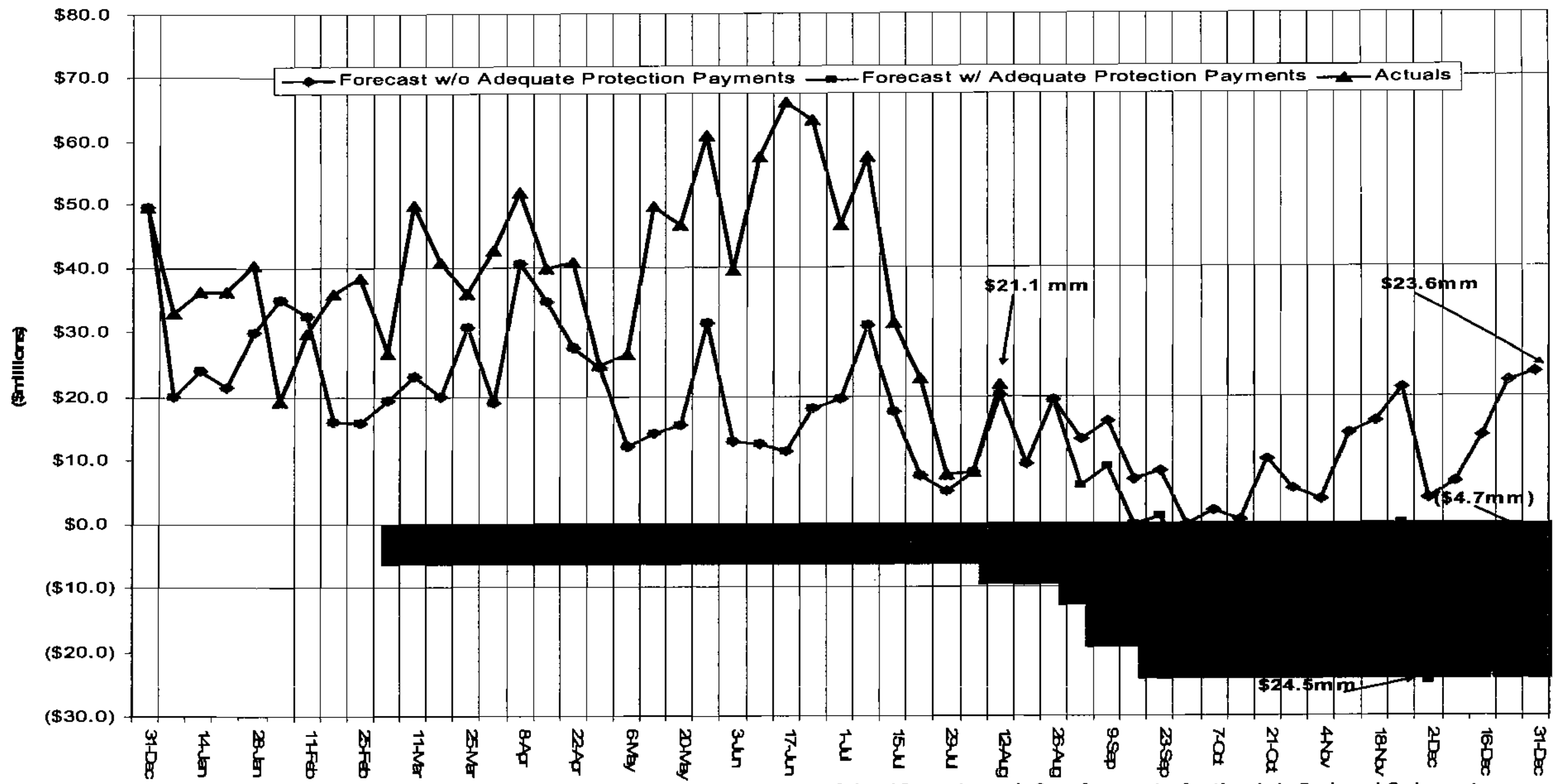
($ in Millions)	
OEM Administrative Funding	$30.0
OEM Subordinated DIP	82.5
OEM Surcharges (Round 1)	82.5
OEM Surcharges (Round 2)	69.0
OEM CapEx, Launch, and Tooling Funding	74.0
Price Increases (Q4 2006)	35.0
Price Increases (Jan-July 2006)	80.0
Misc. Settlements and Recoveries	64.0
Total	**$517.0**

Note: "Self-help" infusions shown here do not include $150 million DIP financing and the working capital benefit of the agreement with OEMs on accelerated 5 day payment terms.

- Current liquidity is insufficient to manage business with reasonable operating margin
  - Suspension of adequate protection payments necessary bridge to POR

Liquidity and Cash Flow

Unrestricted Cash Balances (Book Basis)



Forecast figures shown above for January through July are a combination of the 13-week cash flow forecasts for the 1st, 2nd and 3rd quarters (Q3 through July) used for DIP Financing covenant purposes as provided to the DIP Lenders on January 5, April 5 and July 5 respectively. The forecast figures for August through December are based on preliminary cash flow analyses reflacting performance consistent with the 2006 6+6 financial projections and other assumptions related to resolution of OEM commercial issues.

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Liquidity and Cash Flow

- Progress being made on non-core asset sales and other transactions with funds accumulating in Net Transactions Proceeds Account

Transaction	Status	Amount ($MM)
SERP	Done	$1.7
Mobis JV	August 31 2006 Closing	$11.4
Fabrics Wind-Down	In Process	$18 - $20
Williamston Facility	In Process	$3 - 5
Recovery from C&A Europe	In Process	$50 - $70
Convertibles Sale	TBD	$10 - $25
Other Assets	TBD	$5 - $10
		$99.1 - $143.1

- Currently preparing and filing claims in C&A Europe Administration
  - Preliminary agreement with Administrator on claims representing approx 80% of estimated recovery
  - Reconciling remaining claims and accumulating support documents
  - Will need to address, if necessary, objections to C&A claims from other creditors
  - Substantial portion of creditor distributions not anticipated until late Q4 2006

YTD Performance Issues

YTD Performance Issues

- Carpet & Acoustics operation has been consistently strong performer
  - Solid management team
  - Industry leader
  - Profitable business with excellent cost controls
- Plastics operation remains critical problem area
  - Management, manufacturing, process, and control issues deeper and broader than anticipated
  - Severe cultural and legacy problems
    - Plant level leadership
    - Infrastructure
    - Technical manufacturing skill sets on plant floor
    - Accountability and communications
    - Facilities management and maintenance
    - Financial controls, policies, and procedures
  - Active resistance to change affected implementation of turnaround initiatives
  - Initial senior management fix in early 2006 proved unsuccessful

Key Operational Initiatives – Plastics

Key Operational Initiatives – Plastics

- Organizational actions
- Operational controls and manufacturing systems
- Manufacturing footprint

Key Operational Initiatives – Plastics

Organizational Actions

- Senior Management
  - Jim Wynalek – President
  - Joe Baldarotta – Vice President Operations
  - Jim Thompson – Vice President, Finance
  - Dana Drescher – Vice President, Business and Capacity Planning
- Temporary Staffing
  - 35 new engineering positions
  - 9 high priority existing positions at 9 plants
    - 17 agency engineers
    - 15 current employees, redeployed
  - 2 automotive industry veterans
    - Harry Jones – Operations and profitability
    - John Tobiczyk – Scrap coordinator

Key Operational Initiatives – Plastics

Operational Controls and Manufacturing Systems

- Work standard revision
- Manpower planning
- Uptime optimization
- Quality management
- Analyze / drive plant cost reductions
- Freight optimization
- Purchasing efficiency
- Best practice deployment – "Copy Exact"
- Rationalize tooling group
- Collins & Aikman Manufacturing Systems "CAMS"

Key Operational Initiatives – Plastics

Manufacturing Footprint

- Identified six additional Plastics plants for potential closure
  - Underperformers / limited prospects for turnaround in near-term
- Currently evaluating program transfer/consolidation alternatives
- Anticipate timing in Q4 2006 through Q3 2007
- Net benefit to EBITDA starting in 2007

Customer Update

Customer Update

- Interfacing and communications with OEMs improved over past 6 months
- Negotiating with one OEM on significant volume of transfer business
  - Discussing opportunities for new business with other OEMs
- OEMs interested in C&A's emergence from Chapter 11 as well-capitalized supplier
  - Generally pleased with management changes and initiative
- Working constructively to address long-standing quality, delivery, and service issues
- Developing comprehensive agreements for global settlements with OEMs
  - Term sheets intended to address both restructuring issues and outstanding commercial items
  - Series of difficult issues will need to be resolved during negotiations
  - Believe settlements are attainable
- OEMs supportive of lender-sponsored POR
  - Key concerns are capitalization upon emergence, treatment of claims, and POR timing

Wrap Up and Summary

Wrap Up and Summary

- Deep rooted cultural, management, manufacturing, and industry issues have hurt performance, liquidity, OEM support, and M&A interest

- Issues and impediments now fully understood, incremental resource needs identified and actions initiated

- Management is focused on keys to operational success, maximizing value
  - Global settlements with OEMs
  - OEM transfer business
  - Resin supply arrangement
  - Plastics restructuring
  - Cost reduction initiatives

- C&A at critical juncture
  - Need to proceed with POR to preserve recovery opportunity

- Lender support essential to maintain adequate liquidity
  - Suspension of adequate protection payments

- Lender-sponsored POR necessary to maintain flexibility and maximize value

Appendix

D	CASH FL ORECAST	PRELIMINARY AND CONF IAL

Cash Flow Forecast U.S.& Canada	3rd Quarter														
	1	2	3	4	5	6	7	8	9	10	11	12	13	Remng	Total
($000)	8-Jul	15-Jul	22-Jul	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep	30-Sep	3rdQ '06	3rd Qtr
Production Revenue															
Top 6 OEM	8,908	10,370	19,958	28,713	31,787	31,787	31,787	31,787	34,952	27,961	34,952	34,952	34,952	294,915	362,864
NonTop 6 OEM	1,423	2,912	3,499	5,001	4,335	4,335	4,335	4,335	4,766	3,813	4,766	4,766	4,766	40,216	53,051
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production Revenue	10,331	13,282	23,457	33,714	36,121	36,121	36,121	36,121	39,718	31,774	39,718	39,718	39,718	335,131	415,915
Price Increases	-	-	-	-										-	-
Total Production Revenue	10,331	13,282	23,457	33,714	36,121	36,121	36,121	36,121	39,718	31,774	39,718	39,718	39,718	335,131	415,915
Cash Receipts															
Top 6 OEM A/R	38,126	13,212	17,748	19,911	28,976	31,787	31,787	31,787	31,787	34,952	27,961	34,952	34,952	288,940	377,936
Non Top 6 OEM A/R	8,267	(1,078)	962	2,561	6,300	4,500	1,423	2,912	3,499	4,998	4,335	4,335	4,335	36,636	47,348
Other/GECC	-	-	-	-	7,000	-	-	-	-	5,000	-	-	-	12,000	12,000
Price Increases	-	-	-	-	-	-	-	-	-	(3,400)	-	-	-	(3,400)	(3,400)
Retro/Settlements	-	-	-	-	-	-	-	10,000	4,000	-	-	-	-	14,000	14,000
OEM CapEx PiecePrice Reimb.	-	-	-	-	-	-	-	-	-	-	-	-	(2,800)	(2,800)	(2,800)
Mexico	254	1,458	-	-	3,753	-	750	-	750	-	750	-	750	6,753	8,465
Indexing Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tooling Reimbursement	-	-	1,564	-	-	4,700	-	1,300	(600)	-	-	2,000	-	7,400	8,964
Net Tooling Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other/Settlement	-	-	-	-	-	344	-	-	-	-	4,500	-	-	4,844	4,844
Canada GST	490	189	230	265	361	361	361	1,861	397	318	397	397	397	4,851	6,025
Total Cash Receipts	47,137	13,781	20,503	22,736	46,390	41,692	34,321	47,860	39,833	41,868	37,943	41,683	37,633	369,223	473,382
Operating Disbursements															
Vendor Payments															
Trade Payables	(11,675)	(14,268)	(13,796)	(16,462)	(17,614)	(16,114)	(17,914)	(19,925)	(16,000)	(19,825)	(19,825)	(19,525)	(19,745)	(166,488)	(222,688)
Other	-	-	-	-		1,500	-	-	-	-	-	-	-	1,500	1,500
Payroll															
Salaries and Wages	(4,484)	(3,652)	(2,548)	(9,607)	(6,003)	(3,328)	(5,273)	(4,828)	(11,322)	(4,328)	(5,273)	(4,328)	(10,822)	(55,507)	(75,798)
Benefits	(1,206)	(4,238)	(3,292)	(2,572)	(3,700)	(2,048)	(2,465)	(2,319)	(4,245)	(4,165)	(3,789)	(1,819)	(1,700)	(26,250)	(37,557)
Payroll Taxes	(5,456)	(2,438)	(1,254)	(946)	(2,427)	(1,901)	(2,316)	(1,901)	(4,753)	(1,901)	(2,316)	(1,901)	(4,753)	(24,169)	(34,264)
Other/KERP	-	(2,234)	-	-		-		-	-	-	-	-	-	-	(2,234)
Rent (Occupancy, Operating Leases)	(1,096)	(335)	(1,155)	(1,747)	(1,619)	(100)	(1,641)	(1,650)	(1,584)	(1,300)	(1,541)	(1,300)	(670)	(11,405)	(15,738)
R&M, Utilities, GST and Other	(4,695)	(4,475)	(6,058)	(5,103)	(4,860)	(6,079)	(6,012)	(4,529)	(5,637)	(4,835)	(5,835)	(5,469)	(5,825)	(49,082)	(69,414)
Intercompany Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Cost Savings						-	-	-	-	-	-	-	-	-	-
Total Operating Disbursements	(28,612)	(31,639)	(28,104)	(36,437)	(36,224)	(28,070)	(35,622)	(35,152)	(43,541)	(36,355)	(38,579)	(34,343)	(43,515)	(331,401)	(456,193)
Net Operating Cash Flows	18,525	(17,858)	(7,600)	(13,701)	10,167	13,622	(1,301)	12,708	(3,708)	5,513	(636)	7,340	(5,882)	37,822	17,189
Other Disbursements															
C&A Funded CapEx	(529)	(940)	(281)	(1,172)	(1,000)	(1,000)	(2,000)	(2,000)	(1,000)	(2,000)	(1,000)	(2,000)	(1,000)	(13,000)	(15,922)
Additional CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring Costs	(40)	(63)	(568)	(321)	(500)	(500)	(500)	(500)	(560)	(560)	(560)	(560)	(560)	(4,800)	(5,792)
Contingency/Sabic	0	0	0	0	0	0	0	-	-	-	-	(3,500)	-	(3,500)	(3,500)
Financing Payments															-
Interest Payments	-	-	-	-	(1,014)	-	-	-	(1,014)	-	-	-	(981)	(3,009)	(3,009)
Adequate Protection	(7,167)	-	-	-	(7,194)	-	-	-	-	-	-	-	-	(7,194)	(14,361)
Other (Bank Fees)	-	(321)	-	-	-	-	(150)	-	-	-	-	-	-	(150)	(471)
Professional Fees, inc. Holdbacks	-	(7,000)	-	-	-	-	(7,000)	-	-	-	(7,000)	-	-	(14,000)	(21,000)
Total Other Disbursements	(7,737)	(8,324)	(848)	(1,494)	(9,708)	(1,500)	(9,650)	(2,500)	(2,574)	(2,560)	(8,560)	(6,060)	(2,541)	(45,653)	(64,056)
Total Disbursements	(36,349)	(39,963)	(26,952)	(37,931)	(45,932)	(29,570)	(45,272)	(37,652)	(46,115)	(38,915)	(47,139)	(40,403)	(46,056)	(377,054)	(520,249)
Net Cash Receipts (Disbursements)	10,788	(26,181)	(8,449)	(15,195)	459	12,122	(10,951)	10,208	(8,282)	2,953	(9,196)	1,260	(6,423)	(7,831)	(46,868)
Net Cash Balance															
Beginning Balance	46,606	57,394	31,212	22,764	7,569	8,028	20,149	9,198	19,406	13,124	16,077	6,880	8,161	7,569	46,606
Net Cash Receipts (Disburse)	10,788	(26,181)	(8,449)	(15,195)	459	12,122	(10,951)	10,208	(6,282)	2,953	(9,196)	1,280	(8,423)	(7,831)	(46,868)
Paydown/Draws on DIP					-	-	-	-	-	-	-	-	-	-	-
Draw from NTPA Escrow	-	-	-	-					-	-	-	-	5,262	5,262	5,262
Ending Balance	57,394	31,212	22,764	7,569	8,028	20,149	9,198	19,406	13,124	16,077	6,880	8,161	5,000	5,000	5,000

Note: Figures presented herein for Week 1 (8-July) through Week 4 (29-July) are actuals. The forecasted figures presented herein need to be reviewed in conjunction with an understanding of the assumptions on which this forecast is based

Cash Flow Forecast U.S.& Canade			3rd Quarter														
			1	2	3	4	5	6	7	8	9	10	11	12	13	Remng	Total
($000)			8-Jul	15-Jul	22-Jul	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep	30-Sep	3rdQ '06	3rd Qtr
NTPA (Liquidity Account)																	
Starting Balance							9,499	9,499	9,499	11,170	11,170	15,070	22,570	22,823	24,499	9,499	9,499
Adds to Account									1,671	-	3,900	7,500	253	1,878	-	15,000	15,000
(Draws)Repayment									-	-	-	-	-	-	(5,262)	(5,262)	(5,262)
Cumulative (Draws)							-	-	-	-	-	-	-	-	(5,262)	(5,262)	(5,262)
Ending Balance							9,499	9,499	11,170	11,170	15,070	22,570	22,823	24,499	19,237	13,975	19,237
Components of NTPA																	
Current NTPA Bal. (3rd Amend)							9,499	9,499	9,499	9,499	9,499	9,499	9,499	9,499	9,499		
4th Amendment Asset Sales																	
MOBIS	11,400	100%					-	-		-	3,900	11,400	11,400	11,400	11,400		
Fabrics	17,037	75%					-	-	-		-	-	253	2,653	2,653		
SERP	1,671	100%							1,671	1,671	1,671	1,671	1,671	1,671	1,671		
Convertibles	17,500	75%															
Europe	43,600	40%							-	-	-	-	-	-	-		
Williamston		75%										-	-	-	-		
Other		75%															
Subtotal	91,208																
Funds NTPA-4th Amendment							-	-	1,671	1,871	5,571	13,071	13,324	15,724	15,724		
Amt for Liquidity									1,671	1,671	5,571	13,071	13,324	15,000	15,000		
Total Funds in NTPA							9,499	9,499	11,170	11,170	15,070	22,570	22,823	25,223	25,223		
Total Available for Liquidity							9,499	9,499	11,170	11,170	15,070	22,570	22,823	24,499	24,499		
Available for Takeaway CapEx							-	-	-	-	-	-	-	724	724		
Amount Used to Paydown DIP							-	-	-	-	-	-	84	884	884		
c **Total Amount of Asset Sales**							-	-	1,671	1,671	5,571	13,071	13,406	16,608	16,608		
Fabrics Escrow																	
Escrow Account Balance							5,837	5,837	5,637	10,337	10,337	10,337	10,337	13,537	13,537		
Accrued Funds							5,300	6,100	2,400	3,200	3,900	4,600	2,100	2,800	3,500		
Transfer to Escrow									4,500	-			3,200				
Total: Escrow/Accrual							11,137	11,937	12,737	13,537	14,237	14,937	15,637	16,337	17,037		
Amount to NFTA																	
75%/25% Escrow Amount over													10,000	10,000	10,000		
to NTPA													253	2,653	2,653		

