

4-1-04

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
NEWNAN DIVISION

In re:	)	Chapter 11
	)	
DAN RIVER INC., <i>et al.</i> ,	)	Case Nos. 04-10990 through 04-10993
	)	Jointly Administered
Debtors.	)	
	)	Judge Drake
	)	

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**ORDER AUTHORIZING DEBTORS TO (A) MAINTAIN  
EXISTING BANK ACCOUNTS AND CASH MANAGEMENT SYSTEM,  
(B) CONTINUE USE OF EXISTING BUSINESS FORMS, AND  
(C) CONTINUE USE OF EXISTING INVESTMENT GUIDELINES**

This matter is before the Court on the motion of Dan River Inc., The Bibb Company LLC, Dan River International Ltd. and Dan River Factory Stores, Inc. (collectively, the "Debtors") for authority to (a) maintain existing bank accounts and cash management system, (b) continue use of existing business forms, and (c) continue use of existing investment guidelines (the "Motion").

The Court has considered the Motion, the Declaration of Barry F. Shea in Support of First-Day Applications and Motions, and the matters reflected in the record of the hearing held on the Motion. It appears that the Court has jurisdiction over this proceeding; that this is a core proceeding; that notice of the Motion has been given to the Office of the United States Trustee, counsel for the Debtors' pre-petition secured lenders, the indenture trustee for the Debtors' senior note holders, counsel to the Agent for the Debtors' proposed debtor-in-possession lenders, and the Debtors' thirty largest unsecured creditors on a consolidated basis; that no further notice is necessary; that the relief sought in the motion is in the best interests of the Debtors, their estates, and their creditors; and that good and sufficient cause exists for such relief.

Accordingly, it is hereby ORDERED as follows:

1. The Motion is GRANTED.
2. Except as otherwise required by any post-petition financing order or the Debtors' post-petition financing agreement approved by this Court, the Debtors are authorized to continue to use their prepetition cash management system procedures, as described in the Motion, in the ordinary course of business.
3. The Debtors are authorized and empowered to (a) designate, maintain, and continue to use any and all existing bank accounts with the same account numbers, including, without limitation, the accounts identified in Exhibit A to the Motion; and (b) treat the bank accounts for all purposes as accounts of the Debtors as debtors in possession.
4. The banks at which the Debtors' bank accounts are maintained (collectively, the "Banks") are authorized to continue to service and administer the applicable bank accounts as accounts of the respective Debtor as a debtor-in-possession without interruption and in the usual and ordinary course, and to receive, process and honor and pay any and all checks, drafts, wires, or automated clearing house transfers ("ACH Transfers") drawn on the bank accounts after the Petition Date (as defined in the Motion) by holders or makers thereof, as the case may be, in each case, subject to the limitations set forth in the Debtors' post-petition credit agreement and related account control agreements. The Debtors shall reimburse the Banks for any claim arising prior to or after the Petition Date in connection with customer checks deposited with the Banks which have been dishonored or returned for insufficient funds in the applicable customer account; *provided, however*, that, in addition to the requirements thereof, any checks, drafts, wires, or ACH Transfers drawn or issued by the Debtors before the Petition Date shall be timely honored by any such Bank to the extent necessary to comply with any order(s) of this Court authorizing

payment of certain prepetition claims, unless such Bank is instructed by the Debtors to stop payment on or otherwise dishonor such check, draft, wire or ACH Transfer.

5. Notwithstanding anything to the contrary in any other order in this case entered contemporaneously with this Order, but subject to the limitations set forth in the Debtors' post-petition credit agreement and related account control agreements, the Banks (a) are authorized to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH Transfers should be honored or dishonored consistent with any order(s) of this Court, whether the checks, drafts, wires, or ACH Transfers are dated prior to, on, or subsequent to the Petition Date, and whether or not the Bank believes the payment is or is not authorized by any order(s) of the Court, (b) have no duty to inquire as to whether such payments are authorized by any order(s) of the Court, and (c) have no liability to any party on account of following the Debtors' instructions in accordance with this Order.

