

ENTERED ON DOCKET  
5-7-04

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

In re ) Chapter 11  
)  
DAN RIVER INC., et al. ) (Jointly Administered)  
)  
) Case No. 04-10990 through  
Debtors. ) 04-10993

SECOND STIPULATION AND ORDER MODIFYING INTERIM ORDER  
AUTHORIZING SECURED POST-PETITION FINANCING ON A  
SUPER PRIORITY BASIS PURSUANT TO 11 U.S.C. § 364

**BACKGROUND**

A. On March 31, 2004 (the "Petition Date"), the above-captioned debtors (the "Debtors") commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

B. On the Petition Date, the Debtors filed a motion seeking this Court's authorization pursuant to section 363(c), 364(c) and 364 (d) of the Bankruptcy Code to obtain secured, superpriority financing (the "Financing Motion").

C. On April 1, 2004, the Court held a hearing on the Financing Motion and approved the Stipulation and Interim Order (i) Authorizing (a) Secured Post-Petition Financing on a Superpriority Basis Pursuant to 11 U.S.C. § 364, (b) Use of Cash Collateral Pursuant to 11 U.S.C. § 363 and (c) Grant of Adequate Protection Pursuant to 11 U.S.C. §§ 363 and 364 and (ii) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(c) (the "Interim Order").

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Interim Order.

D. On April 27, 2004, the Court held the Final Hearing regarding the Financing Motion at which various issues were raised by the Committee with respect thereto.

E. On April 29, 2004, the Debtors and the Agent agreed to that certain Stipulation and Order Modifying Interim Order Authorizing Post-Petition Financing on a Superpriority Basis Pursuant to 11 U.S.C. § 364 (the "First Interim Stipulation") which was approved by this Court on April 30, 2004.

F. The Debtor and the Agent continue to work to resolve certain issues raised at the Final Hearing and, therefore, seek to extend the effect of the Interim Order, subject to certain modifications, pending submission of a final order approving the Financing Motion.

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED**, by and between the undersigned, subject to the conditions precedent as set forth below, as follows (the "Stipulation"):

1. The amount of \$40,000,000 indicated in subpart (iii) of paragraph 3 of the Interim Order is hereby modified to be \$75,000,000.

2. Subpart (i) of paragraph 5 of the Interim Order is hereby modified so as to provide: "May 28, 2004 if a Final Order (as defined below) has not been entered by such date;"

3. Section 9.1(p)(ii) of the DIP Loan Agreement is hereby amended by deleting the words "the date that is thirty-seven (37) days after the Petition Date" and replacing them with the words "May 28, 2004".

4. For the period commencing on May 7, 2004 and continuing through May 28, 2004, any Default or Event of Default (each as defined in the DIP Loan Agreement) arising under Section 8.23(b) or (c) of the DIP Loan Agreement as a result of the collection of aggregate cash receipts or the making of operating disbursements shall be waived and the

Lenders (as defined in the DIP Loan Agreement) shall not exercise any remedies in respect thereof during such period; *provided* that this waiver shall extend only to the facts and circumstances and for the period described above and this waiver shall not be construed as a waiver of or an acquiescence to any other Default or Event of Default; and *provided further* that this waiver shall terminate and be of no further force or effect if the aggregate net operating cash flow (tested on a weekly basis) for the then elapsed portion of the five-week period ending May 28, 2004 is less than \$-1,500,000.

5. Following execution of this Stipulation and approval of same by this Court, the First Interim Stipulation shall no longer be of any force or effect other than with respect to any modifications to the DIP Loan Agreement specified therein that have not been further modified hereby.

6. Except as expressly provided herein, the Interim Order and the DIP Loan Documents shall remain in full force and effect. In the event of any inconsistencies between the Interim Order, the DIP Loan Documents and this Stipulation, the Stipulation shall govern.

7. Neither the execution of this Stipulation by the parties nor any other performance by the parties pursuant hereto shall constitute or be construed as an admission of any kind by any of them.

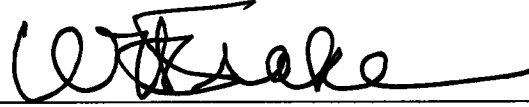
8. The Stipulation shall not be amended, modified or supplemented without the prior written consent of the parties hereto.

9. This Stipulation is immediately binding upon the parties hereto and their respective successors and assigns.

10. This Stipulation may be executed in one or more counterparts and all such counterparts, taken together, shall be deemed to be the Stipulation for all purposes.

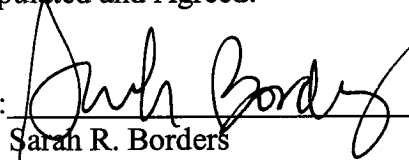
**SO ORDERED.**

At Newnan, Georgia this 7 day of MAY, 2004.

