

4-1-04

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- <u>10990 through</u>
Debtors.	)	<u>04-10993</u>

**STIPULATION AND INTERIM ORDER (I) AUTHORIZING (A)  
SECURED POST-PETITION FINANCING ON A SUPER PRIORITY 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)**

Upon the motion (the "Motion") dated March 31, 2004 of Dan River Inc. and its affiliates and subsidiaries,<sup>1</sup> debtors and debtors in possession (collectively, the "Debtors"), (a) seeking this Court's authorization pursuant to sections 363(c), 364(c) and 364(d) of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (as amended, the "Bankruptcy Code") and Rules 2002, 4001(c) and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for the Debtors, among other things, (i) to obtain post-petition financing (the "Post-Petition Financing"), up to an aggregate principal amount not to exceed \$110,000,000 in the form of revolving loans and letters of credit (the "Revolving Commitment") and \$35,000,000 in the form of a single term loan to be drawn upon the entry of the Final Order (as defined below) (the "Term Commitment" and, together with the Revolving Commitment, the "Commitment") (in each case, plus accrued interest on the aggregate principal amount) from Deutsche Bank Trust

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<sup>1</sup> The other debtors are Dan River Factory Stores, Inc., Dan River International Ltd. and The Bibb Company LLC.

Company Americas and the other lenders party to the DIP Loan Agreement (as defined below) (together, the “Lenders”); (ii) to grant the Agent (as defined below) for the benefit of the Lenders and the other “Secured Parties” under the DIP Loan Agreement (collectively, the “Secured Parties”), pursuant to sections 364(c) and 364(d) of the Bankruptcy Code, security interests in all of the Debtors’ currently owned and after acquired property to secure the Debtors’ obligations under the Post-Petition Financing, subject to the Carve-Out (as defined below) and (iii) to grant the Secured Parties priority in payment with respect to such obligations over any and all administrative expenses of the kinds specified in sections 503(b) and 507(b) of the Bankruptcy Code, other than as described below; (b) seeking this Court’s authorization to use the Secured Parties’ cash collateral within the meaning of section 363(a) of the Bankruptcy Code (the “Cash Collateral”), pursuant to section 363(c) of the Bankruptcy Code and to provide adequate protection, pursuant to sections 361, 363(e) and 364(d) of the Bankruptcy Code to the Secured Parties; and (c) seeking a preliminary hearing (the “Preliminary Hearing”) on the Motion to consider entry of an interim order pursuant to Bankruptcy Rule 4001 (this “Order”) authorizing the Debtors to borrow from the Lenders under the Post-Petition Financing up to an aggregate of \$40,000,000 plus accrued interest on the aggregate principal amount upon the terms and conditions set forth in this Order pending the Final Hearing referred to below; and (c) requesting that a final hearing (the “Final Hearing”) be scheduled by this Court to consider entry of a final order (the “Final Order”) authorizing on a final basis, among other things, the Post-Petition Financing; and due and sufficient notice of the Motion under the circumstances having been given; and the Preliminary Hearing on the Motion having been held before this Court; and upon the entire record made at the Preliminary Hearing, and this Court having found good and sufficient cause appearing therefor;

The Debtors, the Lenders and the Agent STIPULATE for all purposes in these Chapter 11 cases (as defined below), and, subject to entry of the Final Order, the Court hereby makes the following FINDINGS:<sup>2</sup>

A. Unless otherwise specified, all capitalized terms used but not defined herein shall have the meanings given in the DIP Loan Agreement.

B. On March 31, 2004 (the "Filing Date"), the Debtors filed voluntary petitions for relief with this Court under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases"). The Debtors are continuing in possession of their property, and operating and managing their businesses, as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

C. This Court has jurisdiction over the Chapter 11 Cases and the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2).

D. The Lenders, Deutsche Bank Trust Company Americas, as agent (the "Agent"), Fleet Capital Corporation, as syndication agent, Wachovia Bank, National Association, as documentation agent, and Dan River Inc. (the "Borrower"), as borrower, are party to that certain Credit Agreement, dated as of April 15, 2003 (as amended, supplemented or otherwise modified prior to the commencement of these Chapter 11 Cases, the "Pre-Petition Credit Agreement" collectively with all collateral and ancillary documents executed in connection therewith, the "Pre-Petition Loan Documents"). Under the Pre-Petition Credit Agreement, the Borrower borrowed \$40,000,000 in the form of a term loan (the "Pre-Petition

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<sup>2</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact pursuant to Rule 7052 of the Bankruptcy Rules.

Term Loan") and was able to borrow up to \$160,000,000 in revolving loans (the "Pre-Petition Revolving Credit Facility")

E. Pursuant to that certain Security Agreement, that certain Pledge Agreement and certain Mortgages, each dated as of April 15, 2003, executed by the Borrower in favor of the Agent, the Borrower granted a security interest in substantially all of its property, real and personal, to the Agent for the benefit of itself and the Secured Parties to secure the Obligations (as defined in the Pre-Petition Credit Agreement) of the Borrower and (ii) pursuant to that certain Subsidiary Pledge Agreement, dated as of April 15, 2003 executed by the Borrower and Dan River International Ltd. ("DR Int'l") in favor of the Agent, DR Int'l granted a security interest in certain equity interests owned by DR Int'l to the Agent for the benefit of itself and the Secured Parties (each of the foregoing, as amended, supplemented or otherwise modified prior to the commencement of these Chapter 11 Cases, together with all other collateral and security documents executed in connection therewith, the "Pre-Petition Security Documents"). Each Pre-Petition Security Document shall be deemed to be a Pre-Petition Loan Document.

F. Without prejudice to the rights of the Committee (as defined herein) (but subject to the limitations described in ordering paragraph 21 below), the Debtors admit that, in accordance with the terms of the Pre-Petition Loan Documents, the Borrower is truly and justly indebted to the Lenders under the Pre-Petition Credit Agreement, without defense, counterclaim or offset of any kind, and that as of the Filing Date (i) the Borrower was liable to the Lenders (a) in respect of the Pre-Petition Term Loan in the aggregate principal amount of approximately \$34.3 million and (b) in respect of the Pre-Petition Revolving Credit Facility in the aggregate principal amount of approximately \$85.1 million (including letters of credit) (in each case plus attorneys' fees, costs, expenses, fees and interest accrued and unpaid thereon) (collectively, the

"Pre-Petition Indebtedness") and (ii) as of the Filing Date, the Debtors, in consideration of the Post-Petition Financing to be made under the Commitment, waive and release any and all causes of action and claims against the Lenders, the Agent, the other Secured Parties and their respective agents, representatives, assigns and successors.

G. Without prejudice to the rights of the Committee (but subject to the limitations described in ordering paragraph 21 below), the Debtors further admit that, by reason of the Pre-Petition Loan Documents, the Pre-Petition Indebtedness is secured by perfected, enforceable liens and security interests granted by the Borrower and DR Int'l to the Agent for the benefit of the Secured Parties, upon and in substantially all of the Borrower's and DR Int'l's assets and property (including the setoff rights described below, the "Pre-Petition Collateral"), including without limitation, real property, equipment, inventory, tax refunds, insurance proceeds, accounts receivable, instruments, chattel paper, general intangibles, contracts, documents of title, and all other tangible and intangible personal property and the proceeds and products thereof.

