

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

In re:) Chapter 11
)
DT INDUSTRIES, INC., et al.¹) Case No. 04-_____
) (Jointly Administered)
Debtors.)
) Honorable _____

**DEBTORS' APPLICATION FOR ORDER AUTHORIZING DEBTORS TO RETAIN
AND EMPLOY KATTEN MUCHIN ZAVIS ROSENMAN AS COUNSEL**

The above captioned debtors and debtors in possession (collectively, the "Debtors"), hereby submit this application (the "Application") to this Court, pursuant to section 327 of title 11 of the United States Code (the "Bankruptcy Code"), and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") for the entry of an Order authorizing the retention and employment of Katten Muchin Zavis Rosenman ("KMZR") as counsel for the Debtors. In support of this Application, the Debtors respectfully represent as follows:

I. JURISDICTION

1. The Court has jurisdiction over the Motion under 28 U.S.C. §1334. This is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2) (A) and (O). Venue of these chapter 11 cases in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 105 and 327 of the Bankruptcy Code, and Rule 2014 of the Bankruptcy Rules.

¹ 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 Subsidiary, Inc., DTI Massachusetts Subsidiary, Inc., DTI Lebanon Subsidiary, Inc., and DT Resources, Inc.

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 chapter 11 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 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^(TM) brand of automated 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. The Debtors desire to retain and employ KMZR as their counsel, under a general retainer, to represent the Debtors in all phases of their chapter 11 cases. Pursuant to section 327

of the Bankruptcy Code and Bankruptcy Rule 2014, the Debtors respectfully request authority to retain KMZR as their attorney to provide legal services in these cases.

17. The Debtors believe it is necessary to retain counsel and desire to employ KMZR to perform the extensive legal services that will be necessary during the administration of their chapter 11 cases.

18. Prior to the Petition Date, KMZR represented the Debtors in connection with, among other things, the negotiation and documentation of proposed financing agreements and debt restructurings along with the preparation and filing of petitions under chapter 11 of the Bankruptcy Code. All fees and expenses were duly paid as of the Petition Date (the “Pre-Petition Fees”). As such, KMZR is not a creditor of the Debtors. Within the one year period prior to the Petition Date, KMZR has received approximately \$1,346,810.20 from the Debtors in payment for legal services rendered and expenses incurred on behalf of the Debtors, approximately \$425,000 of which was received in payment for legal services rendered and expenses incurred in anticipation of the filing of these cases, and \$550,000 of which is being held by KMZR as a retainer (the “Retainer”).² A summary of all payments received by KMZR within ninety days of the date hereof, invoices to which those payments were applied, along with all retainers received, is attached hereto as Exhibit A.

19. The Debtors selected KMZR as their counsel because of KMZR’s extensive experience and knowledge in the fields of corporate reorganization and bankruptcy law and because KMZR is particularly well qualified for the type of representation required by the Debtors. KMZR is a national law firm with an extremely broad-based practice including

² Pre-Petition Date expenses and attorney time accrued but not recorded on KMZR’s computerized time/expense system until after the Petition Date will be offset against the Retainer. KMZR estimates such time and expenses aggregate approximately \$350,000, thereby reducing the Retainer by such amount. Pursuant to agreement with the US Trustee, KMZR will write-off \$52,254.51 of pre-petition fees and place that amount in the retainer.

substantial expertise in all areas of the law that may generate issues in these cases, including, but not limited to, bankruptcy, secured lending, securities, corporate, real estate, finance, litigation, labor, and tax law. KMZR's bankruptcy group has experience in numerous large chapter 11 cases. In addition, KMZR is extremely familiar with the Debtors' business because it has served as their counsel for years. Accordingly, KMZR possesses the requisite expertise and background to handle all matters that are likely to arise in this chapter 11 case.

