DISCLOSURE STATEMENT
EXHIBIT C

REORGANIZATION VALUE ANALYSIS

The Debtors have been advised by Conway, Del Genio, Gries & Co ("CDG") with respect to the value of the Reorganized Debtors. CDG has undertaken its valuation analysis for the purpose of determining the value of the Reorganized Debtors' equity for purposes of fresh start accounting.

The value is as of an assumed Effective Date of January 1, 2005 and is based on an analysis undertaken by CDG in November 2004. The Debtors and CDG are not aware of any changes as of the date hereof that would materially alter or affect their analysis. The reorganization value includes the going concern value of the Debtors' business and the projected distributions to be made under the Plan. Based upon the foregoing assumptions, and based upon advice from CDG, the reorganization value of the Reorganized Debtors was assumed for purposes of the Plan by the Debtors to be within the range of $160.0 to $180.0 million. Based on the midpoint of that range, the enterprise value is estimated at $170.0 million.

Based upon the reorganization value set forth above, and the fact that there will be no debt or contractual payment obligations other than the Exit Financing, capitalized leases, or the Periodic Cash Payments post-Effective Date, the Debtors have employed an assumed equity value, prior to a Discount for Lack of Marketability, of $78.1 million [1]. Although it is not possible for the Debtors to state with certainty whether and to what extent the New Common Stock may trade at a discount because it is not possible for the Debtors to predict whether and to what extent an active market may ultimately develop for the New Common Stock, for the purposes of determining the estimated percentage distribution to unsecured creditors, the Debtors have assumed that the initial lack of an active market for the New Common Stock on the Effective Date could cause the price of the New Common Stock to be thirty percent (30%) less than the implied value of the New Common Stock on the Effective Date. Thus, for the purposes of determining the estimated percentage distribution to unsecured creditors under the Plan, the Debtors have reduced the equity value by thirty percent (30%) for an equity value of approximately $54.7 million.

The foregoing valuation is based on a number of assumptions, including a successful reorganization of the Debtors' business in a timely manner, the achievement of the forecasts reflected in the financial projections, the continuation of current market conditions through the Effective Date, and the Plan becoming effective in accordance with its terms. The valuation range was based upon fiscal 2005 operating results because fiscal 2004 operating results do not fully reflect the business and operational initiatives that have been implemented by the Debtors.

In determining reorganization value, CDG relied upon the Reorganized Debtors' projections which had the same operating assumptions as the projections enclosed within this document.

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[1] The size and amount of the Periodic Cash Payments cannot be determined at this time and have been assumed to be zero for purposes of this valuation. Equity value will be reduced to the extent there are Periodic Cash Payments.

- Management has forecasted Fiscal 2005 operating results with estimated revenues of $381.5 million and EBITDA of $32.8 million.

- The Debtors' business plan for FY 2005 through FY 2007 assumes:

  - Total Home Fashions sales of $300.0 million in FY 2005 (79% of total) and Apparel Fabrics sales of $81.5 million of revenue (21% of total). Engineered Products division is sold prior to emergence.

  - A total of eight manufacturing facilities will be closed from the beginning of FY 2004 to reduce cost and eliminate excess production capacity.

  - Reduction of corporate overhead and SG&A through personnel reductions and real estate consolidations.

  - Increase foreign sourcing.

  - Eliminate unprofitable Apparel Fabrics business lines.

  - Monetize unproductive assets (including excess real estate and machinery and equipment).

The estimated reorganization value does not purport to be an appraisal or necessarily reflect the value which may be realized if assets are sold. The estimated value represents a hypothetical reorganization value of the Reorganized Debtors. Such estimate reflects the application of various valuation techniques and does not purport to reflect or constitute an appraisal, a liquidation value or an estimate of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. The estimate of the reorganization value represents the hypothetical reorganization enterprise value of the Reorganized Debtors.

The value of an operating business such as the Debtors' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. **AS A RESULT, THE ESTIMATE OF REORGANIZATION VALUE SET FORTH HEREIN IS NOT NECESSARILY INDICATIVE OF ANY ACTUAL OUTCOME, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN THAT SET FORTH HEREIN. BECAUSE SUCH ESTIMATE IS INHERENTLY SUBJECT TO UNCERTAINTIES, NEITHER THE DEBTORS, CDG, OR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR ITS ACCURACY. IN ADDITION, THE VALUATION OF NEWLY-ISSUED SECURITIES SUCH AS THE NEW COMMON STOCK IS SUBJECT TO ADDITIONAL UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT.**

A. METHODOLOGY

In preparing its valuation, CDG performed a variety of analyses and considered a variety of factors. The summary of the analysis and factors contained herein does not purport to be a complete description of the analysis and factors considered. In determining the value of the Reorganized Debtors, CDG primarily relied upon comparable company trading and transaction multiples and discounted cash flows. In addition, factors that were considered in determining value included but were not limited to current economic conditions, risk factors associated with the projections, and the degree of impact an individual value driver had on overall value.