H. The Debtors do not have sufficient available sources of working capital and financing to carry on the operation of their businesses without the Post-Petition Financing and the use of the Lenders' Cash Collateral. The ability of the Debtors to maintain business relationships with their vendors and suppliers, to purchase new inventory and otherwise finance their operations, is essential to the Debtors' continued viability. In addition, the Debtors' critical need for financing is immediate. In the absence of the Post-Petition Financing and such use of the Cash Collateral, the continued operation of the Debtors' businesses would not be possible and serious and irreparable harm to the Debtors and their estates would occur. The preservation, maintenance and enhancement of the going concern value of the Debtors are of the utmost

significance and importance to a successful reorganization or sale of the Debtors under chapter 11 of the Bankruptcy Code.

I. Given the Debtors' current financial condition and capital structure, the Debtors are unable to obtain unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. Financing on a post-petition basis is not otherwise available without the Debtors granting, pursuant to section 364(c)(1) of the Bankruptcy Code, claims having priority over any and all administrative expenses of the kinds specified in sections 503(b) and 507(b) of the Bankruptcy Code, other than as described below, and securing such indebtedness and obligations with the security interests in and the liens upon the property described below pursuant to sections 364(c) and 364(d) of the Bankruptcy Code.

J. Notice of the Preliminary Hearing and the relief requested in the Motion has been given to (i) the Office of the United States Trustee, (ii) the creditors holding the 30 largest unsecured claims against the Debtors; and (iii) known holders of pre-petition liens against the Debtors' property. The office of the United States Trustee has not appointed an official committee of unsecured creditors (the "Committee") in any of the Chapter 11 Cases. Such notice constitutes good and sufficient notice of the Motion and Preliminary Hearing in accordance with Rule 4001 of the Bankruptcy Rules and section 102(1) of the Bankruptcy Code as required by sections 363 and 364 of the Bankruptcy Code.

K. Based on the record presented to this Court by the Debtors (and the Debtors and the Secured Parties have stipulated), the Post-Petition Financing has been negotiated in good faith and at arm's-length between the Debtors and the Secured Parties, and any credit extended and loans made to the Debtors pursuant to this Order shall be deemed to have been

extended, issued or made, as the case may be, in good faith as required by, and within the meaning of, section 364(e) of the Bankruptcy Code.

L. Based on the record before this Court (and the Debtors and the Secured Parties have stipulated), the terms of this Order, including, without limitation, the terms of the Post-Petition Financing, are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

M. The Debtors have requested immediate entry of this Order pursuant to Bankruptcy Rule 4001(c)(2). The permission granted herein to use Cash Collateral and enter into the Post-Petition Financing and obtain funds thereunder is necessary to avoid immediate and irreparable harm to the Debtors. This Court concludes that entry of this Order is in the best interests of the Debtors' respective estates and creditors as its implementation will, among other things, allow for the flow of supplies and services to the Debtors necessary to sustain the operation of the Debtors' existing businesses and enhance the Debtors' prospects for a successful reorganization or sale.

Based upon the foregoing findings, stipulations, and conclusions, and upon the record made before this Court at the Preliminary Hearing, and good and sufficient cause appearing therefor;

**IT IS HEREBY ORDERED that:**

1. Motion Granted. The Motion is granted on an interim basis, subject to the terms and conditions set forth in this Order.

2. Authorization. The Debtors are expressly authorized and empowered to (i) borrow money, use Cash Collateral, and perform their obligations pursuant to the provisions of this Order and (ii) enter into the postpetition credit agreement in substantially the form

attached to the Motion (the "DIP Loan Agreement") and such other agreements, instruments and documents (collectively, the "DIP Loan Documents") as may be necessary or required to evidence their obligations to the Agent, the Lenders and the other Secured Parties, to consummate the terms and provisions of the Motion and this Order and, if required by the Agent, to evidence perfection of the liens and security interests to be given to the Agent for the benefit of the Secured Parties pursuant hereto and thereto; provided that such DIP Loan Documents are not inconsistent with this Order. All post-petition loans and all other indebtedness and obligations incurred on or after the Filing Date by the Debtor to the Secured Parties pursuant to this Order and the DIP Loan Documents (including principal, accrued and unpaid interest, and costs and expenses) are referred to herein as the "DIP Indebtedness," and, together with the Pre-Petition Indebtedness, as the "Indebtedness." Following execution of the DIP Loan Documents, the Debtors and the Agent may enter into any nonmaterial amendments of or modifications to the DIP Loan Documents without the need of further notice and hearing or order of this Court.

3. Borrowing; Use of Cash Collateral. Subject to the terms and conditions of this Order and the DIP Loan Documents, (a) the Secured Parties hereby consent to the Debtors' limited use of the Lenders' Cash Collateral and (b) the Lenders will make post-petition revolving loans to, and issue letters of credit (subject to a sublimit therefor as set forth in the DIP Loan Agreement) for the account of, the Borrower not to exceed the lowest of (i) the Revolving Commitment, (ii) the Borrowing Base less the Availability Reserve and (iii) \$40,000,000, such loans and letters of credit subject in all respects to the limitations set forth in paragraph 14 with respect to the Approved Budget (as defined below). The Cash Collateral and the proceeds of any such post-petition loans shall be used to fund the budgeted expenditures set forth in the Approved Budget only in accordance with the provisions of ordering paragraph 14 hereof.



4. Adequate Protection, Costs and Fees. As adequate protection for the use of Cash Collateral, (i) all Pre-Petition Indebtedness shall bear interest at the Non-Default Rate provided in the Pre-Petition Credit Agreement; (ii) the Debtors shall be and hereby are directed to make such amortization payments, payments of principal with the proceeds of asset sales and other payments of principal on the Pre-Petition Term Loan as are set forth in the Pre-Petition Loan Documents and the DIP Loan Documents which are to be applied in the manner set forth in the Pre-Petition Credit Agreement and the DIP Loan Documents and (iii) the Lenders and the Agent shall be entitled to recover all of their reasonable out-of-pocket expenses whether incurred before or after the Filing Date, including reasonable consultants', attorneys' fees, costs and expenses incurred in connection with the Indebtedness to the extent provided in the Pre-Petition Credit Agreement or the DIP Loan Documents, as applicable. In consideration for providing the Post-Petition Financing, the Lenders and the Agent shall be entitled to, and the Borrower is hereby directed to pay, the fees and other amounts specified in the DIP Loan Documents, including those specified in any related fee letters.

