IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
J.L. FRENCH AUTOMOTIVE CASTINGS, INC., *et al.*,	)	Case No. 09-12445( )
	)	(Jointly Administered)
Debtors.[1]	)	
	)	

DECLARATION OF THOMAS MUSGRAVE
IN SUPPORT OF THE DEBTORS' FIRST DAY MOTIONS

I, Thomas Musgrave, declare as follows:

1. I am the Chief Executive Officer, President and Chairman of the Board of J.L. French Automotive Castings, Inc. ("JLFACI"), and the Chief Executive Officer, President and Manager of each of Central Die, LLC ("Central Die"), Nelson Metal Products LLC ("NMP"), French Holdings LLC, Allotech International LLC ("Allotech"), J.L. French LLC ("JL French"), and J.L. French Automotive, LLC ("JLFA"), each a debtor and debtor-in-possession (collectively, the "Debtors") in these proceedings.

2. I am familiar with the Debtors' day-to-day operations, business affairs and books and records. No one individual has personal knowledge of all the facts in this Declaration. All facts set forth herein are based upon my personal knowledge of and familiarity with the Debtors' operations and finances, information learned from my review of the relevant

[1] The Debtors in these cases along with the last four digits of each of the Debtors' federal tax identification numbers are: J.L. French Automotive Castings, Inc., (3670); French Holdings LLC, (0518); Nelson Metal Products LLC (4939); Allotech International LLC (5832); J.L. French LLC (8901); J.L. French Automotive, LLC (7075); Central Die, LLC (7793). The Debtors' headquarters and mailing address is: 3101 South Taylor Drive, Sheboygan, WI 53082.

documents, information supplied to me by other members of the Debtors' management, the Debtors' professionals or employees of the Debtors working under my supervision, or my opinions based upon experience, knowledge and information concerning the Debtors and the industry in which the Debtors operate. The financial information contained herein is unaudited. If called upon to testify, I would and could testify competently to the facts set forth herein.

3. On July 13, 2009 (the "Petition Date"), the Debtors commenced cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Court"). Commencing a bankruptcy case often engenders uncertainty, and this uncertainty, left unchecked, could adversely affect the Debtors and their operations. To minimize any such effects, the Debtors have filed a number of motions requesting various types of relief from the Court (each, a "First Day Motion" and collectively, the "First Day Motions"). The First Day Motions seek relief aimed at, among other things, vendor and supplier confidence and bolstering employee morale. Each of the First Day Motions is crucial to the Debtors' efforts to reorganize and maximize creditors' recoveries in an orderly manner. All capitalized terms not defined herein shall have the meanings given to them in the applicable First Day Motion.

4. In accordance with the local bankruptcy rules, the Debtors have also requested that the Court schedule an emergency hearing at its earliest convenience to consider the First Day Motions

5. This declaration is divided into two parts. Part I describes the Debtors' businesses and the circumstances surrounding the commencement of these Chapter 11 Cases. Part II sets forth the relevant facts in support of each of the First Day Motions.

Part I

6. This is not a typical automotive supplier bankruptcy case. Unlike many of their competitors that have recently filed bankruptcy cases, the Debtors have a strong business model that is based upon superior products with distinct technological and quality advantages over similar products offered by their competitors. They also have a solid – and increasing –customer base. But they are also badly over-leveraged with an unmanageable debt load. It is this unmanageable debt load and the resulting liquidity constraints that have led the Debtors to commence these Chapter 11 Cases.

Description of the Debtors' Businesses

7. The Debtors are leading global designers and producers of high-pressure aluminum die-castings, specializing in automotive powertrain components. Die-casting is a fast, cost-effective and high quality manufacturing process for production of high volume, tight tolerance metal components. The die-casting process entails the injection of a molten metal alloy under high pressure into a steel mold (or tool), which molten metal solidifies rapidly (from milliseconds to a few seconds) to form a component and is then automatically extracted.

8. Founded in 1968, the Debtors began as a small, family-owned manufacturer of aluminum die-castings from a single facility, the Taylor Facility, in Sheboygan, Wisconsin. In 1994, the Debtors opened an additional manufacturing facility in Sheboygan, Wisconsin, known as the Gateway Facility. This facility not only provided the Debtors with additional production capacity, but also provided the necessary aluminum smelting infrastructure for its manufacturing processes to allow the Debtors to produce finished automotive parts directly from scrap aluminum. This smelting infrastructure, which has subsequently been expanded to other of the Debtors' facilities, provides the Debtors with several operational benefits, including: (i) greater control over the materials utilized in the die-

cast process ensuring that finished products are of uniform high quality; (ii) broader access to a wider range of scrap aluminum suitable for production needs, affording the Debtors greater control over their aluminum costs; and (iii) access to an independent revenue source through sales of processed aluminum to third parties.

9. Since opening the Gateway Facility, the Debtors have expanded the scope of their die-cast aluminum product line. In 1997, Ford Motor Company awarded the Debtors a contract to supply transmission cases for light trucks and sport utility vehicles. To support these newly awarded contracts, the Debtors expanded the Gateway Facility to install 3,500-ton die-cast machines, which allowed them to produce much larger die-cast products. In 1999, the Debtors acquired a manufacturing facility located in Glasgow, Kentucky.

10. In 2004, the Debtors successfully won their first contract to produce high pressure aluminum die-cast engine blocks and have subsequently won two additional engine block contracts. To support the increased aluminum requirements of the engine block programs and the need for additional large tonnage die cast machines, the Debtors invested substantial sums in expanding their facilities and acquiring aluminum shredding and smelting equipment and two additional 3,500-ton die-cast machines.

