SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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COLLINS & AIKMAN CORP
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SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

X Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarter ended April 29, 1995

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number 1-10218

COLLINS & AIKMAN CORPORATION
(formerly Collins & Aikman Holdings Corporation)

A Delaware Corporation (IRS Employer Identification No. 13-3489233)

701 McCullough Drive
Charlotte, North Carolina 28262
Telephone (704) 547-8500

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

As of June 6, 1995, the number of outstanding shares of the Registrant's common stock, $.01 par value, was 70,520,900 shares.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

COLLINS & AIKMAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except for per share data)

<TABLE>
<CAPTION>

	Quarter Ended	
	April 29, 1995	April 30, 1994
<S>	<C>	<C>
Net sales	$ 392,129	$ 390,446
Cost of goods sold	298,431	289,492
Selling, general and administrative expenses	46,909	55,392
	345,340	344,884

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Operating income	46,789	45,562
Interest expense, net	11,541	29,061
Loss on sale of receivables	2,694	-
Dividends on preferred stock of subsidiary	-	1,129
Income from continuing operations before income taxes .	32,554	15,372
Income taxes	3,653	2,618
Net income	$ 28,901	$ 12,754
Dividends and accretion on preferred stock	-	7,086
Income applicable to common shareholders	$ 28,901	$ 5,668
Net income per primary and fully diluted common share .	$ .40	$ .19
Average common shares outstanding	71,748	29,809

</TABLE>

See accompanying notes.

COLLINS & AIKMAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

<TABLE>
<CAPTION>

<S>	<C> (Unaudited) April 29, 1995	<C> January 28, 1995
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 13,719	$ 3,317
Accounts and notes receivable, net	78,910	92,082
Inventories	199,705	196,096
Other	26,477	38,184
Total current assets	318,811	329,679
Property, plant and equipment, at cost less accumulated depreciation and amortization of $282,595 and $269,808	295,645	287,559
Other assets	63,183	63,833
	$ 677,639	$ 681,071
LIABILITIES AND COMMON STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Notes payable	$ 1,950	$ 1,723
Current maturities of long-term debt	24,752	18,114
Accounts payable	76,052	97,726
Accrued expenses	123,046	144,566
Total current liabilities	225,800	262,129
Long-term debt	555,325	547,963
Deferred income taxes	1,459	1,377
Other, including postretirement benefit obligation	283,306	282,224
Commitments and contingencies		
Common stock (150,000 authorized, 70,521 shares issued and outstanding)	705	705
Other paid-in capital	585,972	586,281
Accumulated deficit	(947,648)	(976,549)
Foreign currency translation adjustments	(17,876)	(13,655)
Pension equity adjustment	(9,404)	(9,404)

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Total common stockholders' deficit	(388,251)	(412,622)
	$ 677,639	$ 681,071

</TABLE>

See accompanying notes.

COLLINS & AIKMAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

<TABLE>
<CAPTION>

	Quarter Ended	
	April 29, 1995	April 30, 1994
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$ 28,901	$ 12,754
Adjustments to derive cash flow from continuing operating activities:		
Depreciation and leasehold amortization	11,718	11,127
Amortization of other assets & liabilities	2,931	2,334
Decrease (increase) in accounts and notes receivable . .	18,172	(12,340)
Increase in inventories	(3,609)	(13,647)
Decrease in accounts payable	(21,674)	(7,403)
Increase in interest and dividends payable	730	13,787
Other, net	(5,713)	11,371
Net cash provided by continuing operating activities .	31,456	17,983
Cash used in discontinued operations	(6,831)	(8,540)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(21,462)	(15,286)
Sales of property, plant and equipment	274	11
Net proceeds from disposition of discontinued operations . .	-	71,445
Other, net	(2,250)	2,680
Net cash provided by (used in) investing activities .	(23,438)	58,850
FINANCING ACTIVITIES		
Issuance of long-term debt	717	1,037
Repayment of long-term debt	(1,863)	(5,335)
Reduction of participating interests in accounts receivable .	(5,000)	-
Net borrowings (repayments) on revolving credit facilities	15,000	(5,000)
Net borrowings (repayments) on notes payable	227	(821)
Other, net	134	(265)
Net cash provided by (used in) financing activities .	9,215	(10,384)
Net increase in cash and cash equivalents	10,402	57,909
Cash and cash equivalents at beginning of period	3,317	81,373
Cash and cash equivalents at end of period	$ 13,719	$ 139,282

</TABLE>

See accompanying notes.

COLLINS & AIKMAN CORPORATION AND SUBSIDIARIES

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL REPORT
(Unaudited)

A. Organization:

Collins & Aikman Corporation (the "Company") (formerly Collins & Aikman Holdings Corporation) is a Delaware corporation. Prior to July 13, 1994, the Company was a wholly-owned subsidiary of Collins & Aikman Holdings II Corporation ("Holdings II"). In connection with an initial public offering of common stock ("Common Stock") and a recapitalization (the "Recapitalization"), Holdings II was merged into the Company. Concurrently, Collins & Aikman Group, Inc., a wholly-owned subsidiary of the Company ("Group"), was merged into its wholly-owned subsidiary, Collins & Aikman Corporation, which changed its name to Collins & Aikman Products Co. ("C&A Products"). On July 7, 1994, the Company changed its name from Collins & Aikman Holdings Corporation to Collins & Aikman Corporation.

Prior to the Recapitalization, the Company was jointly owned by Blackstone Capital Partners L.P. ("Blackstone Partners") and Wasserstein Perella Partners, L.P. ("WP Partners") and their respective affiliates. As a result of the Recapitalization, Blackstone Partners and WP Partners and their respective affiliates collectively own approximately 76% of the Common Stock.

The Company conducts all of its operating activities through its wholly-owned C&A Products subsidiary.

B. Basis of Presentation:

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of financial position and results of operations. Results of operations for interim periods are not necessarily indicative of results for the full year. Certain reclassifications have been made to the statement of operations for the quarter ended April 30, 1994 and the statement of cash flows for the quarter ended April 30, 1994 to conform to the fiscal 1995 presentation.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Collins & Aikman Corporation Annual Report on Form 10-K for the fiscal year ended January 28, 1995.

C. Interest Rate Protection Program:

During September 1994, the Company entered into a program designed to reduce its exposure to changes in the cost of its variable rate borrowings by the use of interest rate cap and corridor agreements. The strike price of these agreements exceeded the current market levels at the time they were entered into and their cost is included in interest expense ratably during the life of the agreements. Payments to be received, if any, as a result of the agreements are accrued as a reduction of interest expense. Unamortized costs of these arrangements are included in other assets. Under these agreements, the Company has limited its exposure on notional principal amounts as follows (in thousands):

Protection Period	Notional Principal Amount	Average LIBOR Strike Price
October 1994 thru October 1995	$ 300,000	6.92%
October 1995 thru October 1996	$ 250,000	7.50%

Amortization of these agreements amounted to $.1 million during the quarter ended April 29, 1995.

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D. Receivables Facility:

On March 31, 1995, C&A Products repaid and terminated the receivables financing arrangement it entered into in connection with the Recapitalization (the "Bridge Receivables Facility") and entered, through a trust (the "Trust") formed by Carcorp, Inc., a wholly-owned, bankruptcy remote subsidiary of C&A Products ("Carcorp"), into a new receivables facility (the "Receivables Facility") comprised of (i) term certificates, which were issued on March 31, 1995, in an aggregate face amount of $110 million and have a term of five years and (ii) variable funding certificates, which represent revolving commitments of up to an aggregate of $75 million and have a term of five years. Carcorp purchases on a revolving basis and transfers to the Trust virtually all trade receivables generated by C&A Products and certain of its subsidiaries (the "Sellers").

Availability under the variable funding certificates at any time depends primarily on the amount of receivables generated by the Sellers from sales to the auto industry, the rate of collection on those receivables and other characteristics of those receivables which affect their eligibility (such as bankruptcy or downgrading below investment grade of the obligor, delinquency and excessive concentration). Based on these criteria, at April 29, 1995 approximately $31.5 million was available under the variable funding certificates, of which approximately $30.0 million was utilized.

The term certificates bear interest at an average rate equal to one-month LIBOR plus .34% per annum. The variable funding certificates bear interest, at Carcorp's option, at LIBOR plus .40% per annum or a prime rate.

As of April 29, 1995, the Trust's receivables pool was $209.9 million net of allowances for doubtful accounts. As of April 29, 1995, the holders of term certificates and variable funding certificates collectively possessed a $140 million undivided senior interest (net of settlements in transit) in the Trust's receivables pool and, accordingly, such receivables were not reflected in the Company's accounts receivable balance as of that date. As of April 29, 1995, Carcorp owned a subordinated interest in the receivables pool.

E. Inventories:

Inventory balances are summarized as follows (in thousands):

	April 29, 1995	January 28, 1995
Raw materials	$ 79,869	$ 81,669
Work in process	25,983	24,149
Finished goods	93,853	90,278
	$ 199,705	$ 196,096

F. Interest Expense, Net:

Interest expense for the quarters ended April 29, 1995 and April 30, 1994 is net of interest income of $.8 million and $2.4 million, respectively.

G. Related Party Transactions:

Pursuant to the Stockholders' Agreement among the Company, Group, Blackstone Partners and WP Partners dated December 1988, the Company paid Blackstone Partners and WP Partners, or their respective affiliates, operating, management and advisory fees aggregating $5.0 million annually until the agreement's amendment in July 1994.

Under the Amended and Restated Stockholders' Agreement among the Company, C&A Products, Blackstone Partners and WP Partners, the Company pays Blackstone Partners and WP Partners, or their respective affiliates, each an annual monitoring fee of $1.0 million, which is payable quarterly and which commenced in the quarter ended October 29, 1994.

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During the first quarter of 1994, the Company incurred expenses of $2.5 million for services performed by affiliates of Blackstone Partners and WP Partners in connection with a comprehensive review of the Company's liabilities associated with discontinued operations, including surplus real estate, postretirement and workers compensation liabilities. The Company also incurred during the first quarter of 1994 expenses of $2.75 million for services performed by affiliates of WP Partners and $3.25 million for services performed by affiliates of Blackstone Partners in connection with the Company's review of refinancing and strategic alternatives as well as other advisory services; these fees are included in "selling, general and administrative expenses" for the first quarter of 1994.

In connection with the Company's discontinued operations, the Company incurred fees of $.1 million during the first quarter of 1994 to an affiliate of Blackstone Partners for advisory services in connection with the sale of inventory, real estate and other assets of Builders Emporium, a former division of Group.

H. Information About Segments of the Company's Operations:

Information about the Company's segments for the first quarter of fiscal 1995 and of fiscal 1994 follows (in thousands):

<TABLE>
<CAPTION>

Quarter Ended April 29, 1995	Net Sales	Gross Margin	Operating Income	Capital Expenditures
<S>	<C>	<C>	<C>	<C>
Automotive Products . . .	$ 243,694	$ 45,728	$ 31,080	$ 15,312
Interior Furnishings . .	91,196	27,855	11,196	4,625
Wallcoverings	57,239	20,115	4,513	1,207
	392,129	93,698	46,789	21,144
Corporate items	-	-	-	318
	$ 392,129	$ 93,698	$ 46,789	$ 21,462

Quarter Ended April 30, 1994	Net Sales	Gross Margin	Operating Income (Loss)	Capital Expenditures
Automotive Products . . .	$ 222,991	$ 48,149	$ 35,390	$ 11,234
Interior Furnishings . .	107,129	31,880	13,674	2,573
Wallcoverings	60,326	20,925	5,137	1,286
	390,446	100,954	54,201	15,093
Corporate items	-	-	(8,639) (a)	193
	$ 390,446	$ 100,954	$ 45,562	$ 15,286

</TABLE>

a) Corporate items for the quarter ended April 30, 1994 include $6.0 million related to services performed by affiliates of WP Partners and of Blackstone Partners in connection with the Company's review of refinancing and strategic alternatives as well as certain other advisory services.

I. Commitments and Contingencies:

See "PART II - OTHER INFORMATION, Item 1. Legal Proceedings." The ultimate outcome of the legal proceedings to which the Company is a party will not, in the opinion of the Company's management based on the facts presently known to it, have a material effect on the Company's consolidated financial condition or results of operations.

See also "PART I - FINANCIAL INFORMATION, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations."

C&A Products (or its predecessor, Group) has assigned leases related to divested businesses. Although C&A Products has obtained releases from the lessors of certain of these properties, C&A Products remains contingently liable under most of the leases. C&A Products' future liability for these leases, in management's opinion, based on the facts presently known to

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it, will not have a material effect on the Company's consolidated financial condition or results of operations.

J. Common Stockholders' Deficit:

Activity in common stockholders' deficit is as follows (in thousands):

	Common Stock	Other Paid-in Capital	Accumulated Deficit	Foreign Currency Translation Adjustments	Pension Equity Adjustment	Total
Balance at January 28, 1995	$ 705	$586,281	$(976,549)	$ (13,655)	$ (9,404)	$(412,622)
Compensation expense adjustment	-	(309)	-	-	-	(309)
Net income	-	-	28,901	-	-	28,901
Foreign currency translation adjustments	-	-	-	(4,221)	-	(4,221)
Balance at April 29, 1995	$ 705	$585,972	$(947,648)	$ (17,876)	$ (9,404)	$(388,251)

K. Earnings Per Share:

Earnings per common share are based on the weighted average number of shares of Common Stock outstanding during each period and the assumed exercise of employee stock options less the number of treasury shares assumed to be purchased from the proceeds, including applicable compensation expense. In connection with the merger of Holdings II into the Company, the 35,035,000 shares of Common Stock of the Company outstanding prior to the Recapitalization were canceled and approximately 28,164,000 shares of Common Stock were issued in exchange for the common stock of Holdings II. All historical amounts and earnings per share computations have been adjusted to reflect the merger. For the quarter ended April 30, 1994, net income has been adjusted by dividends and accretion requirements on preferred stock to compute the income applicable to common shareholders.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

RECENT DEVELOPMENTS

On May 31, 1995, the Company announced a stock repurchase program whereby the Company may spend up to $12.0 million during fiscal 1995 for the repurchase of shares of Common Stock. The repurchased shares will provide available shares for the Company's employee and director stock option plans. It is the Company's intent that any such repurchased shares will be retained by the Company in its treasury until their reissuance upon the exercise of options.

INITIAL PUBLIC OFFERING AND RECAPITALIZATION

During July 1994, the Company completed an initial public offering and a Recapitalization which was designed to reduce the Company's indebtedness, significantly lower interest expense, improve operating and financial flexibility and provide liquidity for operations and other general corporate purposes. In connection with the Recapitalization, Holdings II, formerly the sole common stockholder of the Company, was merged into the Company and the Company changed its name to Collins & Aikman Corporation. Concurrently, Group was merged into its wholly-owned subsidiary, Collins & Aikman Corporation, which changed its name to Collins & Aikman Products Co.

GENERAL

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The Company's continuing business segments consist of Automotive Products, which supplies interior trim products to the North American automotive industry; Interior Furnishings, which manufactures residential upholstery and commercial floorcoverings for sale in the United States and for export; and Wallcoverings, which produces residential and commercial wallpaper for sale in North America. The Company's net sales in the first quarter of fiscal 1995 were $392.1 million, with approximately $243.7 million (62.1%) in Automotive Products, $91.2 million (23.3%) in Interior Furnishings, and $57.2 million (14.6%) in Wallcoverings. All references to a year with respect to the Company refer to the fiscal year of the Company which ends on the last Saturday of January of the following year.