5. Termination of Post-Petition Credit and Use of Cash Collateral. The Lenders' willingness to make loans hereunder and the Lenders' consent to the Debtors' use of Cash Collateral shall immediately and automatically terminate (except as the Lenders may otherwise agree in writing in their sole discretion as provided in the DIP Loan Agreement), and all Indebtedness shall be immediately due and payable in cash (except as the Lenders may otherwise agree in writing in their sole discretion as provided in the DIP Loan Agreement) upon the earliest to occur of the following (the "Loan Payment Date"):

- (i) One Business Day following the Final Hearing Date (as defined below) if a Final Order (as defined below) has not been entered on the Final Hearing Date;

(ii) the date of final indefeasible payment and satisfaction in full in cash of the Indebtedness;

(iii) the effective date of any confirmed plan of reorganization in any or all of the Chapter 11 Cases;

(iv) the consummation of the sale or other disposition of all or substantially all of the assets of the Debtors;

(v) Immediately upon the occurrence of any violation by the Debtors of this Order (including, but not limited to, the Debtors' failure to adhere to the Approved Budget as set forth in ordering paragraph 14 of this Order or violation of the covenants referred in ordering paragraph 15 of this Order) or the Final Order, or any Event of Default;

(vi) the dismissal of any of the Chapter 11 Cases or the conversion of any of the Chapter 11 Cases into a case under Chapter 7 of the Bankruptcy Code;

(vii) a trustee or an examiner with enlarged powers (beyond those set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code) relating to the operation of the business of any Debtor is appointed in any of the Chapter 11 Cases without the prior written consent of the Lenders (which consent may be withheld in their sole discretion), or any Debtor applies for, consents to, or acquiesces in, any such appointment without the prior written consent of the Lenders (which consent may be withheld in their sole discretion);

(viii) this Order or the Final Order is stayed, reversed, vacated, amended or otherwise modified in any respect without the prior written consent of the Lenders as provided in the DIP Loan Agreement (which consent may be withheld in their sole discretion); or

(ix) this or any other Court enters an order or judgment in any of the Chapter 11 Cases modifying, limiting, subordinating or avoiding the priority of any Indebtedness or the perfection, priority or validity of the Secured Parties' pre-petition or post-petition liens on any DIP Collateral (as defined below) or imposing, surcharging or assessing against the Lenders or their claims or any DIP Collateral any costs or expenses, whether pursuant to section 506(c) of the Bankruptcy Code or otherwise.

6. Security for Indebtedness.

(a) The Agent for the benefit of the Secured Parties is hereby granted as security for the repayment of all amounts of the Secured Parties' Cash Collateral used by the Debtors and for the DIP Indebtedness, pursuant to sections 363, 364(c)(2), 364(c)(3) and 364(d) of the Bankruptcy Code, a valid and perfected first priority priming lien, subject and junior only to any non-

avoidable, valid, enforceable and perfected Permitted Priority Liens, on all present and after-acquired personal and real property of the Debtors of any nature whatsoever, including, without limitation, all cash contained in any account maintained by the Debtors, all causes of action existing as of the Filing Date and the proceeds thereof, all causes of action arising under the Bankruptcy Code and all real property, the title to which is held by any Debtor, or possession of which is held by any Debtor pursuant to a leasehold interest (collectively with all proceeds and products of any or all of the foregoing, the "DIP Collateral"). Other than the first priority liens and security interests in favor of the Secured Parties pursuant to the DIP Loan Documents and this Order and the Permitted Priority Liens, no other claims, liens or security interests whether prior to or pari passu with the claims, liens or security interests of the Secured Parties shall attach to the DIP Collateral in these or any subsequent or superseding cases (including, without limitation, any conversion of any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code or any other proceeding related hereto or thereto (collectively, "Successor Case")) without the express written consent of the Lenders as provided in the DIP Loan Agreement (which consent may be withheld in their sole discretion). other than fees and expenses for a Chapter 7 Trustee The Agent, at its option, on behalf of the Secured Parties, may release at any time from its liens and security interests any assets determined by the Agent to have a risk of environmental liabilities which the Agent in its sole discretion deems unacceptable. In addition, except to the extent otherwise expressly set forth in this Order, or in a written instrument, agreement or other document executed by the Agent on behalf of the Secured Parties, no liens or security interests granted to the Secured Parties, and no claim of the Secured Parties, shall be subject to subordination to any other liens, security interests or claims under section 510 of the Bankruptcy Code or otherwise. Any security interest or lien upon the DIP Collateral which is avoided or otherwise preserved for the benefit of

any Debtor's estate under section 551 or any other provision of the Bankruptcy Code shall be subordinate to the security interests in and liens of the Agent for the benefit of the Secured Parties upon the DIP Collateral. Neither the Agent nor the Lenders shall seek to assert their superpriority claim in and lien on any proceeds of Avoidance Actions, unless, after reasonable attempts have been made to satisfy the Indebtedness from the Collateral, any Indebtedness remains unpaid; provided, that all proceeds of Avoidance Actions shall be held in a segregated account and shall not be distributed to other creditors of any Debtor until the Agents and the Lenders have received indefeasible payment in full on the Indebtedness and the Commitment has been terminated. In making the decision to make loans under the DIP Loan Documents and to extend other financial accommodations to the Debtors or to collect the indebtedness and obligations of the Debtors, neither the Agent, nor any Lender, shall be deemed to be in control of the operations of the Debtors or to be acting as a responsible person or owner or operator with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation, and Liability Act, as amended, or any similar Federal or State statute).

(b) All Cash Collateral used by the Debtors and all DIP Indebtedness shall be deemed to be part of the Obligations (as defined in the DIP Loan Agreement) of the Debtors, as well as obligations and indebtedness of the Debtors hereunder.

7. Limitations on Post-Petition Liens and Cross-Collateralization. The post-petition liens and security interests granted in the DIP Collateral under the DIP Loan Documents and this Order shall secure the Pre-Petition Indebtedness only to the extent the value of the Pre-Petition Collateral plus all net proceeds of sales or collections of Pre-Petition Collateral applied to the Pre-Petition Indebtedness as of any post-petition date of determination is less than the

value of the Pre-Petition Collateral as of the Filing Date (whether such decline in value is attributable to physical deterioration, consumption, use, shrinkage, decline in market value or otherwise), and (ii) the Secured Parties shall be entitled to all of the rights accorded to them pursuant to section 507(b) of the Bankruptcy Code.

8. Perfection of New Liens. All liens and security interests on or in the DIP Collateral granted to the Agent for the benefit of the Secured Parties by this Order and the DIP Loan Documents shall be, and they hereby are, deemed duly perfected and recorded under all applicable federal or state or other laws as of the date hereof, and no notice, filing, mortgage recordation, possession, further order, landlord or warehousemen lien waivers or other third party consents or other acts, shall be required to effect such perfection; provided, however, that notwithstanding the provisions of section 362 of the Bankruptcy Code, (i) any Secured Party may, at its sole option, file or record or cause the Debtors to obtain any such landlord or warehousemen lien waivers or other third party consents or execute, file or record, at the Debtors' expense, any such UCC financing statements, notices of liens and security interests, mortgages and other similar documents as the Agent may require, and (ii) any Secured Party may require the Debtors to deliver to the Secured Parties any chattel paper, instruments or securities evidencing or constituting any DIP Collateral, and the Debtors are directed to cooperate and comply therewith. If a Secured Party, in its sole discretion, shall elect for any reason to cause to be obtained any landlord or warehousemen lien waivers or other third party consents or cause to be filed or recorded any such notices, financing statements, mortgages or other documents with respect to such security interests and liens, or if the Agent, in accordance with the DIP Loan Documents or this Order, shall elect to take possession of any DIP Collateral, all such landlord or warehousemen lien waivers or other third party consents, financing statements or similar

