

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

In re:)	Chapter 11
)	
DAN RIVER INC., et al.,)	Case Nos. 04-__ through 04-__
)	Jointly Administered
Debtors.)	
)	Judge Drake
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**MOTION FOR AUTHORITY TO CONTINUE ENGAGEMENT OF
CONWAY, DEL GENIO, GRIES & CO., LLC TO PROVIDE
RESTRUCTURING ADVISORY SERVICES**

Dan River Inc. (“Dan River”), The Bibb Company LLC (“Bibb”), Dan River International Ltd. (“Dan River International”), and Dan River Factory Stores, Inc. (“Dan River Stores”) (collectively, the “Debtors” or the “Company”) file this Motion, respectfully showing the Court as follows:

Jurisdiction

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. § 1334. Consideration of this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of this proceeding is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2. On the date hereof (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). The Debtors are authorized to operate their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

A. Company Background.

3. Dan River was founded in 1882 and is a leading designer, manufacturer and marketer of products for the home fashions and apparel fabrics markets. Dan River operates three business segments: home fashions, apparel fabrics, and engineered products.

4. During fiscal 2003, Dan River's home fashions division produced approximately 72 percent of the Company's revenues, generating \$342 million in net sales. Dan River's home fashions products include bedroom furnishings such as comforters, sheets, pillowcases, shams, bed skirts, decorative pillows and draperies. Dan River is an innovator in merchandising home fashions products and introduced the "Bed-in-a-Bag" complete bed ensemble that consists of a comforter with matching sheets, pillowcases, shams, and a dust ruffle. The home fashions products are marketed under the "Dan River" name as well as under private labels of the Company's major retail customers and under licenses from, among others, "Colours by Alexander Julian" and "Lilly Pulitzer." Dan River also markets home fashions products for the juvenile market under a number of licensed names and trademarks, including "Barbie," "Looney Tunes," "Spiderman," and "Scooby Doo" among others.

5. During fiscal 2003, Dan River's apparel fabrics division produced approximately 21 percent of Dan River's total revenues, generating \$102 million in net sales. Dan River's apparel fabrics products include a broad range of high quality woven cotton and cotton-blend fabrics that are marketed primarily to clothing manufacturers.

6. During fiscal 2003, the engineered products division was Dan River's smallest division, and produced 7 percent of Dan River's gross revenue, generating \$34 million in net sales. Dan River's engineered products include coated yarns and woven fabrics that are

manufactured to customer specifications for use in such products as high pressure hoses for the automotive industry, conveyer belts and other industrial applications.

7. The remaining debtors, Bibb, Dan River International, and Dan River Stores are wholly-owned subsidiaries of Dan River. Bibb was acquired by Dan River in 1998, and substantially all of its assets were subsequently transferred to Dan River. In 2001, Bibb was converted to a single member Delaware limited liability company, wholly owned by Dan River. The only remaining assets of Bibb are its environmentally impaired Abbeville facility, and small parcels of raw land with nominal value. Dan River International is a holding company for the Company's international operations.¹ Dan River Stores was formed in 1992. In 2001, Dan River Stores transferred substantially all of its assets to Dan River. The only remaining material assets of Dan River Stores are intercompany receivables and inconsequential leases.

B. The Debtors' Long-Term Debt Structure.

8. On April 15, 2003, the Debtors completed the refinancing of substantially all of their outstanding long-term debt. The refinancing included the sale, at 95.035 percent of par, of 12-3/4 percent senior notes due 2009 in the aggregate principal amount of \$157 million.

