

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF OHIO  
WESTERN DIVISION - DAYTON**

In re: ) Chapter 11  
)  
**DT INDUSTRIES, INC., et al.**<sup>1</sup> ) Case No. 04-\_\_\_\_\_  
) (Jointly Administered)  
Debtors. )  
) Honorable \_\_\_\_\_

**DEBTORS' MOTION FOR ORDER EXTENDING TIME TO  
FILE SCHEDULES AND STATEMENTS**

The above captioned debtors and debtors in possession (collectively, the "Debtors"), hereby move this Court for entry of an order extending the time within which the Debtors must file their schedules and statements of financial affairs (the "Motion"). This Motion is based on the Affidavit of John M. Casper filed contemporaneously herewith. In support of this Motion, the Debtors respectfully represent as follows:

**I. JURISDICTION**

1. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are sections 105 and 521 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 1007(c) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

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<sup>1</sup> The other debtors and debtors-in-possession include the following: Vanguard Technical Solutions, Inc., Mid-West Automation Enterprises, Inc., Mid-West Automation Systems, Inc., Assembly Technology and Test, Inc., Detroit Tool and Engineering Company, Advanced Assembly Automation, Inc., Assembly Machines, Inc., Hansford Manufacturing Corporation, DTI Leominster Subsidiary, Inc., DTI Pennsylvania

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## **II. INTRODUCTION**

3. On May 12, 2004 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors continue to operate their businesses and manage their affairs as debtors-in-possession.

4. No trustee, examiner or committee has been appointed in these cases.

## **III. BACKGROUND**

### **A. Company Overview**

5. Debtor, DT Industries, Inc. (“DTI”) is an engineering-driven designer, manufacturer, and integrator of automated production equipment and systems used to manufacture a variety of industrial and consumer products. Headquartered in Dayton, Ohio, DTI is a Delaware corporation that was formed in 1992. Through its operating subsidiaries, DTI maintains operations throughout the Midwestern U.S., as well as the United Kingdom and Germany.

6. Customers of DTI are found in a wide variety of industries, including automotive, appliance and consumer products manufacturing, electronics, and computers, as well as a diverse group of other industrial manufacturers. DTI maintains a significant foothold in each of these end-markets, serving a high quality customer base of Fortune 500 companies through its industry-leading product quality and engineering capabilities. In addition, DTI’s custom machine building capabilities, which are a critical component of its customers’ overall

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Subsidiary, Inc., DTI Massachusetts Subsidiary, Inc., DTI Lebanon Subsidiary, Inc., and DT Resources,  
(continued)

manufacturing processes, include engineering, project management, machining and fabrication of components, installation of electrical controls, and final assembly and testing.

7. DTI's operations are composed of two separate operating segments – Assembly and Test and Detroit Tool & Engineering. The Assembly and Test operating segment is composed of Advanced Assembly Automation, Inc. (“AAA”), Assembly Technology & Test, Inc. (“AT&T”) (both direct, wholly-owned subsidiaries of DTI), DT Assembly and Test GMBH, a German limited liability corporation that is a direct, wholly-owned subsidiary of DTI, and DT Assembly & Test Limited, an English corporation that is an indirect, wholly-owned subsidiary of DTI. The business units in the Assembly and Test segment design and build custom assembly systems, electrified monorail material handling systems, fuel injection, engine and transmission test systems, and lean assembly systems primarily for customers in automotive-related and heavy equipment markets. The businesses in DTI's Assembly and Test segment work closely with their customers to design, engineer, assemble, test, and install equipment that meets the customers' manufacturing objectives. Purchase contracts typically include equipment design, and customers often retain rights to the design after delivery of the equipment. However, DTI often reapplies the engineering and manufacturing expertise gained in designing and building equipment in projects for other customers.

8. The Detroit Tool & Engineering operating segment consists of Detroit Tool and Engineering Company (“DTE”), a direct, wholly-owned subsidiary of DTI which manufactures special machines, automated systems, tooling and fixturing, and the Peer<sup>(TM)</sup> brand of automated

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Inc.

welding equipment. DTE's products serve a wide variety of markets, including appliances, electronics, building construction, hardware, cosmetics, healthcare, and automotive. DTE's special automation equipment incorporates engineering capabilities ranging from refining and replicating existing equipment, to designing and building new equipment. DTE provides systems integration and implements a wide range of applications including, dials, power and free, synchronous, indexing processes, metal forming, welding, and robotics.

9. The Debtors have approximately 481 employees, 15 of whom are at the corporate level. The Debtors' workforce is composed of 225 hourly and 256 salaried workers. The Debtors' workforce is highly skilled, with approximately one-third of its employees at all levels possessing an engineering background.

