

STATE OF SOUTH CAROLINA )  
 ) IN THE COURT OF COMMON PLEAS  
COUNTY OF GREENVILLE )  
In re International Textile Group, Inc. Merger Litigation ) C.A. No. 2009-CP-23-3346

## **NOTICE OF SETTLEMENT**

Dear Shareholder:

This “Notice of Settlement” relates to the proposed settlement (the “Settlement”) in the lawsuit (the “Action”) called *In re International Textile Group, Inc. Merger Litigation*, C.A. No. 2009-CP-23-3346. The Action is pending in the Court of Common Pleas in Greenville, South Carolina. The Action relates to the merger (the “Merger”) of the former International Textile Group, Inc. (“FITG”), into Safety Components International, Inc. (“SCI”). The Merger was agreed to on August 29, 2006, and closed on October 20, 2006. After the Merger, SCI was renamed International Textile Group, Inc., which is referred to here as the new International Textile Group, Inc. (“NITG”).

The Action includes a class action (the “Class Action”) which involves claims on behalf of the minority shareholders of SCI as of October 20, 2006, with damages in excess of \$100 relating to the Merger. The Action also includes a derivative action (the “Derivative Action”) which involves claims on behalf of SCI/NITG itself relating to the Merger.

This Notice of Settlement provides information regarding the Settlement of the Action. The Settlement has two parts:

First, the “Class Action Settlement” relates to the settlement of the Class Action on behalf of the minority shareholders of SCI as of October 20, 2006. The proposed Class Action Settlement provides the Class with \$10 million, which will be held in a Class Action Settlement Fund. As discussed herein, Class Members have a number of options to consider regarding the proposed Class Action Settlement. Class Members may (i) do nothing; (ii) submit a Proof of Claim to receive a share of the Class Action Settlement Fund; (iii) object or comment on the Class Action Settlement, or; (iv) hire their own counsel. Should the Court approve the Class Action Settlement, Class Counsel intend to request an attorneys’ fee award totaling \$3.5 million and reimbursement of expenses totaling \$306,375.29 for a total of \$3,806,375.29. Should the Court approve Class Counsel’s request for attorneys’ fees and reimbursement of expenses, those funds would come out of the Class Action Settlement Fund leaving a balance of \$6,193,624.71 in the Class Action Settlement. Certain fees of the Claims Administrator will also be deducted from the Class Action Settlement. The remaining balance, which Class Counsel estimates will be approximately \$6 million, will be distributed to Class Members in accordance with the procedures discussed in this Notice. Also, as discussed below, Class Members have the right to object to Class Counsel’s attorneys’ fee and expense reimbursement requests. The details of the Class Action Settlement are discussed on pages 3 through 10 of this Notice (pages 11 through 12 are appendices to the Class Action Settlement discussion).

Second, the “Derivative Action Settlement” relates to the settlement of the Derivative Action on behalf of SCI itself. The proposed Derivative Action Settlement provides \$26 million in cash to NITG. The Derivative Action Settlement also provides \$45 million in non-cash consideration to NITG. (The parties other than defendant RSM are in agreement on the value of the non-cash consideration; RSM takes no position on the value of the non-cash consideration.) The non-cash consideration consists of the elimination of certain debt instruments and certain preferred stock held by certain of the Defendants or their affiliates, which the parties other than RSM agree has a value to NITG of \$45 million. As discussed herein, current NITG shareholders may (i) do nothing; (ii) object or comment on the Derivative Action Settlement; or (iii) hire their own counsel. Should the Court approve the Derivative Action Settlement, Derivative Counsel intend to request an attorneys’ fee award totaling \$24.85 million and reimbursement of expenses totaling \$2,246,752.13 for a total of \$27,096,752.13. Should the Court approve Derivative Counsel’s request for attorneys’ fees and reimbursement of expenses, those fees and expenses would be paid from the \$26 million in cash included in the Derivative Action Settlement Fund. Derivative Counsel intend to request that the Court order NITG to pay Derivative Counsel the remaining \$1,096,752.13 in fees and expenses that exceed the \$26 million in cash included in the Derivative Action Settlement. Also, as discussed below, current NITG shareholders may object to Derivative Counsel’s attorneys’ fee and expense reimbursement requests. The details of the Derivative Action Settlement are discussed on pages 13 through 17 of this Notice.

The two parts of these settlements are interdependent. There will be no Settlement unless both parts are approved.

This Notice of Settlement itself has two parts:

- Part 1 is the “Notice of Class Action Settlement.” It provides important information concerning the Class Action Settlement. It has two appendices: Appendix A is the “Plan of Class Action Settlement Fund Distribution” which describes how the net settlement consideration received for the Class Action will be distributed to qualifying Class Members; Appendix B is the “Proof of Claim” which is the form that Class Members will use to make claims.

- Part 2 is the “Notice of Derivative Action Settlement.” It provides important information concerning the Derivative Action Settlement. The net settlement consideration received for the Derivative Action is for the benefit of NITG. No portion of it goes directly to shareholders of NITG.

Part 1 applies to you if you were a shareholder of SCI as of the Merger on October 20, 2006.

Part 2 applies to you if you are currently a shareholder of NITG.

Both parts apply to you if you were a shareholder of SCI as of October 20, 2006, and are currently a shareholder of NITG.

Finally, please note the Notice is simply a summary of the terms of the Settlement and for a complete understanding please refer to the Stipulation and Settlement Agreement (“Stipulation”) which will be posted at [www.ITGMergerLitigation.com](http://www.ITGMergerLitigation.com). To the extent there is any inconsistency between the Notice and the Stipulation, the Stipulation will control.