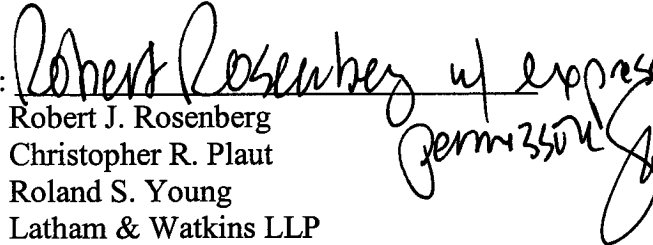
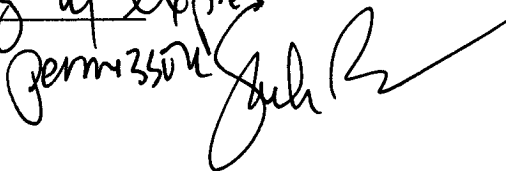


W. HOMER DRAKE, JR.  
UNITED STATES BANKRUPTCY JUDGE

Stipulated and Agreed:

By: 

Sarah R. Borders  
King & Spalding LLP  
191 Peachtree Street  
Atlanta, Georgia 30303  
(404) 572-4600  
Attorneys for the Debtors

By:  *express permission* 

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**CERTIFICATE OF SERVICE**

District/off: 113E-7  
 Case: 04-10990

User: holmesy  
 Form ID: pdf492

Page 1 of 1  
 Total Served: 17

Date Rcvd: May 07, 2004

The following entities were served by first class mail on May 09, 2004.

db Dan River Inc., (800)603-4877, (434)799-7003 outside United States, P. O. Box 261,  
 Danville, VA 24543  
 aty Allen C. Winsor, King & Spalding, LLP, Suite 4900, 191 Peachtree Street, Atlanta, GA 30303  
 aty David H. Conaway, Shumaker, Loop & Kendrick, LLP, 128 S. Tryon St., Ste 1800,  
 Charlotte, NC 28202  
 aty Dennis J. Connolly, Alston & Bird LLP, 1201 West Peachtree Street, Atlanta, GA 30309-3424  
 aty Ernst & Young, LLP, Greenboro/Winston Salem, 202 Centreport Drive, Suite 200,  
 Greensboro, NC 27409  
 aty Felton E. Parrish, King & Spalding LLP, 191 Peachtree Street, Suite 4900, Atlanta, GA 30303  
 aty James A. Pardo, Jr., King & Spalding, 191 Peachtree Street, Suite 4900,  
 Atlanta, GA 30303-1763  
 aty Jonathan W. Jordan, King & Spalding LLP, 191 Peachtree Street, Suite 4900,  
 Atlanta, GA 30303-1763  
 aty Lamberth, Cifelli, Stokes & Stout, P.A., 3343 Peachtree Road, NE, East Tower, Suite 550,  
 Atlanta, GA 30326-1009  
 aty Mark I. Duedall, Alston & Bird, LLP, 1201 W. Peachtree St., Atlanta, GA 30309  
 aty R. Jeneane Treace, U.S. Trustee, 362 Richard Russell Bldg., 75 Spring Street,  
 Atlanta, GA 30303  
 ust Office of the US Trustee, Suite 362, 75 Spring Street, SW, Atlanta, GA 30303  
 crcm L.C. Capital Master Fund, Ltd, c/o Lampe, Conway & Co. LLC, 680 Fifth Avenue, Suite 1202,  
 New York, NY 10019-5429  
 crcm Progressive Screen Engraving, Inc., Attn: Leslie P. Coyle, Secretary, 2215 Beech Street,  
 Gaffey, SC 29340  
 crcm Sandler Capital Management, Attn: Douglas E. Schimmel, 767 Fifth Avenue, New York, NY 10153  
 crcm Singer Children's Management Trust & Affiliat, Attn: Gary Singer and/or P. Mandelbaum,  
 560 Sylvan Avenue, Englewood Cliggs, NJ 07632  
 crcm Teijan Akra, USA, Attn: Grover Smith, VP, Sales and Marketing, 5950 Fairview Rd. Suite 416,  
 Charlotte, NC 28210

The following entities were served by electronic transmission.

NONE.

TOTAL: 0

\*\*\*\*\* BYPASSED RECIPIENTS (undeliverable, \* duplicate) \*\*\*\*\*

cr cm Official Committee of Unsecured Creditors

TOTALS: 1, \* 0

**I, Joseph Speetjens, declare under the penalty of perjury that I have served the attached document on the above listed entities in the manner shown, and prepared the Certificate of Service and that it is true and correct to the best of my information and belief.**

**First Meeting of Creditor Notices only (Official Form 9): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.**

Date: May 09, 2004

Signature: \_\_\_\_\_

