

**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
<hr/>)	

**MOTION FOR AUTHORITY TO RETAIN
LAMBERTH, CIFELLI, STOKES & STOUT, P.A., AS COUNSEL**

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 and Federal Rule of Bankruptcy Procedure 2014, authorizing them to employ Lamberth, Cifelli, Stokes & Stout, P.A. (“Lamberth”) as their counsel in these bankruptcy cases and other proceedings. Debtors seek to employ Lamberth to perform legal analysis, counsel, and advice for the Debtors effective as of the Petition Date.

Basis for Relief

17. The law firm of King & Spalding LLP has served as the Debtors’ outside counsel for more than fourteen years. Contemporaneously herewith, the Debtors are applying for approval of their retention of King & Spalding LLP as counsel.

18. Pursuant to Section 327(a) of the Bankruptcy Code, the Debtors, as debtors-in-possession, request that the Court approve their retention of Lamberth as co-counsel to the Debtors during their Chapter 11 cases, in accordance with Lamberth’s normal hourly rates and disbursement policies. This will enable Lamberth to handle issues on which King & Spalding LLP may have a conflict as well as other specific issues Lamberth can efficiently handle. The services to be provided by Lamberth will not be duplicative of the services to be provided by King & Spalding LLP or other counsel retained by the Debtors.

19. The Debtors have selected Lamberth to serve as co-counsel because it has considerable experience in bankruptcy and insolvency matters and is well qualified to represent the Debtors. James C. Cifelli, the partner of Lamberth in charge of this representation, has been practicing bankruptcy and insolvency law for over twenty years. As set forth in the Declaration of James C. Cifelli, attached as Exhibit A to this application, Mr. Cifelli has significant experience in complex insolvency matters and related litigation, and transactions related thereto. Mr. Cifelli is qualified and has been admitted to practice in the Northern District of Georgia since 1977 and is familiar with the Local Bankruptcy Rules for this District. In preparing for its representation of the Debtors in these cases, Lamberth has become familiar with the Debtors' business and affairs and many of the potential legal issues that may arise in the context of these Chapter 11 cases. The Debtors believe that Lamberth is well-qualified and uniquely able to represent them in their Chapter 11 cases in a most efficient and timely manner.

20. The employment of Lamberth as co-counsel is appropriate and necessary to enable the Debtors to execute faithfully their duties as debtors and debtors-in-possession and to implement the reorganization of the Debtors. Subject to further order of this Court, it is proposed that Lamberth be employed to:

- (a) Advise and represent the Debtors in matters arising out of and relating to the Debtors' bankruptcy cases;
- (b) Advise and represent the Debtors in specified and discreet legal matters, including litigation, in which the Debtors' general counsel, King & Spalding LLP, may have a conflict or is otherwise unable to represent the Debtors; and

(c) Advise and represent the Debtors in the performance of such other legal services, including litigation, as may be requested by the Debtors and that is appropriate and necessary.

21. It is necessary for the Debtors to employ attorneys to render the foregoing services.

22. Lamberth has stated its desire and willingness to act in this case and render the necessary professional services as attorney for the Debtors on the terms set forth herein.

23. To the best of the Debtors' knowledge, (a) Lamberth neither holds nor represents any interest adverse to the Debtors' estates; and (b) Lamberth has had no connection with the United States Trustee, or any person employed in the office of the United States Trustee.

24. The Debtors and Lamberth have agreed that Lamberth will be compensated for services at hourly rates and reimbursed for reasonable and necessary expenses, subject to approval of the Court under Section 330 of the Bankruptcy Code. Lamberth has stated present fee rates of \$150 - \$335 per hour for attorneys and \$60 - \$110 per hour for document clerks and legal assistants. Rates may be adjusted from time-to-time. Lamberth will file fee applications with the Court under 11 U.S.C. §§ 330 and 331, and will follow the compensation and expense reimbursement guidelines and policies set by the Court.

25. Prior to the Petition Date, Lamberth received a retainer from the Debtors in the amount of \$25,000, which continues to be held by Lamberth as a "last bill" or "security" retainer subject to future direction and orders of the Court.