9. In addition, the Debtors entered into a new senior secured credit agreement (the "Credit Agreement") dated April 15, 2003 with Deutsche Bank Trust Company Americas, as Agent, Fleet Capital Corporation, as Syndication Agent, Wachovia Bank, National Association,

¹ The Company's international operations include the following Mexican entities: Dan River de Mexico, S. de R.L. de C.V. ("DRMEX"), Maquilas Pinnacle, S. de R.L. de C.V. and Adsercorp, S. de R.L. de C.V. (collectively, the "Mexico Companies"). The Mexico Companies are the equivalent of limited liability companies. However, Mexico does not allow single member limited liability companies. Therefore, Dan River owns a one peso interest in DRMEX. The remaining Mexico Companies own a one peso interest in each other. Dan River International owns all remaining interests in the Mexico Companies. Dan River B.V. is a Netherlands corporation that was formed in 2000 as a wholly-owned subsidiary of Dan River International to hold Dan River International's interests in the Mexico Companies. However, those interests were never transferred to Dan River B.V., and Dan River B.V. has nominal assets. Neither Dan River B.V. nor any of the Mexico Companies are debtors in these proceedings.

as Documentation Agent, and the several lenders from time to time party thereto (collectively, the “Lenders”).

10. The Credit Agreement provides for a five-year \$40 million term loan and a \$160 million revolving credit facility. Availability under the revolving credit facility is based upon a borrowing base determined by reference to eligible accounts receivable and inventory. As of the Petition Date, the principal and interest outstanding under the term loan was \$35.85 million, and the principal and interest outstanding under the revolving credit facility was approximately \$75.8 million. In addition, letters of credit in the approximate amount of \$5.05 million were outstanding under the terms of the Credit Agreement, for a total current amount outstanding under the Credit Agreement of approximately \$116.7 million. The Debtors’ obligations under the Credit Agreement are secured by substantially all of the Debtors’ assets.

C. Events Leading to the Debtors’ Chapter 11 Cases.

11. In fiscal 2003, the Debtors experienced a significant drop in revenues beginning in the second quarter. Retail sales of the Debtors’ products began to weaken in the second quarter due to a lackluster retail environment in general and inventory adjustments by some of its customers, including its largest customer, Kmart. For fiscal 2003, total revenues were down 22.1 percent compared to the previous year.

12. During the second, third and fourth quarters of fiscal 2003, in response to the drop in sales, the Debtors initiated plans to eliminate approximately \$18 million in annual expenses through the closure and consolidation of manufacturing facilities and a reduction of workforce. Four manufacturing facilities were closed, which eliminated over 850 positions for a total estimated annual savings of \$13.6 million. Approximately 80 managerial and administrative positions were eliminated which reduced annual expenses by over \$4 million. The benefits of

these cost-cutting efforts were not expected to be realized until fiscal 2004, too late to mitigate a continued reduction in gross profit caused by the poor economic environment. The Debtors' gross profit for fiscal 2003 was approximately \$61 million less than their gross profit for the previous year.

13. The Debtors are not the only domestic textile company which has encountered financial problems. Numerous other domestic textile companies such as Burlington Industries, Cone Mills, WestPoint Stevens, Pillowtex, and others have already filed for bankruptcy protection.

14. As a result of the Debtors' financial performance, they failed to meet the maximum leverage ratio covenant contained in the Credit Agreement for the third quarter of 2003. The Debtors and the Lenders entered into an amendment of the Credit Agreement that waived the covenant violation and imposed new requirements for minimum levels of excess availability and monthly operating EBITDA. An additional amendment and waiver to the Credit Agreement was executed in December 2003, waiving certain anticipated defaults resulting from the Debtors' financial performance and imposing additional requirements on the Debtors. Another amendment was executed in January 2004 modifying certain terms of the Credit Agreement. Among other things, the Credit Agreement, as amended, requires the Debtors to deliver to the Agent on March 31, 2004 satisfactory evidence that the Debtors will be in compliance with the financial covenants in the Credit Agreement for the fiscal quarter ending April 3, 2004.

15. The Debtors' sales and profitability have not sufficiently improved to be in compliance with all of the Credit Agreement's financial covenants. As a result, commencing April 1, 2004, the Debtors will be in default under the Credit Agreement. Accordingly, the

Company will no longer have access to the funds necessary to meet its operating expenses and will be faced with a loss of enterprise value if it cannot restructure its debt and obtain additional financing. Therefore, the Debtors have concluded, after consultation with their advisors, that their interests and the interests of their creditors and employees will be best served by a reorganization under Chapter 11 of the Bankruptcy Code.

