

**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 _____

MOTION OF DEBTORS FOR AN INTERIM AND FINAL ORDER: (A) AUTHORIZING THE DEBTORS TO BORROW MONEY AND OBTAIN OTHER FINANCIAL ACCOMMODATIONS POSTPETITION; (B) GRANTING FIRST PRIORITY MORTGAGES, LIENS AND SECURITY INTERESTS IN THE POSTPETITION COLLATERAL AND ADMINISTRATIVE SUPER-PRIORITY TO THE DEBTORS' POSTPETITION LENDERS; (C) AUTHORIZING USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION FOR SUCH USE OF PREPETITION COLLATERAL; (D) GRANTING THE DEBTORS' POSTPETITION LENDER RELIEF FROM THE AUTOMATIC STAY; AND (E) SCHEDULING A FINAL HEARING TO CONSIDER ENTRY OF A FINAL ORDER AUTHORIZING THE POSTPETITION FINANCING

The above captioned debtors and debtors in possession (collectively, the “Debtors”), hereby submit this motion (the “Motion”) for the entry of an interim and a final order: (a) pursuant to §§ 362, 363, 364(c), 364(d) and 507(b) of title 11 of the United States Code (the “Bankruptcy Code”) and Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) 2002, 4001(c) and 9014, authorizing the Debtors to borrow money and obtain other financial accommodations (the “Postpetition Financing Obligations”) from certain members of its prepetition lending group (the “Postpetition Lenders”) and execute all documents and agreements in form and substance satisfactory to the Postpetition Agent and the Postpetition Lenders in connection therewith; (b) granting the Postpetition Lenders first priority mortgages,

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.

liens and security interests in the Postpetition Collateral (as defined below) pursuant to §§ 364(c)(1) and 364(d) of the Bankruptcy Code, and administrative super-priority over any and all administrative expenses of the kinds specified in §§ 503(b), 507(b) and 546(c) of the Bankruptcy Code (other than those subject to a carveout as set forth below) to secure the Debtors' Postpetition Financing Obligations; (c) authorizing the Debtors to use cash collateral and granting the Lenders adequate protection of their interests in the Cash Collateral and Prepetition Collateral (as these terms are defined below); (d) granting the Postpetition Lenders relief from the automatic stay, pursuant to § 362 of the Bankruptcy Code; and (e) scheduling a final hearing to consider entry of a final order authorizing the Postpetition Financing. This Motion is based on the Affidavit of John M. Casper filed contemporaneously herewith. (the "Casper Affidavit"). In further support of this Motion, the Debtors respectfully state 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(a), 363(b), 364, and 507(a)(3) and (a)(4) of the Bankruptcy Code.

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 approximately \$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. THE DEBTOR'S NEED FOR POSTPETITION FINANCING

16. The Debtors are facing a serious cash flow shortage due, in part, to the timing of payments for services rendered to their customers under various long term contracts. As a result, an immediate and critical need exists for the Debtors to obtain additional funds in order to continue to operate their businesses. Without the financing requested herein, the Debtors will not be able to meet their payroll, payroll expenses and day-to-day operating expenses, or maintain necessary levels of inventory and supplies. These expenses are identified in the Budget attached hereto as Exhibit A.

17. Failure to meet such expenses will result in the loss of key employees and customers, a loss of confidence by the Debtors' customers and vendors, and will force the Debtors to cease operations to the detriment of the Debtors, their estates, and their creditors.

18. Moreover, the Debtors have negotiated an agreement with a bidder for the sale of substantially all of their operating assets. The Debtors are seeking an order from the Court authorizing such sale under section 363 through an auction process. It is absolutely essential to

the success of that process that the Debtors maintain the operations of their business to maximize the value for their creditors. Additionally, continuation of the Debtors' businesses through the period leading up to a proposed asset sale will permit these businesses to continue as a going concern. Without the proposed sale, the Debtors will likely cease operating as a going concern and the opportunity to preserve hundreds of jobs in the Dayton area will be lost. Thus, it is critical that the Debtors have the funds to be provided under the Postpetition Financing Obligations to fund their operations while the sale process occurs.