CASH FL ORECAST PRELIMINARY AND CONI .IAL

Cash Flow Forecast U.S.& Canada ($000)	4th Quarter 1	2	3	4	5	6	7	8	9	10	11	12	13	Subtotal	Total
	7-Oct	14-Oct	21-Oct	28-Oct	4-Nov	11-Nov	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec	23-Dec	30-Dec	4thQ '06	2006
Production Revenue															
Top 6 OEM	34,865	34,865	34,865	34,865	35,649	35,649	35,649	21,389	34,960	34,960	34,960	34,960	-	407,634	1,618,999
NonTop 6 OEM	4,754	4,754	4,754	4,754	4,861	4,861	4,861	2,917	4,767	4,767	4,767	4,767	-	55,587	342,106
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,995
Production Revenue	39,619	39,619	39,619	39,619	40,510	40,510	40,510	24,306	39,727	39,727	39,727	39,727	-	463,221	1,984,099
Price Increases														-	42,468
Total Production Revenue	39,619	39,619	39,619	39,619	40,510	40,510	40,510	24,306	39,727	39,727	39,727	39,727	-	463,221	2,026,567
Cash Receipts															
Top 6 OEM A/R	34,952	34,865	34,865	34,865	34,865	35,649	35,649	35,649	21,389	34,960	34,960	34,960	34,960	442,586	1,695,269
Non Top 6 OEM A/R	4,335	4,766	3,813	4,766	4,766	4,766	4,754	4,754	4,754	4,754	4,861	4,861	4,861	60,813	319,826
Other/GECC	-	4,000	-	-	-	-	-	-	-	-	15,000	-	-	19,000	45,034
Price Increases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,014
Retro/Settlements	-	-	7,500	-	-	7,500	-	-	-	-	-	-	-	15,000	51,382
OEM CapEx PiecePrice Reimb.	-	-	-	-	-	-	-	-	-	-	-	(2,800)	-	(2,800)	(5,600)
Mexico	-	750	-	750	-	750	-	750	-	750	-	750	-	4,500	35,590
Indexing Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tooling Reimbursement	-	-	-	-	-	-	-	-	5,000	-	-	-	-	5,000	23,134
Net Tooling Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,945
Other/Settlement														-	12,986
Canada GST	396	396	396	396	405	405	405	243	397	397	397	397	-	4,632	24,660
Total Cash Receipts	39,683	44,777	46,574	40,777	40,036	49,070	40,808	41,396	31,541	40,862	55,218	38,168	39,821	548,731	2,254,241
Operating Disbursements															
Vendor Payments															
Trade Payables	(19,845)	(19,845)	(19,845)	(20,476)	(20,476)	(20,476)	(12,486)	(20,103)	(20,003)	(20,003)	(20,003)	(11,182)	(11,182)	(235,923)	(1,044,169)
Other														-	13,330
Payroll															
Salaries and Wages	(3,805)	(4,771)	(3,862)	(10,375)	(5,616)	(3,805)	(4,827)	(3,805)	(10,827)	(3,805)	(4,827)	(3,805)	(10,827)	(74,960)	(345,074)
Benefits	(3,699)	(3,953)	(2,759)	(1,700)	(3,700)	(4,048)	(2,465)	(1,819)	(3,745)	(3,665)	(4,809)	(1,819)	(1,700)	(39,881)	(156,094)
Payroll Taxes	(1,709)	(2,134)	(1,734)	(4,266)	(2,297)	(1,709)	(2,159)	(1,709)	(4,799)	(1,709)	(2,159)	(1,709)	(4,799)	(32,892)	(162,627)
Other/KERP														-	(3,552)
Rent (Occupancy, Operating Leases)	(2,200)	(1,101)	(1,641)	(1,650)	(1,619)	(904)	(1,641)	(1,650)	(1,584)	(900)	(1,541)	(900)	(670)	(18,001)	(64,542)
R&M, Utilities, GST and Other	(4,307)	(5,405)	(5,366)	(4,963)	(4,902)	(5,682)	(6,125)	(4,810)	(4,987)	(5,984)	(5,467)	(7,964)	(6,162)	(72,125)	(283,393)
Intercompany Funding														-	-
Projected Cost Savings		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Disbursements	(35,565)	(37,209)	(35,207)	(43,430)	(38,610)	(36,624)	(29,703)	(33,896)	(45,945)	(36,067)	(38,806)	(27,379)	(35,341)	(473,783)	(2,046,122)
Net Operating Cash Flows	4,118	7,568	11,367	(2,653)	1,426	12,445	11,105	7,499	(14,404)	4,795	16,412	10,789	4,480	74,949	208,119
				20,401				32,476					22,072	74,949	74,949
Other Disbursements															
C&A Funded CapEx	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(13,000)	(48,499)
Additional CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring Costs	(925)	(925)	(925)	(925)	(1,100)	(1,100)	(1,100)	(1,100)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(13,900)	(23,479)
Contingency/Sabic	-	-		-	-	-	-	-	-	-	-	-	-	-	(3,500)
Financing Payments															
Interest Payments	-	-	-	-	(1,014)	-	-	-	(981)	-	-	-	(1,014)	(3,009)	(51,413)
Adequate Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,361)
Other (Bank Fees)							(150)							(150)	(698)
Professional Fees, Inc. Holdbacks	-	(7,000)	-	-	-	-	(7,000)	-	-	-	(7,000)	-	-	(21,000)	(88,000)
Total Other Disbursements	(1,925)	(8,925)	(1,925)	(1,925)	(3,114)	(2,100)	(9,250)	(2,100)	(3,141)	(2,160)	(9,160)	(2,160)	(3,174)	(51,059)	(229,950)
Total Disbursements	(37,490)	(48,134)	(37,132)	(45,355)	(41,724)	(38,724)	(36,953)	(35,996)	(49,086)	(38,227)	(47,966)	(29,539)	(38,515)	(524,842)	(2,276,072)
Net Cash Receipts (Disbursements)	2,193	(1,357)	9,442	(4,578)	(1,688)	10,345	1,855	5,399	(17,546)	2,635	7,252	8,829	1,306	23,889	(21,831)
				5,701				15,912					2,277	23,889	
Net Cash Balance															
Beginning Balance	5,000	7,193	5,836	15,000	10,422	8,734	15,000	15,951	21,351	5,000	7,635	14,887	22,321	5,000	49,580
Net Cash Receipts (Disburse)	2,193	(1,357)	9,442	(4,578)	(1,688)	10,345	1,855	5,399	(17,546)	2,635	7,252	8,629	1,306	23,889	(21,831)
Paydown/Draws on DIP	-	-	-	-	-	-	-	-	-	-		-	-	-	(4,121)
Draw from NTPA Escrow	-	-	(278)	-	-	(4,080)	(904)	-	1,195	-	-	(1,195)	-	(5,262)	-
Ending Balance	7,193	5,836	15,000	10,422	8,734	15,000	15,951	21,351	5,000	7,635	14,887	22,321	23,627	23,627	23,627

Note: The forecasted figures presented herein need to be reviewed in conjunction with an understanding of the assumptions on which this forecast is based

Cash Flow Forecast U.S.& Canada		($000)	4th Quarter 1	2	3	4	5	6	7	8	9	10	11	12	13	Subtotal	Total
			7-Oct	14-Oct	21-Oct	28-Oct	4-Nov	11-Nov	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec	23-Dec	30-Dec	4thQ '06	2006
																	11,327
NTPA (Liquidity Account)																	
Starting Balance			19,237	19,237	19,237	19,515	19,515	19,515	23,595	24,499	24,499	23,304	23,304	23,304	24,499	19,237	9,499
Adds to Account			-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000
(Draws)Repayment			-	-	278	-	-	4,080	904	-	(1,195)	-	-	1,195	-	5,262	-
Cumulative (Draws)			(5,262)	(5,262)	(4,984)	(4,984)	(4,984)	(904)	-	-	(1,195)	(1,195)	(1,195)	-	-	-	-
Ending Balance			19,237	19,237	19,515	19,515	19,515	23,595	24,499	24,499	23,304	23,304	23,304	24,499	24,499	24,499	24,499
Components of NTPA																	
Current NTPA Bal. (3rd Amend)			9,499	9,499	9,499	9,499	9,499	9,499	9,499	9,499	9,499	9,499	9,499	9,499	9,499		
4th Amendment Asset Sales																	
MOBIS	11,400	100%	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400		
Fabrics	17,037	75%	2,653	2,653	8,403	9,028	9,028	9,028	9,028	9,028	9,028	9,028	9,028	9,028	9,028		
SERP	1,671	100%	1,671	1,871	1,871	1,671	1,671	1,671	1,871	1,871	1,671	1,671	1,671	1,671	1,671		
Convertibles	17,500	75%	-	-	-	-	-	-	-	13,125	13,125	13,125	13,125	13,125	13,125		
Europe	43,600	40%	-	-	-	-	-	-	-	-	-	-	-	-	17,440		
Williamston		75%	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other		75%															
Subtotal	91,208																
Funds NTPA-4th Amendment			15,724	15,724	19,474	22,099	22,099	22,099	22,099	35,224	35,224	35,224	35,224	35,224	52,684		
Amt for Liquidity			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000		
Total Funds in NTPA			25,223	25,223	28,973	31,598	31,598	31,598	31,598	44,723	44,723	44,723	44,723	44,723	62,163		
Total Available for Liquidity			24,499	24,499	24,499	24,499	24,499	24,499	24,499	24,499	24,499	24,499	24,499	24,499	24,499		
Available for Takeaway CapEx			724	724	4,474	7,099	7,099	7,099	7,099	20,224	20,224	20,224	20,224	20,224	37,664		
Amount Used to Peydown DIP			884	884	2,134	3,009	3,009	3,009	3,009	7,384	7,384	7,384	7,384	7,384	33,544		
c **Total Amount of Asset Sales**			16,608	16,608	21,808	25,108	25,108	25,108	25,108	42,608	42,608	42,608	42,608	42,608	86,208		
Fabrics Escrow																	
Escrow Account Balance			13,537	13,537	13,537	17,037	17,037	17,037	17,037	17,037	17,037	17,037	17,037	17,037	17,037		
Accrued Funds			3,500	3,500													
Transfer to Escrow					3,500												
Total: Escrow/Accrual			17,037	17,037	17,037	17,037	17,037	17,037	17,037	17,037	17,037	17,037	17,037	17,037	17,037		
Amount to NFTA																	
75%/25% Escrow Amount over			10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000		
to NTPA			2,853	2,653	8,403	9,028	9,028	9,028	9,028	9,028	9,028	9,028	9,028	9,028	9,028		

EXHIBIT GG

COLLINS & AIKMAN

Collins & Aikman Corporation and North American Subsidiaries

June 2006 YTD Actual Compared to "2006 Operating Plan" and "4+8 Plan"
(millions)

	Actual	2006 Operating Plan	Variance ($)	Variance (%)	4+8 Plan	Variance ($)	Variance (%)
Net Sales	$1,409.1	$1,395.4	$13.7	1.0%	$1,398.4	$10.7	0.8%
Adjusted EBITDA	$96.8	$132.2	($35.4)	-26.8%	$100.5	($3.7)	-3.7%

June 2006 Month Actual Compared to "2006 Operating Plan" and "4+8 Plan"

	Actual	2006 Operating Plan	Variance ($)	Variance (%)	4+8 Plan	Variance ($)	Variance (%)
Net Sales	$259.4	$260.6	($1.2)	-0.5%	$249.1	$10.3	4.1%
Adjusted EBITDA	$21.2	$32.4	($11.2)	-34.6%	$26.8	($5.6)	-20.9%

Source: DIP Credit Facility Monthly Reporting Package June 30, 2006
Debtor Response to the June 20, 2007 Information Request

EXHIBIT HH

Collins & Aikman

Presentation to Stakeholders

August 16, 2006

Confidential

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This document contains statements relating to future results of Collins & Aikman Corporation ("C&A" or the "Company") (including certain anticipated, believed, planned, forecasted, expected, targeted, and estimated results and C&A's outlook concerning future results) that are "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. Guidance concerning our expected results are such "forward-looking" statements and they are preliminary estimates that are subject to change based upon, among other things, additional information concerning results not yet available, a review of those results by C&A and its auditors and additional analyses that have not yet been undertaken or completed. This information is necessarily incomplete and should be reviewed in the context of the company's reported results once those are available. Risk factors that could cause material differences in the information contained herein, include, without limitation: (a) market and industry conditions including: a decline in North American, South American and European automobile and light truck builds; the level of competition in the automotive supply industry; changes in the popularity of particular cars and interior trim programs; labor unrest (including potential strikes) affecting major customers; increases in the price of raw materials; and changes to prevailing levels of interest rates; (b) company-specific conditions including: the ability to earn significant "takeaway business" from other suppliers; dependence on significant automotive customers; the ability to obtain financing and service or refinance high debt levels; the adequacy of liquidity and capital resources; the ability to finance needed capital expenditures; fluctuations in the production of vehicles for which C&A is a supplier; pricing pressures from customers; labor unrest (including potential strikes) at operations; and risks associated with doing business in foreign countries; and (c) additional risk factors detailed in C&A's filings with the Securities and Exchange Commission.

The financial projections contained in this presentation do not contain certain cost-savings and other items that the Debtors would need to realize to successfully reorganize and emerge from Chapter 11. Instead, the following presentation contains financial projections that assume a cost structure consistent with the Debtors remaining in Chapter 11.

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Legacy Issues

- Plastics senior management team
- Operational and financial leadership at plant level
- Plant floor skill sets
- Operational execution
- Facilities management and maintenance
- Operational / financial controls, policies and procedures

Corrective Actions

- Organizational actions
- Operational controls
- Manufacturing systems
- Manufacturing footprint

Recent Organizational Actions – Plastics (see Appendix I)

- Senior Management
  - Jim Wynalek – President
  - Joe Baldarotta – Vice President Operations
  - Jim Thompson – Vice President, Finance
  - Dana Drescher – Vice President, Business and Capacity Planning
- Temporary Staffing
  - 35 new engineering positions
  - 9 high priority existing positions at 9 plants
    - 17 agency engineers
    - 15 current employees, redeployed
  - 2 automotive industry veterans
    - Harry Jones – Operations and profitability
    - John Tobiczyk – Scrap coordinator

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See Appendix for Organizational Chart

Operational Controls

- Tracking and monitoring systems being implemented
  - Daily Operating System
    - Quality
    - Delivery
    - Cost
  - Weekly Financial Flash Report
    - Sales
    - Material / scrap
    - Labor
    - EBITDA
    - Extraordinary items (launch/premium costs)
  - Monthly Business Operating System
    - Safety
    - People
    - Quality Delivery Cost

Manufacturing Systems

- Work standard revision
- Manpower planning
- Uptime optimization
- Quality management
- Analyze / drive plant cost reductions
- Freight optimization
- Purchasing efficiency
- Best practice deployment – "Copy Exact"
- Rationalize tooling group
- Collins & Aikman Manufacturing Systems "CAMS"

Manufacturing Footprint – Plant Closure / Transfer / Price Increase

Action	Plant / OEM Impacted	Timing	Rationale
Close / Price Increase	Port Huron *DCX / Ford*	Q3 07	LX door business rolls off in mid 2007 ($40 million). GM door assets ($30 Million) can be redeployed to SHO and appliqués outsourced ($19 million) purchasing has lower cost quotes for selected appliqué parts.
Close	Morristown *Toyota / Ford*	Q4 06	Low asset utilization and losses on existing business mandate closure. Redeploy profitable products to Athens and Columbia and outsource or giveback unprofitable parts.
Transfer / Price Increase	Hermosillo *Ford*	Q4 06	Current profitability does not reflect GE lease and Ford Capex repayments that make the plant breakeven at best on a cash flow basis. Ford's reluctance to grant resin price increases has further undermined profitability. C&A has requested a $42 million price increase and is evaluating cost reduction initiatives to improve profitability.
Transfer/Sell / Close / Price Increase	Evart Belvidere Windsor *DCX*	Q4 06	Not fixable in the short term. Even under the most optimistic conditions it would require a 10% price increase from the customer, more likely 20%. Sequencing centers would be transferred also due to off standards at Evart impacting financial performance. The Company will likely request a price increase to allow the plant to operate at a break even level and work with DCX to transfer the programs, sell the plant and/or close the facility. Price increases would occur in Q4 06; transition out of Evart during 2007.
Transfer/Sell/ Close / Price Increase	Farmington *DCX*	Q4 06	Not fixable in the short term. Flex bright line and PM/MK tooling are creating scrap that is not financially viable.

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Overview of Forecast (6+6) with variance to (4+8)

Revenue and EBITDA

($ millions)	6+6	4+8	Forecast B/(W)
Revenue	$ 2,480.2	$ 2,485.0	$ (4.8)
Cash COGS	$ 2,213.4	$ 2,146.8	$ (66.6)
SG&A	$ 161.3	$ 158.9	$ (2.4)
EBITDA	$ 105.5	$ 179.3	$ (73.8)
Margin	4.3%	7.2%	

Company EBITDA $105.5 million – Unfavorable **$73.8** million

- Plastics EBITDA $82.9 million – Unfavorable **$75.6** million
  - Manufacturing performance
  - Resin recovery
  - Cost reductions
- Soft Trim EBITDA $140.8 million – Favorable **$2.2** million
- Fabrics EBITDA ($4.6) million – Favorable **$1.7** million
- Convertibles EBITDA $5.1 million – Unfavorable **$0.6** million
- Tooling EBITDA ($18.2) million – Unfavorable **$5.5** million
- Corporate Overhead ($100.5) – Favorable **$4.0** million

EBITDA Bridge

($ millions)	
EBITDA 4 + 8	**$ 179.3**
Volume/mix	(1.0)
Manufacturing performance	(27.7)
Cost reductions	(9.8)
Ford recovery - resin/non-NAFTA	(14.3)
Guelph forecasting	(6.4)
Tooling cost overruns	(5.5)
Service part pricing	(3.0)
Plastics administration	(5.4)
Other, net	(0.7)
Net change	**$ (73.8)**
EBITDA 6 + 6	**$ 105.5**

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Financial Highlights – 2006 to 2007 (See Appendix II)

($ Millions)

			Execution Risk			
	2006 Baseline	VOL/MIX	LOW	MED	HIGH	2007
Revenue	$ 2,480.2	$ (256.3)	$ (313.7)	$ 5.6	$ 224.1	$ 2,139.9
EBITDA						
Plastics	$ 82.9	$ (34.8)	$ 21.1	$ 46.2	$ 51.1	$ 166.5
Soft Trim	140.8	(30.0)	0.1	-	-	110.9
Other (1)	6.1	-	0.8	-	-	6.9
Corporate	(124.3)	-	11.3	-	-	(113.0)
Total	$ 105.5	$ (64.8)	$ 33.3	$ 46.2	$ 51.1	$ 171.3
Cumulative		$ 40.7	$ 74.0	$ 120.2	$ 171.3	

(1) Baseline includes Convertibles, Fabrics and Tooling

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Critical Issues – Short Term

- Resolve restructuring issues with all OEMs
  - Expedited payment terms
  - Extension of non-resourcing commitment
  - New business awards
  - Treatment of existing OEM/C&A claims and setoffs
  - Releases
- DCX
  - Takeaway business
  - Plant rationalizations – Evart, Belvidere, Farmington, Windsor
  - Price increases
  - Other open commercial

Critical Issues – Short Term

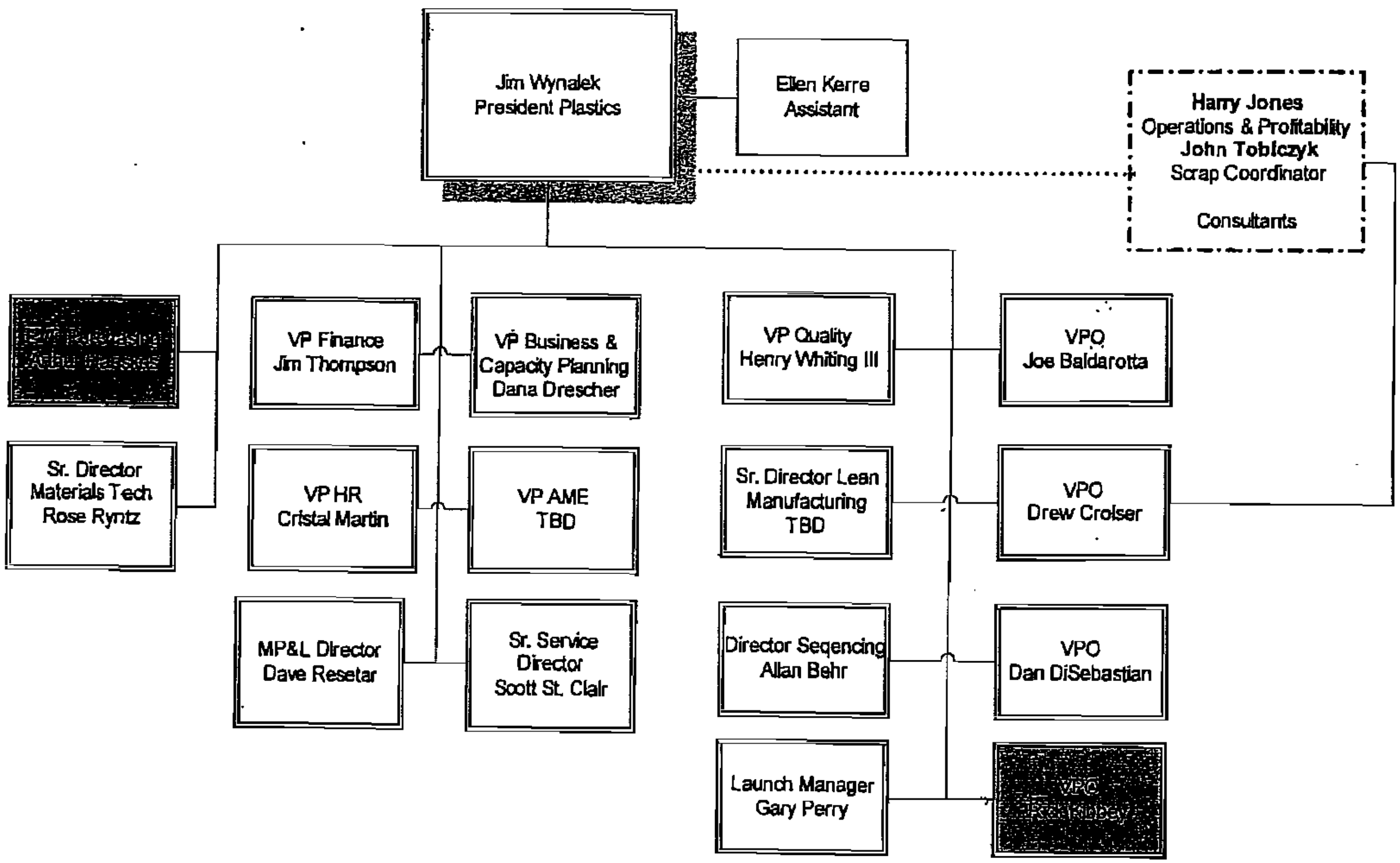
- Ford
  - Hermosillo
  - Other open commercial issues
- GM
  - Solstice
  - Camaro
- Pre-petition lenders
  - Adequate protection
- Resin supply agreement
- Collective bargaining
- Pension treatment
- OPEB treatment

Next Steps

■ File POR and disclosure statement	8/31/06
– Audit issues	
■ Customer settlements	9/30/06
– Restructuring	
– Commercial	
■ Finalize adequate protection agreement	8/31/06
■ Finalize resin supply agreement	8/31/06
■ Resolve labor issues	by confirmation
■ Execute plant rationalization program	
– Morristown	Q4 06
– Evart/Belvidere/Farmington/Windsor	Q4 06
– Hermosillo	Q4 06
– Port Huron	Q3 07
■ Initiate corporate SG&A reduction program	Q4 06 / Q1 07
■ Finalize outstanding issues with government agencies	Q4 06

Appendix I – Plastics Organization Charts

Plastics Organization Chart



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Organizational Assessment: Plant Leadership

Plant Leadership	Plant Manager	Controller	Operations Manager	HR Manager	Quality Manager	Materials Manager	Engin. Manager
Crosier							
Brampton			N/A		N/A		N/A
Guelph	New	New					
Gananoque			N/A			N/A	N/A
Mississauga	New						
Scarborough	New						N/A
Port Hope			N/A				
Port Huron	New					New	
[illegible]							
Evart					New	New	N/A
Americus							
Di Sebastian							
Athens			N/A				
Columbia			N/A				
Havre de Grace							
Morristown							
Rantoul I							
Rantoul II			N/A				
Rantoul III			N/A				
Newark			New				
Kibbey							
Sterling	New						
Williamston			N/A				
Owosso			N/A				
Hermosillo			N/A				
Saltillo			N/A				
Behr							
Belvidere		New			New		
St. Louis		New					
Windsor		N/A	N/A	N/A	N/A	N/A	N/A
[illegible]							
Farmington							
TEG Farmington							
Belleville			N/A				

=120 (69%) =35 (20%) =19 (11%)

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Organizational Assessment: Technical Personnel

	Process/ Manufacturing Engineering	Quality Engineering	Combination Quality/Mfg	Industrial Engineering	Other Plant Specific Process Expertise
Crosier					
Brampton					
Guelph					
Gananoque					
Mississauga					
Scarborough					
Port Hope					
Port Huron					Molding
St. Clair					
Evart					
Amedcus					
Di Sebastian					
Athens					Maint.
Columbia				New	
Havre de Grace				New	
Morristown		New			
Rantoul I					
Rantoul II					
Rantoul II					
Newark					
Kibbey					
Sterling					Process Eng
Williamston					
Owosso					
Saltillo					
Hermosillo					
Sequencing					
Belvidere					
St. Louis					
Windsor					
Tooling					
Farmington					
TEG Farmington					
Belleville					

