

**IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA  
GREENSBORO DIVISION  
CIVIL ACTION NO. 1:04MD1622**

IN RE: COTTON YARN ANTITRUST LITIGATION	X : : : : : : : : : X	<b>NOTICE OF PENDENCY AND OF PROPOSED SETTLEMENT OF CLASS ACTION WITH CERTAIN DEFENDANTS AND HEARING ON SETTLEMENT APPROVAL</b>
THIS DOCUMENT RELATES TO: ALL ACTIONS		

To: All Individuals or Entities Who Purchased Cotton Yarn in the United States, or from a Facility Located in the United States, Directly from Defendants Listed below at Any Time During the Period October 1, 2000 to June 15, 2001 (the "Class Period").

Please Read This Entire Notice Carefully. Your Legal Rights May Be Affected by Lawsuits Now Pending in This Court.

This Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Middle District of North Carolina (the "District Court"). The purpose of this Notice is to inform you of the pendency of this litigation, the Court's certification of a Settlement Class, and that a proposed settlement has been reached with Defendants Parkdale America, LLC and Parkdale Mills, Inc. (the "Parkdale Defendants") in the amount of Seven Million Eight Hundred Thousand Dollars (\$7,800,000), as well as an agreement that the Parkdale Defendants will cooperate in the prosecution of the claims against the remaining defendants.

If you purchased Cotton Yarn in the United States directly from any of the defendants listed below (or their parents, predecessors, subsidiaries or affiliates) during the Class Period, you are a member of the Settlement Class (defined below) and have rights summarized below. "Cotton Yarn" includes, but is not limited to, open-end and air jet cotton and poly-cotton yarn, and means textured yarn utilized in connection with the manufacture of items such as home furnishings, apparel, industrial fabrics, automotive components, upholstery, hosiery and sewing thread.

Defendants named in this action are: (1) Parkdale America, LLC, (2) Parkdale Mills, Inc., (3) Frontier Spinning Mills LLC, (4) Frontier Spinning Mills, Inc., (5) Frontier Inc., (6) Avondale Mills, Inc. and (7) Avondale Incorporated.

Your options with respect to this class action, as described in this Notice, include your right to:

- Share in the Settlement Fund (defined below) by remaining a member of the Settlement Class;
- Exclude yourself from the Settlement Class, in which case you will not be entitled to share in the Settlement Fund;
- Object to the proposed settlement with the Parkdale Defendants and appear at the hearing before the Court to determine whether the proposed settlement should be approved as fair, adequate and reasonable; and
- Enter an appearance as a Settlement Class member in the litigation through your own counsel at your own expense.

**DEFINITIONS OF THE SETTLEMENT CLASS**

On November 1, 2005, the Court certified a Settlement Class defined as follows:

All persons (excluding governmental agencies, Defendants, their parents, predecessors, subsidiaries and affiliates) who purchased Cotton Yarn in the United States, or from facilities located in the United States, directly from any of the Defendants or any of their predecessors, subsidiaries and/or affiliates, at any time during the period from October 1, 2000 to June 15, 2001.

Plaintiffs Atlantic Textiles, South Carolina Tees, Inc., Lisa Lesavoy, Armen Co., Inc., Mekfir International Corporation, Del Cartier Associates, Inc., Perfect Fit Glove, Co., LLC, Robert Little and Thomaston Mills, Inc. have been appointed by the Court to serve as representatives for the Settlement Class.

**THE LITIGATION**

Beginning in March 2004, numerous class action lawsuits were filed against Defendants by direct purchasers of Cotton Yarn. The cases have been centralized in United States District Court for the Middle District of North Carolina. Plaintiffs allege that Defendants entered into and implemented a contract, combination and conspiracy to fix, raise, maintain or stabilize prices for Cotton Yarn sold in the United States in violation of Section 1 of the Sherman Act, 15 U.S.C. §1. Plaintiffs further allege that as a result of the conspiracy, they and other purchasers of Cotton Yarn have paid more for Cotton Yarn than they would have paid absent the conspiracy, and seek to recover treble damages together with reimbursement of costs and an award of attorneys' fees.