19. The extraordinary provisions provided for in the Order are mandated by necessity. The Debtors have attempted to locate financing from a lender that would not require such extraordinary terms but have been unable to do so. The Debtors have attempted to locate financing from other sources but have been unsuccessful in obtaining either unsecured credit or unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. Additionally, the Debtors have been unable to secure financing with general terms more favorable than those offered by the Post-Petition Lenders. Without immediate debtor-in-possession financing, the Debtors will have to cease operations immediately.

20. The Prepetition Lenders have consented to the use of cash collateral but only in the terms and conditions provided in the Order.

V. RELIEF REQUESTED

21. By this Motion, the Debtors request authorization to borrow money and obtain other financial accommodations from the Postpetition Lenders (the "Postpetition Financing") and to execute the Postpetition Credit Agreement in substantially the form attached hereto as Exhibit B ("Postpetition Credit Agreement") so that the Debtors can finance their operations as chapter 11 debtors-in-possession. Simultaneously with this Motion, the Debtors have filed a proposed interim debtor-in-possession financing order outlining the terms of the Postpetition Financing

(the “Postpetition Financing Order,” attached hereto as Exhibit C). The key terms regarding the proposed Postpetition Financing are set forth in the summary attached hereto as Exhibit D.

22. In order to effectuate the relief sought in connection with the Postpetition Financing, the Debtors seek authority to execute and deliver to the Postpetition Lenders the following (collectively, the “Postpetition Documents”), in form and substance satisfactory to the Postpetition Lenders:

a. The Postpetition Credit Agreement, and all agreements, instruments and documents in connection therewith;

b. All such financing statements, notices, schedules, security agreements, mortgages, assignments, consents, agreements, instruments and documents necessary or required to evidence loans, to consummate the terms and provisions of the Interim Postpetition Financing Order and the Postpetition Documents and to perfect the liens and security interests to be given to the Lender pursuant thereto;

c. At the Postpetition Lenders’ option, promissory notes, in the form customarily used by the Postpetition Lenders, evidencing extensions of credit made from time to time by the DIP Lender to the Debtors;

d. A copy of the resolutions of the shareholders and Boards of Directors of the Debtors authorizing the execution, delivery and performance of the Postpetition Documents, any promissory notes required by the Postpetition Lenders and the other matters contemplated hereby, together with such corporate action as the Postpetition Lenders may request; and

e. Such other agreements, instruments and documents from the Debtor or third parties as the Postpetition Lenders or their counsel shall require and such other orders of the Court and other courts, with respect to the Debtors or third parties, as the Postpetition Lenders or their counsel shall require.

23. The Postpetition Lenders have indicated a willingness to lend money and extend credit to the Debtors, but only under the terms and conditions set forth in the proposed interim Postpetition Financing Order and Postpetition Credit Agreement, including, without limitation, payment to the Postpetition Lenders of the fees set forth therein.

24. Further, subject only to valid, duly perfected and enforceable liens upon and security interests in such property held by third parties other than the Postpetition Lenders, and pursuant to § 364(d)(1) of the Bankruptcy Code, all Postpetition Lender Indebtedness (as that term is defined in the Postpetition Documents) shall be secured by first priority senior, priming, liens upon, and security interests in, all of the property of the Debtors as set forth in full in the Postpetition Financing Order and the Postpetition Agreement (collectively, the “Postpetition Collateral”).

25. The Debtors also seek, pursuant to sections 363 and 361(2) of the Bankruptcy Code, authorization to use cash collateral and to grant second priority liens upon and security interests in the Postpetition Collateral to the Lenders (the “Lender Adequate Protection Lien”) as adequate protection of the Lenders’ interest in the Prepetition Collateral for any decrease in the value of the Lenders’ interests therein resulting from the priming liens granted by the proposed interim Postpetition Financing Order, if granted, and for the use of cash collateral by the Debtors.