The industries in which the Company competes are cyclical. Automotive Products is influenced by the level of North American vehicle production. Interior Furnishings is primarily influenced by the level of residential, institutional and commercial construction and renovation. Wallcoverings is also influenced by levels of construction and renovation and by trends in home remodeling.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (Continued)

RESULTS OF OPERATIONS

Discussion of results of each of the Company's operating segments follows:

Automotive Products

<TABLE>
<CAPTION>

	Quarter Ended			
	April 29, 1995		April 30, 1994	
	Amount	Percent	Amount	Percent
	(amounts in thousands)			
<S>	<C>	<C>	<C>	<C>
Net sales	$243,694	100.0%	$ 222,991	100.0%
Cost of goods sold	197,966	81.2	174,842	78.4
Gross margin	45,728	18.8	48,149	21.6
Selling, general & administrative expenses	14,648	6.0	12,759	5.7
Operating income	$ 31,080	12.8%	$ 35,390	15.9%

</TABLE>

Net Sales: Automotive Products' net sales increased 9.3% to approximately $243.7 million in the first quarter of 1995, up $20.7 million over the comparable 1994 quarter. The overall increase is attributable to increased sales volume of four of the segment's five high volume products, primarily automotive bodycloth, which experienced an increase of 20.6%, and molded carpet, which experienced a 15.4% increase. These were partially offset by a 33.7% decrease in convertible top systems. The overall increase in the segment's sales compares with a 1% increase in the North American vehicle build over the comparable quarter of the prior year. For the remainder of the year, the Company currently does not expect any increase in the North American vehicle build from last year.

The bodycloth increase was due primarily to the Company's jacquard velvets product line currently utilized in such high volume models as the General Motors C/K Truck Line. Additional product placements, which contributed to the overall increase in bodycloth volume, were the Chevrolet Cavalier, Lumina and Suburban, the Ford Contour/Mystique, the Chrysler Cirrus/Stratus and the GEO Prism.

The molded floor carpet increase was due to a 16% increase in unit shipments principally related to increased production of high volume models, including the Chevrolet Lumina and Monte Carlo, the Buick Regal, the Chrysler Cirrus/Stratus, and the Ford

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Explorer.

The convertible top systems decrease resulted from reduced production of the Ford Mustang convertible.

The above factors resulted in the Company's average sales content per vehicle built in North America of approximately $55 for the first quarter of 1995 compared to an average of approximately $53 for the fiscal 1994 year and $55 for the preceding fiscal quarter.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (Continued)

Gross Margin: For the first quarter of 1995, gross margin was 18.8%, down from 21.6% in the comparable period in 1994. The decline is attributable primarily to reduced margins in automotive seat fabric, which resulted primarily from manufacturing inefficiencies and from commission weaving costs incurred due to capacity constraints for certain fabrics, and reduced convertible top system sales, which carry a higher margin than the segment's average. The Company has terminated commission weaving in the middle of the second quarter of 1995. During the current quarter, the segment experienced increases in certain raw material prices which were offset by the Company's reengineering efforts. The Company expects to continue to incur raw material price increases during the remainder of fiscal 1995.

Selling, General and Administrative Expenses: Automotive Products' selling, general and administrative expenses increased 14.8% in the first quarter of 1995 over the comparable 1994 period. The increase is primarily due to the allocation of previously unallocated corporate expenses and costs incurred in divisional reorganizations.

Interior Furnishings

<TABLE>
<CAPTION>

	Quarter Ended			
	April 29, 1995		April 30, 1994	
	Amount	Percent	Amount	Percent
	(amounts in thousands)			
<S>	<C>	<C>	<C>	<C>
Net sales	$ 91,196	100.0%	$ 107,129	100.0%
Cost of goods sold	63,341	69.5	75,249	70.2
Gross margin	27,855	30.5	31,880	29.8
Selling, general & administrative expenses	16,659	18.2	18,206	17.0
Operating income	$ 11,196	12.3%	$ 13,674	12.8%

</TABLE>

Net Sales: Interior Furnishings' net sales decreased 14.9% to $91.2 million in the first quarter of 1994, down $15.9 million compared to the first quarter of 1994. The Decorative Fabrics group experienced a net sales decline of 19.8% and the Floorcoverings group experienced a net sales increase of 3.2% during the first quarter of fiscal 1995 as compared to the first quarter of the prior year. Decorative Fabrics' sales decline was principally in the group's Mastercraft division, which makes flatwoven upholstery fabrics. In addition, 1994 results included the Warner and Greeff product lines, which were sold in the fourth quarter of 1994. The Company believes that lower sales at Mastercraft may reflect both competition from lower priced goods and a shift in consumer tastes from traditional jacquard fabrics to leather and textured fabrics. The Company expects these factors, together with softness in the furniture business, to continue to impact Mastercraft sales. Velvet sales were also down due to the Company's redeployment of manufacturing capacity to make automotive seat fabric. The increase in Floorcoverings' sales reflects an increase in the volume of shipments to the healthcare industry and to the export markets.

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COLLINS & AIKMAN CORPORATION AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (Continued)

Gross Margin: For the first quarter of 1995, gross margin was 30.5%, up from 29.8% in the comparable period. The increase reflects improvements in manufacturing efficiencies in the Decorative Fabrics group resulting from the Mastercraft loom modernization and cost improvement programs.

Selling, General and Administrative Expenses: Interior Furnishings' selling, general and administrative expenses decreased $1.5 million or 8.5% in the first quarter of 1995 from the first quarter of 1994. Of the decrease in selling, general and administrative expenses, $2.2 million relates primarily to the Warner and Greeff product lines which were sold in the fourth quarter of 1994, partially offset by the allocation to Interior Furnishings of previously unallocated corporate expenses.

Wallcoverings

<TABLE>
<CAPTION>

	Quarter Ended			
	April 29, 1995		April 30, 1994	
	Amount	Percent	Amount	Percent
	(amounts in thousands)			
<S>	<C>	<C>	<C>	<C>
Net sales	$ 57,239	100.0%	$ 60,326	100.0%
Cost of goods sold	37,124	64.9	39,401	65.3
Gross margin	20,115	35.1	20,925	34.7
Selling, general & administrative expenses	15,602	27.2	15,788	26.2
Operating income	$ 4,513	7.9%	$ 5,137	8.5%

</TABLE>

Net Sales: Wallcoverings' net sales for the first quarter of 1995 decreased 5.1% from the comparable prior year period. The decrease reflects lower shipments to converter businesses and planned reductions in sales to independent distributors, partially offset by increased sales to independent retailers ("dealers").

Gross Margin: For the first quarter of 1995, gross margin of 35.1% was up from 34.7% in the comparable prior year period. The improvement in gross margin as a percent of net sales resulted from a shift to dealer sales from lower margin converter and independent distributor sales.

Selling, General and Administrative Expenses: Wallcoverings' selling, general and administrative expenses decreased 1.2% to $15.6 million in the first quarter of 1995, down $.2 million over the first quarter of 1994. The decrease in selling, general and administrative expenses is attributable primarily to a reduction in the number of sample books, which resulted in lower selling costs, partially offset by increased allocations to Wallcoverings of previously unallocated corporate expenses. The reduction in sample books over the comparable prior year period reflects a relatively high number of sample books in the prior year as the segment was reestablishing its shelf space with the dealers.

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Company As A Whole

Net Sales: Net sales increased .4% to $392.1 million in the first quarter of 1995, up $1.7 million over the first quarter of 1994. The overall net sales increases reflect continued sales increases in the Company's Automotive Products segment offset by sales decreases in the Interior Furnishings and Wallcoverings segments as discussed above.

Gross Margin: Gross margin decreased to $93.7 million or 23.9% of sales in the first quarter of 1995, down from $101.0 million or 25.9% of sales in the first quarter of 1994. The first quarter decrease in gross margin as a percent of sales results primarily from manufacturing inefficiencies in automotive fabrics, commission weaving costs incurred due to capacity constraints for certain automotive fabrics and reduced convertible top system sales in the Automotive Products segment, partially offset by efficiencies in the Interior Furnishings segment and a somewhat improved sales mix in the Wallcoverings segment. To a lesser extent, the decline in gross margin is attributable to raw material price increases. The Company expects the impact of raw material price increases to grow in the remainder of fiscal 1995, although the Company believes that the impact can be somewhat reduced by price increases to customers, reengineering efforts and continued reductions in the cost of non-conformance.

Selling, General and Administrative Expenses: Selling, general and administrative expenses decreased in the first quarter of 1995 to $46.9 million and were $8.5 million lower than the comparable period in 1994. The improvement is primarily attributable to a reduction of advisory fees, which were paid in the first quarter of 1994, and to the sale of the Warner and Greeff product lines in the fourth quarter of 1994.

Interest Expense: Interest expense, net of interest income, decreased $17.6 million to $11.5 million in the first quarter of 1995 from $29.1 million in the first quarter of 1994. The overall decrease in interest expense was due to the Recapitalization which reduced the Company's overall outstanding indebtedness and its borrowing rates.

Loss on the Sale of Receivables: Since the Recapitalization, the Company has sold on a continuous basis, through its Carcorp subsidiary, interests in a pool of accounts receivable. In connection with the receivables sales, a loss of $2.7 million was incurred in the first quarter of 1995. No sales of receivables occurred in the comparable period of 1994. See Note D to Condensed Consolidated Financial Report.

Income Taxes: In the quarter ended April 29, 1995, the provision for income taxes was $3.7 million compared with $2.6 million for the comparable 1994 period. In the first quarter of 1995 income tax expense consisted of foreign, state, franchise and federal alternative minimum taxes. In the comparable 1994 period the Company did not incur any federal alternative minimum taxes.

Net Income: The combined effect of the foregoing resulted in net income of $28.9 million in the first quarter of 1995 compared to net income of $12.8 million for the comparable period of 1994.

Pro Forma Results: As previously discussed, in July 1994, the Company completed a Recapitalization designed to reduce its total indebtedness, significantly lower interest expense, improve operating and financial flexibility and provide liquidity for operations and

other general corporate purposes. Had the Recapitalization occurred at the beginning of fiscal 1994, the pro forma income and earnings per common share from continuing operations for the first quarter of fiscal 1994 would have been $32.9 million and $.46, respectively (assuming 72.2 million fully diluted shares).

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The pro forma results do not purport to represent what the Company's results of operations would actually have been if the Recapitalization had occurred as of the beginning of fiscal 1994, or to project the Company's results of operations at any future date or for any future period.

LIQUIDITY AND CAPITAL RESOURCES

The Company and its subsidiaries had cash and cash equivalents totalling $13.7 million and $3.3 million at April 29, 1995 and January 28, 1995, respectively. The increase in the Company's cash balance is primarily due to the Receivables Facility, which the Company entered into on March 31, 1995, whereby collections of receivables are temporarily held until the determination of availability. The Receivables Facility is further discussed below.

As part of the Recapitalization, in July 1994 the Company's C&A Products subsidiary entered into new credit facilities. The new credit facilities consist of (i) the Term Loan Facilities, comprised of term loans in an aggregate principal amount of $475 million (including a $45 million Canadian loan) and having a term of eight years, which were drawn in full on the closing date, (ii) the Revolving Facility, having an aggregate principal amount of up to $150 million and a term of seven years and (iii) the Bridge Receivables Facility, which was terminated and replaced with the Receivables Facility (the Term Loan Facilities and Revolving Facility, together, the "Facilities"). The Facilities contain restrictive covenants including maintenance of EBITDA (i.e. earnings before interest, taxes, depreciation and amortization including the non cash write-off of goodwill) and interest coverage ratios, leverage and liquidity tests and various other restrictive covenants which are typical for such facilities. In addition, C&A Products is prohibited from paying dividends or making other distributions to the Company except to the extent necessary to allow the Company to pay taxes, ordinary expenses, permitted dividends on the common stock and the price for permitted repurchases of shares or options and to make permitted investments in finance, foreign or acquired subsidiaries. The Company does not believe such prohibition will have a material adverse impact on the Company because all the Company's operations are conducted, and all the Company's debt obligations are issued, by C&A Products and its subsidiaries.

On March 31, 1995, C&A Products repaid and terminated the Bridge Receivables Facility and entered, through the Trust formed by its wholly-owned, bankruptcy remote subsidiary, Carcorp, the Receivables Facility comprised of (i) term certificates, which were issued on March 31, 1995, in an aggregate face amount of $110 million and having a term of five years and (ii) variable funding certificates, which represent revolving commitments, of up to an aggregate of $75 million and having a term of five years. Carcorp purchases on a revolving basis and transfers to the Trust virtually all trade receivables generated by C&A Products and the Sellers. The certificates represent the right to receive payments generated by the receivables held by the Trust.

Availability under the variable funding certificates at any time depends primarily on the amount of receivables generated by the Sellers from sales to the auto industry, the rate of collection on those receivables and other characteristics of those receivables which affect their eligibility (such as bankruptcy or downgrading below investment grade of the obligor, delinquency and excessive concentration). Based on these criteria, at April 29, 1995 approximately $31.5 million was available under the variable funding certificates, of which approximately $30.0 million was utilized.

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The proceeds received by Carcorp from collections on receivables, after the payment of expenses and amounts due on the certificates, are used to purchase new receivables from the Sellers. Collections on receivables are required to remain in the Trust if at any time the Trust does not contain sufficient eligible receivables to support the outstanding certificates. The Receivables Facility contains certain other restrictions on Carcorp (including maintenance of $25 million net worth) and on the Sellers (including limitations on liens on receivables, on modifications of the terms of receivables, and on changes in credit and collection practices) customary for facilities of this type. The commitments under the Receivables Facility will terminate prior to their term upon the occurrence of certain events, including payment defaults, breach of covenants, bankruptcy, insufficient eligible receivables to support the outstanding certificates, default by C&A Products in servicing the receivables and, in the case of the variable funding certificates, failure of the receivables to satisfy certain performance criteria.

The Company has a master equipment lease agreement for a maximum of $50 million of machinery and equipment. At April 29, 1995, the Company had $27.4 million of potential availability under this master lease for future machinery and equipment requirements of the Company subject to the lessor's approval.

The Company's principal sources of funds are cash generated from continuing operating activities, borrowings under the Revolving Facility and the sale of receivables under the Receivables Facility. Net cash provided by the operating activities of the Company's continuing operations was $31.5 million for the quarter ended April 29, 1995. The Company had a total of $47.9 million of borrowing availability under its credit arrangements as of April 29, 1995. The total was comprised of $39.4 million under the Revolving Facility, $1.5 million under the Receivables Facility and approximately $7.0 million under a bank demand line of credit in Canada.

In connection with the Company's announced stock repurchase program the Company and its lenders entered into an amendment to the Facilities effective May 30, 1995 which permits the Company currently to spend up to $12 million annually to repurchase its shares. The Company believes it has sufficient liquidity under its existing credit arrangements to effect the repurchase program.