documents or taking possession shall be deemed to have been filed or recorded or taken in these Chapter 11 Cases as of the commencement of these Chapter 11 Cases but with the priorities as set forth herein. All mortgages filed in connection with perfecting liens on the Pre-Petition Indebtedness shall remain in effect and be deemed effective with respect to perfecting any security interest in the Post-Petition Collateral. All collateral access agreements, blocked account agreements, control agreements, third-party license consents, collateral assignments and consents related thereto or the like which constitute Pre-Petition Loan Documents shall be deemed applicable to and enforceable with respect to the Post-Petition Financing. Any Secured Party may (in its discretion), but shall not be required to, file a certified copy of this Order in any filing or recording office in any county or other jurisdiction in which any Debtor has real or personal property and such filing or recording shall be accepted and shall constitute further evidence of perfection of the Agents' and Lenders' interests in the DIP Collateral.

9. Waiver. The Debtors and their estates (and any party in interest acting on behalf of any Debtor) hereby irrevocably waive, and are barred from asserting or exercising any right, (a) without the Secured Parties' prior written consent (which may be withheld in their sole discretion), or (b) without prior indefeasible payment and satisfaction in full of the Indebtedness: (i) to grant or impose, or request that the Court grant or impose, under section 364 of the Bankruptcy Code or otherwise, liens on or security interests in any DIP Collateral, which are pari passu with or superior to the Secured Parties' liens on and security interests in such DIP Collateral; (ii) to return goods pursuant to section 546(g) of the Bankruptcy Code to any creditor of any Debtor; or (iii) to consent to any creditor taking any setoff against any of such creditor's pre-petition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise, except as may be permitted by an order of this Court; provided

that all such setoffs must be consistent with the practice of the Debtors prior to the Filing Date and in the ordinary course of the Debtors' business; or (iv) to modify or affect any of the rights of the Secured Parties under this Order or any DIP Loan Documents by any order entered in any of the Chapter 11 Cases or any Successor Case.

10. Modification of Automatic Stay; Other Remedies. ~~The automatic stay~~

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pursuant to section 362 of the Bankruptcy Code is hereby vacated as to the Secured Parties to permit them to perform in accordance with, and exercise, enjoy and enforce their rights, benefits, privileges and remedies pursuant to this Order, the Pre-Petition Loan Documents and the DIP Loan Documents without further application or motion to, or order from, the Court, and regardless of any change in circumstances (whether or not foreseeable), neither section 105 of the Bankruptcy Code nor any other provision of the Bankruptcy Code or applicable law shall be utilized to prohibit the Secured Parties' exercise, enjoyment and enforcement of any of such rights, benefits, privileges and remedies. The Secured Parties are hereby granted leave, among other things, to (i) receive and apply payments of the Indebtedness and collections on and proceeds of the Pre-Petition Collateral and the DIP Collateral to the Indebtedness in the manner specified in this Order and the DIP Loan Documents, (ii) file or record any financing statements, mortgages or other instruments or other documents to evidence the security interests in and liens upon the DIP Collateral, (iii) charge and collect any interest, fees, costs, and expenses and other amounts accruing at any time under the DIP Loan Documents or this Order to the extent permitted by section 506(b) of the Bankruptcy Code, (iv) give any Debtor any notice provided for in any of the DIP Loan Documents or this Order and (v) upon the occurrence of an Event of Default or upon the Loan Payment Date, and without application or motion to, or order from the Court or any other court, ~~(a) terminate the Pre-Petition Credit Agreement and the Post-Petition~~

~~Financing under this Order and the other DIP Loan Documents, (b) declare all Indebtedness immediately due and payable, and require that any letters of credit outstanding be cash collateralized or terminated without liability to the Secured Parties in the manner provided in the DIP Loan Agreement, (c) revoke the Debtors' right, if any, under this Order and/or the other DIP Loan Documents to use Cash Collateral and (d) exercise all of other rights and remedies under the Pre-Petition Loan Documents, the DIP Loan Document, this Order or applicable law, including foreclosing or otherwise enforcing their liens on any or all of the Pre-Petition Collateral and the DIP Collateral. The Secured Parties shall be and hereby are authorized, in their sole discretion, to take any and all action and remedies which they deem appropriate to effectuate these rights and remedies. The Debtors shall cooperate with the Secured Parties in connection with any enforcement action by such parties by, among other things, (i) providing access to their premises to representatives of the Secured Parties, (ii) providing the Secured Parties access to their books and records, (iii) performing all other obligations set forth in the Pre-Petition Credit Agreement, the Pre-Petition Loan Documents, this Order and/or the other DIP Loan Documents, and (iv) taking reasonable steps to safeguard and protect the Pre-Petition Collateral and the DIP Collateral until the Secured Parties can make adequate provision to protect and safeguard the Pre-Petition Collateral and the DIP Collateral, and the Debtors shall not otherwise interfere or encourage others to interfere with the Secured Parties' enforcement of their rights.~~

11. Priority Claims; Section 506(c) Waiver. Subject to the Carve-Out described in ordering paragraph 12 below, the DIP Indebtedness shall have the highest administrative priority under section 364(c)(1) of the Bankruptcy Code, and shall have priority over all other costs and expenses of administration of any kind, including those specified in, or



ordered pursuant to, sections 105, 326, 328, 330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 726 or 1114 or any other provision, of the Bankruptcy Code or otherwise (whether incurred in any of the Chapter 11 Cases or any Successor Case), and shall at all times be senior

to the rights of any Debtor, any successor trustee or estate representative in any of the Chapter 11 Cases or any Successor Case. *So long as the Lenders consent to the use of Cash collateral or otherwise provide financing pursuant to the Budget, no*

~~no~~ costs or expenses of administration or other charge, lien, assessment or claim incurred at any time (including, without limitation, any expenses set forth in any Approved Budget or any other budget) by any person or entity shall be imposed against the Lenders, their claims, or their collateral under section 506(c) of the Bankruptcy Code or otherwise, unless, prior to incurring such costs or expenses the party proposing to incur such cost or expense shall obtain the written consent of the Lenders allowing such charge to be imposed against Lenders, their claims or their collateral under section 506(c) of the Bankruptcy Code.

Nothing in this Order or the Approved Budget or any other budget shall constitute the consent by the Secured Parties to the imposition of any costs or expense of administration or other charge, lien, assessment or claim (including, without limitation, any amounts set forth in the Approved Budget or any other budget) against the Secured Parties, their claims or their collateral (including the Pre-Petition Collateral and the DIP Collateral) under section 506(c) of the Bankruptcy Code or otherwise.