Relief Requested

16. By this Motion, the Debtors respectfully request the entry of an order, pursuant to Section 327(a) of the Bankruptcy Code, authorizing them to continue their engagement of Conway, Del Genio, Gries & Co. (“CDG”) as financial and restructuring advisors to the Debtors.

Basis for Relief

17. As noted above, the Debtors have suffered from recent financial difficulties. In recognition of their need for sound restructuring advice, the Debtors, among other things, sought to retain a firm with substantial experience in the reorganization and restructuring of companies in financial distress. As a result of CDG’s expertise and successful history of providing restructuring advisory services to other companies in financially complex, troubled situations similar to the Debtors’ situation, the Debtors selected CDG to provide restructuring services to them.

18. CDG is currently staffing the engagement with Robert A. Del Genio, a member of CDG, Gregory Boyer, a Managing Director, and several CDG staff members, all of whom acted in an advisory capacity to the Debtors prior to the Petition Date.

19. The Debtors have agreed to compensate CDG at the rate of \$150,000 per month. The Debtors have further agreed to a specified restructuring fee if a restructuring is successfully consummated. Additionally, Debtors have agreed to reimburse CDG for out-of-pocket expenses.

These engagement terms are reflected in an engagement letter dated March 26, 2004, a copy of which is attached hereto as Exhibit A.

20. Mr. Del Genio and CDG have extensive experience in providing restructuring advisory and restructuring management services in reorganization proceedings and have an excellent reputation for the services they have rendered in Chapter 11 cases on behalf of debtors and creditors throughout the United States. The compensation arrangement reflected in the attached engagement letter is consistent with, and typical of, arrangements entered into by CDG and other restructuring and consulting firms with respect to rendering similar services for clients such as the Debtors.

21. CDG has invested hundreds of hours reviewing and analyzing the Debtors' documents, capital structure, and financial projections, and it is well-qualified and able to continue to provide services to the Debtor in a cost-effective, efficient, and timely manner.

22. The Debtors require the continued services of CDG for the following purposes, among others:

- (a) to advise the Debtors with respect to their reorganization prospects and necessary adjustments to their operations and capital structure;
- (b) to develop alternative strategies for improving liquidity (including the development and execution of overhead and expense reduction initiatives, divestitures, and cash conservation programs) and assist in the implementation thereof;
- (c) to assist the Debtors in improving their cash flow and in managing and conserving cash during their bankruptcy cases;
- (d) to assist the Debtors in the development and preparation of an operating plan, cash flow forecasts, and business plan and presentation of such plans and forecasts to the Board and to senior secured lenders;
- (e) to evaluate and revise the Debtors' financial projections, including projections submitted with any plan of reorganization filed in these cases;

- (f) to assist the Debtors in evaluating their businesses, including identifying and assisting the Debtors in the disposition of any non-core assets or operations;
- (g) to assist with the preparation of reports and communications with the Debtors' senior secured lenders and other constituencies;
- (h) to assist in the development, evaluation, negotiation, and execution of any restructuring transaction or plan of reorganization;
- (i) to assist in negotiations with the senior secured lenders, other lenders, creditors, and other parties in interest in the implementation of a restructured transaction; and
- (j) to perform such other services for the Debtors as may be necessary and appropriate.

23. Mr. Del Genio has already taken an active role in spearheading the Debtors' efforts to prepare for their Chapter 11 filings, obtain post-petition financing, and communicate with their various constituencies. Mr. Del Genio has substantial experience in advising troubled companies regarding operational and financial issues. His past debtor assignments have included American Architectural Products Corporation, Factory Card Outlet Corporation, MicroAge Inc., USinternetworking, Inc., Wheeling-Pittsburgh Steel Corp., and WSR Corporation. Prior to joining CDG, Mr. Del Genio was with Ernst & Young LLP as a Corporate Finance Partner and a National Director. He has over 20 years' experience in the field of restructuring. He has a Masters of Management degree from the J.L. Kellogg Graduate School of Management at Northwestern University with a concentration in corporate finance and a B.B.A. from the University of Notre Dame with a concentration in accountancy. In addition, he is a member of the American Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants.