The Company's principal uses of funds for the next several years will be to fund interest and principal payments on its indebtedness, net working capital increases and capital expenditures. At April 29, 1995, the Company had total outstanding indebtedness of $582.0 million (excluding approximately $25.6 million of outstanding letters of credit) at an average interest rate of 7.9% per annum. Of the total outstanding indebtedness, $560 million relates to the Term Loan Facilities and the Revolving Facility.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (Continued)

Indebtedness under the Facilities bears interest at a per annum rate equal to the Company's choice of (i) Chemical Bank's Alternate Base Rate (which is the highest of Chemical's announced prime rate, the Federal Funds Rate plus .5% and Chemical's base certificate of deposit rate plus 1%) ("ABR") plus the ABR Margin per annum or (ii) the offered rates for Eurodollar deposits ("LIBOR") of one, two, three, six, nine or twelve months, as selected by the Company, plus the LIBOR Margin. Pursuant to the terms of the Facilities, the "ABR Margin" is currently .50% and the "LIBOR Margin" is currently 1.50%. The weighted average rate of interest on the Facilities at April 29, 1995 was 7.9%. The weighted average interest rate on the sold interests under the Receivables Facility at April 29, 1995 was 6.6%. Under the Receivables Facility, the term certificates bear interest at an average rate equal to one-month LIBOR plus .34% per annum and the variable funding certificates bear interest, at Carcorp's option, at LIBOR plus .40% per annum or a

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prime rate. Cash interest paid during the quarters ended April 29, 1995 and April 30, 1994 was $11.0 million and $8.5 million, respectively.

Due to the variable interest rates under the Facilities and the Receivables Facility, the Company is sensitive to increases in interest rates. Accordingly, during September 1994, the Company entered into a program to reduce its exposure to increases in interest rates through the use of interest rate cap and corridor agreements. Under these agreements, the Company has limited its exposure through October 17, 1995 on $300 million of notional principal amount at an average LIBOR strike price of 6.92% and on $250 million of notional principal amount from October 17, 1995 through October 17, 1996 at an average LIBOR strike price of 7.50%. Based upon amounts outstanding at April 29, 1995, a .5% increase in LIBOR (6.1% at April 29, 1995) would impact interest costs by approximately $2.8 million annually on the Facilities and $.7 million annually on the Receivables Facility.

The current maturities of long-term debt primarily consist of the current portion of the Term Loan Facilities, vendor financing, industrial revenue bonds and other miscellaneous debt. Repayments of indebtedness under the Term Loan Facilities commence in the third fiscal quarter of 1995. The maturities of long-term debt of the Company during the remainder of fiscal 1995 and for 1996, 1997, 1998 and 1999 are $17.0 million, $41.5 million, $61.5 million, $77.2 million and $83.7 million, respectively. In addition, the Term Loan Facilities provide for mandatory prepayments with certain excess cash flow of the Company, net cash proceeds of certain asset sales or other dispositions by the Company, net cash proceeds of certain sale-leaseback transactions and net cash proceeds of certain issuances of debt obligations.

The Company makes capital expenditures on a recurring basis for replacements and improvements. As of April 29, 1995, the Company had approximately $46.0 million in outstanding capital expenditure commitments. The Company currently anticipates that its capital expenditures in 1995 will aggregate approximately $75 million. The Company may make additional capital expenditures in 1995 of approximately $35 million (and enter into related sale-leaseback arrangements) or it may obtain the equipment through existing and new operating leases. In 1994, the Company's gross capital expenditures were $84.4 million. The Company in 1994 entered into related sale leaseback arrangements for proceeds to the Company of $30.4 million. The Company's capital expenditures in future years will depend upon demand for the Company's products and changes in technology.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (Continued)

The Company is sensitive to price movements in its raw material supply base. During the first quarter of 1995, price trends for many materials continued to increase. The Company anticipates that announced price increases in its primary raw materials could increase the cost of purchased materials by approximately $20 to $25 million on an annualized basis. While the Company may not be able to pass on future raw material price increases to its customers, it believes that a significant portion of the increased cost can be offset by continued results of its reengineering efforts and by continued reductions in the cost of nonconformance.

During 1994, the Company began construction of two facilities in Mexico to supply automotive products to Mexican subsidiaries of U.S. based automobile manufacturers, one of which is currently operational. The Company believes that, based on the nature of its Mexican operations, fluctuations in the Mexican peso will not have a material impact on the Company's operations.

The Company has significant obligations relating to

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postretirement, casualty, environmental, lease and other liabilities of discontinued operations. In connection with the sale and acquisition of certain businesses, the Company has indemnified the purchasers and sellers for certain environmental liabilities, lease obligations and other matters. In addition, the Company is contingently liable with respect to certain lease and other obligations assumed by certain purchasers and may be required to honor such obligations if such purchasers are unable or unwilling to do so. Management anticipates that the net cash requirements of its discontinued operations will be approximately $30.0 million in 1995. The increase from the Company's previous estimate is primarily due to the anticipated settlement of the Preferred Stock Redemption Litigation discussed in "Part II - Other Information, Item 1 - Legal Proceedings". However, because the requirements of the Company's discontinued operations are largely a function of contingencies, it is possible that the actual net cash requirements of the Company's discontinued operations could differ materially from management's estimates. Management believes that the Company's needs relating to discontinued operations can be adequately funded in 1995 and into 1996 by net cash provided by operating activities from continuing operations and by borrowings under existing bank credit facilities.

Tax Matters

At January 28, 1995, the Company had outstanding NOLs (net operating loss carryforwards) of approximately $391 million for Federal income tax purposes. These NOLs expire over the period from 1996 to 2009. The Company also has unused Federal tax credits of approximately $17.8 million, $10.7 million of which expire during 1995 to 2003. The Company estimates that it will generate tax deductions of approximately $65.0 million in connection with the ultimate disposition of assets and liabilities of its discontinued businesses during the period 1995 to 1997, which were previously accrued for financial reporting purposes. The Company anticipates that utilization of these NOLs, tax credits and deductions will result in minimal Federal income taxes until these NOLs and tax credits are exhausted.

The Company's Federal income tax returns for fiscal 1988 through 1991 are currently under examination by the IRS. The IRS has outstanding challenges to approximately $136 million of the Company's NOLs and other deductions. The Company disputes the proposed adjustments. If the IRS were to maintain its position and such position were to be upheld

in litigation, the Company would lose a material amount of the NOLs and other deductions otherwise available to the Company in future years.

Approximately $134.0 million of the Company's NOLs and $10.7 million of the Company's unused Federal tax credits may be used only against the income and apportioned tax liability of the specific corporate entity that generated such losses or credits or its successors. Because of the merger of Group and C&A Products, such NOLs and credits may be used against the income and apportioned tax liability of C&A Products, which the Company believes will have sufficient taxable income and apportioned tax liability to fully use such NOLs and to use a substantial portion of such tax credits. The Recapitalization did not constitute a "change in control" that would result in annual limitations on the Company's use of its NOLs and unused tax credits. However, future sales of Common Stock by the Company or the principal shareholders, or changes in the composition of the principal shareholders, could constitute such a "change in control". Management cannot predict whether such a "change in control" will occur. If such a "change of control" were to occur, the resulting annual limitations on the use of NOLs and tax credits would depend on the value of the equity of the Company and the amount of "built-in gain" or "built-in loss" in the Company's assets at the time of the "change in control", which cannot be known at this time.

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ENVIRONMENTAL MATTERS

The Company is subject to increasingly stringent Federal, state and local environmental laws and regulations that (i) affect ongoing operations and may increase capital costs and operating expenses and (ii) impose liability for the costs of investigation and remediation and otherwise related to on-site and off-site soil and groundwater contamination. The Company's management believes that it has obtained, and is in material compliance with, all material environmental permits and approvals necessary to conduct its various businesses. Environmental compliance costs for continuing businesses currently are accounted for as normal operating expenses or capital expenditures of such business units. In the opinion of management, based on the facts presently known to it, such environmental compliance costs will not have a material adverse effect on the Company's consolidated financial condition or results of operations.

The Company is legally or contractually responsible or alleged to be responsible for the investigation and remediation of contamination at various sites. It also has received notices that it is a potentially responsible party ("PRP") in a number of proceedings. The Company may be named as a PRP at other sites in the future, including with respect to divested and acquired businesses. The Company is currently engaged in investigation or remediation at certain sites. In estimating the total cost of investigation and remediation, the Company has considered, among other things, the Company's prior experience in remediating contaminated sites, remediation efforts by other parties, data released by the Environmental Protection Agency, the professional judgment of the Company's environmental experts, outside environmental specialists and other experts, and the likelihood that other parties which have been named as PRPs will have the financial resources to fulfill their obligations at sites where they and the Company may be jointly and severally liable. Under the scheme of joint and several liability, the Company could be liable for the full costs of investigation and remediation even if additional parties are found to be responsible under the applicable laws. It is difficult to estimate the total cost of investigation and remediation due to various factors including incomplete information regarding particular sites and other PRP's, uncertainty regarding the extent of environmental problems and the Company's share, if any, of liability for such problems, the selection of alternative compliance approaches, the

complexity of environmental laws and regulations and changes in cleanup standards and techniques. When it has been possible to provide reasonable estimates of the Company's liability with respect to environmental sites, provisions have been made in accordance with generally accepted accounting principles. As of April 29, 1995, excluding sites at which the Company's participation is anticipated to be de minimis or otherwise insignificant or where the Company is being indemnified by a third party for the liability, there are 13 sites where the Company is participating in the investigation or remediation of the site, either directly or through financial contribution, and 12 additional sites where the Company is alleged to be responsible for costs of investigation or remediation. As of April 29, 1995, the Company's estimate of its liability for these 25 sites is approximately $29.7 million. As of April 29, 1995, the Company has established reserves of approximately $31.3 million for the estimated future costs related to all its known environmental sites.

In the opinion of management, based on the facts presently known to it, the environmental costs and contingencies will not have a material adverse effect on the Company's consolidated financial condition or results of operations. However, there can be no assurance that the Company has identified or properly assessed all potential

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environmental liability arising from the activities or properties of the Company, its present and former subsidiaries and their corporate predecessors.

For additional information regarding the foregoing, see "Part II - Other Information, Item 1 - Legal Proceedings" elsewhere herein.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

There have been no material developments in legal proceedings involving the Company or its subsidiaries since those reported in the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1995, except as described below.

Preferred Stock Redemption Litigation. On May 1, 1995 plaintiffs and C&A Products agreed to the principal terms of a settlement whereby plaintiffs would release all claims relating to the litigation against Group and the individual Group-related defendants in exchange for payment by C&A Products of $4.25 million. The settlement is subject to approval of the court. On May 12, 1995, C&A Products paid $4.25 million into an escrow account with the court pursuant to the terms of the settlement. The settlement is covered by established accruals.

Item 5. Other Information

On April 6, 1995, J. Michael Stepp was appointed Executive Vice President and Chief Financial Officer of the Company. On June 2, 1995, Bruce Wasserstein resigned from the Board of Directors of the Company and George L. Majoros, Jr., who is affiliated with WP Partners, and Warren B. Rudman, the former U.S. Senator from New Hampshire, joined the Board of Directors.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

Please note that in the following description of exhibits, the title of any document entered into, or filing made, prior to July 7, 1994 reflects the name of the entity a party thereto or filing, as the case may be, at such time. Accordingly, documents and filings described below may refer to Collins & Aikman Holdings Corporation, Collins & Aikman Group, Inc. or Wickes Companies, Inc., if such documents and filings were made prior to July 7, 1994.

Exhibit Number		Description
4.1	-	Restated Certificate of Incorporation of Collins & Aikman Corporation is hereby incorporated by reference to Exhibit 4.1 of Collins & Aikman Corporation's Report on Form 10-Q for the fiscal quarter ended July 30, 1994.
4.2	-	By-laws of Collins & Aikman Corporation, as amended, are hereby incorporated by reference to Exhibit 4.2 of Collins & Aikman Corporation's Report on Form 10-Q for the fiscal quarter ended July 30, 1994.
4.3	-	Specimen Stock Certificate for the Common Stock is hereby incorporated by reference to Exhibit 4.3 of Amendment No. 3 to Collins & Aikman Holdings Corporation's Registration Statement on Form S-2 (Registration No. 33-53179) filed June 21, 1994.

Exhibit

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Number		Description
4.4	-	Credit Agreement dated as of June 22, 1994 between Collins & Aikman Products Co. (formerly Collins & Aikman Corporation) as Borrower, WCA Canada Inc. as Canadian Borrower, the Company as Guarantor, the lenders named therein, Continental Bank, N.A., and NationsBank, N.A. as Managing Agents, and Chemical Bank as Administrative Agent is hereby incorporated by reference to Exhibit 4.5 of Collins & Aikman Corporation's Report on Form 10-Q for the fiscal quarter ended July 30, 1994.
4.5	-	First Amendment dated as of January 30, 1995 to the Credit Agreement dated as of June 22, 1994 among Collins & Aikman Products Co., WCA Canada Inc., Collins & Aikman Corporation, the financial institutions party thereto and Chemical Bank, as administrative agent is hereby incorporated by reference to Exhibit 4.4 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.
4.6	-	Second Amendment dated as of May 22, 1995 to the Credit Agreement dated as of June 22, 1994, as amended, among Collins & Aikman Products Co., WCA Canada Inc., Collins & Aikman Corporation, the financial institutions party thereto and Chemical Bank, as Administrative Agent.
		Collins & Aikman Corporation agrees to furnish to the Commission upon request in accordance with Item 601(b)(4)(iii)(A) of Regulation S-K copies of instruments defining the rights of holders of long-term debt of Collins & Aikman Corporation or any of its subsidiaries, which debt does not exceed 10% of the total assets of Collins & Aikman Corporation and its subsidiaries on a consolidated basis.
10.1	-	Amended and Restated Stockholders Agreement dated as of June 29, 1994 among the Company, Collins & Aikman Group, Inc., Blackstone Capital Partners L.P. and Wasserstein Perella Partners, L.P. is hereby incorporated by reference to Exhibit 10.1 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.
10.2	-	Employment Agreement dated as of July 18, 1990 between Wickes Companies, Inc. and an executive officer is hereby incorporated by reference to Exhibit 10.3 of Wickes Companies, Inc.'s Report on Form 10-K for the fiscal year ended January 26, 1991.
10.3	-	Letter Agreement dated as of May 16, 1991 and Employment Agreement dated as of July 22, 1992 between Collins & Aikman Corporation and an executive officer is hereby incorporated by reference to Exhibit 10.7 of Collins & Aikman Holdings Corporation's Report on Form 10-K for the fiscal year ended January 30, 1993.
10.4	-	First Amendment to Employment Agreement dated as of February 24, 1994 between Collins & Aikman Corporation and an executive officer is hereby incorporated by reference to Exhibit 10.7 of Collins & Aikman Holdings Corporation's Registration Statement on Form S-2 (Registration No. 33-53179) filed April 19, 1994.
10.5	-	Letter Agreement dated as of May 16, 1991 between Collins & Aikman Corporation and an executive officer is hereby incorporated by reference to Exhibit 10.14 of Collins & Aikman Holdings Corporation's Registration Statement on Form S-2 (Registration No. 33-53179) filed April 19, 1994.