26. The proposed Postpetition Credit Facility and Interim DIP Financing Order contain the following provisions as noted below:

a. Cross-collateralization clauses, i.e., clauses that secure the repayment of prepetition debt with postpetition assets in which the secured creditor would not otherwise have a security interest by virtue of its prepetition security agreement or applicable law: **None.**

b. Provisions of findings of fact that bind the estate or all parties in interest with respect to the waiver of claims against the secured creditor without first giving parties in interest at least 75 days from the entry of the order and the creditor’s committee, if appointed, at least 60 days from the date of its appointment to investigate such matters: **None.**

c. Provisions or findings of fact that bind the estate and all parties in interest with respect to the validity, perfection, amount or relative priority of the secured creditor’s prepetition lien and liens held by persons who are not party to the financing agreement or stipulation, without first giving parties in interest at least 75 days from the entry of the order and the creditors’ committee, if

appointed, at least 65 days from the date of its appointment to investigate such matters: **None.**

d. Provisions that create a lien senior or equal to any existing lien without the consent of that lienholder: **None.**

e. Provisions that seek a waiver, without notice, of rights the estate may have under § 506(c) of the Code: Interim DIP Financing Order at **Interim DIP Financing Order at ¶15.**

f. Provisions that grant immediately to the prepetition secured creditor liens on the Debtors' claims and causes of action arising under §§ 544, 545, 547, 548, and 549 of the Code: **Interim DIP Financing Order at ¶ 7.**

g. Provisions that provide disparate treatment with regard to professionals retained by a creditors' committee from that provided for the professionals retained by the debtor: **Interim DIP Financing Order at ¶ 10.**

h. Provisions that prime chapter 7 administrative expenses: **None.**

i. Provisions that operate to divest the debtor of any discretion by requiring a creditor's consent in the formulation of a plan or administration of the estate or limit access to the court to seek any relief under other applicable provisions of law: **None.**

j. Provisions that purport to release the secured creditor's liability for alleged prepetition torts or breaches of contract: **Interim DIP Financing Order at ¶ 9.**

k. Provisions that grant automatic relief from stay upon default, conversion to chapter 7, or the appointment of a trustee: Interim DIP Financing Order at **Interim DIP Financing Order at ¶¶ 19 and 22.**

l. Provisions that waive the procedural requirements for foreclosure required under applicable non-bankruptcy law: **None.**

m. Provisions that waive avoidance actions arising under the Code: **None.**

n. Provisions that waive, effective upon default or expiration, the debtor's right to move for a court order pursuant to § 363(c)(2)(B) of the Code authorizing the use of cash collateral in the absence of the secured party's consent: **Interim DIP Financing Order at ¶ 23.**

o. Provisions that grant a lien in an amount in excess of the dollar amount of cash collateral authorized under the applicable cash collateral order: **None.**

p. Findings of fact on matters extraneous to the approval process:
None.

q. Provisions that bar the debtor from future bankruptcy filings:
None.

27. The Debtors have been informed that the documents required by Local Bankruptcy Rule 4001-2(a)(4) are extremely voluminous, occupying approximately 4-6 bankers boxes. Thus, notwithstanding their best efforts, the Debtors have been unable to provide the documents required thereunder at this time. The Debtors will provide these documents within seven (7) business days after filing the Motion if required by the Court.

28. Finally, the Debtors requests that the Court schedule a final hearing to consider entry of a final order authorizing the Postpetition Financing on a final basis.

29. 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.

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

Dated: _____, 2004

Respectfully Submitted,

DT INDUSTRIES, INC., ET AL.

By: Julia W. Brand

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**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)
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) Honorable _____

**MEMORANDUM OF LAW IN SUPPORT OF
MOTION OF DEBTORS FOR AN INTERIM AND FINAL ORDER: (A)
AUTHORIZING THE DEBTORS TO BORROW MONEY AND OBTAIN OTHER
FINANCIAL ACCOMMODATIONS POSTPETITION; (B) GRANTING FIRST
PRIORITY MORTGAGES, LIENS AND SECURITY INTERESTS IN THE
POSTPETITION COLLATERAL AND ADMINISTRATIVE SUPER-PRIORITY TO
THE DEBTORS' POSTPETITION LENDERS; (C) AUTHORIZING USE OF CASH
COLLATERAL AND GRANTING ADEQUATE PROTECTION FOR SUCH USE OF
PREPETITION COLLATERAL; (D) GRANTING THE DEBTORS'
POSTPETITION LENDER RELIEF FROM THE AUTOMATIC STAY; AND
(E) SCHEDULING A FINAL HEARING TO CONSIDER ENTRY OF A
FINAL ORDER AUTHORIZING THE POSTPETITION FINANCING**

