

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
: Case No. 02-40667-brl
GUILFORD MILLS, INC., *et al.*, :
: (Jointly Administered)
Debtors. :
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**FIRST AND FINAL APPLICATION OF GRANT THORNTON LLP
FOR APPROVAL OF PROFESSIONAL FEES FOR THE PERIOD
FROM JUNE 3, 2002 THROUGH SEPTEMBER 20, 2002**

TO THE HONORABLE BURTON R. LIFLAND,
UNITED STATES BANKRUPTCY JUDGE:

Grant Thornton LLP (“Grant Thornton”) respectfully files this First and Final Application (the “Application”) for approval of professional fees of Grant Thornton as auditors, accounting and tax advisors for Guilford Mills, Inc. (“Guilford”) and certain of its subsidiaries (collectively, the “Debtors”) for the period from June 3, 2002 through September 20, 2002 (the “Application Period”). This Application is filed pursuant to §§ 330 and 331 of Title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). In support of the Application, Grant Thornton states:

INTRODUCTION

1. This Application is made for the first and final allowance of compensation for services rendered as auditors, accounting and tax advisors to the Debtors during the Application Period in the total amount of \$250,202.75, representing \$226,202.75 for 1,107.8 hours of services rendered by professionals on an hourly basis, plus \$24,000 for Plan Services,

described herein. Attached as Exhibit A is a Fee Application Summary Sheet (the “Fee Summary”) as required by the Executive Office of the U.S. Trustee’s Guidelines (the “Guidelines”) dated March 22, 1995, as amended January 30, 1996.

2. On March 13, 2002 (the “Filing Date”), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Court has entered an order directing the joint administration of these cases pursuant to Rule 1015(b) of the Bankruptcy Rules.

3. Guilford, a publicly held company, is a leading worldwide producer and seller of warp knit, circular knit, flat-woven and woven valor fabrics. Through its domestic and foreign subsidiaries, Guilford operates manufacturing, processing, finishing and retail facilities in nine states, Mexico, Brazil, Portugal, and the United Kingdom.

4. On March 26, 2002, the United States Trustee appointed an official committee of unsecured creditors (the “Committee”), which has retained Thelen Reid & Priest LLP as its counsel and Deloitte & Touche LLP as its financial advisors.

5. On August 6, 2002, the Debtors filed an application for authority to employ Grant Thornton LLP as auditors, accounting and tax advisors for the debtors, *nunc pro tunc* to June 3, 2002 (the “Retention Application”). The Retention Application states the terms and conditions of Grant Thornton’s employment and are incorporated herein by reference.

6. On or about August 15, 2002, the Debtors filed their Amended Joint Plan of Reorganization (as subsequently amended, modified or supplemented, the “Plan”). On September 20, 2002, this Court entered an order confirming the Plan.

7. On September 30, 2002, this Court entered an order approving the Retention Application (the “Retention Order”), a copy of which is attached hereto as Exhibit B.

8. In June, 2002, Grant Thornton was also retained by various Plans related to Guilford Mills, including its 401(k) Savings and Investment Plan (the "401(k) Plan"), Salaried Associate Retirement Profit Sharing Plan (the "Profit Sharing Plan"), and Health Care Plan (collectively, the "Guilford Plans"), to provide certain audit services (the "Plan Services") to the Guilford Plans. Grant Thornton agreed to provide the Plan Services on a flat-fee basis as follows: \$8,000 for the 401(k) Plan; \$9,000 for the Profit Sharing Plan; and \$7,000 for the Health Care Plan, (collectively, the "Plan Services Fees"). Because it was subsequently determined that the terms of the Guilford Plans do not permit the payment of auditors fees directly from the Guilford Plans' assets, the Debtors have agreed to seek this Court's approval of the expansion of Grant Thornton's retention to include the Plan Services. For this reason, this Application also seeks approval of the Plan Services Fees.

FEES INCURRED AND PAID DURING THE APPLICATION PERIOD

9. All services for which compensation is sought herein were rendered by Grant Thornton to, or on behalf of, the Debtors and not on behalf of the creditors, individual equity holders or any other persons.

10. This Application is submitted in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules and Orders of this Court and the amended Guidelines for compensation and reimbursement of expenses to professionals ("Guidelines").

11. The Amended Order Pursuant to §§ 331 and 105(a) of the Bankruptcy Code Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals signed by the Honorable Burton R. Lifland, Bankruptcy Judge on April 3, 2002, (the "Monthly Procedures Order") established the procedures for monthly compensation and

reimbursement of expenses of professionals serving the Debtors. Pursuant to the Monthly Procedures Order, Grant Thornton has billed the Debtors, with copies to the other parties specified by the Monthly Procedures Order, for payment of the amounts sought herein. Because of an inadvertent oversight and the timing of the entry of the Retention Order, copies of these bills were not initially provided to the other parties specified by the Monthly Procedures Order. Copies of these bills have been subsequently sent to those parties. As of the date of this Application, Grant Thornton is not aware of any objections to these bills and the Debtors have paid \$20,600 to Grant Thornton. This amount represents 80% of the amount sought for services related to the 401(k) Plan and Profit Sharing Plan and 100% of the services related to the Health Care Plan..

12. Grant Thornton submits this Application pursuant to §§ 330 and 331 of the Bankruptcy Code and Federal Bankruptcy Procedures 2016. Grant Thornton is requesting approval and allowance of compensation for professional services provided during the Application Period in the amount of \$250,202.75 which represents 100% of Grant Thornton's fees for the Application Period.

13. In rendering the services described herein, with the exception of the Plan Services, Grant Thornton expended a total of 1,107.8 hours during the Application Period.

14. The rates sought for approval herein are Grant Thornton's usual and customary billing rates for the types of services performed and are in accordance with the application (the "Retention Application") dated August 6, 2002 of the Debtors for entry of an order, pursuant to §§ 327(a) and 328(a) of the Bankruptcy Code, authorizing the Debtors to retain and employ the firm of Grant Thornton, attached hereto as Exhibit C, and the affidavit of

Jeffrey L. Burgess in support of the Retention Application, which is attached to the Retention Application as Exhibit 1.

15. The Fee Summary attached hereto as Exhibit A is a summary of the hours charged for the services rendered by Grant Thornton, including the following for each professional who worked on the case during the Application Period: (a) his or her position at the time of application; (b) area of expertise; (c) hours worked; (d) hourly rate; and (e) total fees.

16. As auditors, accounting and tax advisors for the Debtors, Grant Thornton has performed extensive auditing, accounting and tax services. The major project categories to which Grant Thornton has devoted substantial attention during the Application Period are categorized as follows:

A. Audit Services. Grant Thornton performed auditing services in connection with the audit of the Debtors' consolidated balance sheet as of September 29, 2002, and the related consolidated statements of operations, stockholders equity, and cash flows for the year then ending, and schedules supporting each financial statement.

B. Review Services. Grant Thornton performed the review services in connection with the Debtors' financial statements for the period ended June 30, 2002.

C. Tax Services. Grant Thornton prepared various federal, state and local tax returns, as well as assisted with a wide range of other tax matters.

D. Loaned Staff Services. Grant Thornton provided certain personnel to assist with the preparation and compiling of certain documents, schedules and information related to the Debtors' bankruptcy filings.

These services are described in greater detail in the various exhibits attached hereto and in the Retention Application.

17. Attached hereto as Exhibit D is a summary of professional services rendered by Grant Thornton during the Application Period by each major project category, by the individual rendering such services, including the hours expended by these individuals and their related fees. Attached hereto as Exhibit E are the detailed descriptions of professional services rendered by Grant Thornton during the Application Period by major project category, including the dates the services were performed, the identities of the individuals rendering such services, the hours expended by these individuals, and a description of the services rendered.

18. The fees applied for herein are based on hourly rates that reflect usual and customary fees for services of a similar nature performed for other clients of Grant Thornton, including those clients not involved in the chapter 11 proceeding.

19. Grant Thornton's rates vary by individual based on the nature of the services provided, the professional's experience level, as well as the geographic location of the professionals.

20. The services described herein were reasonable and necessary for Grant Thornton to discharge its duties and obligations to the Debtors and this Court. In rendering these services, Grant Thornton made every effort to maximize the benefit to the Debtors and to judiciously allocate responsibilities among Grant Thornton professionals and work with other professionals employed in the case to avoid duplication of effort.

21. Grant Thornton has performed its responsibilities in a cost effective manner commensurate with providing the high quality professional advice and service required by the debtors. Grant Thornton has met with the management of the Debtors and believes that the Debtors are pleased with the quality, nature and results achieved from Grant Thornton's assistance.

22. No agreement or understanding exists between Grant Thornton and any other persons, save amongst the Grant Thornton's partners and principals, for the sharing or division of the compensation received by Grant Thornton for services rendered in, or in connection with, this case.

23. The grant of the requested relief will not prejudice any party in interest in any way. The services rendered by Grant Thornton in these cases have advanced the interests and concerns of all parties in interest.

24. In accordance with the factors enumerated in § 330 of the Bankruptcy Code, the amounts requested by Grant Thornton are fair and reasonable given (a) the nature and extent of services rendered; (b) the actual time expended; and (c) the costs of comparable services other than in a case under the Bankruptcy Code.

25. Attached hereto as Exhibit F is a Certification in accordance with the Guidelines.

WHEREFORE, Grant Thornton respectfully requests that this court enter an order (a) approving the professional services rendered during the Application Period in the amount of ~~\$250,205~~ **250,202.75**, (b) directing the Debtors to disburse to Grant Thornton 100% of its professional services fees in the amount of ~~\$250,205~~ **250,202.75** to the extent not previously disbursed, and (c) granting such other and further relief as the court deems just and proper.

DATED: October 30, 2002

GRANT THORNTON LLP

By: Jeffrey L. Burgess
Jeffrey L. Burgess

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
: Case No. 02-40667-brl
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GUILFORD MILLS, INC., *et al.*, :
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:(Jointly Administered)
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Debtors. :
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**FEE SUMMARY FOR GRANT THORNTON LLP
IN SUPPORT OF FIRST AND FINAL APPLICATION FOR APPROVAL OF
PROFESSIONAL FEES FOR THE PERIOD
FROM JUNE 3, 2002 THROUGH SEPTEMBER 20, 2002**

AUDIT SERVICES

<u>Name</u>	<u>Position</u>	<u>Hours Engaged</u>	<u>Hourly Rate</u>	<u>Total</u>
Jeff Burgess	Partner	11.5	362	\$ 4,163
Dewayne Southern	Manager	70.0	248	17,360
Tripp Miller	Senior	85.5	177	15,134
Sarah Blevins	Senior	58.8	164	9,643
Will Rike	Associate	51.0	125	6,375
Total		276.8		\$52,675

Computed Blended Hourly Rate: \$190.30

REVIEW SERVICES

<u>Name</u>	<u>Position</u>	<u>Hours Engaged</u>	<u>Hourly Rate</u>	<u>Total</u>
Jeff Burgess	Partner	13.0	362	\$ 4,706
Dexter Manning	Partner	2.0	362	724
Brad Gabosch	Partner	2.0	362	724
Jason Yaudes	Manager	61.5	248	15,252
Dewayne Southern	Manager	19.0	248	4,712
Brian Lunsford	Manager	45.0	248	11,160
Tripp Miller	Senior	51.0	177	9,027
Walter Lockamy	Associate	6.0	125	750
Totals:		199.5		\$47,055

Computed Blended Hourly Rate: \$235.86

LOAN STAFF

<u>Name</u>	<u>Position</u>	<u>Hours Engaged</u>	<u>Hourly Rate</u>	<u>Total</u>
Jason Yaudes	Manager	21.5	195	\$ 4,193
Sarah Blevins	Senior	11.3	115	1,300
Will Rike	Associate	28.0	100	2,800
Totals:		60.8		\$8,293

Computed Blended Hourly Rate: \$136.40

STATE AND LOCAL TAXES

STATE TAX RETURNS

<u>Name</u>	<u>Position</u>	<u>Hours Engaged</u>	<u>Hourly Rate</u>	<u>Total</u>
S. King	Partner	4.5	280	\$ 1,260
K. Knoble	Senior Manager	22.0	225	4,950
R. Gehle	Manager	63.5	210	13,335
E. Cheek	Senior	13.0	150	1,950

TAX CONSULTING

<u>Name</u>	<u>Position</u>	<u>Hours Engaged</u>	<u>Hourly Rate</u>	<u>Total</u>
S. King	Partner	4.5	395	\$ 1,777.50
K. Knoble	Senior Manager	17.5	355	6,212.50
R. Gehle	Manager	13.0	335	4,355.00

STATE TAX CREDIT AND RELATED ISSUES

<u>Name</u>	<u>Position</u>	<u>Hours Engaged</u>	<u>Hourly Rate</u>	<u>Total</u>
R. Gehle	Manager	9.0	335	\$ 3,015.00
S. Hedgpeth	Associate	11.0	135	1,485.00

State and Local Tax Totals: 158 \$38,340.00

Computed Blended Hourly Rate: \$242.66

Title	Name	Tax Consulting Hours	Tax Consulting Rate	Total Consulting Fees	Tax Compliance Hours	Tax Compliance Rate	Total Consulting Fees	Total Tax Fees
Partner	D. Youngdahl	30.75	383.00	11,777.25	-	-	-	11,777.25
Partner	J. Keener	1.00	383.00	383.00	-	-	-	383.00
Manager	I. Strunin	9.75	323.00	3,149.25	-	-	-	3,149.25
Manager	A. Speer	9.50	295.00	2,802.50	-	-	-	2,802.50
Manager	C. Miller	2.50	295.00	737.50	-	-	-	737.50
Manager	D. Auclair	1.00	336.00	336.00	-	-	-	336.00
Manager	E. Schlamman	-	-	-	0.50	228.00	114.00	114.00
Manager	J. Lefevre	0.50	295.00	147.50	-	-	-	147.50
Manager	J. Villegas	9.50	306.00	2,907.00	-	-	-	2,907.00
Manager	K. Johnston	4.00	295.00	1,180.00	1.00	210.00	210.00	1,390.00
Manager	L. Nobre	1.00	323.00	323.00	-	-	-	323.00
Manager	M. Rajunov-Tawil	11.75	336.00	3,948.00	-	-	-	3,948.00
Manager	S. Borgman	42.50	295.00	12,537.50	21.50	210.00	4,515.00	17,052.50
Senior Associate	J. May	36.25	210.00	7,612.50	90.00	150.00	13,500.00	21,112.50
Associate	B. Carroll	6.00	120.00	720.00	20.00	85.00	1,700.00	2,420.00
Associate	M. Hornaday	-	-	-	3.25	85.00	276.25	276.25
Associate	T. Cross	0.75	123.00	92.25	1.25	87.00	108.75	201.00
Associate	T. Hooks	10.75	123.00	1,322.25	8.25	87.00	717.75	2,040.00
Associate	T. Pappas	-	-	-	9.50	87.00	826.50	826.50
Associate	W. Burney	26.00	123.00	3,198.00	54.00	87.00	4,698.00	7,896.00
Total		203.50	4,564.00	53,173.50	209.25	1,316.00	26,666.25	79,839.75

Audit of Plans: Flat Fee Arrangement

Audit of 401(k) Savings and Investment Plan:	\$8,000
Audit of Salaried Associate Retirement Profit Sharing Plan:	\$9,000
Audit of Health Care Plan	\$7,000
Total	\$24,000

Total Amount Sought for All Services: \$250,202.75

EXHIBIT B

TOGUT, SEGAL & SEGAL LLP
Bankruptcy Counsel for the
Debtors and Debtors in Possession
One Penn Plaza - Suite 3335
New York, New York 10119
(212) 594-5000
Albert Togut (AT-9759)
Frank A. Oswald (FAO-1223)
Howard P. Magaliff (HPM-2189)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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: In re: : Chapter 11
: :
: GUILFORD MILLS, INC., *et al.*, : Case No. 02-40667 (BRL)
: :
: : (Jointly Administered)
: Debtors. :
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**ORDER AUTHORIZING EMPLOYMENT AND
RETENTION OF GRANT THORNTON LLP AS
AUDITORS, ACCOUNTING AND TAX ADVISORS
FOR THE DEBTORS, NUNC PRO TUNC TO JUNE 3, 2002**

Upon the application dated August 6, 2002 (the "Application") of Guilford Mills, Inc. and certain of its subsidiaries (collectively, the "Debtors"), debtors and debtors in possession, for entry of an order, pursuant to §§ 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), authorizing the Debtors to retain and employ the firm of Grant Thornton LLP ("Grant Thornton") as their auditors, accounting and tax advisors, *nunc pro tunc* to June 3, 2002; and upon the affidavit of Jeffrey L. Burgess sworn to on August 5, 2002, which is annexed to the Application as Exhibit "1"; and it appearing that Grant Thornton does not represent any interest adverse to the Debtors' estates for the matters upon which it is to be engaged; and this Court having determined that the continued retention of Grant Thornton is in the best interests of the Debtors, their creditors and equity security holders; and due notice of

the Application having been given to (i) the United States Trustee for the Southern District of New York; (ii) the attorneys for the Debtors' prepetition and postpetition secured lenders; (iii) counsel to the statutory creditors committee; and (iv) all parties who filed a notice of appearance; and it appearing that no other or further notice is required; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that, pursuant to 11 U.S.C. §§ 327(a) and 328(a), the Debtors are hereby authorized to retain Grant Thornton as their accountants to perform the services described in the Application, *nunc pro tunc* to June 3, 2002; and it is further

ORDERED, that Grant Thornton shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, applicable Federal Rules of Bankruptcy Procedure, local rules and orders of the Court, guidelines established by the Office of the United States Trustee, and such other procedures as may be fixed by order of this Court.