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Number		Description
10.6	-	Employment Agreement dated as of March 23, 1992 between Collins & Aikman Group, Inc. and a former executive officer is hereby incorporated by reference to Exhibit 10.6 of Collins & Aikman Holdings Corporation's Report on Form 10-K for the fiscal year ended January 30, 1993.
10.7	-	First Amendment dated as of April 4, 1994 to Agreement dated as of March 23, 1992 between Collins & Aikman Group, Inc. and a former executive officer is hereby incorporated by reference to Exhibit 10.14 of Collins & Aikman Holdings Corporation's Report on Form 10-K for the fiscal year ended January 29, 1994.
10.8	-	Lease, executed as of the 1st day of June 1987, between Dura Corporation and Dura Acquisition Corp. is hereby incorporated by reference to Exhibit 10.24 of Amendment No.5 to Collins & Aikman Holdings Corporation's Registration Statement on Form S-2 (Registration No. 33-53179) filed July 6, 1994.
10.9	-	Agreement dated as of October 17, 1994 among Collins & Aikman Products Co. and a former executive officer is hereby incorporated by reference to Exhibit 10.29 of Collins & Aikman Corporation's Report on Form 10-Q for the fiscal quarter ended October 29, 1994.
10.10	-	The Wickes Equity Share Plan is hereby incorporated by reference to Exhibit 10.11 of Collins & Aikman Holdings Corporation's Report on Form 10-K for the fiscal year ended January 30, 1993.
10.11	-	Collins & Aikman Corporation 1994 Executive Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.22 of Amendment No. 4 to Collins & Aikman Holdings Corporation's Registration Statement on Form S-2 (Registration No. 33-53179) filed June 27, 1994.
10.12	-	Collins & Aikman Corporation Supplemental Retirement Income Plan is hereby incorporated by reference to Exhibit 10.23 of Amendment No. 5 to Collins & Aikman Holdings Corporation's Registration Statement on Form S-2 (Registration No. 33-53179) filed July 6, 1994.
10.13	-	1993 Employee Stock Option Plan as amended.
10.14	-	1994 Employee Stock Option Plan as amended.
10.15	-	1994 Directors Stock Option Plan is hereby incorporated by reference to Exhibit 10.15 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.
10.16	-	Acquisition Agreement dated as of November 22, 1993 as amended and restated as of January 28, 1994, among Collins & Aikman Group, Inc., Kayser-Roth Corporation and Legwear Acquisition Corporation is hereby incorporated by reference to Exhibit 2.1 of Collins & Aikman Holdings Corporation's Current Report on Form 8-K dated February 10, 1994.
10.17	-	Warrant Agreement dated as of January 28, 1994 by and between Collins & Aikman Group, Inc. and Legwear Acquisition Corporation is hereby incorporated by reference to Exhibit 10.20 of Collins & Aikman Holdings Corporation's Report on Form 10-K for the fiscal year ended January 29, 1994.

Exhibit Number		Description
10.18	-	Amended and Restated Receivables Sale Agreement dated as of March 30, 1995 among Collins & Aikman Products Co., Ack-Ti-Lining, Inc., WCA Canada Inc.,

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Imperial Wallcoverings, Inc., The Akro Corporation, Dura Convertible Systems, Inc., each of the other subsidiaries of Collins & Aikman Products Co. from time to time parties thereto and Carcorp, Inc. is hereby incorporated by reference to Exhibit 10.18 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.

10.19 - Servicing Agreement, dated as of March 30, 1995, among Carcorp, Inc., Collins & Aikman Products Co., as Master Servicer, each of the subsidiaries of Collins & Aikman Products Co. from time to time parties thereto and Chemical Bank, asTrustee is hereby incorporated by reference to Exhibit 10.19 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.

10.20 - Pooling Agreement, dated as of March 30, 1995, among Carcorp, Inc., Collins & Aikman Products Co., as Master Servicer and Chemical Bank, as Trustee is hereby incorporated by reference to Exhibit 10.20 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.

10.21 - Series 1995-1 Supplement, dated as of March 30, 1995, among Carcorp, Inc.,Collins & Aikman Products Co., as Master Servicer and Chemical Bank, as Trustee is hereby incorporated by reference to Exhibit 10.21 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.

10.22 - Series 1995-2 Supplement, dated as of March 30, 1995, among Carcorp, Inc., Collins & Aikman Products Co., as Master Servicer, the Initial Purchasers parties thereto, Societe Generale, as Agent for the Purchasers, and Chemical Bank, as Trustee is hereby incorporated by reference to Exhibit 10.22 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.

10.23 - Master Equipment Lease Agreement dated as of September 30, 1994, between NationsBanc Leasing Corporation of North Carolina and Collins & Aikman Products Co. is hereby incorporated by reference to Exhibit 10.27 of Collins & Aikman Corporation's Report on Form 10-Q for the fiscal quarter ended October 29, 1994.

10.24 - Employment Agreement dated as of April 6, 1995 between Collins & Aikman Products Co. and an executive officer is hereby incorporated by reference toExhibit 10.24 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.

10.25 - Excess Benefit Plan of Collins & Aikman Corporation is hereby incorporated by reference to Exhibit 10.25 of Collins & Aikman Corporation's Report on Form 10-K for the fiscal year ended January 28, 1995.

11. - Computation of Earnings Per Share.

27. - Financial Data Schedule.

99. - Voting Agreement between Blackstone Capital Partners L.P. and Wasserstein Perella Partners, L.P. is hereby incorporated by reference to Exhibit 99 of Amendment No. 4 to Collins & Aikman Holdings Corporation's RegistrationStatement on Form S-2 (Registration No. 33-53179) filed June 27, 1994.

(b) Reports on Form 8-K.

No current reports on Form 8-K were filed during the quarter for which this report on Form 10-Q is filed.

SIGNATURE

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLLINS & AIKMAN CORPORATION
(Registrant)

Dated: June 13, 1995

By: /s/ J. MICHAEL STEPP
J. Michael Stepp
Chief Financial Officer and
Executive Vice President
(On behalf of the Registrant and as
Principal Financial Officer)

By: /s/ ANTHONY HARDWICK
Anthony Hardwick
Vice President and Controller
(Principal Accounting Officer)

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SECOND AMENDMENT dated as of May 22, 1995 (this "Amendment") to the CREDIT AGREEMENT dated as of June 22, 1994 and as amended and in effect immediately prior to the date hereof (the "Credit Agreement") among COLLINS & AIKMAN PRODUCTS CO., a Delaware corporation (the "Borrower"), WCA CANADA INC., a Canadian corporation (the "Canadian Borrower"), COLLINS & AIKMAN CORPORATION, a Delaware corporation ("Holdings"), the financial institutions party thereto (the "Lenders"), and CHEMICAL BANK, as administrative agent (the "Administrative Agent").

A. The Borrower, the Canadian Borrower, Holdings, the Lenders and the Administrative Agent desire to amend the Credit Agreement in certain respects as hereinafter set forth.

B. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Credit Agreement.

Accordingly, the Borrower, the Canadian Borrower, Holdings, the Lenders and the Administrative Agent hereby agree as follows:

SECTION 1. Amendment of Credit Agreement. The Credit Agreement is hereby amended, effective as of the Effective Date (as hereinafter defined), as follows:

(a) Paragraphs (c) and (d) of Section 6.02 are amended to read in their entirety as follows:

> (c) if at the time thereof and after giving effect thereto no Default or Event of Default shall have occurred and be continuing, Holdings may pay dividends in cash on its common stock or preferred stock or may redeem, purchase, retire or otherwise acquire for value its common stock or preferred stock provided that the sum of such dividends and consideration paid for such redemptions, purchases, retirements and other acquisitions in any fiscal year shall not exceed $12,000,000;
>
> (d) if at the time thereof and after giving effect thereto no Default or Event of Default shall have occurred and be continuing and the Dividend Condition shall have been met, Holdings may pay dividends in cash on its common stock or any preferred stock and may redeem, purchase, retire or otherwise acquire for value its common stock or any preferred stock in any fiscal year in an amount not to exceed in the aggregate for all such transactions 25% of Net Income for the prior fiscal year less the amount of

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dividends and consideration (for redemptions, purchases, retirements and other acquisitions) paid in such current fiscal year pursuant to clause (c) above;

(b) Paragraph (f) of Section 6.02 is amended by deleting clause (ii) thereof and substituting therefor the following:

(ii) the dividends, other consideration (for redemptions, purchases, retirements and other acquisitions of common stock and preferred stock) and other amounts contemplated by clauses (c) and (d) above; provided that dividends paid to Holdings pursuant to this clause (ii) in order to permit Holdings to pay dividends are used by Holdings for such purpose within 20 days of the receipt of such dividends by Holdings,

SECTION 2. Effectiveness. This Amendment will become effective on the date (the "Effective Date") on which the following conditions have been satisfied: (a) the Administrative Agent shall have received counterparts of this Amendment which, when taken together, bear the signatures of the Borrower, the Canadian Borrower, Holdings, the Administrative Agent and the Required Lenders, (b) on and as of the Effective Date and after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing, (c) the representations and warranties made by Holdings, the Borrower and the Canadian Borrower in the Credit Agreement shall be true and correct in all material respects on and as of the Effective Date as if made on such date, except where such representations and warranties expressly relate to an earlier date in which case such representations and warranties shall be true and correct in all material respects as of such earlier date, and (d) the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower, dated the Effective Date, certifying the matters referred to in clauses (b) and (c) above.

SECTION 3. Applicable Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 4. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

SECTION 5. Agreement. Except as expressly amended

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hereby, the Credit Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof.

SECTION 6. Expenses. The Borrower shall pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation of this Amendment, including, but not limited to, the reasonable fees and disbursements of counsel for the Administrative Agent.

SECTION 7. Headings. The headings of this Amendment are for the purposes of reference only and shall not limit or otherwise affect the meanings hereof.

IN WITNESS WHEREOF, the Borrower, the Canadian Borrower, Holdings, the Lenders signatory hereto and the Administrative Agent have caused this Amendment to be duly executed by their duly authorized officers, all as of the dates first above written.

COLLINS & AIKMAN PRODUCTS CO.

By: Anthony Hardwick
Name: Anthony Hardwick
Title: Vice President & Controller

COLLINS & AIKMAN CORPORATION

By: Anthony Hardwick
Name: Anthony Hardwick
Title: Vice President & Controller

WCA CANADA INC.

By: Ronald T. Lindsay
Name: Ronald T. Lindsay
Title: Vice President

CHEMICAL BANK, as a Lender and as Administrative Agent

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By:____________________________
Name:
Title:

BANK OF AMERICA ILLINOIS

By: Linda A. Carper
Name: Linda A. Carper
Title: Managing Director

NATIONSBANK, N.A.

By: J. T. Martin
Name: J. T. Martin
Title: Sr. Vice President

BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION

By: Linda A. Carper
Name: Linda A. Carper
Title: Managing Director

CREDIT LYONNAIS CAYMAN ISLAND BRANCH

By: Robert Ivosevich
Name: Robert Ivosevich
Title: Authorized Signature

THE INDUSTRIAL BANK OF JAPAN, LTD.

By: Junri Oda
Name: Junri Oda
Title: Sr. Vice President & Sr. Manager

THE LONG-TERM CREDIT BANK OF JAPAN

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LTD.

By: Jay Shankar
Name: Jay Shankar
Title: Vice President

THE TORONTO-DOMINION BANK

By: Neva Nesbitt
Name: Neva Nesbitt
Title: Manager Credit Admin.

THE FIRST NATIONAL BANK OF BOSTON

By: William C. Purington
Name: William C. Purington
Title: Vice President

BANK OF SCOTLAND

By: Elizabeth Wilson
Name: Elizabeth Wilson
Title: Vice President & Branch Manager

THE BANK OF TOKYO TRUST COMPANY

By: Joseph P. Devoe
Name: Joseph P. Devoe
Title: Vice President

BANQUE PARIBAS

By: David C. Buseck/Eric Green
Name: David C. Buseck/Eric Green
Title: Vice President/Vice President

BRANCH BANKING AND TRUST COMPANY

By: Thatcher L. Townsend III

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Name: Thatcher L. Townsend III
Title: Vice President

CANADIAN IMPERIAL BANK OF COMMERCE

By:Charles J. Klenk
Name: Charles J. Klenk
Title: Agent

CAMPAGNIE FINANCIERE DE CIC ET DE L'UNION EUROPEENE

By: Sean Mounier/Marcus Edward
Name: Sean Mounier/Marcus Edward
Title: First Vice President
Title: Vice President

THE NIPPON CREDIT BANK, LTD.

By: Clifford Abramsky
Name: Clifford Abramsky
Title: Vice President & Manager

SOCIETE GENERALE

By: Ralph Saheb
Name: Ralph Saheb
Title: Vice President

SOCIETY NATIONAL BANK

By: Lawrence A. Mack
Name: Lawrence A. Mack
Title: Vice President

THE TRAVELERS INSURANCE COMPANY

By: Craig H. Farnsworth

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Name: Craig H. Farnsworth
Title: 2nd Vice President

THE TRAVELERS INDEMNITY COMPANY

By: Craig H. Farnsworth
Name: Craig H. Farnsworth
Title: 2nd Vice President

WACHOVIA BANK OF NORTH CAROLINA,
N.A.

By: Joanne M. Starnes
Name: Joanne M. Starnes
Title: Senior Vice President

WELLS FARGO BANK

By: Kathleen Harrison
Name: Kathleen Harrison
Title: Vice President

VAN KAMPEN MERRITT PRIME RATE
INCOME TRUST

By: Jeffrey W. Maillet
Name: Jeffrey W. Maillet
Title: Vice President & Portfolio
Manager

ARAB BANKING CORPORATION

By: Grant E. McDonald
Name: Grant E. McDonald
Title: Vice President

BANK OF IRELAND

By: John Cusak

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Name: John Cusak
Title: Assistant Treasurer

THE BANK OF NEW YORK

By: Alan F. Lyster, Jr.
Name: Alan F. Lyster, Jr.
Title: Vice President

CREDITANSTALT CORPORATE FINANCE, INC.

By: Robert M. Biringer
Name: Robert M. Biringer
Title: Sr. Vice President

By: Daniel D. Lensgraf
Name: Daniel D. Lensgraf
Title: Senior Associate

CRESTAR BANK

By: T. Patrick Collins
Name: T. Patrick Collins
Title: Vice President

FIRST UNION NATIONAL BANK OF NORTH CAROLINA

By: Bert M. Corum
Name: Bert M. Corum
Title: Vice President

FUJI BANK

By:_______________________________
Name:
Title:

GIROCREDIT BANK

By:________________________________
Name:
Title:

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MIDLAND BANK

By: Gina Sidorsky
Name: Gina Sidorsky
Title: Director

THE MITSUBISHI TRUST AND BANKING CORPORATION

By: Masataka Ushio
Name: Masataka Ushio
Title: Sr. Vice President

NATIONAL CITY BANK

By: Sharon F. Weinstein
Name: Sharon F. Weinstein
Title: Vice President

NBD BANK, N.A.

By: Larry E. Schuster
Name: Larry E. Schuster
Title:

THE SUMITOMO TRUST & BANKING CO., LTD.

By: Suraj P. Bhatia
Name: Suraj P. Bhatia
Title: Sr. Vice President
Mgr. Corporate Finance Dept.