24. Gregory Boyer and the other members of the CDG staff have also developed significant relevant experience and expertise regarding the Debtors that will provide the Debtors

with effective and efficient services. They have also developed a strong working relationship with the Debtors as well as the Debtors' professionals and creditor representatives.

25. CDG was founded by three former partners from the corporate finance and restructuring and reorganization practices of Ernst & Young LLP. Each of CDG's founders has more than 20 years of experience advising corporate clients. CDG was created as a financial advisory firm to provide services focusing on, among other things, the management and restructuring of under-performing companies, mergers and acquisitions, and valuations. CDG employs 40 professionals from top Wall Street banks, restructuring boutiques, corporations, and international accounting firms. The Debtors selected CDG based on its longstanding reputation in assisting companies through complex financial restructurings, including bankruptcy reorganizations, and its degree of success in a wide range of industries. CDG's past and current clients include Adelphia Communications Corporation, Mariner Health Group, Inc., Mariner Post-Acute Network, Inc., Montgomery Ward, LLC, USinternetworking, Inc., and Wheeling Pittsburgh Steel Corporation. Based on the foregoing, the Debtors believe the continued engagement of CDG to assist the Debtors during their Chapter 11 cases is essential to the success of the cases.

26. To the best of the Debtors' knowledge: (a) CDG neither holds nor represents any interest adverse to the Debtors' estates; and (b) CDG has had no connection with the Debtors, their creditors or any party in interest, or their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee, except as specifically disclosed more fully in the Declaration of Robert A. Del Genio (the "Del Genio Declaration"), attached hereto as Exhibit B. The Debtors believe that CDG is a "disinterested person" within the meaning of Sections 101(14) and 327(a) of the Bankruptcy Code.

27. Pursuant to Section 328(a) of the Bankruptcy Code, the Debtors may engage CDG on any reasonable terms and conditions. The principal terms of CDG's engagement are as follows:

Compensation: \$150,000 per month, payable in advance.

Reimbursement of Expenses: CDG will be reimbursed for reasonable out-of-pocket expenses, such as travel, telephone and facsimile, courier, and copy expenses. CDG will be reimbursed for legal fees incurred in responding to discovery or testifying as a witness in any matter relating to its services, excluding testimony provided during the term of the engagement.

Restructuring Fee: One percent (1%) of the Company's debt securities and financial and trade indebtedness (measured as of October 17, 2003) that is the subject of Restructuring, subject to a credit of \$75,000 per month of the engagement.

Indemnification: The Debtors will indemnify CDG, its principals, employees, and affiliates in the event of certain losses.

Mediation and Arbitration: Any dispute relating to the engagement is subject to voluntary mediation and binding arbitration.

28. Prior to the Petition Date, CDG received a retainer of \$150,000 from the Debtors, a portion of which has been applied toward expenses incurred by CDG prior to the Petition Date. Upon the termination of CDG's engagement, CDG will return the unused portion of this retainer to the Debtors.

29. CDG will file fee applications with the Court in accordance with applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and orders of this Court.

30. For the foregoing reasons, the Debtors believe that granting the relief requested herein is appropriate and in the best interests of their estates.

Notice

31. Notice of this Motion has been provided to the Office of the United States Trustee, counsel for the Debtors' pre-petition secured lenders, counsel for the Agent to the

Debtors' proposed debtor-in-possession lenders, the indenture trustee for Debtors' senior note holders, and the Debtors' thirty largest unsecured creditors on a consolidated basis. In light of the nature of the relief requested, the Debtors submit that no further notice is necessary.

Conclusion

WHEREFORE the Debtors respectfully request entry of an order granting the relief requested herein, and granting the Debtors such other and further relief as may be just.