Dated: New York, New York
September 30, 2002

/s/Burton R. Lifland
Hon. Burton R. Lifland
United States Bankruptcy Judge

NO OBJECTION:

/s/Richard C. Morrissey 9/25/2002
Richard C. Morrissey (RM-1970)
Office of the United States Trustee

EXHIBIT C

TOGUT, SEGAL & SEGAL LLP
Bankruptcy Counsel for the
Debtors and Debtors in Possession
One Penn Plaza - Suite 3335
New York, New York 10119
(212) 594-5000
Albert Togut (AT-9759)
Frank A. Oswald (FAO-1223)
Howard P. Magaliff (HPM-2189)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
: :
GUILFORD MILLS, INC., *et al.*, : Case No. 02-40667 (BRL)
: :
: (Jointly Administered)
Debtors. :
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**APPLICATION FOR ORDER AUTHORIZING
EMPLOYMENT AND RETENTION OF GRANT
THORNTON LLP AS AUDITORS, ACCOUNTING AND
TAX ADVISORS FOR THE DEBTORS, *NUNC PRO TUNC* TO JUNE 3, 2002**

TO THE HONORABLE BURTON R. LIFLAND,
UNITED STATES BANKRUPTCY JUDGE:

Guilford Mills, Inc. ("Guilford") and certain of its subsidiaries (collectively the "Debtors"), respectfully submit this application (the "Application"), for an order, pursuant to §§ 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), authorizing the Debtors to retain and employ Grant Thornton LLP ("Grant Thornton") as their auditors, accounting and tax advisors, *nunc pro tunc* to June 3, 2002. In support of this request, the Debtors state:

INTRODUCTION

1. On March 13, 2002 (the "Filing Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Court has entered an order directing the joint administration of these cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

2. This Court has jurisdiction over this Application pursuant to 28 U.S.C. § 1334 and the "Standing Order of Referral of Cases to Bankruptcy Judges" for the Southern District of New York, dated July 10, 1984 (Ward, acting C.J.). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of these proceedings and this Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are §§ 327(a) and 328(a) of the Bankruptcy Code.

BACKGROUND

3. On March 13, 2002 (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors remain in possession of their assets and continue to operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Court has entered an order directing the joint administration of these cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

4. On March 26, 2002 the United States Trustee appointed an official committee of unsecured creditors (the "Committee"), which has retained Thelen Reid & Priest LLP as its counsel and Deloitte & Touche LLP as its financial advisors.

5. On July 11, 2002, the Debtors filed a proposed joint plan of reorganization (the "Plan") and a proposed joint disclosure statement (the "Disclosure

Statement"). The hearing to consider approval of the Debtors' Disclosure Statement is scheduled for August 15, 2002. The Debtors expect to confirm the Plan before the end of September.

RELIEF REQUESTED

6. By this Application, the Debtors seek to employ and retain Grant Thornton as the Debtors' auditors, accountants and tax advisors in these cases, to perform the work described in the Engagement Letters (defined below), in the place and stead of Arthur Andersen LLP, subject to the terms and conditions thereof. Accordingly, the Debtors respectfully request the entry of an order, substantially in the form annexed as Exhibit "2", authorizing the requested employment and retention of Grant Thornton.

BASIS FOR RELIEF REQUESTED

7. Prior to the Filing Date, the Debtors engaged Arthur Andersen LLP ("Andersen") to perform various accounting and tax services, including but not limited to (i) the review of the quarterly financial information to be included in the Debtors' reports filed with the Securities and Exchange Commission (the "SEC") for the year ending September 29, 2002 and (ii) the preparation of various federal, state and local tax returns, as well as assistance with a wide range of other tax matters.

8. Subsequent to the Filing Date, the Debtors retained Andersen to also audit their consolidated balance sheet as of September 29, 2002, and the related consolidated statements of operations and cash flows for the year then ending.

9. On May 22, 2002, the Debtors filed their Application for Order Authorizing Employment and Retention of Arthur Andersen LLP as Auditors, Accounting and

Tax Advisors for the Debtors, Nunc Pro Tunc to Petition Date (the "Andersen Application") seeking authority to employ and retain Andersen as the Debtors' auditors, accountants and tax advisors in these cases to perform the work described in the Andersen Application and related pleadings and exhibits.

10. On June 11, 2002, this Court entered an order granting the relief requested in the Andersen Application (the "Andersen Order").

11. Effective June 1, 2002, the Andersen partners and employees performing the auditing, accounting and tax advising services for the Debtors resigned their positions at Andersen, and joined the firm of Grant Thornton.

12. In the interest of efficiency and continuity, the Debtors now desire to retain Grant Thornton to (i) audit their consolidated balance sheet as of September 29, 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ending, and schedules supporting such financial statements (the "Audit Services"); (ii) review the Debtors' financial statements for the third quarter ended June 30, 2002 (the "Review Services"); (iii) prepare various federal, state and local tax returns, as well as assist with a wide range of other tax matters (the "Tax Services"); and (iv) provide certain personnel to assist with preparing and compiling certain documents, schedules and information related to the Debtors' bankruptcy filings (the "Loaned Staff Services"). The Audit Services and the Review services are described with greater particularity in the engagement letter attached as Exhibit A (the "Audit and Review Engagement Letter") to the Affidavit of Jeffrey L. Burgess in support of this Application (the "Burgess Affidavit"). The Burgess Affidavit is annexed to this Application as Exhibit 1. The Tax Services are described with greater particularity in the engagement letter attached as Exhibit B (the "Tax Engagement Letter") to

the Burgess Affidavit. The Loaned Staff Services are described with greater particularity in the engagement letter attached as Exhibit C (the "Loaned Staff Engagement Letter," together with the Audit and Review Engagement Letter and the Tax Engagement Letter, the "Engagement Letters") to the Burgess Affidavit.

13. If this Application is granted, Grant Thornton will be the sole provider of the services described in the Engagement Letters and will complete the work Andersen was initially retained to perform. Andersen has already resigned from this work.

14. The professionals at Grant Thornton who are slated to perform these services formerly worked at Andersen and were engaged as the Debtors' accountants and tax advisors. In this capacity, those professionals assisted the Debtors with the preparation of their tax returns (on a consolidated basis), SEC compliance work and other financial statements and reconciliations. As a result, they are intimately familiar with the Debtors' operations and financial affairs, and will be in position to perform and complete the Audit Services, the Review Services, the Tax Services, and the Loaned Staff Services in an efficient fashion. In addition, they and Grant Thornton have acted as auditors, accounting and tax advisors to many other financially troubled companies. In light of the foregoing, the Debtors believe that Grant Thornton is well qualified to perform the audit, accounting and tax services required by the Debtors.

15. The Debtors seek to retain Grant Thornton, nunc pro tunc, to June 3, 2002. As described more fully in the Burgess Affidavit, when Andersen resigned, the Debtors retained Grant Thornton, subject to this Court's approval, and Grant Thornton continued performing the work of Andersen and the Loaned Staff Services, effective June 3, 2002. All of the services have been satisfactory to the Debtors.

16. The Debtors submit that it is appropriate to retain Grant Thornton for the time it has devoted and the services it has been asked and required to perform. Grant Thornton's work papers are valuable to the estate because they contain information relating to the Debtors' property and financial affairs. They reflect Grant Thornton's knowledge about the Debtors and their affairs. If the Court grants this Application, on a nunc pro tunc basis, the Court will have the statutory authority to review Grant Thornton's fee application for reasonableness in light of the services rendered. In addition, the United States Trustee, the Committee and any other party in interest can object to any fees requested.

17. If for any reason the Application is denied, in order to retrieve Grant Thornton's work papers, the Debtors would be required to file an adversary proceeding seeking turnover under section 542(e) of the Bankruptcy Code, which provides that, subject to any applicable privilege, after notice and a hearing, the court may order an accountant that holds recorded information relating to the debtor's property or financial affairs to turn that information over to a trustee or a debtor in possession. If the Debtors compel turnover, Grant Thornton has the right to seek payment of its fees or have its fee claim preserved. Thus, whether retained or not, Grant Thornton's administrative fee claim would have to be protected, but if Grant Thornton is retained, it will have to subject its fee request to Committee and Court review, a much better approach.

18. The Debtors further submit that the equities favor granting approval of Grant Thornton's retention, nunc pro tunc to June 3, 2002. This Application and supporting material has been filed as soon as feasible for Grant Thornton, and Grant Thornton has worked diligently on the Debtors' behalf in the interim. Under these circumstances, Grant Thornton should be able to seek compensation as a retained professional for these valuable services.

19. These professional services to be performed by Grant Thornton, as described in the Burgess Affidavit, are necessary, and the rates to be charged by Grant Thornton for those services are reasonable and a necessary administrative expense of these estates.

20. Based upon the Burgess Affidavit, the Debtors believe that Grant Thornton does not hold or represent any interest adverse to the Debtors in matters upon which the Debtors have requested that Grant Thornton be employed.

21. The Debtors submit that the retention of Grant Thornton would be in the best interest of the Debtors from both an operational and financial point of view. Moreover, Grant Thornton would be retained only for purposes consistent with § 327(a) of the Bankruptcy Code.

22. Except as set forth in the Burgess Affidavit, the Debtors believe that Grant Thornton has no connection with the Debtors, the Debtors' foreign subsidiaries, any creditors of the Debtors, the United States Trustee for this District or any person employed in the United States Trustee's office, or any other party in interest. The Debtors believe Grant Thornton is a "disinterested person" within the meaning of §§ 101(14) and 327 of the Bankruptcy Code, as modified by § 1107(b) of the Bankruptcy Code.

23. It is contemplated that Grant Thornton will seek compensation for future services to be performed based upon the normal hourly billing rates in effect for the period in which services are performed and will seek reimbursement of necessary and reasonable out-of-pocket expenses in accordance with, *inter alia*, the United States Trustee's Guidelines for Reviewing Motions for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, dated January 30, 1996. Grant Thornton's current hourly rates (prior to application of

the discounts described in the Engagement Letters) are set forth in the Burgess Affidavit. All compensation for services rendered by Grant Thornton and reimbursement of expenses incurred in these cases shall be subject to Court approval, and Grant Thornton shall seek Court approval for payment of such compensation pursuant to the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and/or order[s] of the Court, including but not limited to the interim compensation and reimbursement procedures promulgated by the Court in these cases.

NOTICE

24. Notice of this application has been given to (i) the United States Trustee for the Southern District of New York; (ii) the attorneys for the Debtors' prepetition and postpetition secured lenders; (iii) counsel to the statutory creditors committee; and (iv) all parties who filed a notice of appearance. In light of the nature of the relief requested, the Debtors respectfully submit that no further or other notice need be provided.

WAIVER OF MEMORANDUM OF LAW

25. The Debtors request that the Court dispense with the requirement of Local Bankruptcy Rule 9013-1(b) for a memorandum of law. This Application does not present a novel issue of law, which would require consideration of any authorities other than those set forth herein.

26. No previous application for the relief sought herein has been made to this or any other court.

WHEREFORE, the Debtors respectfully request entry of the affixed order authorizing the retention of Grant Thornton as auditors, accounting and tax advisors for the Debtors, nunc pro tunc to June 3, 2002, and granting such other and further relief as is just and proper.

DATED: New York, New York
August 6, 2002

GUILFORD MILLS, INC.
(for itself and on behalf of its Debtor
affiliates)

By: /s/David Taylor
Name: DAVID TAYLOR
Title: Chief Financial Officer

TOGUT, SEGAL & SEGAL LLP,
Bankruptcy Counsel
for the Debtors and Debtors in Possession
By:

/s/Frank A. Oswald
FRANK A. OSWALD (FAO-1223)
A Member of the Firm
One Penn Plaza, Suite 3335
New York, New York 10119
(212) 594-5000

Exhibit "1"

TOGUT, SEGAL & SEGAL LLP
 Counsel for the Debtors and Debtors-in-Possession
 One Penn Plaza - Suite 3335
 New York, New York 10119
 (212) 594-5000
 Albert Togut (AT-9759)
 Frank A. Oswald (FAO-1223)
 Howard P. Magaliff (HPM-2189)

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF NEW YORK

-----X
 :
 In re: : Chapter 11
 : Case No. 02-40667-brl
 GUILFORD MILLS, INC., *et al.*, :
 :
 : (Jointly Administered)
 Debtors. :
 -----X

**AFFIDAVIT OF JEFFREY L. BURGESS IN SUPPORT OF
 APPLICATION FOR ORDER AUTHORIZING EMPLOYMENT
 AND RETENTION OF GRANT THORNTON LLP
 AS AUDITORS, ACCOUNTING AND TAX ADVISORS
 FOR THE DEBTORS, NUNC PRO TUNC TO JUNE 3, 2002**

STATE OF NORTH CAROLINA)
) ss.:
 COUNTY OF GUILFORD)

JEFFREY L. BURGESS, being duly sworn, deposes and says:

1. I am a partner in Grant Thornton LLP ("Grant Thornton"), a national accounting firm organized in the United States and maintaining numerous offices, including an office located at 628 Green Valley Road, Suite 300, Greensboro, North Carolina 27408, and am authorized to execute this affidavit on behalf of Grant Thornton. I submit this Affidavit in support of the Application for Order

Authorizing Employment and Retention of Grant Thornton LLP as Auditors, Accounting and Tax Advisors for the Debtors, *Nunc Pro Tunc* to June 3, 2002 (the "Application")¹ filed concurrently herewith by Guilford Mills, Inc. and certain of its subsidiaries (individually or collectively, the "Debtors"). Except as otherwise indicated, I have personal knowledge of the matters set forth herein and, if called as a witness, would testify competently thereto.²

SCOPE OF ENGAGEMENTS

2. Prior to the Filing Date, the Debtors engaged Arthur Andersen LLP ("Andersen") to perform various accounting and tax services, including but not limited to (i) the review of the quarterly financial information to be included in the Debtors' reports filed with the Securities and Exchange Commission (the "SEC") for the year ending September 29, 2002 and (ii) the preparation of various federal, state and local tax returns, as well as assistance with a wide range of other tax matters.

3. Subsequent to the Filing Date, the Debtors also retained Andersen to audit their consolidated balance sheet as of September 29, 2002, and the related consolidated statements of operations and cash flows for the year then ending.

¹ Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Application.

² Certain of the disclosures herein relate to matters within the knowledge of other professionals at Grant Thornton and are based on information provided by them.

4. On May 22, 2002, the Debtors filed their Application for Order Authorizing Employment and Retention of Arthur Andersen LLP as Auditors, Accounting and Tax Advisors for the Debtors, Nunc Pro Tunc to Petition Date (the "Andersen Application") seeking authority to employ and retain Andersen as the Debtors' auditors, accountants and tax advisors in these cases to perform the work described in the Andersen Application and related pleadings and exhibits.

5. On June 11, 2002, this Court entered an order granting the relief requested in the Andersen Application (the "Andersen Order").

6. Effective June 1, 2002, I and the other Andersen partners and employees performing the auditing, accounting and tax advising services for the Debtors resigned our positions with Andersen, and joined the firm of Grant Thornton.

7. Subject to Court approval, the Debtors have retained Grant Thornton to (i) audit their consolidated balance sheet as of September 29, 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ending, and schedules supporting such financial statements (the "Audit Services"); (ii) review the Debtors' financial statements for the third quarter ended June 30, 2002 (the "Review Services"); (iii) prepare various federal, state and local tax returns, as well as provide assistance with a wide range of other tax matters (the "Tax Services"); and (iv) provide certain personnel to assist with preparing and compiling certain documents, schedules and information related to the Debtors'

bankruptcy filings (the "Loaned Staff Services"). The Audit Services and the Review services are described with greater particularity in the engagement letter attached hereto as Exhibit A (the "Audit and Review Engagement Letter"). The Tax Services are described with greater particularity in the engagement letter attached hereto as Exhibit B (the "Tax Engagement Letter"). The Loaned Staff Services are described with greater particularity in the engagement letter attached hereto as Exhibit C (the "Loaned Staff Engagement Letter," together with the Audit and Review Engagement Letter and the Tax Engagement Letter, the "Engagement Letters"). At the Debtors' request, Grant Thornton has been working on the Review Services since July 8, 2002, on the Tax Services and Loaned Staff Services since June 3, 2002.

8. If its Application is granted, Grant Thornton will be the sole provider of the services described in the Engagement Letters and complete the work Andersen was initially retained to perform. Andersen has already resigned from all work that falls within the scope of that work described in the Engagement Letters.

9. The Audit Services, Review Services, Tax Services, and Loaned Staff Services are subject to the terms, conditions and limitations set forth in the Engagement Letters, which letters are incorporated herein by reference as though set forth in full.

QUALIFICATION OF PROFESSIONALS

10. Grant Thornton is a firm of certified public accountants, operating throughout the United States. Grant Thornton has a national practice, and has significant experience as an auditor and in various other accounting roles for troubled and restructuring companies.

11. During their prior work with Andersen, the professionals of Grant Thornton have gained substantial knowledge about many of the Debtors' accounting and reporting practices. As a result, I believe that Grant Thornton is particularly well suited to efficiently and cost-effectively perform the Audit Services, Review Services, Tax Services, and Loaned Staff Services.

DISINTERESTEDNESS OF PROFESSIONALS

12. Prior to executing this Affidavit, I directed and reviewed a search of Grant Thornton's United States client database to determine whether Grant Thornton has any existing client relationships with any of the significant creditors, equity holders, law firms or parties in interest identified for us by the Debtors, and set forth on Exhibit D hereto. In conducting this search, we relied upon the information furnished to us by the Debtors. I also directed e-mails to Grant Thornton professionals to confirm that none of the engagements for Grant Thornton clients are related to the Debtors or its operating subsidiaries. To the extent any such relationship is discovered, this affidavit will be amended accordingly. As of the present date, I am unaware of any such relationship.

13. Based and relying upon the foregoing due diligence efforts, and to the best of my knowledge, information, and belief, neither I nor any other partner, participating principal, principal, director or manager of Grant Thornton has any connection with or holds any interest adverse to the Debtors, its estate, creditors, shareholders or any other party-in-interest herein or their respective attorneys in the matters for which Grant Thornton is proposed to be retained, except to the extent set forth herein.

14. In addition, Grant Thornton and its many partners, participating principals, principals, directors and managers may have business associations with certain of the Debtors' creditors, shareholders, other parties-in-interest in these cases, and the attorneys for the foregoing, or interests adverse to such creditors, shareholders, parties-in-interest or attorneys, which associations have no connection with the Debtors or this Chapter 11 case. For example, some of Grant Thornton's professionals own common stock or share interests in Prudential, DuPont, First Union National Bank/Wachovia, Tyco, and Dimensional Fund Advisors. Others have banking and/or credit card relationships with Bank One and First Union National Bank/ Wachovia. In addition, one of Grant Thornton's professionals is a member of the Board of Directors of Hyannis Air Service. To the best of my knowledge, information and belief, Grant Thornton either has recently provided, is currently providing, and/or likely will continue providing services, unrelated to the

Debtors' case, to the following entities: BASF, Hyannis Air Service, and Duke Power Company.

