

EXHIBIT 1

Amendment

**SIXTH AMENDMENT TO
POST-PETITION LOAN AND SECURITY AGREEMENT**

THIS SIXTH AMENDMENT TO POST-PETITION LOAN AND SECURITY AGREEMENT (the "Amendment"), dated as of the 26th day of June, 2009, is made by and among

AMERICAN FIBERS AND YARNS COMPANY, a Delaware corporation (the "Borrower");

AFY HOLDING COMPANY, a Delaware corporation ("AFY"; together with the Borrower the "Credit Parties" and each a "Credit Party"); and

GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (the "Lender"),

to the Post-Petition Loan and Security Agreement, dated September 24, 2008 (as amended, modified, restated or supplemented from time to time, the "Loan Agreement"), among the Lender and the Credit Parties. All capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Loan Agreement.

RECITALS

A. Pursuant to the Loan Agreement, the Lender has agreed to make loans and extend credit to the Borrower in the amounts, upon the terms and subject to the conditions contained therein and in the Orders.

B. Events of Default exist under Sections 7.1(t) and 7.1(u) of the Loan Agreement.

C. Borrower has requested that Lender waive the existing Events of Default under Sections 7.1(t) and 7.1(u) of the Loan Agreement and extend the Stated Expiry Date through August 28, 2009.

D. The Lender has agreed to such requests, upon the terms and conditions contained in this Amendment, and the Lender and the Credit Parties have agreed with the official committee of unsecured creditors and each other to amend the Loan Agreement as set forth in this Amendment.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the Lender and the Credit Parties hereby agree as follows:

ARTICLE I

DEFAULT WAIVER

Effective as of the date hereof, the Lender hereby waives the Events of Default existing under Sections 7.1(t) and 7.1(u) of the Loan Agreement, as such sections exist immediately prior to the effectiveness of this Amendment. This waiver shall be effective only for the specific Events of Default described in the immediately preceding sentence. Nothing contained herein shall constitute a waiver of any other Event of Default heretofore or hereafter existing under the Loan Agreement or continued compliance by the Borrower with all of the terms and conditions thereof, as such terms and conditions may be amended by this Amendment.

ARTICLE II

AMENDMENTS TO LOAN AGREEMENT

The Loan Agreement is hereby amended as follows:

2.1 Clauses (t) and (u) in Section 7.1, Events of Default, are deleted and the following new clauses (t), (u) and (v) are substituted in lieu thereof:

"(t) REDACTED

(u) REDACTED

(v) REDACTED

2.2 The defined term "Stated Expiry Date" in Schedule A, Definitions, is amended by deleting therefrom the date "June 26, 2009" and by substituting in lieu thereof the date "August 28, 2009."

2.3 The Budget attached to this Amendment as Exhibit A is deemed to be the "Budget" for all purposes of the Loan Agreement and the Final Order.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Credit Parties hereby represent and warrant to the Lender that, after giving effect to this Amendment:

3.1 Compliance With the Loan Agreement. Each Credit Party is in compliance with all of the terms and provisions set forth in the Loan Agreement and the other Loan Documents to be observed or performed by such Credit Party.

3.2 Representations in Loan Agreement. The representations and warranties of each Credit Party set forth in the Loan Agreement and the other Loan Documents are true and correct in all material respects except to the extent that such representations and warranties relate solely to or are specifically expressed as of a particular date or period which is past or expired as of the date hereof.

3.3 No Event of Default. No Default or Event of Default exists.

ARTICLE IV

GENERAL

4.1 Loan Documents. The Loan Agreement and the other Loan Documents are amended to provide that any reference therein to the Loan Agreement shall mean, unless otherwise specifically provided, the Loan Agreement as amended hereby, and as further amended, restated, supplemented or modified from time to time.

4.2 Full Force and Effect. As expressly amended hereby, the Loan Agreement and the other Loan Documents shall continue in full force and effect in accordance with the provisions thereof. As used in the Loan Agreement and the other Loan Documents, "hereinafter", "hereto", "hereof", or words of similar import, shall, unless the context otherwise requires, mean the Loan Agreement or the other Loan Documents, as the case may be, as amended by this Amendment.

4.3 Applicable Law. This Amendment shall be governed by and construed in accordance with the internal laws and judicial decisions of the State of New York.

4.4 Counterparts. This Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one and the same instrument.

4.5 Further Assurances. Each Credit Party shall execute and deliver to the Lender such documents, certificates and opinions as the Lender may reasonably request to effect the amendments contemplated by this Amendment.

4.6 Headings. The headings of this Amendment are for the purpose of reference only and shall not effect the construction of this Amendment.