In determining estimated reorganization value, CDG made judgments as to the weight to be afforded to and the significance and relevance of each analysis and factor. CDG did not consider any one analysis or factor to the exclusion of any other analysis or factor. Accordingly, CDG believes that its valuation must be considered as a whole and that selecting portions of its analyses, without considering all such analyses, could create a misleading or incomplete view of the processes underlying the preparation of its findings and conclusions. In its analyses, CDG made numerous assumptions with respect to the Debtors' industry performance, general business, regulatory, economic, market and financial conditions and other matters, many of which are beyond the Debtors' control. In addition, analyses relating to the value of the Debtors' business or securities do not purport to be appraisals or to reflect the prices at which such business or securities will trade.

THE VALUATION REPRESENTS THE ESTIMATED REORGANIZATION VALUE OF THE REORGANIZED DEBTORS AND DOES NOT NECESSARILY REFLECT THE VALUE THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS, WHICH MAY BE SIGNIFICANTLY DIFFERENT THAN THE AMOUNTS SET FORTH HEREIN.

Enterprise Value of Dan River Inc.

CDG believes the enterprise value of Dan River to be within the range $160 million to $180 million. In determining the enterprise value of Dan River, CDG prepared a variety of analyses based on generally accepted valuation techniques and considered many factors. CDG's valuation must be considered as a whole and conclusions based on portions of the analyses would create a misleading or incomplete assessment of Dan River's enterprise value. CDG's estimate of Dan River's enterprise value was primarily based on the following four valuation methodologies:

- analysis of comparable trading multiples
- analysis of comparable transaction multiples
- discounted cash flow analysis

1. Comparable Trading Multiples

The analysis of comparable trading multiples involves identifying a group of publicly traded companies that are representative of the industry in which Dan River operates and then calculating multiples of various operating results such as revenues, EBITDA and EBIT to the enterprise value of these companies. Enterprise values are based on leverage and market value of equity. This analysis relies on the assumption that the value the market places on the equity and debt of comparable companies, given certain operating statistics, is indicative of the value of Dan River's current and future prospects. The multiples establish a benchmark for valuing comparable assets. The ranges of multiples derived are then applied to Dan River's operating results to yield a range of implied enterprise values of Dan River.

In selecting comparable companies, CDG searched for companies with lines of business, market size, growth prospects and operational characteristics similar to Dan River. Truly comparable companies are very often difficult to obtain and such analysis are limited by sample size and availability of market values and meaningful operating data.

In estimating enterprise value under this approach, CDG selected a range of EBITDA multiples ranging 5.0x to 6.0x and revenue multiples ranging 0.4x to 0.5x, which are based on the valuation multiples of companies that operate in a similar industry segment as Dan River. These multiples reflect the last twelve months of their most recent 2004 operating results and forward multiples, where available, for the publicly traded comparable group. The ranges of multiples derived were then applied to Dan River's forecasted financial results to yield a range of implied total enterprise values.

2. Comparable Transaction Multiples

The analysis of comparable transaction multiples involves examining a group of recent acquisitions that occurred within Dan River's industry and then calculating multiples of various operating statistics such as revenues, EBITDA and EBIT to the actual value of the transaction. The transaction value represents the market value of comparable assets given certain operating statistics and is based on the total amount of consideration a buyer pays to attain the comparable asset. Transaction multiples provides an indication of enterprise value given certain operating metrics. The ranges of multiples derived are then applied to Dan River's operating results to yield a range of implied enterprise values of Dan River.

CDG selected transactions where target companies had similar lines of business, market size, growth prospects and operational characteristics to Dan River. Only acquisitions through asset sales and purchase of total or majority of equity were selected.

Dan River operates in a distressed industry whereby many competitors have poor operating performance and have filed for bankruptcy. Many of the transactions evaluated were a result of a 363 sale through a bankruptcy court. Because of this distressed environment, multiples derived, when applied to Dan River's operating statistics, may distort the implied value of Dan River.

In estimating Dan River's enterprise value with this approach, CDG analyzed one pending acquisitions and six recent acquisitions in Dan River's industry and concluded that the appropriate ranges of multiples for Dan River are 5.0x to 5.5x EBITDA and 0.4x to 0.5x times revenue for the acquisition target. The ranges were then applied to Dan River's fiscal 2005 EBITDA and revenue to yield implied enterprise value ranges.

3. Discounted Cash Flow Analysis

Discounted cash flow analysis involves determining the present value of Dan River's future debt-free operating cash flows and the terminal value at the end of the projected period. This analysis is a "forward looking" approach and relies on Dan River's ability to project future cash flows accurately. The expected future cash flows are discounted by the weighted average cost of capital which is determined by using an estimated cost of debt commiserate to Dan River's credit position and an estimated cost of equity calculated through the capital asset pricing model.

The projected debt-free operating cash flows were provided by Dan River's management. The terminal value is calculated using two methods: EBITDA exit multiple and Gordon growth method. The EBITDA exit multiple is calculated by utilizing an estimated terminal year EBITDA multiple ranging from 3.5x to 5.5x and applying it on Dan River's projected EBITDA. The Gordon growth method assumes perpetual growth of 2.0% to 4.0% in debt-free cash flows. The projected debt-free cash flows and terminal value are then discounted to the present at Dan River's estimated post-restructuring weighted average cost of capital in the range of 14% to 16%.