Dated: Atlanta, Georgia
March 31, 2004

Respectfully submitted,

KING & SPALDING LLP

/s/ James A. Pardo, Jr.
James A. Pardo, Jr.
Georgia Bar No. 561206
Sarah Robinson Borders
Georgia Bar No. 610649
191 Peachtree Street
Atlanta, Georgia 30303-1763
(404) 572-4600
Fax: (404) 572-5149

PROPOSED ATTORNEYS FOR THE DEBTORS

Exhibit B

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

In re:)	Chapter 11
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)	Jointly Administered
Debtors.)	
)	Judge Drake
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DECLARATION OF ROBERT A. DEL GENIO

I, Robert A. Del Genio, hereby state and declare as follows:

1. I am a member of Conway, Del Genio, Gries & Co., LLC (“CDG”), a firm that maintains an office at Olympic Tower, 645 Fifth Avenue, New York, New York 10022. I am duly authorized to make this Declaration on behalf of CDG, and I make this Declaration in support of the motion of Dan River Inc. and its debtor affiliates (collectively, the “Debtors”) for the approval of their continued engagement of CDG to provide restructuring advisory services (the “Motion”). The facts set forth in this Declaration are personally known to me, and, if called as a witness, I could and would testify thereto. Unless otherwise defined, all capitalized terms used herein have the meanings given to them in the Motion.

2. To the extent any information disclosed herein requires amendment or modification upon CDG’s completion of further review or as additional party-in-interest information becomes available, a supplemental declaration will be submitted to the Court reflecting such amended or modified information.

3. Neither I, CDG, nor any professional associated with CDG has been engaged by any entity other than the Debtors in connection with the Debtors' Chapter 11 cases.

4. CDG is not a creditor of the Debtors. Since October 2003, the Debtors have paid CDG approximately \$746,321. Of that amount, approximately \$596,321 was for services rendered and disbursements, \$150,000 was for a retainer (the "Retainer"), subject to processing of all fees and disbursements up to the Petition Date.

5. To the best of my knowledge, information, and belief formed after reasonable inquiry, other than in connection with this case, neither CDG nor I have any connection with the Debtors, their creditors, the United States Trustee, or any other party with an actual or potential interest in these Chapter 11 cases, or their respective attorneys or accountants, except that (a) CDG may have been engaged from time to time in the past, and may be engaged in the future, in other cases where one or more of such parties may have been or may be involved; and (b) CDG may have been engaged by certain creditors and other parties in interest or their attorneys, accountants, or professionals in other cases unrelated to the Debtors' Chapter 11 cases.

6. CDG has researched its client databases to determine whether it has any relationships with the following entities (collectively, the "Interested Parties"):

- (a) the Debtors;
- (b) the Debtors' senior secured lenders;
- (c) the Debtors' thirty largest unsecured creditors on a consolidated basis;
- (d) the Debtors' non-debtor affiliates;
- (e) the Debtors' officers and directors;
- (f) the Debtors' accountants for the prior three years; and

- (g) the other creditors and parties in interest listed on Attachment 1 hereto.

The identities of the Interested Parties were provided to CDG by the Debtors and are listed on Attachment 1 hereto.

7. To the best of my knowledge, information and belief, insofar as I have been able to ascertain after reasonable inquiry, other than in connection with these cases, neither I, nor CDG, nor any of its principals, employees, agents or affiliates, have any connection with the Debtors, their creditors, the U.S. Trustee or any other party with an actual or potential interest in the Debtors' Chapter 11 cases or their respective attorneys or accountants, except as set forth below:

- (a) From time to time, CDG has provided services, and likely will continue to provide services, to certain creditors of the Debtors and various other parties adverse to the Debtors in matters unrelated to the Debtors' Chapter 11 cases. As described below, however, CDG has undertaken a detailed search to determine and to disclose whether it is providing or has provided services to any significant creditors, equity security holders, insiders or other parties-in-interest in such unrelated matters.
- (b) CDG provides services in connection with numerous cases, proceedings and transactions unrelated to the Debtors' Chapter 11 cases. These unrelated matters involve numerous attorneys, financial advisors and creditors, some of whom may be claimants or parties with actual or potential interests in these cases or may represent such parties.
- (c) CDG personnel may have business associations with certain creditors of the Debtors unrelated to the Debtors' Chapter 11 cases. In addition, in the ordinary course of its business, CDG may engage counsel or other professionals in unrelated matters who now represent, or who may in the future represent, creditors or other interested parties in these cases.