Dated: February 19, 2014

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D. Garrison Hill  
Judge, Court of Common Pleas

STATE OF SOUTH CAROLINA )  
 ) IN THE COURT OF COMMON PLEAS  
COUNTY OF GREENVILLE )  
In re International Textile Group, Inc. Merger Litigation ) C.A. No. 2009-CP-23-3346

## **PART 1**

### **Notice of Class Action Settlement**

#### **NOTICE OF (I) PROPOSED SETTLEMENT OF CLASS ACTION ON BEHALF OF SAFETY COMPONENTS INTERNATIONAL, INC., SHAREHOLDERS; (II) PLAN OF CLASS ACTION SETTLEMENT FUND DISTRIBUTION; (III) SETTLEMENT FAIRNESS HEARING; AND (IV) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES REGARDING CLASS ACTION**

**PLEASE READ THIS NOTICE CAREFULLY. This Notice of Class Action Settlement explains important rights you may have, including the possible receipt of cash from the Class Action Settlement Fund if the Settlement is approved. If you are a member of the Class, your legal rights will be affected whether or not you act. You should read this entire Notice of Class Action Settlement and the enclosures, as they pertain to your rights.**

#### **I. INTRODUCTION**

You have been sent this Notice of Class Action Settlement because you may have been a shareholder of Safety Components International, Inc. ("SCI"; ticker "SAFY"), on October 20, 2006, and thus may be a member of the class of SCI minority shareholders with damages in excess of \$100 certified by the Court in the Class Action (the "Class"). If the settlement of the Action (the "Settlement"), including the settlement of the Class Action (the "Class Action Settlement") and the settlement of the Derivative Action (the "Derivative Action Settlement"), is approved by the Court, all claims in the Action, including the claims in the Class Action portion of the Action, against all Defendants will be resolved.

If the Settlement is approved, the Defendants will pay **\$10,000,000** to establish a Class Action Settlement Fund. You may be entitled to receive a payment from this fund if the Settlement is approved. To be eligible, you must complete and submit the enclosed Proof of Claim form by June 16, 2014, in compliance with the instructions on the form and in this Notice of Class Action Settlement, and submit the required documentation. Your rights and options and the deadline are explained more fully in Section V.B below.

Judge D. Garrison Hill of the Court of Common Pleas in Greenville, South Carolina (the "Court"), will hold a hearing (a "Settlement Hearing") on June 23, 2014, at 9:30 A.M. to determine whether to approve the Settlement (both the Derivative Action Settlement and the Class Action Settlement) and related matters including Class Counsel's request for attorney's fees and costs regarding the Class Action, as discussed more fully below.

#### **II. PURPOSE OF NOTICE**

The purpose of this Notice is to inform you as a potential Class Member of (a) the proposed Settlement of the Action and of the Class Action Settlement, (b) the proposed Plan of Class Action Settlement Fund Distribution, and (c) your rights with respect to these and related matters including Class Counsel's request for attorneys' fees and expenses regarding the Class Action and the proposed payment of incentive awards to the Class Representatives (as discussed further below). If the Court approves the Settlement, you will be bound by the terms of the Settlement.

Your rights concerning the Class Action Settlement include the right to make a claim for a payment from the proposed Class Action Settlement Fund. As noted above, you must complete a valid Proof of Claim form, submit appropriate documentation, and otherwise meet the requirements herein and in the Stipulation and Settlement Agreement to receive a share of the Class Action Settlement Fund. If you are a Class Member and do not make a valid claim as of the deadline set forth below, or otherwise do not meet the requirements herein and in the Stipulation and Settlement Agreement filed with the Court, you will not be entitled to any share of the Class Action Settlement Fund but you will be bound by the terms of the Settlement.

#### **III. LITIGATION SUMMARY**

This matter (the "Action") is pending before the Court of Common Pleas for Greenville County, South Carolina (the "Court"). The Action involves the merger ("Merger") on October 20, 2006, of two companies, SCI and the former International Textile Group, Inc. ("FITG"), that Plaintiffs allege were controlled by Wilbur L. Ross, Jr., his investment company, W.L. Ross & Co., LLC, and his affiliates. After the Merger, SCI was renamed the new International Textile Group, Inc. (or "NITG"; ticker: "ITXN"). Plaintiffs allege that, among other things, the Merger was not "entirely fair" to the SCI minority

shareholders, that Mr. Ross and his affiliates breached their fiduciary duties to SCI's minority shareholders, and/or aided and abetted others in breaching their fiduciary duties to SCI's minority shareholders. Plaintiffs also allege gross negligence and aiding and abetting breach of fiduciary duty against RSM EquiCo Capital Markets LLC (now known as McGladrey Capital Markets LLC, but referred to herein as "RSM"), which served as the financial advisor to SCI's special committee charged with determining that the Merger was fair. Plaintiffs further allege that certain defendants were unjustly enriched by the Merger. The same claims are also made on behalf of NITG itself. The portion of the Action involving these claims on behalf of the SCI minority shareholders as of the date of the Merger is the "Class Action." The portion of the Action involving these claims on behalf of NITG is the "Derivative Action."

Defendants have denied all material allegations against them, and have asserted various affirmative defenses in the Action. The Plaintiffs are FURSA Alternative Strategies LLC, FURSA Master Global Event Driven Fund, LP, and FURSA Company, Ltd. (collectively, "FURSA"), Ramius Securities, LLC, Ramius Credit Opportunities Master Fund Ltd. (collectively, "Ramius"), Brian P. Menezes ("Mr. Menezes"), Joseph and Marilyn Asiaf (together, "the Asiafs"), and Juanita Marett ("Mrs. Marett"). The Plaintiffs other than Mr. Menezes represent the Class of all minority shareholders of SCI as of the Merger with damages in excess of \$100. As such, they are referred to as "Class Representatives." In addition, the Plaintiffs, with the exception of the Asiafs (because they do not currently own NITG stock), represent NITG in connection with the Derivative Claims. In that capacity they are referred to as "Derivative Representatives."