UNITED STATES NATIONAL BANK OF OREGON

By: Stephen Mitchell
Name: Stephen Mitchell
Title: Vice President

THE YASUDA TRUST & BANKING CO., LTD.

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By: Neil Chau
Name: Neil Chau
Title: First Vice President

CRESCENT/MACH 1 PARTNERS, L.P.

By its General Partner

CRESCENT MACH 1 G.P. CORPORATION

By its attorney-in-fact

CRESCENT CAPITAL CORPORATION

By: Mark L. Gold
Name: Mark L. Gold
Title: Managing Director

ALEXANDER HAMILTON LIFE INSURANCE CO.

By: William Lang
Name: William Lang
Title: Vice President - Credit Management

KEYPORT LIFE INSURANCE CO.

By: Chancellor Senior Secured Management, Inc. as Portfolio Advisor

Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Director

SAKURA BANK

By: Tetsuhide Kokedo
Name: Tetsuhide Kokedo
Title: General Manager

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SENIOR ASSETS B.V.

By: Chancellor Senior Secured Management, Inc. as Portfolio Advisor

Christopher E. Jansen
Name: Christopher E. Jansen
Title: Managing Director

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COLLINS & AIKMAN HOLDINGS CORPORATION

1993 EMPLOYEE STOCK OPTION PLAN

January 28, 1994

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Collins & Aikman Holdings Corporation

1993 Employee Stock Option Plan

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(As Amended)

I. Purposes of the Plan

In 1988, Collins & Aikman Group, Inc. ("Group") implemented the Wickes Equity Share Plan (the "1988 Plan") for the purposes of attracting, retaining and motivating key employees of Group and its subsidiaries. In October 1993, the 1988 Plan was terminated in accordance with its terms. Concurrently, Group announced its intention to implement a new stock option plan. Accordingly, Collins & Aikman Holdings Corporation (the "Company") has created a special purpose 1993 Employee Stock Option Plan (the "Plan") to provide for the one-time award of options to purchase Common Stock, principally to active key employees who were participants in the 1988 Plan in recognition of their prior service and to certain other key employees with substantial prior service. This document shall supersede all other material describing this Plan, including, but not limited to, prior drafts hereof and any documents incorporating the terms and provisions of any such prior drafts.

II. Definitions

In addition to the terms defined elsewhere herein, for purposes of this Plan, the following terms will have the following meanings when used herein with initial capital letters:

A. "Act" means the Securities Exchange Act of 1934, as amended, and all rules and regulations promulgated thereunder.

B. "Board" means the Board of Directors of the Company.

C. "Cause" means that the Committee shall have determined that any of the following events has occurred: (1) an act of fraud, embezzlement, misappropriation of business or theft committed by a Participant in the course of his or her employment, or any intentional or gross negligent misconduct of a Participant which injures the business or reputation of the Company or Related Persons; (2) intentional or gross negligent damage committed by a Participant to the property of the Company or Related Persons; (3) a Participant's willful failure or refusal to perform the customary duties and responsibilities of his or her position with the Company or Related Persons; (4) a Participant's breach of fiduciary duty, or the making of a false representation, to the Company or Related Persons; (5) a Participant's material breach of any covenant, condition or obligation required to be performed by him or her pursuant to this Plan, the Option Agreement or any other agreement between him or her and the Company or Related Persons or a

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Participant's intentional or gross negligent violation of any material written policy of the Company or Related Persons; (6) a Key Employee's willful failure or refusal to act in accordance with any specific lawful instructions of a majority of the Board of Directors of the Company; or (7) commission by a Participant of a felony or a crime involving moral turpitude. Cause shall be deemed to exist as of the date any of the above events occur even if the Committee's determination is later and whether or not such determination is made before or after Termination of Employment.

D. "Code" means the Internal Revenue Code of 1986, as amended (or any successor statute).

E. "Committee" means such committee, if any, appointed by the Board to administer the Plan, consisting of two or more directors as may be appointed from time to time by the Board each of whom, unless otherwise determined by the Board, shall be disinterested persons as defined in Rule 16b-3 promulgated under Section 16(b) of the Act. If the Board does not appoint a committee for this purpose, "Committee" means the Board.

F. "Common Stock" means the common stock of the Company, par value $.01 per share, any Common Stock into which the Common Stock may be converted and any Common Stock resulting from any reclassification of the Common Stock.

G. "Company" means Collins & Aikman Holdings Corporation, a Delaware corporation.

H. "Competitive Activity" means (a) being employed by, consulting to or being a director of any business, or engaging directly or indirectly in any business activity, that is competitive with any material business of any of the Company, a Related Person or of the division that the Participant is or was employed by or (b) soliciting for employment or consulting, employing or retaining, or assisting another Person to employ or retain, directly or indirectly, any employees of the Company or Related Persons or any Person who was an employee of the Company or Related Persons in the prior six months, provided, however, that employing or retaining, or assisting another Person to employ or retain, any Person whose employment or consultancy with the Company or a Related Person has been terminated without Cause or any Person that is non-exempt under the Federal Fair Labor Standards Act, 29 USC (section) 213(a)(1), shall not be considered Competitive Activity.

I. "Disability" means a permanent and total

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disability, as determined by the Committee in its sole discretion. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability.

J. "Fair Market Value" shall mean, for purposes of this Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date, the last

sales prices reported for the Common Stock on the applicable date, (i) as reported by the principal national securities exchange in the United States on which it is then traded, or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the National Association of Securities Dealers, or if the sale of the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted. If the Common Stock is not readily tradeable on a national securities exchange or any system sponsored by the National Association of Securities Dealers, its Fair Market Value shall be set by the Committee based upon its assessment of the cash price that would be paid between a fully informed buyer and seller under no compulsion to buy or sell (without giving effect to any discount for a minority interest or any restrictions on transferability or any lack of liquidity of the stock).

K. "Key Employee" means any person who is an executive officer or other valuable employee of the Company or a Related Person, as determined by the Committee, provided, however, that no managing director, general partner, limited partner, director, officer or employee of Wasserstein Perella & Co., Inc. or The Blackstone Group L.P. that is a director of the Company will be eligible to participate in the Plan. A Key Employee may, but need not, be an officer or director of the Company or a Related Person.

L. "Option" means the right to purchase one Share at a prescribed purchase price on the terms specified in the Plan.

M. "Outside Director" means any director of the Company or a Related Person that is not an employee of the Company or a Related Person.

N. "Participant" means a Key Employee, who is granted Options under the Plan which Options have not expired.

O. "Person" means any individual or entity, and the

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heirs, executors, administrators, legal representatives, successors and assigns of such Person as the context may require.

P. "Public Offering" means the closing of an offering under a registration statement registering the common equity shares of the registering entity under the Securities Act (other than a registration on a Form S-8, S-4 or any successor or similar special purpose form).

Q. "Related Person or Related Persons" means (a) any corporation that is defined as a subsidiary corporation in Section 424(f) of the Code or (b) any corporation that is defined as a parent corporation in Section 424(e) of the Code. An entity shall be deemed a Related Person only for such periods as the requisite ownership relationship is maintained.

R. "Securities Act" means the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder.

S. "Share" means a share of Common Stock.

T. "Termination of Employment" with respect to an individual means that individual is no longer actively employed by the Company or a Related Person on a full-time basis, irrespective of whether or not such employee is receiving salary continuance pay, is continuing to participate in other employee benefit programs or is otherwise receiving severance type payments. In the event an entity shall cease to be a Related Person, there shall be deemed a Termination of Employment of any individual who is not otherwise an employee of the Company or another Related Person at the time the entity ceases to be a Related Person. A Termination of Employment shall not include a leave of absence approved for purposes of the Plan by the Committee.

III. Effective Date

The Plan shall become effective on January 28, 1994 (the "Effective Date"), subject to its approval by the majority of the Common Stock (at the time of approval) within one year after the Plan is adopted by the Board of Directors of the Company. Grants of Options by the Committee under the Plan may be made on or after the Effective Date of the Plan, including retroactively, provided that, if the Plan is not approved by the majority of the Common Stock (at the time of approval), all Options which have been granted by the Committee shall be null and void. No Options may be exercised prior to the approval of

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the Plan by the majority of the Common Stock (at the time of approval).

IV. Administration

A. Duties of the Committee. The Plan shall be administered by the Committee. The Committee shall have full authority to interpret the Plan and to decide any questions and settle all controversies and disputes that may arise in connection with the Plan; to establish, amend and rescind rules for carrying out the Plan; to administer the Plan, subject to its provisions; to select Participants in, and grant Options under, the Plan; to determine the terms, exercise price and form of exercise payment for each Option granted under the Plan; to determine the consideration to be received by the Company in exchange for the grant of the Options; to prescribe the form or forms of instruments evidencing Options and any other instruments required under the Plan (which need not be uniform) and to change such forms from time to time; and to make all other determinations and to take all such steps in connection with the Plan and the Options as the Committee, in its sole discretion, deems necessary or desirable. The Committee shall not be bound to any standards of uniformity or

similarity of action, interpretation or conduct in the discharge of its duties hereunder, regardless of the apparent similarity of the matters coming before it. Any determination, action or conclusion of the Committee shall be final, conclusive and binding on all parties.

B. Advisors. The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan, and may rely upon any advice or opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company.

C. Indemnification. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted under it. To the maximum extent permitted by applicable law or the Certificate of Incorporation or By-Laws of the Company, each officer and member or former member of the Committee or of the Board shall be indemnified and held harmless by the Company against any cost or expense

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(including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the officers, members or former members may have as directors under applicable law or under the Certificate of Incorporation or By-Laws of the Company or Related Person.

D. Meetings of the Committee. The Committee shall adopt such rules and regulations as it shall deem appropriate concerning the holding of its meetings and the transaction of its business. Any member of the Committee may be removed from the Committee at any time either with or without cause by resolution adopted by the Board, and any vacancy on the Committee may at any time be filled by resolution adopted by the Board. All determinations by the Committee shall be made by the affirmative vote of a majority of its members. Any such determination may be made at a meeting duly called and held at which a majority of the members of the Committee are in attendance in person or through telephonic communication. Any determination set forth in writing and signed by all the members of the Committee shall be as fully effective as if it had been made by a majority vote of the members at a meeting duly called and held.

E. Determinations. Each determination, interpretation or other action made or taken pursuant to the provisions of this

Plan by the Committee shall be final, conclusive and binding for all purposes and upon all persons, including, without limitation, the Participants, the Company and Related Persons, directors, officers and other employees of the Company and Related Persons, and the respective heirs, executors, administrators, personal representatives and other successors in interest of each of the foregoing.

V. Shares; Adjustment Upon Certain Events

A. Shares to be Delivered; Fractional Shares. Shares to be issued under the Plan shall be made available, at the sole discretion of the Board, either from authorized but unissued

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Shares or from issued Shares reacquired by Company and held in treasury. No fractional Shares will be issued or transferred upon the exercise of any Option. In lieu thereof, the Company shall pay a cash adjustment equal to the same fraction of the Fair Market Value of one Share on the date of exercise.

B. Number of Shares. Subject to adjustment as provided in this Article V, the maximum aggregate number of Shares that may be issued under the Plan shall be 3,119,466. Any Shares covered by Options that are for any reason canceled, or expire or terminate unexercised, shall not again be available for the grant of Options.

C. Adjustments; Recapitalization, etc. The existence of the Plan and the Options granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting Common Stock, the dissolution or liquidation of the Company or Related Persons, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding. The Committee may make or provide for such adjustments in the maximum number of Shares specified in Article V(B), in the number of Shares covered by outstanding Options granted hereunder, and/or in the Purchase Price (as hereinafter defined) applicable to such Options or such other adjustments in the number and kind of securities received upon the exercise of Options, as the Committee in its sole discretion may determine is equitably required to prevent dilution or enlargement of the rights of Participants or to otherwise recognize the effect that otherwise would result from any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, merger, consolidation, spin-off, reorganization, partial or complete liquidation, issuance of rights or warrants to purchase securities or any other corporate transaction or event having an effect similar to any of the foregoing. In the event of a merger or consolidation in which Company is not the surviving entity or in the event of any transaction that results in the acquisition of

substantially all of Company's outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of all of the Company's assets (the foregoing being referred to as "Acquisition Events"), then the Committee may in its sole discretion terminate all outstanding Options effective as of the

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consummation of the Acquisition Event by delivering notice of termination to each Participant at least 20 days prior to the date of consummation of the Acquisition Event; provided that, during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each Participant shall have the right to exercise in full all the Options that are then outstanding (without regard to limitations on exercise otherwise contained in the Options) but contingent on occurrence of the Acquisition Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise shall be null and void. Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number and class of shares and/or other securities or property subject to Options theretofore granted or the Purchase Price (as hereinafter defined).

VI. Awards and Terms of Options

A. Grant. The Committee may grant Options to Key Employees provided, that the maximum number of Shares with respect to which Options may be granted to any Key Employee during any calendar year may not exceed 1,000,000. Each Option shall be evidenced by an Option agreement (the "Option Agreement") in such form as the Committee shall approve from time to time.

B. Exercise Price. The purchase price per Share (the "Purchase Price") deliverable upon the exercise of an Option shall be determined by the Committee and set forth in a Participant's Option Agreement, provided that the Purchase Price shall not be less than the par value of a Share.

C. Number of Shares. The Option Agreement shall specify the number of Options granted to the Participant, as determined by the Committee in its sole discretion.

D. Exercisability. At the time of grant, the Committee shall specify when and on what terms the Options granted shall be exercisable. In the case of Options not immediately exercisable in full, the Committee may at any time accelerate the time at which all or any part of the Options may be exercised and may waive any

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other conditions to exercise. No Option shall be exercisable after the expiration of ten years from the date of grant. Each Option shall be subject to earlier termination as provided in Article VII below.

E. Acceleration of Exercisability.

All Options granted and not previously exercisable shall become fully exercisable immediately upon a Change of Control (as defined herein). For this purpose, a "Change of Control" shall be deemed to have occurred upon:

(a) an acquisition by any individual, entity or group (within the meaning of Section 13d-3 or 14d-1 of the Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of more than 80% of the combined voting power of the then outstanding voting securities of Company entitled to vote generally in the election of directors including, but not limited to, by merger, consolidation or similar corporate transaction or by purchase; excluding, however, the following: (x) any acquisition by the Company, Related Persons, Wasserstein Perella Partners, L.P., Blackstone Capital Partners L.P. or an affiliate of any of the foregoing, or (y) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or Related Persons; or

(b) the approval of the stockholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of more than 80% of the gross assets of the Company and Related Persons on a consolidated basis (determined under generally accepted accounting principles as determined in good faith by the Committee); excluding, however, such a sale or other disposition to a corporation with respect to which, following such sale or other disposition, (x) more than 20% of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors will be then beneficially owned, directly or indirectly, by the individuals and entities who were the beneficial owners of the outstanding Shares immediately prior to such sale or other disposition, (y) no Person (other than the Company, Related Persons, and any employee benefit plan (or

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related trust) of the Company or Related Persons or such corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the outstanding Shares) will beneficially own, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors

and (z) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of such corporation.