20. The Debtors contemplate that KMZR will render the following general legal services:

- a. advising the Debtors of their rights, powers and duties as Debtors and debtors-in-possession;
- b. advising the Debtors concerning, and assisting in the negotiation and documentation of, financing agreements, debt restructurings, cash collateral arrangements, asset sales, and related transactions;
- c. reviewing the nature and validity of liens asserted against the property of the Debtors and advising the Debtors concerning the enforceability of such liens;
- d. preparing on behalf of the Debtors all necessary and appropriate applications, motions, pleadings, draft orders, notices, schedules, and other documents, and reviewing all financial and other reports to be filed in these chapter 11 cases;
- e. advising the Debtors concerning, and preparing responses to, applications, motions, pleadings, notices and other papers that may be filed and served in this chapter 11 case;
- f. counseling the Debtors in connection with the formulation, negotiation, and promulgation of plans of reorganization or liquidation and related documents; and
- g. performing all other legal services for and on behalf of the Debtors that may be necessary or appropriate in the administration of these chapter 11 cases, including advising and assisting the Debtors with respect to resolving disputes with any creditor constituencies that may arise, debt restructurings, stock or asset dispositions, mergers, or other strategic transactions, and legal issues involving general corporate, bankruptcy, labor, employee benefits, securities, tax, finance, real estate, and litigation matters.

21. KMZR intends to record its time for the foregoing general services into the following fifteen specific categories, and such other additional categories as may prove necessary:

- (1) General;
- (2) KMZR Retention and Fee Applications;
- (3) Other Professional Retention and Fee Applications;
- (4) Cash Collateral/DIP Financing;
- (5) Plan/Disclosure Statement;
- (6) United States Trustee - Reports/Meetings;
- (7) Creditors Committees;
- (8) Creditor Inquiries/Negotiations/Settlements;
- (9) Secured Creditors;
- (10) Labor, Pension and Retirement Matters;
- (11) Equity Interests;
- (12) Asset Sales;
- (13) Leases and Executory Contracts;
- (14) Expenses; and
- (15) Travel Time.

22. The Debtors request that all legal fees and related costs incurred by the Debtors on account of services rendered by KMZR in these cases be paid as administrative expenses of the estate in accordance with the applicable provisions of the interim and/or final financing orders and other applicable orders entered in these cases (collectively the “Case Orders”). Subject to the Court’s approval, KMZR will charge the Debtors for its legal services on an hourly basis, billed in tenths of hours, in accordance with its ordinary and customary hourly rates in effect on the date that such services are rendered. The current hourly rates charged by KMZR for professionals and paraprofessionals employed in its offices are provided below:

| <u>Billing Category</u> | <u>Range</u> |
|-------------------------|--------------|
| Partners | \$300-\$650 |
| Of Counsel | \$240-\$600 |
| Associates | \$180-\$440 |
| Legal Assistants | \$95 - \$185 |

23. These hourly rates are subject to periodic adjustments to reflect economic and other conditions.³ KMZR will maintain detailed records of any actual and necessary costs incurred in connection with the aforementioned legal services. KMZR intends to apply to the Court for compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of the United States Bankruptcy Court for the Southern District of Ohio (the “Local Rules”), but, pending such applications, KMZR requests payment of its monthly fees and expenses as more fully set forth herein and in the “Motion for Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals” filed concurrently herewith.

24. The Debtors have agreed, subject to approval of the Court, to pay to KMZR, upon such terms and conditions.

25. The names, positions, and current hourly rates of the KMZR professionals presently expected to have primary responsibility for providing services to Debtors are as follows: Julia W. Brand, (Partner) — \$385/hour; Kenneth J. Ottaviano, (Partner) — \$380/hour; and Matthew A. Olins (Associate) — \$230/hour. In addition, from time to time, it may be necessary for other KMZR professionals to provide services to the Debtors.