Defendants deny Plaintiffs' allegations. At this time, neither Plaintiffs nor Defendants have proven their assertions. The Court expresses no opinion as to whether Plaintiffs' allegations are correct or whether defendants have engaged in any wrongdoing. The purpose of this Notice is to inform you of the certification of the Settlement Class and the proposed settlement with the Parkdale Defendants.

## **THE PROPOSED SETTLEMENT WITH PARKDALE DEFENDANTS**

Plaintiffs, on behalf of the Settlement Class, have entered into a Settlement Agreement with the Parkdale Defendants, dated August 16, 2005 (the "Settlement Agreement"), under which the Parkdale Defendants have paid into escrow the sum of Seven Million Eight Hundred Thousand Dollars (\$7,800,000), in exchange for a release of all claims asserted on behalf of Settlement Class members against the Parkdale Defendants for the alleged price fixing of Cotton Yarn in the United States during the Class Period.

In addition to the settlement amount, the Settlement Agreement requires the Parkdale Defendants to cooperate with Plaintiffs in connection with their claims in this Action against the other Defendants. The specific terms of the cooperation agreement, which are set forth in ¶ 29 of the Settlement Agreement, require that the Parkdale Defendants, among other things:

- Provide cooperation to Plaintiffs' counsel in their continued prosecution of the Action against the remaining defendants including, but not limited to, identifying and producing to Plaintiffs documents relating to the antitrust violations alleged in the Action (including without limitation the dates, locations, and participants in meetings with competitors), and providing information known to them regarding the involvement of the named defendants and unnamed co-conspirators;
- Make available, upon reasonable notice, current directors, officers, and employees of the Parkdale Defendants<sup>1</sup> for personal interviews, the preparation of declarations in, affidavits, and/or providing testimony at deposition and/or at trial regarding the antitrust violations alleged in the Action; and,
- Produce all documents provided to any grand jury, the Department of Justice, or any state or federal administrative agency, as well as any other documents in their possession, custody or control referring or relating to the antitrust violations alleged in the Action.

If the Court approves the settlement, the Settlement Fund, plus accrued interest, will be available for distribution to the Settlement Class members. If you remain in the Settlement Class and the settlement becomes effective, you (and your respective parents, subsidiaries, affiliates, and agents) will release, acquit and discharge the Parkdale Defendants and the Releasees (defined below) from any and all claims, demands, actions, suits and causes of action, whether class, individual, or otherwise in nature, that you had, now have, or hereafter can, shall, or may have on account of, or arising out of, or resulting from conduct concerning the pricing, selling, discounting, marketing, or distributing of Cotton Yarn in the United States during the Class Period, including but not limited to any conduct alleged, and causes of action asserted, or that could have been alleged or asserted, in the Complaint filed in this Action, which arises under any federal or state antitrust, unfair competition, unfair practices, price discrimination, unitary pricing, trade practice or civil conspiracy law, including, without limitation, the Sherman Antitrust Act, 15 U.S.C. §1 *et seq.*, provided, however, nothing herein shall release any product defect, breach of contract or similar claim between the parties relating to Cotton Yarn.

As used herein, Releasees means jointly, severally, individually and collectively the Parkdale Defendants and its joint venture partners (with particular reference to Unifi, Inc.), and their past and present officers, directors, employees, agents, stockholders, attorneys, servants, representatives, parents, subsidiaries, divisions, affiliates and partners, and the predecessors, successors, heirs, executors, administrators and assigns of each of the foregoing.

This is a settlement with the Parkdale Defendants only. The lawsuit is continuing against the other defendants. Class Counsel intends to submit a plan of allocation of settlement proceeds for consideration by the Settlement Class members at a later date. Class Counsel intend to base such a plan on the dollar amount of each Settlement Class member's purchase of Cotton Yarn during the Class Period. **Do not dispose of documents evidencing your purchases of Cotton Yarn in the United States, or from a facility located in the United States, directly from any defendant during the Class Period.** You may need those documents to complete a claim if the settlement is approved. You will receive another Notice and a claim form at such time as any settlement proceeds will be distributed to the members of the Settlement Class.