=66 (68%) =17 (18%) =14 (14%)

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Appendix II – Selected Financial Highlights

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8/16/2006

Appendix II - Selected Financial Highlights

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2006 BY SEGMENT
($ in 000s)

	PLASTICS	CARPET & ACOUSTICS	CONVERTIBLES	FABRICS	TOOLING / MATERIALS DEVELOPMENT	CORPORATE & ELIMS	2006
2006 BY SEGMENT							
Net Sales	1,560,263.7	777,080.9	97,502.9	104,125.8	51,175.9	(109,970.4)	2,480,178.8
Direct Materials	907,168.5	387,140.5	63,129.8	57,431.0	14,098.4	(124,024.3)	1,304,944.0
Direct Labor	137,694.4	56,992.3	7,055.3	13,076.2	13,416.2	0.0	228,234.5
Variable Overhead	278,050.6	120,014.7	12,907.8	20,996.2	24,099.2	27.5	456,095.7
Fixed Overhead	138,164.1	56,174.6	7,067.3	11,350.3	11,437.2	1.1	224,194.6
Manufacturing Depreciation	58,554.9	22,671.0	3,319.9	6,322.6	3,434.7	0.0	94,303.1
Subtotal COGS	1,519,632.6	642,993.1	93,480.1	109,176.3	66,485.6	(123,995.9)	2,307,771.9
Gross Profit	40,631.0	134,087.8	4,022.8	(5,050.6)	(15,309.8)	14,025.5	172,406.9
SG&A Expense	16,294.4	15,939.5	2,277.2	5,832.2	6,322.9	114,587.5	161,253.6
SG&A Depreciation	0.0	0.0	0.0	0.0	0.0	3,672.9	3,672.9
Amortization	180.1	1,730.9	17.8	0.0	0.0	8,578.9	10,507.6
Subtotal SG&A	16,474.5	17,670.4	2,295.0	5,832.2	6,322.9	126,839.2	175,434.1
Operating Income (EBIT)	24,156.6	116,417.4	1,727.8	(10,882.7)	(21,632.6)	(112,813.7)	(3,027.2)
Depreciation	58,554.9	22,671.0	3,319.9	6,322.6	3,434.7	3,672.9	97,976.0
Amortization	180.1	1,730.9	17.8	0.0	0.0	8,578.9	10,507.6
EBITDA	82,891.6	140,819.4	5,065.5	(4,560.1)	(18,198.0)	(100,562.0)	105,456.4
2006 OPERATING METRICS							
Direct Materials	58.1%	49.8%	64.7%	55.2%	27.5%	NM	52.6%
Direct Labor	8.8%	7.3%	7.2%	12.6%	26.2%	NM	9.2%
Variable Overhead	17.8%	15.4%	13.2%	20.2%	47.1%	NM	18.4%
Fixed Overhead	8.9%	7.2%	7.2%	10.9%	22.3%	NM	9.0%
Manufacturing Depreciation	3.8%	2.9%	3.4%	6.1%	6.7%	NM	3.8%
Gross Margin	2.6%	17.3%	4.1%	(4.9%)	(29.9%)	NM	7.0%
SG&A % of Sales	1.1%	2.3%	2.4%	5.6%	12.4%	NM	7.1%
EBIT Margin	1.5%	15.0%	1.8%	(10.5%)	(42.3%)	NM	(0.1%)
EBITDA Margin	5.3%	18.1%	5.2%	(4.4%)	(35.6%)	NM	4.3%

Note: Operating Income excludes $134.9 million of bankruptcy-related expenses

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2007 BY SEGMENT
($ in 000s)

	PLASTICS	CARPET & ACOUSTICS	TOOLING / MATERIALS DEVELOPMENT	PENSION	CORPORATE	ED&D RECOVERY	ELIMS	2007
2007 BY SEGMENT								
Net Sales	1,463,178.6	705,060.0	0.0	0.0	0.0	0.0	(28,293.6)	2,139,945.0
Direct Materials	815,509.5	352,400.0	0.0	0.0	0.0	0.0	(28,293.6)	1,139,615.9
Direct Labor	115,329.7	54,000.0	0.0	0.0	0.0	0.0	0.0	169,329.7
Variable Overhead	243,407.5	117,200.0	0.0	(10,320.0)	0.0	0.0	0.0	350,287.5
Fixed Overhead	92,403.7	55,300.0	0.0	0.0	0.0	0.0	0.0	147,703.7
Subtotal Cash COGS	1,266,650.5	578,900.0	0.0	(10,320.0)	0.0	0.0	(28,293.6)	1,806,936.9
Cash Gross Profit	196,528.1	126,160.0	0.0	10,320.0	0.0	0.0	0.0	333,008.1
Cash SG&A Expense	19,994.4	15,500.0	11,000.0	(2,580.0)	123,000.0	0.0	0.0	166,714.4
Risks / (Opportunities) Hedge	10,000.0	0.0	(5,000.0)	0.0	(10,000.0)	0.0	0.0	(5,000.0)
EBITDA before ED&D Recovery	166,533.8	110,660.0	(6,000.0)	12,900.0	(113,000.0)	0.0	0.0	171,293.8
Memo: ED&D Recovery	0.0	0.0	0.0	0.0	0.0	36,500.0	0.0	36,500.0
2007 OPERATING METRICS								
Direct Materials	55.7%	50.0%	NM	NM	NM	NM	NM	53.3%
Direct Labor	7.9%	7.7%	NM	NM	NM	NM	NM	7.9%
Variable Overhead	16.6%	16.6%	NM	NM	NM	NM	NM	16.4%
Fixed Overhead	6.3%	7.8%	NM	NM	NM	NM	NM	6.9%
Cash Gross Margin	13.4%	17.9%	NM	NM	NM	NM	NM	15.6%
Cash SG&A % of Sales	1.4%	2.2%	NM	NM	NM	NM	NM	7.8%
EBITDA Margin (Before ED&D Recovery)	11.4%	15.7%	NM	NM	NM	NM	NM	8.0%

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[illegible] PLASTICS ROLLFORWARD

[illegible]

EXECUTION RISK - [illegible]

	2006	NNB Volume & Mix(a)	Manufacturing Capacity Restructuring	Price Downs(b)	Launch Programs(c)	Cost Reductions(d)	Labor Economics(e)	Utilities Economics(f)	Load Shedding(g)	Material Economics(h)	VA/VE(i)	Inbound Freight(j)	2006 Plant Closures(k)	SUBTOTAL	CUMULATIVE
Net Sales	1,565,264	(172,402)	(119,384)	(14,091)	0	0	0	0	0	0	0	0	0	(320,412)	1,243,452
Direct Materials	802,448	(113,447)	(43,491)	0	4,400	(6,300)	0	0	0	4,400	(3,000)	0	0	(156,840)	730,328
Direct Labor	317,684	(17,060)	(15,541)	0	1,600	(3,990)	1,847	0	0	0	(3,000)	0	0	(37,169)	100,328
Variable Overhead	278,481	(78,474)	(43,311)	0	0	(4,687)	5,643	470	(2,400)	0	0	(1,000)	0	(73,760)	204,180
Fixed Overhead	134,284	0	(21,283)	0	0	(1,200)	0	0	0	0	0	0	(13,100)	(35,083)	103,164
Subtotal Cash COGS	1,463,873	(196,563)	(144,337)	0	4,000	(16,800)	1,320	470	(7,400)	4,400	(6,000)	(1,000)	(13,300)	(322,831)	1,114,042
Cash Gross Profit	99,180	(34,812)	24,946	(14,091)	(4,000)	16,800	(6,510)	(470)	2,400	(4,400)	6,000	1,000	13,100	(3,577)	93,309
Cash SG&A Expenses & Other	16,394	0	0	0	0	5,700	0	0	0	0	0	0	0	4,700	13,994
Risks / (Opportunities) Hedge	0	0	0	0	2,000	3,000	2,000	0	0	0	2,000	0	0	8,000	8,000
EBITDA	82,992	(34,812)	24,946	(14,091)	(8,000)	15,200	(10,510)	(870)	1,400	(8,400)	4,000	1,000	13,100	(13,477)	69,215
EBITDA Margin	5.3%	16.4%	(20.1)%	100.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM		5.6%

Footnotes

(a) Net new business (exclusive of [illegible]), volume, and mix.
(b) Price downs of 1.5%, except GM at 2.0% ([illegible] GM price downs included in NNB Volume & Mix)
(c) Provision for other launch expenses
(d) Ordinary course cost reduction plans.
(e) Labor economics @ 2.5%.
(f) General increase expected in energy costs.
(g) Estimate for energy load shedding initiative.
(h) Resin and steel pricing for 2007.
(i) Estimate of the Company's share of Value Analysis/Value Engineering initiatives.
(j) Estimate for [illegible] freight initiative.
(k) Pro forma, full-year impact of 2006 plant closures on 2007, including Nashville, [illegible], Oklahoma City, and [illegible].
(l) Net purchasing savings, exclusive of [illegible]
(m) Labor savings pursuant to C&A [illegible] under 1113/1114, subject to further internal review and analysis, as well as discussion with major constituencies and potential investors.
(n) Estimate of [illegible]
(o) Estimated savings from new [illegible]
(p) Estimated impact of [illegible]
(q) Assumes [illegible] EBITDA margin.
(r) Substantially all is the DCX business opportunity
(s) DCX business opportunity launch expenses
(t) Plant closures assumed to occur at 1/1/2007, except [illegible] (7/1/2007).

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PLASTICS ROLLFORWARD

	EXECUTION RISK - MEDIUM							EXECUTION RISK - HIGH								
	Purchasing Savings	Labor Opportunities	[illegible]	New Business Support	Resin Reclaiming	SUBTOTAL	CUMULATIVE	Incentive Pricing	Targeted Recovery	DCX Launch	GM Launch	[illegible]	SUBTOTAL	Pro Forma 2007 for Full-Year Changes	$ Change	% Change
Net Sales	0	0	0	0	1,600	1,600	1,230,002	4,600	217,537	0	0	0	234,137	1,463,179	(97,045)	(6.2%)
Direct Materials	(16,000)	0	0	(8,000)	0	(24,000)	701,122	0	149,747	4,640	0	(11,200)	114,987	815,810	(91,519)	(10.1%)
Direct Labor	0	(2,500)	0	0	0	(2,500)	98,026	0	14,564	1,960	0	0	17,304	113,330	(21,346)	(16.2%)
Variable Overhead	0	(5,000)	0	0	0	(5,000)	291,890	0	44,117	0	0	0	44,117	340,428	(54,441)	(13.5%)
Fixed Overhead	0	0	(8,300)	0	0	(8,300)	94,894	0	0	0	(2,400)	0	(2,500)	92,494	(45,760)	(33.1%)
Subtotal Cash COGS	(16,000)	(7,500)	(8,300)	(8,000)	0	(41,600)	1,090,441	0	178,306	7,400	(3,400)	(13,200)	173,000	1,264,450	(104,437)	(13.5%)
Cash Gross Profit	16,000	7,500	8,300	8,000	1,600	46,200	143,497	4,600	39,119	(7,400)	3,400	13,200	53,119	198,528	17,342	10.1%
Cash SG&A Expenses & Other	0	0	0	0	0	0	17,994	0	0	3,000	0	0	3,000	18,094	3,700	23.7%
Risk / (Opportunity) Hedge	2,000	0	0	0	0	2,000	10,000	0	0	0	0	0	0	10,000	10,000	N.A.
EBITDA	16,000	7,500	8,300	8,000	1,600	44,200	115,411	4,600	39,119	(9,400)	2,400	13,200	51,119	166,534	53,642	(100.9%)
EBITDA Margin	NM	NM	NM	NM	100.0%		9.4%	100.0%	18.0%	NM	NM	NM		11.4%		

Footnotes
(a) Net core business (exclusive of targeted takeaway business), volume, and mix.
(b) [illegible]
(c) [illegible]
(d) [illegible]
(e) Labor economies @ 2.5%.
(f) [illegible]
(g) [illegible]
(h) [illegible]
(i) [illegible]
(j) [illegible]
(k) Pro forma, full-year impact of 2006 plant closures in 2007, including Nashville, [illegible], Manchester, Oklahoma City, and [illegible]
(l) [illegible]
(m) [illegible]
as well as [illegible]
(n) [illegible]
(o) [illegible]
(p) [illegible]
(q) [illegible] EBITDA [illegible]
(r) [illegible] DCX [illegible]
(s) DCX [illegible]
(t) [illegible] 1/1/2007, [illegible] (7/1/2007).

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2006 PF PLASTICS BRIDGES - PLANT CONSOLIDATIONS
($ in 000s)

	2006	Morristown	Port Huron	Evart	Windsor	Belvidere	Farmington	Elims	PF 2006	$ Change	% Change
Net Sales	1,560,264	0	0	(87,144)	(3,020)	(36,395)	(26,489)	33,687	1,440,903	(119,361)	(7.7%)
Direct Materials	907,169	0	0	(50,644)	(16)	(32,041)	(14,680)	33,687	843,474	(63,695)	(7.0%)
Direct Labor	137,694	0	0	(7,754)	(1,281)	(2,334)	(4,180)	0	122,145	(15,549)	(11.3%)
Variable Overhead	278,051	600	0	(32,871)	(545)	(1,794)	(9,122)	0	234,319	(43,731)	(15.7%)
Fixed Overhead	138,164	(2,262)	(3,822)	(9,372)	(998)	(1,640)	(3,159)	0	116,912	(21,252)	(15.4%)
Subtotal Cash COGS	1,461,078	(1,662)	(3,822)	(100,641)	(2,840)	(37,809)	(31,140)	33,687	1,316,850	(144,227)	(9.9%)
Cash Gross Profit	99,186	1,662	3,822	13,497	(180)	1,414	4,652	0	124,052	24,866	25.1%
Cash SG&A Expense	16,294	0	0	0	0	0	0	0	16,294	0	0.0%
EBITDA	82,892	1,662	3,822	13,497	(180)	1,414	4,652	0	107,758	24,866	30.0%
EBITDA Margin	*5.3%*	*NM*	*NM*	*(15.49%)*	*5.96%*	*(3.89%)*	*(17.56%)*	*0.00%*	*7.5%*	*(20.8%)*	

Note: Plant closures assumed to occur at 1/1/2007, except Port Huron (7/1/2007).

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2007 CARPET & ACOUSTICS ROLLFORWARD
($ in 000s)

	2006	NNB Volume & Mix[a]	Pricing	Cost Reductions[b]	Energy Economics	Labor Economics[c]	Purchasing[d]	Lasalle Closure[e]	Hermosillo Outside Sales	Other	2007	% Change
Net Sales	777,081	(62,881)	(9,140)	0	0	0	0	0	0	0	705,060	(9.3%)
Subtotal Cash COGS	620,322	(32,882)	0	(17,000)	1,400	2,160	3,000	1,500	0	400	578,900	(6.7%)
Gross Profit	156,759	(29,999)	(9,140)	17,000	(1,400)	(2,160)	(3,000)	(1,500)	0	(400)	126,160	(19.5%)
SG&A Expense	15,939	0	0	0	0	(640)	0	0	0	0	15,300	(4.0%)
EBITDA	140,819	(29,999)	(9,140)	17,000	(1,400)	(1,521)	(3,000)	(1,500)	0	(400)	110,860	(21.3%)
EBITDA Margin	*18.1%*	*47.7%*	*100.0%*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*15.7%*	

Footnotes:
(a) Volume reflects loss of RS, Honda Accord, Toyota and Nissan. Loss of RS business, Honda Accord, Toyota and Nissan Matt, Nissan Floors, MDX
(b) Estimated at 3% of cost of goods sold
(c) Approximately 3.5% year-over-year wage increase; estimated split between SG&A and COGS
(d) $5 increase in foam prices (25-30%) offset by $2.0 of other savings
(e) Estimate of severance, equipment move and closure costs

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EXHIBIT II

Jacobs, Ryan

Subject: FW: Just the text due to broken email

From: Anurag Kapur [mailto:akapur@chanin.com]
Sent: Wednesday, August 30, 2006 7:39 PM
To: Dublin, Philip; Freeman, Alexis
Cc: Thomas Carlson
Subject: FW: Just the text due to broken email

FYI -- this was sent to Chanin and A&M

[redacted]
Sent: Wednesday, August 23, 2006 10:30 AM
To: Anurag Kapur; Russ Belinsky
Subject: Just the text due to broken email

I am told they tried to send this to you, but it did not make it through.

I don't know if you have this already or not.

In 3 minutes I was able to come up with many questions that frankly would challenge these numbers (ie, normalized EBITDA is higher). I need to spend more time to put them down coherently.

However, I would appreciate it if you (whoever does this stuff) can create a list of topics/questions predominately based on 2007 EBITDA that if nothing else highlights the potential opportunities in the numbers. My goal is to first have a cohesive list and then you can challenge the company and get their lame answers.

This is clearly the low case in a 100% confidence interval. [redacted].

Given where this is going, you need to get comfortable with the conservativeness of the numbers due to:
-never meeting expectations (although this is an incompetent mgmt team issue, not normalized performance)
-including certain 1x costs that in essence capitalize value on the balance sheet for the future (ie, tooling costs, it has $9M of DCX launch costs and $4M of other launch costs)
-future takeaway opps as DPH is for sale (OEMs may or may not like new owners), other supplier ch. 11 filing will happen (including some plastic guys, and then they are in the box)
-Existing environment has close to trough NA market share from big 3 (F cut 21% in 4Q production, do we really think there is more downside than upside? And the Fusion facility was not even impacted much)
-lack of real cost cutting (what was G&A in 05? 06? and 07 is up 13%? What the HLLI Fire some people, cut back and consolidate, don't need lots of people to mess up the works; how much is that corporate jet? and get rid of all the darn food and drinks in corporate, they deserve no luxuries as their salaries afford them the oppy to buy their own $0.75 soda...while you are at it, shut off the A/C! And why is utilities cost increasing? Do they project electric costs? last I heard from Frank is there is plenty of savings potential in utilities)
-lack of real consolidation plan (expect to lose business and over 1 1/2 years later finally thinking about a consolidation plan) and the real potential impact on EBITDA.
-Upside resin oppy (realize there is risk, but get the facts of the upside; used to be far more than $13M)
-Plastic labor economics of 2.5% (Frank has always talked about 3% normally and in this case far more low hanging fruit, hll GST has 3% and they are a fine machine)
--Etc....

They will file late next week and I am out all week. Things will move quickly after filing in an ugly way. I need you all to step it up and get prepared in advance as once they file and fight, I am sure the Company will further slow down the information flow, communication, and answers.

Please let me know when you can send me a draft of items/questions regarding the model.

Thanks,
Mike

Michael Fineman, CFA
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622 Third Ave, 32nd Floor
New York, NY 10017
(w) 212-906-1142
(c) 908-303-7421
mfineman@thirdave.com

Michael Fineman, CFA
Third Avenue Management LLC
622 Third Ave, 32nd Floor
New York, NY 10017
(w) 212-906-1142
(c) 908-303-7421
mfineman@thirdave.com

Dublin, Philip

From: Michael Fineman [mfineman@thirdave.com]

Sent: Thursday, August 31, 2006 3:00 PM

To: Dublin, Philip; Stamer, Michael

Subject: FW: CKC

Sorry, did not include you in my initial emails.

Thanks,
Mike

[redacted]
Cc: David Barse
Subject: CKC

Gentlemen:

Just wanted to check in as I have heard nothing regarding a list of questions/topics as it relates to the Company's buinsess plan (my email from early last week). I realize the company may be slow in getting back to you, but frankly remain skeptical that will change.

As such, I would appreciate you sending me what we have regarding the existing business plan; or at least provide me a date when I can expect such a list of items and potential impact on EBITDA for 06, 07 and beyond.

Also, I had recommended a meeting with Millard as his business is in essence the total amount of the valuation currently put forth in the banks plan. Other than hearing how Millard is open to splitting off, I have heard nothing else back. His business is the one that has most recently showed a large decline in EBITDA in 07 that was not included in prior plans. Regardless of what corporate says, he would have the best insights as to what business can ultimately be won back and who is currently responsible for dealing with the OEMs (Mary Ann or Millard).

Today's call already highlighted $2M in EBITDA in July being ahead of plan and Lambda which can provide additional EBITDA in the future. There are many more Cadence's out there that will be in trouble and CKC will have a strong shot to win the business. Hence, normalized EBITDA is greater than what they show.

Please let me know ASAP when we will have something toward this goal. [redacted]

Thanks,
Mike

EXHIBIT JJ

HIGHLY CONFIDENTIAL

CUSTOMER AGREEMENT

Dated as of September __, 2006

Among

Collins & Aikman Corporation and Its Direct and Indirect Subsidiaries

and

Ford Motor Company and Its Affiliates Listed on Exhibit A to this Agreement

Table of Contents

Table of Exhibits

Exhibit	**Document Reference**	**Exhibit Title**
Exhibit A		Customers
Exhibit B	Recital A	Current Components
Exhibit C	Article 1.1(h)	Releases
Exhibit D	Article 5.1	New/Replacement Components
Exhibit E	Article 10.2	Contractual Price Downs
Exhibit F	Article 11.1(a)	Raw Material Indexing
Exhibit G	Article 15.3	Past Model Service Part Schedule
Exhibit H	Article 17.1	Repayment Schedule for Cap-Ex Advances
Exhibit I	Article XVIII	Commercial Obligations and Prepetition Claims

Collins & Aikman Corporation and its direct and indirect domestic, and to the extent applicable, foreign, subsidiaries (collectively, "Collins & Aikman") and the customers set forth on **Exhibit A** attached hereto (collectively, the "Customer," and together with Collins & Aikman, the "Parties") enter into this Agreement (including the Exhibits attached hereto, this "Agreement") as of September __, 2006.

Recitals

A. Collins & Aikman provides or will provide for the Customer, either directly or indirectly, certain component parts or assembled systems for applicable vehicle programs (each, a "Component"). The Components that are currently being provided by Collins & Aikman to the Customer, include, but are not limited to, the Components for the programs set forth on **Exhibit B** attached hereto (each, a "Current Component").

B. Collins & Aikman Corporation and certain of its direct and indirect domestic subsidiaries filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"), on May 17, 2005 (the "Petition Date"). The chapter 11 cases are being jointly administered under In re Collins & Aikman Corporation, et al., Case No. 05-55927 (the "Chapter 11 Cases") and are pending in the United States Bankruptcy Court for the Eastern District of Michigan (the "Court").[1]

C. The Parties have certain prepetition claims and certain pre- and/or postpetition material commercial disputes against one another that remain unresolved.