8. CDG is an advisory and crisis manager provider specifically in the areas of restructuring and distressed debt. As a result, CDG has and may in the future represent certain Interested Parties in matters unrelated to the Debtors' Chapter 11 cases.

9. CDG has in the past worked with, continues to work with, and has mutual clients with certain law firms who represent parties-in-interest in these cases. None of those engagements or relationships relates to these Chapter 11 cases.

10. The Debtors have numerous shareholders, lenders, creditors, and other parties with whom they maintain business relationships. CDG may have advisory or other commercial or professional relationships with such entities or persons completely unrelated to the Debtors or their business affairs. No such relationships are in any way related to these Chapter 11 cases.

11. More specifically, CDG in the past has had commercial or professional relationships, and may have commercial or professional relationships in the future with, directly or indirectly, the entities disclosed on Attachment 1 annexed hereto. However CDG does not have commercial or professional relationships with any of those entities listed on Attachment 1, or any of their respective affiliates or subsidiaries, in relation to the Debtors or their Chapter 11 cases.

12. To the best of my knowledge, CDG has not been retained to assist any entity or person other than the Debtors on matters relating to, or in connection with, these Chapter 11 cases. If this Court approves the proposed employment of CDG by the Debtors, CDG will not accept any engagement or perform any service for any entity or person other than the Debtors in these cases. CDG will, however, continue to provide professional services to, and engage in commercial or professional relationships with, entities or persons that may be creditors of the Debtors or parties in interest in these Chapter 11 cases; provided, however, that such services do not relate to, or have any direct connection with, these Chapter 11 cases.

13. To the best of my knowledge, information, and belief, CDG does not have or represent any interest materially adverse to the interests of the Debtors, or of any class of creditors or equity security holders of the Debtors, by reason of any direct or indirect relationship to, connection with, or interest in the Debtors or any investment banker for any securities of the Debtor, or for any other reason except as noted above.

14. Despite efforts to identify and disclose CDG's connections with parties-in-interest in these cases, because the Debtors are large enterprises with hundreds of creditors and other relationships, CDG is unable to state with certainty that every client relationship or other connection has been disclosed. In this regard, if CDG discovers additional information that requires disclosure, CDG will file a supplemental disclosure with the Court.

15. CDG submits that it holds no interest adverse to the Debtors as to the matters for which it has been employed by the Debtors. Certain individuals affiliated with CDG may render crisis and interim management services to the Debtors on a part-time basis, while others have been and/or will continue to be engaged full-time. To the extent such individuals are employed on a part-time basis, CDG submits that there are no simultaneous or prospective engagements existing which would constitute a conflict or adverse interest as to the matters for which it has been employed by the Debtors.

16. CDG reserves the right to supplement this Declaration in the event that CDG discovers any facts bearing on matters described in this Declaration regarding CDG's employment by the Debtors.

17. Prior to the filing of these Chapter 11 cases, the Debtors caused to be paid to CDG the Retainer, in the amount of \$150,000.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Executed on March 25, 2004, in New York, New York.

/s/ Robert A. Del Genio
Robert A. Del Genio

Attachment 1

List of Interested Parties

Company

Dan River Inc.

Current or Past Directors

Joseph L. Lanier, Jr.

Donald J. Keller

Richard L. Williams

Edward J. Lill

John F. Maypole

Rainer H. Mimberg

Current or Past Officers

Joseph L. Lanier, Jr.

Richard L. Williams

Barry F. Shea

Thomas L. Muscalino

Gregory R. Boozer

Anthony J. Bender

Joseph C. Bouknight

Harry L. Goodrich

Denise Laussade

Mark K. Tapp

Gary D. Waldman

Publicly Identified Shareholders

Donald J. Keller

Joseph L. Lanier, Jr.