26. To the best of the Debtors’ current knowledge, information, and belief, other than in connection with these chapter 11 cases, KMZR has no connection with the Debtors, their

³ The rates charged by each KMZR professional differ based on, among other things, such professional’s level of experience and the rates normally charged in the location of the office in which such professional is resident.

creditors or any other party in interest herein, or their respective attorneys or accountants, or the United States Trustee or any person employed in the Office of the United States Trustee, except as set forth herein and in the Affidavit of Julia W. Brand in Accordance with section 327 of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure dated May 12, 2004 (the “Brand Affidavit”), a copy of which is attached hereto and incorporated herein as Exhibit B.⁴ From time to time, KMZR may have represented certain creditors and other parties in interest, or interests adverse to such creditors or parties in interest, in matters unrelated to the Debtors’ chapter 11 cases, all as further described in the Brand Affidavit.

27. To the best of the Debtors’ knowledge, information, and belief, KMZR does not represent and does not hold any interest adverse to the Debtors or their estate, creditors, equity or security holders in the matters for which KMZR is proposed to be retained. Accordingly, KMZR is a “disinterested person” within the meaning of sections 101(14) and 327 of the Bankruptcy Code, and its retention is in the best interests of the Debtors, their estates and creditors.

WHEREFORE, the Debtors respectfully request that the Court: (a) enter an Order in the form attached hereto pursuant to section 327 of the Bankruptcy Code and Bankruptcy Rule 2014, authorizing the Debtors to retain and employ KMZR, under a general retainer, in accordance with the terms hereof and applicable provisions of other Case Orders, to represent the

⁴ The Debtors’ knowledge, information, and belief regarding the matters set forth in paragraphs 23 and 24 of this Application are based upon and are made in reliance upon the Brand Affidavit.

Debtors in all phases of these chapter 11 cases; and (b) granting such other relief as the Court deems just and proper.

Dated: May 12, 2004

Respectfully Submitted,

DT INDUSTRIES, INC., ET AL.

By: s/ Stephen J. Perkins
Stephen J. Perkins
Chief Executive Officer

EXHIBIT A

(Chart of Payments)

EXHIBIT B

(2014 Affidavit of J. Brand)

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

In re:) Chapter 11
)
DT INDUSTRIES, INC., et al.¹) Case No. 04-_____
) (Jointly Administered)
Debtors.)
) Honorable _____

**AFFIDAVIT OF JULIA W. BRAND IN ACCORDANCE WITH
SECTION 327 OF THE BANKRUPTCY CODE AND RULE 2014
OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

Julia W. Brand, being duly sworn, deposes and says:

1. I am a partner of the firm of Katten Muchin Zavis Rosenman (“KMZR”), located at 2029 Century Park East, Suite 2600, Los Angeles, CA 90067. I am admitted to practice and am a member in good standing of the Bars of the State of California, the United States District Court for the Central, Northern, Southern and Eastern Districts of California, and the Ninth Circuit Court of Appeals.

2. I make this affidavit (the “Affidavit”) in support of the Debtors’ Application for Order Authorizing Debtors to Retain and Employ Katten Muchin Zavis Rosenman as Counsel (the “Application”), which is made in accordance with section 327 of title 11 of the United States Code (the “Bankruptcy Code”), and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

3. The above captioned debtors and debtors in possession (collectively, the “Debtors”) desire to retain and employ KMZR as their counsel, under a general retainer in

¹ 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 Subsidiary, Inc., DTI Massachusetts Subsidiary, Inc., DTI Lebanon Subsidiary, Inc., and DT Resources, Inc.

accordance with the applicable terms of the Case Orders,¹ to represent the Debtors in all phases of these chapter 11 cases, pursuant to section 327 of the Bankruptcy Code and Bankruptcy Rule 2014. KMZR is particularly well suited for the type of representation required by the Debtors. KMZR is a national law firm with an extremely broad-based practice including substantial expertise in all areas of the law that may give rise to issues in these cases, including, but not limited to, bankruptcy, securities, corporate, real estate, finance, litigation, labor, and tax law. KMZR's bankruptcy group employs 14 full-time attorneys practicing nationwide. In addition, KMZR is familiar with the business of the Debtors and has experience in numerous large chapter 11 cases. Accordingly, KMZR possesses the requisite expertise and background to handle matters that are likely to arise in these chapter 11 cases.