11. The Debtors currently produce a broad range of aluminum die-cast components and assemblies, including engine blocks, oil pans, transmission cases, engine covers, bedplates, cam covers, and front end accessory drive brackets. The Debtors are one of only a select group of aluminum product suppliers equipped to provide original equipment manufacturers ("OEMs") and first-tier automotive parts suppliers, on a global basis, with broad

technical design, rapid prototyping, engineering and program management capabilities for manufacturing high-pressure die-cast aluminum engine and powertrain parts.

12. The Debtors depend upon sales to a select group of OEMs and first-tier automotive part suppliers for substantially all of their revenues. During 2008, approximately 95% of the Debtors' sales revenue was attributable to just four customers — Ford Motor Company ("Ford"), General Motors Corporation ("General Motors"), Magna International, Inc. ("Magna"), and Chrysler LLC ("Chrysler"). The Debtors generally manufacture highly specialized parts designed for a particular vehicle model or platform, and thus generally enter into long-term supply contracts with their OEM or Tier 1 customers for such model or platform. While the Debtors typically enter into long-term supply contracts, their customers do not provide any guarantees of future volumes. Customers typically enlist the Debtors well in advance of the start of production, in some cases as many as several years before the anticipated start of production. Major new business launches may require the Debtors to acquire new production space, and often require the Debtors to make substantial investments in new machining equipment, die-cast machines and tooling necessary to produce component parts. Thus, it is critical that the Debtors have adequate free cash flow available to make the necessary capital expenditures, often years before they realize any revenues from the product launch.

13. Allotech, a Debtor, operates one of the largest aluminum smelting operations in the United States and supplies the other Debtors with high quality aluminum ready for die-casting. Allotech uses on-site furnaces to heat scrap aluminum to over 1,400 degrees Fahrenheit, combining the liquid aluminum with the alloys and additives necessary to create the processed aluminum necessary for die-cast manufacturing. Prior to the current

market downturn, and as a result of the anticipated aluminum requirements to support new programs, Allotech invested in a state of the art aluminum shredder and separator that has enabled it to increase its capacity and access cheaper and more abundant sources of scrap to be utilized in the smelting process. In addition to supplying other Debtors, Allotech produces processed aluminum for sale to third parties as available capacity and market conditions permit. In 2008, these sales accounted for a significant portion of the Debtors' revenues. During the past several months, however, liquidity constraints and the precipitous decline in aluminum prices have forced Allotech to significantly curtail this business, which has further eroded the Debtors' revenues and profitability.

The Debtors' Corporate Structure

14. The Debtors previously filed for chapter 11 relief on February 10, 2006, in this Court (Case No. 06-10119, jointly administered, the "2006 Bankruptcy Cases"). The Debtors emerged from the 2006 Bankruptcy Cases on June 30, 2006, pursuant to an order confirming a plan of reorganization (the "2006 Plan"). The Debtors have made all distributions required under the 2006 Plan. The Bankruptcy Court entered a final decree closing the 2006 Bankruptcy Cases on April 17, 2009.

15. The Debtors emerged from bankruptcy under the 2006 Plan with $205 million of secured term loans and a revolving secured loan of up to $50 million. As of the Petition Date, the Debtors owe approximately $264 million to their secured lenders.

16. The Debtors' current corporate structure is illustrated in a diagram attached as Exhibit A hereto. Debtor J.L. French Automotive Castings, Inc., a Delaware corporation, owns all of the equity interests in Debtor NMP, a Delaware limited liability company, and Debtor French Holdings LLC, a Delaware limited liability company. NMP owns 94.05% of the equity interests in Debtor JLFA, a Michigan limited liability company. French

Holdings LLC owns all of the equity interests in Debtor Allotech and Debtor JL French, both Wisconsin limited liability companies. JL French owns all of the equity interests in Debtor Central Die, a Wisconsin limited liability company, and 5.95% of the equity interests in JLFA. Each of the entities named in this paragraph is a Debtor in these Chapter 11 Cases.

17. The Debtors also own a number of subsidiaries related to production of auto parts outside of the U.S. J.L. French Ansola, S.R.L., located in Spain, is a wholly-owned subsidiary of Debtor JLFACI, and manufactures auto parts. Servicios J.L. French, S.R.L., located in Spain is a wholly-owned subsidiary of JLFACI, and is a management service company. J.L. French Automotive Castings China Holdings, LLC is a wholly-owned subsidiary of JLFACI, and a majority owner of a automotive component manufacturing joint venture located in the Peoples Republic of China. The Debtors also hold direct or indirect ownership interests in J.L. French Servicios, S. de R.L. de C.V., a Mexican company, and J.L. French s.r.o., a Slovakian company, both of which are not currently engaged in any business operations. None of the foreign companies named in this paragraph are Debtors in these Chapter 11 Cases, and the Debtors do not anticipate that any non-U.S. insolvency proceeding or wind-down will materially affect these Chapter 11 Cases or the Debtors' financial restructuring.

18. Debtor JLFACI owns 100% of the capital stock of JLFR, Inc ("JLFR"). JLFR is a single-purpose entity that historically purchased certain customer receivables from JLFA and then sold them to Wells Fargo Business Bank, National Association ("Wells Fargo") pursuant to an Accounts Purchase Agreement, dated January 1, 2005, between JLFR and Wells Fargo (as amended, the "Wells Fargo A/R Program") as a means of obtaining a steady, predictable source of working capital for the Debtors' operations. JLFR is not a debtor in these Chapter 11 Cases. The Wells Fargo A/R Program, was recently terminated by Wells Fargo.

