

**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 \_\_\_\_\_

**EMERGENCY EX PARTE MOTION OF DEBTORS FOR AN ORDER CONVENING  
EXPEDITED HEARINGS ON CERTAIN “FIRST DAY”  
MOTIONS AND APPLICATIONS**

The above captioned debtors and debtors in possession (collectively, the “Debtors”), respectfully request the Court to enter an order convening an expedited hearing to consider certain motions and applications of the Debtors pursuant to section 105 of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the “Bankruptcy Code”) and Local Bankruptcy Rule 9073-1. In support of this Motion, the Debtors respectfully represent as follows:

**I. JURISDICTION**

1. The Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334 and Bankruptcy Rule 5005. This matter is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

**II. INTRODUCTION**

2. 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

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

Bankruptcy Code, the Debtors continue to operate their businesses and manage their affairs as debtors-in-possession.

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

### **III. BACKGROUND**

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

4. 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.

5. 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.

6. 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.

7. 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.

8. 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**

9. 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.

10. 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.

11. 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.

12. 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**

13. 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.

14. 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**

15. Contemporaneously with the commencement of these chapter 11 cases on the Petition Date, the Debtors filed, among other things, the following motions and applications (collectively, the "First Day Motions"):

- a. **Debtors' Motion for Hearing and for Order (a) Authorizing the Debtors to Pay Prepetition Wages, Salaries and Employee Benefits; (2) Authorizing the Debtors to Continue the Maintenance of Employee Benefit Programs in the**

**Ordinary Course; and (3) Directing all Banks to Honor Prepetition Checks for Payment of Prepetition Employee Obligations.**

- b. **Debtors' Motion for Order (1) Prohibiting Utilities from Altering, Refusing or Disconnecting Services on Account of Prepetition Claims; and (2) Determining Adequate Assurance of Future Payment ("Utilities Services Motion).**
- c. **Debtors' Motion for Order Extending Time to File Schedules and Statements.**
- d. **Joint Motion for Order Authorizing and Directing Joint Administration of the Above-Captioned Cases.**
- e. **Debtors' Application for Order Authorizing Debtors to Retain Focus Management Group USA, Inc. as Financial Advisor.**
- f. **Debtors' Motion for Order Authorizing (1) Continued Maintenance of Existing Bank Accounts, (2) Continued Use of Existing Cash Management System, (3) Continued Use of Existing Business Forms, (4) Continuation of Inter-Company Transactions, and (5) Relief from Strict Compliance with 11 U.S.C. § 345(b).**
- g. **Debtors' Application for Order Authorizing Debtors to Retain Houlihan Lokey Howard & Zukin as Investment Banker.**
- h. **Debtors' Motion for Order Under 11 U.S.C. §§ 105(a) and 363(b) Authorizing Debtors to Implement Key Employee Retention Program.**
- i. **Debtors' Application for Order Authorizing Debtors to Retain and Employ Katten Muchin Zavis Rosenman as Counsel.**
- j. **Debtors' Application for Order Authorizing the Employment and Retention of Poorman-Douglas Corporation as Notice Agent and Claims Agent for the Debtors.**
- k. **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 Debtor's 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.**

- l. **Application of the Debtors to Retain and Employ Coolidge, Wall, Womsley & Lombard as Local Counsel.**
- m. **Motion of Ronald Pretekin for an Order (A) Admitting Certain Attorneys for Debtor *Pro Hac Vice* and (B) Designating Julia W. Brand, Kenneth J. Ottaviano and Matthew A. Olins as “Case Attorneys” Pursuant to Local Bankruptcy Rule 2091-1(b).**
- n. **Debtors’ Motion for Order Establishing Certain Notice Procedures.**
- o. **Motion of the Debtors for an Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals.**
- p. **Affidavit of John M. Casper, Vice-President and Chief Financial Officer of DT Industries, Inc., in Support of Chapter 11 Petitions and First-Day Orders.**

**A. Reasons for Expedited Hearing**

16. As set forth in detail in each of the pleadings, the relief requested in the First Day Motions is essential to maintaining the viability of the Debtors’ businesses, thereby preserving the Debtors’ ability to operate as a chapter 11 debtor. Indeed, the Debtors have an immediate need to borrow funds and to use cash collateral in order to continue their operations. Accordingly, the Debtors believe that the First Day Motions involve matters that require an expedited hearing and respectfully request that the Court **schedule such hearing on the Petition Date or the next day if at all possible in order to minimize disruption of business operations.**

**B. Parties Affected by the Relief Requested**

17. The parties affected by the relief requested in the First Day Motions will be the general unsecured creditors of the Debtors and the secured creditors listed on the General Service List (defined below) and certain other interested parties, all of whom are named on the General Service List.



**C. Proposed Method of Notification of Expedited Hearing**

18. The Debtors purpose to serve notice of the filing of the First Day Motions and the expedited hearing thereon substantially in the form attached hereto as **Exhibit A** and incorporated herein by reference, via **facsimile or by personal telephone notification** on the United States Trustee, counsel for the Debtors' Lenders, the twenty largest unsecured creditors of each of the Debtors, all known secured parties, District Director of the Internal Revenue Service and certain other interested parties (the "General Service List"). Because the list of other parties affected by the First Day Motions is necessarily large, however, serving notice on all such affected parties is impractical. Therefore, the Debtors request that service of notice on the parties named on the General Service List, in the form and manner described above, be deemed adequate and appropriate under the circumstances and in full compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules of this Court.