15. The services rendered by Grant Thornton to these parties have been primarily related to accounting, auditing, tax, and/or other consulting matters. To the best of my knowledge, information, and belief, no services have been provided to any of these entities which could impact their rights in the Debtors' case, nor does Grant Thornton's involvement in these cases compromise its ability to continue providing accounting, auditing, tax and/or consulting services to such entities.³

16. To the best of my knowledge, and based on the due diligence described herein, Grant Thornton has not been retained to assist any entity or person other than the Debtors on matters relating to, or in connection with, this Chapter 11 case. If this Court approves the Debtors' employment of Grant Thornton, Grant Thornton will not accept any additional engagements or perform any services directly related to this proceeding for any entity or person other than the Debtors. Grant Thornton will, however, continue to provide professional services to, and engage in commercial or professional relationships with, entities or persons that may be creditors of the Debtors or parties-in-interest in these Chapter 11 cases or attorneys of the foregoing parties; provided, however, that such services do and will

³ None of these entities represent more than 1% of Grant Thornton's projected U.S. annual revenue during the current fiscal year.

not relate to, or have any direct connection with, the Debtors or these Chapter 11 cases.

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

18. Grant Thornton may continue to be involved as a party or witness in court and administrative proceedings and other matters requiring the retention of legal counsel. Such counsel retained by Grant Thornton (in connection with matters unrelated to this bankruptcy case) may now or in the future represent parties-in-interest in the Debtors' bankruptcy case. Grant Thornton has not recently and/or is not presently retaining any of the law firms reflected on Exhibit D hereto.

19. To the extent that any information disclosed herein requires amendment or modification upon Grant Thornton's completion of further analysis or as additional information becomes available to it, a supplemental affidavit will be submitted to the Court.

COMPENSATION OF PROFESSIONALS

20. As more fully set forth in the Engagement Letters, Grant Thornton is entitled to be compensated for the Audit Services, the Review Services and the Tax

Services (collectively, the "Grant Thornton Services") based upon the level of personnel and related effort required to complete the assignment, plus all reasonable and necessary related out-of-pocket expenses. Grant Thornton proposes to calculate its fees for professional services based upon its hourly rates for these services (as such rates are subject to normal adjustment each year for inflation and other factors) as follows:

Base Audit Services:

Partners:	\$362
Managers:	\$248 - 313
Senior Associates:	\$164 - 177
Associates:	\$91 - 125

Audit Consulting Services:

Partners:	\$345 - 453
Managers:	\$280 - 375
Senior Associates:	\$185 - 240
Associates:	\$103 - 154

Loan Staff Services:

Managers:	\$195 - 215
Senior Associates:	\$115 - 155
Associates:	\$80 - 100

Tax Compliance Services:

Partner/Director:	\$245 - 280
Manager:	\$210 - 245
Senior Associate:	\$150 - 170
Associate	\$85 - 95

Tax Consulting Services:

Partner/Director:	\$345 – 395
Manager:	\$295 – 375
Senior Associate:	\$210 – 240
Associate	\$120 – 135

In the normal course of business, Grant Thornton revises its hourly rates during the year. Grant Thornton understands that, as these engagements progress, the aforementioned rates will be revised to the regular hourly rates which will be in effect at such time.

21. In addition to compensation for professional services rendered, Grant Thornton will seek reimbursement for reasonable and necessary expenses incurred in connection with its engagement by the Debtors, including, but not limited to, travel (including lodging and meals), report preparation, delivery services, and other necessary costs incurred in providing services to the Debtors.

22. The foregoing compensation arrangement is consistent with and typical of arrangements entered into by Grant Thornton and other preeminent accounting firms with respect to the rendition of similar services for clients such as the Debtors.

23. Grant Thornton will maintain detailed records of the time spent and costs and expenses incurred in connection with the Grant Thornton Services, and will file all appropriate applications for allowance of compensation and reimbursement of expenses with the Court in accordance with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, Local Rules and orders of the Court.

The applications will set forth in reasonable detail the services performed, the professional persons providing such services, and the time spent.


24. Grant Thornton has not shared or agreed to share any of its compensation from the Debtors with any other person, other than a principal, professional or employee of Grant Thornton, as permitted by section 504 of the Bankruptcy Code.

25. The proposed engagement of Grant Thornton is not prohibited by Bankruptcy Rule 5002.

26. For all of the foregoing reasons, and subject to the conditions and qualifications contained herein, I believe that Grant Thornton is a "disinterested person," as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code.


JEFFREY L. BURGESS

Sworn to and subscribed
before me this 5th day
of August, 2002.


Notary Public
March 22, 2005
Expiration Date

DRAFT

July 22, 2002

Mr. Stephen C. Hassenfelt, Chairman
Audit Committee
Guilford Mills, Inc.
4925 West Market Street
Greensboro, North Carolina 27407

Dear Mr. Hassenfelt:

We will audit the consolidated balance sheet of Guilford Mills, Inc. and its subsidiaries as of September 29, 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ending, and schedules supporting such financial statements. Our audit will be made in accordance with auditing standards generally accepted in the United States of America ("US GAAS") and will include our examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. An audit includes obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we are responsible for ensuring that the audit committee and other members of management are aware of any reportable conditions that come to our attention during the course of our engagement. Our objective will be the completion of the foregoing audit and, upon its completion and subject to its findings, the rendering of our report on the financial statements. However, it is possible that because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

As you know, the financial statements are the responsibility of the management and board of directors of your Company who are primarily responsible for the data and information set forth therein, as well as for the evaluation of the capability and integrity of the Company's personnel, ensuring that the Company complies with all laws, regulations, contracts, and grants, and the maintenance of effective internal controls over financial reporting, which includes adequate accounting records and procedures to safeguard the Company's assets. Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in a representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. It is also the responsibility of management to make all financial records and related information available to us during our engagement. Accordingly, our completion of the audit will require management's cooperation. In addition, as required by US GAAS, our procedures will include obtaining written representation from management concerning such matters which we will rely upon.

Mr. Stephen C. Hassenfelt, Chairman
July 22, 2002
Page 2

In providing for an audit to be performed on a test basis, US GAAS requires the auditor to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, an audit is not a special examination designed to detect errors or fraud, nor a guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors, fraud, or illegal acts, if they exist, might not be detected. However, if you wish us to direct special auditing procedures to such matters, we would be pleased to work with you to develop a separate engagement for that purpose.

While our audit will be conducted with due regard to the rules and regulations of the Securities and Exchange Commission (the "Commission" or "SEC") relative to matters of accounting, it should be understood that our report and the financial statements and schedule(s) are subject to review by the Commission and to their interpretation of the applicable rules and regulations.

The Private Securities Litigation Reform Act of 1995 (the "Act") has imposed additional responsibilities on SEC registrants, their managements, audit committees and boards of directors, as well as independent auditors regarding the reporting of illegal acts that have or may have occurred. During the course of our audit, we will ask you for specific representations about this. To fulfill our responsibilities under the Act, we may need to consult with your Counsel, or counsel of our choosing, about any such illegal acts that we become aware of. Additional fees, including legal fees, if any, will be billed to you. You agree to cooperate fully with any procedures that we may deem necessary to perform.

We will also perform a review, but not an audit, of the Company's financial statements for the third quarter ended June 30, 2002. Our review will be in accordance with standards established by the American Institute of Certified Public Accountants as set forth in Statement on Auditing Standards No. 71, titled "Interim Financial Information". Review procedures are substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America. Additionally, unless otherwise requested, we do not intend to issue a report on this review.

The work papers for this engagement are the property of Grant Thornton LLP and constitute confidential information. However, we may be requested to make certain work papers available to the Securities and Exchange Commission (SEC) pursuant to authority given to it by law or regulations. If requested, access to the work papers will be provided to the SEC under the supervision of Grant Thornton LLP audit personnel and at a location designated by our Firm. Furthermore, upon request, we may provide photocopies of selected work papers to the SEC. The SEC may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies. You authorize us to allow the SEC access to and photocopies of the work papers in the manner discussed above.

The inclusion by you of our report in documents containing information in addition to the financial statements and our report thereon (for example, annual reports to shareholders, private placement memoranda and regulatory filings) may require us to perform additional procedures to fulfill our professional or legal responsibilities. Accordingly, our report should not be used for any such purposes without our permission. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of your intention to issue any such document. Also, our reports should not be included in the SEC's EDGAR electronic filing system until you have received a manually signed report from us.

Mr. Stephen C. Hassenfelt, Chairman
July 22, 2002
Page 3

The fee for the audit services referred to above will be based on actual time incurred billed at the following hourly rates: \$362 Partners, \$248-313 Managers, \$164-177 Seniors and \$91-125 Staff, plus out-of-pocket expenses. Interim billings will be submitted as the work progresses, and a final bill will be submitted following the delivery of our report. Billings are payable upon receipt.

Of course, circumstances may arise that will require us to do work outside the audit services referred to above. It is understood that our responsibility for such services will encompass only periods covered by our audit and will not extend to any subsequent periods for which we are not engaged as auditors. We agree that the fee for services for any other projects or services for which we are engaged will be billed at the following hourly rates: \$345-453 Partners, \$280-375 Managers, \$185-240 Seniors and \$103-154 Staff. We will provide you with an estimate of the fees in advance of commencing work on any projects or services that are outside of the scope of the services described in this letter.

This engagement includes only those services specifically described in this letter. Costs and time spent in legal matters or proceedings arising from our engagement, such as subpoenas, testimony, or consultation involving private litigation, arbitration or government regulatory inquiries at your request or by subpoena, and costs that we may incur in fulfilling our responsibilities under the Private Securities Litigation Reform Act of 1995 will be billed to you separately.

During the course of our engagements, we may need to electronically transmit confidential information to each other and to outside specialists or other entities engaged by either Grant Thornton LLP or the Company. E-mail is a fast and convenient way to communicate. However, e-mail travels over the public Internet which is not a secure means of communication and, thus, confidentiality could be compromised. The Company agrees to the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between Grant Thornton LLP and Guilford Mills, Inc. and between Grant Thornton LLP and outside specialists or other entities engaged by either Grant Thornton LLP or the Company.

If any portion of this letter is held invalid, it is agreed that such invalidity shall not affect any of the remaining portions.

Mr. Stephen C. Hassenfelt, Chairman
July 22, 2002
Page 4

If you are in agreement with the terms of this letter, please sign one copy and return it for our files. We appreciate the opportunity to continue to work with you.

Very truly yours,

GRANT THORNTON LLP

By
Jeffrey L. Burgess

CMG
r:\Guilford\audit\2002\lms\GM12002Audit\AL

Enclosure

Copy to:
Mr. David Taylor
Chief Financial Officer
Guilford Mills, Inc.

The foregoing letter fully describes our understanding and is accepted by us.

GUILFORD MILLS, INC.

Stephen C. Hassenfelt, Chairman
Audit Committee

Date _____

Grant Thornton LLP Client Service Concepts

An Open Letter to Our Clients:

The following is a discussion of certain of our Firm's Client Service Concepts. We have found that explanation of these concepts helps to clarify our services and enhances our ability to work more closely with you. Moreover, although certain concepts may involve services you have not engaged us to perform, this discussion may enhance future engagements.

Auditing and Other Assurance Services

Responsibilities

We will use our skills as accountants and auditors on your behalf and are responsible for performing such work with due professional care within the framework of our professional standards. However, management of the entity is necessarily more familiar with its operations, its personnel, and the reality underlying its books and records. Therefore, your management and board of directors are primarily responsible for the data and information contained in the financial statements and making all financial records available to us, as well as for the evaluation of the capability and integrity of the company's personnel, ensuring that the entity complies with laws, regulations, contracts, and grants applicable to its activities, and the maintenance of adequate accounting records and effective internal controls over financial reporting, including procedures for safeguarding the company's assets. Management is also responsible for adjusting the financial statements to correct material misstatements and for affirming to us in a representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Further, an audit is not designed to provide assurance on internal control or to identify reportable conditions. However we are responsible for ensuring that the audit committee or others with equivalent authority or responsibility are aware of any reportable conditions that come to our attention. Accordingly, as we near completion of our audit work, we will ask you to carefully review the financial statements and confirm to us in writing the important representations they contain, and our audit will rely upon such representations. Therefore, if there is anything in those statements that you believe is not accurate or is not completely clear to you, please be sure to question us until you are satisfied.

Issuance of Reports

When we report upon your financial statements or other financial data, our exercise of professional due care includes important processes wherein we review our own work. When such processes have been completed, our findings will be presented to you in a formal report. Accordingly, although we may sometimes make a draft copy of our report available to you as a courtesy, such draft is not to be relied upon or disseminated until our completed formal report is issued.

Other Information In Documents Containing Financial Statements

The inclusion of our reports in documents containing information in addition to the financial statements and our reports thereon (e.g., annual reports to shareholders, regulatory filings, offering circulars, etc.) may require us to perform additional procedures to fulfill our professional or legal responsibilities. Accordingly, our reports should not be used for any such purposes without our consent. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of your intention to issue any such document. Also, our reports should not be included in any electronic filing system (e.g., the SEC's EDGAR system) until you have received a manually signed report from us.

Tax Services

As your accountants, we would be pleased to provide you with a wide variety of professional tax planning, preparation, and advisory services, based upon your particular needs and the specific services you engage us to perform. We particularly urge you to engage us to perform special tax planning on your behalf (*i.e., help plan your affairs to take maximum advantage of those provisions of the tax code and regulations that might work to your benefit*). Such an engagement entails intensive tax planning, whereas an engagement, which provides solely for the preparation of tax returns does not.

Nevertheless, when engaged to prepare tax returns for you, our tax professionals will attempt to help you minimize your tax obligations. As you know, we rely on your timely submission to us of the information needed for the proper preparation of your returns. In turn, we will make every effort to furnish you with the completed returns sufficiently in advance of their due dates to give you time to review them. Your signature on a tax return evidences a serious responsibility and we want you to understand the document before you sign. We believe you are better served by an extension of the filing date, if necessary, than by an oversight caused by a hasty filing.

When we present tax alternatives to you we know you will understand that not all provisions of the tax code are absolutely clear and that some alternatives may not be free from doubt, or may be changed by subsequent interpretations. We will do our best to make you aware of any such doubts so that you may consider them in deciding on the tax position you choose to elect.

Management Consulting

Our management consultants are ready to help you deal with many of your business opportunities, problems and decisions. Because of their great variety of skills and experience, we hope you will soon get to know the consultants assigned to your service team. Any engagements they perform for you should always be subject to a clear understanding as to the scope of the work, the results to be achieved, the time the project will take, and the fees for our services.

We will seek, whenever possible, to involve your people in the implementation of our suggestions, as we are convinced that only then will you get the maximum benefit from our work. Also, in our consulting, as in all our other services, we do not permit our personnel to make management decisions or to otherwise usurp management's functions. Instead, our efforts are directed to business and financial advice, the analysis of problems, the recommendation of solutions, and to monitoring the implementation of such solutions.

Services In Connection With Business Acquisitions Or Dispositions

We would be pleased to provide you with accounting and tax advice or consulting assistance in connection with proposed business acquisitions or dispositions, including assistance with locating potential buyers or sellers. In any event, the accounting and tax ramifications are such that it is essential you notify us as soon as possible of your intention to enter into any such transaction -- and certainly in advance of entering into any contract that refers to us or to our report(s).

When you make an acquisition and a standard audit opinion is needed, we find it is usually to your advantage to have the financial statements of the entity being acquired audited by the seller's accountants and for us to review their work. (However, we urge you to have us advise you and work with you to develop a special engagement providing for us to perform specified due-diligence procedures on your behalf.) This is usually the most cost-effective means of proceeding and minimizes delay in the issuance of the seller's financial statements. Conversely, if you are the seller, we would expect the purchaser's accountants to review our work prior to the issuance of our final report. Among other matters, this protects you against the buyer later claiming misunderstanding (or disagreement) with respect to your accounting policies and methods.

Concepts That Pertain To All Services

Timeliness

We not only aim to perform our services in keeping with the highest professional standards, but we also expect our work to be conducted efficiently and completed on time. We plan our engagements to do this, but because of circumstances beyond our control, and often beyond yours as well, this is not always possible. When situations arise when it appears there will be delays or we must do additional work, our professionals are instructed to inform you promptly. We believe you should be made aware of any matter that may impact our service or fees and given the opportunity to help resolve any problems that may arise.

Supervision of Your Personnel

When called for by our engagement, we would be pleased to provide your personnel with appropriate guidance and assistance. For example, we might provide certain record keeping advice or financial reporting instructions to your accounting staff, furnish personnel you designate with a "calendar" of tax due dates and with instructions concerning their responsibilities for the filing of such tax returns, making tax deposits, etc. However, we are sure you understand that we cannot be responsible for the day-to-day supervision of your personnel or for ensuring that such personnel fulfill their assigned responsibilities. You, or someone on your staff, must exercise this responsibility.

Investment Advice

As professional accountants, auditors, and management consultants, we provide our clients with accounting, tax, financial and business services and advice -- not investment advice. We do not directly recommend the purchase or sale of stocks, bonds or any other investment(s) and suggest you consult your investment advisor with respect to any such matters. For example, when clients request that we "find" them a "tax shelter," we may furnish them with the materials for several such investments that appear to meet their requirements, and advise them solely with respect to the tax aspects. We do not directly recommend, vouch for the bona fide of, or act as "purchaser representative" with respect to these or any other investments, and we ask that you inform us if any of our personnel appear to exceed these limitations.

Independence, Integrity and Objectivity

To provide you with proper, unbiased and objective service, our professionals should be independent of your organization, perform all their professional responsibilities with integrity, and maintain objectivity in discharging their professional responsibilities. This not only means that our people should not have any investment or other business dealings with your organization or personnel, but also, that they should avoid inappropriate relationships with your personnel and cannot accept gifts or other personal payments from you in appreciation for their services. Naturally, they are not to accept any commissions or other payments from any suppliers or other parties with whom you do business for having referred them to you. These rules are very important and we not only ask your cooperation in applying them, but request you to advise us if you observe anything that might indicate that these policies are not being followed.