D. Pursuant to a final order entered by the Court on August 11, 2005 [Docket No. 922], the Customer and other major customers of Collins & Aikman provided a loan to Collins & Aikman for $30,000,000 (the "$30 Million Advance"), which order granted such $30 Million Advance administrative expense status under 11 U.S.C. § 503(b).

E. Pursuant to a final order entered by the Court on August 11, 2005 [Docket No. 916] (the "August 2005 Agreement Order"), the Customer was a party to an agreement with Collins & Aikman whereby the Customer and other major customers of Collins & Aikman provided an $82,500,000 subordinated debtor in possession secured loan (the "$82.5 Million DIP Loan"),

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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, Ine., 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.

provided immediate price increases, funded certain capital requirements, agreed not to re-source certain components and agreed to certain additional matters.

F. Pursuant to an order entered by the Court on October 14, 2006 [Docket No. 1551] (the "October 2005 Agreement Order"), the Court approved an agreement between the Parties regarding a certain commercial issues.

References to Defined Terms

a. "$30 Million Advance" shall be as defined in Recital D.

b. "$82.5 Million DIP Loan" shall be as defined in Recital E.

c. "AAA" shall be as defined in Article 25.2.

d. "Agreement" shall be as defined in the preamble.

e. "Approval Date" shall be as defined in Article 1.1(c).

f. "Approval Motion" shall be as defined in Article 1.1(a).

g. "Approval Order" shall be as defined in Article 1.1(a).

h. "Arbitration Submission" shall be as defined in Article 25.2.

i. "August 2005 Agreement Order" shall be as defined in Recital E.

j. "August 31 Plan" shall be as defined in 1.1(d).

k. "Bankruptcy Code" shall be as defined in Recital B.

l. "Bankruptcy Rules" shall be as defined in Article 1.1(a).

m. "Base Price" shall be as defined in Article 11.1(a).

n. "Chapter 11 Cases" shall be as defined in Recital B.

o. "Collins & Aikman" shall be as defined in the preamble.

p. "Component" shall be as defined in Recital A.

q. "Condition Precedent" shall be as defined in Article 1.1.

r. "Court" shall be as defined in Recital B.

s. "Current Component" shall be as defined in Recital A.

t. "Customer" shall be as defined in the preamble.

u. "Customer-Owned Tooling" shall be as defined in Article 12.1.

v. "E&D Costs" shall be as defined in Article 13.1.

w. "E&D Payment" shall be as defined in Article 13.1.

x. "Effective Date" shall be as defined in Article 1.1(i).

y. "Life of the Program" shall be as defined in Article 8.1.

z. "Market Price" shall be as defined in Article 11.1(b).

aa. "Measurement Date" shall be as defined in Article 11.1(c).

bb. "Measurement Period" shall be as defined in Article 11.1(d).

cc. "Neutral Member" shall be as defined in Article 25.2.

dd. "New Business Condition" shall be as defined in Article 5.2.

ee. "New/Replacement Component" shall be as defined in Article 5.1.

ff. "October 2005 Agreement Order" shall be as defined in Recital F.

gg. "Outstanding Tooling Costs" shall be as defined in Article 16.1.

hh. "Parties" shall be as defined in the preamble.

ii. "Petition Date" shall be as defined in Recital B.

jj. "Plan" shall be as defined in Article 1.1(c).

kk. "Price Down" shall be as defined in Article 10.2.

ll. "Proprietary Designs" shall be as defined in Article 11.2.

mm. "Quarterly E&D Payment Amount" shall be as defined in Article 13.1.

nn. "Raw Material" shall be as defined in Article 11.1.

oo. "Raw Material Price Change" shall be as defined in Article 11.1(f).

pp. "Reporting Date" shall be as defined in Article 11.1(e).

qq. "Re-sourcing Plan" shall be as defined in Article 14.2(a).

rr. "ROLR" shall be as defined in Article 9.1.

ss. "Tooling Documentation" shall be as defined in Article 16.1.

tt. "VA/VE Costs" shall be as defined in Article 10.1.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants, agreements and understandings contained herein and intending to be legally bound, the Parties agree to settle the foregoing and other items as follows:

Article I. <u>Conditions to Effectiveness.</u>

1.1. Except as set forth herein, the provisions of this Agreement shall only be effective in the event that each of the following conditions (each, a "<u>Condition Precedent</u>") is satisfied, unless such conditions are modified or waived as mutually agreed upon in writing by the Parties.

(a) <u>Approval Motion</u>. By no later than September 30, 2006, Collins & Aikman files a motion (the "<u>Approval Motion</u>") under section 363(b) of the Bankruptcy Code and pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "<u>Bankruptcy Rules</u>") seeking an order of the Court approving this Agreement (the "<u>Approval Order</u>").

(b) <u>Seeking the Approval Order</u>. Collins & Aikman uses its reasonable best efforts to have the Court enter the Approval Order on or before October 15, 2006, or as soon thereafter as is practicable.

(c) <u>Entering the Approval Order</u>. The date of entry by the Court of the Approval Order (the "<u>Approval Date</u>") is no later than the date on which the Court enters an order confirming a plan of reorganization in the Chapter 11 Cases (as amended from time to time, the "<u>Plan</u>").

(d) <u>Post-Emergence Capital Structure</u>. The Plan provides for a post-emergence capital structure, including availability of financing, that is sufficient to support Collins & Aikman's continued operations and successful launch and completion of Components currently awarded or to be awarded by the Customer under the terms of this Agreement and similar agreements to be executed by Collins & Aikman and its other major customers. The Customer acknowledges that the proposed plan of reorganization filed by Collins & Aikman on or before August 31, 2006 (the "<u>August 31 Plan</u>") satisfies this condition.

(e) <u>Post-Emergence Owners</u>. The Customer is reasonably satisfied with the ownership structure of reorganized Collins & Aikman upon emergence. The Customer acknowledges that the August 31 Plan satisfies this condition.

(f) <u>Post-Emergence Management</u>. The Customer is reasonably satisfied with Collins & Aikman's (i) Chief Executive Officer, (ii) Executive Vice President, Chief Financial Officer, (iii) President of Soft Trim, (iv) President of Plastics and (v) Executive Vice President of Engineering and Commercial. The Customer acknowledges that the (i) Chief Executive Officer, (ii) Executive Vice President, Chief Financial Officer, (iii) President of Soft Trim, (iv) President of Plastics and (v) Executive Vice President of Engineering and Commercial as of the date hereof satisfies this condition.

(g) Treatment of Existing Obligations to the Customer. The Plan and any settlements approved by the Court pursuant to Bankruptcy Rule 9019 provide treatment that is reasonably satisfactory to the Customer for the (1) $30 Million Advance and (2) $82.5 Million DIP Loan. The Customer acknowledges that the treatment in the August 31 Plan of the $30 Million Advance and the $82.5 Million DIP Loan satisfies this condition.

(h) Release. Collins & Aikman obtains Court approval of a mutual release with the Customer, substantially in the form set forth on **Exhibit C** attached hereto, which shall be effective on the effective date of the Plan (the "Effective Date").

(i) Plan Effective Date. The Effective Date has occurred on or before February 28, 2007.

1.2. If Collins & Aikman is unable to timely satisfy any of the conditions set forth herein, the Customer agrees to consider in good faith Collins & Aikman's request to extend any of the deadlines for a period not to exceed 90 days from the original deadline.

1.3. To the extent applicable, no later than the deadline the Court sets for objections to confirmation of the Plan, the Parties shall confirm to one another whether they believe the Conditions Precedent are satisfied.

Article II. Expedited Payment Terms.

2.1. The Customer agrees to extend the expedited payment accommodation expiring on September 30, 2006 as follows: (a) five-day payment terms through 180 days after the Effective Date; (b) 15-day payment terms for the following 180 days thereafter; (c) 30-day payment terms for the following 180 days thereafter; (d) 45-day payment terms for the following 180 days thereafter; and (e) the purchase order payment terms thereafter; provided that, in all instances, such payment terms are without any discount.

2.2. Immediately upon the signing of this Agreement by the Parties, the Customer agrees to continue, through 180 days after the Effective Date, the five-day payment terms currently set to expire on September 30, 2006.

Article III. Inclusion on Bid Lists and Removal from Business Hold Lists.

3.1. Immediately upon the signing of this Agreement by the Parties, the Customer agrees to place Collins & Aikman on its respective "bid lists" and consider, in good faith, Collins & Aikman and its successors for new business awards.

3.2. Immediately upon the signing of this Agreement by the Parties, the Customer agrees to remove Collins & Aikman from any "business hold" list or any other listing of suppliers that restricts Collins & Aikman from being awarded new Components from the Customer.

Article IV. Support for the Chapter 11 Cases.

4.1. Immediately upon the signing of this Agreement by the Parties, the Customer shall take reasonable steps to support Collins & Aikman in the Chapter 11 Cases to the extent not inconsistent with this Agreement. Without limiting the generality of the foregoing, subject to entry of the Approval Order and the approval by the Court of a disclosure statement as containing adequate information in accordance with section 1125 of the Bankruptcy Code, the Customer agrees to vote all of its claims against Collins & Aikman in favor of the August 31 Plan or such amendment or modification thereof that meets the requirements of this Agreement.

Article V. New/Replacement Business.

5.1. Subject to Collins & Aikman's timely fulfillment of each of the Conditions Precedent and the New Business Conditions (as defined below) with respect to such Components, the Customer agrees to award or confirm that they have awarded, as applicable, to Collins & Aikman the Components for the programs set forth on **Exhibit D** attached hereto on the terms set forth thereon (each, a "New/Replacement Component").

5.2. Conditions Precedent to Award of New Business. The new business conditions (each, a "New Business Condition") for each New/Replacement Component are:

(a) Collins & Aikman being competitive in the areas of quality and delivery;

(b) Agreement of the Parties on the price for New/Replacement Components for which the listing on **Exhibit D** attached hereto does not include an agreed upon price, which price shall be based upon affordable cost targets; and

(c) Collins & Aikman satisfying the Conditions Precedent.

Article VI. Article Intentionally Omitted.

Article VII. Re-Sourcing and Cancellation.

7.1. Effective as of the signing of this Agreement by the Parties, the Customer agrees that it will not re-source Current Components or New/Replacement Components for the Life of the Program (as defined herein), other than as a result of one or more of the following conditions (and only with respect to such particular Component to which the condition applies):

(a) a material and demonstrable decline in overall quality of the particular Component without cure within 60 days of written notice;

(b) Collins & Aikman becomes a debtor under the Bankruptcy Code after the Effective Date and such a case is not dismissed within 90 days after Collins & Aikman becoming a debtor;

(c) if agreed to by the Parties; or

(d) subject to this Agreement, including Article VIII and Article XIV hereof, beginning 18 months after the Effective Date, based on a lack of price competitiveness for such Component determined through the market test process; provided that the evaluation of price competitiveness shall include only (i) the relevant Component and (ii) suppliers with capabilities and resources that are similar to or greater than those of Collins & Aikman.

7.2. If the Customer cancels a vehicle program for which Collins & Aikman is supplying one or more Components, the Customer shall settle and fund reasonable termination claims no later than 90 days after Collins & Aikman produces reasonable supporting documentation of Collins & Aikman's unrecovered investment, which termination claims shall include, but are not limited to, the following costs incurred plus Collins & Aikman's contractual obligations related thereto, to the extent applicable: engineering and design (including, but not limited to, program engineers, design and outstanding engineering); program and engineering management (including, but not limited to, labor, tooling follow-through costs and travel expenses); testing (including, but not limited to, materials, prototypes and laboratory costs); and tooling (including, but not limited to, development and validation costs).

Article VIII. Sourcing Acknowledgement.

8.1. Subject to Article 7.1 hereof, the Customer agrees that its obligations to Collins & Aikman for all Current Components and New/Replacement Components include the award of such Components for the life of the applicable vehicle program, which includes refreshes and redesigns of and facelifts for current vehicles for which Collins & Aikman supplies Components to the Customer, which refreshes, redesigns and facelifts do not involve structural changes, changes to locating strategy, changes to attachment strategy or changes to critical hard points for such Components (the "Life of the Program").

Article IX. Right of Last Refusal.

9.1. The Customer grants Collins & Aikman a right of last refusal ("ROLR") on the following: (a) the first follow-on or next-generation vehicle program, even if using a different nameplate or platform, for the vehicles on which Current Components and New/Replacement Components are supplied; and (b) any Component to be terminated based on, in whole or part, price competitiveness pursuant to Article 7.1(d) hereof.

Article X. Material Cost Reductions.

10.1. The Parties agree that, for ongoing value analysis/value engineering (VA/VE) costs that Collins & Aikman incurs to increase its efficiency and cost competitiveness, which efficiency and cost competitiveness the Parties shall work in good faith to maximize, (collectively, the "VA/VE Costs"), after Collins & Aikman has recouped the VA/VE Costs, each of Collins & Aikman and the Customer shall realize one-half of the cost reductions realized by Collins & Aikman from the involvement of such VA/VE Costs.

10.2. There shall be no year-over-year price downs (each, a "Price Down") except any as set forth on **Exhibit E** attached hereto.

Article XI. **Raw Material Issues.**

11.1. The Parties agree to the following raw material indexing adjustment mechanism to be used immediately upon the signing of this Agreement by the Parties, with respect to each raw material identified on **Exhibit F** attached hereto (the "Raw Material").

(a) "Base Price" means the Market Price for the Raw Material for the relevant index set forth on **Exhibit F** on the date on which the Agreement is signed by the Parties.

(b) "Market Price" means, for each Measurement Date, the average spot price during the Measurement Period for the relevant index set forth on **Exhibit F**.

(c) "Measurement Date" means March 31, June 30, September 30 and December 31 of each year; provided that if such date is not a business day, the Measurement Date shall be the previous business day.

(d) "Measurement Period" means the calendar quarters ending on each Measurement Date.

(e) "Reporting Date" means the date that Collins & Aikman reports in writing the quantity of the Raw Material used by Collins & Aikman to manufacture the Components during the Measurement Period to the Customer, which date shall be no later than 30 days after the Measurement Date.

(f) If on the Measurement Date, the Market Price for the Raw Material is less than or exceeds the Base Price for the Raw Material for the Measurement Period (such difference being the "Raw Material Price Change"), Collins & Aikman or the Customer, as applicable, shall make a lump-sum payment to the other party no later than 30-days after the Reporting Date in an amount equal to (a) the quantity of the for the Raw Material used by Collins & Aikman to manufacture the Components during the Measurement Period, multiplied by (b) the Raw Material Price Change.

11.2. Collins & Aikman may present to the Customer proprietary developments, designs, formulations and specifications of raw materials (collectively, the "Proprietary Designs"), and the Customer shall not unreasonably deny acceptance of such Proprietary Designs. No later than 30 days after such presentation, the Customer agrees to inform Collins & Aikman in writing that (a) such Proprietary Designs are acceptable to the Customer or (b) such Proprietary Designs are not acceptable to the Customer and the reasons. If the Proprietary Designs are not acceptable to the Customer, Collins & Aikman shall have 60 days to cure any deficiencies. The Customer agrees that the use by Collins & Aikman of any Proprietary Designs for any of the Components shall not affect or impair Collins & Aikman's ownership rights of the Proprietary Designs.

Article XII. **Customer-Owned Property.**

12.1. Customer-Owned Tooling. Collins & Aikman acknowledges and agrees that, any and all tooling, dies, test and assembly fixtures, jigs, gauges, patterns, casting patterns, cavities, molds and documentation, including engineering specifications and test reports, together with any accessions, attachments, parts, accessories, substitutions, replacements and appurtenances thereto used by Collins & Aikman in connection with its manufacture of the parts for the Components and for which Collins & Aikman has been fully paid by the Customer (collectively, the "Customer-Owned Tooling") are owned by the Customer and are being held by Collins & Aikman, or to the extent Collins & Aikman has transferred the Customer-Owned Tooling to third parties, by such third parties, as bailees at will. In no event, however, shall Customer-Owned Tooling include or be deemed to include (a) Collins & Aikman's intellectual property or any right to use Collins & Aikman's intellectual property and (b) secondary equipment not specifically paid for by the Customer.

12.2. List of Customer-Owned Tooling. The Customer shall supply to Collins & Aikman a list of the Customer-Owned Tooling on or before the first hearing date on the confirmation of the Plan. Collins & Aikman agrees to cooperate with the Customer in determining which of Collins & Aikman's tooling is Customer-Owned Tooling.

12.3. Interest in Customer-Owned Tooling. The Approval Order shall provide that Collins & Aikman does not have any right, title or interest in the Customer-Owned Tooling other than the rights of Collins & Aikman to utilize the Customer-Owned Tooling in the manufacture of Components pursuant to the terms of the purchase orders, and subject to the rights of the Customer to take possession of Customer-Owned Tooling in its discretion pursuant to the terms of this Agreement.

12.4. Conditions to Possession and Access to Customer-Owned Tooling. Subject to the terms of this Agreement, including, without limitation Article VI, upon reasonable advance written notice to Collins & Aikman, without further court hearings, which rights to such hearings, if any, are hereby waived, and without further payment for the tooling from the Customer to Collins & Aikman, the Customer or its designees shall have the right to enter the premises of Collins & Aikman during normal business hours and take possession of any and all Customer-Owned Tooling, and Collins & Aikman agrees to provide the Customer or its designees with such access; provided that the Customer shall not unreasonably disrupt the operations or businesses of Collins & Aikman or damage Collins & Aikman's plants, property or equipment in exercising such rights.

Article XIII. Engineering & Design Recovery.

13.1. For all Components for which Collins & Aikman begins to incur engineering and design costs after the Approval Date (the "E&D Costs"), the Parties will agree upon an amount that the Customer will pay to Collins & Aikman for the E&D Costs (the "E&D Payment"), which payments will be made in accordance with this Agreement. The E&D Payment shall be paid by the Customer in equal payments calculated by dividing (a) the total E&D Payment by (b) the number of three-month periods between (i) the date of the commencement of the program for which the E&D Costs will be incurred and (ii) the expected date of the launch of such program (the total being a "Quarterly E&D Payment Amount"). The Customer shall pay (a) the first Quarterly E&D Payment Amount on the date of the commencement of the program for which the E&D Costs will be incurred and (b) each subsequent Quarterly E&D Payment Amounts each three-month period thereafter until all Quarterly E&D Payment Amounts have been paid. For all scope changes that result in additional costs, the Parties shall agree on an amount to be paid to Collins & Aikman for such additional costs at the time the Parties agree upon the scope change, and the Customer shall pay such amount to Collins & Aikman no later than 30 days thereafter.

13.2. For all Components for which Collins & Aikman has incurred E&D Costs on or before the Approval Date that remain due and owing to Collins & Aikman, (a) Collins & Aikman will provide the Customer with reasonable documentation to support the E&D Costs incurred through the Approval Date that remain due and owing to Collins & Aikman on or before September 30, 2006, and the Customer will pay such amounts no later than October 31, 2006 and (b) for E&D Costs to be incurred after the Approval Date for such Components, the Parties will agree upon the E&D Payment to be made in accordance with this Agreement. The Quarterly E&D Payment Amount that shall be paid by the Customer in equal payments for these E&D Payments shall be calculated by dividing (a) the total E&D Payment by (b) the number of three-month periods between (i) the Approval Date and (ii) the expected date of the launch of such program. The Customer shall pay (a) the first Quarterly E&D Payment Amount 90 days after the Approval Date and (b) each subsequent Quarterly E&D Payment Amounts each three-month period thereafter until all Quarterly E&D Payment Amounts have been paid. For all scope changes that result in additional costs, the Parties shall agree on an amount to be paid to Collins & Aikman for such additional costs at the time the Parties agree upon the scope change, and the Customer shall pay such amount to Collins & Aikman no later than 30 days thereafter.

Article XIV. <u>Cooperation in Re-Sourcing Components and Facility Wind-Downs</u>.

14.1. To the extent Collins & Aikman determines in good faith that any particular Collins & Aikman facility cannot provide components at a reasonable profit or that any Component cannot be provided at a reasonable profit after taking into account all reasonable and achievable cost reduction efforts and initiatives, Collins & Aikman shall consult with the Customer in a timely manner regarding Collins & Aikman's proposed wind-down of any such facility or Collins & Aikman's request that the Customer re-source the applicable Components, as the case may be, and the Customer shall work with Collins & Aikman to implement such request. In such case, Collins & Aikman and the Customer will jointly develop a transition plan which shall include the elements of a Re-Sourcing Plan (as defined herein), and in addition, shall include a budget and appropriate cost reimbursement associated with the proposed transition as well as an interim price increase on those Components on which Collins & Aikman does not make a reasonable profit, which price increase shall apply throughout the period of the transition of such Components to another supplier or suppliers, in order for Collins & Aikman to break-even on an operating basis on any such Components.

14.2. In addition to the foregoing, the Parties acknowledge that to the extent, consistent with the terms of this Agreement, components are re-sourced to other suppliers or moved to other Collins & Aikman facilities, whether pursuant to a Collins & Aikman initiated wind-down of any of its facilities or otherwise, the following provisions shall apply to any such re-sourcings and facility wind-downs:

(a) In the event that any Component is re-sourced to another supplier or suppliers, C&A shall cooperate and use its reasonable best efforts in assisting the Customer in the orderly transition of any such Component to the replacement suppliers chosen by the Customer. Such transition will take place pursuant to a written re-sourcing plan and agreement on terms mutually acceptable to the Customer and Collins & Aikman, which plan shall define, to the extent applicable, such items as timing, bank build requirements, identification and transfer of necessary tooling, files, and data, recovery of unreimbursed engineering and design costs, use of Collins & Aikman intellectual property, sale of program specific Collins & Aikman equipment, and cost reimbursement (the "Re-Sourcing Plan"); provided that Collins & Aikman shall have no obligation to transfer or permit the use of any cost and accounting information, material formulations, production equipment settings, cycle parameters, production procedures, labor utilization or other items of a confidential and proprietary nature.

(b) Similarly, in the event the Customer and Collins & Aikman agree that the production of any Component shall move from one Collins & Aikman facility to another Collins & Aikman facility, the Parties shall work together to ensure an orderly transition of such Component to the new Collins & Aikman facility.

Article XV. Service Part Components and Pricing.

15.1. Pricing on all service part Components, including, but not limited to, past model service parts, shall be 110% of the sum of (a) the total of the last production price for such service part Component adjusted based on a raw material indexing adjustment mechanism comparable to that which is set forth in Article 11.1 hereof, plus (b) identifiable additional costs, including the incremental costs of any unique packaging, unique processing, material handling, purchased part premium and set-up time.

15.2. Except as set forth in Article 15.3 and Article 15.4 hereof, which provisions shall govern, if applicable, to the extent that the Customer places a purchase order for service part Components after September 30, 2006, the Customer agrees that (a) Collins & Aikman shall determine, in its reasonable discretion, the minimum amount of service part Components to be manufactured and (b) the Customer shall purchase no less than such minimum amount of service part Components, if at all.