The above-captioned Debtors submit this Memorandum of Law in Support of the Motion for an Interim and Final Order: (a) Authorizing the Debtors to Borrow Money and Obtain Other Financial Accommodations Postpetition; (b) Granting First Priority Mortgages, Liens and Security Interests in the Postpetition Collateral and Administrative Super-Priority to the Debtors' Postpetition Lenders; (c) Authorizing Use of Cash Collateral and Granting Adequate Protection for Such Use of Prepetition Collateral; (d) Granting the Debtors' Postpetition Lender Relief From the Automatic Stay; and (e) Scheduling a Final Hearing to Consider Entry of a Final Order Authorizing the Postpetition Financing

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.

BASIS FOR RELIEF

Bankruptcy Rule 4001 governs the procedures for obtaining use of cash collateral and postpetition financing. Rule 4001 provides that the court may conduct an interim hearing on the use of cash collateral or the provision of postpetition financing as necessary to avoid irreparable harm to the estate pending final hearing, with such final hearing to occur not less than 15 days after service of the Motion.

Section 364 of the Bankruptcy Code, which governs obtaining credit, provides, in pertinent part:

- (c) If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt—
 - (1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of this title.

Furthermore, section 364(d) of the Bankruptcy Code provides that a court may authorize the obtaining of credit or the incurring of debt secured by a senior or equal lien on property of the estate that is subject to a lien only if “there is adequate protection of the interests of the holder of the lien on the property of the estates on which such senior or equal lien is proposed to be granted.”

Section 363(b) of the Bankruptcy Code provides that: the trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate. The trustee or debtor in possession may not use cash collateral unless each entity having an interest therein consents or the court authorizes such use after notice and a hearing, subject to the provision of adequate protection to such entity.

Section 361 of the Bankruptcy Code, which governs adequate protection, provides in pertinent part:

When adequate protection is required under section ... 364 of this title of an interest of an entity in property, such adequate protection may be provided by—

- (2) providing to such entity an additional or replacement lien to the extent that such stay, use, sale, lease, or grant results in a decrease in the value of such entity's interest in such property....

The Debtors have attempted to, but have been unsuccessful, in obtaining unsecured credit from other sources. Accordingly, the proposed Postpetition Financing is essential to the Debtor's reorganization efforts.

The terms and conditions set forth in the Motion and in the proposed interim DIP Financing Order and the Postpetition Credit Agreement have been negotiated by the Debtors and the Postpetition Lenders at arm's length, in good faith, for reasonably equivalent value, and are fair and reasonable under the circumstances. Further, the Lenders holding an interest in the Prepetition Collateral consent to the Debtors' use of cash collateral and the granting of the priming liens, but only on the terms provided in the Postpetition Credit Agreement and the Interim DIP Financing Order.

The Debtors' ability to finance their operations and to have sufficient working capital available is in the best interests of the Debtors, their creditors and their estates. The relief requested herein is necessary in order to maintain ongoing operations and avoid immediate and irreparable harm and prejudice to the Debtors.

WHEREFORE, the Debtors respectfully request the entry of an order:
(a) granting this Motion on an interim basis, pending the Final Hearing, on the terms set forth in the proposed interim DIP Financing Order; (b) setting this Motion for Final Hearing pursuant to Bankruptcy Rule 4001, and at such hearing granting the relief requested herein on a permanent basis, on the terms set forth in the proposed interim Postpetition Financing Order; and
(c) granting such other and further relief as this Court deems just and proper.

Dated: _____, 2004

Respectfully Submitted,

DT INDUSTRIES, INC., ET AL.

By: Julia W. Brand

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