* * * * *

We intend the name "Grant Thornton LLP" to stand for outstanding client service. We want you to be so pleased by our work that you will recommend us to your friends and business associates. If, however, any of our personnel do not adhere to the foregoing service concepts, or if our service does not please you for any other reason, please let us know. Feel free to call your client service partner, the managing partner of the office serving you, or any other partner.

We would be pleased to answer any questions you might have about these, or any other aspects of our client services.

Very truly yours,

Grant Thornton LLP

The Partners of
Grant Thornton LLP

DRAFT

STRICTLY CONFIDENTIAL

Mr. David Taylor
Guilford Mills, Inc.
Post Office Box 26969
Greensboro, North Carolina 27419-6969

June 25, 2002

Dear David:

Grant Thornton LLP ("Grant Thornton") is pleased to confirm its arrangements to assist Guilford Mills, Inc., its subsidiaries and affiliates (collectively, "Client") by providing the tax services outlined in this letter agreement and its Addendum (collectively, this "Agreement").

Our employees, partners and agents will provide the services to you (collectively, the "Services") as detailed in the attached Scope Addendum. Grant Thornton is acting as an independent contractor in providing any and all services hereunder.

You may desire that we perform additional services that are different from, or in addition to, the Services and Discretionary Services ("Additional Services"). We will provide you such Additional Services as you may reasonably request, upon such terms and conditions (including compensation terms) as are mutually agreed between us. Such terms must be documented in writing signed by both parties. In no event shall we be obligated to perform any Discretionary Services or Additional Services that would cause us to be in conflict with any law, rule or regulation, or any internal Grant Thornton policy.

STANDARD BUSINESS PRACTICES

1. Obligations Of Client.

Grant Thornton's performance is dependent upon Client's timely and effective performance of its responsibilities under this Agreement and Client's timely decisions and approvals. The responsibilities and obligations of Client under and pursuant to this Agreement include, but are not limited to, the following:

- (a) Providing all requested information to Grant Thornton on a timely basis;
- (b) Ensuring that all information provided by Client to Grant Thornton is accurate and complete, contains no material omissions, and is updated on a prompt and continuous basis;
- (c) Making available, promptly after requested by Grant Thornton, management decisions, approvals, acceptances and such other information and assistance desired or required by Grant Thornton to perform its obligations hereunder;

- (d) Making available to Grant Thornton, at Client's expense, all services, assets and licensed products of third parties required by Grant Thornton to perform the Services, Discretionary Services and Additional Services (the "Third Party Services"). Client shall also, at its sole cost and expense, obtain any and all third-party consents required to permit such access and use by Grant Thornton. Notwithstanding anything contained herein to the contrary, Client shall remain responsible for any and all obligations with respect to agreements for Third Party Services;
- (e) Inspecting and reviewing all reports and returns prepared by Grant Thornton within five (5) business days after receipt thereof or such other time frames as may be mutually agreed;
- (f) Maintaining and being solely responsible for maintaining an effective internal control system for Client and its subsidiaries and affiliates;
- (g) Reviewing, agreeing to, signing, and filing all tax returns and other filings prepared by Grant Thornton;
- (h) Paying all taxes, interest and penalties;
- (i) Performing and controlling all accounting entries relating to taxes; and Retaining ultimate responsibility for tax policy decisions and judgement decisions.

2. Scope of Services.

In no event shall (a) it be the responsibility of Grant Thornton to actually file any tax returns or reports, although Grant Thornton will deliver all such returns and reports to Client in time to allow Client to file them in a timely fashion, provided Client has provided all information requested by Grant Thornton on a timely basis, or (b) Grant Thornton be responsible for the payment of any taxes, penalties or interest imposed upon Client. Grant Thornton's sole responsibility with respect to its services under this agreement shall be as a preparer as that term is defined in the Internal Revenue Code, as amended, unless specifically provided otherwise in this agreement.

Client acknowledges that Grant Thornton will not perform any recordkeeping functions on behalf of Client, including, without limitation, making original entries in Client's accounting system.

Client shall maintain and be solely responsible for establishing and maintaining an effective internal control system. Client's personnel who are ultimately responsible for supervising the services under this agreement shall meet in private with Grant Thornton's personnel at such times as Grant Thornton or the Client may reasonably request. Grant Thornton shall report to Client's designated supervisor with respect to the performance of its obligations under this agreement.

Grant Thornton will not perform management functions in connection with these services. To the extent this engagement requires independence, Grant Thornton shall not be required to undertake any task or

function which Grant Thornton determines would impair its independence under the Code of Professional Ethics of the AICPA, any pronouncements of the U.S. Securities Exchange Commission ("SEC"), the membership requirements of the SEC Practice Section of the AICPA Division for Certified Public Accounting Firms, the AICPA, any state accountancy laws or boards, state CPA societies, other relevant rules, or as set forth in Grant Thornton's internal Ethical Standards/Independence binder, as applicable. The parties hereby acknowledge that in performing the Services, Grant Thornton cannot act in the role of management or as an employee of Client, or be identified as such.

3. Confidentiality.

Grant Thornton acknowledges that information communicated to it by Client in connection with Grant Thornton's performance under this Agreement is confidential, and Grant Thornton shall maintain the confidentiality of such information in accordance with applicable professional standards. Grant Thornton may retain, subject to the terms of this Agreement, copies of Client's confidential information required for internal recordkeeping purposes and for compliance with applicable professional standards. If Grant Thornton receives a subpoena or other validly issued administrative or judicial demand requiring it to disclose Client's confidential information, Grant Thornton shall provide prompt notice to Client of such demand. Grant Thornton shall thereafter be entitled to comply with such demand to the extent permitted by law.

4. Payments To Grant Thornton.

Client shall pay Grant Thornton the following amounts for providing Services hereunder:

Compliance Services:	Partner/Director	\$245 to \$280 per hour
	Manager	\$210 to \$245 per hour
	Senior Associate	\$150 to \$170 per hour
	Associate	\$85 to \$95 per hour
Consulting Services:	Partner/Director	\$345 to \$395 per hour
	Manager	\$295 to \$375 per hour
	Senior Associate	\$210 to \$240 per hour
	Associate	\$120 to \$135 per hour

The occurrence of (i) any event or transaction which significantly increases or decreases the size or nature of the operations of Client that affects the scope, manner, nature or quantity of the Services or Discretionary Services, or (ii) any change in any laws, rules or regulations that affects the scope, manner, nature or quantity of the Services or Discretionary Services shall be considered a change in the scope of Services, and Grant Thornton and Client shall promptly meet to negotiate an equitable adjustment in the fees payable to Grant Thornton. Grant Thornton shall have no obligation to commence work in connection with any change of the type described in either clause (i) or (ii) above until the fee impact of the change is agreed upon by the parties in writing. Each such change shall be documented in a writing signed by both parties.

Client shall reimburse Grant Thornton for reasonable out-of-pocket expenses (e.g., travel, lodging, etc.) incurred by Grant Thornton in connection with rendering services under this Agreement. Grant Thornton shall send Client a monthly invoice for the aggregate amount of the Grant Thornton expenses during the preceding month, which invoice will describe and document such expenses in reasonable detail. Payment shall be due within thirty (30) days following the date of Grant Thornton's invoice to Client. Should a dispute arise over an invoice, Client will immediately pay the undisputed portion of the invoice and promptly pay the disputed portion (or applicable part thereof) if and when the dispute is resolved in Grant Thornton's favor.

In addition to the other charges payable under this Agreement, Client shall be solely responsible for the payment of any taxes and duties based upon facilities, assets and the Services, Discretionary Services, Additional Services and/or products provided by Grant Thornton, exclusive of any taxes based upon Grant Thornton's income.

5. Term.

The term of this Agreement shall cover work performed during the fiscal year ending September 29, 2002.

6. Termination.

If either party breaches any material obligation under this Agreement and such breach is not cured within fifteen (15) days after such party's receipt of written notice of the breach, the party not in default may immediately terminate this Agreement.

7. Representations.

Client warrants that all information (whether written or oral) and materials given or made available by it to Grant Thornton will be current, complete and accurate, shall not omit to state any material fact and shall be updated on a prompt and continuous basis. Grant Thornton's ability to perform acceptably under this Agreement is expressly conditioned and contingent upon the foregoing warranty.

Client further warrants that it has obtained all third-party consents and security clearances needed to enable Grant Thornton to access all third-party products and assets to be utilized by Grant Thornton in providing the Services, including, without limitation, all consents needed for Grant Thornton to use any applicable Client systems, hardware and software.

8. Indemnification.

Client shall indemnify and hold harmless Grant Thornton and its personnel from and against any payment, loss, cost or expense (including reasonable attorneys' fees) paid or incurred by Grant Thornton at any time and in any way (i) relating to claims by any of Client's employees or former employees; (ii) attributable to knowing misrepresentations of management; (iii) arising out of or relating to Grant Thornton's services under this Agreement or the use by Client of any deliverable item except to the extent

Mr. David Taylor
Page 5
June 25, 2002

finally determined to have resulted from the gross negligence or willful misconduct of Grant Thornton personnel. This provision shall survive the termination of this Agreement.

9. Remedies.

Neither party may assert against the other party any claim in connection with this Agreement unless the asserting party has given the other party written notice of the claim within one (1) year after the asserting party first knew or should have known of the facts giving rise to such claim.

Because of the importance of management's representations to Grant Thornton with respect to Grant Thornton's ability to perform its Services, Discretionary Services and Additional Services, Client agrees to release Grant Thornton and its personnel from any liability and costs relating to the Services, Discretionary Services and Additional Services hereunder which liability and costs are attributable to any misrepresentation made by Client management.

Notwithstanding anything to the contrary, Grant Thornton's maximum aggregate liability relating to services under this Agreement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to Grant Thornton for the month during the term of this Agreement in which the latest event, act or omission occurs which gives rise to such liability. In no event shall Grant Thornton be liable for consequential, incidental, special or punitive loss, damage or expense (including, without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence. This provision shall survive the termination of this Agreement.

10. Miscellaneous.

Neither party may assign any of its rights or obligations under this Agreement without the prior written consent of the other.

Neither party shall be liable for any delays or failures in performance due to causes beyond its control, including but not limited to downtime or delays in computers and computer-related equipment.

Notwithstanding any contrary provision of this Agreement, Grant Thornton, including its employees who perform services pursuant to this Agreement, may perform similar or comparable services and functions for third parties, and may use ideas, expressions, skill and experience acquired by it before and while rendering the Services, Discretionary Services or Additional Services to perform such other third-party engagements.

No delay or omission by either party to exercise any right or power under this Agreement or pursuant to applicable law shall impair such right or power or be construed as a waiver thereof. A waiver by any party of any covenant or breach shall not be construed to be a waiver of any other covenant or succeeding breach.

All media releases, public announcements and public disclosures by either party relating to this Agreement shall be approved by the parties prior to such release. Client shall not use the name Grant

Mr. David Taylor
Page 6
June 25, 2002

Thornton LLP, in part or whole, or any trademarks or trade names of such party without Grant Thornton's prior written approval.

This Agreement constitutes the entire agreement between the parties regarding the Services and supersedes all prior agreements and understandings. No amendment, modification, waiver or discharge of this Agreement shall be valid unless in writing and signed by authorized representatives of both parties.

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, excluding conflict of law principles.

This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitute, collectively, one Agreement.

This Agreement has been entered into for the sole benefit of Client and Grant Thornton, and in no event shall any third-party beneficiaries be created hereby.

We appreciate the opportunity to be of service to you and look forward to working with you on this challenging project. You can be assured that it will receive our close attention.

Very truly yours,

GRANT THORNTON LLP

By:
David A. Youngdahl

S:\tax clients\guilford\2002 JAL

Acknowledged and Accepted:

Guilford Mills, Inc.

By: _____

Title: _____

Date: _____

SCOPE ADDENDUM DESCRIPTION OF SERVICES

Federal Taxes:

- Preparation of federal income tax return(s) for your review, approval and signature
- Preparation of quarterly income tax payments for your review, approval and signature
- Preparation of responses to tax notices from the Internal Revenue Service for your review, approval and signature

State and Local Taxes:

- Preparation of state and local income tax returns for your review, approval and signature
- Preparation of quarterly income tax payments for your review, approval and signature
- Preparation of state and local ad valorem tax returns for your review, approval and signature
- Preparation of state franchise tax and annual reports for your review, approval and signature
- Preparation of responses to tax notices from state and local tax authorities for your review, approval and signature

Foreign Taxes:

- Preparation of dividend filing requirements in the U.S. for your review, approval and signature
- Preparation of U.S. Information reporting requirements for your review, approval and signature

Tax Audits (potentially of any return listed above):

- Preparation of responses to information requests for your review, approval and signature
- Assistance in and participation with management in meetings with tax authorities
- Preparation of carryback or carryforward returns for your review, approval and signature
- Preparation of amended returns for your review, approval and signature

Tax Accounting Matters:

- Assistance with determination of quarterly and annual tax provision (all taxes)
- Assistance with determination of E & P accounting and tracking for your review and approval
- Assistance with documentation of tax cushion analysis for your review and approval
- Assistance with calculation of amounts to be included in the tax footnote in the financials for your review and approval

Tax Planning and Consulting:

- Preparation of recurring short and long term tax projection work for your review and approval
- Preparation of transaction specific tax projection and planning for your review and approval
- Preparation of foreign repatriation analysis for your review and approval
- Preparation of amended return requirements or opportunities for your review and approval
- Tax research and consultations with respect to nonrecurring items and other matters of tax significance that may arise during the engagement period

DRAFT

EXHIBIT C

June 3, 2002

Mr. David Taylor
Guilford Mills, Inc.
Post Office Box 26969
Greensboro, North Carolina 27419-6969

Dear David:

This letter confirms Grant Thornton LLP's (GT) arrangements to provide certain personnel to Guilford Mills, Inc. (Client). GT shall provide to Client the following GT personnel (Personnel): Jason Yaudes, an assurance manager, Tripp Miller, an assurance senior, Sarah Blevins, an assurance senior and Will Rike, an assurance associate. The Personnel shall perform the following services (Services) under Client's direction: assist with preparing and compiling certain documents, schedules and information related to the Client's filings required by the Bankruptcy Court. The parties may increase, reduce or change the Personnel and/or Services by mutual written agreement.

The scope of the Services shall be determined solely by Client. The Personnel shall report directly and exclusively to Client, and Client shall be solely responsible for reviewing and approving any and all work performed by the Personnel. The Personnel shall observe Client's reasonable policies regarding working conditions and business hours, to the extent such policies are made known to the Personnel; provided that GT's sole responsibility for the refusal of any Personnel to observe such policies shall be to furnish Client with replacement Personnel who will observe such policies.

The Personnel will provide Services commencing on June 3, 2002. The work is estimated to require up to four weeks of the Personnel time. If, for any reason, any Personnel is unable to complete the service period, or if his (her) performance does not meet Client's expectations, GT will endeavor to provide a suitable replacement who will be subject to Client's approval. If GT is unable to identify a replacement acceptable to Client, the service period will be deemed to have automatically ended with respect to that individual.

Client shall pay GT for the Services at the following rates:

- Jason Yaudes - \$195 per hour
- Tripp Miller - \$155 per hour
- Sarah Blevins - \$115 per hour
- Will Rike - \$100 per hour

Mr. David Taylor

June 3, 2002

Page 4

In addition, our billings will include out of pocket expenses. Client shall pay the amounts payable hereunder to GT within twenty (20) days of receipt of invoices submitted by GT. Invoices will be sent monthly, and a closing invoice will be sent upon completion of the Services. In the event of any dispute with regard to a portion of an invoice, the undisputed portion shall be paid as provided herein.

This engagement includes only those services specifically described in this letter. Costs and time spent in legal matters or proceedings arising from our engagement, such as subpoenas, testimony, or consultation involving private litigation, arbitration or government regulatory inquiries at your request or by subpoena, will be billed to you separately.

We look forward to providing the Services, as well as other accounting services agreeable to us both. In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, we both recognize that the matter will probably involve complex business or accounting issues that would be decided most equitably to us both by a judge hearing the evidence without a jury. Accordingly, you and we agree to waive any right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to our services and fees for this engagement.

In addition to the other responsibilities set forth in this agreement, Client shall supply on-site Personnel with suitable office space, desks, storage, furniture and other normal office equipment support, including computer terminals, telephone service, postage, copying, typing, secretarial services and general office supplies which may be necessary in connection with Personnel's performance of the Services.

Employees of GT who perform Services hereunder shall remain the employees of GT. GT shall be responsible for the tax withholdings, payment of salaries, unemployment insurance, workers' disability and compensation, social security contributions and employee benefits such as vacation, sick pay, insurance, pension and profit-sharing benefits of such GT employees. In connection with this agreement, each party is an independent contractor and as such will not have any authority to bind or commit the other. Nothing herein shall be deemed or construed to create a joint venture, partnership or agency relationship between the parties for any purpose.

Client shall also be responsible for providing the Personnel with access to all individuals and tools reasonably necessary for the Personnel to perform the Services. Furthermore, it shall be Client's responsibility to obtain any and all consents from third parties required to permit and authorize such access, and Client shall indemnify GT against any claims arising out of Client's failure to obtain any such consent.

Mr. David Taylor

June 3, 2002

Page 4

The parties acknowledge that in the course of performance hereunder, the Personnel may use products, materials or methodologies proprietary to GT or third parties. Notwithstanding anything contained herein to the contrary, Client shall not have or obtain any rights in such proprietary products, materials and methodologies of GT or any third parties. This agreement shall not preclude GT or the Personnel from providing any services to third parties, irrespective of their similarity to the Services delivered to Client pursuant to this agreement.

Client shall not solicit, hire or offer employment to any Personnel during the term of this agreement. This restriction shall apply equally to Client, its subsidiaries, parent company and any other of its affiliates.

GT represents that the Personnel possess the general skills, knowledge and experience to perform the Services. If the performance of any of the Personnel demonstrates that such person does not possess the general skill, knowledge and experience to perform the Services, Client's sole remedy shall be for GT to use commercially reasonable efforts to provide Client with a suitable replacement for such person promptly after Client provides GT with a reasonable description of the performance problem.