15.3. The Customer agrees that the final purchase orders, if any, for all past model Components that have not been in normal production by Collins & Aikman during the five years ending September 30, 2006, shall be issued by the Customer no later than 30 days after the Approval Date with the information set forth on **Exhibit G** attached hereto, which exhibit shall contain a description of the relevant Components and the quantity for each such Component to be included in the final purchase order (the "Past Model Service Part Schedule"). Except for the Customer enforcing the agreement to provide such Components as set forth on the Past Model Service Part Schedule, Collins & Aikman shall not be responsible for and the Customer hereby waives and releases any claim against Collins & Aikman for claims arising from Collins & Aikman not delivering service part Components that have not been in normal production by Collins & Aikman during the five years ending September 30, 2006.

15.4. The Customer agrees that the final purchase orders, if any, for all service part Components manufactured at a facility subject to a wind-down, shall be issued no later than 30 days after the Customer receives notice of such wind-down. Except for the Customer enforcing the agreement to provide such Components as set forth in a timely submitted final purchase order, Collins & Aikman shall not be responsible for and the Customer hereby waives and releases any claim against Collins & Aikman for claims arising from Collins & Aikman not delivering service part Components that were manufactured at a facility subject to a wind-down.

15.5. The Parties agree to work in good faith to calculate by September 30, 2006, the amounts due from the Customer to Collins & Aikman for all zero-priced service part Components, which amounts shall be calculated in conformity with Article 15.1 hereof. The Customer shall pay such amounts due to Collins & Aikman no later than 30 days after agreement on such calculation.

Article XVI. <u>Tooling Costs</u>.

16.1. For tooling that has been used in production for at least six months or was used for a Component that has been canceled as of September 30, 2006, whether such tooling was manufactured by Collins & Aikman or purchased by Collins & Aikman from third parties, on or before September 30, 2006, Collins & Aikman shall provide the Customer with reasonable documentation (such documentation being the "<u>Tooling Documentation</u>") sufficient to support its direct costs, which costs shall include, but are not limited to, all costs for the design, production and testing of the relevant tools (such costs being the "<u>Outstanding Tooling Costs</u>"). As full, final and complete settlement of any and all amounts owed by the Customer to Collins & Aikman to purchase the tooling that is the subject of such Outstanding Tooling Costs, the Customer shall pay to Collins & Aikman on or before October 31, 2006, the amount of the Outstanding Tooling Costs. After such payment has been received by Collins & Aikman, the tooling will become Customer-Owned Tooling.

16.2. For tooling that the Customer has requested from Collins & Aikman before the Approval Date that has not been used in production for at least six months as of September 30, 2006 or is used for a Component on a vehicle program that has been canceled on or after September 30, 2006 before such tooling has been used in production for at least six months, Collins & Aikman shall provide the Customer with the Tooling Documentation to support its Outstanding Tooling Costs after the tools have been used in production for at least six months or after the vehicle program has been canceled, as applicable. As full, final and complete settlement of any and all amounts owed by the Customer to Collins & Aikman to purchase the tooling that is the subject of such Outstanding Tooling Costs, the Customer shall pay to Collins & Aikman no later than 30 days after the Tooling Documentation for such tooling is submitted to the Customer, the amount of the Outstanding Tooling Costs. After such payment has been received by Collins & Aikman, the tooling will become Customer-Owned Tooling.

16.3. For tooling that the Customer requests from Collins & Aikman on or after the Approval Date, Collins & Aikman shall provide the Customer with the Tooling Documentation to support its Outstanding Tooling Costs after the tools have been used in production for at least six months or after the vehicle program for such Component has been canceled, as applicable. As full, final and complete settlement of any and all amounts owed by the Customer to Collins & Aikman to purchase the tooling that is the subject of such Outstanding Tooling Costs, the Customer shall pay to Collins & Aikman no later than 30 days after the Tooling Documentation for such tooling is submitted to the Customer, the amount owed to Collins & Aikman for such tooling, which amounts shall include, but are not limited to, all costs for the design, production and testing of the relevant tools and reasonable overhead costs allocated to tooling development, validation and tool-shop program management and follow-up with respect to such tooling. After such payment has been received by Collins & Aikman, the tooling will become Customer-Owned Tooling.

Article XVII. Repayment of Cap-Ex Advances.

17.1. Collins & Aikman shall repay to the Customer in accordance with the schedule set forth on **Exhibit H** attached hereto, the capital expenditure advances made to Collins & Aikman pursuant to the August 2005 Agreement Order and the October 2005 Agreement Order.

Article XVIII. Resolution of Commercial Obligations and Prepetition Claims.

18.1. Immediately upon the signing of this Agreement by the Parties, the Customer shall pay Collins & Aikman any unpaid obligations agreed to be owing by the Customer to Collins & Aikman as set forth on **Exhibit I** attached hereto, which obligations shall be agreed to on or before September 30, 2006.

18.2. Immediately upon the signing of this Agreement by the Parties, the Parties shall implement the price increases set forth on **Exhibit I** attached hereto, which price increases shall be agreed to on or before September 30, 2006.

18.3. As full, final and complete settlement of any and all pre-Petition Date amounts owed or asserted to be owed by Collins & Aikman to the Customer and by the Customer to Collins & Aikman, after taking into account all defenses (including, without limitation, offsets and counterclaims) of any nature or kind, the Parties shall implement the settlements with respect thereto set forth on **Exhibit I** attached hereto, which settlements shall be agreed to on or before September 30, 2006.

Article XIX. Warranty Claims.

19.1. On the Effective Date, the Customer shall waive any and all warranty claims against Collins & Aikman that arose prior to the Effective Date. After the Effective Date, Collins & Aikman shall comply with the Customer's warranty policies.

19.2. The Customer shall not seek and Collins & Aikman shall not be liable to the Customer for any amounts for warranty claims that arise from goods included in any Components provided by Collins & Aikman to the Customer to the extent such goods are from a Customer's directed source.

Article XX. Amounts Owed Under this Agreement.

20.1. Except as specifically set forth in this Agreement, all amounts owed by Collins & Aikman to the Customer and by the Customer to Collins & Aikman shall be paid on the terms set forth in this Agreement without any defenses (including, without limitation, offsets and counterclaims) of any nature or kind.

Article XXI. Effect of this Agreement.

21.1. To the extent this Agreement conflicts with any previous agreement between the Parties, including purchase orders, the provisions of this Agreement shall govern.

21.2. Except to the extent a future agreement between the Parties, including purchase orders, specifically states that such agreement supersedes the provisions of this Agreement, the provisions of this Agreement shall govern.

Article XXII. Confidentiality.

22.1. The Parties agree: (a) to maintain the terms of this Agreement (and discussions or writings related thereto) in confidence; and (b) not to share or disclose the contents of the Agreement with any third party, including Collins & Aikman's other customers, except (i) their own advisers, (ii) as required by applicable law, (iii) the senior, secured pre-Petition Date lenders for Collins & Aikman and their advisers, (iv) the agent for the senior, secured post-Petition Date lenders for Collins & Aikman and their advisers and (v) the Official Committee of Unsecured Creditors in the Chapter 11 Cases and their advisers; provided that Collins & Aikman may disclose such information as is necessary to obtain the Approval Order, understanding that Collins & Aikman will seek to file this Agreement and any related documents under seal and only disclose as much of this Agreement in any filing with the Court as Collins & Aikman's counsel reasonably believes is necessary to support such filing.

Article XXIII. Entire Agreement.

23.1. This Agreement, which includes the Exhibits attached hereto, constitutes the entire agreement between the Parties, superseding all prior oral and written representations, negotiations, understandings and agreements, on the subject matter hereof. There are no conditions to this Agreement other than as specifically set forth herein.

Article XXIV. Severability.

24.1. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only as broad as is enforceable. Any determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

Article XXV. Jurisdiction.

25.1. Until the Effective Date, the Parties agree that the Court shall retain jurisdiction over this Agreement, to enable any of the Parties to apply to the Court at any time for such further order, direction and relief as may be necessary or appropriate for the construction or interpretation of this Agreement or to effectuate or enforce compliance with its terms.

25.2. After the Effective Date, the Parties agree that any dispute, controversy or claim arising out of or relating to this Agreement, its interpretation, or the breach, termination, applicability or validity thereof that is not resolved by the Parties within 30 days shall be submitted to final and binding arbitration (the "Arbitration Submission") under the commercial rules and regulations of the American Arbitration Association (the "AAA"), subject to the following: (a) the Arbitration Submission shall be heard by a three member panel; (b) one member shall be selected by the Customer from a list of approved arbitrators provided by the AAA; (c) one member shall be selected by Collins & Aikman from a list of approved arbitrators provided by the AAA; and (d) a third neutral member (the "Neutral Member") shall be mutually agreed upon by the Parties; provided that if the Parties are unable to select the Neutral Member from a list of approved arbitrators provided by the AAA within seven days of the Arbitration Submission, then the Neutral Member shall be selected by the AAA.

Article XXVI. Governing Law.

26.1. This Agreement shall be governed by the internal laws of the State of Michigan and shall be construed and interpreted in accordance with its laws, notwithstanding its conflict of laws, principles or any other rule, regulation or principle that would result in the application of any other state's law.

Article XXVII. Further Assurances.

27.1. The Parties agree to furnish upon request to each other such further information, to execute and deliver to each other such other documents, and to do such other acts and things, all as the other Parties may reasonably request for the purposes of carrying out the intent of this Agreement and the documents referred to herein.

Article XXVIII. Counterparts.

28.1. This Agreement may be executed in any number of identical counterparts, no one of which needs to be executed by all of the Parties, and this Agreement shall be binding upon all the Parties with the same force and effect as if all the Parties had signed the same document, with each such signed counterpart constituting an original.

Article XXIX. Binding Authority.

29.1. Each Party signing this Agreement represents to the other that it has full power and authority to enter into this Agreement and that the persons signing below on behalf of each such Party have been duly authorized to execute this Agreement.

Article XXX. Product of Negotiation.

30.1. This Agreement is the product of negotiation; and no one Party shall be deemed to be the drafter of this Agreement, the Exhibits or any part thereof.

Article XXXI. Successors.

31.1. The Parties acknowledge that each and every covenant, warranty, release and agreement contained herein shall inure to the benefit of, and be binding upon, the agents, subsidiaries, employees, officers, directors, assigns and successors in interest of the Parties.

Article XXXII. No Third-Party Beneficiaries.

32.1. This Agreement is for the sole benefit of and binding upon the Parties and their successors and permitted assigns; and nothing herein express or implied, is intended to or shall confer upon any other person or entity any legal right or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Article XXXIII. Amendments.

33.1. This Agreement may be amended only by a writing signed by the Parties herein.

Article XXXIV. Notice Provision.

34.1. All notices required to be given or otherwise made pursuant to this Agreement shall be deemed to be sufficient if contained in a written instrument delivered in person, or duly sent by facsimile, certified mail, return receipt requested, postage prepaid, or by overnight courier, addressed to such Party at such Party's address for notice set forth below.

(a) If to Collins & Aikman:

i. Attn: Chief Executive Officer
General Counsel
Collins & Aikman Corporation
26533 Evergreen Rd.
Travelers Tower II
Southfield, Michigan 48076
Facsimile: (248) 728-2114

ii. with copies to:
Attn: David Eaton
Ray Schrock
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601-6636
Facsimile: (312) 861-2200

(b) If to the Customer:

i. [__________]

ii. with copies to:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their undersigned, duly authorized agents.

COLLINS & AIKMAN CORPORATION
for itself and its subsidiaries set forth in the Preamble

By: ______________________________

Print Name: ________________________

Title: _____________________________

Dated: ____________________________

CUSTOMER
for itself and those of its subsidiaries listed on Exhibit A

By: ______________________________

Print Name: ________________________

Title: _____________________________

Dated: ____________________________

EXHIBIT KK

Collins & Aikman

Presentation To Pre-Petition Secured Lenders

Chapter 11 Plan and Status of Sale / Wind Down Process

April 26, 2007

Highly Confidential

Subject to FRE 408

Notice Regarding Confidentiality, Risk Factors and Safe Harbor Statement

This document is furnished subject to the terms of the Confidentiality Agreement previously delivered and, accordingly, may not be copied, reproduced, distributed or disclosed except in compliance with such Confidentiality Agreement.

This document contains statements relating to expected future results of Collins & Aikman Corporation ("C&A" or the "Company"), outcomes of sale transactions and creditor recoveries (including certain anticipated, believed, planned, forecasted, expected, targeted, and estimated results and C&A's outlook concerning these matters) that are "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements, and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. Estimates, projections and guidance concerning the expected sale transactions, creditor recoveries, confirmation of the Chapter 11 Plan, operating results and financial condition are such "forward-looking statements" and are preliminary estimates that are subject to change based upon, among other things, additional information concerning circumstances and events to occur in the future, information that is not yet available, review of the forward-looking statements by C&A and its accountants and additional analyses that have not yet been undertaken or completed. This information is necessarily incomplete and should be reviewed in the context of actual results once those are known and become available. Various factors could cause material differences in the actual outcomes, performance and results compared to the information contained herein, include, without limitation: the parties' ability to satisfy all of the conditions to consummation of the sales transactions (including satisfaction of due diligence, negotiation of agreements with customers and unions and shareholder approvals); C&A's ability to obtain Bankruptcy Court approval of the sale transactions; general economic conditions; conditions in the markets and industry in which C&A operates (including a decline in North American automobile and light truck builds; the level of competition in the automotive supply industry; changes in the popularity of particular cars and interior trim programs; labor unrest and potential strikes affecting major customers; increases in the price of raw materials; and, changes to prevailing levels of interest rates); company-specific conditions (including dependence on significant automotive customers; the ability to obtain financing and service or refinance high debt levels; the adequacy of liquidity and capital resources); risk factors detailed in C&A's filings with the Securities and Exchange Commission; and, additional risks factors specific to the sale of all principal operating assets and the wind down of remaining operations, as contemplated in the scenario presented in this document, including, but not limited to: reactions of major customers, suppliers and employees to the sale and wind down; difficulty or inability to transition business to potential buyers or alternative suppliers; inability to receive necessary consents to sell and transfer assets; and maintaining control over the sale and wind down process.

This document is meant to be reviewed in conjunction with an oral presentation. Both components are considered to be an integral and necessary part of this work product. We do not recommend the use of these observations and analyses as a basis for drawing conclusions regarding C&A's financial condition or financial performance without understanding the substance of the oral presentation.

Presentation Agenda

- Current Status
- Summary of Chapter 11 Plan
- Evolution of Chapter 11 Plan
- Summary of Customer Agreement
- Principal Drivers of Creditor Recoveries
- Carpet & Acoustics Transaction
- Plastics Interiors Transaction
- Other Key Transactions, Recoveries and Developments
- Recovery Analysis Update
- Litigation Trust
- Current Timeline and Key Milestones
- Q&A

Current Status

Current Status

- Chapter 11 Plan confirmation hearing scheduled for May 24, 2007
  - Voting deadline May 7, 2007
- Chapter 11 Plan, which is supported by the Steering Committee, OEMs and Creditors Committee, implements the Bankruptcy Court-approved Customer Agreement that committed OEMs to, among other things: (a) funding Plastics and Convertibles operations and certain overhead costs; and, (b) supporting the sale of the Carpet & Acoustics business and certain Plastics operations to qualified buyers
- After extensive marketing processes, a stalking horse was chosen for the Plastics Interiors operations (Cadence)
  - Bidding procedures approved on April 19, 2007
  - Final auction set for May 14, 2007
  - Final sale approval hearing set for May 17, 2007
- After extensive marketing processes, a stalking horse was chosen for the Carpet & Acoustics business (IAC NA)
  - Bidding procedures hearing set for April 30, 2007
  - Final sale approval hearing expected May 24, 2007
- Several other smaller asset sales in process

Summary of Chapter 11 Plan

Summary of Chapter 11 Plan

The terms of C&A's First Amended Joint Plan (the "Chapter 11 Plan") were determined with the participation of the Steering Committee for the Pre-Petition Secured Lenders (the "Steering Committee"), the Creditors Committee and C&A's principal OEM customers in tandem with the negotiation of the Customer Agreement. Many of the basic terms of the Chapter 11 Plan, filed on December 22, 2006, were outlined in the Chapter 11 Plan Term Sheet that was an exhibit to the Customer Agreement.

The Chapter 11 Plan provides for the continuation of the sale and wind down of C&A's businesses after C&A's exit from bankruptcy and establishes the distributions that the various classes of creditors will receive from the proceeds of the sale and wind down process.

Under the Chapter 11 Plan, C&A's assets will be transferred to three trusts:

Post-Consummation Trust	Purpose is to continue the sale and wind down of C&A's businesses (property transferred includes all of C&A's assets not transferred to other trusts) and distribute the proceeds
Litigation Trust	Purpose is to: (a) prosecute avoidance actions, including D&O preference and fraudulent transfer claims, and other causes of action; (b) litigate claims objections; and, (c) distribute the net proceeds
Residual Trusts	Property transferred to the Residual Trusts will be segregated to provide for: (a) environmental obligations that cannot be discharged; and, (b) insurance assets for the benefit of certain asbestos-related tort claimants

Summary of Chapter 11 Plan

Pre-Petition Secured Lender Recovery

- Pre-Petition Secured Lenders will receive all net proceeds from the Post-Consummation Trust
- Pre-Petition Secured Lenders will receive 75 percent of net proceeds from the Litigation Trust, until such time as their claims are paid in full (including interest)

Certain Conditions to Confirmation

- Approval of the Customer Agreement (January 2007)
- Termination of Pension Plan (terminated March 31, 2007)
  - Settlement with PBGC will be heard by Bankruptcy Court on April 30, 2007
- Termination of OPEB obligations (expected May 2007)
- Completion of Carpet & Acoustics sale transaction (expected June 2007)

Note: The Chapter 11 Plan has the support of the Steering Committee, C&A's principal OEM customers and the Creditors Committee.

Summary of Chapter 11 Plan

Plan Timeline

- December 22, 2006 — Chapter 11 Plan Filed
- January 25, 2007 — Disclosure Statement Approved and First Amended Joint Plan Filed
- February 14, 2007 — Solicitation Packages and Ballots Distributed to Creditors
- March 12, 2007 — Litigation Trust Allocation Exhibit for Unsecured Creditors Filed
- ☐ May 2, 2007 — List of Residual Trust Assets to be Filed
- ☐ May 7, 2007 — Voting / Objection Deadline
- ☐ May 24, 2007 — Confirmation Hearing
- ☐ Expected Effective Date is 30-60 Days after Confirmation

Evolution of Chapter 11 Plan

Evolution of Chapter 11 Plan

The Chapter 11 Plan was the product of extensive efforts to pursue a "dual track" strategy that consisted of evaluating both a sale of the Company and a stand alone reorganization. Ultimately, given C&A's continued acute operating challenges (particularly in the Plastics Business), the state of the industry and the capital that would need to be infused and put at risk to pursue a stand alone reorganization, C&A, the Steering Committee and the Creditors Committee jointly concluded that a controlled sale, wind down of operations would yield the maximum recovery opportunity. The following briefly summarizes the evolution of the Chapter 11 Plan.

05/05 – 10/05	Severe crisis period requiring C&A to secure significant financing, surcharge funding, price increases and other accommodations from principal OEM customers to continue operating and preserve restructuring alternatives other than quick sale.
07/05 – 12/05	Hiring of new CEO and management team and development of business plan premised on significant operational improvements, cost reductions and substantial "take away" business
12/06 – 06/06	Extensive efforts to market C&A business to numerous potential acquirors and simultaneously solicit proposals from prospective sponsors for stand alone plan; Implementation of business plan, including operational improvement and cost reduction initiatives
07/06 – 08/06	Business operational improvement initiatives fail to generate anticipated results and third-party acquisition and plan sponsor proposals are deemed of insufficient value by Steering Committee, resulting in decision to focus on stand alone plan
08/30/06	Filing of Joint Plan of Reorganization (the "Stand Alone Plan"), confirmation of which was contingent on, among other things, reaching acceptable long-term supply agreements with principal OEM customers and obtaining exit financing

Evolution of Chapter 11 Plan

08/06 – 09/06	Difficult OEM negotiations and continued operating challenges raises doubts as to C&A's ability to achieve cost savings and projected financial performance, increasing both capital infusion requirements for Stand Alone Plan and secured creditor recovery risk in that scenario
09/06 – 10/06	Further extensive negotiations with principal OEM customers on accommodations required in long-term supply agreements to mitigate certain substantial operating risks in Stand Alone Plan scenario
10/24/06	Inability to reach agreement with principal OEM customers on acceptable long-term supply agreements and reassessment of risk-adjusted cash flow projections drives recommendation by C&A and Steering Committee to pursue controlled sale/wind down of entirety of C&A's operations (the "Sale/Wind Down")
10/06 – 12/06	8 – party negotiations of Customer Agreement and terms of Chapter 11 Plan and initiation of segmented marketing efforts for portions of C&A operations (Carpet & Acoustics, Plastics Interiors, Plastics Exteriors, certain individual Plastics plants)
12/22/06	Filing of Chapter 11 Plan (amended on 01/25/07)
12/22/06 – present	Implementation of sales plan and restructuring actions committed to in Customer Agreement and Chapter 11 Plan

Summary of Customer Agreement

Customer Agreement – Background

In November 2006, C&A initiated negotiations with its principal OEM customers and the Agent for the Pre-Petition Secured Lenders regarding the terms of the Customer Agreement. The primary objectives of these negotiations were as follows:

- Establish mechanism and protocols for the funding of C&A's operations during the Sale/Wind Down process, including funding for:
  - Any negative operating cash flows in Plastics and Convertibles plants
  - Corporate overhead expenses
  - Retention and severance costs
  - Capital expenditures for near-term program launches
  - Professional fees
- Identify business units and plants with a likelihood of sale and obtain OEM support of those sale efforts (i.e., non-resourcing commitments) for reasonable, defined periods
- Provide structure for the orderly wind down of production at, and closure of, non-sale plants
- Establish a framework for the resolution of outstanding pre-petition and post-petition commercial issues
- Establish processes for the collection and monetization of working capital assets, principally accounts receivable and inventories

Customer Agreement – Key Terms

The Customer Agreement was executed in mid-December 2006 by C&A, JPMorgan Chase Bank (as Agent for the Pre-Petition Secured Lenders), GM, DCX, Ford, Honda and AAI. C&A received interim approval of the Customer Agreement from the Bankruptcy Court on December 14, 2006 and final approval was granted on January 11, 2007.