F. Exercise of Options.

1. A Participant may elect to exercise one or more Options by giving written notice to the Committee of such election and of the number of Options such Participant has elected to exercise, accompanied by payment in full of the aggregate Purchase Price for the number of Shares for which the Options are being exercised; provided, however, that, in the case of a notice of exercise delivered to the Committee by facsimile, such payment may be made by delivery of payment to the Committee on the business day next following the date on which such notice of exercise is delivered (such delivery being deemed to have been duly made if the Participant giving such facsimile notice shall have dispatched such payment by a nationally recognized overnight courier service guaranteeing delivery on such next business day, provided such payment is actually received by the Company).

2. Shares purchased pursuant to the exercise of Options shall be paid for at the time of exercise as follows:

(a) in cash or by check, bank draft or money order payable to the order of Company;

(b) if the Shares are traded on a national securities exchange, through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the aggregate Purchase Price; or

(c) on such other terms and conditions as may be acceptable to the Committee (which may include

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payment in full or in part by the transfer of Shares which have been owned by the Participant for at least 6 months or the surrender of Options owned by the Participant) and in accordance with applicable law.

3. Upon receipt of payment, the Company shall deliver to the Participant as soon as practicable a certificate or certificates for the Shares then purchased.

G. Black-Out Periods. The direct or indirect sale, transfer or other disposition of Common Stock received by a Participant upon the exercise of Options shall be prohibited for two years following the initial Public Offering of the Company, unless a shorter period of time is specified by the Committee in its sole discretion at any time.

H. Non-Competition and Other Provisions. In consideration of the grant of Options, by accepting the grant of Options the Participant agrees during employment and, in the event any Options vest, for a period ending one year following the date of the Participant's Termination of Employment, not to engage in any Competitive Activity, except to the extent consented to by the Committee in writing. Each Participant by accepting a grant of Options hereunder acknowledges that the Company or a Related Person will suffer irreparable harm in the event such Participant engages in any Competitive Activity during this period, and agrees that in addition to its remedies at law, the Company and a Related Person shall be entitled to injunctive relief as a consequence of a violation or threatened violation of this covenant. Notwithstanding the foregoing, nothing in this Plan shall prohibit or penalize ownership by a Participant of the shares of a business that is registered under Section 12 of the Act and constitutes, together with all such shares owned by any immediate family member or affiliate of, or person acting in concert with, such Participant, less than 2% of the outstanding registered shares of such business. The Committee will have the discretion to impose in a Participant's Option Agreement such other conditions, limitations and restrictions as it determines are appropriate in its sole discretion, including any waivers of rights which a Participant may have.

I. Restrictions on Exercise. Notwithstanding anything else contained herein to the contrary other than Article VI(E), no Options may be exercised prior to the earlier of the closing of a Public Offering of Shares or the expiration of two years from the Effective Date of the Plan, except to the extent

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consented to by the Committee in its sole and absolute discretion.

VII. Effect of Termination of Employment

A. Death, Disability, Retirement, etc. Except as otherwise provided in the Participant's Option Agreement, upon Termination of Employment, all outstanding Options then exercisable and not exercised by the Participant prior to such Termination of Employment (and any Options not previously exercisable but made exercisable by the Committee at or after the Termination of Employment) shall remain exercisable by the Participant to the extent not exercised for the following time periods, or, if earlier, the prior expiration of the Option in accordance with the terms of the Plan and grant:

1. In the event of the Participant's death or Disability, such Options shall remain exercisable by the Participant (or by the Participant's estate or by the person given authority to exercise such Options by the Participant's will or by operation of law) for a period of one year from the date of the Participant's death or Disability, provided that

the Committee, in its sole discretion, may at any time extend such time period.

2. In the event the Participant retires from employment at or after age 65 (or, with the consent of the Committee or under an early retirement policy of the Company or a Related Person, before age 65), or if the Participant's employment is terminated by the Company or a Related Person without Cause, such Options shall remain exercisable for 90 days from the date of the Participant's Termination of Employment, provided that the Committee, in its sole discretion, may at any time extend such time period.

B. Cause. Upon the Termination of Employment of a Participant for Cause, or if the Company or a Related Person obtains or discovers information after Termination of Employment that such Participant had engaged in conduct that would have justified a Termination of Employment for Cause during employment, all outstanding Options of such Participant shall immediately be canceled.

C. Other Termination. In the event of Termination of Employment for any reason other than as provided in Article

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VII(A) or VII(B), all outstanding Options not exercised by the Participant prior to such Termination of Employment shall remain exercisable (to the extent exercisable by such Participant immediately before such termination) for a period of 30 days after such termination, provided that the Committee, in its sole discretion, may at any time extend such time period.

D. Cancellation of Options. Except as otherwise provided in Article VI(E), no Options that were not exercisable during the period of employment, shall thereafter become exercisable upon a Termination of Employment for any reason or no reason whatsoever, and such options shall terminate and become null and void upon a Termination of Employment unless the Committee determines in its sole discretion that such Options shall be exercisable.

VIII. Nontransferability of Options

No Option shall be transferable by the Participant otherwise than by will or under applicable laws of descent and distribution, and during the lifetime of the Participant may be exercised only by the Participant or his or her guardian or legal representative. In addition, no Option shall be assigned, negotiated, pledged or hypothecated in any way (whether by operation of law or otherwise), and no Option shall be subject to execution, attachment or similar process. Upon any attempt to transfer, assign, negotiate, pledge or hypothecate any Option, or in the event of any levy upon any Option by reason of any execution, attachment or similar process contrary to the provisions

hereof, such Option shall immediately terminate and become null and void.

IX. Rights as a Stockholder

A Participant (or a permitted transferee of an Option) shall have no rights as a stockholder with respect to any Shares covered by such Participant's Option until such Participant (or permitted transferee) shall have become the holder of record of such Shares, and no adjustments shall be made for dividends in cash or other property or distributions or other rights in respect to any such Shares, except as otherwise specifically provided in this Plan.

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X. Termination, Amendment and Modification

A. General Amendments. The Plan shall terminate at the close of business on December 31, 1995 (the "Termination Date"), unless terminated sooner as hereinafter provided, and no Option shall be granted under the Plan on or after that date. The termination of the Plan shall not terminate any outstanding Options that by their terms continue beyond the Termination Date. At any time prior to the Termination Date, the Committee may amend or terminate the Plan or suspend the Plan in whole or in part.

The Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XII), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Options granted prior to such amendment, suspension or termination, may not, other than as provided in Article X(B), be materially impaired without the consent of such Participant and, provided further, without the approval of the stockholders of the Company entitled to vote, no amendment may be made which would (i) materially increase the aggregate number of shares of Common Stock that may be issued under this Plan (except by operation of Article V); (ii) decrease the minimum Purchase Price of any Option or (iii) extend the maximum option period.

The Committee may amend the terms of any Option granted, prospectively or retroactively, but, subject to Article VI above or as otherwise provided herein, no such amendment or other action by the Committee shall materially impair the rights of any Participant without the Participant's consent. Notwithstanding the foregoing, however, no such amendment may, without the approval of the stockholders of the Company, effect any change that would require stockholder approval under applicable law.

B. Other Termination. Notwithstanding any other provision of the Plan, in the event that a Public Offering does not occur with respect to the Company by January 28, 1995, the Committee shall have the absolute right and discretion to amend or terminate the Plan and a Participant's rights with respect to any Options granted prior to such amendment or termination.

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XI. Use of Proceeds

The proceeds of the sale of Shares subject to Options under the Plan are to be added to the general funds of Company and used for its general corporate purposes as the Board shall determine.

XII. General Provisions

A. Right to Terminate Employment. Neither the adoption of the Plan nor the grant of Options shall impose any obligation on the Company or Related Persons to continue the employment of any Participant, nor shall it impose any obligation on the part of any Participant to remain in the employ of the Company or Related Persons.

B. Purchase for Investment. If the Board or the Committee determines that the law so requires, the holder of an Option granted hereunder shall, upon any exercise or conversion thereof, execute and deliver to the Company a written statement, in form satisfactory to the Company, representing and warranting that such Participant is purchasing or accepting the Shares then acquired for such Participant's own account and not with a view to the resale or distribution thereof, that any subsequent offer for sale or sale of any such Shares shall be made either pursuant to (i) a Registration Statement on an appropriate form under the Securities Act, which Registration Statement shall have become effective and shall be current with respect to the Shares being offered and sold, or (ii) a specific exemption from the registration requirements of the Securities Act, and that in claiming such exemption the holder will, prior to any offer for sale or sale of such Shares, obtain a favorable written opinion, satisfactory in form and substance to the Company, from counsel acceptable to the Company as to the availability of such exception.

C. Trusts, etc. Nothing contained in the Plan and no action taken pursuant to the Plan (including, without limitation, the grant of any Option thereunder) shall create or be construed to create a trust of any kind, or a fiduciary relationship, between Company and any Participant or the executor, administrator or other personal representative or designated beneficiary of such Participant, or any other persons. Any reserves that may be established by Company in connection with the Plan shall continue to be part of the general funds of Company, and no individual or entity other than Company shall have any interest in such funds until paid to a

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Participant. If and to the extent that any Participant or such Participant's executor, administrator or other personal representative, as the case may be, acquires a right to receive any payment from Company pursuant to the Plan, such right shall be no greater than the right of an unsecured general creditor of Company.

D. Notices. Any notice to the Company required by or in respect of this Plan will be addressed to the Company at 701 McCullough Drive, Charlotte, North Carolina 28262, Attention: Vice President, Human Resources, or such other place of business as shall become the Company's principal executive offices from time to time, or sent to the Company by facsimile to (704) 548-2081, Attention: Vice President, Human Resources, or to such other facsimile number as the Company shall notify each Participant. Each Participant shall be responsible for furnishing the Committee with the current and proper address for the mailing to such Participant of notices and the delivery to such Participant of agreements, Shares and payments. Any such notice to the Participant will, if the Company has received notice that the Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of his status and address (and has provided such reasonable substantiating information as the Company may request) by written notice under this Section. Any notice required by or in respect of this Plan will be deemed to have been duly given when delivered in person or when dispatched by telegram or, in the case of notice to the Company, by facsimile as described above, or one business day after having been dispatched by a nationally recognized overnight courier service or three business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid. The Company assumes no responsibility or obligation to deliver any item mailed to such address that is returned as undeliverable to the addressee and any further mailings will be suspended until the Participant furnishes the proper address.

E. Severability of Provisions. If any provisions of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provisions had not been included.

F. Payment to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Company and their employees, agents and representatives with respect thereto.

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G. Headings and Captions. The headings and captions herein are provided for reference and convenience only. They shall

not be considered part of the Plan and shall not be employed in the construction of the Plan.

H. Controlling Law. The Plan shall be construed and enforced according to the laws of the State of Delaware.

I. Section 162(m) Deduction Limitation. The Committee at any time may in its sole discretion limit the number of Options that can be exercised in any taxable year of the Company, to the extent necessary to prevent the application of Section 162(m) of the Code (or any similar or successor provision), provided that the Committee may not postpone the earliest date on which Options can be exercised beyond the last day of the stated term of such Options.

J. Section 16(b) of the Act. All elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with all exemptive conditions under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Act, as it may deem necessary or proper for the administration and operation of the Plan and the transaction of business thereunder.

XIII. Issuance of Stock Certificates; Legends; Payment of Expenses

A. Stock Certificates. Upon any exercise of an Option and payment of the exercise price as provided in such Option, a certificate or certificates for the Shares as to which such Option has been exercised shall be issued by Company in the name of the person or persons exercising such Option and shall be delivered to or upon the order of such person or persons.

B. Legends. Certificates for Shares issued upon exercise of an Option shall bear such legend or legends as the Committee, in its sole discretion, determines to be necessary or appropriate to prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act or to

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implement the provisions of any agreements between Company and the Participant with respect to such Shares.

C. Payment of Expenses. The Company shall pay all issue or transfer taxes with respect to the issuance or transfer of Shares, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance or transfer and with the administration of the Plan.

XIV. Listing of Shares and Related Matters

If at any time the Board or the Committee shall determine in its sole discretion that the listing, registration or qualification of the Shares covered by the Plan upon any national securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the grant of Options or the award or sale of Shares under the Plan, no Option grants shall be effective and no Shares will be delivered, as the case may be, unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Board.

XV. Withholding Taxes

The Company shall have the right to require prior to the issuance or delivery of any shares of Common Stock payment by the Participant of any Federal, state or local taxes required by law to be withheld.

The Committee may permit any such withholding obligation to be satisfied by reducing the number of shares of Common Stock otherwise deliverable. A person required to file reports under Section 16(a) of the Exchange Act with respect to securities of the Company may elect to have a sufficient number of shares of Common Stock withheld to fulfill such tax obligations (hereinafter a "Withholding Election") only if the election complies with such conditions as are necessary to prevent the withholding of such shares from being subject to Section 16(b) of the Exchange Act. To the extent necessary under then current law, such conditions shall include the following: (x) the Withholding Election shall be subject to the approval of the Committee and (y) the Withholding Election is made (i) during the period beginning on the third business day following the date of release for publication of the quarterly or annual summary statements of sales and earnings of the Company and ending on the

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twelfth business day following such date or is made in advance but takes effect during such period, (ii) six (6) months before the stock award becomes taxable, or (iii) during any other period in which a Withholding Election may be made under the provisions of Rule 16b-3 promulgated pursuant to the Act. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

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COLLINS & AIKMAN HOLDINGS CORPORATION

1994 EMPLOYEE STOCK OPTION PLAN

April 15, 1994

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Collins & Aikman Holdings Corporation

1994 Employee Stock Option Plan

(As Amended)

I. Purposes of the Plan

The purposes of this 1994 Employee Stock Option Plan (the "Plan") are to enable Collins & Aikman Holdings Corporation (the "Company") and Related Persons (as defined herein) to attract, retain and motivate the employees and consultants who are important to the success and growth of the business of the Company and Related Persons and to create a long-term mutuality of interest between the Key Employees and Executive Consultants (as defined herein) and the stockholders of the Company by granting the Key Employees and Executive Consultants options to purchase Common Stock (as defined herein). This document shall supersede all other material describing this Plan, including, but not limited to, prior drafts hereof and any documents incorporating the terms and provisions of any such prior drafts.

II. Definitions

In addition to the terms defined elsewhere herein, for purposes of this Plan, the following terms will have the following meanings when used herein with initial capital letters:

A. "Act" means the Securities Exchange Act of 1934, as amended, and all rules and regulations promulgated thereunder.

B. "Board" means the Board of Directors of the Company.

C. "Cause" means that the Committee shall have determined that any of the following events has occurred: (1) an act of fraud, embezzlement, misappropriation of business or theft committed by a Participant in the course of his or her employment or consultancy or any intentional or gross negligent misconduct of a Participant which injures the business or reputation of the

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Company or Related Persons; (2) intentional or gross negligent damage committed by a Participant to the property of the Company or Related Persons; (3) a Participant's willful failure or refusal to perform the customary duties and responsibilities of his or her position or consultancy with the Company or Related Persons; (4) a Participant's breach of fiduciary duty, or the making of a false representation, to the Company or Related Persons; (5) a Participant's material breach of any covenant, condition or obligation required to be performed by him or her pursuant to this Plan, the Option Agreement or any other agreement between him or her and the Company or Related Persons or a Participant's

intentional or gross negligent violation of any material written policy of the Company or Related Persons; (6) a Key Employee's willful failure or refusal to act in accordance with any specific lawful instructions of a majority of the Board of Directors of the Company; or (7) commission by a Participant of a felony or a crime involving moral turpitude. Cause shall be deemed to exist as of the date any of the above events occur even if the Committee's determination is later and whether or not such determination is made before or after Termination of Employment or Termination of Consultancy.