Client expressly acknowledges that GT shall have no liability whatsoever for any damages, liability, costs or claims arising out of or in any way relating to the Services or this agreement. In no event shall GT be liable for consequential, incidental or punitive loss, damage or expense or lost profits even if advised of their possible existence. This provision shall survive the termination of this agreement for any reason.

Client will not use or in any way associate the name of GT with any work or work product of any Personnel in any oral or written communication with a third party. Client shall indemnify and hold harmless GT and its personnel and subcontractors (collectively, the "Indemnified Parties") from and against any loss, cost, damage and expense (including but not limited to attorneys' fees) incurred by any Indemnified Party relating to any claims arising out of or in any way relating to the Services or this agreement. This provision shall survive the termination of this agreement for any reason.

This agreement represents the entire agreement between you and us and supersedes all other communications between the parties concerning GT's providing personnel to Client to perform the Services.

During the course of our engagement, we may need to electronically transmit confidential information to each other and to outside specialists or other entities engaged by either GT or Client. E-mail is a fast and convenient way to communicate. However, e-mail travels over the public Internet which is not a secure means of communication and, thus, confidentiality could be compromised. Client agrees to the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between GT and Client and between GT and outside specialists or other entities engaged by either GT or Client.

Mr. David Taylor
June 3, 2002
Page 4

We are pleased to have this opportunity to provide personnel to you. Please confirm your agreement with the above terms by signing a copy of this letter in the space below and returning it in the enclosed self-addressed envelope.

Very truly yours,

GRANT THORNTON LLP

By
Jeffrey L. Burgess

CMG

z:\Guilford\audit\2002\ltn\Guilford-LoanStaff\JLB-2002

Enclosures

The foregoing letter fully describes the services required and is accepted by us

By _____ Date _____

Title _____

Guilford Mills, Inc.
Creditor's List

<u>Entity/Individual</u>	<u>Comments</u>
Guilford Mills, Inc.	DEBTORS AND AFFILIATES
GFD Services, Inc.	DEBTORS AND AFFILIATES
GFD Fabrics, Inc.	DEBTORS AND AFFILIATES
Advisory Research Services, Inc.	DEBTORS AND AFFILIATES
Twin Rivers Textile Printing & Finishing	DEBTORS AND AFFILIATES
Guilford Airmont, Inc.	DEBTORS AND AFFILIATES
GMI Computer Sales, Inc.	DEBTORS AND AFFILIATES
Hofmann Laces, Ltd.	DEBTORS AND AFFILIATES
Raschel fashion Interknitting, Ltd.	DEBTORS AND AFFILIATES
Curtains and Fabrics, Inc.	DEBTORS AND AFFILIATES
Mexican Industries of North Carolina, Inc.	DEBTORS AND AFFILIATES
Gold Mills, Inc.	DEBTORS AND AFFILIATES
Gold Mills Farms, Inc.	DEBTORS AND AFFILIATES
Gold Mills Farms Europe Limited	DEBTORS AND AFFILIATES
Guilford Europe Limited	DEBTORS AND AFFILIATES
Rouquinet Deroy Limited	DEBTORS AND AFFILIATES
Guilford Deutschland GmbH	DEBTORS AND AFFILIATES
Guilford Europe Pension Trustees Limited	DEBTORS AND AFFILIATES
Guilford Wovens Limited	DEBTORS AND AFFILIATES
Guilford Automocion Iberica S.L.	DEBTORS AND AFFILIATES
Guilford Texteis Iberica Limitada	DEBTORS AND AFFILIATES
Guilford Mills Automotive Limited (Portugal)	DEBTORS AND AFFILIATES
Guilford Mills Automotive Limited (Czech Republic)	DEBTORS AND AFFILIATES
Guilford Mills do Brasil Ltda.	DEBTORS AND AFFILIATES
Industrias Globales de Mexica, S.A. de C.V.	DEBTORS AND AFFILIATES
Industrias Mexicanas de Morelos, S.A. de C.V.	DEBTORS AND AFFILIATES
Grupo Ambar, S.A. de C.V.	DEBTORS AND AFFILIATES
American Textil, S.A. de C.V.	DEBTORS AND AFFILIATES
Servicios Corporativos Ambar, S.A. de C.V.	DEBTORS AND AFFILIATES
Guilford de Tamaulipas, S.A. de C.V.	DEBTORS AND AFFILIATES
Guilford de Altamira, S.A. de C.V.	DEBTORS AND AFFILIATES
Nustart, S.A. de C.V.	DEBTORS AND AFFILIATES
Guilford Mills Limited (France)	DEBTORS AND AFFILIATES
Guilford Czech Republic S.C.O.	DEBTORS AND AFFILIATES
Charles A. Hayes	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
David Taylor	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
David B. Schweibold	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Don A. Alexander	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
John A. Emrich	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Richard E. Novak	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Robert A. Emken, Jr.	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Tomokazu Adachi	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Paul G. Gillease	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Stephen C. Hassenfelt	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Sherry R. Jacobs	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Grant M. Wilson	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Jacobo Zaidenweber	OFFICERS, DIRECTORS, SHAREHOLDERS, COMMITTEE MEMBERS
Bank One	PREPETITION LENDERS
Branch Banking & Trust Co.	PREPETITION LENDERS
First Union National Bank	PREPETITION LENDERS

Vita-Olympic Division	30 LARGEST UNSECURED CREDITORS
Du Pont Co.	30 LARGEST UNSECURED CREDITORS
Foamex L.P.	30 LARGEST UNSECURED CREDITORS
Foamex	30 LARGEST UNSECURED CREDITORS
Swift Spinning Mills	30 LARGEST UNSECURED CREDITORS
M. Dohmen USA, Inc	30 LARGEST UNSECURED CREDITORS
Fritz Companies, Inc.	30 LARGEST UNSECURED CREDITORS
CP&L	30 LARGEST UNSECURED CREDITORS
Pharr Yarns Inc.	30 LARGEST UNSECURED CREDITORS
RAB Partners	30 LARGEST UNSECURED CREDITORS
Glen Raven Mills, Inc.	30 LARGEST UNSECURED CREDITORS
Parkdale Mills, Inc.	30 LARGEST UNSECURED CREDITORS
Bayer Corp. Fibers	30 LARGEST UNSECURED CREDITORS
Ciba Specialty Chemicals	30 LARGEST UNSECURED CREDITORS
Shell Chemical Co.	30 LARGEST UNSECURED CREDITORS
Stahl USA	30 LARGEST UNSECURED CREDITORS
Ostrow International Ltd	30 LARGEST UNSECURED CREDITORS
Tyco/Armin Plastics	30 LARGEST UNSECURED CREDITORS
Brodnax Mills, Inc.	30 LARGEST UNSECURED CREDITORS
Du Pont Polyester	30 LARGEST UNSECURED CREDITORS
Apex Chemical Corp Of S.C. Inc	30 LARGEST UNSECURED CREDITORS
PP&L	30 LARGEST UNSECURED CREDITORS
Titan Textile Co.	30 LARGEST UNSECURED CREDITORS
Burke Mills, Inc.	30 LARGEST UNSECURED CREDITORS
Bostik Division	30 LARGEST UNSECURED CREDITORS
Duke Power Company	30 LARGEST UNSECURED CREDITORS
Mayer Textile Machine Corp.	30 LARGEST UNSECURED CREDITORS
Shawmut Mills	30 LARGEST UNSECURED CREDITORS
Piedmont Chemicals Ind., Inc.	30 LARGEST UNSECURED CREDITORS

Exhibit "2"

TOGUT, SEGAL & SEGAL LLP
Bankruptcy Counsel for the
Debtors and Debtors in Possession
One Penn Plaza - Suite 3335
New York, New York 10119
(212) 594-5000
Albert Togut (AT-9759)
Frank A. Oswald (FAO-1223)
Howard P. Magaliff (HPM-2189)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
: In re: : Chapter 11
: :
: GUILFORD MILLS, INC., *et al.*, : Case No. 02-40667 (BRL)
: :
: : (Jointly Administered)
: Debtors. :
-----X

**ORDER AUTHORIZING EMPLOYMENT AND
RETENTION OF GRANT THORNTON LLP AS
AUDITORS, ACCOUNTING AND TAX ADVISORS
FOR THE DEBTORS, NUNC PRO TUNC TO JUNE 3, 2002**

Upon the application dated August 6, 2002 (the "Application") of Guilford Mills, Inc. and certain of its subsidiaries (collectively, the "Debtors"), debtors and debtors in possession, for entry of an order, pursuant to §§ 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), authorizing the Debtors to retain and employ the firm of Grant Thornton LLP ("Grant Thornton") as their auditors, accounting and tax advisors, *nunc pro tunc* to June 3, 2002; and upon the affidavit of Jeffrey L. Burgess sworn to on August 5, 2002, which is annexed to the Application as Exhibit "1"; and it appearing that Grant Thornton does not represent any interest adverse to the Debtors' estates for the matters upon which it is to be engaged; and this Court having determined that the continued retention of Grant Thornton is in the best interests of the Debtors, their creditors and equity security holders; and due notice of

the Application having been given to (i) the United States Trustee for the Southern District of New York; (ii) the attorneys for the Debtors' prepetition and postpetition secured lenders; (iii) counsel to the statutory creditors committee; and (iv) all parties who filed a notice of appearance; and it appearing that no other or further notice is required; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that, pursuant to 11 U.S.C. §§ 327(a) and 328(a), the Debtors are hereby authorized to retain Grant Thornton as their accountants to perform the services described in the Application, *nunc pro tunc* to June 3, 2002; and it is further

ORDERED, that Grant Thornton shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, applicable Federal Rules of Bankruptcy Procedure, local rules and orders of the Court, guidelines established by the Office of the United States Trustee, and such other procedures as may be fixed by order of this Court.

Dated: New York, New York
August __, 2002

Burton R. Lifland
United States Bankruptcy Judge

EXHIBIT D

To: David Taylor, CFO
Guilford Mills, Inc.
4925 West Market Street
Greensboro, NC 27407

Date: October 9, 2002

Bill Number: 950807146

Client-Assignment Code: 0160943-00012

Billing for professional services rendered through September 20, 2002 in connection with the audit of Guilford Mills, Inc. for the year ended September 29, 2002:

	Hours	Rate	Fees
Jeff Burgess	11.5	362	\$ 4,163
Dewayne Southern	70.0	248	17,360
Tripp Miller	85.5	177	15,134
Sarah Blevins	58.8	164	9,643
Will Rike	51.0	125	6,375
	<u>276.8</u>		<u>\$52,675</u>

Total Amount of Bill:

\$ 52,675.00

Terms: As agreed upon
Federal ID No. 36-6055558

Grant Thornton LLP
The US Member Firm of
Grant Thornton International

628 Green Valley Road
Greensboro, N.C. 27408
336 834 1200 Direct
336 834 1210 Fax
www.grantthornton.com

Grant Thornton 

To: David Taylor, CFO
Guilford Mills, Inc.
4925 West Market Street
Greensboro, NC 27407

Date: October 8, 2002

Bill Number: 950807088

Client-Assignment Code: 0160943-00007

Billing for professional services rendered in connection with the quarterly review of Guilford Mills, Inc. for the period ended June 30, 2002:

	Hours	Rate	Fees
Jeff Burgess	13.0	362	\$ 4,706
Dexter Manning	2.0	362	724
Brad Gabosch	2.0	362	724
Jason Yaudes	61.5	248	15,252
Dewayne Southern	19.0	248	4,712
Brian Lunsford	45.0	248	11,160
Tripp Miller	51.0	177	9,027
Walter Lockamy	6.0	125	750
	-----		-----
	199.5		

Total Amount of Bill:

\$ 47,055.00

Terms: As agreed upon
Federal ID No. 36-6055558

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628 Green Valley Road
Greensboro, N.C. 27408
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Grant Thornton 

To: David Taylor, CFO
Guilford Mills, Inc.
4925 West Market Street
Greensboro, NC 27407

Date: October 9, 2002

Bill Number: 950807137

Client-Assignment Code: 0160943-00006

Billing for professional services rendered in connection with assistance with preparation of Guilford Mills, Inc. documents to be submitted to the Bankruptcy Court:

	Hours	Rate	Fees
Jason Yaudes	21.5	195	\$4,193
Sarah Blevins	11.3	115	1,300
Will Rike	28.0	100	2,800
	-----		-----
	60.8		

Total Amount of Bill:

\$ 8,293.00

Terms: As agreed upon
Federal ID No. 36-6055558

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Bank of America Corporate Center
100 North Tryon Street, Ste. 3800
Charlotte, NC 28280
704 632-3500 - Direct
704 337-2979 - Fax
www.grantthornton.com

Grant Thornton 

To: Guilford Mills, Inc.
Attn: David Taylor
4925 West Market Street
Greensboro, NC 27407

Date: October 16, 2002

Bill Number: 950808042

Client-Assignment Code: 0160943-00005

Billing related to the preparation of Guilford Mills, Inc. and Subsidiaries state tax returns for the year ended September 30, 2001:

S. King	Partner	4.5	\$280	\$ 1,260.00
K. Knoble	Senior Manager	22.0	\$225	4,950.00
R. Gehle	Manager	63.5	\$210	13,335.00
E. Cheek	Senior	13.0	\$150	<u>1,950.00</u>

Sub-Total Amount of Bill:

\$21,495.00

Bill Number:

Client-Assignment Code: 0160943-00010

Billing related to bankruptcy consulting for Guilford Mills, Inc. and Subsidiaries including verification of numerous bankruptcy claims and research to determine state tax implications of bankruptcy and affects on state tax attributes:

S. King	Partner	4.5	\$395	\$ 1,777.50
K. Knoble	Senior Manager	17.5	\$355	6,212.50
R. Gehle	Manager	13.0	\$335	<u>4,355.00</u>

Sub-Total Amount of Bill:

\$12,345.00

Bill Number:

Client-Assignment Code: 0160943-00011

Billing related to calculation and verification of New York and North Carolina tax credits including preparation of amended New York tax returns for Raschel Fashion Interknitting, Ltd. and Curtains & Fabrics, Inc. for the year ended September 30, 2001:

R. Gehle	Manager	9.0	\$335	\$ 3,015.00
S. Hedgpeth	Associate	11.0	\$135	<u>1,485.00</u>

Sub-Total Amount of Bill: \$ 4,500.00

Grand Total \$38,340.00

Terms: As agreed upon
Federal ID No. 36-6055558

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Greensboro, NC 27408
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336 834 1210 Fax
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Grant Thornton 

To: Mr. David Taylor
Guilford Mills, Inc.
Post Office Box 26969
Greensboro, North Carolina 27419-6969

Date: October 11, 2002

Bill Number: 950807495

Client-Assignment Codes: 0160943-00002
0160943-00003
0160943-00004
0160943-00008
0160943-00009

For professional tax services rendered for the period June 2, 2002 through September 20, 2002 as follows:

Consultations, research and discussions related to Guilford Mills, Inc. and Subsidiaries bankruptcy, debt restructuring and research and US debt restructuring, including calculating the tax basis of a various group of assets to be transferred into a liquidating trust, review of preliminary term sheet, tax implications of a liquidating trust with a guarantee, and related discussions with David Taylor (Guilford), Stuart Goldring (Weill), Howard Goldberg (Morgan Lewis), Ken Kail (Morgan Lewis), and Jackie Levinson (King & Spaulding)

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>	
Partner	21.50	383	
Principal	25.50	295	
Senior Associate	21.25	210	
Associate	6.00	120	\$20,940

Progress billing for preparation of Guilford Mills, Inc. and Subsidiaries
 expatriate/inpatriate federal and state income tax returns for the year ending
 December 31, 2001 14,860

	<u>Hours</u>	<u>Rate (Tax Compliance)</u>
Manager	13.00	210
Senior Associate	65.00	155
Associate	24.00	85

Progress billing for preparation of Guilford Mills, Inc. and Subsidiaries state income
 tax returns for the year ending September 30, 2001

	<u>Hours</u>	<u>Rate (Tax Compliance)</u>	
Manager	3.50	210	
Senior Associate	5.50	150	
Associate	53.50	87	6,215

Preparation of Guilford Mills, Inc. and Subsidiaries comprehensive benefit booklets

	<u>Hours</u>	<u>Rate (Tax Compliance)</u>	
Manager	5.50	295	
Associate	36.25	123	6,081

Research, analysis and discussions concerning the Mexican transfer tax and sale of
 Mexican assets

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>	
Manager	19.25	311	5,993

Research, analysis and correspondence regarding the sales agreement and debt of
 Unger Fabrik, LLC

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>	
Partner	1.75	383	
Manager	13.25	332	5,064

Computation of third and fourth quarter estimated tax liabilities and preparation of
 related payment vouchers for the year ending September 29, 2002

	<u>Hours</u>	<u>Rate (Tax Compliance)</u>	
Manager	3.50	210	
Senior Associate	20.75	150	3,848

Research, analysis and consultation regarding legal documents associated with the bankruptcy of Guilford Mills, Inc. and Subsidiaries 3,650

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>	
Partner	4.75	383	
Manager	6.00	305	

Research and analysis concerning the potential tax effects of discontinuing the LIFO method of valuing inventory

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>	
Partner	1.25	383	3,322
Manager	9.50	299	

Preparation of and follow-up with the IRS regarding Form 1139, Corporation Application for Tentative Refund, to take advantage of new 5 year federal net operating loss carry back period

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>	
Partner	1.75	383	
Manager	6.50	295	
Senior Associate	0.25	210	2,702
Associate	0.50	123	

Progress billing for preparation of Guilford Mills, Inc. and Subsidiaries federal income tax returns for the year ended September 29, 2002

	<u>Hours</u>	<u>Rate (Tax Compliance)</u>	
Manager	1.00	219	
Senior Associate	3.25	150	
Associate	17.75	87	2,242

Research, consultation and correspondence with Eric Wile at the IRS related to his review of the tax returns of Guilford Mills, Inc. & Subsidiaries

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>	
Manager	1.50	295	1,913
Senior Associate	7.00	210	

Research, analysis and discussions related to the potential repatriation of proceeds from the sale of Guilford's Brazilian operations

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>	
Manager	3.50	303	1,061

Research, consultation and correspondence with the IRS related to various notices received by Guilford Mills, Inc. and Subsidiaries 1,007

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>
Manager	1.50	295
Senior Associate	2.25	210
Associate	0.75	123

Research, analysis and discussions related to the Royalty and Management fee charged to Guilford UK 287

	<u>Hours</u>	<u>Rate (Tax Consulting)</u>
Partner	0.75	383

Preparation of Guilford Mills, Inc. and Subsidiaries form TD F 90-22.1 (Report of Foreign Bank Accounts) for the year ended September 30, 2001

	<u>Hours</u>	<u>Rate (Tax Compliance)</u>
Manager	0.50	210
Senior Associate	1.00	150

255

Preparation of Guilford Mills, Inc. and Subsidiaries forms 5471 for the year ended September 30, 2001

	<u>Hours</u>	<u>Rate (Tax Compliance)</u>
Manager	1.0	210

210

Preparation of Guilford Mills, Inc. and Subsidiaries franchise tax summary for the year ended September 30, 2001

	<u>Hours</u>	<u>Rate (Tax Compliance)</u>
Manager	0.50	210
Associate	1.00	87

192

Total Amount of Bill: \$79,842.00

Terms: As agreed upon
Federal ID No. 36-6055558

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C/F
Grant Thornton 

To: Guilford Mills, Inc.
David Taylor, CFO
4925 West Market Street
Greensboro, NC 27407

Date: July 23, 2002

Bill Number: 950772494

Client-Assignment Code: 0160943-00001

Professional services rendered in connection with the Guilford Mills, Inc. 401(k) Savings and Investment Plan September 30, 2001 financial statements.