The Effective Date of the Customer Agreement is November 26, 2006. The following outlines the key terms and conditions of the Customer Agreement:

- Covers the period from November 26, 2006 through June 30, 2007.
- Provides for significant funding of certain C&A operations from OEMs during the Sale/Wind Down process (including mechanism for sharing of certain costs)
- Pre-Petition Secured Lenders consent to continued use of cash collateral for operating purposes
- OEMs agree to support orderly sale process for C&A businesses
- Provides for retention bonuses to certain key employees, funded mostly by OEMs
- OEMs agree to limit any setoff or reductions against post-petition receivables
- OEMs waive substantial claims under Chapter 11 Plan in consideration for, in part, releases
- OEMs agree to purchase their related inventory at Plastics and Convertibles plants
- OEMs agree to continue expedited payment terms (5 days)
- OEMs and Steering Committee agree to support Chapter 11 Plan

Customer Agreement – Implementation and Status

All parties to the Customer Agreement are currently in full compliance with their obligations under the arrangement. As of April 20, 2007, C&A has received funding and reached settlements aggregating to approximately $190 million in connection with the Customer Agreement.

Since the inception of the C&A proceedings, C&A's principal OEM customers have been the source of in excess of $750 million of incremental funding for operations and the orderly Sale/Wind Down process.

Funding Mechanism	Amount
OEM Administrative Financing	$ 30.0
OEM Subordinated Financing	82.5
Initial OEM Surcharges	82.5
Additional OEM Surcharges	66.5
OEM CapEx/Tooling/Launch Funding	74.0
Contract Price Increases (thru Dec 2006)	155.0
Miscellaneous Settlements	77.0
Customer Agreement Funding (a)	190.0
Total	$ 757.5

(a) Customer Agreement Funding includes surcharges relating to the Plastics and Convertibles operations, various settlements, the OEM inventory purchase, tooling advances and capex funding

Principal Drivers of Creditor Recoveries

Principal Drivers of Creditor Recoveries

From the point that C&A and its creditor constituencies began to evaluate the Sale/Wind Down alternative, it was evident that creditor recoveries would be dependent on the following principal factors:

- Ability to reach agreement with the OEMs on funding of the Sale/Wind Down process and securing other significant accommodations, including support of the sale process
- Value of the Carpet & Acoustics business in a going-concern sale
- Value of the Hermosillo operation in a going-concern sale
- Ability to create a market for certain potentially salable Plastics operations and assets that would result in aggregate transaction proceeds in excess of liquidation value
- Value of inter-company claims against C&A Europe in UK Administration
- Ability to monetize working capital assets (primarily accounts receivable and inventories) while minimizing offsets and discounts
- Value of various tooling, pre-petition receivables and commercial claims against the OEMs
- Relative ability to control and mitigate administrative claims and other costs of the Sale/Wind Down process that would need to be borne by the C&A estates
- Ability to manage amount of priority obligations payable by the C&A estates

Carpet & Acoustics Transaction

Carpet & Acoustics Transaction – Executive Summary

On April 20, 2007, C&A announced the sale of its Carpet & Acoustics division to International Automotive Components North America ("IAC NA").

- Cash consideration of $134 million plus: (i) the assumption of certain liabilities; and, (ii) certain earn-out and co-investment rights
  - Up to $45 million in deferred consideration based on future financial performance
  - Ability to co-invest for up to 25 percent of IAC NA at equity investors' basis
- After adding back one-time costs, transaction is valued at approximately 4.7x average forecast EBITDA as estimated by IAC NA and 4.2x 2008 forecast EBITDA as estimated by C&A management
- C&A and the Steering Committee support the transaction for the following reasons:
  - Carpet & Acoustics has been marketed for over 15 months to more than 55 potential buyers
  - Several potential buyers have performed significant due diligence and IAC NA's package is better than what other bidders were offering
  - Potential for significant additional consideration through earn-out and co-investment opportunity
  - Forecast financial performance has declined significantly over the last year due to volume declines and lost programs
  - Significant impediments to a stand alone plan include over $110 million in one time costs, significant resourcing risk and procurement of exit financing without audited financials
  - C&A and the Pre-Petition Secured Lenders have up to 30 days to pursue a higher and better transaction

Carpet & Acoustics Transaction – Overview of M&A Process

- M&A process for C&A began in January 2006
- M&A process was conducted for the entire business initially and, subsequently, for Plastics and Carpet & Acoustics as separate units
- Feedback on Carpet & Acoustics from the initial M&A process included the following:
  - Moderate interest in Carpet & Acoustics business
  - No strategic buyers were interested in acquiring the Carpet & Acoustics business
- In August 2006, C&A and the Steering Committee shifted their focus from M&A to the development of the Stand Alone Plan
- In October 2006, as the consolidated operation continued to struggle and it became clear that: (a) C&A's principal OEM customers would not provide C&A with satisfactory long-term supply arrangements; (b) exit financing would be a severe challenge; and (c) any returns would entail high risk, C&A and the Steering Committee embarked on a break-up M&A strategy

Carpet & Acoustics Transaction – Potential Buyers

In early 2006, more than 55 potential buyers were approached to purchase C&A in whole or in parts

STRATEGIC	FINANCIAL	
Cadence Innovation	American Industrial Partners	MSD Capital
Exco Technologies	Angelo Gordon	One Equity
Faurecia	Apollo	Pardus Capital
Flex-N-Gate	Blackstone	Platinum Equity
HP Pelzer Automotive	Carlyle	Questor Funds
Magna International	Cerberus Capital Mgmt	Sun Capital
Johnson Controls	Charlesbank Capital	TPG
Key Plastics (Ewing Mgmt)	D.E. Shaw	Thayer Capital
Koch Industries	Friedman Fleischer	Third Avenue
Lear / WL Ross / FM	Greenbrier	Well
Lund International	Investcorp	Willis Stein
New Venture Holdings	Kelso & Co.	Wynnchurch Capital
NYX Inc.	Kohlberg & Co.	York Capital
Plastech	KPS Special Situations	Yucaipa Companies
Plastic Omnium	Leucadia Nationa	
Progressive Moulded	Morgan Stanley	
Renco Group		
Rieter AG		
Siemens VDO Automotive Group		
Sona		
Stanklewicz Gmbh		
TATA Automotive		
Toyota Boshoku		
4 Unknowns (professional called)		
Wanxiang		

SHARED MATERIAL PURSUANT TO THE STIPULATION OF JUNE 13, 2007. DO NOT DISCLOSE TO ANYONE EXCEPT PURSUANT TO THE TERMS OF THE STIPULATION AND PROTECTIVE ORDER

Carpet & Acoustics Transaction – Summary of Interest

- In October 2006, Lazard re-approached 13 potential buyers to purchase Carpet & Acoustics on a stand alone basis, including the following:
  - WL Ross / IAC NA
  - Intier Automotive Inc.
  - Johnson Controls, Inc.
  - Koch Industries Inc.
  - Pelzer, H.P.
  - Rieter AG
  - Stankiewicz Gmbh
  - Carlyle Group
  - Cerberus Capital Management
  - Oracle Partners
  - Sun Capital Partners
  - Third Avenue
  - Wellspring Capital

Carpet & Acoustics Transaction – Stand Alone Sale Process

- October 18, 2006 — Initiated Stand Alone Sale Process
- November 6, 2006 — Initial Bid Deadline (Received 5 Bids)
- November 13 – December 5 — Negotiated and Received Revised Bids
- December 5, 2006 — Selected Cerberus as "Stalking Horse" Bidder (Note: not disclosed publicly)
- December 13, 2006 — Issued Stalking Horse Press Release
- December 14 – February 14 — Cerberus Due Diligence
- February 14, 2007 — Received Revised Cerberus Bid
- February 15, 2007 — Re-opened Sale Process to Alternative Bidders
- March 5, 2007 — Received Revised Bids from 3 Parties
- March – April, 2007 — WL Ross / IAC NA Due Diligence
- April 20, 2007 — Executed APA and Announced WL Ross / IAC NA transaction

Carpet & Acoustics Transaction – December 2006 Cerberus Proposal

- Summary of December 5, 2006 Cerberus Offer
  - Gross consideration of $345 million
  - Reduced by $23 million for Canadian pension/OPEB (to be assumed)
  - Reduced by $54 million working capital adjustment
  - Net consideration of $268 million
- After performing substantial due diligence, Cerberus identified several key concerns that resulted in a significant decrease in its offer
- Cerberus provided revised written offers in mid-February and early March that resulted in a substantial decrease in value and excluded the Canadian operations

Carpet & Acoustics Transaction – Summary of Economics

The following table estimates the net proceeds to C&A from the IAC NA transaction assuming that certain "Contingent Programs" are not awarded prior to closing. This illustrative analysis employs assumptions for additions and deductions that are currently unknown and does not include value attributable to the co-investment right.

Carpet & Acoustics Illustrative Consideration Analysis

($ millions)

	Estimate	Notes
Gross Consideration	$210.6	(a)
Deduct: Normalize Working Capital	(41.9)	(a)
Deduct: Environmental and Other Costs Assumed	(8.5)	(a)
Deduct: Canadian Restructuring Costs Assumed	(26.2)	(a)
Net Consideration Before Adjustments	134.0	(a)
Add: Value of Retained AR	34.1	(b)
Add: Value of Retained Prepaids & Deposits	10.4	(c)
Less: Canadian Tax Liability Retained	(12.5)	(d)
Less: Working Capital Adjustment	(6.6)	(e)
Less: Retained Accrued Revenue Liabilitiy	(3.5)	(f)
Less: Retained Corporate Accrual Liabilities	(2.0)	(g)
Less: Cure Payments	(4.0)	(h)
Less: Capital Expenditure True Up	(3.6)	(i)
Plus: Retained Cash	6.0	(j)
Total Adjustments	18.2	
Net Consideration	152.2	
Maximum Contingent Consideration	45.0	(k)
Total Potential Consideration	$197.2	

Note: The notes on page 27 of this presentation are an integral component of this analysis.

Carpet & Acoustics Transaction – Contingent Value

The following tables estimate the hypothetical value of the earnout and co-investment right. The range of IAC NA pro forma EBITDA is hypothetical as we have not been provided diligence materials on IAC NA

Hypothetical Value of Earnout (l)

	Management Forecast: Excluding Certain "Contingent Programs"	Management Forecast: Including Certain "Contingent Programs"	Maximum Payment
Forecast Revenue	$1,741	$1,889	$1,969
Baseline Revenue (Fixed)	1,669	1,669	1,669
Variance	72	220	300
Value @ 0.15x Variance	$11	$33	$45

Hypothetical Value of Co-Investment Right (m)

Value of Operations

Multiple	2008 Consolidated EBITDA: $45	$50	$55	$60	$65
4.0x	$180	$200	$220	$240	$260
4.5x	$203	$225	$248	$270	$293
5.0x	$225	$250	$275	$300	$325
5.5x	$248	$275	$303	$330	$358

25% of Equity Value Assuming $189mm Net Cash

Multiple	2008 Consolidated EBITDA: $45	$50	$55	$60	$65
4.0x	$92	$97	$102	$107	$112
4.5x	$98	$103	$109	$115	$120
5.0x	$103	$110	$116	$122	$128
5.5x	$109	$116	$123	$130	$137

Value of Co-Investment Right Assuming $80.7mm Cost Basis

Multiple	2008 Consolidated EBITDA: $45	$50	$55	$60	$65
4.0x	$11	$16	$21	$26	$31
4.5x	$17	$23	$28	$34	$40
5.0x	$23	$29	$35	$41	$48
5.5x	$28	$35	$42	$49	$56

Note: The notes on page 27 of this presentation are an integral component of this analysis.

Carpet & Acoustics Transaction – Summary of Economics (Notes)

These analyses estimate the hypothetical proceeds of the IAC NA transaction. Actual net proceeds that may be realized through the transaction may be significantly different than the proceeds provided herein. The proceeds set forth in this presentation are not necessarily indicative of actual outcomes which may be significantly more or less favorable than those set forth herein. Specific factors that could influence net proceeds include but are not limited to (i) the result of WL Ross/IAC NA's diligence efforts, (ii) capital spending before closing, (iii) the working capital adjustment and the amounts of the retained liabilities, (iii) the ability to achieve certain future revenue forecasts and book specific programs, (iv) the value of the co-investment right, and (v) the ability to collect accounts receivable and prepaids.

(a) Purchase price of $134 mm is net of deductions to (i) normalize working capital, (ii) account for environmental liabilities and one-time costs to transfer business, and (iii) account for certain Canadian restructuring costs

(b) Book value of retained AR as of January 2007 is $59.2mm. Amounts less than 90 days past due are assumed to be collectible and equal approximately $34.1 mm. Some AR may be subject to setoffs.

(c) Certain prepaids, supplies inventory and deposits of approximately $5.4mm are assumed to be purchased by IAC NA. The remaining prepaids, largely comprised of cash in advance payments, have a book value of approximately $13.8 mm and are assumed to be collectible at 75% of book value. Some prepaids and deposits may be subject to setoffs.

(d) Contingent GAAR tax liability of $12.5mm.

(e) estimated working capital adjustment includes change in working capital accounts from January reference balance sheet through March. Working capital adjustment has a zero reference balance for certain accounts that were not reflected in the purchase price including (i) petty cash and certain prepaid expenses to be purchased and (ii) accrued other liabilities that will be assumed. Actual working capital adjustment will be tested on the closing date.

(f) Certain Accrued Revenue balances will be retained by the Estate, including OE capital advances other than Honda.

(g) Certain accruals related to the Soft Trim business are maintained on the corporate books. Corporate accruals will be retained by the Estate with the exception of environmental, pension and OPEB accruals. $2.0 mm is an estimate of these accruals

(h) Cure payments up to $250,000 will be paid by buyer. $4.0mm is an estimate of the cure costs to be retained by the Estate

(i) APA includes a monthly minimum capital expenditures budget. Amounts expected to be spent through June 30 (assumed closing date) are approximately $3.6 mm lower than APA budget resulting in a purchase price reduction.

(j) Cash other then petty cash will remain with the Estate.

(k) Contingent payment is based on achieving certain revenue milestones and will be tested on March 31, 2009. Up to $30 million of the contingent payment may be paid at closing depending on the Company's ability to achieve certain contract negotiations before closing. Contingent consideration does not include the potential value of the co-investment rights.

(l) Earnout calculation assumes the maximum column solves for the revenue required to achieve the maximum $45 million contingent payout

(m) In the absence of due diligence information on IAC NA's current operations, this analysis estimates potential TEV based on a hypothetical range of multiples and EBITDA. The range of EBITDA figures may not represent the proforma earnings expectations for the combined company. Total equity value is assumed to equal TEV plus pro forma net cash where net cash is estimated to be $108.2 million plus $80.8 million contributed by the senior lenders through the coinvestment right. The value of the right is determined by subtracting the right cost basis from 25% of the calculated hypothetical equity value.

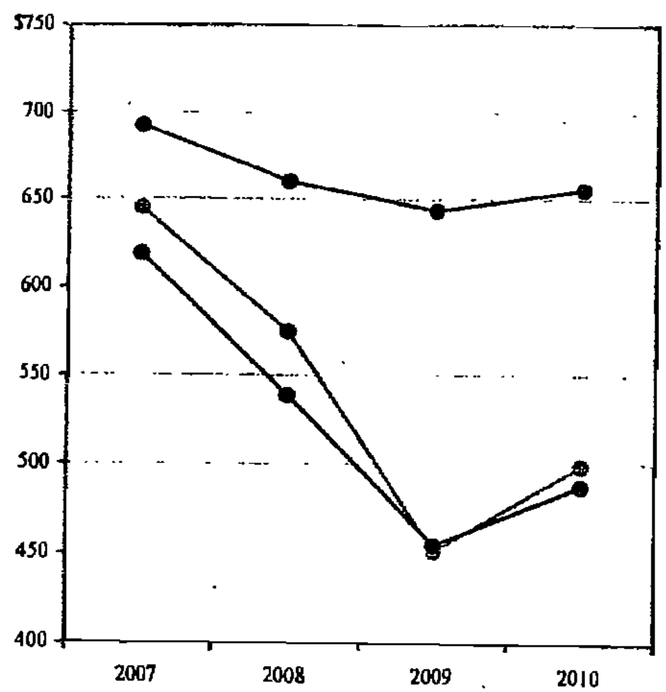
Carpet & Acoustics Transaction – Timeline to Closing

■ April 20, 2007	Sale and Bidding Procedures Motion Filed with APA
■ April 30, 2007	Bidding Procedures Hearing Date
■ May 2, 2007	WL Ross/IAC NA Due Diligence Deadline
■ May 17, 2007	Initial Bid Deadline
■ May 21, 2007	Auction
■ May 24, 2007	Sale Hearing
■ June, 2007	Closing

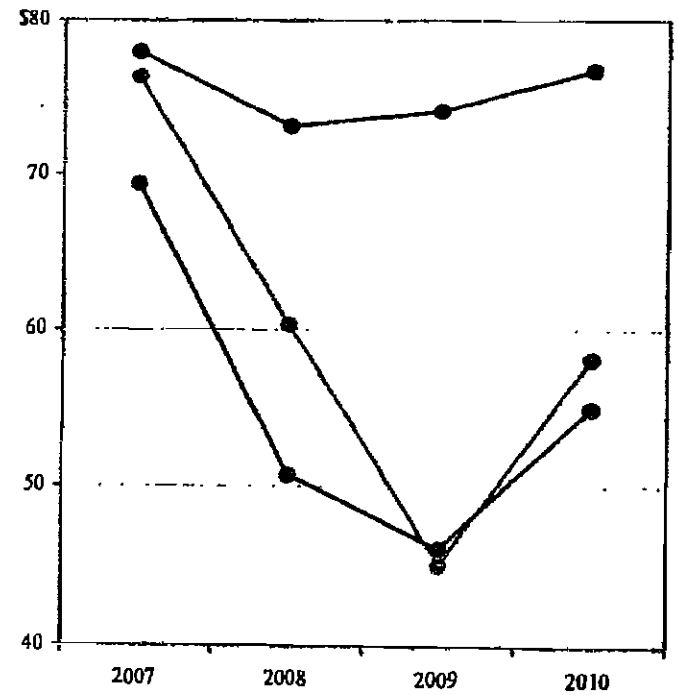
Carpet & Acoustics Transaction – Forecast

The March 2007 Carpet & Acoustics forecast is substantially lower than the October 2006 plan largely due to: (i) the removal of significant targeted business that no longer appeared achievable; and, (ii) updated volume projections from JD Power.

REVENUE



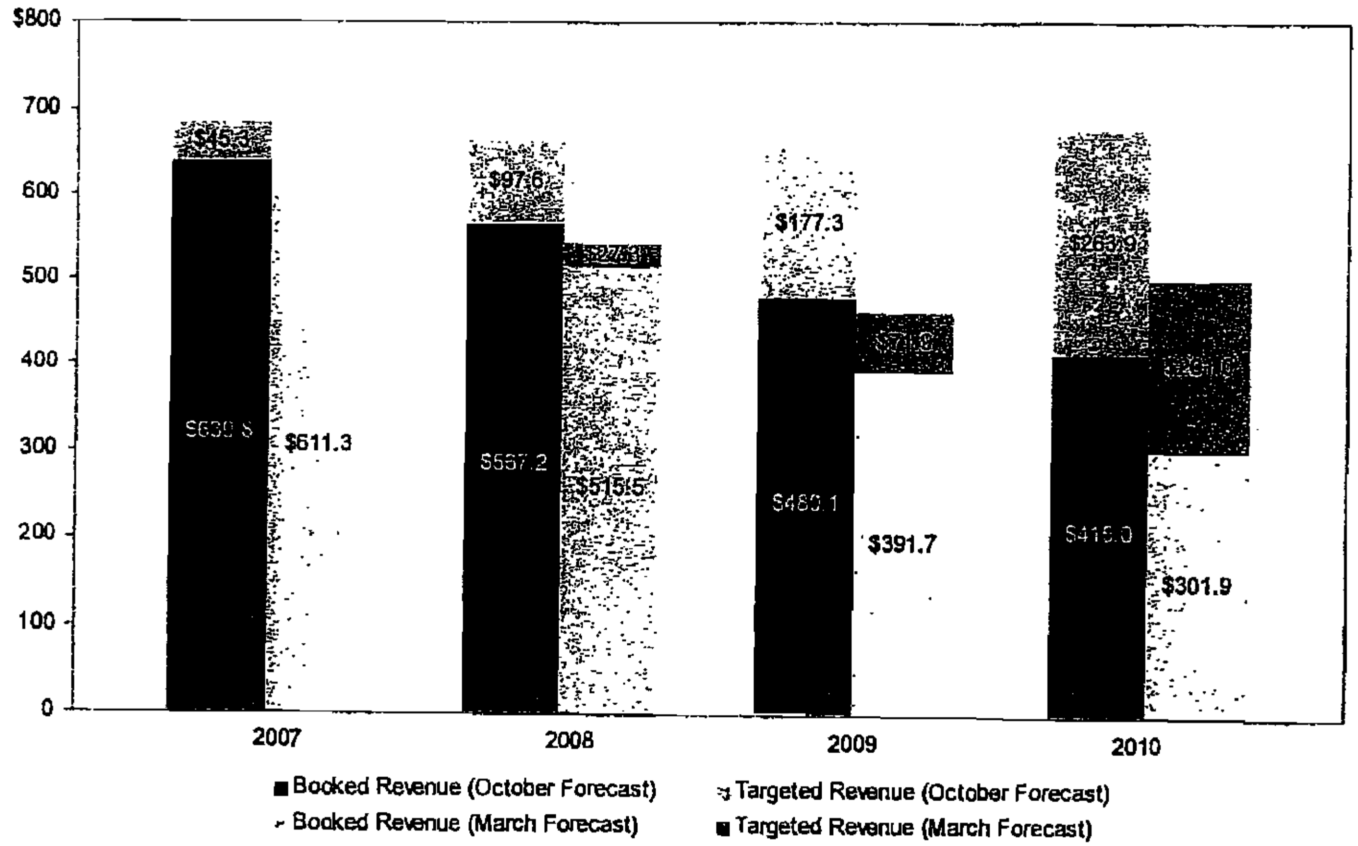
EBITDA



October 2006 Plan — February 2007 Plan — March 2007 Plan

Carpet & Acoustics Transaction – Revenue Build

The March 2007 Carpet & Acoustics revenue build is substantially lower than the October 2006 plan largely due to: (i) the removal of significant targeted business that no longer appeared achievable; and, (ii) updated volume projections from JD Power.