Edward J. Lill

John F. Maypole

Rainer H. Mimberg

Richard L. Williams

Thomas L. Muscalino

Barry F. Shea

Gregory R. Boozer

Mezzanine Investment Limited Partnership-BDR Dimensional Fund Advisors, Inc.

T. Rowe Price Associates, Inc.

Debtor Subsidiaries

The Bibb Company, LLC
Dan River International, Ltd.
Dan River Factory Stores, Inc.

Non-Debtor Subsidiaries

Dan River de Mexico, S. de R.L. de C.V.
Maquilas Pinnacle S. de R.L. de C.V.
Adsercorp S. de R.L. de C.V.
Dan River, B.V.

Senior Secured Bank Group

Deutsche Bank Trust Company Americas, Agent and Lender
AmSouth Bank
Fleet Capital Corporation
General Electric Capital Corporation
GMAC Commercial Finance LLC
LaSalle Business Credit LLC
The Provident Bank
UPS Capital Corp.
U.S. Bank National Association
Wachovia Bank National Association
WellsFargoFoothill Capital Corp.
Whitehall Business Credit Corp.
Transamerica Business Capital Corp.
Washington Mutual Bank, N.A.

144A Senior Unsecured Notes

HSBC Bank USA, Indenture Trustee

Top 30 Unsecured Creditors as of 1/31/04

Ixtaccihuatl, S.A. de C.V.
Sunshine Mills, Inc.
Honeywell/Allied Signal Inc.
Wellman Inc.
GTP Greenville Inc/Picanol
Teijin Akra, S.A.de C.V.
Inland Paperboard & Pkg Inc.
CHT R. Beitlich Corp.
P. Kaufman, Inc.
Industrias Quiltex S.A. de C.V.

Solutia, Inc.
Nanya Plastic Corp America
Noveon, Inc.
Diolen Industrial Fibers Inc.
O'Mara Incorporated
Vita Prelude Fibers
Alpha Decade First
Omnova Solutions, Inc. (Gencorp)
Mitsui Textile Corp.
Shamash & Sons, Inc.
Hanes Converting Co.
Cargill Cotton
UNIFI, Inc.
BASF Corporation
Chemical Technologies, L.L.C.
Sevier Co Trustee
Staplcotn
Salomon Smith Barney
United Embroidery Inc.
Coats American Inc.

Lessors of Real Property

Paramount Group, Inc., as Agent for 1325 Avenue of the Americas, L.P.
TrizecHahn 1065 Avenue of the Americas LLC
Manhattan Properties Company
Shamrock Ventures, Ltd.
1801 Partnership L.P.
Winship Properties
Orlando Corporation
Nom Shores, Ltd.
Pattillo Lumber Company
U.S. Outlets, L.L.C.
North Atlanta Partners, LLC
Dukes-Weeks Realty Limited Partnership
The Westminster Partnership
Boonesville Industry, Inc.
Susan E. Wilson
Home Accents Direct Outlet Center, LLC
City of Sevierville
Hall Stonebriar Three Associates, Ltd.
Lake Kiowa Enterprises
Nancy R. Lea and American National Bank as Co-Trustees of W. Townes Lea Martial Trust
Elizabeth S. Marshall
Gerdau International, Inc.
City of Danville, Virginia

Dimon Incorporated
Felton Brothers Transit Mix, Inc.

Lessors of Personal Property

Pullman Bank and Trust Co.
MDFC Equipment Leasing Corporation
BCC Equipment Leasing Corporation
Yale Financial Services
Hyster Credit Company
Raymond Leasing Corporation
Toyota Motor Credit Corporation
IOS Capital, LLC
WAMCO XXIV, Ltd.
SunTrust Bank
J. Zimmer Maschinenbau Gesm.b.H.
NMHG Financial Services Inc.
Fuji Photo Film USA, Inc.
Industrial Development Authority of Danville, Virginia