The Debtors' Principal Debt Obligations

19. The Debtors are parties to a First Lien Credit and Guaranty Agreement, dated as of May 14, 2007 (as amended, modified, supplemented or restated from time to time, the "First Lien Credit and Guaranty Agreement"). The Debtors' obligations under the First Lien Credit and Guaranty Agreement are secured (subject to limited exceptions) by a first priority pledge of, lien on and/or security interest in: (a) all of the capital stock of JLFACI's direct and indirect domestic subsidiaries; (b) 65% of the voting power of capital stock of JLFACI's first-tier, wholly-owned foreign subsidiaries and 100% of the non-voting stock in certain of such first-tier, wholly-owned foreign subsidiaries; (c) substantially all of the Debtors' present and future property and assets, real and personal, tangible and intangible, and (d) the proceeds of such property and assets.

20. Under the First Lien Credit and Guaranty Agreement, Wilmington Trust FSB is the collateral agent, CapitalSource Finance LLC is the revolving loan administrative agent and Wilmington Trust FSB is the term loan administrative agent. The current outstanding principal balance of the term loans is approximately $154 million; and the current outstanding principal balance of the revolving loan is approximately $50 million (inclusive of reimbursement obligations in respect of issued letters of credit).

21. On May 14, 2007, the Debtors also entered into the Second Lien Credit and Guaranty Agreement (as amended, modified, supplemented or restated from time to time, the "Second Lien Credit and Guaranty Agreement"). The Bank of New York is the administrative agent and Goldman Sachs Credit Partners L.P. is the collateral agent. The current principal amount outstanding under the Second Lien Term Credit And Guaranty Agreement is approximately $60 million. The Debtors' obligations under the Second Lien

Credit and Guaranty Agreement are secured by substantially the same collateral as secures the First Lien Credit and Guaranty Agreement. Certain of the agents under the First and Second Lien Credit and Guaranty Agreements are parties to an Intercreditor Agreement, dated as of May 14, 2007.

22. Debtor JLFACI entered into interest rate swap transactions ("Swaps") with Morgan Stanley Capital Services Inc. ("MSCS"), pursuant to three swap confirmations, each dated July 19, 2006, and the ISDA 2002 Master Agreement dated July 13, 2006. Morgan Stanley guaranteed MSCS's payment obligations under the Swaps, pursuant to a letter, dated May 1, 2007, from Morgan Stanley to JLFACI. On April 30, 2009, MSCS commenced an action in the state courts of New York to enforce its rights under the Swaps. Depending on the outcome of the litigation, the Debtors estimate that MSCS may hold a general unsecured claim of approximately $15 million as of the Petition Date.

Events Leading to the Chapter 11 Cases

23. Notwithstanding the June 2006 Bankruptcy Cases, the Debtors have continued to encounter significant operational and financial difficulties. In 2008, nearly all of the Debtors' revenue was directly or indirectly related to light vehicle production of its primary customers Ford, General Motors and Chrysler (collectively, the "Domestic Automakers"). The Domestic Automakers' North American light vehicle production fell to 7.5 million vehicles for 2008 (a 20% decline from the 2007 level of 9.4 million vehicles), and such decline has continued into 2009 with an expectation (based upon a forecast prepared in May 2009 by C&M Worldwide) that the Domestic Automakers' North American light vehicle production will drop to 4.2 million vehicles (44% less than in 2008, and 55% less than in 2007). The Domestic Automakers' production levels have been in decline for several years due to a number of factors including, among other things, global competition, significant legacy costs and high energy

costs, but the precipitous decline that began in mid-2008 (and which is expected to continue through 2009) was triggered by the current global credit crisis and the resulting deterioration of consumer confidence and consumer spending which has devastated the automobile industry (the "Credit Crisis").

24. The Credit Crisis, coupled with the significant recent deterioration in the Domestic Automakers' market share and vehicle production, has all but eliminated the availability of capital to support the operations of automotive suppliers, as credit providers have become increasingly concerned with the future viability of the Domestic Automakers. For instance, within the past six months, Wells Fargo, the funding provider under the Debtors' accounts receivable factoring arrangement determined that it would no longer factor receivables owed to the Debtors by any of the Domestic Automakers, resulting in a significant reduction in the Debtors' liquidity. The recent chapter 11 bankruptcy cases of General Motors and Chrysler has further exacerbated the concerns of the credit and capital markets regarding the viability of auto industry parts suppliers.

25. While most of the Debtors' product lines are profitable, the Debtors' financial results have been seriously impaired by the loss of sales volume under many of their existing customer contracts. Over the past several years, the Debtors invested significant amounts of capital to expand their die-casting and machining capacity in support of specific customer production contracts that in many cases failed to generate the expected level of sales volume. The precipitous decline in volume under these contracts and related loss of revenue have rendered the Debtors unable to generate sufficient cash flow to service their debt obligations. The Debtors' financial woes have been exacerbated by the refusal of some of their customers to award certain new business because of the Debtors' over-leveraged balance sheet.