4. KMZR contemplates that it will render the following general legal services:
 - a. advising the Debtors of their rights, powers and duties as Debtors and debtors-in-possession;
 - b. advising the Debtors concerning, and assisting in the negotiation and documentation of, financing agreements, debt restructurings, cash collateral arrangements, asset sales, and related transactions;
 - c. reviewing the nature and validity of liens asserted against the property of the Debtors and advising the Debtors concerning the enforceability of such liens;
 - d. preparing on behalf of the Debtors all necessary and appropriate applications, motions, pleadings, draft orders, notices, schedules, and other documents, and reviewing all financial and other reports to be filed in these chapter 11 cases;
 - e. advising the Debtors concerning, and preparing responses to, applications, motions, pleadings, notices and other papers that may be filed and served in those chapter 11 cases;

¹ Terms not otherwise defined herein shall have the meaning ascribed in the Application.

- f. counseling the Debtors in connection with the formulation, negotiation, and promulgation of plans of reorganization or liquidation and related documents; and
- g. performing all other legal services for and on behalf of the Debtors that may be necessary or appropriate in the administration of these chapter 11 cases, including advising and assisting the Debtors with respect to resolving disputes with any creditor constituencies that may arise, debt restructurings, stock or asset dispositions, mergers, or other strategic transactions, and legal issues involving general corporate, bankruptcy, labor, employee benefits, securities, tax, finance, real estate, and litigation matters.

5. KMZR intends to record its time for the foregoing general services into fifteen specific categories, and such other additional categories as may prove necessary:

- (1) Postpetition General;
- (2) KMZR Retention and Fee Applications;
- (3) Other Professional Retention and Fee Applications;
- (4) Cash Collateral/DIP Financing;
- (5) Plan/Disclosure Statement;
- (6) United States Trustee - Reports/Meetings;
- (7) Creditors Committees;
- (8) Creditor Inquiries/Negotiations/Settlements;
- (9) Secured Creditors;
- (10) Labor, Pension and Retirement Matters;
- (11) Equity Interests;
- (12) Asset Sales;
- (13) Leases and Executory Contracts;
- (14) Expenses; and
- (15) Travel Time.

6. KMZR is willing to serve as counsel for the Debtors in these chapter 11 cases and to accept compensation for professional services rendered (on an hourly basis) and reimbursement of expenses incurred in accordance with sections 328, 330, and 331 of the Bankruptcy Code and applicable provisions of both the Bankruptcy Rules and the Local Rules. KMZR intends to charge for its legal services in these chapter 11 cases in accordance with its

usual and customary billing practices. KMZR's current hourly rates for its professionals and paraprofessionals employed in its offices are set forth below:²

| <u>Billing Category</u> | <u>Range</u> |
|--------------------------------|---------------------|
| Partners | \$300-\$650 |
| Of Counsel | \$300-\$600 |
| Associates | \$180-\$440 |
| Legal Assistants | \$95 - \$185 |

7. The names, positions, and current hourly rates of the KMZR professionals presently expected to have primary responsibility for providing services to Debtors are as follows: Julia W. Brand, (Partner) — \$385/hour; Kenneth J. Ottaviano (Partner) — \$380/hour; and Matthew A. Olins (Associate) — \$230/hour. In addition, from time to time, it may be necessary for other KMZR professionals to provide services to the Debtors.

8. These hourly rates are subject to periodic adjustments to reflect economic and other conditions. KMZR will maintain detailed records of any actual and necessary costs incurred in connection with the aforementioned legal services. KMZR intends to apply to the Court for compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, but, pending such applications, KMZR requests payment of its monthly fees and expenses as more fully set forth herein and in the "Motion for Administrative Order under Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Committee Members" filed herewith.

² The rates charged by each KMZR professional differ based on, among other things, such professional's level of experience and the rates normally charged in the location of the office in which such professional is resident.

9. The Debtors have agreed, subject to approval of the Court, to pay KMZR, upon such terms and conditions.

10. Neither I, KMZR, nor any partner or associate thereof, insofar as I have been able to ascertain, hold or represent any interest adverse to the Debtors or their estate, creditors, equity or security holders. Further, insofar as I have been able to ascertain, other than in connection with these chapter 11 cases and in connection with certain pre-petition real estate matters, KMZR has no connection (connection being defined as a professional relationship) with the Debtors, their creditors, or any other party in interest herein, or their respective attorneys or accountants, or the United States Trustee or any person employed in the Office of the United States Trustee, except as set forth below. Accordingly, KMZR is a “disinterested person” within the meaning of sections 101(14) and 327 of the Bankruptcy Code.

11. From time to time, KMZR has in the past represented, may at present represent, and may in the future represent certain creditors and other parties in interest, or interests adverse to such creditors or parties in interest, in matters unrelated to the Debtors’ chapter 11 case. For example, KMZR has in the past represented, and may at present represent, the following lenders of the Debtors in matters not related to the Debtors’ chapter 11 cases: Bank of America, USBancorp, National City Bank, and Bear Stearns & Co. For each of these lenders, KMZR has obtained a limited waiver of any potential conflicts of interest pursuant to which such lenders have waived any potential conflicts regarding KMZR’s representation of the Debtors in the restructuring of their debt. The waivers do not include litigation against such entities. In the event that, at any point in these cases, there is a need for the Debtors to commence litigation directly against such entities, Coolidge, Wall, Womsley and Lombard (“Coolidge”), who has been retained by the Debtors as local counsel, will prosecute such litigation. Local counsel will

be preparing and filing an application to be retained in these cases along with an affidavit of disinterestedness.

12. In addition, KMZR has in the past represented, may at present represent, and may in the future represent the following unsecured creditors in matters not related to the Debtors' chapter 11 cases: Citicorp, Bank One, GE Polymersshapes, Dell Computer Corporation, Lucent Enterprises, Analog Devices, Inc., MCI Worldcom, ADP, Moody's Investor Service, Blackwell Sanders, Edwards & Angell, Financial Relations, Right Management, Association for Manufacturing, Bowne of Chicago, Digital Controls Corporation, Epson America Inc., City Wide Development Corp., Earle M. Jorgensen Co., PriceWatershouseCoopers, Best Products Company, CNA Commercial Insurance, Rexel, and Pitney Bowes Credit Corp. In the event that, at any point in these cases, there is a need for the Debtors to commence litigation directly against such entities, Coolidge will prosecute such litigation.

13. In addition, KMZR has in the past represented, may at present represent, and may in the future represent the following equity holders in matters not related to the Debtors' chapter 11 cases: Northwestern Mutual Insurance, Ironwood Capital Management LLC, David Babson, Smith Barney Asset Management, Royce & Associates, Inc., and Transamerica Investment Management LLC. In the event that, at any point in these cases, there is a need for the Debtors to commence litigation directly against such entities, Coolidge will prosecute such litigation.

14. Furthermore, KMZR is conducting a continuing inquiry to ascertain whether there exists any situation which would affect, or appear to affect, KMZR's status as a "disinterested" person. I will file promptly a supplemental affidavit with this Court after this inquiry is completed, if additional disclosure is required.

15. KMZR has no agreement with any other entity to share with such entity any compensation received by KMZR in connection with these chapter 11 cases.

16. Prior to the Petition Date, KMZR represented the Debtors in connection with, among other things, the negotiation and documentation of proposed financing agreements and debt restructurings along with the preparation and filing of petitions under chapter 11 of the Bankruptcy Code. All fees and expenses were duly paid as of the Petition Date (the “Pre-Petition Fees”). As such, KMZR is not a creditor of the Debtors. Within the one year period prior to the Petition Date, KMZR has received approximately \$1,346,810.20 from the Debtors in payment for legal services rendered and expenses incurred on behalf of the Debtors, approximately \$425,000 of which was received in payment for legal services rendered and expenses incurred in anticipation of the filing of these cases, and \$550,000 of which is being held by KMZR as a retainer (the “Retainer”).² A summary of all payments received by KMZR within ninety days of the date hereof, invoices to which those payments were applied, along with all retainers received, is attached to the Application as Exhibit A.

17. I have advised the Debtors of KMZR’s willingness to serve as their counsel. KMZR intends to charge for its legal services in these chapter 11 cases in accordance with its usual practice, applying its customary hourly rates for matters of this type, and charging for all expenses and other disbursements necessarily incurred and customarily billed to its clients.

18. For the reasons set forth above, I and the other attorneys employed by KMZR are well qualified to act as counsel for the Debtors, and neither I, KMZR, nor any partner or

² Pre-Petition Date expenses and attorney time accrued but not recorded on KMZR’s computerized time/expense system until after the Petition Date will be offset against the Retainer. KMZR estimates such time and expenses aggregate approximately \$350,000, thereby reducing the Retainer by such amount. Pursuant to agreement with the US Trustee, KMZR will write-off \$52,254.51 of pre-petition fees and place that amount in the retainer.

associate of KMZR will, while employed by the Debtors, represent in connection with these chapter 11 cases, any entity holding an interest adverse to the Debtors or their estates.

s/ Julia W. Brand

Julia W. Brand

Sworn to and subscribed before me
this 12th day of May, 2004.

s/ Barbara B. Piatt
Notary Public

My commission expires on: April 1, 2007

Exhibit 1

EXHIBIT B

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

In re:) Chapter 11
)
DT INDUSTRIES, INC., et al.¹) Case No. 04-_____
) (Jointly Administered)
Debtors.)
) Honorable _____

**DISCLOSURE OF COMPENSATION OF KATTEN MUCHIN ZAVIS ROSENMAN IN
ACCORDANCE WITH SECTION 329 OF THE BANKRUPTCY CODE AND
RULE 2016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

JULIA W. BRAND hereby states that:

1. I am a partner of the law firm of Katten Muchin Zavis Rosenman (“KMZR”), attorneys for the above captioned debtors and debtors in possession (collectively, the “Debtors”).
2. I make this disclosure in accordance with section 329 of title 11 of the United States Code (the “Bankruptcy Code”), and Rule 2016(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).
3. The Debtors filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code on May 12, 2004 (the “Petition Date”).
4. Prior to the Petition Date, KMZR represented the Debtors in connection with the negotiation and documentation of proposed financing agreements and debt restructurings along with the preparation and filing of petitions under chapter 11 of the Bankruptcy Code. Prior to the Petition Date, in contemplation of the filing of these cases, KMZR rendered legal services for and incurred expenses on behalf of the Debtors in the approximate amount of \$425,000, which

¹ 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 Subsidiary, Inc., DTI Massachusetts Subsidiary, Inc., DTI Lebanon Subsidiary, Inc., and DT Resources, Inc.

amounts were duly paid as of the Petition Date. On May 11, 2004, KMZR received a payment in the approximate amount of \$100,000 from the Debtors, which, after applying all amounts necessary to pay in full all known legal fees and expenses incurred by the Debtors, left KMZR with a Pre-Petition Date retainer of approximately \$200,000 (the "Retainer").²

5. The rates charged by each KMZR professional differ based on, among other things, such professional's level of experience and the rates normally charged in the location of the office in which such professional is resident.

6. KMZR has not agreed to share compensation with any other person, except as permitted by the exception set forth in section 504(b) of the Bankruptcy Code and Bankruptcy Rule 2016.

Dated: May 12, 2004

Respectfully submitted,

s/ Julia W. Brand
Julia W. Brand

S:\Katten\00173940.Doc

² Pre-Petition Date expenses and attorney time accrued but not recorded on KMZR's computerized time/expense system until after the Petition Date will be offset against the Retainer. KMZR estimates such time and expenses aggregate approximately \$350,000, thereby reducing the Retainer by such amount. Pursuant to agreement with the US Trustee, KMZR will write-off \$52,254.51 of pre-petition fees and place that amount in the retainer.