12. Carve-Out.

(a) Subject to the remaining provisions of this paragraph, the Secured Parties' liens on and security interests in the DIP Collateral and their administrative claims under section 364(c)(1) of the Bankruptcy Code shall be subject only to (i) the payment of any unpaid fees payable pursuant to 28 U.S.C. § 1930 and (ii) the payment of allowed, unpaid claims for fees and expenses incurred by professionals retained by an order of the Court, including fees and

expenses incurred prior to, and after, the occurrence of an Event of Default, not to exceed \$1,000,000 in the aggregate (the "Professional Expense Cap"), provided further, that any payments actually made to such professionals under sections 330 and 331 of the Bankruptcy Code after the occurrence of an Event of Default (and during the continuance of such an Event of Default) shall reduce the amount of the Professional Expense Cap on a dollar-for-dollar basis (the amounts specified in clauses (i) and (ii) including the limitations therein, collectively, the "Carve-Out"). In no event shall any of the Carve-Out (x) be paid from amounts on deposit in the Cash Collateral Account or (y) include any fees or expenses arising from any Successor Case other than those fees set forth in clause (a)(i) of this paragraph.

(b) Notwithstanding anything to the contrary in this Order or the DIP Loan Documents, the pre-petition and post-petition liens and security interests and the administrative priority claims of the Secured Parties shall be senior to, and no proceeds of Indebtedness or Cash Collateral (including any pre-petition retainer funded by the Lenders pursuant to the Pre-Petition Loan Documents) nor any Pre-Petition Collateral or DIP Collateral (or proceeds thereof) may be used to pay, any and all claims for services rendered by any of the professionals retained by the Debtors or by the Committee in connection with the investigation of, assertion of or joinder in any claim, counterclaim, action, proceeding, application, motion, objection, defense or other contested matter against the Secured Parties including, without limitation, any claim, action, proceeding or motion, the purpose of which is to seek or the result of which would be to obtain any order, judgment, determination, declaration or similar relief: (x) invalidating, setting aside, avoiding or subordinating, in whole or in part, the Indebtedness or the liens and security interests of the Secured Parties in the Pre-Petition Collateral or the DIP Collateral; or (y) preventing, hindering or otherwise delaying, whether directly or indirectly, the

exercise by the Secured Parties of any of their rights and remedies under the Pre-Petition Credit Agreement, the Pre-Petition Loan Documents, this Order and/or the DIP Loan Documents or the Secured Parties' enforcement or realization upon any of the liens on or security interests in any Pre-Petition Collateral or DIP Collateral; provided, however, that the foregoing limitations shall not apply to claims for services rendered by the professionals retained by the Committee in an amount not to exceed \$10,000 in connection with the investigation of the validity, extent, priority, avoidability or enforceability of the Pre-Petition Indebtedness or the Secured Parties' pre-petition liens and security interests on the Pre-Petition Collateral in accordance with paragraph 21 hereof. The Secured Parties shall retain their rights as a party in interest to object to any fee applications or other claims of any of the professionals retained by the Debtors or the Committee.

13. Cash Collection Procedures. From and after the date of the entry of this Order all collections and proceeds of any DIP Collateral or services provided by any Debtor and all other cash or cash equivalents which shall at any time come into the possession or control of any Debtor, or to which any Debtor shall become entitled at any time shall be deposited in the same bank accounts into which the collections and proceeds of the Pre-Petition Collateral were deposited under the Pre-Petition Credit Agreement (or in such other accounts as are designated by the Agent from time to time), and such collections and proceeds upon such deposit shall become the sole and exclusive property of the Secured Parties and shall be applied against the Pre-Petition Revolving Credit Facility, the Pre-Petition Term Loan (to the extent permitted under paragraph 4 hereof) and the DIP Indebtedness. All cash and cash equivalents of any Debtor currently in any account of any Debtor or otherwise in the possession or control of any Debtor constitutes proceeds of the Pre-Petition Collateral and shall be immediately remitted to the

Secured Parties for application against the Pre-Petition Indebtedness as set forth herein, except to the limited extent provided in the DIP Loan Agreement. All financial institutions in which any lockboxes, blocked accounts or other accounts of any Debtor are located are hereby authorized and directed to comply with any request of the Agent to turnover to the Agent all funds therein without offset or deduction of any kind subject to the terms of any applicable control agreement.

14. Budget; Use of Loan and Collateral Proceeds. Attached as Exhibit A hereto and incorporated herein by reference is a budget (which has been approved by the Lenders) setting forth by line item all projected cash receipts and cash disbursements for the time period from March 28, 2004 through July 17, 2004 ("Initial Approved Budget"). The Initial Approved Budget may be modified or supplemented from time to time as provided in the DIP Loan Agreement by additional budgets (covering any time period covered by a prior budget or covering additional time periods) to which the Agent and the Debtors agree in their respective sole discretion (each such additional budget, a "Supplemental Approved Budget"). The items approved by the Lenders in the Initial Approved Budget and any and all Supplemental Approved Budgets (acceptable to the Agent in its discretion) shall constitute an "Approved Budget." The Debtors' actual expenditures and actual cash receipts for any weekly period and in the aggregate (and the reporting of such expenditures and receipts) as compared to the Approved Budget shall conform to the requirements of the DIP Loan Agreement. Except as otherwise provided in ordering paragraphs 16 and 17 hereof, the proceeds of any loans or other extensions of credit made by the Lenders to the Borrower pursuant to this Order and the DIP Loan Documents, all proceeds of DIP Collateral and all Cash Collateral shall be used only as follows: (a) prior to the Loan Payment Date, for the payment of the expenses set forth in any Approved Budget (subject to the limitations and exceptions set forth in this ordering paragraph), and any portion of the

Indebtedness (other than the principal amount of the Pre-Petition Term Loan except as permitted by paragraph 4 hereof), and (b) on or after the Loan Payment Date, first, for the payment of any amounts constituting any part of the unused Carve-Out, second, for payment of the Indebtedness, and third, upon payment in full thereof in cash, then for the payment of any allowed administrative expenses or other claims in accordance with the provisions of the Bankruptcy Code and orders of this Court (including any expenses which remain unpaid as of the Loan Payment Date, but were authorized by the Approved Budget and incurred prior to the Loan Payment Date). The Secured Parties shall have no obligation with respect to the Debtors' use of the proceeds of the Post-Petition Financing, the DIP Collateral or Cash Collateral, and shall not be obligated to ensure or monitor the Debtors' compliance with any Approved Budget or to pay (directly or indirectly from their DIP Collateral) any expenses incurred or authorized to be incurred pursuant to the Approved Budget. Funds borrowed under this Order and Cash Collateral used under this Order shall be used by the Debtors in accordance with this Order. The Lenders' consent to any Approved Budget shall not be construed as a consent to the use of any Cash Collateral or a commitment to continue to provide Post-Petition Financing after the occurrence of an Event of Default or beyond the Loan Payment Date, regardless of whether the aggregate funds shown on the Approved Budget have been expended. To induce the Lenders to permit the Debtors to use Cash Collateral and borrow additional funds, the Debtors have agreed that as long as any Indebtedness is outstanding, the Debtors shall not make a motion for or otherwise seek, assert, argue for, encourage or support the use of Cash Collateral by the Debtors except as expressly permitted and consented to by the Lenders pursuant to the terms of this Order.

15. Covenants. The Debtors shall timely comply with all of the covenants set forth in ~~the Pre-Petition Credit Agreement, the Pre-Petition Loan Documents,~~ this Order and the DIP Loan Documents.