6. With respect to that certain "Deposit Agreement and Disclosure for Non-Personal Accounts" (the "Deposit Agreement") between Wachovia Bank, National Association ("Wachovia") and the Debtors, (i) the Deposit Agreement shall continue to govern the postpetition cash management relationship between the Debtors and Wachovia, and, subject to the limitations set forth in the Debtors' post-petition credit agreement and related account control agreements, all provisions of such agreement, including, without limitation, the termination and fee provisions, shall remain in full force and effect, (ii) the Debtors and Wachovia may, without further Order of this Court, but subject to the limitations set forth in the Debtors' post-petition credit agreement and related account control agreements, agree to and implement changes to the cash management systems and procedures in the ordinary course of business, including, without limitation, the opening and closing of bank accounts, and (iii) in the course of providing cash

management services to the Debtors, Wachovia is authorized, without further Order of this Court, to deduct from the appropriate accounts of the Debtors its customary fees and expenses associated with the nature of the deposit and cash management services rendered to the Debtors, whether arising prepetition or postpetition, and further, to charge back to the appropriate accounts of the Debtors any amounts resulting from returned checks or other returned items, regardless of whether such items were deposited prepetition or postpetition and regardless of whether the returned items relate to prepetition or postpetition items.

7. All obligations incurred by Wachovia in the course of providing cash management services to the Debtors in an aggregate amount not to exceed \$2,000,000 (the "Cash Management Claims") shall be paid and secured on a pari passu basis with the Debtor's post petition debtor-in-possession financing, if any, and if there is no such debtor-in-possession financing, then such Cash Management Claims shall be accorded superpriority status, with priority over any and all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code.

8. In the event Wachovia honors a prepetition check or other item drawn on any account that is the subject of this Order (a) at the direction of the Debtor to honor such prepetition check or item, (b) in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) as the result of an innocent mistake made despite implementation of customary item handling procedures, Wachovia shall not be deemed to be nor shall be liable to the Debtor or its estate or otherwise in violation of this Order.

9. Nothing contained herein shall prevent Wachovia from terminating any cash management services on not less than thirty (30) days prior written notice to the Debtors and upon terms reasonably satisfactory to Wachovia.

10. Nothing contained herein shall prevent the Debtors from opening any additional bank accounts, or closing any existing bank account(s), as they may deem necessary and appropriate in accordance with the terms and conditions of the Debtors' post-petition credit agreement, and the Banks, subject to the limitations set forth in the related account control agreements, are authorized to honor the Debtors' requests to open or close, as the case may be, such bank accounts or additional bank accounts; *provided, however*, that any new account shall be with a bank that is insured with the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and that is organized under the laws of the United States or any State therein.

11. Any and all accounts opened by the Debtors on or after the Petition Date at any Bank shall, for all purposes under this Order, similarly be subject to the rights and obligations of this Order, the related account agreements, the related account control agreements, and the Debtors' post-petition credit agreement.

12. The Debtors and the Banks are hereby authorized to continue to perform pursuant to the terms of any prepetition and post-petition agreements that may exist between them, except and to the extent otherwise directed by the terms of this Order. The parties to such agreements shall continue to enjoy the rights and remedies afforded to them under such agreements, except to the extent modified by the terms of this Order or by operation of the Bankruptcy Code.

13. The Debtors are authorized to continue to consolidate the management of their cash and cash equivalents, including, without limitation, their prepetition procedures related to investments of cash, and to effectuate the transfer of funds by and among the Debtors and their non-Debtor affiliates as and when needed to the extent permitted by their post-petition credit agreement and related account control agreements and in the amounts necessary or appropriate to

maintain their operations in the ordinary course of business; *provided, however*, that the Debtors shall maintain strict records of all such transfers in a manner so that all transactions can be readily ascertained to the same extent maintained by the Debtors prior to the Petition Date.

14. The Debtors are authorized to continue to use their existing business forms and stationery without alteration or change.

15. The Debtors are authorized to continue their current investment practices as described in the Motion.

16. To the extent the ten-day stay of Bankruptcy Rule 6004(g) may be construed to apply to the subject matter of this Order, such stay is hereby waived.

17. The Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

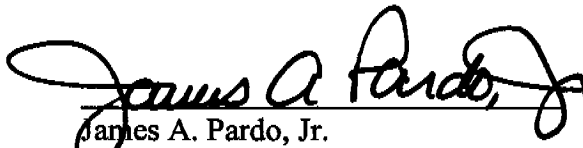
**SO ORDERED.**

At Atlanta, Georgia this 1 day of April 2004.

  
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W. HOMER DRAKE, JR.  
UNITED STATES BANKRUPTCY JUDGE

Prepared and Presented by:

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