26. As a result, the Debtors' liquidity has become severely constrained. As of the Petition Date, the Debtors had no access to working capital borrowing and were unable to stay current on their payment obligations under the First Lien and Second Lien Credit and Guaranty Agreements. Specifically, the Debtors' liquidity position has been negatively impacted by the following factors:

Decline in Domestic Automobile Sales

27. In accordance with common practice within the automotive supply industry, the Debtors typically supply their customers on a requirements basis and are not guaranteed any minimum volume of business. As a result, when the Debtors' customers experience a downturn or decrease in vehicle production volume, the Debtors experience a commensurate decrease in the orders placed by their customers. In February 2008, the Debtors projected that the Domestic Automakers and their first-tier automotive parts suppliers would collectively purchase over $390.8 million in parts from the Debtors during 2008 and $377.4 million in 2009. However, as a result of the significant sales declines discussed above, such customers collectively purchased only $327.8 million (adjusted for aluminum price fluctuations) from the Debtors in 2008, or 16.1% below the forecast amount. Revenue for 2009 is currently forecast to be approximately $205 million, a sharp drop of more than 45% from the amount previously forecast.

28. These revenue declines have had a significant negative impact on the Debtors' earnings. In February 2008, the Debtors forecast that their EBITDA would exceed $53 million for 2008 and $57 million for 2009. As a result of the significant sales declines discussed above, however, preliminary actual EBITDA for 2008 was approximately $35.8 million, and based on the current economic conditions and the industry environment for

light vehicle production, the Debtors are forecasting that EBITDA will decline further in 2009, to approximately $25 million. Not surprisingly, the steady decrease in sales volume described above, together with the high amount of leverage on the Debtors' balance sheet, has resulted in substantial liquidity constraints for the Debtors.

Volatility in Commodity Prices

29. The Debtors have suffered from extreme volatility in key commodity prices, making it more expensive for the Debtors to manufacture their products. Significantly, the cost of aluminum reached what management believes to be an all-time high in April 2008, an increase of nearly 25% from the beginning of 2008, and 35% from the beginning of 2007. Since the peak in April 2008, the price of aluminum has fallen more than 65%. The cost of natural gas, another commodity key to the Debtors' continuing operations, has increased significantly during the past 2 years before declining dramatically late in 2008. The Debtors cannot simply pass these costs on to their customers to account for their increased cost of production. Rather, even as commodity prices increase, the Debtors must often decrease their sale prices to customers to abide by the governing supply contracts.

Inability to Achieve Desired Profit Margins

30. The Debtors also have not always been able to achieve their desired profit margins with respect to existing product lines. Typically, when a first-tier automotive supplier awards a supply contract to manufacture a part for a particular new vehicle or vehicle platform, it does so for the life of that particular vehicle platform. The long-term nature of such supply contracts would ordinarily allow the Debtors to earn increased profits over time, as they become more adept at manufacturing the product, and thereby reducing the cost to manufacture and improving the quality of such parts. But many of the Debtors' supply contracts provide for

regular price decreases over the life of a contract. As a result of significant volume shortfalls on many of its key programs, the Debtors have been unable to achieve cost savings sufficient to offset these price decreases (especially considering the recent and unexpected increases in commodities prices that the Debtors have experienced).

Launch of New and Maintenance of Existing Business Lines

31. The Debtors have incurred significant costs during the past three years relating to the launch of a significant new contract to produce V6 engine blocks for one of its major customers. During 2006, 2007 and 2008 the Debtors invested more than $5.0 million in dedicated program-specific equipment plus an additional $9.0 million to expand their die-casting and smelting capacity in support of such program. While this would ordinarily be a positive development, unforeseen technical difficulties in managing the launch of the contract, coupled with reductions in anticipated production volume, have negatively impacted the Debtors' gross margins and profitability with respect to such program.

32. The Debtors have also incurred substantial costs to maintain and repair their existing product lines. In fact, 50% of their annual capital expenditures have typically been incurred to maintain and replace assets for existing product lines. The Debtors spend approximately $20 million each year launching, maintaining and repairing business lines. These capital expenditures have taken a toll on the Debtors' overall operations, compounding the problems presented by the Debtors' depressed sales volumes and high debt leverage.

33. By early February 2009, the Debtors were in default under several provisions of the First and Second Lien Credit Facilities, partly because of their failure to make the scheduled interest payments due under the Credit Facilities. The Debtors began negotiating with the First Lien Term Agent, First Lien Revolver Agent and the Second Lien Agent.

34. On February 13, 2009, the Requisite Lenders under, and as defined in, the First Lien Credit and Guaranty Agreement entered into the Forbearance and Standstill Agreement (First Lien) ("First Lien Forbearance Agreement") with the Debtors, pursuant to which the First Lien Lenders agreed to temporarily forbear from the exercise of the remedies available to them under First Lien Credit Documents until February 23, 2009. Pursuant to several letter agreements, the term of the First Lien Forbearance Agreement was extended to July 15, 2009.

35. Also on February 13, 2009, the Debtors entered into the Forbearance and Standstill Agreement (Second Lien) (the "Second Lien Forbearance Agreement") with the Requisite Lenders under, and as defined in, the Second Lien Forbearance Agreement, pursuant to which the Second Lien Lenders agreed to temporarily forbear until February 23, 2009, from the exercise of the remedies available to them under the Second Lien Credit and Guaranty Agreement and the Second Lien Pledge and Security Agreement. Pursuant to several letter agreements, the term of the Second Lien Forbearance Agreement was extended several times to July 15, 2009.

36. Over the course of the past year, the Debtors engaged Milbank, Tweed, Hadley & McCloy LLP as restructuring counsel, Houlihan, Lokey, Howard & Zukin Capital, Inc. as investment banker and financial advisor, and Conway MacKenzie, Inc. as financial and operational restructuring advisor. In conjunction with its advisors, the Debtors concluded that unless they substantially reduce their debt obligations, they could no longer fund the capital expenditures required to launch new products and reliably supply high-quality and well-engineered parts, and, accordingly, that the lenders under the secured credit facilities would have to convert their debt investments in the Debtors into equity of the reorganized Debtors.