4.7 Expenses. The Borrower shall reimburse the Lender for the Lender's legal fees and expenses incurred in connection with the preparation, negotiation, execution and delivery of this Amendment and all other agreements and documents contemplated hereby.

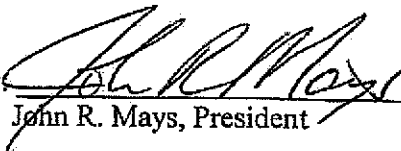
4.8 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER, AFY AND THE LENDER EACH WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AMENDMENT, THE LOAN AGREEMENT OR THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO.

[signatures on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

CREDIT PARTIES:

AMERICAN FIBERS AND YARNS
COMPANY
AFY HOLDING COMPANY

By: 
John R. Mays, President

LENDER:

GENERAL ELECTRIC CAPITAL
CORPORATION

By: _____
Joseph D. Catarina, Duly Authorized
Signatory

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

CREDIT PARTIES:

**AMERICAN FIBERS AND YARNS
COMPANY
AFY HOLDING COMPANY**

By: _____
John R. Mays, President

LENDER:

**GENERAL ELECTRIC CAPITAL
CORPORATION**

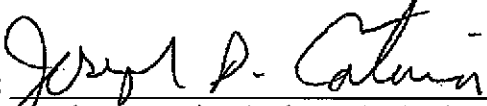
By:  _____
Joseph D. Catarina, Duly Authorized
Signatory

Exhibit A
Budget

(see attached)

AMERICAN FIBERS & YARNS
DIP EXTENSION BUDGET - BEYOND 6/30/09
000's

	7/4/09	7/11/09	7/18/09	7/25/09	8/1/09	8/8/09	8/15/09	8/22/09	8/29/09	Remainder	Total
Beginning Revolver Balance	782	834	848	969	975	(38)	(0)	16	16	(52)	7,554
Disbursements											
A/R Receipts	-	-	-	-	300	-	-	-	75	-	9,493
Sale of Inventory	658	-	-	-	-	-	-	-	-	-	658
Sale of Equipment	1,475	-	-	-	586	-	-	-	-	-	1,475
Sale of Real Estate	1,287	-	-	-	-	-	-	-	-	-	1,802
Sale of IP	110	-	-	-	175	-	-	-	-	-	110
Other	87	-	-	-	-	-	-	-	-	-	262
Total Disbursements	7,654	834	848	969	1,070	(38)	(0)	16	16	(52)	11,960
Disbursements											
Inventory Purchases - New (COD)	723	8	2	2	1	-	-	-	-	-	723
Total Payroll	1,724	-	-	-	-	-	-	-	-	-	1,729
Total Freight	8	-	-	-	-	-	-	-	-	-	8
Professional Fees	-	-	-	-	-	-	-	-	-	(65)	237
RAS Management	302	-	-	-	14	40	-	-	-	(15)	400
YCST	340	20	-	-	-	-	-	-	-	-	53
Investment Banker	53	-	-	-	-	-	-	-	-	-	367
Creditor Committee	246	5	20	-	10	16	-	-	-	71	71
Noticing Agent	55	6	-	-	-	8	-	-	-	15	92
Professionals Cave-out	-	-	-	-	-	-	-	-	-	-	-
Bank Related - Hunton & Williams	113	10	-	-	-	10	-	-	-	20	153
DIP Fee	225	-	-	-	-	-	-	-	-	-	225
UST Fees	34	-	15	-	-	-	-	-	-	15	64
Records Retention	-	2	-	-	-	1	-	-	-	-	2
D&O Run-Off	120	-	-	-	-	-	-	-	-	-	120
Insurance	101	3	-	-	-	-	-	-	-	-	104
LC's - Workers Comp	115	-	-	-	-	-	-	-	-	-	115
Rent	49	-	-	-	-	-	-	-	-	-	49
Utilities	282	(17)	5	5	-	(23)	-	-	-	-	261
Process	648	-	75	-	-	-	-	-	-	-	723
Other Leases	42	-	-	-	-	-	-	-	-	-	42
Waste Removal	6	-	-	-	-	-	-	-	-	-	6
Healthcare Premiums (BCBS)	173	-	-	-	-	-	-	-	-	-	173
Healthcare Premiums (Guardian)	11	-	-	-	-	-	-	-	-	-	11
Other Employee Benefits (The Hartford)	26	-	-	-	-	-	-	-	-	-	26
Travel & Entertainment	12	-	-	-	-	-	-	-	-	-	12
Taxes	157	-	-	-	25	-	-	-	-	-	182
Environmental Review of A/Ron	4	-	-	-	-	-	-	-	-	-	4
Interest on Revolver	110	3	-	-	-	3	-	-	-	3	118
Repairs	39	5	-	-	-	-	-	-	-	-	44
Security	73	2	2	2	-	-	-	-	-	-	81
Not Advanced (Cash On Hand)	(34)	-	-	-	-	-	-	-	-	-	(34)
Other	180	2	2	2	2	-	-	-	-	-	186
Total Disbursements	5,953	41	15	121	87	38	16	16	8	48	6,897
Net Source/(Use) of Cash	6,762	(41)	(15)	(6)	1,013	(38)	(16)	(16)	88	(42)	7,565
Ending Revolver Balance	782	834	848	975	(38)	(0)	16	16	(52)	(9)	(9)