The Defendants ("Defendants") are Wilbur L. Ross Jr., WL Ross & Co. LLC, WLR Recovery Fund II, L.P., WLR Recovery Associates II, LLC, WLR Recovery Fund III, L.P., WLR Recovery Associates III, LLC, Michael J. Gibbons, David H. Storper, David L. Wax, Joseph L. Gorga, Gary L. Smith, Stephen B. Duerk, Dr. Daniel D. Tessoni, and McGladrey Capital Markets, LLC (f/k/a RSM EquiCo Capital Markets, LLC) ("RSM").

This case is a consolidation of three separate lawsuits, the first of which was filed in April 2008 and the last of which was filed in August 2009 (which together are referred to as the "Actions"). The matter has been extensively litigated. Counsel for the parties have conducted nearly 100 days of depositions and more than one million pages of documents (over 152 gigabytes) were produced in the action. More than thirty-five separate expert reports have been submitted on behalf of the parties.

The Court certified the claims by the Class Representatives as a Class Action by an Order dated January 10, 2013. In the same Order, the Court denied a motion to disqualify the Derivative Representatives from bringing the Derivative Action on behalf of NITG.

Potential Class Members were previously notified of the Class Action pursuant to that Order, and given the opportunity to not participate in the case. No potential Class Members elected to not participate.

The Court has ruled on various motions related to the discovery of facts surrounding the Merger, and substantive issues involving the legal claims. The parties were not able to reach a settlement after two days of mediation in 2011, nor after additional negotiations in 2012. Negotiations were re-started in 2013, and the Settlement was the product of an arm's-length negotiation process that lasted for several months, settling just before trial was to begin in September 2013.

The proposed Settlement involves a compromise of disputed claims and does not mean that the Defendants have admitted liability as alleged in the Action. Class Counsel have, since 2008, investigated and evaluated the claims asserted in the Action and have determined that the proposed Settlement is fair, reasonable, and adequate for the Class as a whole and for NITG. If approved, the Settlement will result in cash payments to Class Members to the extent provided herein and consideration for the benefit of NITG as provided in the Notice of Derivative Action Settlement (below). The Settlement also avoids the risks and delays of continuing the Action, including the risk that the Defendants would prevail either at trial or on appeal, in which case Class Members and NITG could receive nothing. The Settlement also avoids disputes regarding whether the case should proceed as a Class Action and/or a Derivative Action, whether the Class Representatives were subject to unique defenses that would defeat their claims or disqualify them from being Class Representatives and thus end the Class Action, whether certain of the Defendants were controlling shareholders of both SCI and FITG, whether and to what extent the "entire fairness" standard of review applies, whether Defendant Dr. Daniel D. Tessoni was an independent director of SCI, whether RSM was grossly negligent, whether the Merger caused the decline of NITG's stock price after the Merger, whether Class Members have legally compensable damages or only the company does, and, if so, the amount of legally compensable damages suffered by individual Class Members.

Judge D. Garrison Hill of the Circuit Court for the State of South Carolina has preliminarily approved the Settlement as fair and reasonable for the Class and NITG and authorized the sending of this Notice of Settlement to you. A final review of the proposed Settlement will be conducted by the Court at the Settlement Hearing to assure it is fair, reasonable, and adequate for the Class and NITG. The Settlement will go forward if the Court gives final approval to the Settlement (both the Class Action Settlement and the Derivative Action Settlement portions), and if any appeals that may be filed are resolved in favor of Settlement.

The Parties are represented by counsel as follows:

*Counsel for Plaintiffs (referred to in connection with the Class Action as “Class Counsel” and in connection with the Derivative Action as “Derivative Counsel” and in connection with both as “Class/Derivative Counsel”):*

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Wilmington, DE 19801

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Greenville, SC 29602

#### **IV. WHO IS IN THE CLASS?**

The Court has ruled that the Class Action may be maintained by the Class Representatives on behalf of the following Class: “all persons who were stockholders of Safety Components International, Inc. (“SCI”), as of the Merger of the old International Textile Group, Inc. (“FITG”) into SCI on October 20, 2006, excluding Defendants and persons or entities affiliated with Defendants, and excluding all persons who would otherwise be members but whose damages do not exceed one hundred dollars—i.e., all minority stockholders of [pre-merger] SCI (non-WLR affiliated stockholders) with damages in excess of \$100.”

#### **V. SETTLEMENT BENEFITS FOR CLASS MEMBERS AND THE SETTLEMENT PROCESS**

##### **A. Benefits**

As noted above, if the Settlement is approved, the Defendants or their insurers will pay **\$10.0 million** to establish a Class Action Settlement Fund for the Class. After fees and expenses (see Section VII below), it is projected that the net amount available for distribution to qualifying Class Members (the “Net Class Action Settlement Fund”) will be approximately \$6.0 million.

The Net Class Action Settlement Fund will be allocated and distributed, in accordance with the Plan of Class Action Settlement Fund Distribution, to Class Members who submit timely and valid Proofs of Claim which are verified by the Claims Administrator and which otherwise comply with the requirements of the Settlement, the Notice of Class Action Settlement, and the Stipulation and Settlement Agreement (“Authorized Claimants”).

The Plan of Class Action Settlement Fund Distribution (Appendix A hereto) takes into account for each Authorized Claimant the number of shares of SCI it held as of the Merger Date and the share price as of the Merger Date, which together determine the market value of the claimant’s SCI shares as of the Merger Date. That number is reduced by an “Offset”

which is, for each share that has been sold, the price at which it was sold, and for each share that is still held, the market price as of September 30, 2013, the date of the Settlement. The resulting number is the claimant's "Settlement Claim Amount." If the aggregate of the Settlement Claim Amounts is less than the Net Class Action Settlement Fund, the Settlement Claim Amounts are paid in full and the excess is paid to NITG. If it is greater, the Settlement Claim Amounts are prorated.