Carpet & Acoustics Transaction – Stand Alone Challenges

- Non-diversified revenue base with 100 percent of revenues in North America, 72 percent of which are generated from Ford, GM and DCX
- Impact of chapter 11 and historical OEM negotiations on customer relationships with particular risk in resourcing and ability to win new business
  - Backlog deteriorates rapidly
  - Management estimates that more than $100 million of annual revenue is at risk in the near term alone without the support of a credible plan sponsor
- Ability to obtain exit financing without stand alone GAAP financials
- Challenge of building stand alone infrastructure and relying on C&A for transition services
- Estimated one-time costs / non-ordinary course liabilities of approximately $110 million
  - $59 million of Canadian restructuring costs
  - $12.5 million Canadian GAAR tax liability
  - $3.2 million of environmental costs (excluding Zanesville plant)
  - $4.9 million of one-time transition costs
  - $31 million working capital deficit

Carpet & Acoustics Transaction – Stand Alone Challenges

- Likely conversion of cases to Chapter 7
  - Trustee, not management, would operate and liquidate business
  - Strong tendency toward forced liquidation value
- OEMs will not continue to support process
  - Ability to resource
  - Ability to remove tools
- High risk of dismemberment by other secured creditors and lessors (e.g., GECC, OEMs, Textron, tooling vendors, etc.)
- Likely distribution delay
- C&A estates may be forced to fund environmental clean up costs currently compromised under Chapter 11 Plan

Carpet & Acoustics Transaction – Stand Alone Cost Details

Stand alone operation requires investment of approximately $110 million over time plus approximately $27 million per year in incremental overhead costs.

($ in millions)

CN Restructuring Tax Costs	
Relocation Cost	$21.7
Severence Cost	11.2
OPEB Underfunding	10.2
Pension Underfunding	10.2
Pension Wind Down	5.8
GAAR Tax Liability	12.5
Total Cost	**$71.6**

One Time Transition Costs	
IT Equipment & Software	$1.4
HR Agency Fee & Relocation	1.5
Design Licenses	0.1
Southfield Relocation	0.1
Albemarle Building/ Office	1.9
Total	**$4.9**

Incremental Stand Alone Overhead Costs	
Commercial	$7.3
Product Development/ Engineering	7.3
Design	2.1
Finance	4.1
IT Support	3.6
Other	2.2
Total	**$26.6**

Environmental Costs	
Canton	$0.1
Holmesville	0.1
Springfield, TN	0.3
Albemarle	0.6
Old Fort	0.3
Greenville, SC	0.4
Kitchener	1.6
Total	**$3.2**

Working Capital Requirement	
Current AR<90 Days Due	$34.1
Target AR @ 40 Days	67.8
AR Adjustment	(33.7)
Current Inventory	23.2
Target Inventory @ 14 Days	22.5
Inventory Adjustment	0.7
Current AP	10.1
Target AP @ 15 Days	13.5
AP Adjustment	3.4
Total WC Adjustment	**($29.6)**

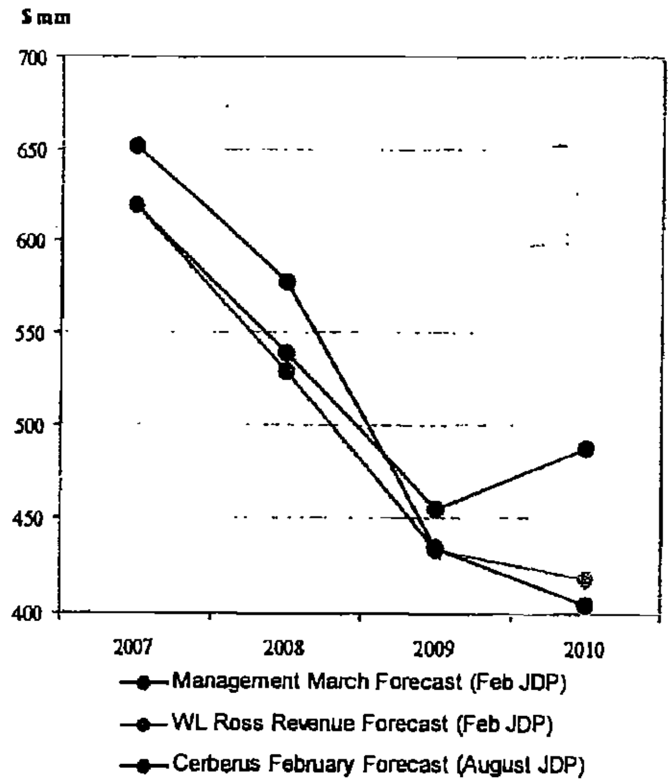
SHARED MATERIAL PURSUANT TO THE STIPULATION OF JUNE 13, 2007. DO NOT DISCLOSE TO ANYONE EXCEPT PURSUANT TO THE TERMS OF THE STIPULATION AND PROTECTIVE ORDER.

Note: Forecast includes stand alone overhead costs and cost savings associated with CN restructuring

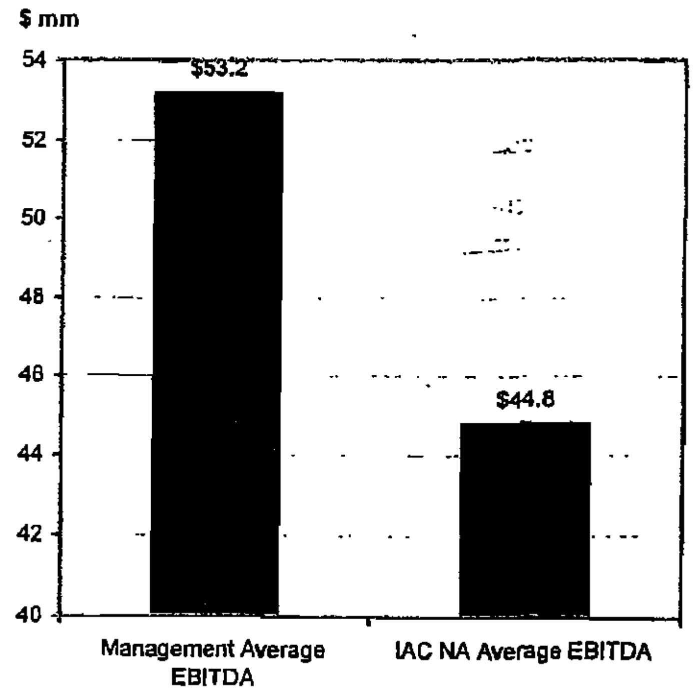
Carpet & Acoustics Transaction – Buyer Forecast Estimates

Potential buyers generally had more pessimistic views of the future performance of Carpet & Acoustics than management based on a combination of: (i) discussions with customers; (ii) probability weighting of target business; and, (iii) different views on impact of LTAs.

REVENUE



EBITDA



Note: Cerberus revenue includes all of Carpet & Acoustics business but does not reflect February JD Power estimates. "Average EBITDA" includes periods from July 2007 through year end 2010. Cerberus EBITDA estimate based on discussions with Cerberus and exclude Canada

Plastics Interiors Transaction

Plastics Interiors Transaction – Marketing Process

C&A retained Donnelly Penman in December 2006 to focus exclusively on marketing the Plastics Interiors business and certain individual plants.

- Plastics Interiors was marketed as a whole and in parts

	[redacted]						
Strategic Buyers	153	32	32	16	7	2	1
Financial Buyers	52	15	15	1	0	0	0
	205	**47**	**47**	**17**	**7**	**2**	**1**

- Initial bids included offers for individual facilities, several facilities and the majority of the facilities
- Two offers for the majority of facilities provided superior value to C&A and had performed greater levels of due diligence
- Each party increased their bid through several iterations

Timeline

December 2006	Initial Contacts
December 2006 – February 2007	Distributed Information Memorandums and Held Company Presentations
January 2007 – February 2007	Received Initial Offers
February 2007 – March 2007	Received Final Bids
March 6, 2007	Executed LOI with Cadence Innovation LLC ("Cadence")
March 30, 2007	Executed APA with Cadence

Plastics Interiors Transaction – Considerations

C&A concluded that the Cadence bid provided the greatest recovery opportunity for C&A.

- Highest cash consideration
- Cadence is not requesting C&A to fund plant consolidation costs
- Cadence bears the risk for negotiating new leases with Textron and GECC for Hermosillo and the outcome of those negotiations does not affect proceeds to C&A
- OEMs have indicated willingness to support the Cadence transaction
- Financial capability - Harbinger and Yucaipa own Cadence and support this acquisition
- Significant diligence conducted prior to execution of LOI and APA

Plastics Interiors Transaction – Summary of Cadence APA

Business Acquired	• Substantial portion of Interior Plastics business identified as "sale facilities" in the Customer Agreement • Nine plants / facilities: Athens, TN (including Bowling Green, KY); Rantoul, IL (I, II & III); Newark, DE; Hermosillo and Saltillo, Mexico; Belleville and Guelph, Ontario • Certain programs and related equipment at Non-Acquired Facilities will be relocated to Acquired Facilities
Cash Consideration	• $68 million • Purchase price adjustment to the extent inventory at Hermosillo is less than or greater than $13 million
Hermosillo Lease	• Cadence will negotiate a lease agreement with GECC (approximately $75 million) and separately assume the obligations to GECC relating to Hermosillo
Textron Leases	• Cadence will separately negotiate a new lease / purchase price for the Textron equipment they are acquiring
Consolidation Costs	• Cadence is responsible for the cost of moving Acquired Programs to Acquired Facilities

Plastics Interiors Transaction – Total Transaction Value

($ in millions)	
Cash Purchase Price	**$68**
Assumed Liabilities:	
GECC Hermosillo lease	**76**
Textron equipment leases	**10 – 20**
Total Transaction Value	**$154 – $164**

Does not include:

- Consolidation costs
- Working capital requirements

Plastics Interiors Transaction – Timeline

April 19, 2007	Bid Procedures Hearing
April 20, 2007	Exclusivity Ends – Re-approach Potential Buyers
May 1, 2007	Schedules Agreed
	Due Diligence Complete
	Alternative Contracts Complete:
	▪ GE / Textron leases
	▪ Customer agreements
	▪ CBA memorandum of understanding
May 10, 2007	Bids Due
May 11, 2007	Objection Deadline
May 14, 2007	Auction
May 17, 2007	Sale Hearing
June 2007	Closing

Plastics Interiors Transaction – Closing Risks

Customer Agreements

- Current and future program awards and pricing
- Plant consolidation costs

Leaseholders

- Reach agreement with Textron and GECC

CBAs

- Reach agreements with unions
- Protect supply at facilities expected to be closed

Due Diligence

- Hermosillo inventory adjustment

Transition Planning

- Risk associated with transferring programs
- Will require certain plants to stay open past June 30, 2007 Customer Agreement deadline

Ability to Meet Transaction Timing – Value Erosion Due To:

- Customer re-sourcing of programs
- Loss of key personnel

Other Key Transactions, Recoveries and Developments

Other Key Transactions, Recoveries and Developments

- Recoveries on Claims Against C&A Europe
- DIP Loan Repayment
- Other Plant Transactions
  - Plastics Exteriors Transaction
  - Williamston Transaction
  - Owosso Transaction
  - Columbia Transaction
  - Status and Timing of Plastics and Convertibles Plant Closures and Pending Sale Transactions
- OEM Inventory Purchase
- DOJ and SEC Settlements
- Termination of U.S. Defined Benefit Pension Plan
- C&A Canada
- Environmental Settlement
- Asbestos Claimants Settlement

Other Key Transactions, Recoveries and Developments

Recoveries on Claims Against C&A Europe

- C&A Europe filed for Joint UK Administration on July 15, 2005
- Once the entities filed for Joint UK Administration in Europe, control of the European operations were legally put in the hands of the Administrator
- At the time of the filing for Administration, C&A had substantial intercompany claims against C&A Europe entities
- On November 28, 2005, the Administrator agreed to sell substantially all of the European operations to IAC with a closing in early 2006
- Throughout 2006, C&A prepared the documentation necessary to support its claims and worked with representatives of the Administrator to respond to questions and further substantiate claims
- C&A filed a total of 47 claims against C&A Europe entities ($ in millions)

Gross Claims	$ 350
European Administration Setoffs	9
Net Allowed Claims	$ 341
Estimated Recoveries	$ 60 - $ 65
Distributions Made to Date	$ 19

Note: Only one claim was rejected by the Administrator, all other claims have been allowed (though some claims are still subject to risk of actions of other creditors who might seek to have C&A's claims subordinated)

Other Key Transactions, Recoveries and Developments

DIP Loan Repayment

- C&A's obligations under the $150 million DIP Loan agreement have been fully satisfied
- Funded borrowings have been fully repaid as of April 4, 2007
- $10.55 million of letters of credit have been cash collateralized at 105 percent ($11.1 million)

Summary of DIP Loan Paydown (Including Letters of Credit)		
Original Balance (May 2005)	$	149,400
Proceeds from Europe IP (primarily-March 2006)		(3,125)
Balance at Aug 1, 2006		146,275
Proceeds from Fabrics Wind Down (Aug-Nov)		(6,232)
Balance at November 15, 2006		140,043
Sweep of Proceeds from CapEx Takeaway Acct		(18,829)
Proceeds from Fabrics Wind Down (December)		(7,854)
Sweep of Net Transaction Proceeds Acct		(14,838)
Other		(590)
OEM Inventory Purchase (Initial Payment)		(40,666)
Balance at January 1, 2007		57,266
Proceeds from Fabrics Wind Down (Jan-March)		(2,863)
Sale of Equipment from Closed Plants		(3,079)
Various OEM Settlements		(19,156)
Paydown from General Funds		(32,168)
DIP Balance as of April 4, 2007	**$**	**0**

Other Key Transactions, Recoveries and Developments

Plastics Exteriors Transaction

C&A is in the process of finalizing negotiations with a third party for an APA on the sale of a portion of its Plastics Exteriors business.

- Proposed transaction includes the Evart, Belvidere and Windsor facilities and the equipment at C&A's St. Louis facility
- Financial terms of transaction:
  - Property, plant and equipment – $6.5 million (net of payment to Textron for buyout of leased equipment)
  - Inventory owned by the estate – TBD based on inventory counts prior to close
- Current timeline contemplates closing in May 2006

Williamston Transaction

On March 30, 2007, C&A closed on the sale of its Williamston, Michigan facility to Williamston Products Inc.

- 2006 revenues for Williamston were approximately $16 million
- Gross cash consideration was $3.3 million
- Net proceeds to C&A were $2.7 million after inventory payments to OEMs and buyout of GECC leased equipment

Other Key Transactions, Recoveries and Developments

Owosso Transaction

On March 9, C&A closed on the sale of its Owosso, Michigan facility to S-Group Automotive.

- 2006 revenues for Owosso were approximately $9 million
- Net proceeds to C&A were $0.5 million after inventory payments to OEMs and buyout of GECC leased equipment

Columbia Transaction

C&A is in the process of negotiating the sale of the Columbia facility.

- Gross cash consideration of approximately $5.5 million
- Net proceeds to C&A expected to be $1.8 million to $2.0 million after buyout of Textron leased equipment

Other Key Transactions, Recoveries and Developments

Status and Timing of Plastics and Convertibles Plant Closures and Pending Sale Transactions

Plant	Action	Planned Closure Date
Gananoque	Closed	02/09/07
Americus	Closed	02/16/07
Morristown	Closed	04/13/07
Scarborough	To be closed	05/21/07
Farmington TEG	To be closed	05/28/07
St. Louis	To be closed	05/31/07
Adrian	To be closed	06/30/07
Farmington	To be closed	06/30/07
Port Hope	To be closed	06/30/07
Sterling Heights	To be closed	07/01/07
Port Huron	To be closed	07/27/07
Brampton	To be closed	07/30/07
Mississauga	To be closed	TBD
Havre de Grace	To be closed	TBD

Plant	Action	Sale Closing Date
Columbia	Potential sale	May 2007
Belleville	Sale-Cadence	June 2007
Newark DE	Sale-Cadence	June 2007
Athens	Sale-Cadence	June 2007
Bowling Green	Sale-Cadence	June 2007
Guelph	Sale-Cadence	June 2007
Rantoul I, II, III	Sale-Cadence	June 2007
Saltillo	Sale-Cadence	June 2007
Hermosillo	Sale-Cadence	June 2007
Belvidere	Sale-Exteriors	May 2007
Evart	Sale-Exteriors	May 2007
Windsor	Sale-Exteriors	May 2007
Toluca	Potential Sale	June 2007
Owosso	Sold	March 2007
Williamston	Sold	March 2007

Other Key Transactions, Recoveries and Developments

OEM Inventory Purchase

- OEM inventory purchase, pursuant to the Customer Agreement, involved the sale of substantially all of the usable and merchantable inventory at 24 Plastics and Convertibles plants, as of November 25, 2006 and excluded all raw material and work-in-process relating to the Service Business
- OEMs challenged certain calculations C&A used to support the value of usable and merchantable inventory
- Agreement in principal was reached with OEMs in April 2007
  - Agreement on value of undisputed items - $42.7 million
  - Isolated and established a framework to resolve dispute items - $3.6 million
- Expect to receive final proceeds from undisputed items $2.5 million – $3.0 million
- Anticipate additional proceeds of $4.0 million to $5.0 million from other inventory
- Substantially all of C&A's inventories not recovered in the above is expected to be included in the Plastics Interiors and Plastics Exteriors Transactions

Other Key Transactions, Recoveries and Developments

DOJ and SEC Settlements

C&A entered into a non-prosecution agreement with the U.S. DOJ on March 23, 2007.

- C&A will not be prosecuted
- C&A has a continuing obligation to cooperate
- No fines, penalties or restitution will be assessed against C&A

C&A entered into a consent agreement with the SEC in March 2007.

- C&A did not deny or admit certain violations of securities laws
- No fines or penalties will be assessed against C&A

Other Key Transactions, Recoveries and Developments

Termination of U.S. Defined Benefit Pension Plan

- C&A has reached agreement with the PBGC to terminate C&A's U.S. defined benefit pension plan as of March 31, 2007
- Termination has been structured as an involuntary termination, primarily due to the fact that, unlike C&A, the PBGC does not need consent from the unions to terminate the pension plan
- Agreement includes granting the PBGC an administrative claim for $8.5 million (including $0.4 million agreed to secure releases of foreign control group members) and an unsecured claim of $87.9 million
- PBGC also agreed to release C&A and all controlled group members (including foreign controlled group members) from liabilities in connection with the U.S. defined benefit pension plan, including any additional unfunded benefits liability upon termination

Other Key Transactions, Recoveries and Developments

C&A Canada

- C&A has been assessing its alternatives to facilitate a sale/restructuring of its operations in Canada
- C&A has approximately $72 million (USD) in liabilities for statutory Canadian severance and underfunded pension liabilities
  - $42 million in statutory severance, $30 million of which relates to Plastics
  - $30 million in underfunded pension, $16 million Plastics-related
- Statutory severance payments have been made to Gananoque employees ($2 million) and are expected to be made to Scarborough employees ($5 million) shortly
  - Port Hope facility, a DCX-focused plant with $14 million in statutory severance obligations, remains the primary open severance liability within Plastics.
  - Payments were funded in part by C&A, but with substantial contributions from the OEMs with production at those facilities
- Given relatively low mix of valuable assets in Canada, and high level of employee and other liabilities, little to no recovery is expected to U.S. estates

Recovery Analysis Update

Recovery Analysis Update

In the Amended Disclosure Statement dated February 9, 2007, C&A provided an estimated recovery range of 30.6 percent to 58.3 percent on Pre-Petition Secured Lender claims. As the Sale/Wind Down process has significantly advanced since that time, C&A believes that its recovery estimate should be revised downward, to a range of 24.5 percent to 42.0 percent, not taking into account recoveries from the Litigation Trust and any value ascribed to the co-invest opportunity in the Carpet & Acoustics sale transaction.

The revised estimate is a result of the following developments:

- Reduction in the assumed range of proceeds from the sale of Carpet & Acoustics (reduction of $45 million to $68 million)
  - Note that the proposed terms of the Carpet & Acoustics sale transaction also results in the reduction of certain liabilities in the aggregate Wind Down Costs and Claims estimate
- Reduction in the assumed range of proceeds from the sale of Plastics Interiors (reduction of $17 million to $89 million)
- Recovery on inventories (reduction of $11 million to $18 million)
- Reduction in assumed recoveries on accounts receivable and commercial issues (reduction of $16 million to $26 million)
- Partially offsetting these reductions, there are decreases in administrative claim estimates (reduction of $32 million to $77 million in Wind Down Costs and Claims)

Recovery Analysis Update

	Plan Estimated Recoveries		Updated Estimated Recoveries	
	High	Low	High	Low
Estimated Proceeds				
Total Estimated Proceeds	$ 773,000	$ 565,675	$ 566,900	$ 482,250
Less: Costs				
Total Wind Down Costs & Claims	$ 337,209	$ 337,209	$ 256,020	$ 300,520
Net Proceeds Available for Distribution	$ 435,791	$ 228,466	$ 310,880	$ 181,730
Pre-petition Facility Claims	747,121	747,121	740,300	740,300
Estimated Recovery %	**58.3%**	**30.6%**	**42.0%**	**24.5%**

Litigation Trust

Litigation Trust

The Litigation Trust will be established pursuant to the Chapter 11 Plan for the primary purpose of pursuing retained causes of action relating to potential claims that C&A has against third parties. The net proceeds of the Litigation Trust will be distributed 75 percent to the Pre-Petition Secured Lenders and 25 percent to unsecured creditors, until such time as the Pre-Petition Secured Lenders are paid in full on their claims (with interest).

- Alan Miller (former Weil Gotshal bankruptcy partner) has been selected as the Litigation Trust Administrator
- Litigation Trust will be governed and managed by the Litigation Trust Committee, which will consist of these members, two of whom will be appointed by the Agent for the Pre-Petition Secured Lenders
- The following law firms have been engaged on a contingency fee basis (subject to Bankruptcy Court approval), to pursue the retained causes of action on behalf of the Litigation Trust:

- Togut, Segal & Segal LLP	Preference Actions
- Rosen Slome Marder LLP	Fraudulent Conveyance Actions
- Lerach Coughlin et al	Breach of Fiduciary Duty Claims

Litigation Trust – Potential Preference Claims

C&A has compiled, sorted and analyzed payments made within the preference period. The table below summarizes the population of gross potential preference claims. The total number of individual invoices included in the data base exceeds 100,000.

Summary of Potential Preference Payments	Number of Creditors	Dollars	% of Total Dollars
Amounts >$500,000	215	$463,833,192.55	79.0%
Amounts >$250,000	135	48,634,319.45	8.3%
Amounts >$100,000	272	43,921,427.32	7.5%
Amounts >$25,000	583	30,528,686.47	5.2%
	1,205	$586,917,625.79	100.0%

The table below summarizes the population of gross potential insider preference payments. The majority of insider payments consisted of intercompany transactions that will be not be pursued.