37. During the time that the First and Second Lien Forbearance Agreements were in place, the Debtors, First Lien Term Lenders, First Lien Revolving Lenders, Second Lien Lenders and OEMs began discussing the terms of a consensual chapter 11 restructuring pursuant to which all of the First Lien Term Lenders and Second Lien Lenders would convert their debt to equity in the Reorganized Debtors, the Revolving Lender would receive a restructure secured note, and the OEMs would make certain modifications to the OEM Agreements requested by the Debtors. The terms of the parties' agreement are contained in a Restructuring Lock-Up Agreement, dated as of July 12, 2009, a copy of which is attached hereto as Exhibit B without exhibits (the "Consent Agreement").

38. The Consent Agreement contains the principal terms under which: (a) the term loan lenders under the First Lien Credit and Guaranty Agreement will covert their $154 million of first lien claims into 95% of the equity of the Reorganized Debtors: (b) the lenders under the Second First Lien Credit and Guaranty Agreement will convert their $60 million of second lien claims into 5% of the equity of the Reorganized Debtors, plus three tranches of warrants to acquire additional equity; and (c) and the revolving lender under the First Lien Credit and Guaranty Agreement would receive a restructured note. Attached to the Consent Agreement is a draft of an agreed upon chapter 11 plan for the Debtors (the "Plan").

39. The Debtors intend to file the Plan, and accompanying disclosure statement shortly after the Petition Date. The Consent Agreement and the Plan are conditioned upon the Debtors obtaining certain contract accommodations from their principal OEM customers. As of the Petition Date the Debtors had done so to the satisfaction of the Consent Agreement parties with respect to certain OEMs, and continue to negotiate with certain others. Also pursuant to the Consent Agreement, certain of the lenders under the First Lien Credit and

Guaranty Agreement agreed to provide up to $15 million of debtor-in-possession financing to the Debtors.

Part II

First Day Motions

A. Motion Of Debtors For Order Directing Joint Administration Of Related Chapter 11 Cases

40. The Debtors in these cases are affiliated entities. The Debtors request that, in light of the fact that J.L. French Automotive Castings, Inc. and its six affiliates have each filed petitions in this Court, the Court can and should jointly administer the Chapter 11 Cases. Joint administration of these Chapter 11 Cases: (a) is warranted because the Debtors' financial affairs and business operations are closely related, (b) will ease the administrative burden on the Court and the parties; (c) will protect creditors of different estates; and (d) will simplify the United States Trustee's supervision of the administrative aspects of the Chapter 11 Cases. Accordingly, I believe that that the relief requested in the joint administration motion is in the best interest of the Debtors' estates.

B. Motion Of The Debtors For Entry Of An Order Under 11 U.S.C. §§ 363, 364, 1107 And 1108 (I) Authorizing (A) Continued Use Of Existing Cash Management System, (B) Maintenance Of Existing Bank Accounts, (C) Continued Use Of Existing Business Forms And (D) Continued Use Of Existing Investment Guidelines; (II) Granting Superpriority Administrative Priority Status To Postpetition Intercompany Claims; And (III) Authorizing Continued Performance Under Intercompany Arrangements And Historical Practices

41. In the ordinary course of business, the Debtors maintain nine (9) primary bank accounts at various banks throughout the United States, through which Debtor J.L. French LLC manages cash receipts, transfers and disbursements for the Debtors' entire domestic corporate enterprise (the "Cash Management System"). A schedule identifying all of the

Debtors' prepetition bank accounts (collectively, the "Prepetition Bank Accounts"), including the accounts described above, is attached as Exhibit A to this motion.

42. The Debtors routinely deposit, withdraw, and otherwise transfer funds to, from, and between such accounts by various methods, including checks, electronic funds transfers and direct deposits. All of the Prepetition Bank Accounts are maintained at financially stable banking institutions where the deposits are protected by various government backed deposit protection insurance programs. The Debtors endeavor to maintain accounts with local banks upon which employee payroll checks may be drawn to ensure that their employees are able to cash their paychecks without a fee.

43. The principal components of the Debtors' current consolidated cash management system are as follows:

1. The Debtors' Main Operating Account

44. Proceeds from purchases by customers of Debtor J.L. French LLC are deposited into a depository account at Wells Fargo Bank, National Association ("Wells Fargo"), Account No. 4121057608, with J.L. French LLC as the account holder (the "Main Operating Account"). Over ninety-five percent (95%) of deposits to the Main Operating Account originate from wire transfers, with the remaining deposits coming from accounts receivable checks and other miscellaneous deposits, including deposits from a lockbox account. Disbursements made from the Main Operating Account include (i) payment of accounts payable checks; (ii) payment of accounts payable wire transfers; (iii) payment of taxes; (iv) payment of Automated Clearing House transfers; (v) payment of employee payroll direct deposits; (vi) payment of employee payroll tax withholdings; (vii) payment of employee payroll wage garnishments; and (viii) 401k payments. The account is also used as an automatic

clearing house ("ACH") fraud filter, in connection with third parties who have privileges to conduct ACH transactions with the Debtors' Prepetition Bank Accounts for employees' direct deposit, medical prescription, and dental insurance expenses. In addition, on a daily or weekly basis, money from the Main Operating Account is internally transferred as necessary to the Debtors' other accounts (together with the Main Operating Account, the "Operating Accounts"), as described below. The Main Operating Account has an attached Money Market account for the overnight investment of excess cash.