**B. Prepetition Financing**

10. DTI, DT Industries (UK) II, Limited, DT Assembly and Test GMBH, Kalish, Inc., and DT Canada, Inc., as borrowers (the "Borrowers"), and U.S. Bank National Association f/k/a Firststar Bank, N.A., Bear Sterns & Co., Hourglass Master Fund, Ltd., The Bank of Nova Scotia, William E. Simons & Sons Special Situation Partners, L.P., National City Bank and Oz Special Master Fund, Ltd., as lenders (collectively, with Bank of America, N.A. (formerly Nations Bank, N.A.), the "Lenders"), and Bank of America, N.A., as a lender and agent for the Lenders, are parties to that certain Fourth Amended and Restated Credit Facilities Agreement dated as of July 21, 1997 (as amended and supplemented from time to time, the "Credit Facilities Agreement"), pursuant to which the Lenders have provided to the Borrowers credit facilities and other financial accommodations. Under the terms of the Credit Facilities Agreement, the Borrowers had an aggregate commitment of \$175 million (\$10 million of term loans and \$165

million of revolving loans), which has, through subsequent amendments to the Credit Facilities Agreement, been reduced to \$33.182 million.

11. The Credit Facilities Agreement is secured by pledges of all of the shares of common stock of Borrowers' North American subsidiaries, 65% of the equity of Borrowers' European subsidiaries, and security interests in all of Borrowers' U.S. and Canadian assets including, but not limited to, all accounts, inventories, machinery, equipment and intangible assets, as well as mortgages on real property located in Saginaw, Michigan, Benton Harbor, Michigan, and Lebanon, Missouri.

12. The Credit Facilities Agreement requires quarterly commitment reductions of \$1.5 million with additional commitment reductions under certain circumstances. The Borrowers must repay amounts outstanding under the Credit Facilities Agreement to the extent the outstanding principal amount (including the face amount of outstanding letters of credit issued under the Credit Facilities Agreement) exceeds the Lenders' aggregate commitment after the required quarterly commitment reductions. As of May 10, 2004, there was a total of \$32.781 million outstanding under the Credit Facility Agreement, which amount includes \$1.967 million of letters of credit issued by the Lenders.

13. In addition to the credit facilities under the Credit Facilities Agreement, DTI, through DT Capital Trust, issued \$70 million in 7.16% Term Interest Deferrable Equity Securities ("Tides") in 1997, of which \$35 million in principal amount remain outstanding.

**C. Events Leading to the Filing of these Chapter 11 Cases**

14. Over the last several years, the Debtors have experienced deteriorating financial performance as a result of depressed economic activity and lower capital goods spending by their customers. As a result of their cash and revenue crisis, the Debtors have had difficulty meeting

the financial covenants under the Credit Facilities Agreement, and failed to make timely prepayments required under the Credit Facilities Agreement as of December 31, 2003 and March 31, 2004. As part of an effort to restructure its finances, in 2002, DTI converted \$35 million of the Tides to equity, raised approximately \$22 million in additional equity, repaid a portion of the debt owed under the Credit Facilities Agreement, and extended the maturity thereof to July 2, 2004. Beginning in 2002 and continuing thereafter, the Debtors executed additional significant restructuring strategies including expense reduction initiatives, facilities closings, and divestitures that resulted in the sale of substantially all of the assets of DTI's Converting Technologies and Packaging Systems businesses in early 2004 and application of the proceeds to reduce the debt under the Credit Facilities Agreement. The Debtors are currently in default under their Credit Facilities Agreement due to the above-referenced failure to make timely required principal payments on December 31, 2003 and March 31, 2004. The Debtors are also currently in violation of several financial and other covenants under the Credit Facilities Agreement. The Debtors have been unable to negotiate a waiver of defaults or forbearance from the Lenders or obtain a replacement credit facility to replace their existing Credit Facilities Agreement, which expires July 2, 2004. The Debtors have no availability under the Credit Facilities Agreement's revolving line and have been operating since January 1, 2004 through the management of their operating cash flow. The inability of the Debtors to access their credit facility has impaired their ability to obtain new customer orders and to pay vendors that have provided components and services on credit for completed projects. The Debtors' ability to meet their short-term liquidity needs and debt obligations have been materially adversely affected by a drop in new orders that are customarily accompanied by advance payments from customers.

15. The declining market and the Debtors' concomitant loss of revenue has made it difficult for the Debtors to continue operations and, at the same time, service their debt under the Credit Facilities Agreement. As a result, these chapter 11 filings were necessary.

#### **IV. RELIEF REQUESTED**

16. Pursuant to section 521(1) of the Bankruptcy Code and Bankruptcy Rule 1007(c), a debtor is required, within fifteen (15) days from the date of filing, to file (a) schedules of assets and liabilities; (b) a schedule of current income and expenditures; (c) a schedule of executory contracts and unexpired leases; (d) a statement of financial affairs; and (e) a list of equity security holders (collectively, the "Schedules and Statements"). Bankruptcy Rule 1007(c) further authorizes the court to extend the time to file the Schedules and Statements on motion for cause shown. The Debtors submit that they have "cause" to extend the time to file their Schedules and Statements in light of the circumstances discussed below.