Summary of Potential Insider Preferences	Number of Creditors	Dollars	% of Total Dollars
Amounts >$500,000	5	$18,552,328.71	95.5%
Amounts >$250,000	1	401,592.46	2.1%
Amounts >$100,000	2	471,950.90	2.4%
	8	$19,425,873.07	100.0%

Note: Based on limited work performed to date by C&A, available defenses will likely significantly reduce potential preference recoveries. C&A is not prepared to provide an estimate on potential preference recoveries at this time.

Litigation Trust – Potential Preference Claims

On April 6, 2007, demand letters were sent to creditors receiving between $1,000 and $25,000 during the preference period.

- Approximately 600 potential actions totaling $2.6 million were omitted because they were classified as payments to employees, charitable organizations, taxing authorities, and/or governmental organizations.
- Total of 1,876 demand letters representing aggregate potential preference payments of $13.7 million were sent out
  - Togut, Segal & Segal has been in contact with over 400 creditors and has collected in excess of $127,000 to date
  - There are currently a number of additional pending settlements

Litigation Trust – Potential Preference Claims

With certain exceptions, formal preference actions will be brought for those creditors receiving $25,000 or more during the preference period. In addition, a number of insider payments made in the year prior to filing will be the subject of formal claims in court. These actions, totaling approximately 1,200 individual suits, will be filed no later than May 16, 2007.

- Payments to employees, charitable organizations, taxing authorities, and/or governmental organizations generally will not be subject to formal suits
- The Litigation Trust Administrator and counsel have generally articulated a strategy of asserting the largest possible claim with a subsequent reaction to defenses as they are raised by the defendant

Current Timeline and Key Milestones

Current Timeline and Key Milestones

- May 7, 2007 — Voting / Confirmation Objection Deadline
- May 14, 2007 — Plan Exhibit Filing Deadline
- May 17, 2007 — Carpet & Acoustics Bid Deadline
- May 21, 2007 — Carpet & Acoustics Auction
- May 24, 2007 — Confirmation and Carpet & Acoustics sale hearing
- Expected Effective Date 30-60 Days after Confirmation

Q&A

EXHIBIT LL

Debtors' Disclosure of Material Assumptions, Risks, and Challenges

Note: Many of the same factors were disclosed in multiple business plans. For the most part, factors are listed herein only once, at the point when they were first disclosed.

Strategic Business Plan – August 31, 2005

Assumptions

- Future prospects of C&A as stand-alone entity are heavily dependent on primary customers taking C&A off of "new business hold" and affording C&A opportunity to bid on new programs
- Assuming C&A would become industry leader in EBITDA margin performance (as percentage of sales).... Concern that primary customers would attempt to leverage C&A back to within recent industry EBITDA margin range

Risks

- Some of the most significant risk factors that are likely to affect future operating performance:
    - Revenues are heavily dependent on sales volume of Chrysler, GM and Ford vehicles at time when market shares of those OEMs continue to deteriorate
    - Outcome of final negotiations with primary customers on contract re-pricing
    - Ability to obtain commitments from primary customers on long-term sourcing that does not require material compromise to fair and reasonable re-pricing requests
    - Potential increase over time in primary customers' ability to re-source any material, core contracts
    - Sufficiency of capital resources to maintain production and progress on launches and future programs during restructuring period
    - Ability to pass through future supplier price increases in resin and other key raw materials and components

Challenges

- Operating performance in first 3+ months of Chapter 11 proceeding has been poor
    - Significant negative cash flow

- Forecasts indicate that performance problems are not solely due to timing or other factors that might be expected to "self-correct"
- Complex and inefficient operating infrastructure has constrained ability to mitigate negative results through pure cost cutting
- Situation is not sustainable and illustrates significant viability problem with business model

Post-Closing Date Budget – September 22, 2005

Assumptions

- All programs currently awarded to C&A are included in the Budget. No assumption has been made for potential contract rejection or loss of business due to actions taken by the customers to move business. 80% business has been included in 2006 ($29.6 million) and YTD 5/30/07 ($33.5).
- C&A estimates that it can achieve significant ongoing price relief through re-pricing negotiations with primary customers. Price increases, including surcharges, in 2005: $141.5 million; 2006: $175.0 million; and YTD 5/30/07: $51.4 million are included in the Budget.
- C&A estimates that it can generate significant cost savings through plant consolidations, manufacturing efficiencies, purchasing optimization, material usage improvements and productivity enhancements:
    - 2005 - $6.18 million
    - 2006 - $86.85 million
    - YTD 5/30/07: $49.1 million

Revised Post-Closing Budget – November 22, 2005

Assumptions

- The revenue forecast was adjusted for the following:
    - Matched price increases and surcharges to actual term-sheet levels
    - Adjusted DCX fourth quarter volumes for extended shutdown
    - Removed 80% Target business

2006 Operating Plan – January 24, 2006

Assumptions

- All programs currently awarded to C&A are included and assumed to continue
- Price increases comprise $150.5 million ordinary course pricing, plus $11 million Q1 surcharges

Risks

- Continued erosion of Big 3 market share and/or other volume losses
- Customer re-sourcing
- Sufficiency of capital resources to launch new programs
- Implementation of raw material indexing protocols
- Timely realization of savings from cost saving initiatives

Five Year Business Plan - February 2006

Assumptions

- Revenues reflect programs balancing out, new model replacement business and takeaway business (near and long-term)
- The establishment of a meaningful past model service business is an element of the growth strategy
- Resourcing of business from competitors to C&A is an important near term element of the growth strategy – “takeaway business”
    - Specific opportunities have been identified
- New business awards are a key element of long term success
- Material costs remain at current levels, reflecting indexing in accordance with Customer agreements

Revised Forecast 2006-2008 (4+8) – June 20, 2006

Assumptions

- Raw material costs – current levels
- Liquidity – adequate for spending associated with cost reductions

Risks

- General Business environment
- Execution
- Substance and timing of DCX Opportunity
- Hermosillo pricing
- New Domestic, Service and Tier 1 business coming on stream at a forecasted contribution margin of 20%, 25% and 30%, respectively
- Achievement of VA/VE initiatives
- Achievement of cost reduction initiatives

Revised Forecast 2006-2007 (6+6) – August 22, 2006

Substantive Developments in Future Operating Performance

- Plastics turnaround has not yet materialized
- Manufacturing execution in Plastics still sub-par
- Arrangements for OEM transfer business not finalized
- Challenges encountered in enhancing service revenues/EBITDA
- OEM re-sourcing of programs has had negative impact
- Liquidity and Cash Flow
    - Operating performance has eroded anticipated cushion
    - Generally operating with only 1 to 2 days of unrestricted cash
    - No margin for unexpected events or changes in industry environment
    - Infusions resulting from "self-help" efforts have allowed C&A to start to rebuild balance sheet and maintain moderate liquidity base during Chapter 11 proceeding
    - Current liquidity is insufficient to manage business with reasonable operating margin
        - Suspension of adequate protection payments necessary to bridge to POR
- Plastics operation remains critical problem area
    - Management, manufacturing, process, and control issues deeper and broader than anticipated
    - Severe cultural and legacy problems
        - Plant level leadership
        - Infrastructure
        - Technical manufacturing skill sets on plant floor
        - Accountability and communications
        - Facilities management and maintenance

    - Financial controls, policies, and procedures

- Active resistance to change affected implementation of turnaround initiatives

- Initial senior management fix in early 2006 proved unsuccessful

<u>Risks</u>

- Targeted OEM transfer business

- Implementation of cost reductions

- Execution and timing of plant closures

- Implementation and timing of resin strategy

- Production volumes

EXHIBIT MM

MONTHLY FEE STATEMENTS OF SELECT PROFESSIONALS - COLLINS AIKMAN BANKRUPTY CASE

MONTH	AKIN GUMP		CHANIN		ALVAREZ		KIRKLAND		KZC	
	Fees	Expenses	Fees	Expenses	Fees	Expenses	Fees	Expenses	Fees	Expenses
May-2005	--	--	--	--	--	--	--	--	$710,932.00	$103,753.19
Jun-2005	$324,920.00	$3,448.58	--	$10,291.33	--	--	--	--	$2,144,604.00	$214,011.03
Jul-2005	$455,441.50	$62,776.93	--	$17,257.02	--	--	--	--	$1,734,054.00	$200,699.89
Aug-2005	$506,740.00	$48,674.59	--	$43,172.94	--	--	--	--	$1,735,152.00	$151,631.17
May 05 - Aug 05	--	--	$420,000.00	--	$600,000.00	$70,569.00	$5,256,119.50	$466,026.14	--	--
Sep-2005	$432,223.00	$40,607.67	$150,000.00	$21,505.41	$150,000.00	$31,885.00	$1,425,827.00	$84,920.32	$1,619,467.00	$155,090.24
Oct-2005	$460,504.00	$21,050.15	$150,000.00	$17,173.26	$150,000.00	$15,824.00	$1,327,731.00	$83,723.91	$1,505,916.50	$127,577.41
Nov-2005	$287,946.00	$30,569.33	$150,000.00	$16,038.29	$150,000.00	$12,751.00	$1,265,528.00	$75,076.81	$1,359,190.50	$142,575.60
Dec-2005	$239,313.75	$31,626.90	$150,000.00	$13,526.81	$150,000.00	$5,533.00	$869,191.50	$36,987.61	$1,102,658.00	$123,389.33
Jan-2006	$178,494.00	$11,642.08	$150,000.00	$22,563.25	$150,000.00	$8,546.00	$1,026,206.25	$40,323.92	$1,599,796.50	$140,333.77
Feb-2006	$222,842.50	$9,091.04	$150,000.00	$12,797.89	$150,000.00	$13,457.00	$1,096,340.00	$25,596.81	$1,460,968.50	$133,234.12
Mar-2006	$339,504.25	$23,463.50	$150,000.00	$19,073.75	$150,000.00	$12,762.00	$987,797.50	$39,951.46	$1,721,551.50	$143,533.32
Apr-2006	$330,039.50	$24,821.65	$150,000.00	$7,749.90	$150,000.00	$6,937.00	$1,018,303.50	$13,752.83	$1,505,250.50	$166,730.02
May-2006	$240,615.50	$16,444.20	$150,000.00	$6,606.35	$150,000.00	$14,399.00	$1,109,545.50	$44,653.54	$1,938,052.00	$192,286.07
Jun-2006	$227,627.25	$16,596.17	$150,000.00	$11,815.11	$150,000.00	$25,307.00	$964,306.50	$61,420.64	$2,096,753.00	$199,743.14
Jul-2006	$310,612.75	$42,372.73	$150,000.00	$17,140.82	$150,000.00	$2,938.00	$960,605.50	$26,957.93	$1,578,005.00	$178,693.89
Aug-2006	$272,679.25	$41,372.80	$150,000.00	$16,283.06	$150,000.00	$2,930.00	$1,177,477.50	$47,859.26	$2,018,138.00	$197,335.97
Sep-2006	$269,900.75	$18,360.64	$150,000.00	$17,406.09	$150,000.00	$3,863.00	$866,526.50	$53,304.53	$1,647,745.00	$192,411.84
Oct-2006	$125,964.25	$24,542.02	$150,000.00	$6,170.29	$150,000.00	$3,396.00	$1,163,100.00	$63,312.15	$1,790,995.50	$197,348.94
Nov-2006	$63,994.50	$21,414.52	$150,000.00	$2,739.00	$150,000.00	$2,429.00	$765,703.00	$29,692.76	$1,510,929.00	$166,211.61
Dec-2006	$101,763.25	$7,509.50	$150,000.00	$7,672.93	$150,000.00	$1,164.00	$692,802.50	$65,311.39	$1,222,697.00	$143,216.66
Jan-2007	$149,069.50	$4,868.55	$138,709.68	$6,141.18	--	--	$1,102,009.50	$29,140.89	$1,706,150.50	$172,904.32
Feb-2007	$95,616.00	$15,244.77	$100,000.00	$4,561.44	--	--	$1,234,510.50	$31,892.74	$1,347,630.50	$151,242.15
Mar-2007	$114,145.50	$10,368.72	$100,000.00	$4,147.88	--	--	$1,460,021.50	$44,055.48	$1,722,370.00	$190,578.68
Apr-2007	$22,276.50	$5,105.27	$100,000.00	$7,110.32	--	--	$1,415,512.00	$63,242.14	$1,507,696.50	$164,946.12
May-2007	$47,000.00		$104,000.00				$1,342,000.00		$1,680,000.00	
Jun-2007	$67,000.00						$1,424,000.00		$1,439,000.00	
TOTALS	$5,886,233.50	$531,972.31	$3,362,709.68	$308,944.32	$3,000,000.00	$234,690.00	$29,951,164.75	$1,427,203.26	$41,405,703.00	$3,949,478.48

PERIOD	CARSON FISCHER	
	Fees	Expenses
May-2005	$113,746.00	$4,901.10
Jun-2005	$223,602.50	$15,023.51
Jul-2005	$234,507.00	$13,138.15
Aug-2005	$232,849.50	$9,321.76
Sep-2005	$214,827.50	$7,433.38
Oct-2005	$144,904.50	$2,607.01
Nov-2005	$110,744.00	$2,700.74
Dec-2005	$97,760.50	$3,751.26
Jan-2006	$125,131.00	$2,420.30
Feb-2006	$113,321.50	$1,918.06
Mar-2006	$119,320.00	$2,667.92
Apr-2006	$85,648.00	$1,683.98
May-2006	$122,889.50	$2,655.98
Jun-2006	$172,563.00	$3,797.23
Jul-2006	$123,826.50	$6,026.89
Aug-2006	$174,166.00	$4,442.42
Sep-2006	$177,086.00	$1,522.00
Oct-2006	$165,243.00	$2,433.57
Nov-2006	$142,539.50	$1,071.11
Dec-2006	$83,849.50	$1,750.93
Jan-2007	$153,359.50	$2,922.37
Feb-2007	$117,981.00	$3,143.38
Mar-2007	$122,186.50	$2,173.68
Apr-2007	$188,753.50	$2,097.69
May-2007	$185,000.00	
Jun-2007	$150,000.00	
TOTALS	$3,895,805.50	$101,604.42

PERIOD	LAZARD	
	Fees	Expenses
5/05-8/05	$515,000.00	$87,566.23
9/05-12/05	$600,000.00	$88,686.56
1/06-4/06	$600,000.00	$58,782.96
5/06-8/06	$600,000.00	$38,265.50
9/06-12/06	$600,000.00	$35,330.91
1/07-4/07	$400,000.00	$12,161.22
May-2007	$102,000.00	
TOTALS	$3,417,000.00	$320,793.38

5/05-4/30/07	FEES	EXPENSES	F&E
TOTALS	$90,918,616.43	$6,874,686.17	$97,793,302.60
All Others	$20,569,480.88	$2,674,430.82	$23,243,911.70
			$121,037,214.30

EXHIBIT NN

DRAFT: For Discussion Purposes Only

ATTORNEY-CLIENT PRIVILEGED

PREPARED AT THE DIRECTION OF COUNSEL

Preliminary; Confidential

Preliminary Solvency Analysis

Collins & Aikman

Collins & Aikman Corporation

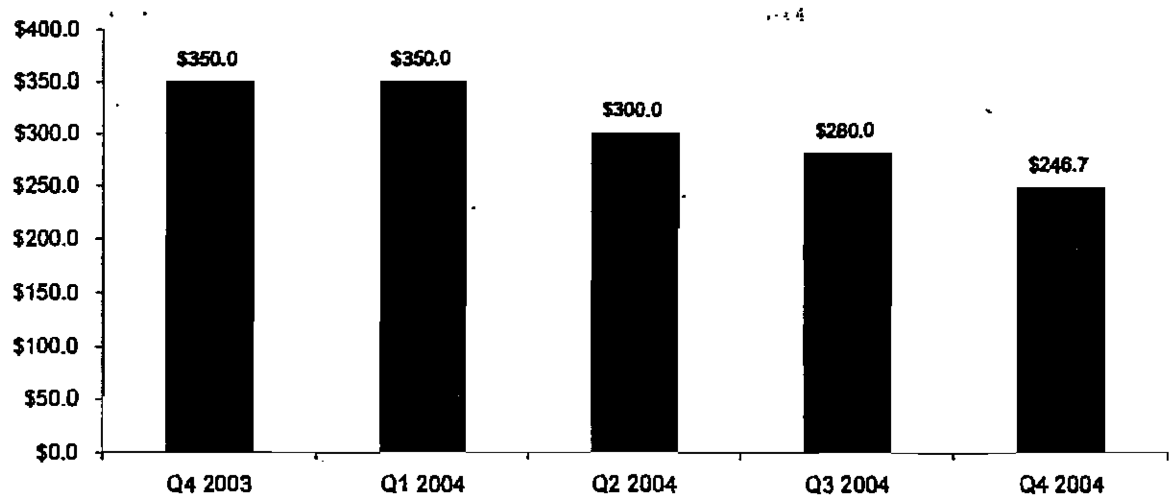
July 2006

CHANIN CAPITAL PARTNERS

Capital Adequacy Test: EBITDA Estimate

- The Company's projected 2005 EBITDA estimates from Wall Street research declined materially from $350 million in the Q4 2003 Timeframe to $246.7 million in the Q4 2004 Timeframe.

Collins & Aikman Corporation
Projected 2005 EBITDA Estimates



Source: Wall Street Research.

EXHIBIT OO

COLLINS & AIKMAN

Collins & Aikman North America
(millions)

ADJUSTED EBITDA REVISIONS

	Revised Post Closing Date Budget	2006 Operating Plan
	22-Nov-05	*24-Jan-06*
Jan-06	$29.9	$11.8
Feb-06	23.8	15.6
Mar-06	32.3	32.4
Apr-06	16.5	11.2
May-06	27.5	28.8
Jun-06	26.0	32.4
Jul-06	(1.6)	(6.0)
Aug-06	30.2	35.2
Sep-06	20.8	34.2
Oct-06	27.0	29.3
Nov-06	22.4	25.4
Dec-06	10.1	15.0
Total	$264.9	$265.3

			Change
Q1-06	86.0	59.8	(26.2)
Q2-06	70.0	72.4	2.4
Q3-06	49.4	63.4	14.0
Q4-06	59.5	69.7	10.2
Total	$ 264.9	$ 265.3	0.4

EXHIBIT PP

SHARED MATERIAL PURSUANT TO THE STIPULATION OF JUNE 13, 2007. DO NOT DISCLOSE TO ANYONE EXCEPT PURSUANT TO THE TERMS OF THE STIPULATION AND PROTECTIVE ORDER.

Privileged & Confidential

[redacted]

Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022
Attn: Richard M. Cieri, Esq.
David Eaton, Esq.
Ray Schrock, Esq.

Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, New York 10022
Attn: Michael S. Stamer, Esq.

Lazard Freres & Co. LLC
30 Rockefeller Plaza
New York, New York 10020
Attn: Mr. Barry Ridings

Chanin Capital Partners
11150 Santa Monica Boulevard
6th Floor
Los Angeles, California 90025
Attn: Mr. Russell Belinsky

Re: Collins & Aikman Corporation (together with its debtor subsidiaries, the "Debtors")

Gentlemen:

In connection with the above referenced Debtors' chapter 11 cases, as you know, Third Avenue Trust ("Third Avenue") is a member and the Chair of the Official Committee of Unsecured Creditors (the "Creditors' Committee"). Reference is made to the recently commenced and ongoing discussions between Third Avenue and the Debtors regarding (i) the terms and conditions of a potential rights offering that would provide the liquidity necessary to fund a chapter 11 plan and (ii) Third Avenue serving as a potential standby purchaser for such rights offering.[1]

Based on our discussions with the Debtors and their representatives and with the professionals for the Creditors' Committee, Third Avenue believes the potential rights offering and its willingness to consider serving as a standby purchaser are in the best

1 The discussions were undertaken by Third Avenue with the knowledge and acquiescence of the professionals for the Creditors' Committee and with the goal of preserving the going concern value of the Debtors' assets and businesses and maximizing value.

interests of the Debtors' estates and will serve to maximize the chances of a successful restructuring. Third Avenue is also very mindful of and sensitive to its duties and obligations as a member of the Creditors' Committee. In that regard, Third Avenue has engaged the law firm of Fried, Frank, Harris, Shriver & Jacobson LLP ("Fried Frank") as its independent counsel.

Third Avenue believes that the best way for it to help facilitate the Debtors' successful restructuring is by Third Avenue's continued service on the Creditors' Committee. Third Avenue recognizes and believes that its continued service on the Creditors' Committee is, in the first instance, in the discretion of the Creditors' Committee. With respect to its continuing participation on the Creditors' Committee, necessarily, Third Avenue also must defer in all respects to the judgment of the Debtors, the Office of the United States Trustee and the Court. Assuming that it is agreed that Third Avenue should continue in its role as a member and Chair of the Creditors' Committee, Third Avenue also recognizes, that consistent with the Committee's bylaws, there will be occasions when the Creditors' Committee may need to meet in executive session (without Third Avenue) or when Third Avenue may need to be recused or recuse itself from certain votes of the Creditors' Committee. In these instances, Third Avenue will seek out and rely upon the advice and counsel of the professionals for the Creditors' Committee and will be guided and act accordingly.

Third Avenue recognizes that others may have different views and perspectives about how best to proceed. Third Avenue has an open mind about that and will consider any and all other suggestions and ideas. For Third Avenue, the paramount goals and objectives are maximizing the value of the Debtors' estates and providing liquidity to facilitate the Debtors' near term and successful emergence from chapter 11 as fully rehabilitated and financially sound suppliers. To best achieve these goals, Third Avenue believes it should remain as an active and committed member of the Creditors' Committee. If the Debtors, the Creditors' Committee, or their respective advisors desire to further review and discuss the subject of this letter, Third Avenue's counsel Brad Eric Scheler (212-859-8019) and I are available at your convenience.

Best regards.

Very truly yours,

David Barse

cc: Brad Eric Scheler, Esq.
Vivek Melwani, Esq.

EXHIBIT QQ

September 22, 2006

Michael Stamer, Esq.
Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, NY 10022-2524

Re: In re Collins & Aikman Corporation, et al. (the "Debtors")
Chapter 11 Case No. 05-55927 (SWR)

Dear Mr. Stamer:

As counsel to the Unsecured Creditors Committee of Collins & Aikman Corporation, please be advised that Third Avenue has resigned its position as Chair of, and its membership on, the Unsecured Creditors Committee both effective immediately. Third Avenue's resignation is without prejudice to and Third Avenue expressly reserves all of its rights to take any and all actions in the Debtors' bankruptcy cases (including bidding for assets) and all claims against the Debtors, all professionals and the Debtors' estates in these cases.

Very truly yours,

David Barse
Chief Executive Officer

SHARED MATERIAL PURSUANT TO THE STIPULATION OF JUNE 13, 2007. DO NOT DISCLOSE TO ANYONE EXCEPT PURSUANT TO THE TERMS OF THE STIPULATION AND PROTECTIVE ORDER.