Notice

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

**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
)	

DECLARATION OF JAMES C. CIFELLI

Pursuant to Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), James C. Cifelli, being duly sworn, deposes and says:

1. I am a partner of Lamberth, Cifelli, Stokes & Stout, P.A., (“Lamberth”) a law firm with a place of business at Atlanta Financial Center, 3343 Peachtree Road, NE, East Tower, Suite 550, Atlanta, Georgia. I am duly authorized to make this Declaration on behalf of Lamberth, and I make this Declaration in support of the Motion of the above-referenced Debtors for the approval of Lamberth as co-counsel in the above-referenced bankruptcy cases (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 Lamberth’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, Lamberth, nor any partner of, associate of, or counsel to Lamberth represents any entity other than the Debtors in, or in connection with, the Debtors' Chapter 11 cases.

4. Lamberth is a "disinterested person," as that term is defined in Section 101(14) of the Bankruptcy Code, in that, except as otherwise disclosed herein, Lamberth, its partners, counsel, and associates:

- (a) are not creditors, equity holders, or insiders of the Debtors;
- (b) are not and were not investment bankers for any outstanding security of the Debtors;
- (c) have not been, within three years before the Petition Date, (i) investment bankers for a security of the Debtors, or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the Debtor;
- (d) are not and were not, within two years before the Petition Date, a director, officer, or employee of the Debtors or an investment banker as specified in subparagraph (b) or (c) of this paragraph; and
- (e) except as set forth in Paragraph 9 below, have not represented any party in connection with matters relating to the Debtors (although Lamberth has certain relationships with other parties in interest and other professionals in connection with unrelated matters).

5. Lamberth is not a creditor of the Debtors and performed no services for the Debtors before the Commencement of this case. The Debtors have paid Lamberth \$25,000 as a last bill or "security" retainer (the "Retainer") to be maintained during the Chapter 11 cases and applied in accordance with future orders of the Court.

6. To the best of my knowledge, information, and belief formed after reasonable inquiry, other than in connection with this case, neither I nor Lamberth has 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) Lamberth may have appeared from time to time in the past, and may appear in the future, in other cases or matters where one or more of such parties may have been or may be involved; and (b) Lamberth may have been retained by certain creditors and other parties in interest or their attorneys, accountants, or professionals in other cases or matters unrelated to the Debtors or their Chapter 11 cases.

7. Lamberth has researched its client database to determine whether it has any relationships with the following entities (collectively, the “Interested Parties”):

- (a) the Debtors;
- (b) the agent for and lenders in the Debtors’ senior secured credit facility;
- (c) the indenture trustee for the Debtors’ 12 ¾% Senior Notes due 2009;
- (d) the Debtors’ thirty largest unsecured creditors on a consolidated basis as of January 31, 2004;
- (e) the Debtors’ non-debtor subsidiaries;
- (f) the Debtors’ officers and directors;
- (g) the Debtors’ accountants for the prior three years; and
- (h) those other creditors and parties in interest listed on Attachment 1 hereto.

8. The identities of the Interested Parties were provided to Lamberth by counsel for the Debtors and are listed on Attachment 1 hereto. My review of the results of the search of our client database with regard to the Interested Parties indicates that Lamberth previously represented the following entity (or its parent company, subsidiary or affiliate) in connection with matters totally unrelated to the Debtors or their Chapter 11 cases: Wells Fargo Foothill Capital Corp.

9. Lamberth represents Johnston Industries, Inc and related debtors in possession in Chapter 11 cases pending in the Middle District of Georgia, Case Nos. 03-40293 through 40298 (“Johnston Debtors”). The Debtors assert claims against one or

more of the Johnston Debtors. Lamberth is not aware of any disputes or litigation between the Debtors and the Johnston Debtors. The Johnston Debtors have ceased operating and sold substantially all of their assets. The Court has authorized the appointment of a liquidating agent to oversee the windup of the Johnston Debtors' estates. Lamberth continues to represent the Johnston Debtors in the administration of their cases. In the event any disputes arise between the Johnston Debtors and the Debtors, Lamberth will refrain from representing either party in connection with such dispute.

10. As part of its practice, Lamberth appears in cases, proceedings, and transactions involving many different attorneys, accountants, financial consultants, and investment bankers, including other professionals representing the Debtors. In certain instances, such professionals may be the client of Lamberth. All of the other cases, proceedings and transactions in which professionals representing the Debtors or other parties in interest are also involved are totally unrelated to the Debtors and these Chapter 11 cases.