### **CONSEQUENCES OF SETTLEMENT CLASS MEMBERSHIP**

If you are a member of the Settlement Class as defined above, you will automatically remain a Settlement Class member unless you elect to be excluded. If you wish to remain in the Settlement Class, you do not need to take any action at this time and your interests will be represented by Plaintiffs and by Class Counsel. You will have no responsibility to pay Class Counsel's attorneys' fees and expenses. If you choose, you may also have your own attorney enter an appearance on your behalf and at your expense.

If you remain in the Settlement Class, you will be bound by the judgment or other final disposition of this litigation, as to the Parkdale Defendants, whether or not it is favorable to the Settlement Class. As a member of the Settlement Class, you will also be afforded an opportunity to be heard with respect to the proposed settlement with the Parkdale Defendants.

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<sup>1</sup>The Parkdale Defendants shall use their best efforts to make former directors, officers, and employees available to appear for interviews, depositions, and trial testimony under the same conditions as for the current directors, officers, and employees of the Parkdale Defendants.

If you wish to exclude yourself from the Settlement Class, you must send a request for exclusion, in writing, via certified mail, return receipt requested, postmarked no later than **January 25, 2006**, to the following address:

Cotton Yarn Antitrust Litigation  
Claims Administrator  
c/o Heffler, Radetich & Saitta L.L.P.  
P.O. Box 300  
Philadelphia, PA 19105-0300

Your request for exclusion must contain the full name of the purchaser, including any predecessor entities, and your address. If you exclude yourself from the Settlement Class, then: (a) you will not be bound by any decision in this lawsuit and you can pursue any claims you may have against the Parkdale Defendants; but (b) you will not share in the proceeds of the proposed settlement with the Parkdale Defendants.

#### **THE SETTLEMENT HEARING**

The Court will hold a hearing on February 14, 2006, at 10:00 a.m. in Courtroom #1 of the Hiram H. Ward Federal Building, 251 North Main Street, Winston-Salem, North Carolina 27101, to determine whether the proposed settlement of the litigation between the Settlement Class and the Parkdale Defendants should be approved as fair, reasonable and adequate. The hearing may be continued without further notice.

Any Settlement Class member who wishes to object to the Settlement Agreement must do so in writing. Your objection must include the caption of this litigation, must be signed, and must be sent via certified mail, return receipt requested, postmarked not later than **January 25, 2006**, to the Clerk of the Court, United States District Court, The L. Richardson Preyer Federal Courthouse, 324 West Market Street, Greensboro, North Carolina 27401, and to the following counsel:

WEINSTEIN KITCHENOFF & ASHER LLC  
Steven A. Asher, Esquire  
1845 Walnut Street, Suite 1100  
Philadelphia, PA 19103  
(215) 545-7200

KOHN SWIFT & GRAF, P.C.  
Joseph C. Kohn, Esquire  
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Plaintiffs' Co-Lead Counsel

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Suite 1100 – East Tower  
Washington, DC 20005

ELLIS & WINTERS LLP  
Matthew W. Sawchak, Esquire  
P.O. Box 33550  
Raleigh, NC 27636

Counsel for the Parkdale Defendants

If you do not object to the proposed settlement, you need not appear at the hearing.

#### **CHANGE OF ADDRESS, ADDITIONAL INFORMATION**

If this Notice reached you at an address other than the one on the mailing label, or if your address changes, please send your correct address to the Cotton Yarn Antitrust Litigation Post Office Box referenced above.

The Settlement Agreement, the Complaint and other documents filed in this action are available for review during normal business hours at the offices of the Clerk of the Court, The L. Richardson Preyer Federal Courthouse, 324 West Market Street, Greensboro, North Carolina 27401. If you have questions concerning this Notice or the litigation, you may contact Plaintiffs' Co-Lead Counsel identified above.

**Please do not contact the Clerk of the Court or the Judge.**

Dated: December 16, 2005.

BY ORDER OF:

JAMES A. BEATY, JR.  
UNITED STATES DISTRICT COURT JUDGE

COTTON YARN ANTITRUST LITIGATION  
Claims Administrator  
c/o Heffler, Radetich & Saitta L.L.P.  
P.O. Box 300  
Philadelphia, PA 19105-0300

**FIRST-CLASS MAIL**

**PLEASE FORWARD—IMPORTANT LEGAL NOTICE**