D. "Code" means the Internal Revenue Code of 1986, as amended (or any successor statute).

E. "Committee" means such committee, if any, appointed by the Board to administer the Plan, consisting of two or more directors as may be appointed from time to time by the Board each of whom, unless otherwise determined by the Board, shall be disinterested persons as defined in Rule 16b-3 promulgated under Section 16(b) of the Act. If the Board does not appoint a committee for this purpose, "Committee" means the Board.

F. "Common Stock" means the common stock of the Company, par value $.01 per share, any Common Stock into which the Common Stock may be converted and any Common Stock resulting from any reclassification of the Common Stock.

G. "Company" means Collins & Aikman Holdings Corporation, a Delaware corporation.

H. "Competitive Activity" means (a) being employed by, consulting to or being a director of any business, or engaging directly or indirectly in any business activity, that is competitive with any material business of any of the Company, a

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Related Person or of the division that the Participant is or was employed by or (b) soliciting for employment or consulting, employing or retaining, or assisting another Person to employ or retain, directly or indirectly, any employees of the Company or Related Persons or any Person who was an employee of the Company or Related Persons in the prior six months, provided, however, that employing or retaining, or assisting another Person to employ or retain, any Person whose employment or consultancy with the Company or a Related Person has been terminated without Cause or any Person that is non-exempt under the Federal Fair Labor Standards Act, 29 USC (section) 213(a)(1), shall not be considered Competitive Activity.

I. "Disability" means a permanent and total disability, as determined by the Committee in its sole discretion. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability.

J. "Executive Consultants" shall mean executive-level consultants of the Company or Related Persons, as determined by the

Committee, provided, however, that no managing director, general partner, limited partner, director, officer or employee of Wasserstein Perella & Co., Inc. or The Blackstone Group L.P. that is a director of the Company will be eligible to participate in the Plan.

K. "Fair Market Value" shall mean, for purposes of this Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date, the last sales prices reported for the Common Stock on the applicable date, (i) as reported by the principal national securities exchange in the United States on which it is then traded, or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the National Association of Securities Dealers, or if the sale of the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted. If the Common Stock is not readily tradeable on a national securities exchange or any system sponsored by the National Association of Securities Dealers, its Fair Market Value shall be set by the Committee based upon its assessment of the cash price that would be paid between a fully informed buyer and seller under no compulsion to buy or sell (without giving effect to any discount for a minority interest or

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any restrictions on transferability or any lack of liquidity of the stock).

L. "Incentive Stock Option" shall mean any Option awarded under this Plan intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

M. "Key Employee" means any person who is an executive officer or other valuable employee of the Company or a Related Person, as determined by the Committee, provided, however, that no managing director, general partner, limited partner, director, officer or employee of Wasserstein Perella & Co., Inc. or The Blackstone Group L.P. that is a director of the Company will be eligible to participate in the Plan. A Key Employee may, but need not, be an officer or director of the Company or a Related Person.

N. "Non-Qualified Stock Option" shall mean any Option awarded under this Plan that is not an Incentive Stock Option.

O. "Option" means the right to purchase one Share at a prescribed purchase price on the terms specified in the Plan.

P. "Participant" means a Key Employee or Executive Consultant who is granted Options under the Plan which Options have not expired; provided, however, that any Executive Consultant shall be a Participant for purposes of the Plan solely with respect to grants of Non-Qualified Stock Options and shall be ineligible for Incentive Stock Options.

Q. "Person" means any individual or entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person as the context may require.

R. "Public Offering" means the closing of an offering under a registration statement registering the common equity shares of the registering entity under the Securities Act (other than a registration on a Form S-8, S-4 or any successor or similar special purpose form).

S. "Related Person or Related Persons" means (a) any corporation that is defined as a subsidiary corporation in Section 424(f) of the Code or (b) any corporation that is defined as a parent corporation in Section 424(e) of the Code. An entity shall be deemed a Related Person only for such periods as the requisite ownership relationship is maintained.

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T. "Securities Act" means the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder.

U. "Share" means a share of Common Stock.

V. "Ten Percent Shareholder" shall mean a person owning Common Stock of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company as defined in Section 422 of the Code.

W. "Termination of Consultancy" with respect to an individual means that individual is no longer acting as an Executive Consultant to the Company or a Related Person. In the event an entity shall cease to be a Related Person, there shall be deemed a Termination of Consultancy of any individual who is not otherwise an Executive Consultant of the Company or another Related Person at the time the entity ceases to be a Related Person.

X. "Termination of Employment" with respect to an individual means that individual is no longer actively employed by the Company or a Related Person on a full-time basis, irrespective of whether or not such employee is receiving salary continuance pay, is continuing to participate in other employee benefit programs or is otherwise receiving severance type payments. In the event an entity shall cease to be a Related Person, there shall be deemed a Termination of Employment of any individual who is not otherwise an employee of the Company or another Related Person at the time the entity ceases to be a Related Person. A Termination of Employment shall not include a leave of absence approved for purposes of the Plan by the Committee.

Y. "Termination of Relationship" means a Termination of Consultancy or a Termination of Employment where the individual is no longer a consultant to, or employee of, the Company.

III. Effective Date

The Plan shall become effective on April 15, 1994 (the "Effective Date"), subject to its approval by the majority of the Common Stock (at the time of approval) within one year after the Plan is adopted by the Board of Directors of the Company. Grants of Options by the Committee under the Plan may be made on or after the Effective Date of the Plan, including retroactively, provided that, if the Plan is not approved by the majority of the

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Common Stock (at the time of approval), all Options which have been granted by the Committee shall be null and void. No Options may be exercised prior to the approval of the Plan by the majority of the Common Stock (at the time of approval).

IV. Administration

A. Duties of the Committee. The Plan shall be administered by the Committee. The Committee shall have full authority to interpret the Plan and to decide any questions and settle all controversies and disputes that may arise in connection with the Plan; to establish, amend and rescind rules for carrying out the Plan; to administer the Plan, subject to its provisions; to select Participants in, and grant Options under, the Plan; to determine the terms, exercise price and form of exercise payment for each Option granted under the Plan; to determine the consideration to be received by the Company in exchange for the grant of the Options; to determine whether and to what extent Incentive Stock Options and Non-Qualified Stock Options, or any combination thereof, are to be granted hereunder to one or more Key Employees and to determine whether and to what extent Non-Qualified Stock Options are to be granted hereunder to one or more Executive Consultants; to prescribe the form or forms of instruments evidencing Options and any other instruments required under the Plan (which need not be uniform) and to change such forms from time to time; and to make all other determinations and to take all such steps in connection with the Plan and the Options as the Committee, in its sole discretion, deems necessary or desirable. The Committee shall not be bound to any standards of uniformity or similarity of action, interpretation or conduct in the discharge of its duties hereunder, regardless of the apparent similarity of the matters coming before it. Any determination, action or conclusion of the Committee shall be final, conclusive and binding on all parties. Anything in the Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the Participants affected, to disqualify any Incentive Stock Option under such Section 422.

B. Advisors. The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the

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administration of the Plan, and may rely upon any advice or opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company.

C. Indemnification. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted under it. To the maximum extent permitted by applicable law or the Certificate of Incorporation or By-Laws of the Company, each officer and member or former member of the Committee or of the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the officers, members or former members may have as directors under applicable law or under the Certificate of Incorporation or By-Laws of the Company or Related Person.

D. Meetings of the Committee. The Committee shall adopt such rules and regulations as it shall deem appropriate concerning the holding of its meetings and the transaction of its business. Any member of the Committee may be removed from the Committee at any time either with or without cause by resolution adopted by the Board, and any vacancy on the Committee may at any time be filled by resolution adopted by the Board. All determinations by the Committee shall be made by the affirmative vote of a majority of its members. Any such determination may be made at a meeting duly called and held at which a majority of the members of the Committee are in attendance in person or through telephonic communication. Any determination set forth in writing and signed by all the members of the Committee shall be as fully effective as if it had been made by a majority vote of the members at a meeting duly called and held.

E. Determinations. Each determination, interpretation or other action made or taken pursuant to the provisions of this Plan by the Committee shall be final, conclusive and binding for all purposes and upon all persons, including, without limitation, the Participants, the Company and Related Persons, directors, officers and other employees of the Company and Related Persons, and the respective heirs, executors,

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administrators, personal representatives and other successors in interest of each of the foregoing.

V. Shares; Adjustment Upon Certain Events

A. Shares to be Delivered; Fractional Shares. Shares to be issued under the Plan shall be made available, at the sole discretion of the Board, either from authorized but unissued Shares or from issued Shares reacquired by Company and held in treasury. No fractional Shares will be issued or transferred upon the exercise of any Option. In lieu thereof, the Company shall pay a cash adjustment equal to the same fraction of the Fair Market Value of one Share on the date of exercise.

B. Number of Shares. Subject to adjustment as provided in this Article V, the maximum aggregate number of Shares that may be issued under the Plan shall be 2,980,534. If Options are for any reason canceled, or expire or terminate unexercised, the Shares covered by such Options shall again be available for the grant of Options, subject to the foregoing limit.

C. Adjustments; Recapitalization, etc. The existence of the Plan and the Options granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting Common Stock, the dissolution or liquidation of the Company or Related Persons, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding. The Committee may make or provide for such adjustments in the maximum number of Shares specified in Article V(B), in the number of Shares covered by outstanding Options granted hereunder, and/or in the Purchase Price (as hereinafter defined) applicable to such Options or such other adjustments in the number and kind of securities received upon the exercise of Options, as the Committee in its sole discretion may determine is equitably required to prevent dilution or enlargement of the rights of Participants or to otherwise recognize the effect that otherwise would result from any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, merger, consolidation, spin-off, reorganization, partial or complete liquidation, issuance of rights or warrants to

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purchase securities or any other corporate transaction or event having an effect similar to any of the foregoing. In the event of a merger or consolidation in which Company is not the surviving entity or in the event of any transaction that results in the acquisition of substantially all of Company's outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of all of the Company's assets (the foregoing being referred to as "Acquisition Events"), then the Committee may in its sole discretion terminate all outstanding Options effective as of the consummation of the Acquisition Event by delivering notice of termination to each Participant at least 20 days prior to the date of consummation of

the Acquisition Event; provided that, during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each Participant shall have the right to exercise in full all the Options that are then outstanding (without regard to limitations on exercise otherwise contained in the Options) but contingent on occurrence of the Acquisition Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise shall be null and void. Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number and class of shares and/or other securities or property subject to Options theretofore granted or the Purchase Price (as hereinafter defined).

VI. Awards and Terms of Options

A. Grant. The Committee may grant Non-Qualified Stock Options or Incentive Stock Options, or any combination thereof to Key Employees and may grant Non-Qualified Stock Options to Executive Consultants, provided, that the maximum number of Shares with respect to which Options may be granted to any Key Employee or Executive Consultant during any calendar year may not exceed 1,000,000, except that in the year of the first grant of Options to a Key Employee or Executive Consultant, the maximum number of Shares with respect to which Options may be granted may not exceed 1,000,000. To the extent that the maximum

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number of authorized Shares with respect to which Options may be granted are not granted in a particular calendar year to a Participant (beginning with the year in which the Participant receives his or her first grant of Options hereunder), such ungranted Options for any year shall increase the maximum number of Shares with respect to which Options may be granted to such Participant in subsequent calendar years during the term of the Plan until used. To the extent that any Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Option or the portion thereof which does not qualify, shall constitute a separate Non-Qualified Stock Option. Each Option shall be evidenced by an Option agreement (the "Option Agreement") in such form as the Committee shall approve from time to time.

B. Exercise Price. The purchase price per Share (the "Purchase Price") deliverable upon the exercise of a Non-Qualified Stock Option granted on or prior to the initial Public Offering of the Company shall be determined by the Committee and set forth in a Participant's Option Agreement, provided that the Purchase Price

shall not be less than the par value of a Share, and, provided, further, that the Purchase Price deliverable upon the exercise of a Non-Qualified Stock Option granted after the initial Public Offering of the Company shall be determined by the Committee and set forth in a Participant's Option Agreement but shall not be less than 100% of the Fair Market Value of a Share at the time of grant. The Purchase Price deliverable upon the exercise of an Incentive Stock Option shall be determined by the Committee and set forth in a Participant's Option Agreement but shall be not less than 100% of the Fair Market Value of a Share at the time of grant; provided, however, if an Incentive Stock Option is granted to a Ten Percent Shareholder, the Purchase Price shall be no less than 110% of the Fair Market Value of a Share.

C. Number of Shares. The Option Agreement shall specify the number of Options granted to the Participant, as determined by the Committee in its sole discretion.

D. Exercisability. At the time of grant, the Committee shall specify when and on what terms the Options granted shall be exercisable. In the case of Options not immediately exercisable in full, the Committee may at any time accelerate the time at which all or any part of the Options may be exercised and may waive any other conditions to exercise. No

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Option shall be exercisable after the expiration of ten years from the date of grant; provided, however, the term of an Incentive Stock Option granted to a Ten Percent Shareholder may not exceed five years. Each Option shall be subject to earlier termination as provided in Article VII below.

E. Acceleration of Exercisability.

All Options granted and not previously exercisable shall become fully exercisable immediately upon a Change of Control (as defined herein). For this purpose, a "Change of Control" shall be deemed to have occurred upon:

(a) an acquisition by any individual, entity or group (within the meaning of Section 13d-3 or 14d-1 of the Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of more than 80% of the combined voting power of the then outstanding voting securities of Company entitled to vote generally in the election of directors, including, but not limited to, by merger, consolidation or similar corporate transaction or by purchase; excluding, however, the following: (x) any acquisition by the Company, Related Persons, Wasserstein Perella Partners, L.P., Blackstone Capital Partners L.P. or an affiliate of any of the foregoing, or (y) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or Related Persons; or

(b) the approval of the stockholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of more than 80% of the gross assets of the Company and Related Persons on a consolidated basis (determined under generally accepted accounting principles as determined in good faith by the Committee); excluding, however, such a sale or other disposition to a corporation with respect to which, following such sale or other disposition, (x) more than 20% of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors will be then beneficially owned, directly or indirectly, by the individuals and entities who were the beneficial owners of the outstanding Shares immediately prior to such sale or other disposition, (y) no Person (other than the Company, Related Persons, and any employee benefit plan (or

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related trust) of the Company or Related Persons or such corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the outstanding Shares) will beneficially own, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (z) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of such corporation.

F. Exercise of Options.

1. A Participant may elect to exercise one or more Options by giving written notice to the Committee of such election and of the number of Options such Participant has elected to exercise, accompanied by payment in full of the aggregate Purchase Price for the number of Shares for which the Options are being exercised; provided, however, that, in the case of a notice of exercise delivered to the Committee by facsimile, such payment may be made by delivery of payment to the Committee on the business day next following the date on which such notice of exercise is delivered (such delivery being deemed to have been duly made if the Participant giving such facsimile notice shall have dispatched such payment by a nationally recognized overnight courier service guaranteeing delivery on such next business day, provided such payment is actually received by the Company).