11. The Debtors have several thousand creditors and parties in interest. I anticipate that a review of Lamberth's client database with regard to all of the Debtors' creditors and parties in interest would disclose that Lamberth previously represented and/or currently represents one or more creditors or parties in interest in addition to those Interested Parties who are specifically identified in paragraph 8 of this Declaration. My review of the results of the search of our client database indicates, however, that any such other representation of a creditor or party in interest would have been or would be in connection with matters totally unrelated to the Debtors or their Chapter 11 cases.

12. To the best of my knowledge, information, and belief formed after reasonable inquiry, neither I nor Lamberth holds or represents any interest adverse to the Debtors' estates.

13. The Debtors have consented to the continued and future representation by Lamberth of persons and entities who are creditors or parties in interest in these Chapter 11 cases on matters unrelated to the Debtors and these Chapter 11 cases, and has waived any conflict that might otherwise exist as a result of such other unrelated representations.

14. Subject to the Court's approval of the Motion, Lamberth will earn and receive only those fees and other payments authorized by this Court.

15. Prior to the filing of these Chapter 11 cases, the Debtors caused to be paid to Lamberth the Retainer, in the amount of \$25,000, which continues to be held by Lamberth as a "last bill" or "security" retainer subject to the future direction and orders of the Court. In consideration for services to be rendered to the Debtors in this Chapter 11 case, Lamberth, subject to the approval of the Court, will be compensated for such services rendered at its standard hourly rates and will be reimbursed for all reasonable and necessary out-of-pocket expenses.

16. The current standard hourly rates of attorneys resident in Lamberth's office range from a low of \$150 per hour for junior attorneys to as much as \$335 per hour for certain senior partners, and the current standard hourly rates of legal assistants and document clerks resident in Lamberth's office range from a low of \$60 to a high of \$110. The firm's standard hourly rates are subject to adjustment annually as of January 1 of each year.

17. No agreement or understanding in any form or guise exists between Lamberth and any other person for a division of compensation for services rendered in or in connection with these cases, and no such division of compensation prohibited by Section 504 of the Bankruptcy Code will be made, except among partners of Lamberth. Lamberth has not shared or agreed to share any compensation received in these cases with any entity other than its partners, counsel, and associates.

18. Accordingly, I believe the proposed employment of Lamberth is appropriate under Section 327(a) of the Bankruptcy Code and is not prohibited by or improper under Federal Rule of Bankruptcy Procedure 5002. Lamberth and the professionals it employs are qualified to represent the Debtors in the matters for which Lamberth is proposed to be employed.

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, at Atlanta, Georgia.

/s/ James Cifelli
James C. Cifelli

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

**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
)	

**ORDER AUTHORIZING DEBTORS TO RETAIN
LAMBERTH, CIFELLI, STOKES & STOUT, P.A., AS COUNSEL**

This matter is before the Court on the Motion of Dan River Inc. and its debtor affiliates (collectively, the “Debtors”) for authority to employ Lamberth, Cifelli, Stokes & Stout, P.A. pursuant to Section 327(a) of the Bankruptcy Code (the “Motion”).

The Court has considered the Motion, the Declaration of Barry Shea in Support of First-Day Applications and Motions, the Declaration of James C. Cifelli, 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, 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 employ Lamberth, Cifelli, Stokes & Stout, P.A. (“Lamberth”) as their counsel.

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, Lamberth’s engagement shall continue as authorized pursuant to this Order.

4. Lamberth is permitted to hold any retainer received from the Debtors to secure the payment of fees, charges, costs and expenses relating to services rendered after the Petition Date. Lamberth shall be compensated upon appropriate application in accordance with Sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Bankruptcy Local Rules, and orders of this Court.

5. 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, and the Debtors’ thirty largest unsecured creditors on a consolidated basis, the indenture trustee for the Debtors’ senior note holders, counsel to the Agent for the Debtors’ proposed debtor-in-possession lenders, and any counsel or party that has filed a notice of appearance or request for notice.

6. 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.

7. 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
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Attorneys for the Debtors