Total Amount of Bill:

\$ 8,000.00

Terms: As agreed upon
Federal ID No. 36-6055558

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Greensboro, N.C. 27408
336 834 3000 Direct
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9/F
Grant Thornton 

To: Guilford Mills, Inc.
David Taylor, CFO
4925 West Market Street
Greensboro, NC 27407

Date: July 22, 2002

Bill Number: 950772392

Client-Assignment Code: 0160943-00001

Professional services rendered in connection with the Guilford Mills, Inc. Salaried Associate Retirement Profit Sharing Plan September 30, 2001 financial statements.

Total Amount of Bill:

\$ 9,000.00

Terms: As agreed upon
Federal ID No. 36-6055558

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Greensboro, N.C. 27408
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336 834 1210 Fax
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Grant Thornton 

To: David Taylor, CFO
Guilford Mills, Inc.
4925 West Market Street
Greensboro, NC 27407

Date: August 28, 2002

Bill Number: 950788458

Client-Assignment Code: 0160943-00001

Billing for professional services rendered in connection with the Guilford Mills, Inc. Health Care Plan December 31, 2001 financial statements.

Total Amount of Bill:

\$ 7,000.00

Terms: As agreed upon
Federal ID No. 36-6055558

EXHIBIT E

Jeffrey L. Burgess
 Guilford Mills, Inc.
 Daily Time Report for Year-end Audit

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
27-Aug-02	0.4	0.4	Call with Dewayne Southern to discuss issues related to fresh start accounting and associated FAS 121 issues at the Automotive business unit
29-Aug-02	2	2	Meeting at Guilford to discuss audit plan with team (Dewayne Southern, Tripp Miller, Sarah Blevins and Will Rike
3-Sep-02	2 0.5	2.5	Reviewed drafts of interoffice instructions to UK and Mexico City audit teams Discussed above with Tripp Miller
5-Sep-02	0.9	0.9	Phone call with Luis Burgos to discuss Grupo Ambar audit plans
12-Sep-02	0.5	0.5	Phone call with David Youngdahl and Dewayne Southern regarding David Taylor's request to look at projections and LIFO election to change to FIFO
13-Sep-02	0.5	0.5	Phone call with Dewayne Southern regarding change from LIFO to FIFO and fresh start accounting
17-Sep-02	0.7 1 1.85 0.2	3.75	Reviewed projections for 2002 to 2004 Met with Dewayne Southern regarding projections for 2002 to 2004 Met with David Youngdahl regarding projections for 2002 to 2004 Called David Taylor regarding projections for 2002 to 2004
18-Sep-02	0.25	0.25	Talked to Dewayne Southern regarding FAS 121 analysis
20-Sep-02	0.75	0.75	Conference call with Mike Redfern and Eddie Best to discuss Guilford Europe audit requirements
Total		11.55	

Dewayne M. Southern
 Guilford Mills, Inc.
 Daily Time Report for Year-end Audit

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
19-Aug-02	2.3 <u>0.7</u>	3	Research issues related to fresh start accounting Draft memo regarding valuations to be performed for fresh start accounting
26-Aug-02	2.7 0.6 <u>0.7</u>	4	Discussion with engagement team regarding planning items that need to be completed Review of Mexico and U.K. interoffice instructions from prior year Review of internal audit reports for fiscal 2002
27-Aug-02	3.9 0.4 1.8 <u>1.9</u>	8	Completion of planning steps in audit software for U.S. audit Call with Jeff Burgess to discuss issues related to fresh start accounting and SFAS 121 issues at the Automotive business unit Development and review of U.K. interoffice instructions Draft list of items that need to be completed by Company by year-end
28-Aug-02	1.8 3.7 1.9 <u>0.6</u>	8	Meeting with engagement team and Jim Hopeck and Charles Skara of Guilford to discuss items that need to be completed by year-end. Development and review of Mexico interoffice instructions Completion of planning steps in audit software for U.S. audit Researching various technical issues related to audit
29-Aug-02	1.8 2 0.7 <u>1.5</u>	6	Performing risk assessments related to year-end audit Discussion with engagement team and Jeff Burgess regarding risk areas and audit plan Discussion with Luis Burgos in Grant Mexico City office regarding interoffice procedures Discussion with Jim Hopeck and Charles Skara regarding SFAS 121 valuation
30-Aug-02	2.8 1.1 <u>2.1</u>	6	Completion of planning steps in audit software for year-end audit Researching steps that need to be taken to comply with SFAS 121 Researching various other technical issues related to audit

10-Sep-02	2.4		Researching and discussing accounting requirements related to the Company to getting off LIFO
	1.9		Finalizing interoffice instructions for the UK and Mexico
	0.5		Reviewing legal confirmation letter
	<u>1.2</u>	6	Discussing and determining approach for confirming accounts receivable
13-Sep-02	0.5		Phone call with Jeff Burgess regarding change from LIFO to FIFO and fresh start accounting
	1.5		Reviewed Edgar filings for fresh start accounting examples
	1.4		Reviewed Edgar filings to obtain examples of preferability letters for a change in accounting method
	<u>0.6</u>	4	Discussed criteria for getting off LIFO with Craig Miller in Professional Standards Group
16-Sep-02	2.1		Discuss method for confirming accounts receivable as of Period 11
	2.3		Summarize income statement and cash flow historical results and projections for all business units
	1.6		Research SFAS 121 to determine which entities required impairment tests
	<u>2</u>	8	Reviewed projections for 2002 to 2004
17-Sep-02	<u>1</u>	1	Met with Jeff Burgess regarding review of projections for 2002 to 2004
18-Sep-02	2.8		Reviewed list of items needed for year-end audit
	0.25		Talked to Jeff Burgess regarding SFAS 121 analysis
	0.8		Reviewed drafts of legal confirmations
	<u>2.15</u>	6	Reviewed prior year files for treatment of SFAS 121 issues in the prior year
19-Sep-02	1.6		Met with Jim Hopeck and Charles Skara regarding application of SFAS 121
	1.4		Drafted memo regarding application of SFAS 121 for fiscal 2002
	1.8		Reviewed Period 11 trial balance to identify items to be tested as of a preliminary date
	<u>1.2</u>	6	Discussed inventory observations procedures and results with Tripp Miller
20-Sep-02	0.5		Reviewed Pillowtex 10-Q bankruptcy reporting example
	3.5		Discussed materiality calculations for Guilford Europe with Eddie Best
	<u>3.5</u>	4	Revised materiality calculations for year-end audit
Total		70	

Sarah C. Blevins
 Guilford Mills, Inc.
 Daily Time Report for Year-end Audit

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
26-Aug-2002	0.5		Review "Items to be addressed by client before year end audit" listing to obtain understanding of remaining prefilm audit issues.
	0.8		Obtain understanding of structure of GMI by reviewing memo prepared by prior audit manager detailing the status of each Guilford entity
	2.2		Review Guilford Internal Audit memos and document issues that may be of interest to the external audit team for the year-end audit.
	1.7		Meeting with Jim Hopeck and Charles Skara from GMI and Dewayne Southern and Tripp Miller from Grant Thornton to discuss status of "Items to be addressed by client before year-end audit."
		5.2	
27-Aug-2002	0.7		Review manager's to-do list for the preliminary planning of the 2002 year end audit.
	0.3		Talk with Internal Audit Director regarding remaining work that IA intends to perform for the remainder of the fiscal year
	1.7		Update Interoffice Instructions for the 2002 year end audit for the Mexico office
	1		Obtained Internal Audits working papers for the corporate payroll testing. Identified areas that GT can rely on for testing payroll process.
		3.7	
28-Aug-2002	1.8		Select sample from the payroll report for payroll testing for FY2002 audit
	1.7		Document sample pulled for payroll testing in excel.
	0.5		Talk with General Manager from Guilford Mexico to discuss year end audit approach for Mexican facility
	2.4		Determine which accounts are significant in Mexico and the accounts to be tested by the Mexican audit team
	0.6		Review Internal Audit's FY2002 audit plan
		7	
29-Aug-2002	1.5		Document sampling approach for testing payroll
	3		Tailor inventory and accounts receivable procedures for the Interoffice audit instructions for Mexico
	0.5		Talk with partner regarding audit critical issues
	1.3		Review prior year files for relevancy to current year audit
	1.6		Prepare confirmation control for current year audit
	1.85		Tailor audit plan in GT Explorer
		9.75	
30-Aug-2002	3.25		Create "to be prepared by client" listing for 2002 audit
	1.6		Input testing data into the payroll process testing schedule
	0.7		With the assistance of payroll personnel, investigate discrepancies in the payroll testing data
	1.2		Document final results of payroll testing

	<u>1.35</u>	8.1	Update schedules in the Interoffice Instructions for Mexico for 2002 audit
4-Sep-2002	<u>1</u>	1	Prepare legal letter requests for 2002 audit
5-Sep-2002	<u>2</u>	2	Worked with Guilford's electronic A/R trial balance as of Aug and put it into IDEA, GT's sampling software.
6-Sep-2002	<u>1</u>	1	Obtained sample for sending out A/R confirmations.
16-Sep-2002	3.1		Pull Herkimer A/R trial balance and GM1 co 100 trial balance into IDEA to manipulate the accounts for A/R confirmation selection.
	1.3		Ensure that Herkimer A/R and Guilford A/R per the A/R trial balance agree to the general ledger balances
	1.7		Rerun sample calculator to obtain A/R confirmation selection after combining Herkimer location to the population
	<u>1.9</u>	8	Prepare A/R confirmations
17-Sep-2002	2.3		Review prior year files for information relevant to current year audit
	2.1		Discovered A/R download for Guilford co 100 was corrupted and obtained a new download and put into IDEA, sampling software, and generated a new A/R sample for confirmation.
	<u>2.6</u>	7	Reprepared A/R confirmations
18-Sep-02	0.5		Review GT's "to be prepared by client listing" ensuring its completeness.
	0.3		Inserted payroll testing results into the GT Explorer, paperless audit program
	1.2		Looked through prior year files to find prior year audit committee book data for the Mexico and UK locations.
	2.7		Enter prior year numbers in current year audit committee book template for the UK location.
	<u>1.3</u>		Research the proper placement on the income statement of amortization related to capitalized labor.
Total	<u>58.75</u>	<u>6</u>	

Gilmer C. Miller
 Guilford Mills, Inc.
 Daily Time Report for Year-end Audit

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
26-Aug-02	1.5 1.8 3.2 1.5	8	Set up of Company information within GT Explorer software Discussion of open items from quarters with audit team Completion of the preliminary planning steps within GT Explorer Meeting with Corporate Controller and Financial Reporting Mgr to discuss potential audit issues
27-Aug-02	5.4 1.2 1.6 0.3	8.5	Preparation of interoffice instructions for Guilford Europe audit Assessment of Criticality & Environmental Risk within GT Explorer Review of interoffice reporting requirements Discuss audit planning considerations with audit team
8/28/2002	2.3 4.2	6.5	Preparation of interoffice instructions for Guilford Europe Completion of developing the audit plan steps within GT Explorer
8/29/2002	1.8 2.3 0.4 1.2 1.6 0.7	8	Discuss with audit team regarding areas of concentration for the audit Planning of Inventory observations Draft independence letter to be sent to audit committee. Tailoring of Audit Procedures within GT Explorer Review of Mexico Interoffice Instructions Discussions with management regarding audit of Grupo Ambar
8/30/2002	0.3 7.7	8	Review of Continuing/Closed locations memo Tailoring of Audit Procedures within GT Explorer
3-Sep-02	0.8 1.2	2	Tailoring of Audit Procedures Revisions to interoffice instructions
9/4/2002	0.5	0.5	Revisions/review of PBC Listing
9/5/2002	2	2	Revisions/review of PBC Listing

9/16/2002	<u>8.5</u>	8.5	Observation of physical inventory (Friendship)
9/17/2002	2.7		Preparation of Confirmations
	3.9		Documentation of results of Friendship Inventory observation
	<u>1.9</u>	8.5	Review of Prior Year Files
9/18/2002	<u>8</u>	8	Observation of physical inventory (Kenansville & Wallace)
9/19/2002	3.2		Review of prior year files
	1.4		Preparation of confirmations
	1.2		Testing of prepaid maintenance and hospital trust accounts
	<u>3.2</u>	9	Revisions to Mexico interoffice instructions
9/20/2002	1.8		Testing of prepaid expenses
	3.7		Testing of CIP balances
	0.6		Discussion with Elaine Scott re: prepaid balances
	<u>1.9</u>	8	Review of prior year file
Total	<u>85.5</u>		

Will Rike
 Guilford Mills, Inc.
 Daily Time Report for Year-end Audit

Date	Time	Description
8/26/2002	2.0	Review reporting packages for details of location shutdowns and valuation procedures
	2.0	
8/27/2002	1.3	Discussions with Nancy Savercool regarding revenue testing
	2.7	Input data from Savercool, data analysis and sample generation
	1.7	Discussions with Karen Moore regarding expenditure testing and identification of checks and wires for the year
	2.3	Import data from Moore, data analysis and sample generation
	8.0	
8/28/2002	2.5	Import data from Moore, data analysis and sample generation
	2.5	
8/29/2002	2.2	Create Expenditure testing spreadsheet, input information
	2.1	Create Revenue testing spreadsheet, input information
	0.7	Discussions with Karen regarding expenditure testing
	5	
8/30/2002	2.3	Discussions with Jim Hopek related to active and shutdown facilities
	3.7	Prepare memo documenting business unit activities
	2.0	Discussions with Karen Moore regarding expenditure testing
	8.0	
9/17/2002	4	Review of invoices for expenditure testing and input to workpapers
	4.0	
9/18/2002	4.0	Inventory observation - Kenansville
	4.0	Inventory Observation - Wallace
	8.0	
9/19/2002	2.7	Preparation of A/R Confirmations
	1.0	Preparation of Cash Confirms including discussions with cash manager
	3.3	Review of Invoices for expenditure testing
	1.5	Discussions with Karen Moore regarding checks and invoices
	8.5	
9/20/2002	2.1	Prepare Cash Confirmations
	1.9	Discussions w/ client re revenue process memo
	1.0	Document Discussions
	5.0	
Total	51.0	

Jeffrey L. Burgess
 Guilford Mills, Inc.
 Daily Time Report for 3rd Quarter Review

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
22-Jul-02	5	5	Review quarterly review file and discuss results with Dewayne Southern, Tripp Miller, Sarah Blevins and Will Rike
23-Jul-02	1	1	Complete review and finalization of agenda for quarterly wrap-up meeting with management
25-Jul-02	1 2	3	Finalize preparation of meeting plans for wrap-up meeting with management Meeting with David Taylor, Jim Hopeck and Dewayne Southern for quarterly wrap-up
8-Aug-02	2	2	Review draft of Guilford 10-Q and provide comments to Dewayne Southern
13-Aug-02	0.75 1.25	2	Phone call with David Taylor in final preparation for audit committee call Audit committee call for quarterly wrap-up with S. Hassenfelt, G. Wilson, S. Jacobs, David Taylor, John Ernich, Jim Hopeck and Bobby Emken
Total		13	

Brad Gabosch
 Guilford Mills, Inc.
 Daily Time Report for 3rd Quarter Review

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
22-Jul-02	1	1	Discussion with engagement team regarding issues related to third quarter review
8-Aug-02	1	1	Review draft of Guilford 10-Q and provide comments to engagement team
Total		2	

Dexter Manning
Guilford Mills, Inc.
Daily Time Report for Third Quarter Review

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
8-Aug	2		Review of third quarter 10Q as part of concurring partner role
		2	
Cumulative Time		<input type="text" value="2"/>	

Jason Yaudes
 Guilford Mills Bankruptcy
 Daily Time Report for Third Quarter Review

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
7/2/2002	0.5	0.5	Research of liabilities subject to compromise
7/3/2002	1	1	Discussions with client regarding restructuring charges
7/8/2002	2	2	Discussions with client regarding restructuring charges
7/9/2002	4.75	4.75	Research of liabilities subject to compromise
7/10/2002	4.6 3.65	8.25	Research of reporting under fresh-start accounting Research of valuation requirements under FAS 121
7/11/2002	4.5	4.5	Review of LIFO calculation
7/16/2002	3.4 1.7 2.9	8	Preparation for meeting with client regarding valuation of assets and balances at closed locations Discussions with client regarding valuation of assets, need for appraisals and remaining balances at closed loc. Review of period 11 trial balances
7/18/2002	3.7 4.3	8	Discussions with client/review of inventory reserve balances Review of operation narrative reports
7/22/2002	6.2 2.3	8.5	Review of documentation in quarter file Draft audit committee meeting agenda
7/23/2002	3.2		Discussions with client personnel regarding 10-K disclosure requirements