#### **V. BASIS FOR THE RELIEF REQUESTED**

17. There are over 1,500 parties-in-interest in these chapter 11 cases, located around the United States and overseas. There are approximately 1,700 creditors of the Debtors. In light of the size, complexity, and the scope of their businesses, the Debtors believe that completion of the Schedules and Statements will require an expenditure of significant time and effort by the Debtors' employees, many of whom will be simultaneously working on other aspects of the Debtors' chapter 11 cases as well as addressing the myriad of employee, customer, and vendor issues raised by the filing of these cases. The Debtors submit that the vast amount of information that must be assembled and compiled, the multiple locations of such information, and the hundreds of employee and professional hours required for the completion of the Schedules and

Statements all constitute good and sufficient cause for granting the extension of time requested herein.

18. Although the Debtors already have commenced the extensive process of gathering the necessary information to prepare and finalize the Schedules and Statements, they believe that an additional sixty (60) days from the Petition Date will be sufficient to prepare and file the Schedules and Statements without prejudice to the Debtors' right to seek further extension from this Court.

19. Based on the foregoing, the Debtors submit that the relief requested is necessary and appropriate, is in the best interests of their estates and creditors, and should be granted in all respects.

#### **VI. NOTICE AND PRIOR MOTIONS**

20. Notice of this Motion has been given to the United States Trustee, counsel for the Lenders, and each of the twenty largest unsecured creditors of each Debtor at their respective last known addresses. In light of the nature of the relief requested herein, the Debtors submit that no further notice of the Motion is necessary or required.

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

**WHEREFORE**, the Debtors respectfully request that this Court enter an order substantially in the form attached to this Motion: (a) extending the time by which the Debtors must file their Schedules and Statements for a period of sixty (60) days from the Petition Date; and (b) granting such other and further relief as is just and proper.

Dated: \_\_\_\_\_, 2004

Respectfully Submitted,

**DT INDUSTRIES, INC., et al.**

By s/ Julia W. Brand

One of its attorneys

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 ) (Jointly Administered)  
Debtors. )  
 ) Honorable \_\_\_\_\_

**DEBTORS' MEMORANDUM OF LAW IN SUPPORT OF MOTION  
FOR ORDER EXTENDING THE TIME TO FILE SCHEDULES AND STATEMENTS**

The above captioned debtors and debtors in possession (collectively, the “Debtors”), submit this Memorandum of Law (“Memorandum”)<sup>2</sup> in support of their Motion for Order Extending the Time to File Schedules and Statements of Financial Affairs (the “Motion”).

**I. FACTUAL BACKGROUND**

The factual support for this Memorandum is set forth in the Motion, which may be supplemented by testimony at the hearing on the Motion.

**II. LEGAL ARGUMENT**

Pursuant to section 521(1) of the Bankruptcy Code, a debtor is required to file “a list of creditors, and unless the court orders otherwise, a schedule of assets and liabilities, a schedule of current income and current expenditures, and a statement of the debtor’s financial affairs.” 11 U.S.C. § 521(1). *See also*, Fed. R. Bankr. P. 1007(b)(1). The Bankruptcy Rules further require

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<sup>2</sup> All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

that, in a chapter 11 case, the debtor must also file “a list of the debtor’s equity security holders of each class showing the number and kind of interests registered in the name of each holder, and the last known address or place of business of each holder.” FED. R. BANKR. P. 1007(a)(3).

Under the Bankruptcy Rules, the bankruptcy court may, however, grant an extension of time for the filing of the above-described lists, schedules and statements (the “Schedules and Statements”) where cause exists for doing so. FED. R. BANKR. P. 1007(a)(4)(c). Here, the size, complexity and the national and international scope of the Debtors’ businesses mean that completion of the Schedules and Statements will require an expenditure of significant time and effort by the Debtors’ employees, many of whom will be simultaneously working on other aspects of the Debtors’ chapter 11 cases as well as addressing the myriad of employee, customer and vendor issues raised by the filing of these cases. The Debtors submit that the vast amount of information that must be assembled and compiled, the multiple locations of such information, and the hundreds of employee and professional hours required for the completion of the Schedules and Statements all constitute good and sufficient cause for granting the extension of time requested herein.

The Debtors believe that the relief requested herein is consistent with, and an appropriate application of, the Bankruptcy Code and the Bankruptcy Rules. Similar extensions have been authorized in other complex chapter 11 cases. *See, e.g., In re UAL Corp.*, Case No. 02-B-48191 (Bankr. N.D., Ill. 2002); *In re WorldCom, Inc.*, Case No. 02-13533 (S.D.N.Y. 2002); *In re Global Crossing Ltd.*, Case No. 02-40187 (S.D.N.Y. 2002); *In re Bethlehem Steel Corp.*, Case No. 01-15288 (Bankr. S.D.N.Y. 2001); *In re Sunbeam Corp.*, Case No. 01-40291 (Bankr. S.D.N.Y. 2001).

### **III. CONCLUSION**

For the foregoing reasons, the Debtors respectfully request that this Court enter an order extending the time by which the Debtors must file their Schedules and Statements until sixty (60) days after the Petition Date.

Dated: \_\_\_\_\_, 2004

Respectfully Submitted,

**DT INDUSTRIES, INC., et al.**

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