2. Shares purchased pursuant to the exercise of Options shall be paid for as follows:

(a) in cash or by check, bank draft or money order payable to the order of Company;

(b) if the Shares are traded on a national securities exchange, through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the aggregate Purchase Price; or

(c) on such other terms and conditions as may be acceptable to the Committee (which may include

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payment in full or in part by the transfer of Shares which have been owned by the Participant for at least 6 months or the surrender of Options owned by the Participant) and in accordance with applicable law.

3. Upon receipt of payment, the Company shall deliver to the Participant as soon as practicable a certificate or certificates for the Shares then purchased.

G. Black-Out Periods. The direct or indirect sale, transfer or other disposition of Common Stock received by a Participant upon the exercise of Options shall be prohibited for two years following the initial Public Offering of the Company, unless a shorter period of time is specified by the Committee in its sole discretion at any time.

H. Non-Competition and Other Provisions. In consideration of the grant of Options, by accepting the grant of Options the Participant agrees during employment and, in the event any Options vest, for a period ending one year following the date of the Participant's Termination of Employment, not to engage in any Competitive Activity, except to the extent consented to by the Committee in writing. Each Participant by accepting a grant of Options hereunder acknowledges that the Company or a Related Person will suffer irreparable harm in the event such Participant engages in any Competitive Activity during this period, and agrees that in addition to its remedies at law, the Company and a Related Person shall be entitled to injunctive relief as a consequence of a violation or threatened violation of this covenant. Notwithstanding the foregoing, nothing in this Plan shall prohibit or penalize ownership by a Participant of the shares of a business that is registered under Section 12 of the Act and constitutes, together with all such shares owned by any immediate family member or affiliate of, or person acting in concert with, such Participant, less than 2% of the outstanding registered shares of such business. The Committee will have the discretion to impose in a Participant's Option Agreement such other conditions, limitations and restrictions as it determines are appropriate in its sole discretion, including any waivers of rights which a Participant may have.

I. Restrictions on Exercise. Notwithstanding anything else contained herein to the contrary other than Article VI(E), no Options may be exercised prior to the earlier of the closing of a Public Offering of Shares or the expiration of five years from the

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Effective Date of the Plan, except to the extent consented to by the Committee in its sole and absolute discretion.

J. Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year under the Plan and/or any other stock option plan of the Company or any subsidiary or parent corporation (within the meaning of Section 424 of the Code) exceeds $100,000, such Options shall be treated as Options which are not Incentive Stock Options.

To the extent permitted under Section 422 of the Code, or the applicable regulations thereunder or any applicable Internal Revenue Service pronouncement, if (i) a Participant's employment with the Company or Related Person is terminated by reason of death, Disability, retirement or termination without Cause, and (ii) the portion of any Incentive Stock Option that would be exercisable during the post-termination period specified under Article VII but for the $100,000 limitation currently contained in Section 422(d) of the Code, is greater than the portion of such Stock Option that is immediately exercisable as an `incentive stock option' during such post-termination period under Section 422, such excess shall be treated as a Non-Qualified Stock Option. If the exercise of an Incentive Stock Option is accelerated for any reason, any portion of such Option that is not exercisable as an Incentive Stock Option by reason of the $100,000 limitation contained in Section 422(d) of the Code shall be treated as a Non-Qualified Stock Option.

Should any of the foregoing provisions not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the shareholders of the Company, except as otherwise required by law.

VII. Effect of Termination of Relationship

A. Death, Disability, Retirement, etc. Except as otherwise provided in the Participant's Option Agreement, upon Termination of Relationship, all outstanding Options then exercisable and not exercised by the Participant prior to such Termination of Relationship (and any Options not previously exercisable but made exercisable by the Committee at or after the

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Termination of Relationship) shall remain exercisable by the Participant to the extent not exercised for the following time periods, or, if earlier, the prior expiration of the Option in accordance with the terms of the Plan and grant:

1. In the event of the Participant's death or Disability, such Options shall remain exercisable by the Participant (or by the Participant's estate or by the person given authority to exercise such Options by the Participant's will or by operation of law) for a period of one year from the date of the Participant's death or Disability, provided that the Committee, in its sole discretion, may at any time extend such time period.

2. In the event the Participant retires from employment at or after age 65 (or, with the consent of the Committee or under an early retirement policy of the Company or a Related Person, before age 65), or if the Participant's employment is terminated by the Company or a Related Person without Cause, such Options shall remain exercisable for 90 days from the date of the Participant's Termination of Employment, provided that the Committee, in its sole discretion, may at any time extend such time period.

B. Cause. Upon the Termination of Relationship of a Participant for Cause, or if the Company or a Related Person obtains or discovers information after Termination of Relationship that such Participant had engaged in conduct that would have justified a Termination of Relationship for Cause during employment or consultancy, all outstanding Options of such Participant shall immediately be canceled.

C. Other Termination. In the event of Termination of Relationship for any reason other than as provided in Article VII(A) or VII(B), all outstanding Options not exercised by the Participant prior to such Termination of Relationship shall remain exercisable (to the extent exercisable by such Participant immediately before such termination) for a period of 30 days after such termination, provided that the Committee, in its sole discretion, may at any time extend such time period.

D. Cancellation of Options. Except as otherwise provided in Article VI(E), no Options that were not exercisable during the period of employment or consultancy shall thereafter become exercisable upon a Termination of Relationship for any

reason or no reason whatsoever, and such options shall terminate

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and become null and void upon a Termination of Relationship, unless the Committee determines in its sole discretion that such Options shall be exercisable.

VIII. Nontransferability of Options

No Option shall be transferable by the Participant otherwise than by will or under applicable laws of descent and distribution, and during the lifetime of the Participant may be exercised only by the Participant or his or her guardian or legal representative. In addition, no Option shall be assigned, negotiated, pledged or hypothecated in any way (whether by operation of law or otherwise), and no Option shall be subject to execution, attachment or similar process. Upon any attempt to transfer, assign, negotiate, pledge or hypothecate any Option, or in the event of any levy upon any Option by reason of any execution, attachment or similar process contrary to the provisions hereof, such Option shall immediately terminate and become null and void.

IX. Rights as a Stockholder

A Participant (or a permitted transferee of an Option) shall have no rights as a stockholder with respect to any Shares covered by such Participant's Option until such Participant (or permitted transferee) shall have become the holder of record of such Shares, and no adjustments shall be made for dividends in cash or other property or distributions or other rights in respect to any such Shares, except as otherwise specifically provided in this Plan.

X. Termination, Amendment and Modification

A. General Amendments. The Plan shall terminate at the close of business on the tenth anniversary of the Effective Date (the "Termination Date"), unless terminated sooner as hereinafter provided, and no Option shall be granted under the Plan on or after that date. The termination of the Plan shall not terminate any outstanding Options that by their terms continue beyond the Termination Date. At any time prior to the Termination Date, the Committee may amend or terminate the Plan or suspend the Plan in whole or in part.

The Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XII), or suspend or terminate it entirely, retroactively

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or otherwise; provided, however, that, unless otherwise required by

law or specifically provided herein, the rights of a Participant with respect to Options granted prior to such amendment, suspension or termination, may not, other than as provided in Article X(B), be materially impaired without the consent of such Participant and, provided further, without the approval of the stockholders of the Company entitled to vote, no amendment may be made which would (i) materially increase the aggregate number of shares of Common Stock that may be issued under this Plan (except by operation of Article V); (ii) decrease the minimum Purchase Price of any Option or (iii) extend the maximum option period.

The Committee may amend the terms of any Option granted, prospectively or retroactively, but, subject to Article VI above or as otherwise provided herein, no such amendment or other action by the Committee shall materially impair the rights of any Participant without the Participant's consent. No modification of an Option shall adversely affect the status of an Incentive Stock Option as an incentive stock option under Section 422 of the Code. Notwithstanding the foregoing, however, no such amendment may, without the approval of the stockholders of the Company, effect any change that would require stockholder approval under applicable law.

B. Other Termination. Notwithstanding any other provision of the Plan, in the event that a Public Offering does not occur with respect to the Company by January 28, 1995, the Committee shall have the absolute right and discretion to amend or terminate the Plan and a Participant's rights with respect to any Options granted prior to such amendment or termination.

XI. Use of Proceeds

The proceeds of the sale of Shares subject to Options under the Plan are to be added to the general funds of Company and used for its general corporate purposes as the Board shall determine.

XII. General Provisions

A. Right to Terminate Employment. Neither the adoption of the Plan nor the grant of Options shall impose any

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obligation on the Company or Related Persons to continue the employment of any Participant, nor shall it impose any obligation on the part of any Participant to remain in the employ of the Company or Related Persons.

B. Purchase for Investment. If the Board or the Committee determines that the law so requires, the holder of an Option granted hereunder shall, upon any exercise or conversion thereof, execute and deliver to the Company a written statement, in form satisfactory to the Company, representing and warranting that

such Participant is purchasing or accepting the Shares then acquired for such Participant's own account and not with a view to the resale or distribution thereof, that any subsequent offer for sale or sale of any such Shares shall be made either pursuant to (i) a Registration Statement on an appropriate form under the Securities Act, which Registration Statement shall have become effective and shall be current with respect to the Shares being offered and sold, or (ii) a specific exemption from the registration requirements of the Securities Act, and that in claiming such exemption the holder will, prior to any offer for sale or sale of such Shares, obtain a favorable written opinion, satisfactory in form and substance to the Company, from counsel acceptable to the Company as to the availability of such exception.

C. Trusts, etc. Nothing contained in the Plan and no action taken pursuant to the Plan (including, without limitation, the grant of any Option thereunder) shall create or be construed to create a trust of any kind, or a fiduciary relationship, between Company and any Participant or the executor, administrator or other personal representative or designated beneficiary of such Participant, or any other persons. Any reserves that may be established by Company in connection with the Plan shall continue to be part of the general funds of Company, and no individual or entity other than Company shall have any interest in such funds until paid to a Participant. If and to the extent that any Participant or such Participant's executor, administrator or other personal representative, as the case may be, acquires a right to receive any payment from Company pursuant to the Plan, such right shall be no greater than the right of an unsecured general creditor of Company.

D. Notices. Any notice to the Company required by or in respect of this Plan will be addressed to the Company at 701 McCullough Drive, Charlotte, North Carolina 28262, Attention: Vice President, Human Resources, or such other place of business

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as shall become the Company's principal executive offices from time to time, or sent to the Company by facsimile to (704) 548-2081, Attention: Vice President, Human Resources, or to such other facsimile number as the Company shall notify each Participant. Each Participant shall be responsible for furnishing the Committee with the current and proper address for the mailing to such Participant of notices and the delivery to such Participant of agreements, Shares and payments. Any such notice to the Participant will, if the Company has received notice that the Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of his status and address (and has provided such reasonable substantiating information as the Company may request) by written notice under this Section. Any notice required by or in respect of this Plan will be deemed to have been duly given when delivered in person or when dispatched by telegram or, in the case of notice to the Company, by facsimile as described above, or one business day after having been dispatched by a nationally recognized overnight courier service or three business

days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid. The Company assumes no responsibility or obligation to deliver any item mailed to such address that is returned as undeliverable to the addressee and any further mailings will be suspended until the Participant furnishes the proper address.

E. Severability of Provisions. If any provisions of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provisions had not been included.

F. Payment to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Company and their employees, agents and representatives with respect thereto.

G. Headings and Captions. The headings and captions herein are provided for reference and convenience only. They shall not be considered part of the Plan and shall not be employed in the construction of the Plan.

H. Controlling Law. The Plan shall be construed and enforced according to the laws of the State of Delaware.

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I. Section 162(m) Deduction Limitation. The Committee at any time may in its sole discretion limit the number of Options that can be exercised in any taxable year of the Company, to the extent necessary to prevent the application of Section 162(m) of the Code (or any similar or successor provision), provided that the Committee may not postpone the earliest date on which Options can be exercised beyond the last day of the stated term of such Options.

J. Section 16(b) of the Act. All elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with all exemptive conditions under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Act, as it may deem necessary or proper for the administration and operation of the Plan and the transaction of business thereunder.

XIII. Issuance of Stock Certificates; Legends; Payment of Expenses

A. Stock Certificates. Upon any exercise of an Option and payment of the exercise price as provided in such Option, a

certificate or certificates for the Shares as to which such Option has been exercised shall be issued by Company in the name of the person or persons exercising such Option and shall be delivered to or upon the order of such person or persons.

B. Legends. Certificates for Shares issued upon exercise of an Option shall bear such legend or legends as the Committee, in its sole discretion, determines to be necessary or appropriate to prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act or to implement the provisions of any agreements between Company and the Participant with respect to such Shares.

C. Payment of Expenses. The Company shall pay all issue or transfer taxes with respect to the issuance or transfer of Shares, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance or transfer and with the administration of the Plan.

XIV. Listing of Shares and Related Matters

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If at any time the Board or the Committee shall determine in its sole discretion that the listing, registration or qualification of the Shares covered by the Plan upon any national securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the grant of Options or the award or sale of Shares under the Plan, no Option grant shall be effective and no Shares will be delivered, as the case may be, unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Board.

XV. Withholding Taxes

The Company shall have the right to require prior to the issuance or delivery of any shares of Common Stock payment by the Participant of any Federal, state or local taxes required by law to be withheld.

The Committee may permit any such withholding obligation to be satisfied by reducing the number of shares of Common Stock otherwise deliverable. A person required to file reports under Section 16(a) of the Exchange Act with respect to securities of the Company may elect to have a sufficient number of shares of Common Stock withheld to fulfill such tax obligations (hereinafter a "Withholding Election") only if the election complies with such conditions as are necessary to prevent the withholding of such shares from being subject to Section 16(b) of the Exchange Act. To the extent necessary under then current law, such conditions shall

include the following: (x) the Withholding Election shall be subject to the approval of the Committee and (y) the Withholding Election is made (i) during the period beginning on the third business day following the date of release for publication of the quarterly or annual summary statements of sales and earnings of the Company and ending on the twelfth business day following such date or is made in advance but takes effect during such period, (ii) six (6) months before the stock award becomes taxable, or (iii) during any other period in which a Withholding Election may be made under the provisions of Rule 16b-3 promulgated pursuant to the Act. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

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Exhibit 11

Collins & Aikman Corporation
Computation of Earnings Per Share
In thousands, except per share data
(Unaudited)

<TABLE>
<CAPTION>

	Quarter Ended	
	April 29, 1995	April 30, 1994
<S>	<C>	<C>
Average shares outstanding during the period	70,521	28,164
Incremental shares under stock options computed under the treasury stock method using the average market price of issuer's stock during the period	1,227	1,645
Total shares for EPS	71,748	29,809
Income applicable to common shareholders	$ 28,901	$ 5,668
Income per common share from continuing operations	$ .40	$ .19

</TABLE>

Notes:

(1) Income from continuing operations for the fiscal quarter ended April 30, 1994 has been adjusted for dividends and accretion requirements on redeemable preferred stock of $7,086.

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<TABLE> <S> <C>

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This schedule contains Summary Financial Information extracted from the Company's Consolidated Balance Sheet and Consolidated Statement of Operations for the Three Months Ended April 29, 1995 and such is qualified in its entirety by reference to such Financial Statements.
</LEGEND>

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