	2.8		
	<u>2</u>	8	Review of documentation in quarter file Discussions with management regarding resolution of balances at closed facilities
7/24/2002	5.3		Review/discussions with client regarding AR reserves and VAT receivables
	<u>2.7</u>	8	Research treatment of rejected leases
Total Quarter Time		<u><u>61.5</u></u>	

Dewayne M. Southern
 Guilford Mills, Inc.
 Daily Time Report for Third Quarter Review

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
22-Jul-02	1.3 <u>0.7</u>	2	Meeting with Jim Hopeck, Controller, to discuss third quarter issues. Develop list of open items related to third quarter review.
25-Jul-02	2.7 <u>1.3</u>	4	Research issues related to fresh start accounting Review proposed reorganization plan and related valuation performed
5-Aug-02	1.7 <u>0.3</u>	2	Develop agenda for meeting with management to discuss third quarter review Discuss with Jim Hopeck how to account for rejected leases
6-Aug-02	0.2 <u>1.8</u>	2	Finalization of agenda for third quarter meeting with management Meeting with David Taylor, Jim Hopeck and Charles Skara of Guilford along with Jeff Burgess to discuss third quarter review.
8-Aug-02	2.4 <u>4.6</u>	7	Review of third quarter 10Q Tie out of 10Q to supporting workpapers from third quarter review
9-Aug-02	1.6 <u>0.4</u>	2	Discussions with Jim Hopeck and Charles Skara regarding changes to third quarter 10Q Final review of third quarter 10Q
Total		<u>19</u>	

Brian Lunsford
 Guilford Mills, Inc.
 Daily Time Report for Third Quarter Review

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
7/15/02	4	4	Research and document fresh start accounting
7/16/02	2 4	6	Research and document fresh start accounting Q3 review work: Inventory
7/17/02	3 2 3	8	Q3 review work: Inventory Research and document fresh start accounting Q3 review work: A/R
7/18/02	3 2 2	7	Research and document fresh start accounting Q3 review work: Inventory Q3 review work: A/R
7/19/02	2 2	4	Q3 review work: Inventory Q3 review work: A/R
7/22/02	4 4	8	Q3 review work: Inventory Q3 review work: A/R
7/23/02	4 4	8	Q3 review work: Inventory Q3 review work: A/R
Total		45	

Gilmer C. Miller
 Guilford Mills, Inc.
 Daily Time Report for Third Quarter Review

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
Quarterly Review			
7/16/2002	0.8		Review of stock options reports and equity rollforwards
	1.7		Review of Consolidated FIFO Schedule and discussions with Controller
	0.6		Review of Foreign Currency Translations
	0.7		The out/Review of property valuations
	0.5		Review of accrued professional fees
	1.4		Testing of Gain/Loss on disposal of fixed assets
	3.3	9	The out of Inventory Reconciliations for GTT, Automotive and Apparel
7/17/2002	1.3		Review/The out of Property Rollforward
	1.7		Review of operation narrative reports
	1		Preparation of FIFO Inventory Reserve Analysis
	3.2		Discussions with client personnel regarding AP reconciliation errors and documentation
	0.8	8	Review of other liabilities/current and noncurrent
7/18/2002	1.2		Testing of First Union and Wachovia Cash Reconciliations
	2.8		Testing of AR Reserve including discussions with Credit Manager about specific accounts
	2.7		Testing of Restructuring expense
	0.6		Review of Automotive Inventory Reserve Requirements
	0.4		The out of LIFO Calculations
	2		Documentation of variation analysis
	1.6		Discussions with client personnel regarding variation analysis
	2.7	14	
7/19/2002	0.7		Review/Testing of Factor Reconciliation
	2.4		Review/Testing of Trade AR Reconciliation
	1.9	5	Discussions with client personnel regarding variation analysis
7/20/2002	1.6		The out of top trails to summary 10-K reports
	2.4	4	Documentation of Variation Analysis
7/30/2002	3	3	Testing of rejected lease liability

7/31/2002	<u>3</u>	3	Testing of rejected lease liability
8/12/2002	<u>2</u>	2	Clear partner points on quarter file
8/13/2002	<u>3</u>	3	Clear partner points on quarter file
Time for Quarter		<u><u>51</u></u>	

Walter Lockamy
 Guilford Mills, Inc.
 Daily Time Report for Third Quarter Review

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
8-Aug-02	1	2	Reference 10-Q to support in workpapers Proof and Foot 10-Q
9-Aug-02	3	4	Discuss with client the segment disclosure calculations Reference 10-Q to support in workpapers
Total Hours Charged		6	

Jason Yaudes
 Guilford Mills, Inc.
 Daily Time Report for Loan Staff Work

Date	Time	Total Daily	Activity
17-Jun	4.5	4.5	Creation/review of schedule B's for the 14 legal entities included within the Company's bankruptcy filing including gathering of all asset valuations as of March 13th and break-out within appropriate section of schedule B.
18-Jun	6.25	6.25	Creation/review of schedule B's for the 14 legal entities included within the Company's bankruptcy filing including gathering of all asset valuations as of March 13th and break-out within appropriate section of schedule B.
26-Jun	4.5	4.5	Secondary adjustments to schedule B's following meetings with GMI management and bankruptcy attorneys (Dawn Persons)
27-Jun	6.25	6.25	Final adjustments to schedule B's following meetings/discussions with GMI management and bankruptcy attorneys (Dawn Persons)
Cumulative Time	21.5	21.5	

Sarah C. Blevins
 Guilford Mills Bankruptcy
 Daily Time Report for Loan Staff Work

<u>Date</u>	<u>Time</u>	<u>Total Daily</u>	<u>Activity</u>
4-Jun-02	0.3		Discuss changes to be made on Schedule B's with manager Prepare Intercompany and Investment schedule which is to be used as an attachment to the schedule B's. Make changes to Schedule B's as noted by manager
	6.5		
	<u>1.2</u>	8	
5-Jun-02	0.5		Determine the nature and collectibility of a rebate account through discussions with Guilford and Grant Thornton personnel Make copies of Schedule B's and related attachments for partner to use in Bankruptcy meeting with Guilford personnel Make changes to Schedule B's noted by manager
	0.5		
	<u>0.5</u>	1.5	
6-Jun-02	<u>1.5</u>	1.5	Add information related to Schedule Line 16 per the Guilford personnel
10-Jun-02	<u>0.25</u>	0.25	Edit formatting of Schedule B's
Total		<u>11.25</u>	

Will Rike
 Guilford Mills, Inc.
 Daily Time Report for Loan Staff Work

<u>Date</u>	<u>Time</u>	<u>Description</u>
7/9/2002	4.3	Retrieve, format and print LIFO reports for individual locations and inventory types
	2.7	Identify and label reports for input into LIFO calculation spreadsheet
	1.0	Setup of Lifo spreadsheet including formatting and updating formulas
	8.0	
7/10/2002	3.0	Setup of Lifo spreadsheet including formatting and updating formulas
	3.3	Input Co. 100 inventory reports into spreadsheets
	1.7	Input Co. 100 GL Information
	8.0	
7/11/2002	1.5	Input Co. 102 GL Information
	2.5	Input Co. 102 inventory reports into spreadsheets
	1.1	Input Co. 100 Cap. Variance Info
	1.1	Input Co. 102 Cap. Variance Info
	1.8	Update LIFO calculation and reserve information identifying layers affected by current decrement for both companies
	8.0	
7/12/2002	1.5	Update LIFO calculation and reserve information identifying layers affected by current decrement for both companies
	2.5	Revise schedule based on Manager points
	4.0	
Total	28.0	

Guilford October Bill Detail

		Hours	Total	Rate/Hr
14	Bankruptcy Issues			
	Partner	21.50	8,234.50	383.00
	Manager	25.50	7,522.50	295.00
	Senior Associate	21.25	4,462.50	210.00
	Associate	6.00	720.00	120.00
		<u>74.25</u>	<u>20,939.50</u>	
2	Expatriate Returns			
	Manager	13.00	2,730.00	210.00
	Senior Associate	65.00	10,080.00	155.08
	Associate	24.00	2,050.00	85.42
		<u>102.00</u>	<u>14,860.00</u>	
	State Returns FYE 2001			
	Manager	3.50	735.00	210.00
	Senior Associate	5.50	825.00	150.00
	Associate	53.50	4,654.50	87.00
		<u>62.50</u>	<u>6,214.50</u>	
5	Retirement Benefit Booklets			
	Manager	5.50	1,622.50	295.00
	Associate	36.25	4,458.75	123.00
		<u>41.75</u>	<u>6,081.25</u>	
8	Mexican Tax Issues			
	Manager	19.25	5,992.75	311.31
		<u>19.25</u>	<u>5,992.75</u>	
11	Unger Restructuring			
	Partner	1.75	670.25	383.00
	Manager	13.25	4,393.50	331.58
		<u>15.00</u>	<u>5,063.75</u>	
13	Legal Documents			
	Partner	4.75	1,819.25	383.00
	Manager	6.00	1,830.50	305.08
		<u>10.75</u>	<u>3,649.75</u>	
7	LIFO Calculation			
	Partner	1.25	478.75	383.00
	Manager	9.50	2,843.50	299.32
		<u>10.75</u>	<u>3,322.25</u>	

	IRS Carryback Claim			
	Partner	1.75	670.25	383.00
	Manager	6.50	1,917.50	295.00
	Senior Associate	0.25	52.50	210.00
	Associate	0.50	61.50	123.00
		<u>9.00</u>	<u>2,701.75</u>	
12	3rd & 4th Quarter Estimated Taxes			
	Manager	3.5	735	210.00
	Senior Associate	20.75	3112.5	150.00
		<u>24.25</u>	<u>3847.5</u>	
1	Federal Return			
	Manager	1.00	219.00	219.00
	Senior Associate	3.25	487.50	150.00
	Associate	17.75	1,535.75	86.52
		<u>22.00</u>	<u>2,242.25</u>	
3	IRS Audit			
	Manager	1.50	442.50	295.00
	Senior Associate	7.00	1,470.00	210.00
		<u>8.50</u>	<u>1,912.50</u>	
9	Brazilian Repatriation			
	Manager	3.50	1,060.50	303.00
		<u>3.50</u>	<u>1,060.50</u>	
4	Tax Notices			
	Manager	1.50	442.50	295.00
	Senior Associate	2.25	472.50	210.00
	Associate	0.75	92.25	123.00
		<u>4.50</u>	<u>1,007.25</u>	
10	UK Charges			
	Partner	0.75	287.25	383.00
		0.75	287.25	
	Form TD F 90-22.1			
	Manager	0.50	105.00	210.00
	Senior Associate	1.00	150.00	150.00
		<u>1.50</u>	<u>255.00</u>	
	Form 5471			
	Manager	1.00	210.00	210.00

		1.00	210.00	
6	Franchise Tax			
	Manager	0.50	105.00	210.00
	Associate	1.00	87.00	87.00
		<u>1.50</u>	<u>192.00</u>	
	 Total		 79,839.75	

Actual Bill	3rd Quarter ES			Benefit Booklets			State Return FYE 2001			Tax Notice			POA			Form TD F 90-22.1			IRS RAR			Federal Return			
	Hours	Std. Bill	To Bill	Hours	Std. Bill	To Bill	Hours	Std. Bill	To Bill	Hours	Std. Bill	To Bill	Hours	Std. Bill	To Bill	Hours	Std. Bill	To Bill	Hours	Std. Bill	To Bill	Hours	Std. Bill	To Bill	
J. May	4.00	622.44	500.00																						
W. Bunney	3.50	595.00	875.00																						
S. Bergman																									
T. Hooks																									
B. Carroll																									
H. Bedeman																									
Total	7.50	1,217.44	1,375.00																						
Actual Bill																									
J. May	4.00	600.00																							
W. Bunney	3.50	735.00																							
S. Bergman																									
T. Hooks																									
B. Carroll																									
H. Bedeman	3.50	1,335.00																							
Total	7.50	1,335.00																							
Actual Bill																									
J. May	4.00	600.00																							
W. Bunney	3.50	735.00																							
S. Bergman																									
T. Hooks																									
B. Carroll																									
H. Bedeman	3.50	1,335.00																							
Total	7.50	1,335.00																							
Actual Bill																									
J. May	4.00	600.00																							
W. Bunney	3.50	735.00																							
S. Bergman																									
T. Hooks																									
B. Carroll																									
H. Bedeman	3.50	1,335.00																							
Total	7.50	1,335.00																							
Actual Bill																									
J. May	4.00	600.00																							
W. Bunney	3.50	735.00																							
S. Bergman																									
T. Hooks																									
B. Carroll																									
H. Bedeman	3.50	1,335.00																							
Total	7.50	1,335.00																							

	Franchise Tax		4th Quarter ES		Totals	
	Sold Bill	To Bill	Sold Bill	To Bill	Sold Bill	To Bill
J. May	-	-	16.75	-	16.75	-
W. Boney	-	-	2,006.47	-	2,006.47	-
S. Bergman	-	-	-	-	-	-
T. Hoobla	141.67	130.00	-	-	141.67	130.00
B. Carroll	-	-	-	-	-	-
H. Bachman	-	-	-	-	-	-
Total	141.67	130.00	16.75	2,006.47	2,047.90	18,953.75
Actual Bill	Compliance	Hours	Compliance	Hours	Total	
J. May	-	16.75	2,512.90	33.00	5,100.00	
W. Boney	-	-	-	76.00	7,346.00	
S. Bergman	-	-	-	14.00	3,450.00	
T. Hoobla	8,700	-	-	4.50	391.50	
B. Carroll	-	-	-	1.00	85.00	
H. Bachman	-	-	-	0.75	37.50	
Total	8,700	16.75	2,512.90	129.25	16,574.50	