2. Allotech International LLC Accounts

45. The Debtors maintain an account at Wells Fargo, Account No. 4121064620, in which proceeds from purchases by customers of Debtor Allotech International LLC ("Allotech") are deposited. Payments from Allotech customers are also deposited into this account from a trust account at Wells Fargo Trust Services, Escrow Account No. 18221500. The account is also funded daily by a transfer from the Main Operating Account. The funds in this account are used by Allotech to purchase raw materials, which it then manufactures into products purchased by J.L. French LLC. Allotech also maintains a payroll account at Wells Fargo, Account No. 4900806188 to cover payroll expenses for employees of Allotech; this payroll account is funded primarily by a bi-weekly $12,000 - 20,000 intercompany payment originating from the Main Operating Account.

3. Nelson Metal Products Accounts

46. The Debtors maintain an account at Branch Banking & Trust, Account No. 5181349648, for Debtor Nelson Metal Products LLC . This account is funded from the Main Operating Account, and is used for payroll expenses for employees of Nelson Metal Products LLC. The Debtors maintain an account at Wells Fargo, Account No. 4121064638,

under Nelson Metal Products LLC which is funded by the Debtors' Main Operating Account, and is used for disbursements, including accounts payable checks.

4. J.L. French LLC Hourly Payroll Account

47. The Debtors maintain an account at Wells Fargo, Account No. 4900811238, for Debtor J.L. French LLC, which is funded by the Debtors' Main Operating Account. Disbursements from this account include hourly payroll expenses for employees of J.L. French LLC.

5. The Debtors' Holding Account

48. Limited funds from the Operating Accounts are transferred into an account held by Debtor J.L. French Automotive Castings, Inc. at Wells Fargo, Account No. 4121058366 (the "Holding Account") to be used for (i) payment on first and second lien bank debt; (ii) payment of professional fees (e.g., auditors, attorneys); and (iii) miscellaneous payments. Any funds drawn from the Debtors' revolving credit line (described below) are also deposited into this account.

6. Central Die, LLC Account

49. The Debtors maintain an account at Wells Fargo, Account No. 4121600837, under Debtor Central Die, LLC (the "Central Die LLC Account"). This account is funded weekly by a transfer from the Main Operating Account. 90% of disbursements from this account include tooling and capital expenditures. The remaining disbursements consist of miscellaneous expenditures.

7. The Debtors' Money Market Accounts

50. The Debtors maintain two money market accounts - linked to certain of the Operating Account. Funds are transferred each day into the Money Market Accounts and

remain invested, earning interest, overnight, and then transferred back to the Operating Accounts each morning.

51. In addition, given the corporate and financial structure of the Debtors and their non-debtor affiliates, it would be difficult for the Debtors to establish an entirely new system of accounts and a new cash management system for each separate legal entity. For example, as described more fully below, if the Debtors were required to open separate accounts as debtors-in-possession and rearrange their Cash Management System, it would necessitate opening numerous new accounts for collections, cash concentration and disbursements. The delays that would result from opening new accounts, revising cash management procedures and instructing customers to redirect payments would disrupt the Debtors' business operations while pursuing these arrangements, at a time when customers and vendors are closely scrutinizing the Debtors for deviations from "business as usual." Thus, under the circumstances, maintaining the Debtors' Cash Management System is both essential and in the best interests of their respective estates and creditors. Of course, the Debtors will continue to maintain records with respect to transfers of cash, so that transactions can be ascertained, traced and recorded properly on applicable intercompany accounts. Furthermore, preserving the "business as usual" atmosphere and avoiding the unnecessary distractions that would inevitably be associated with any substantial disruption in the Debtors' Cash Management System will facilitate the Debtors' efforts to effectuate a speedy and prearranged plan of reorganization.

52. In the ordinary course of business, the Debtors fund the Main Operating Account and certain Operating Accounts for the cost of employee payroll, tax withholdings, and other employee benefits. The Debtors provide their employees with paychecks written by ADP and drawn on the Debtors' various accounts. ADP is authorized to complete these

transactions through ACH payments, as described above. Again, if ADP is not authorized to continue this practice it could result in a disruption of the Debtors' employee payroll, which could lead to a significant erosion of the Debtors' employees' morale. Because these practices are carried out in the ordinary course of business, the Debtors do not believe their continuance requires Court approval. However, out of an abundance of caution the Debtors seek authority to continue these practices in order to avoid interference with the Debtors' ability to pay its employees' payroll benefits.

53. The Debtors maintain business relationships with each other and their non-debtor affiliates and, as a result, there are numerous intercompany claims that reflect intercompany receivables and payments made in the ordinary course of the Debtors' businesses as described above (the "Intercompany Claims").

54. By way of example, certain of the Debtors' customers (principally the OEMs) do not allow the Debtors to charge for internal labor costs associated with tool orders or capital projects unless such costs are incurred by an entity that is separate from the one with which the order is placed. Thus, when Debtor J.L. French receives the tool orders from its customers, it may deliver a purchase order to Central Die to facilitate and manage such project. Central Die may then perform some of the work internally or outsource to other companies for more complicated tasks. Once the equipment has been built and the project is deemed completed, Central Die will invoice JL French, thereby resulting in an intercompany claim by Central Die against JL French, and JL French subsequently pays the invoice.