16. Application of Collateral Proceeds. All proceeds of Pre-Petition Collateral and all proceeds of DIP Collateral, in accordance with the requirements of paragraph 7, shall be applied (A) first, to the Pre-Petition Indebtedness other than the principal amount of the Pre-Petition Term Loan except as permitted by paragraph 4 hereof (in such order as determined by the Agent in its sole discretion) until paid in full, and (B) second, to the DIP Indebtedness (in such order as determined by the Agent in its sole discretion). The Debtors shall not have the right to direct the manner of application of any payments to the Secured Parties or any other receipts by the Secured Parties of proceeds of any of the Pre-Petition Collateral or DIP Collateral other than in the manner set forth in this ordering paragraph and the Pre-Petition Credit Agreement.

17. Non-Ordinary Course Dispositions. No sale, lease or other disposition of Pre-Petition Collateral or DIP Collateral outside the ordinary course of business (including any auction or other similar sales) may be done without the Agent's or, as applicable, the Lenders' written consent, except as expressly provided in the DIP Loan Agreement.

18. Secured Parties' Reservation of Rights; No Waiver. The Secured Parties do not waive, and expressly reserve, any and all claims, defenses, rights and remedies they have pursuant to any or all of the DIP Loan Documents, the Bankruptcy Code and/or other applicable law against any Debtor and any officer, director, employee, agent or other representative of any Debtor. In addition, the rights and obligations of the Debtors and the rights, claims, liens, security interests and priorities of the Secured Parties arising under this Order are in addition to,

and are not intended as a waiver or substitution for, the rights, obligations, claims, liens, security interests and priorities granted by the Debtors, in their pre-petition capacity, under the Pre-Petition Loan Documents.

19. Order Binding on Successors. The provisions of this Order shall be binding upon and inure to the benefit of the Lenders, the Agent, the other Secured Parties, the Debtors, and their respective successors and assigns (including any trustee or other estate representative appointed as a representative of any Debtor's estate or of any estate in any Successor Case). Except as otherwise explicitly set forth in this Order, no third parties are intended to be or shall be deemed to be third party beneficiaries of this Order or the DIP Loan Documents.

20. Releases and Validation of Pre-Petition Indebtedness and Liens:  
Allowance of Secured Claim. The release, discharge, waivers and agreements set forth in this ordering paragraph will be deemed effective upon the entry of this Order, subject only to the right of the Committee to object on the terms and conditions set forth in ordering paragraph 21 below. Each of the Debtors and their estates, hereby: (a) releases and discharges the Lenders, the Agent, and the other Secured Parties, together with their affiliates, agents, attorneys, officers, directors and employees from any and all claims and causes of action arising out of, based upon or related to, in whole or in part, any of the Pre-Petition Loan Documents, any aspect of the pre-petition relationship between the Lenders, the Agent, the other Secured Parties and any Debtor, or any other acts or omissions by the Lenders, the Agent and the other Secured Parties in connection with any of the Pre-Petition Loan Documents or their pre-petition relationship with any Debtor; (b) waives any and all defenses (including, without limitation, offsets and counterclaims of any nature or kind) as to the validity, perfection, priority, enforceability and

nonavoidability (under §§ 510, 544, 545, 547, 548, 550, 551, 552 or 553 of the Bankruptcy Code or otherwise) of the Pre-Petition Indebtedness and the security interests in and liens on the Pre-Petition Collateral in favor of the Agent for the Secured Parties (which liens and security interests are first priority subject only to the Prior Claims); and (c) agrees, without further Court order and without the need for the filing of any proof of claim, to the allowance of the pre-petition claims of the Secured Parties pursuant to sections 502 and 506 of the Bankruptcy Code on account of the Pre-Petition Indebtedness as fully secured claims according to the Secured Parties' books and records, the principal amount of which is not less than approximately \$119.1 million (including letters of credit) as of the Filing Date, plus accrued pre-petition and post-petition interest, fees, expenses and other amounts chargeable under the Pre-Petition Loan Documents.

21. Objections by Parties in Interest. Except as set forth in this ordering paragraph, all of the provisions of this Order shall be final and binding on the Debtors and all creditors and other parties in interest. The Committee shall have until [60] days from the date of the formation of the Committee, within which to file, on behalf of the Debtors, and to serve upon counsel for the Agent, objections or complaints respecting (a) the claims, causes of actions and defenses released by the Debtors pursuant to ordering paragraph 20 above or (b) the validity, extent, priority, avoidability, or enforceability of the Pre-Petition Indebtedness or the Secured Parties' pre-petition liens on and pre-petition security interests in the Pre-Petition Collateral. In the event that no objections or complaints are filed with this Court and served upon counsel of record for the Agent within the time period set forth above, the provisions of ordering paragraph 20 of this Order shall become final and binding on all such parties.



22. Effect of Modification of Order. The Debtors shall not, without Agent's prior written consent, seek to modify, vacate or amend this Order or any DIP Loan Documents. If any of the provisions of this Order are hereafter modified, vacated or stayed by subsequent order of this or any other Court (including a confirmation order), such stay, modification or vacatur shall not affect the validity of any Obligation outstanding immediately prior to the effective time of such stay, modification or vacation, or the validity and enforceability of any lien, priority, right, privilege or benefit authorized hereby with respect to any such Obligations.

Notwithstanding any such stay, modification or vacatur, any Obligation outstanding immediately prior to the effective time of such modification, stay or vacatur shall be governed in all respects by the original provisions of this Order, and the Secured Parties shall be entitled to all the rights, privileges and benefits, including, without limitation, the security interests and priorities granted herein, with respect to all such Obligations.

23. Safe Harbor. The Court has considered and determined the matters addressed herein pursuant to its powers under the Bankruptcy Code, including the power to authorize the Debtors to obtain credit on the terms and conditions upon which the Debtors and the Lenders have agreed. Thus, each of such terms and conditions constitutes a part of the authorization under section 364 of the Bankruptcy Code, and is, therefore, subject to the protections contained in section 364(e) of the Bankruptcy Code. If any or all of the provisions of this Order are hereafter reversed, modified, vacated or stayed, such reversal stay, modification or vacation shall not affect: (y) the validity of any obligation, indebtedness or liability incurred after the Filing Date hereunder by the Debtors to the Agent and the Lenders prior to the date of receipt of written notice to the Agent of the effective date of such reversal, stay, modification or vacation; or (z) the validity and enforceability of any lien or priority authorized or created hereby

or pursuant to the DIP Loan Agreement or the other DIP Loan Documents. Notwithstanding any such reversal, stay, modification or vacation, any indebtedness, obligation or liability incurred after the Filing Date hereunder by the Debtors to the Agent and the Lenders prior to written notice to the Agent of the effective date of such reversal, stay, modification or vacation shall be governed in all respects by the original provisions of this Order and the Agent and the Lenders shall be entitled to all the rights, remedies, privileges and benefits granted herein and pursuant to the DIP Loan Agreement and the other DIP Loan Documents with respect to all such indebtedness, obligations or liability.