EXHIBIT 2

Budget

AMERICAN FIBERS & YARNS
DIP EXTENSION BUDGET - BEYOND 6/30/09
000's

	7/4/09	7/11/09	7/18/09	7/25/09	8/1/09	8/8/09	8/15/09	8/22/09	8/29/09	Remainder	Total
Cumulative Balance at end 8/27/09	7,554	792	834	848	969	975	(38)	(0)	16	16	7,554
Beginning Revolver Balance											
Process:											
A/R Receipts	9,118	-	-	-	300	-	-	-	-	-	9,463
Sale of Inventory	659	-	-	-	-	-	-	-	75	-	656
Sale of Equipment	1,476	-	-	-	-	-	-	-	-	-	1,475
Sale of Real Estate	1,267	-	-	-	585	-	-	-	-	-	1,862
Sale of IP	110	-	-	-	-	-	-	-	-	-	110
Other	87	-	-	-	175	-	-	-	-	-	262
Total Process	12,715	-	-	-	1,070	-	-	-	75	-	13,880

	7/4/09	7/11/09	7/18/09	7/25/09	8/1/09	8/8/09	8/15/09	8/22/09	8/29/09	Remainder	Total
Disbursements:											
Inventory Purchases - New COD	723	-	-	-	-	-	-	-	-	-	723
Total Payroll	1,724	2	8	2	2	1	-	-	-	-	1,739
Total Freight	8	-	-	-	-	-	-	-	-	-	8
Professional Fees	-	-	-	-	-	-	-	-	-	-	-
RAS Management	302	-	-	-	-	-	-	-	-	-	302
YCST	340	20	-	-	14	40	-	-	-	(65)	237
Investment Banker	53	-	-	-	-	-	-	-	-	-	53
Creditor Committee	248	5	-	20	10	-	16	-	-	71	387
Noting Agent	55	8	-	-	-	8	-	-	-	15	92
Professional's Carve-out	-	-	-	-	-	-	-	-	-	-	-
Bank Related - Hutton & Williams	113	-	10	-	-	10	-	-	-	20	153
DIP Fee	225	-	-	-	-	-	-	-	-	-	225
UST Fee	34	-	2	15	-	1	-	-	-	15	64
Records Rebatton	-	-	-	-	-	-	-	-	-	-	-
D&O Ins-Off	120	-	-	-	-	-	-	-	-	-	120
Insurance	101	-	-	-	-	-	-	-	-	-	101
LC's - Workers Comp	115	-	3	-	-	-	-	-	-	-	115
Rent	48	-	-	-	-	-	-	-	-	-	48
Utilities	282	-	(17)	5	5	(23)	-	-	-	-	261
Propas	648	-	-	75	-	-	-	-	-	-	723
Other Leases	42	-	-	-	-	-	-	-	-	-	42
Waste Removal	6	-	-	-	-	-	-	-	-	-	6
Healthcare Premiums (BCBS)	173	-	-	-	-	-	-	-	-	-	173
Healthcare Premiums (Guardian)	11	-	-	-	-	-	-	-	-	-	11
Other Employee Benefits (The Hartford)	26	-	-	-	-	-	-	-	-	-	26
Travel & Entertainment	10	-	-	-	-	-	-	-	-	-	10
Taxes	157	-	-	-	25	-	-	-	-	-	182
Environmental Review of Afon	4	-	-	-	-	-	-	-	-	-	4
Interest on Revolver	110	3	-	-	-	3	-	-	-	3	118
Repairs	38	-	5	-	-	-	-	-	-	-	44
Security	73	2	2	2	-	-	-	-	-	-	81
Not Advanced (Cash On Hand)	(34)	-	-	-	-	-	-	-	-	-	(34)
Other	185	2	2	2	2	-	-	-	-	-	190
Total Disbursements	5,853	41	15	121	6	37	38	16	5	43	6,297
Net Source/(Use) of Cash	6,782	(41)	(15)	(121)	(8)	1,013	(38)	(16)	68	(43)	7,580
Ending Revolver Balance	792	834	848	969	975	(38)	(0)	16	(52)	(8)	(8)