55. To ensure that each individual Debtor will not fund, at the expense of its creditors, the operations of another entity, postpetition intercompany claims must be granted administrative priority expense status. In many instances, the Debtors' funds are commingled

throughout the Cash Management System. Accordingly, at any given time, there may be Intercompany Claims owing by one Debtor to another, as well as non-debtor affiliates. These transactions are made between and among the Debtors and certain of their non-debtor affiliates in the ordinary course of the Debtors' businesses as part of their Cash Management System (the "Intercompany Transactions"). The Debtors maintain records of all fund transfers and can ascertain, trace and account for Intercompany Transactions. The Debtors, moreover, will continue to maintain records of Intercompany Transactions. If the Intercompany Transactions were to be discontinued, the Cash Management System and related administrative controls would be disrupted to the detriment of the Debtors.

56. To ensure that, after the Petition Date, each individual Debtor will not fund, at the expense of its creditors, the operations of another entity, the Debtors respectfully request that, pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, all Intercompany Claims against a Debtor by another Debtor arising after the Petition Date, as a result of ordinary course Intercompany Transactions through the Cash Management System, be accorded superpriority administrative expense status. If Intercompany Claims are accorded superpriority administrative expense status, each entity utilizing funds flowing through the Cash Management System should continue to bear ultimate repayment responsibility for such ordinary course transactions.

57. Based on the foregoing, the Debtors request that they be permitted to continue to use their prepetition cash management system.

C. Motion Of The Debtors For Entry Of An Order: (I) Authorizing The Debtors To Pay Prepetition (A) Wages, Salaries, And Other Compensation, (B) Employee Medical And Similar Benefits, And (C) Reimbursable Employee Expenses; And (II) Authorizing And Directing Banks And Other Financial Institutions To Pay All Checks And Electronic Payment Requests Made By The Debtors Relating To The Foregoing

1. The Debtors' Workforce

58. The Debtors employ approximately 830 full-time employees ("Full-time Employees"). The majority of the Debtors' Full-time Employees, approximately 755 in all, perform critical core manufacturing functions in the Debtors' three U.S. manufacturing facilities. Of the Full-time Employees, 202 work in the Debtors' Glasgow, Kentucky facility and 628 work in the Debtors' two Sheboygan, Wisconsin facilities. The Debtors' employment of approximately 690 of the Full-time Employees (in the Debtors' Sheboygan and Glasgow facilities) is governed by collective bargaining agreements (the "CBAs"), although none of the Debtors' employees are associated with a national union. An additional 75 of the Debtors' Full-time Employees provide administrative support, including engineering, purchasing, human resources, financing and accounting services. In addition to their full and part-time employees, the Debtors also utilize the services of temporary employees, who are hired through temporary employment agencies, to perform essential services in the Debtors' manufacturing facilities (the "Temporary Employees").

2. The Debtors' Compensation Procedures

59. The Debtors pay the vast majority of their employees in arrears, on a bi-weekly basis, with direct deposits or checks issued on either: (i) the 5th day after the close of each pay period at the Debtors' Glasgow facility or (ii) the 4th day after the close of each pay period for the Debtors' Sheboygan facilities. The Debtors pay all salaried employees on a semi-monthly basis (on the 15th and last day of each month), at the close of each pay period. For the

fiscal year ending December 31, 2008, the Debtors' average aggregate monthly payroll, including wages, salaries, and bonuses, was approximately $5.5 million, $25,000 of which was paid to temporary employment agencies for the services of the Temporary Employees.

60. The Petition Date occurred during the Debtors' normal payroll cycle. As a result, there are likely some employees who will have failed to cash paychecks from this or prior pay periods before the bankruptcy filing. Additionally, the Debtors' employees' next paycheck will include amounts the employees earned before the Petition Date. Specifically, as of July 7, 2009, the Debtors' employees were owed, collectively, approximately $910,000 in prepetition wages, and their temporary employment agencies will be owed approximately $5,771 for prepetition services, and the Debtors believe that a substantially similar amounts remain outstanding as of the Petition Date. To the best of the Debtors' knowledge, no individual employee or Temporary Employee is owed prepetition salary or holds uncashed prepetition paychecks in excess of the $10,950 limit set by 11 U.S.C. § 507(a)(4).

61. The Debtors also reimburse employees for certain reasonable out-of-pocket business expenses incurred in the ordinary course of business, or as may be required under employment contracts, such as necessary and authorized travel expenses, parking and automobile mileage, and membership dues. The Debtors pay or reimburse these expenses in the ordinary course and, by this motion, request authority to continue doing so after the Petition Date. The Debtors typically pay or reimburse their employees approximately $75,000 in such expenses each month.

62. In addition, prior to the Petition Date, certain payroll deductions were made for local, state and federal taxes, employee benefits and employee programs that the Debtors have historically sponsored. As of July 7, 2009, the Debtors held in trust approximately

$9,700 in such payroll deductions that were deducted prepetition, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date.

3. The Debtors' Employee Benefit Plans and Employee Programs

63. The Debtors provide employees, in the ordinary course of business, with a number of employee benefits, including, but not limited to (a) medical, health and dental insurance, (b) stop loss coverage, (c) workers' compensation payments, (d) vacation time, (e) sick leave, (f) stock and savings plans and (g) miscellaneous employee benefits. The Debtors also contribute to certain union-sponsored pension, health and welfare funds on behalf of certain hourly employees.