24. Subsequent Hearing; Procedure for Objections and Entry of Final Order.

The Motion is set for a final hearing ("Final Hearing") before this Court at 2:00 p.m. on April 21, 2004 (such date or such later date to which the Final Hearing is adjourned or continued with the Agent's consent, the "Final Hearing Date"), at which time any party in interest may present any timely filed objections to the entry of the Final Order, which must be in form and substance acceptable to the Agent and the Lenders in their sole discretion. The Debtors shall promptly serve a notice of entry of this Order and the Final Hearing, together with a copy of this Order, by regular mail upon (i) the parties identified in finding paragraph J hereof (ii) state and local taxing authorities, (iii) parties to blocked account agreements, license consents, control agreements, collateral access agreements and other similar documents and (iii) any other party which theretofore has filed in the Chapter 11 Cases a request for special notice with this Court and served such request upon Debtors' counsel. The notice of the entry of this Order and the Final Hearing shall state that objections to the entry of a Final Order on the Motion shall be in writing and shall be filed with the United States Bankruptcy Clerk for the Northern District of Georgia (Newnan Division) no later than April 22, 2004, which objections shall be served so that the

same are received on or before 4:00 p.m. (Eastern time) of such date by (i) Sarah Borders, King & Spalding LLP, 191 Peachtree Street, Atlanta, Georgia 30303, counsel to the Debtors, (ii) Robert Rosenberg, Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, New York 10022 and Jesse Austin, Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree St., N.E., Atlanta, Georgia 30308, co-counsel to the Agent and (iii) the United States Trustee. Any objections by creditors or other parties in interest to any of the provisions of this Order shall be deemed waived unless filed and served in accordance with this paragraph.

25. Objections Overruled or Withdrawn. All objections to the entry of this Order have been withdrawn or overruled.

26. Controlling Effect of Order. To the extent any provisions in this Order conflict with any provisions of the Motion, any Pre-Petition Loan Document or any DIP Loan Document, the provisions of this Order shall control.

27. Order Effective. This Order shall be effective as of the date of signature by the Court, notwithstanding the provisions of Rule 6004(g) of the Bankruptcy Rules to the extent applicable.

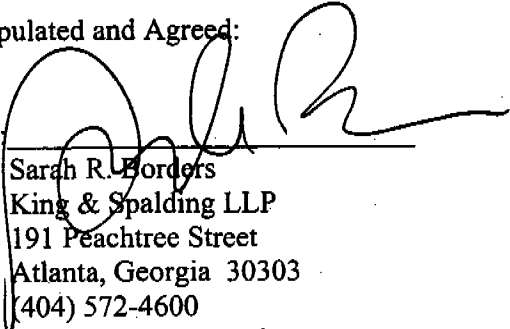
IT IS SO ORDERED.

DATED this 1 day of April, 2004.

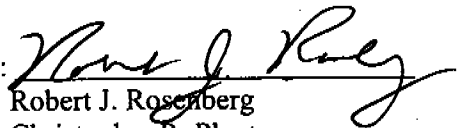
  
UNITED STATES BANKRUPTCY JUDGE

Stipulated and Agreed:

By:

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

By:

  
Robert J. Rosenberg  
Christopher R. Plaut  
Roland S. Young  
Latham & Watkins LLP  
885 Third Avenue, Suite 1000  
New York, New York 10022  
(212) 906-1200  
Attorneys for Deutsche Bank Trust Company Americas  
as Agent and a Lender

**EXHIBIT A**

**Budget**

Don River Inc.  
Projected Cash Flow

	3-Apr	10-Apr	17-Apr	24-Apr	1-May	8-May	15-May	22-May	29-May	5-Jun	12-Jun	19-Jun	26-Jun	3-Jul	10-Jul	17-Jul
<b>DISBURSEMENTS</b>																
checks : checks cleared	(3,000)	(751)	(939)	(1,877)	(2,816)	(3,004)	(4,158)	(4,158)	(4,158)	(4,158)	(3,456)	(3,456)	(3,456)	(3,456)	(4,154)	(4,154)
wire transfers :																
net payroll - o/s clearing	(1,090)	(1,220)	(1,080)	(1,125)	(1,060)	(1,205)	(1,000)	(1,185)	(1,030)	(1,065)	(1,050)	(1,165)	(2,220)	(2,835)	(348)	(1,268)
net payroll - direct deposit	(1,285)	(250)	(1,285)	(250)	(1,285)	(250)	(1,285)	(250)	(1,285)	(250)	(1,285)	(250)	(1,285)	(250)	(1,285)	(250)
net payroll - flex pay	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(10)
payroll taxes	(450)	(1,035)	(465)	(1,035)	(465)	(1,035)	(465)	(1,035)	(465)	(1,035)	(465)	(1,035)	(1,035)	(1,035)	(465)	(1,035)
401K deductions	(150)	(25)	(150)	(25)	(150)	(25)	(150)	(25)	(150)	(25)	(150)	(25)	(150)	(25)	(150)	(25)
pension	(3,016)	(500)	(500)	(1,000)	(500)	(500)	(500)	(1,000)	(600)	(600)	(600)	(600)	(1,000)	(600)	(600)	(3,016)
ppc medical payments	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(700)	(700)	(700)	(700)	(1,200)	(600)	(600)	(600)
utility payments	-	(25)	(25)	(550)	(700)	-	(25)	(48)	-	-	-	(48)	(1,200)	-	-	(48)
airplane lease payment	-	(48)	(48)	-	-	-	-	-	-	-	-	-	-	-	-	-
vendor wires	-	(3,004)	(2,816)	(1,877)	(939)	(751)	(462)	(462)	(462)	(462)	(384)	(384)	(384)	(384)	(500)	(500)
critical vendors	(650)	-	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(750)	(750)	(750)	(300)	(300)	(300)
LIC's cash doc's	(1,752)	(1,714)	(444)	(456)	(206)	(220)	(225)	(300)	(225)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
DR de Mexico	(100)	(75)	(50)	(75)	(50)	(75)	(50)	(75)	(50)	(75)	(50)	(75)	(50)	(75)	(50)	(75)
sub-total	(9,001)	(7,923)	(7,371)	(6,893)	(5,863)	(4,561)	(4,837)	(5,340)	(5,467)	(4,320)	(5,034)	(4,665)	(9,204)	(6,362)	(3,698)	(7,727)
Interest :																
bank revolver / swingline	(156)	(66)	-	-	-	(217)	-	-	-	(349)	-	-	-	(338)	-	-
bank term loan	(131)	-	-	-	-	(114)	-	-	-	(133)	-	-	-	(129)	-	-
senior sub notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IDRB's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ANB (offray)	-	-	-	(1)	-	-	(66)	-	-	-	-	-	-	-	-	-
Virginia Dev. (wamco)	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)	-	-	-
Fees	(2,200)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
sub-total	(2,487)	(66)	-	(1)	-	(332)	-	(67)	-	(482)	-	-	(1)	(466)	-	-
principal :																
bank revolver / swingline	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
bank term loan	(1,429)	-	-	-	-	-	-	-	-	-	-	-	-	(1,429)	-	-
IDRB's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ANB (offray)	-	-	-	-	-	-	(40)	-	-	-	-	-	-	-	-	-
Virginia Dev. (wamco)	-	-	-	(7)	-	-	(7)	-	-	-	-	-	-	-	-	-
sub-total	(1,429)	-	-	(7)	-	-	(47)	-	-	-	-	-	-	(1,429)	-	-
other	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
bankruptcy costs:																
Professionals	(593)	-	-	-	-	(797)	-	-	-	(797)	-	-	-	(797)	-	-
Deposits and Retainers	(2,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
total disbursements	(18,634)	(8,765)	(8,435)	(6,904)	(5,864)	(4,819)	(9,121)	(9,738)	(9,760)	(9,882)	(8,615)	(8,246)	(12,766)	(12,634)	(7,977)	(12,006)
<b>COLLECTIONS</b>																
total collections	8,921	10,082	9,605	9,769	9,905	10,718	9,569	9,085	9,874	12,066	10,083	9,385	9,301	9,834	10,465	10,494
sub total inflow ( outflow )	(9,712)	1,316	1,170	865	1,101	1,899	449	(653)	123	2,184	1,469	1,140	(3,465)	(2,800)	2,488	(1,512)
<b>REVOLVER ACTIVITY</b>																
REVOLVER BALANCE	9,700	(1,300)	(1,200)	(900)	(1,100)	(1,900)	(400)	700	(100)	(2,200)	(1,500)	(1,100)	3,500	2,800	(2,500)	1,500
LIBOR LOANS	87,300	86,000	84,800	83,900	82,900	80,900	80,500	81,200	81,100	78,900	77,400	76,300	79,800	82,600	86,100	81,800
revolver ABR	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
cash accounts :	15,300	14,000	12,800	11,900	10,800	8,900	8,500	9,200	9,100	6,900	5,400	4,300	7,800	10,600	8,100	9,600
beginning	247	234	251	221	186	187	186	235	282	305	289	257	297	313	313	301
ending	234	251	221	186	235	186	235	282	305	289	257	297	313	313	301	289