J. May
W. Boney
S. Bergman
T. Hoobla
B. Carroll
H. Bachman

4th Quarter End

Benefit Booklet

State Returns P

Tax Notices

Power of Attorn

Form TD F 90

RIS Audit

Federal Return

Franchise Tax

4th Quarter End

Total

	2012		2011		2010		2009		2008		2007		2006		2005		2004		2003		2002		2001		2000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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Operating	128	42.1%	347.3	1.2%	1,201.1	1.8%	1,179.8	2.8%	1,166.2	1.9%	1,158.0	2.8%	1,150.0	2.8%	1,142.0	2.8%	1,134.0	2.8%	1,126.0	2.8%	1,118.0	2.8%	1,110.0	2.8%	1,102.0	2.8%	1,094.0	2.8%	1,086.0	2.8%	1,078.0	2.8%	1,070.0	2.8%	1,062.0	2.8%	1,054.0	2.8%	1,046.0	2.8%	1,038.0	2.8%	1,030.0	2.8%	1,022.0	2.8%	1,014.0	2.8%	1,006.0	2.8%	998.0	2.8%	990.0	2.8%	982.0	2.8%	974.0	2.8%	966.0	2.8%	958.0	2.8%	950.0	2.8%	942.0	2.8%	934.0	2.8%	926.0	2.8%	918.0	2.8%	910.0	2.8%	902.0	2.8%	894.0	2.8%	886.0	2.8%	878.0	2.8%	870.0	2.8%	862.0	2.8%	854.0	2.8%	846.0	2.8%	838.0	2.8%	830.0	2.8%	822.0	2.8%	814.0	2.8%	806.0	2.8%	798.0	2.8%	790.0	2.8%	782.0	2.8%	774.0	2.8%	766.0	2.8%	758.0	2.8%	750.0	2.8%	742.0	2.8%	734.0	2.8%	726.0	2.8%	718.0	2.8%	710.0	2.8%	702.0	2.8%	694.0	2.8%	686.0	2.8%	678.0	2.8%	670.0	2.8%	662.0	2.8%	654.0	2.8%	646.0	2.8%	638.0	2.8%	630.0	2.8%	622.0	2.8%	614.0	2.8%	606.0	2.8%	598.0	2.8%	590.0	2.8%	582.0	2.8%	574.0	2.8%	566.0	2.8%	558.0	2.8%	550.0	2.8%	542.0	2.8%	534.0	2.8%	526.0	2.8%	518.0	2.8%	510.0	2.8%	502.0	2.8%	494.0	2.8%	486.0	2.8%	478.0	2.8%	470.0	2.8%	462.0	2.8%	454.0	2.8%	446.0	2.8%	438.0	2.8%	430.0	2.8%	422.0	2.8%	414.0	2.8%	406.0	2.8%	398.0	2.8%	390.0	2.8%	382.0	2.8%	374.0	2.8%	366.0	2.8%	358.0	2.8%	350.0	2.8%	342.0	2.8%	334.0	2.8%	326.0	2.8%	318.0	2.8%	310.0	2.8%	302.0	2.8%	294.0	2.8%	286.0	2.8%	278.0	2.8%	270.0	2.8%	262.0	2.8%	254.0	2.8%	246.0	2.8%	238.0	2.8%	230.0	2.8%	222.0	2.8%	214.0	2.8%	206.0	2.8%	198.0	2.8%	190.0	2.8%	182.0	2.8%	174.0	2.8%	166.0	2.8%	158.0	2.8%	150.0	2.8%	142.0	2.8%	134.0	2.8%	126.0	2.8%	118.0	2.8%	110.0	2.8%	102.0	2.8%	94.0	2.8%	86.0	2.8%	78.0	2.8%	70.0	2.8%	62.0	2.8%	54.0	2.8%	46.0	2.8%	38.0	2.8%	30.0	2.8%	22.0	2.8%	14.0	2.8%	6.0	2.8%	-2.0	2.8%	-10.0	2.8%	-18.0	2.8%	-26.0	2.8%	-34.0	2.8%	-42.0	2.8%	-50.0	2.8%	-58.0	2.8%	-66.0	2.8%	-74.0	2.8%	-82.0	2.8%	-90.0	2.8%	-98.0	2.8%	-106.0	2.8%	-114.0	2.8%	-122.0	2.8%	-130.0	2.8%	-138.0	2.8%	-146.0	2.8%	-154.0	2.8%	-162.0	2.8%	-170.0	2.8%	-178.0	2.8%	-186.0	2.8%	-194.0	2.8%	-202.0	2.8%	-210.0	2.8%	-218.0	2.8%	-226.0	2.8%	-234.0	2.8%	-242.0	2.8%	-250.0	2.8%	-258.0	2.8%	-266.0	2.8%	-274.0	2.8%	-282.0	2.8%	-290.0	2.8%	-298.0	2.8%	-306.0	2.8%	-314.0	2.8%	-322.0	2.8%	-330.0	2.8%	-338.0	2.8%	-346.0	2.8%	-354.0	2.8%	-362.0	2.8%	-370.0	2.8%	-378.0	2.8%	-386.0	2.8%	-394.0	2.8%	-402.0	2.8%	-410.0	2.8%	-418.0	2.8%	-426.0	2.8%	-434.0	2.8%	-442.0	2.8%	-450.0	2.8%	-458.0	2.8%	-466.0	2.8%	-474.0	2.8%	-482.0	2.8%	-490.0	2.8%	-498.0	2.8%	-506.0	2.8%	-514.0	2.8%	-522.0	2.8%	-530.0	2.8%	-538.0	2.8%	-546.0	2.8%	-554.0	2.8%	-562.0	2.8%	-570.0	2.8%	-578.0	2.8%	-586.0	2.8%	-594.0	2.8%	-602.0	2.8%	-610.0	2.8%	-618.0	2.8%	-626.0	2.8%	-634.0	2.8%	-642.0	2.8%	-650.0	2.8%	-658.0	2.8%	-666.0	2.8%	-674.0	2.8%	-682.0	2.8%	-690.0	2.8%	-698.0	2.8%	-706.0	2.8%	-714.0	2.8%	-722.0	2.8%	-730.0	2.8%	-738.0	2.8%	-746.0	2.8%	-754.0	2.8%	-762.0	2.8%	-770.0	2.8%	-778.0	2.8%	-786.0	2.8%	-794.0	2.8%	-802.0	2.8%	-810.0	2.8%	-818.0	2.8%	-826.0	2.8%	-834.0	2.8%	-842.0	2.8%	-850.0	2.8%	-858.0	2.8%	-866.0	2.8%	-874.0	2.8%	-882.0	2.8%	-890.0	2.8%	-898.0	2.8%	-906.0	2.8%	-914.0	2.8%	-922.0	2.8%	-930.0	2.8%	-938.0	2.8%	-946.0	2.8%	-954.0	2.8%	-962.0	2.8%	-970.0	2.8%	-978.0	2.8%	-986.0	2.8%	-994.0	2.8%	-1002.0	2.8%	-1010.0	2.8%	-1018.0	2.8%	-1026.0	2.8%	-1034.0	2.8%	-1042.0	2.8%	-1050.0	2.8%	-1058.0	2.8%	-1066.0	2.8%	-1074.0	2.8%	-1082.0	2.8%	-1090.0	2.8%	-1098.0	2.8%	-1106.0	2.8%	-1114.0	2.8%	-1122.0	2.8%	-1130.0	2.8%	-1138.0	2.8%	-1146.0	2.8%	-1154.0	2.8%	-1162.0	2.8%	-1170.0	2.8%	-1178.0	2.8%	-1186.0	2.8%	-1194.0	2.8%	-1202.0	2.8%	-1210.0	2.8%	-1218.0	2.8%	-1226.0	2.8%	-1234.0	2.8%	-1242.0	2.8%	-1250.0	2.8%	-1258.0	2.8%	-1266.0	2.8%	-1274.0	2.8%	-1282.0	2.8%	-1290.0	2.8%	-1298.0	2.8%	-1306.0	2.8%	-1314.0	2.8%	-1322.0	2.8%	-1330.0	2.8%	-1338.0	2.8%	-1346.0	2.8%	-1354.0	2.8%	-1362.0	2.8%	-1370.0	2.8%	-1378.0	2.8%	-1386.0	2.8%	-1394.0	2.8%	-1402.0	2.8%	-1410.0	2.8%	-1418.0	2.8%	-1426.0	2.8%	-1434.0	2.8%	-1442.0	2.8%	-1450.0	2.8%	-1458.0	2.8%	-1466.0	2.8%	-1474.0	2.8%	-1482.0	2.8%	-1490.0	2.8%	-1498.0	2.8%	-1506.0	2.8%	-1514.0	2.8%	-1522.0	2.8%	-1530.0	2.8%	-1538.0	2.8%	-1546.0	2.8%	-1554.0	2.8%	-1562.0	2.8%	-1570.0	2.8%	-1578.0	2.8%	-1586.0	2.8%	-1594.0	2.8%	-1602.0	2.8%	-1610.0	2.8%	-1618.0	2.8%	-1626.0	2.8%	-1634.0	2.8%	-1642.0	2.8%	-1650.0	2.8%	-1658.0	2.8%	-1666.0	2.8%	-1674.0	2.8%	-1682.0	2.8%	-1690.0	2.8%	-1698.0	2.8%	-1706.0	2.8%	-1714.0	2.8%	-1722.0	2.8%	-1730.0	2.8%	-1738.0	2.8%	-1746.0	2.8%	-1754.0	2.8%	-1762.0	2.8%	-1770.0	2.8%	-1778.0	2.8%	-1786.0	2.8%	-1794.0	2.8%	-1802.0	2.8%	-1810.0	2.8%	-1818.0	2.8%	-1826.0	2.8%	-1834.0	2.8%	-1842.0	2.8%	-1850.0	2.8%	-1858.0	2.8%	-1866.0	2.8%	-1874.0	2.8%	-1882.0	2.8%	-1890.0	2.8%	-1898.0	2.8%	-1906.0	2.8%	-1914.0	2.8%	-1922.0	2.8%	-1930.0	2.8%	-1938.0	2.8%	-1946.0	2.8%	-1954.0	2.8%	-1962.0	2.8%	-1970.0	2.8%	-1978.0	2.8%	-1986.0	2.8%	-1994.0	2.8%	-2002.0	2.8%	-2010.0	2.8%	-2018.0	2.8%	-2026.0	2.8%	-2034.0	2.8%	-2042.0	2.8%	-2050.0	2.8%	-2058.0	2.8%	-2066.0	2.8%	-2074.0	2.8%	-2082.0	2.8%	-2090.0	2.8%	-2098.0	2.8%	-2106.0	2.8%	-2114.0	2.8%	-2122.0	2.8%	-2130.0	2.8%	-2138.0	2.8%	-2146.0	2.8%	-2154.0	2.8%	-2162.0	2.8%	-2170.0	2.8%	-2178.0	2.8%	-2186.0	2.8%	-2194.0	2.8%	-2202.0	2.8%	-2210.0	2.8%	-2218.0	2.8%	-2226.0	2.8%	-2234.0	2.8%	-2242.0	2.8%	-2250.0	2.8%	-2258.0	2.8%	-2266.0	2.8%	-2274.0	2.8%	-2282.0	2.8%	-2290.0	2.8%	-2298.0	2.8%	-2306.0	2.8%	-2314.0	2.8%	-2322.0	2.8%	-2330.0	2.8%	-2338.0	2.8%	-2346.0	2.8%	-2354.0	2.8%	-2362.0	2.8%	-2370.0	2.8%	-2378.0	2.8%	-2386.0	2.8%	-2394.0	2.8%	-2402.0	2.8%	-2410.0	2.8%	-2418.0	2.8%	-2426.0	2.8%	-2434.0	2.8%	-2442.0	2.8%	-2450.0	2.8%	-2458.0	2.8%	-2466.0	2.8%	-2474.0	2.8%	-2482.0	2.8%	-2490.0	2.8%	-2498.0	2.8%	-2506.0	2.8%	-2514.0	2.8%	-2522.0	2.8%	-2530.0	2.8%	-2538.0	2.8%	-2546.0	2.8%	-2554.0	2.8%	-2562.0	2.8%	-2570.0	2.8%	-2578.0	2.8%	-2586.0	2.8%	-2594.0	2.8%	-2602.0	2.8%	-2610.0	2.8%	-2618.0	2.8%	-2626.0	2.8%	-2634.0	2.8%	-2642.0	2.8%	-2650.0	2.8%	-2658.0	2.8%	-2666.0	2.8%	-2674.0	2.8%	-2682.0	2.8%	-2690.0	2.8%	-2698.0	2.8%	-2706.0	2.8%	-2714.0	2.8%	-2722.0	2.8%	-2730.0	2.8%	-2738.0	2.8%	-2746.0	2.8%	-2754.0	2.8%	-2762.0	2.8%	-2770.0	2.8%	-2778.0	2.8%	-2786.0	2.8%	-2794.0	2.8%	-2802.0	2.8%	-2810.0	2.8%	-2818.0	2.8%	-2826.0	2.8%	-2834.0	2.8%	-2842.0	2.8%	-2850.0	2.8%	-2858.0	2.8%	-2866.0	2.8%	-2874.0	2.8%	-2882.0	2.8%	-2890.0	2.8%	-2898.0	2.8%	-2906.0	2.8%	-2914.0	2.8%	-2922.0	2.8%	-2930.0	2.8%	-2938.0	2.8%	-2946.0	2.8%	-2954.0	2.8%	-2962.0	2.8%	-2970.0	2.8%	-2978.0	2.8%	-2986.0	2.8%	-2994.0	2.8%	-3002.0	2.8%	-3010.0	2.8%	-3018.0	2.8%	-3026.0	2.8%	-3034.0	2.8%	-3042.0	2.8%	-3050.0	2.8%	-3058.0	2.8%	-3066.0	2.8%	-3074.0	2.8%	-3082.0	2.8%	-3090.0	2.8%	-3098.0	2.8%	-3106.0	2.8%	-3114.0	2.8%	-3122.0	2.8%	-3130.0	2.8%	-3138.0	2.8%	-3146.0	2.8%	-3154.0	2.8%	-3162.0	2.8%	-3170.0	2.8%	-3178.0	2.8%	-3186.0	2.8%	-3194.0	2.8%	-3202.0	2.8%	-3210.0	2.8%	-3218.0	2.8%	-3226.0	2.8%	-3234.0	2.8%	-3242.0	2.8%	-3250.0	2.8%	-3258.0	2.8%	-3266.0	2.8%	-3274.0	2.8%	-3282.0	2.8%	-3290.0	2.8%	-3298.0	2.8%	-3306.0	2.8%	-3314.0	2.8%	-3322.0	2.8%	-3330.0	2.8%	-3338.0	2.8%	-3346.0	2.8%	-3354.0	2.8%	-3362.0	2.8%	-337

	2013		2012		2011		2010	
	\$MM	% of Sales	\$MM	% of Sales	\$MM	% of Sales	\$MM	% of Sales
Operating Profit	2,703	13.5%	2,936	13.3%	3,171	14.7%	2,758	12.6%
Operating Expenses								
Selling, General & Administrative	1,326	6.5%	1,351	6.1%	1,400	6.4%	1,350	6.1%
Research & Development	1,377	6.6%	1,585	7.2%	1,771	8.1%	1,408	6.3%
Restructuring Costs	-	0.0%	-	0.0%	-	0.0%	30	0.1%
Goodwill Impairment	-	0.0%	-	0.0%	-	0.0%	2,000	9.1%
Other	-	0.0%	-	0.0%	-	0.0%	179	0.8%
Total	2,703	13.5%	2,936	13.3%	3,171	14.7%	2,758	12.6%
Operating Profit Margin	13.5%		13.3%		14.7%		12.6%	
Income Tax Expense	125	0.6%	131	0.6%	134	0.6%	125	0.6%
Restructuring Costs	19	0.1%	16	0.1%	16	0.1%	16	0.1%
Goodwill Impairment	-	0.0%	-	0.0%	-	0.0%	2,000	9.1%
Other	-	0.0%	-	0.0%	-	0.0%	179	0.8%
Total	144	0.7%	163	0.7%	266	1.2%	336	1.5%
Income Before Income Taxes	2,559	12.8%	2,775	12.6%	2,907	13.5%	2,422	11.1%
Income Tax Expense	198	1.0%	213	1.0%	220	1.0%	200	0.9%
Net Income	2,361	11.8%	2,562	11.6%	2,687	12.5%	2,222	10.2%
Net Income Margin	11.8%		11.6%		12.5%		10.2%	

Operating Profit

Operating Profit is the amount of profit earned from the operations of the company, excluding the effects of income taxes, restructuring costs, and other non-recurring items.

Operating Expenses

Operating Expenses consist of Selling, General & Administrative, Research & Development, Restructuring Costs, Goodwill Impairment, and Other.

Income Tax Expense

Income Tax Expense represents the amount of taxes paid by the company on its operating profit.

Goodwill Impairment

Goodwill Impairment represents the amount of goodwill that has been impaired during the period.

Other

Other represents the amount of other non-recurring items that affect the company's operating profit.

Gulford Mills, Inc.
 Assignment Activity Report
 Assignment Code 00008
 6/2/2002 - 9/20/2002

	Expat Returns		Form 2688		UK Filing Requirements		LIFO Termination		Totals	
	Hours	Std. Bill	Hours	Std. Bill	Hours	Std. Bill	Hours	Std. Bill	Hours	Std. Bill
S. Borgman	8.00	1,745.00	-	-	1.00	240.00	1.50	360.00	10.50	2,345.00
T. Hooks	2.25	292.50	1.50	195.00	-	-	-	-	3.75	487.50
B. Carroll	14.25	1,852.50	4.75	717.50	-	-	-	-	19.00	2,570.00
J. May	47.50	8,075.00	6.50	1,035.00	-	-	-	-	54.00	9,180.00
T. Cross	-	-	1.25	162.50	-	-	-	-	1.25	162.50
Totals	72.00	11,965.00	14.00	2,180.00	1.00	240.00	1.50	360.00	88.50	14,745.00

Actual Bill	Compliance		Compliance		Compliance		Compliance		Compliance	
	Hours	Std. Bill	Hours	Std. Bill	Hours	Std. Bill	Hours	Std. Bill	Hours	Std. Bill
S. Borgman	8.00	1,680.00	-	-	1.00	210.00	1.50	442.50	10.50	2,332.50
T. Hooks	2.25	195.75	1.50	130.50	-	-	-	-	3.75	326.25
B. Carroll	14.25	1,211.25	4.75	403.75	-	-	-	-	19.00	1,615.00
J. May	47.50	7,125.00	6.50	975.00	-	-	-	-	54.00	8,100.00
T. Cross	-	-	1.25	108.75	-	-	-	-	1.25	108.75
Total	72.00	10,212.00	14.00	1,618.00	1.00	210.00	1.50	442.50	88.50	12,482.50

Employee	Std. Rate	Correct Rate	Consulting	Compliance
S. Borgman	223.33	240	295	210
T. Hooks	130	145	123	87
B. Carroll	135.26	130	120	85
J. May	170	170	210	150
T. Cross	130	145	123	87

Expatriate Returns		Compliance	
Manager	8.00	1,680.00	-
Senior Associate	47.50	7,125.00	-
Associate	16.50	1,407.00	-
	72.00	10,212.00	-

Form 2688		Compliance	
Senior Associate	6.50	975.00	-
Associate	7.50	643.00	-
	14.00	1,618.00	-

UK Filing Requirements		Compliance	
Manager	1.00	210.00	-
	1.00	210.00	-

LIFO Termination		Compliance	
Manager	1.50	442.50	-
	1.50	442.50	-

Total	88.50	12,482.50		
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Guilford Mills, Inc.
Assignment Activity Report
Assignment Code 00009
6/2/2002 - 9/20/2002

Copy of Guilford - P2002 Expat TC		
Extension Research		
Hours	Std. Bill	To Bill
J. May 5.50	935.00	935.00

Actual Bill Consulting
 J. May 5.50 1,155.00

Employee	Std. Bill Rate	Correct Rate	Consulting	Compliance
J. May	170.00	170	210	150 Senior Associate

Extension Research
 Senior Associate 5.50 1,155.00
5.50 1,155.00

Guilford Mills, Inc.
Assignment Activity Report
Assignment Code 00002
6/2/2002 - 9/20/2002

Assignment Number	Number of Hours	Amount of Bill
00002	128.50	16,574.50
00003	63.25	16,890.50
00004	127.00	32,737.25
00008	88.50	12,482.50
00009	5.50	1,155.00
Total	412.75	79,839.75

EXHIBIT F

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
: Case No. 02-40667-brl
GUILFORD MILLS, INC., *et al.*, :
: (Jointly Administered)
Debtors. :
-----X

**CERTIFICATE OF FIRST AND FINAL APPLICATION OF
GRANT THORNTON LLP FOR APPROVAL OF PROFESSIONAL FEES
FOR THE PERIOD FROM JUNE 3, 2002 THROUGH SEPTEMBER 20, 2002**

TO THE HONORABLE BURTON R. LIFLAND,
UNITED STATES BANKRUPTCY JUDGE:

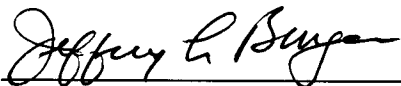
Jeffrey L. Burgess, on behalf of Grant Thornton LLP (“Grant Thornton”), the duly appointed auditors, accounting and tax advisors for the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), hereby certifies, pursuant to this Court’s Administrative Orders (“Administrative Orders”) setting forth guidelines for fees and disbursements for professionals practicing before this Court (the “Guidelines”), that:

- a. I have read the First and Final Application (the “Application”) of Grant Thornton for approval of professional fees for the period from June 3, 2002 through September 20, 2002.
- b. To the best of my knowledge, information and belief formed after reasonable inquiry, the fees sought fall within the Guidelines and the guidelines promulgated by the Executive Office for the United States Trustees pursuant to the Bankruptcy Reform Act of 1994 (the “UST Guidelines”), except as described in the Application and its exhibits.

- c. The fees sought are billed at rates and in accordance with practices customarily employed by Grant Thornton and generally accepted by Grant Thornton's clients for services of a similar nature.
- d. In providing a reimbursable service, Grant Thornton does not make a profit on that service, whether this service is performed by Grant Thornton in-house or through a third party.
- e. Grant Thornton is not seeking the reimbursement of any expenses or disbursements in the Application.
- f. Copies of the Application have been served upon the parties designated in the April 3, 2002 Order of the Court establishing procedures for interim compensation and reimbursement of expenses of professionals.

DATED: October 30, 2002

GRANT THORNTON LLP

By: 
Jeffrey L. Burgess