The Settlement Claim Amount for each Authorized Claimant will depend on a variety of factors including the number of shares for which Authorized Claimants submit valid claims, the amounts received by Authorized Claimants who sold SCI/NITG shares after the Merger, the amounts awarded for Class Counsel's fees and costs in the Class Action, the amount of interest earned by the Class Action Settlement Fund prior to distribution, and the amount of the administrative costs of the Claims Administrator.

None of the Defendants shall be liable for or obligated to pay or reimburse in connection with the Class Action Settlement, for any reason, any amounts additional to the \$10 million in cash explained in this section, provided, however, that nothing in the Stipulation or otherwise shall limit any Party's liabilities, rights, and remedies, whether legal, equitable or otherwise, including the amount of damages, if any, available under South Carolina law, with respect to any breach or violation of the Stipulation, any other Operative Document, or any court order issued in connection herewith. The Parties agree that a Party who does not appeal the Final Order and Judgment is not liable for or subject to post-judgment interest, and waive any claim for post-judgment interest against such non-appealing party in such circumstances. Nothing in the Stipulation shall be construed as an admission or agreement that post-judgment interest is recoverable against a Party who does appeal. The Parties agree that the issue of recoverability of post-judgment interest against a Party who appeals shall be determined by applicable South Carolina law.

In the opinion of Class Counsel, given the risks attendant in litigation and appeal, this is a fair and reasonable recovery.

#### **B. Claims Process, Deadline, and Claims Disputes**

**To make a claim, you must complete and submit a Proof of Claim in compliance with the instructions set forth in this Section and on the attached form, along with required documentation.**

**The deadline for submitting your Proof of Claim is June 16, 2014 (the "Claims Deadline").**

To qualify for payments from the Net Class Action Settlement Fund, you must submit to the Claims Administrator by the Claims Deadline a Proof of Claim substantially in the form of the Proof of Claim that is Appendix B to this Notice of Class Action Settlement. Your Proof of Claim must include the required documentation relating to ownership, sales, and purchases of SCI shares on or after October 20, 2006. You must sign the Proof of Claim under penalty of perjury. Your Proof of Claim shall be deemed to have been submitted when postmarked, if received with a legible postmark on the envelope and if mailed by first-class mail, postage prepaid, and addressed in accordance with the instructions in the Proof of Claim. In all other cases, your Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator. No Proof of Claim will be honored if submitted after the Claims Deadline unless special permission is granted. If you fail to submit a timely and valid Proof of Claim, you will forfeit your right to benefits under the Class Action Settlement but will remain bound by the release and judgment.

The Claims Administrator will review your Proof of Claim and supporting documentation for timeliness and completeness and determine whether and to what extent you qualify for distribution from the Net Class Action Settlement Fund.

If your claim is rejected in whole or in part by the Claims Administrator, you may contest that decision. To do so, within twenty (20) days after the date of mailing of the notice that your claim has been rejected in whole or in part, you must submit to the Claims Administrator a written statement requesting review by the Court. This statement must state the reason(s) why you contest the Claims Administrator's determination and must include any supporting documentation. Your statement will be deemed submitted when postmarked, if received with a legible postmark on the envelope, and if mailed by first-class mail, postage prepaid, and addressed in accordance with the instructions in the Proof of Claim. Otherwise, your statement will be deemed to have been submitted when the Claims Administrator receives it. If the dispute concerning your claim cannot be otherwise resolved, the matter will be submitted to the Court for review and final determination.

#### **VI. DISMISSAL OF ACTION, ENTRY OF JUDGMENT, AND RELEASE OF CLAIMS**

If the Court approves the Settlement, it will enter a judgment dismissing the Action with prejudice including as to all Class Members, whether or not they submitted a Proof of Claim. All persons and entities who are members of the Class, as well as anyone who might make claims through or for a member of the Class (collectively, the "Releasers") will be deemed to have fully released and forever discharged the Released Parties (defined below) from all Settled Claims (defined below) and forever barred from bringing such claims against such persons or entities.

The Judgment and Release will not affect in any way any rights any Class Member has or may have against any other party or entity other than the Released Parties. In addition, the Judgment and Release will not affect any claims unrelated to the

subject matter of the Class Action.

“Released Persons” means, individually and collectively, any and all of the Defendants and SCI and NITG, as well as all of their respective past, present, or future subsidiaries, parents, principals, affiliates, shareholders, members, general or limited partners or partnerships, limited liability companies, successors and predecessors, heirs, estates, assigns, officers, directors, representatives (personal, legal, or otherwise), agents, employees, associates, attorneys, advisors, investment and financial advisors, commercial bankers, investment bankers, underwriters, insurers, co-insurers, re-insurers, accountants, auditors, consultants, administrators, executors, trustees, immediate family members, and any person, firm, trust, partnership, corporation, officer, director, or other individual or entity in which any of them has a controlling interest or which is related to or affiliated with any of them, and their respective legal representatives, heirs, executors, administrators, trustees, successors-in-interest, or assigns. “Released Persons” also includes the Special Litigation Committee of NITG, and its respective legal counsel and financial advisors and their legal representatives, heirs, executors, administrators, trustees, successors-in-interest, and assigns.