Mortgage Holders

American National Bank

Insurance Companies Providing Coverage to Dan River

Industrial Risk Insurers
American Guarantee & Liability Ins. Co.
ACE American Ins. Co.
United States Fire Ins. Co.
Lexington Ins. Co.
Arch Specialty Ins. Co.
General Security Indemnity Co of AZ
ACE Bermuda
AXIS Specialty Limited
Endurance Specialty Ins. Ltd.
Montpelier Re
Employers Ins. of Wausau
Hartford Steam Boiler Inspection & Insurance Co.
Twin City Fire Insurance Co. (Hartford)
Hartford Fire Insurance Co.
United States Aircraft Insurance Group
National Casualty Company
Continental Insurance Co.
American Bankers Inc. Co. of Florida

Zurich Insurance Co.
Grupo Nacional Provincial, S.A.
Zurich American Ins. Co.
Gulf Ins. Co.
Federal Ins. Co.
Navigators Mgmt. Co. Inc.
Federal Insurance Co. (Chubb)
National Union Fire Insurance Co.
Employers Reinsurance Corp.

Auditor

Ernst & Young LLP

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DAN RIVER INC., et al.,)	Case Nos. 04-__ through 04-__
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Debtors.)	
)	Judge Drake
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**ORDER AUTHORIZING DEBTORS TO CONTINUE
ENGAGEMENT OF CONWAY, DEL GENIO, GRIES & CO., LLC**

This matter is before the Court on the Motion of Dan River Inc. and its debtor affiliates (collectively, the “Debtors”) for authority to continue their engagement of Conway, Del Genio, Gries & Co., LLC (the “Motion”).

The Court has considered the Motion, the Declaration of Barry Shea in Support of First-Day Applications and Motions, the Declaration of Robert A. Del Genio, 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 for the Agent to 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, subject to any objections filed within twenty days after entry of this Order (the “Objection Deadline”).

2. Subject to any such objections, the Debtors are authorized to continue their engagement of Conway, Del Genio, Gries & Co., LLC (“CDG”) to provide restructuring advisory services and provide for the placement of certain restructuring managers on the terms set forth in the Motion and the engagement letter attached thereto.

3. If any supplemental declarations are filed and served after the entry of this Order, absent any objections filed within twenty days after the filing and service of such supplemental declarations, CDG’s engagement shall continue as authorized pursuant to this Order.

4. CDG shall be compensated upon appropriate application in accordance with Sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and orders of this Court.

5. CDG is authorized to apply the retainer received from the Debtors to pay any fees, charges, costs, or expenses relating to services rendered to the Debtors prior to the Petition Date and shall hold the remaining portion of such retainer to secure the payment of fees, charges, costs, and expenses relating to services rendered after the Petition Date.

6. Within five days of the entry of this Order, the Debtors shall serve a copy of this Order on the Office of the United States Trustee, counsel for the Debtors’ pre-petition secured lenders, counsel for the Agent for the Debtors’ proposed debtor-in-possession lenders, the indenture trustee for the Debtors’ senior note holders, the Debtors’ thirty largest unsecured creditors on a consolidated basis, and any counsel or party that has filed a notice of appearance or request for notice.

7. Any objection to the relief requested in the Motion shall be filed with the Court, 18 Greenville Street, PO Box 1408, Newnan, Georgia 30263, by the Objection Deadline and shall be served upon (i) the Office of the United States Trustee, 75 Spring Street, S.W., Room 362, Atlanta, Georgia 30303; and (ii) James A. Pardo, Jr., King & Spalding LLP, 191 Peachtree Street, Atlanta, Georgia 30303, so as to be received by the Objection Deadline. If no objection is timely filed and served, this Order shall be deemed a final order, and no further hearing on the Motion shall be held.

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

SO ORDERED.

At Atlanta, Georgia this ___ day of _____, 2004.

W. HOMER DRAKE, JR.
UNITED STATES BANKRUPTCY JUDGE

Prepared and Presented by:

KING & SPALDING LLP

/s/ James A. Pardo, Jr.
James A. Pardo, Jr.
Georgia Bar No. 561206
Sarah Robinson Borders
Georgia Bar No. 610649
191 Peachtree Street
Atlanta, Georgia 30303-1763
(404) 572-4600
Fax: (404) 572-5149

Attorneys for the Debtors