19. Upon entry of the order granting the Utility Services Motion, the Debtors will serve a copy of the Utility Services Motion, or related order upon all parties affected by such Order.

**D. Summary of the Evidence**

20. The evidence presented at the expedited hearing will establish the allegations contained in each of the First Day Motions and the need for the relief requested.

21. In accordance with Local Rule 9073-1, attached hereto as Exhibit "A" is the proposed *Notice of Expedited Hearings* and attached as Exhibit "B" is the proposed Order Granting Emergency Ex Parte Hearing on Motions filed by the Debtors on May 12, 2004.

WHEREFORE, the Debtors respectfully request that the Court enter an order: (i) setting an expedited hearing on the First Day Motions; (ii) approving the form of notice attached hereto as Exhibit A; (iii) finding that service of the notice of filing of the First Day Motions and the

expedited hearing thereon upon the parties on the General Service List shall be sufficient and adequate notice under the circumstances and in full compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of this Court; and (iv) granting such other and further relief as the Court may deem proper.

Dated: May 12, 2004

Respectfully Submitted,

**DT INDUSTRIES, INC., ET AL.**

By: s/ Julia Brand

One of its attorneys

Ronald S. Pretekin (#0016894)  
COOLIDGE WALL WOMSLEY & LOMBARD  
33 West First Street, Suite 600  
Dayton, OH 45402  
Telephone: (937) 223-8177  
Facsimile: (937) 223-6705  
Email: [pretekin@coollaw.com](mailto:pretekin@coollaw.com)

and

Julia W. Brand (CA #121760)<sup>2</sup>  
Kenneth J. Ottaviano (Ill. #6237822)  
Matthew A. Olins (Ill. #6275636)  
KATTEN MUCHIN ZAVIS ROSENMAN  
525 West Monroe Street  
Chicago, Illinois 60661-3693  
Telephone: (312) 902-5200  
Facsimile: (312) 902-1061  
Email: [julia.brand@kmzr.com](mailto:julia.brand@kmzr.com)

Attorneys for Debtors and Debtors-In-Possession

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<sup>2</sup>

Julia W. Brand is an attorney in the Los Angeles office of Katten Muchin Zavis Rosenman: 2029 Century Park East, Suite 2600, Los Angeles, California, 90067-3012 (telephone) (310) 788-4400 (Facsimile) (310) 788-4471.

**EXHIBIT A**

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

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

**NOTICE OF EXPEDITED HEARINGS**

PLEASE TAKE NOTICE that on May 12, 2004 the above captioned debtors and debtors in possession (collectively, the “Debtors”), filed their petitions for relief under chapter 11 of the United States Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that expedited hearings will be held before the Honorable \_\_\_\_\_ at the United States Bankruptcy Court for the Southern District of Ohio, Western Division at Dayton, 120 West Third Street, Dayton, Ohio 45402, on **May** \_\_, **2004 at** \_\_: \_\_ .m., or as soon thereafter as counsel may be heard to consider the Debtors’ motions for various first-day orders.

Attached hereto as Exhibit A is a list of such motions which are the subject of the expedited hearings. If you would like to obtain a copy of the subject pleadings please contact Matthew Olins, Katten Muchin Zavis Rosenman, 525 West Monroe Street, Chicago, Illinois 60661-3693, (312) 902-5200 and a copy will be provided to you.

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Dated: May 12, 2004

Respectfully Submitted,

**DT INDUSTRIES, INC., ET AL.**

By: s/ Julia Brand  
One of their Attorneys

Ronald S. Pretekin (#0016894)  
COOLIDGE WALL WOMSLEY & LOMBARD  
33 West First Street, Suite 600  
Dayton, OH 45402  
Telephone: (937) 223-8177  
Facsimile: (937) 223-6705  
Email: [pretekin@coollaw.com](mailto:pretekin@coollaw.com)  
and

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KATTEN MUCHIN ZAVIS ROSENMAN  
525 West Monroe Street  
Chicago, Illinois 60661-3693  
Telephone: (312) 902-5200  
Facsimile: (312) 902-1061  
Email: [julia.brand@kmzr.com](mailto:julia.brand@kmzr.com)

Attorneys for the Debtors and Debtors-In-  
Possession

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<sup>2</sup>

Julia W. Brand is an attorney in the Los Angeles office of Katten Muchin Zavis Rosenman: 2029 Century Park East, Suite 2600, Los Angeles, California, 90067-3012 (telephone) (310) 788-4400 (Facsimile) (310) 788-4471.

## EXHIBIT A

1. Debtors' Motion for Hearing and for Order (a) Authorizing the Debtors to Pay Prepetition Wages, Salaries and Employee Benefits; (2) Authorizing the Debtors to Continue the Maintenance of Employee Benefit Programs in the Ordinary Course; and (3) Directing all Banks to Honor Prepetition Checks for Payment of Prepetition Employee Obligations.
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15. Motion of the Debtors for an Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals.
16. Affidavit of John M. Casper, Vice-President and Chief Financial Officer of DT Industries, Inc., in Support of Chapter 11 Petitions and First-Day Orders.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing **Motion for Entry of Certain First Day Orders** set forth to the Notice of Expedited Hearing was served upon the parties on the attached service list via facsimile this \_\_\_\_\_ day of May, 2004.

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