“Settled Claims” means all claims, demands, rights, actions or causes of action, liabilities, damages, losses, obligations, judgments, suits, fees, expenses, costs, matters and issues of any kind or nature whatsoever, whether known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, matured or un-matured, that have been, could have been, or in the future can or might be asserted in the Action or in the other actions merged into it (together, the “Actions”), or in any court, tribunal, or proceeding (including, but not limited to, any claims arising under federal or state statutory or common law relating to alleged fraud, fraudulent inducement, breach of any duty, negligence, gross negligence, aiding and abetting breach of fiduciary duty, violations of the federal securities laws or otherwise) by or on behalf of any of the Releasers, whether individual, class, derivative, representative, legal, equitable or any other type or in any other capacity against the Released Persons, whether or not any such Released Persons were named, served with process, or appeared in the Actions, which have arisen, could have arisen, arise now, or hereafter arise out of, or relate in any manner to, the allegations, facts, events, transactions, matters, acts, occurrences, statements, representations, misrepresentations, omissions, or any other matter, thing or cause whatsoever, or any series thereof, from the beginning of time through the date of the entry of the Final Order and Judgment approving the Settlement, that are embraced, involved or set forth in, or referred to or otherwise related, directly or indirectly, in any way to, the Actions, the subject matter of the Actions, or any conduct in any way related to the Merger and alleged in any of the Record Materials; the Merger Agreement; all transactions related to or allegedly triggered by the Merger, the Merger Agreement or the closing of the Merger, including the post-Merger debt for equity swaps referenced in any of the pleadings, expert reports, filings and submissions filed, served or submitted to the Court in any of the Actions (“Record Materials”), the closing of the mattress division referenced in any of Record Materials, the BST transaction referenced in any of the Record Materials, and NITG’s new credit facility referenced in any of the Record Materials; the amount and type of consideration to be received in the Merger; the negotiations preceding the Merger, and any and all events leading up to the Merger including but not limited to any alleged acts or omissions by the SCI Stockholder Representative as defined in the Merger Agreement, the waiver of any contract provisions, the formation of any committees preliminary to or in connection with Merger negotiations, the RSM fairness opinion, any service or information RSM provided or failed to provide, the Exchange Ratio in the Merger, and any work performed in valuing or advising concerning the value of FITG or SCI or in evaluating, assessing, considering, advising about, or approving the merger in any manner or capacity whatsoever; approval of the Merger or the Merger Agreement; the Merger Agreement as described in the Preliminary Proxy Statement, the Amended Preliminary Proxy Statement, and the Definitive Proxy Statement; the adequacy, accuracy, and completeness of disclosures made in connection with the Merger as described in the Preliminary Proxy Statement, the Amended Preliminary Proxy Statement, and the Definitive Proxy Statement; allowing the Merger Agreement to be signed and announced and the Merger to close; and any claims related in any way or seeking any relief or remedy of any kind whatsoever related to any harm caused by or in any way related to the Merger and alleged in any of the Record Materials, including any damages or other harm, from the beginning of time through the final approval by the Court of the Settlement, referenced in any of the Record Materials (collectively, the “Settled Claims”) provided, however, that the claims to be released shall not include (a) any claims based solely on conduct which occurs after the date of the entry of the Final Order and Judgment approving the Derivative Action Settlement and the Class Action Settlement by the Court of Common Pleas, or (b) the right of any of the plaintiffs in the Action to enforce the terms of the settlement. The release described in this paragraph shall cover and be binding upon all of the Releasers, including without limitation Class Members who do not submit a timely and valid Proof of Claim or who, for whatever reason, do not receive funds from the Class Action Settlement Fund.

## **VII. ATTORNEYS’ FEES AND EXPENSES**

From the inception of this lawsuit in April 2008 to the present, Class Counsel have not received any payment for their services in prosecuting the Class Action, nor have they been reimbursed for their out-of-pocket expenses.

The Retainer Agreements pursuant to which the Class Representatives retained Class Counsel to bring the Class Action provide that Class Counsel are to receive a contingent attorneys’ fee equal to thirty-five percent (35%) of any amount recovered on behalf of the Class and are, additionally, to be reimbursed out of any recovery for all expenses advanced by Class

Counsel, subject to Court approval.

Consistent with those Retainer Agreements, if the Court approves the Settlement, Class Counsel intend to ask the Court to approve an attorneys' fee to them in connection with the Class Action equal to thirty-five percent of the \$10 million Class Action Settlement Fund or \$3.5 million. Class Counsel will also ask the Court to approve reimbursement to them out of the Class Settlement Fund of expenses in the amount of \$306,375.29. (Total expenses in the Action equal \$2,553,127.42. The Class Action Settlement is approximately twelve percent of the total consideration in the Settlement; hence, Class Counsel will seek to recover twelve percent of their total costs, \$306,375.29, from the Class Action Settlement Fund.)

Class Counsel will also ask the Court to award an incentive payment to each of the four Class Representative groups to compensate them for their time, effort, and services on behalf of the Class as follows: FURSA, \$35,000; Ramius, \$25,000; the Asiafs, \$15,000; and Mrs. Maret, \$15,000. These payments will be in addition to the benefits to which they are entitled to under the Class Action Settlement. The incentive payments would be paid out of the attorneys' fees awarded by the Court for the Class Action.

The amount of the attorneys' fee awarded and expenses reimbursed for the Class Action will be determined by the Court, and the foregoing amounts may be increased or decreased by the Court. Under no circumstances will Class Members be personally liable for any attorneys' fees or expenses of Class Counsel for the Class Action or incentive payments to the Class Representative groups relating to the Class Action.

Defendants do not object to Class Counsel's application for fees and costs regarding the Class Action so long as the fees and costs are paid from the Class Action Settlement Fund.

## **VIII. RIGHTS AND OPTIONS OF CLASS MEMBERS**

You have the following rights and options:

### **A. You May Do Nothing**

You are not required to do anything. But if you do nothing, you will not be entitled to a cash distribution from the Net Settlement Fund described in Section V.A, above. If you are a Class Member, you will be bound by any judgment or other disposition of this Action. Furthermore, you and your heirs, executors, administrators, representatives, agents, partners, successors, and assigns will be deemed to have agreed to the terms of the release described in Section VI above.