DAN RIVER – DIP ORDER INSERT *for paragraph 10*

a. Except as set forth in subparagraph (b) of this paragraph, which governs any action by the Secured Parties to foreclose on their liens on any DIP Collateral or to exercise any other default-related remedies (other than those specifically referenced in the next sentence), the automatic stay pursuant to § 362 of the Bankruptcy Code is hereby vacated as to the Secured Parties to permit them to perform in accordance with, and exercise, enjoy and enforce their rights, benefits, privileges and remedies pursuant to this Order, the Pre-Petition Loan Documents and the DIP Loan Documents without further application or motion to, or order from, the Court, and regardless of any change in circumstances (whether or not foreseeable), neither § 105 of the Bankruptcy Code nor any other provision of the Bankruptcy Code or applicable law shall be utilized to prohibit the Secured Parties' exercise, enjoyment and enforcement of any of such rights, benefits, privileges and remedies. The Secured Parties are hereby granted leave, among other things, to (a) receive and apply payments of the Indebtedness and collections on and proceeds of the Pre-Petition Collateral and the DIP Collateral to the Indebtedness in the manner specified in this Order and the DIP Loan Documents, (b) file or record any financing statements, mortgages or other instruments or other documents to evidence the security interests in and liens upon the DIP Collateral, (c) to the extent permitted by § 506(b) of the Bankruptcy Code, charge and collect any interest, fees, costs, and expenses and other amounts accruing at any time under the DIP Loan Documents or this Order as provided therein, (d) to give any Debtor any notice provided for in any of the DIP Loan Documents or this Order and (e) upon the occurrence of an Event of Default or upon the Loan Payment Date, and without application or motion to, or order from the Court or any other court, (i) terminate the Pre-Petition Credit Agreement and the Post-Petition Financing under this Order and the other DIP Loan Documents, (ii) declare all Indebtedness immediately due and payable, and require that any letters of credit outstanding be cash collateralized or terminated without liability to the Secured Parties in the manner provided in the DIP Loan Agreement, and (iii) revoke the Debtors' right, if any, under this Order and/or the other DIP Loan Documents to use Cash Collateral. *2*

b. Upon the occurrence of any Event of Default or upon the Loan Payment Date and ~~the~~ Business Days after the Agent has filed with the Bankruptcy Court, and served by hand delivery, facsimile or overnight mail on counsel to the Debtors, ~~the Committee and the Office of the United States Trustee, an affidavit~~ identifying any default hereunder or Event of

*a statement*

Default under the DIP Loan Documents, the automatic stay under section 362 of the Bankruptcy Code shall be deemed vacated and modified with respect to the Secured Parties for the purpose of exercising all of their rights and remedies under the Pre-Petition Loan Documents, the DIP Loan Document, this Order or applicable law, including foreclosing or otherwise enforcing their liens on any or all of the Pre-Petition Collateral and the DIP Collateral, and the Secured Parties shall be and hereby are authorized, in their discretion, to take any and all action and remedies which they deem appropriate to effectuate these rights and remedies ~~}; provided that the Debtors, the Committee and/or the United States Trustee have not obtained an order of this Court (following notice to the Agent and a hearing) reimposing the automatic stay upon the Secured Parties within such 3-day notice period.~~ The Debtors shall have the burden of proof at any hearing on such request and the only issue that may be raised or addressed at such hearing is whether a default hereunder or an Event of Default under the DIP Loan Documents exists. ~~Subject to the Debtors' right in the foregoing sentence,~~ <sup>6</sup> The Debtors shall cooperate with the Secured Parties in connection with any enforcement action by such parties by, among other things, (i) providing access to their premises to representatives of the Secured Parties, (ii) providing the Secured Parties access to their books and records, (iii) performing all other obligations set forth in the Pre-Petition Credit Agreement, the Pre-Petition Loan Documents, this Order and/or the other DIP Loan Documents, and (iv) taking reasonable steps to safeguard and protect the Pre-Petition Collateral and the DIP Collateral until the Secured Parties can make adequate provision to protect and safeguard the Pre-Petition Collateral and the DIP Collateral, and the Debtors shall not otherwise interfere or encourage others to interfere with the Secured Parties' enforcement of their rights.



Enterprise Systems Incorporated  
11487 Sunset Hills Road  
Reston, Virginia 20190-5234

# CERTIFICATE OF SERVICE

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

User: hardwickm  
Form ID: pdf491

Page 1 of 1  
Total Served: 7

Date Rcvd: Apr 01, 2004

The following entities were served by first class mail on Apr 03, 2004.

db Dan River Inc., P.O. Box 261, Danville, VA 24543  
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 King & Spalding LLP, 191 Peachtree Street, Atlanta, GA 30303  
aty Lamberth, Cifelli, Stokes & Stout, P.A., 3343 Peachtree Road, NE, East Tower, Suite 550,  
Atlanta, GA 30326-1009  
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

The following entities were served by electronic transmission.

NONE. TOTAL: 0

\*\*\*\*\* BYPASSED RECIPIENTS \*\*\*\*\*

NONE. TOTAL: 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: Apr 03, 2004

Signature:

