

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

In re: )  
 ) Chapter 11  
**DT INDUSTRIES, INC.,** )  
 ) Case No. 04-34091  
Debtor. )

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In re: )  
 ) Chapter 11  
**VANGUARD TECHNICAL** )  
**SOLUTIONS, INC.,** ) Case No. 04-34104  
 )  
Debtor. )

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In re: )  
 ) Chapter 11  
**MID-WEST AUTOMATION** )  
**ENTERPRISES, INC.,** ) Case No. 04-34102  
 )  
Debtor. )

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In re: )  
 ) Chapter 11  
**MID-WEST AUTOMATION SYSTEMS,** )  
**INC.,** ) Case No. 04-34103  
 )  
Debtor. )

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In re: )  
 ) Chapter 11  
**ASSEMBLY TECHNOLOGY & TEST,** )  
**INC.,** ) Case No. 04-34095  
 )  
Debtor. )

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In re: )  
 ) Chapter 11  
**DETROIT TOOL & ENGINEERING** )  
**COMPANY,** ) Case No. 04-34096  
 )  
Debtor. )

In re:	)	
	)	Chapter 11
<b>ADVANCED ASSEMBLY AUTOMATION, INC.,</b>	)	
	)	Case No. 04-34092
Debtor.	)	
In re:	)	
	)	Chapter 11
<b>ASSEMBLY MACHINES, INC.,</b>	)	
	)	Case No. 04-34093
Debtor.	)	
In re:	)	
	)	Chapter 11
<b>HANSFORD MANUFACTURING CORPORATION,</b>	)	
	)	Case No. 04-34101
Debtor.	)	
In re:	)	
	)	Chapter 11
<b>DTI LEOMINSTER SUBSIDIARY, INC.,</b>	)	
	)	Case No. 04-34100
Debtor.	)	
In re:	)	
	)	Chapter 11
<b>DTI PENNSYLVANIA SUBSIDIARY, INC.,</b>	)	
	)	Case No. 04-34094
Debtor.	)	
In re:	)	
	)	Chapter 11
<b>DTI MASSACHUSETTS SUBSIDIARY, INC.,</b>	)	
	)	Case No. 04-34098
Debtor.	)	
In re:	)	
	)	Chapter 11
<b>DTI LEBANON SUBSIDIARY, INC.,</b>	)	
	)	Case No. 04-34099
Debtor.	)	
In re:	)	
	)	Chapter 11
<b>DT RESOURCES, INC.,</b>	)	
	)	Case No. 04-34097
Debtor.	)	

**JOINT MOTION FOR ORDER AUTHORIZING AND DIRECTING JOINT  
ADMINISTRATION OF THE ABOVE-CAPTIONED CASES**

1. DT Industries, Inc. (“DTI”), 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. (collectively with DTI, the “Debtors”), as debtors and debtors-in-possession, move this Court for an order authorizing and directing the joint administration of the above-captioned chapter 11 cases for procedural purposes only, and for other and additional relief. 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:

**II. JURISDICTION**

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

3. The statutory predicate for this Motion is Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). In support of this Motion, the Debtors respectfully state as follows:

**III. INTRODUCTION**

4. On May 12, 2004 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (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.

5. No trustee, examiner or committee has been appointed in these chapter 11 cases.

#### **IV. BACKGROUND**

##### **A. Company Overview**

6. 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.

7. 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.

8. 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.

9. 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 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.

10. 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**

11. 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.

12. 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.

13. 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.

14. 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**

15. 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.

16. 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.



**V. RELIEF REQUESTED**

17. By this Motion, the Debtors seek entry of an order authorizing and directing the joint administration of these chapter 11 cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b), which authorizes the entry of an order for the joint administration of the bankruptcy estates of affiliates. The Debtors further request that such relief apply generally to each of the presently filed chapter 11 cases and pleadings, and that such pleadings be permitted to bear the following joint administration caption:

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

In re: ) Chapter 11  
 )  
**DT INDUSTRIES, INC., et al.** ) Case No. 04-34091  
 ) (Jointly Administered)  
Debtors. )  
 ) Honorable \_\_\_\_\_

18. Finally, the Debtors seek authority to file monthly operating reports on a consolidated basis, if the Debtors determine, after consultation with the Office of the United States Trustee, that such consolidated reports would further administrative economy and efficiency, without prejudice to any party-in-interest, and would accurately reflect the Debtors' consolidated business operations and financial affairs.

**VI. BASIS FOR THE RELIEF REQUESTED**

19. The Debtors believe that the joint administration of these chapter 11 cases is warranted by the fact that the financial affairs and business operations of the Debtors are closely related. Entry of an order authorizing and directing joint administration of these cases will avoid the unnecessary time and expense of duplicative motions, applications, orders and other

pleadings, thereby saving considerable time and expense for the Debtors and resulting in substantial savings for their estates. Such duplication of substantially identical documents would also unnecessarily overburden the Clerk of Court with voluminous filings.

20. The joint administration of these cases will permit the Clerk of Court to utilize a single general docket. The Debtors anticipate that the notices, applications, motions and hearings and orders in these chapter 11 cases will affect one or more of the Debtors. Additionally, joint administration will permit counsel for all parties-in-interest to include the Debtors' respective estates in a single caption on the documents served and filed in these cases, thus enabling parties-in-interest in each of the chapter 11 cases to be apprised of the various matters before the Court.

21. The rights of the respective creditors of each of the Debtors will not be adversely affected by the joint administration because this Motion requests only administrative consolidation and not substantive consolidation of these chapter 11 cases. Each creditor may still file a claim against a particular estate. The rights of all creditors will be enhanced by the reduced costs resulting from joint administration. This Court will also be relieved of the burden of entering duplicative orders and maintaining duplicative files. Supervision of the administrative aspects of these chapter 11 cases by the United States Trustee will be simplified.

22. Notwithstanding joint administration, the Debtors will file separate schedules and statements in each of these chapter 11 cases. Ownership of Debtors' respective property is separate, and proofs of claim should be filed in each of these chapter 11 cases.

23. By reason of the foregoing, joint administration of these chapter 11 cases is in the best interests of the Debtors, their creditors, and their estates.

## **VII. NOTICE AND PRIOR MOTIONS**

24. 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.

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

**WHEREFORE**, the Debtors respectfully request that the Court enter an order substantially in the form attached to this Motion: (a) authorizing and directing the joint administration of the above-captioned chapter 11 cases for procedural purposes only; (b) authorizing the filing of consolidated monthly operating reports with the Office of the United States Trustee; and (c) 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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**UNITED STATES BANKRUPTCY COURT  
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In re: )  
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**VANGUARD TECHNICAL** )  
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<b>DTI LEOMINSTER SUBSIDIARY, INC.,</b>	)	) Case No. 04-34100
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<b>DTI PENNSYLVANIA SUBSIDIARY, INC.,</b>	)	) Case No. 04-34094
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<b>DTI MASSACHUSETTS SUBSIDIARY, INC.,</b>	)	) Case No. 04-34098
Debtor.	)	)
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<b>DTI LEBANON SUBSIDIARY, INC.,</b>	)	) Case No. 04-34099
Debtor.	)	)
In re:	)	) Chapter 11
<b>DT RESOURCES, INC.,</b>	)	) Case No. 04-34097
Debtor.	)	)

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**MEMORANDUM OF LAW IN SUPPORT OF JOINT MOTION FOR  
ORDER AUTHORIZING AND DIRECTING JOINT ADMINISTRATION  
OF THE ABOVE-CAPTIONED CASES**

DT Industries, Inc. (“DTI”), 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. (collectively with DTI, the “Debtors”), submit this Memorandum of Law (“Memorandum”) in support of their Joint Motion for Order Authorizing and Directing Joint Administration of the above-captioned chapter 11 cases (the “Motion”).<sup>1</sup>

**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**

Joint administration of related cases is governed by Bankruptcy Rule 1015(b), which provides as follows:

If a joint petition or two or more petitions are pending in the same court by or against ... a debtor and an affiliate, the court may order a joint administration of the estates. Prior to entering an order the court shall give consideration to protecting creditors of different estates against potential conflicts of interest.

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<sup>1</sup> All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

Joint administration is merely procedural – each of Debtors’ estates remains a separate legal entity and creditors’ individual rights to each estate are preserved. *In re N.S. Garrott & Sons*, 63 B.R. 189, 191 (Bankr. E.D. Ark. 1986); *In re Arnold*, 33 B.R. 765, 767 (Bankr. E.D.N.Y. 1983).

Joint administration should be ordered in the above-captioned chapter 11 cases because the Debtors include DTI and wholly owned (direct and indirect) subsidiaries of DTI. Thus, the Debtors are “affiliates” within the meaning of section 101(2) of the Bankruptcy Code, and joint administration of these chapter 11 cases is appropriate under Bankruptcy Rule 1015(b).

### **CONCLUSION**

For the foregoing reasons, the Debtors respectfully request that this Court enter an order authorizing and directing joint administration of these chapter 11 cases.



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

Respectfully Submitted,

**DT INDUSTRIES, INC., at al.**

By:        s/ Julia W. Brand

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Proposed Attorneys for Debtors and Debtors-In-Possession

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