### **B. You May File a Proof of Claim to Receive a Share of the Net Class Action Settlement Fund**

If the Settlement is approved by the Court and the judgment becomes final, you will be entitled to a cash distribution from the Net Settlement Fund described in Section V.A above if you are a Class Member and have submitted a timely and valid Proof of Claim which meets the requirements stated herein and in the Proof of Claim form. If you are a Class Member, you will be bound by any judgment or other disposition of this Action, even if you do not submit a Proof of Claim and even if your Proof of Claim is denied, in whole or in part, for any reason. Furthermore, you and your heirs, executors, administrators, representatives, agents, partners, successors, and assigns will be deemed to have agreed to the terms of the release described in Section VI above.

### **C. You May File An Objection or Comment Concerning The Class Action Settlement**

You have the right to file an objection to, or a comment in support of, the proposed Class Action Settlement, Class Counsel's request for attorneys' fees and expenses regarding the Class Action, or the proposed payment of incentive awards to the Class Representatives (as discussed further below). If the Court approves the Settlement, you will be bound by the terms of the Settlement.

### **D. You May Hire Your Own Lawyer**

You are not required to hire your own lawyer as the Class is collectively represented by Class Counsel. However, you have the right to hire your own lawyer, at your own expense, to represent you and advise you regarding the Class Action Settlement and your rights in connection with the Class Action Settlement and/or to assist you in making a claim. You also have the right, either personally or through an attorney retained by you, at your own expense, to seek to intervene in the Class Action.

## **IX. SETTLEMENT HEARING**

### **A. Time, Place, and Purpose of Hearing**

**The Settlement Hearing will be held on June 23, 2014, at 9:30 A.M.,** by the Honorable D. Garrison Hill, South Carolina Circuit Court Judge. The location will be Courtroom 2, Greenville County Courthouse, 305 E. North Street, Greenville, South Carolina 29601.

The hearing will be to determine (1) whether the Class Settlement is fair, reasonable, and adequate for the Class and should be granted final approval, (2) whether the Court should enter the proposed judgment dismissing the Class Action with



prejudice, (3) whether the Court should grant Class Counsel's application for attorneys' fees and reimbursement of expenses for the Class Action or grant such fees and expenses in some other amounts, and (4) whether the Court should grant the request for incentive awards to the Class Representatives and, if so, in what amounts. Class Members need not attend the Settlement Hearing but are entitled to attend. The Court will at the same time address similar questions with regard to approval of the Derivative Action Settlement. (*See* the Notice of Derivation Action Settlement, below.) The Settlement is conditioned upon approval of both the Class Action Settlement and the Derivative Action Settlement portions of the Settlement.

The Court has the right to reschedule or adjourn the Settlement Hearing without further notice. In the event you plan to object or attend the hearing, we recommend that you contact the Claims Administrator at [info@ITGMergerLitigation.com](mailto:info@ITGMergerLitigation.com) or refer to the website [www.ITGMergerLitigation.com](http://www.ITGMergerLitigation.com) to confirm the date and time for the hearing. The Court also has the right to approve the Settlement with or without modifications, to enter its final judgment dismissing the Action on the merits and with prejudice, and to order the payment of attorneys' fees and expenses and incentive payments in the Class Action without further notice.

## **B. Procedure for Objecting to or Commenting in Support of the Class Action Settlement**

### **1. Written Objections or Comments**

As noted above, you have the right to submit written objections to or comments in support of the proposed Class Action Settlement, the proposed award of attorneys' fees and expenses regarding the Class Action, or the proposed payment of incentive awards to Class Representatives. If you file an objection, you will still be in the Class and will still be entitled to receive the benefits of and be bound by the Class Action Settlement if the Settlement is approved. (However, you will only receive payment of cash benefits if you file a timely and valid Proof of Claim and supporting documentation and otherwise qualify hereunder.)

To object or comment, you must submit a written statement (marked as "OBJECTION" or "COMMENT" "regarding In re International Textile Group, Inc. Merger Litigation, C.A. No. 2009-CP-23-3346") that: (1) identifies your name, address, and telephone number, (2) states the number of shares of SCI that you owned as of October 20, 2006, (3) explains your objections to, or comments in support of, the Class Action Settlement, and (4) includes all supporting documents. Your statement must be filed with the Court at least seven (7) business days prior to the Settlement Hearing at the following address: Clerk, Court of Common Pleas, Greenville County Courthouse, 305 E. North Street, Greenville, South Carolina 29601. Your statement must also be delivered to counsel Russell T. Burke, Michael J. McConnell, Mason A. Goldsmith, David S. Steefel, and Lewis H. Lazarus at the addresses set forth for them in Section III above at the same time. Any objections received late may not be considered.

### **2. Presentation of Objections and Supporting Comments at Settlement Hearing**

You may attend the Settlement Hearing, either personally or through an attorney retained by you, at your own expense. If you wish to be heard at the hearing regarding your objections or comments, you must submit your objections or comments in writing in compliance with the foregoing section and include in your comments a statement that you wish to be heard at the Settlement Hearing. Prior notice is NOT required to attend, but is required if you desire to be heard.

## **X. SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased SCI common stock as nominee for a beneficial owner as of October 20, 2006, then within ten (10) days after you receive this Notice of Settlement, you must either: (a) send a copy of this Notice by first-class mail to all such beneficial owners, or (b) provide a list, electronically if possible, of the names and addresses of such beneficial owners to the Claims Administrator at the following address: International Textile Group, Inc., Merger Litigation, c/o Rust Consulting, Inc., P.O. Box 3065, Faribault, MN 55021-2665. (The telephone number and website are 1 (866) 403-5449 and [www.ITGMergerLitigation.com](http://www.ITGMergerLitigation.com).) If you chose option (a) above, you may request enough Notices of Settlement from the Claims Administrator (at no charge to you) to complete your mailing and send a written statement to the Claims Administrator confirming that the mailing was made as directed, and identifying the persons and the addresses to whom this Notice was sent. You may seek reimbursement of your reasonable expenses actually incurred in complying with these directives, subject to approval of Class Counsel or the Court. All communications concerning this matter should be addressed to the Claims Administrator.

## **XI. ADDITIONAL INFORMATION**

This Notice of Class Action Settlement contains only a summary of the Class Action and your rights as a Class Member. Any questions you may have about the matters described in this Notice of Class Action Settlement should be directed in writing to Class Counsel who are identified in Section III above. You may also send questions by e-mail to the Claims Administrator at [info@ITGMergerLitigation.com](mailto:info@ITGMergerLitigation.com). Additional information is also available at [www.ITGMergerLitigation.com](http://www.ITGMergerLitigation.com).

The Plan of Class Action Settlement Fund Distribution is attached to this Notice of Class Action Settlement as Appendix A. The Proof of Claim form is attached as Appendix B. The Stipulation and Settlement Agreement referenced above and the pleadings and other papers filed in the Litigation are on file with the Court and may (except for those filed under seal) be examined and copied during regular business hours at the address for the Court provided above. Many of these documents and other information regarding the case are also available at the following website: [www.ITGMergerLitigation.com](http://www.ITGMergerLitigation.com).

**PLEASE DO NOT CALL THE COURT OR THE CLERK OF COURT'S OFFICE REGARDING THIS NOTICE OF CLASS ACTION SETTLEMENT.**

**XII. REMINDER AS TO CERTAIN TIME LIMITS**

The Settlement Hearing will take place on June 23, 2014, at 9:30 A.M. as provided in Section IX.A above, unless otherwise rescheduled by the Court. You may attend without providing notice to anyone.

If you wish to submit an objection or supportive comment to be considered by the Court, you must file a statement to that effect with the Court and deliver it to counsel by no later than June 12, 2014, (seven (7) business days before the Settlement Hearing), as provided in Section IX.B.1 above.

If you wish to be heard at the Settlement Hearing, personally or through your attorney, regarding an objection or comment, you must submit your objection or comment in writing as provided above and include a statement that you wish to be heard at the Settlement Hearing. See Section IX.B.2 above.

If you wish to submit a Proof of Claim to seek a distribution from the Net Class Action Settlement Fund, you must do so by June 16, 2014 (the "Claims Deadline"), as provided in the Proof of Claim attached to this Notice of Settlement as Appendix B below.

## Appendix A

### **PLAN OF CLASS ACTION SETTLEMENT FUND DISTRIBUTION**

#### **I. BACKGROUND**

The Class Action Settlement Fund is \$10 million. The Net Class Action Settlement Fund will be equal to the Class Action Settlement Fund (i) less attorneys' fees and costs approved by the Court for Class Counsel regarding the Class Action (Class Counsel intend to seek in the Class Action a fee of \$3,500,000 and reimbursement of 12% of their total expenses, or \$306,375.29), (ii) less the fees and costs of the Claims Administrator related to the administration of the Class Action Settlement, including any taxes, (iii) plus interest accruing on the balance of the Class Action Settlement Fund while held in escrow.

The Net Class Action Settlement Fund will be distributed, in accordance with this Plan of Class Action Settlement Fund Distribution, to Class Members who submit timely and valid Proofs of Claim which are verified by the Claims Administrator and which otherwise comply with the requirements of the Settlement, the Notice of Class Action Settlement, and the Stipulation and Settlement Agreement ("Authorized Claimants").

The amount distributed to each Authorized Claimant constitutes, and is referred to in this Plan of Class Action Settlement Fund Distribution as, the Authorized Claimant's "Settlement Claim Amount." The Settlement Claim Amount for each Authorized Claimant will be calculated so that the claimant shall receive, on a proportionate basis, that share of the Net Settlement Fund that the Authorized Claimant's Gross Claim (as defined below) bears to the Aggregate Gross Claims of all Authorized Claimants, subject to the further provisions of this Plan of Class Action Settlement Fund Distribution as set forth below.

In developing this Plan of Class Action Settlement Fund Distribution, Class Counsel have consulted with their economic and damages experts and have considered their opinion that, if SCI had not merged with the former International Textile Group, Inc. ("FITG"), on October 20, 2006 (the "Merger Date"), the stock price of Safety Components, Inc. ("SCI"), would be approximately the same now as it was on the Merger Date. The share prices of the merged entity, the new International Textile Group, Inc. ("NITG"), however, had significant price declines from \$13.25 per share as of the Merger Date, eventually declined to pennies per share in September 2008, and have continued to trade at pennies per share since that time. Therefore, Class Counsel, in consultation with their experts, have determined that for purposes of this Plan of Class Action Settlement Fund Distribution, it should be assumed that all losses in the value of NITG stock after the Merger Date were proximately caused by the Merger between SCI and FITG. Hence, the amount of losses by an Authorized Claimant (its "Gross Claim") will be determined by the number of shares of SCI stock that the Authorized Claimant owned on October 20, 2006, the number of shares of NITG stock the Authorized Claimant purchased and/or sold thereafter, the number of shares still held, the gross per share sale price of each such purchase and/or sale, and the current trading price of NITG stock, all as set forth below.

#### **II. CALCULATION OF CLASS MEMBER SETTLEMENT CLAIM AMOUNTS**

The process for determining the Settlement Claim Amount for each Authorized Claimant shall be as follows:

1. The Claims Administrator shall determine each Authorized Claimant's "Eligible Shares" which shall be the number of shares of SCI owned by the Authorized Claimant as of the Merger Date.
  - a. A stock dividend was issued to pre-Merger stockholders of SCI as part of the Merger equal to ten percent of the stock outstanding as of the date of the Merger (with cash payment in lieu of any fractional shares). These shares (the "Dividend Shares") were distributed eighteen months after the Merger Date. Since the dividend percentage was the same for all Class members, these shares will not be considered in any manner, except to the extent that sales of NITG stock after the date of the dividend will be considered on a "Last In/First Out" basis, as discussed below.
2. The Claims Administrator shall multiply the Authorized Claimant's number of Eligible Shares by \$13.25 (the closing Share Price as of the Merger Date) to determine the "Total Eligible Share Value" for the Authorized Claimant.
3. The Claims Administrator shall determine the "Aggregate Offset" for the Authorized Claimant, which shall be the aggregate of the Offsets for all of the Authorized Claimant's Eligible Shares. The Offset for each Eligible Share shall be determined as follows:
  - a. If the Authorized Claimant still owns any of the Eligible Shares, the Offset for each such share shall be \$0.25, which was the closing market price per share as of September 30, 2013, the day the Settlement was agreed to.
  - b. If the Authorized Claimant sold any of the Eligible Shares after the Merger Date, the Offset for each such share shall be the gross price at which the share was sold.
  - i. If the Authorized Claimant purchased shares of NITG stock after the Merger Date, the "Last In/First Out" method shall be used to match sales to purchases. This shall mean that sales after the Merger Date shall be deemed first to be of shares that were purchased after the Merger Date. When all such "post-Merger pur-

chased shares” have been matched, any remaining sales after the Merger Date shall be attributed to shares purchased before the Merger Date.

- ii. Because Dividend Shares are not counted as Eligible Shares (see above), the sale of those shares shall not be considered, except to the extent that they are matched with any sales after the date of the dividend as set forth below.
  - iii. Transfers between funds or entities or persons controlled by the same person or entity shall not be considered purchases or sales.
  - iv. If shares were sold after the receipt of Dividend Shares, they will be deemed first to be Dividend Shares until all such shares have been matched.
4. The Claims Administrator shall determine the “Gross Claim” for the Authorized Claimant by subtracting the Aggregate Offset for the Authorized Claimant from the Total Eligible Share Value for the Authorized Claimant.
  5. The Claims Administrator shall disqualify any person or entity whose “Gross Claim” is less than \$100. This is because under South Carolina law and by order of the Court, the Class may not include persons with damages of less than \$100. Each such person or entity may not be an Authorized Claimant and shall not be entitled to a distribution from the Net Class Action Settlement Fund.
  6. The Claims Administrator shall determine the “Aggregate Gross Claims” for all the Authorized Claimants as of the Merger Date which shall be the total of the amounts calculated in Step 4, less the Gross Claims of those persons or entities disqualified in Step 5 or because of a Class Member’s failure to supply information reasonably requested by the Claims Administrator or otherwise.
  7. The Claims Administrator shall determine the Net Class Action Settlement Fund, which shall be the Class Action Settlement Fund less attorneys’ fees and costs as set by the Court for the Class Action, and less expenses of the Claims Administrator as authorized by the Court for the Class Action, plus interest accruing on the balance of the Class Action Settlement Fund while held in escrow.
  8. Settlement Claim Amount:
    - a. If the Net Class Action Settlement Fund exceeds the Aggregate Gross Claims, the “Settlement Claim Amount” as to each Authorized Claimant shall be the Authorized Claimant’s Gross Claim as computed above.
    - b. If the Net Class Action Settlement Fund does not exceed the Aggregate Gross Claims, the “Settlement Claim Amount” as to each Authorized Claimant shall be the Authorized Claimant’s “Pro Rata Claim.” For each Authorized Claimant, the Pro Rata Claim shall be (a) the Net Class Action Settlement Fund (b) times the Authorized Claimant’s Gross Claim (c) divided by the Aggregate Gross Claims.

### **III. MISCELLANEOUS**

The Claims Administrator will distribute the Net Class Action Settlement Fund as provided herein as soon as reasonably practicable after the deadline for submission of Proof of Claims has passed, all claims have been processed, all disputes concerning amounts due to any Class Member have been resolved, the Settlement is not subject to any appeal or further appeal, and the Court has approved the Claim Administrator’s proposed distributions to Authorized Claimants.

Checks to Authorized Claimants will be valid for ninety (90) days from the date of the check and automatically void thereafter and will not be reissued. Authorized Claimants who, for any reason, fail to cash their checks prior to expiration shall be disqualified from any recovery and cease to be Authorized Claimants.

In the event the total value of the Proofs of Claim of Authorized Claimants paid by the Claims Administrator (the “Aggregate Gross Claims”) is less than the Net Class Action Settlement Fund, the excess funds shall be held by the Claims Administrator until 180 days after the Court’s approval of the Claim Administrator’s proposed distributions to Authorized Claimants (unless extended by the Court or by agreement of the Defendants and Class Counsel) and used to pay untimely Proofs of Claim that are accepted by Claims Administrator at the direction of Class Counsel in their discretion. Any such funds remaining thereafter shall be paid to NITG.

Class Counsel may petition the Court to modify this Plan of Class Action Settlement Fund Distribution if the actual claims rate, the amount of remaining funds, or other factors, support modifying this Plan prior the Court’s approval of the Claim Administrator’s proposed distributions to Authorized Claimants.

No Class Member shall have any claim against the Class Action Settlement Fund, the Class Representatives, Class Counsel, the Claims Administrator, Defendants, Defendants’ Counsel, the Released Parties, or any employees or agents of any of the foregoing, based on the distributions made substantially in accordance with the Stipulation and Settlement Agreement, this Plan of Class Settlement Fund Distribution or as otherwise approved or directed by the Court. Acceptance of payment by any Authorized Claimant shall be deemed final and conclusive and a waiver by the Claimant of any claims regarding the amount of payment or otherwise.