4. Medical, Health and Dental Plans

64. As a standard employee benefit, the Debtors provide their employees with the following medical and dental insurance coverage:

a. **J.L. French Self-Insured Plan:** The J.L. French Self-Insured Plan is the Debtors' primary self-insured medical and prescription drug plan. Approximately 844 active and former employees participate in the JL French Self-Insured Plan with a range of options and varying benefits depending upon the Employee's status and, where applicable, the particular CBA involved. This self-insured plan costs the Debtors approximately $754,000 per month, including approximately $50,000 in administrative fees paid to the Debtors' third-party administrators UMR (for medical claims) and RESTAT (for prescription drug claims). As of July 7, 2009, approximately $200,000 in self-insured plan costs were outstanding, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date.

b. **UMR:** UMR is a third-party administrator that provides medical insurance coverage to approximately 764 of the Debtors' active and former employees. This

coverage costs the Debtors approximately $565,500 per month in premiums, which represents approximately 75% of the total coverage costs. As of July 7, 2009, approximately $160,000 in costs relating to this program were outstanding and payable to UMR by the Debtors, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date. Participating employees pay the remaining 25% cost of coverage by submitting payment on a periodic basis to the Debtors for their portion of the cost of insurance.

c. **Delta Dental Plan:** Delta Dental administers the Debtors' self-insured dental plan on behalf of the Debtors' approximately 760 participating active and former employees. This program costs the Debtors approximately $55,000 per month. As of July 7, 2009, approximately $10,000 in costs relating to this program were outstanding and payable to Delta Dental, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date.

d. **Stop Loss Coverage:** In addition, the Debtors purchase stop loss coverage (the "Stop Loss Coverage") through BP, Inc. for the self-insured plans described above in order to cap the Debtors' exposure for individuals at $185,000 per year. The Stop Loss Coverage costs the Debtors approximately $23,000 per month. The Debtors due not believe that any amounts were owing as of the Petition Date.

5. Workers' Compensation

65. The Debtors provide certain self-insured programs for payment of workers' compensation benefits (the "Workers' Compensation Programs"). The Debtors' overall claims paid associated with their Workers' Compensation Programs averaged approximately $1.72 million annually from 2005 through 2008, and were approximately $989,751 in 2008. The Debtors expect the costs for 2009 to be approximately the same as 2008.

As of July 7, 2009, approximately $2.1 million in claims in reserve under the Workers' Compensation Programs were outstanding, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date..

6. Vacation and Sick Pay

66. The Debtors provide vacation time to their employees as a paid time-off benefit. Vacation benefits vary based on the Employee's location and position, and may be governed by CBAs (where applicable). Vacation time is accrued based on time worked. When hourly employees do not use all of their vacation in a given year, they receive a vacation payout on or just prior to the anniversary date of their employment. If salaried employees fail to take their yearly vacation time, it is deemed forfeited as of their anniversary date.

67. The Debtors also provide sick pay, short term medical leave salary continuation and long-term disability insurance for salaried employees.

7. Employee Stock, Pension and Savings Plans

68. Prior to the Petition Date, and in the ordinary course of business, the Debtors maintained savings plans for the benefit of their employees, including, but not limited to, a 401(k) plan, the Nelson Metal Products LLC ("NMP") UAW pension plan, and a defined contribution plan for their union and non-union employees. The Debtors also maintained a Management Incentive Plan which awards shares of restricted stock and/or options to covered employees.

a. **401(k) Plans**

69. The Debtors maintain a 401(k) plan for the benefit of their employees. The 401(k) plan provides for automatic pre-tax salary deductions of eligible compensation up to certain limits set by the Internal Revenue Code. Approximately 442 employees participate in a 401(k) plan, and the approximate monthly amount collectively withheld from employees' paychecks is $154,000. Prior to March 1, 2009, the Debtors paid matching contributions depending on Employee classification, collective bargaining provisions and plan participation. The Debtors' monthly matching contributions were approximately $40,500. The Debtors believe that, as of the Petition Date, there are no accrued but unfunded matching contributions with respect to the 401(k) plan.

b. **The Defined Contribution Plan**

70. The Debtors' CBAs require them to maintain a defined contribution plan for their union employees (the "Defined Contribution Plan"). Pursuant to the terms of the Defined Contribution Plan, for each hour a participating union employee works, the employee receives deferred compensation of: (i) thirty five cents an hour for participants in the Debtors' Glasgow facilities and (ii) one dollar an hour for participants in the Sheboygan facility. In addition to the union employees covered by the CBA, salaried employees receive $1 per hour worked with a maximum annual contribution being $2,080 per salaried employee. Salaried employee participants are deemed to have worked 2,080 hours in each applicable year for purposes of distributions under the Defined Contribution Plan. As of July 7, 2009, the Debtors' accrued but unpaid contributions with respect to the Defined Contribution Plan were approximately $2 million, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date.

c. **The NMP UAW Pension Plan**

71. The Debtors' CBAs also require them to contribute, on a quarterly basis, certain amounts (approximately $210,000 per annum) to the NMP UAW pension plan, which is a defined benefit plan. This plan consists solely of retirees from a former Debtor facility located in Grandville, Michigan that was closed May 31, 2003, and, therefore, will not continue to create additional liabilities on account of postpetition services that the employees would otherwise perform. The Debtors' fund the UAW pension plan four times per year. As of July 7, 2009, the Debtors' accrued but unpaid contributions with respect to the NMP UAW pension plan were approximately $160,000, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date.

8. **Retiree Medical Programs**

72. In addition to the retirement and savings programs described above, approximately 14 retired non-union employees are entitled to receive retiree medical and prescription drug benefits. As of July 7, 2009, all 14 retirees were receiving retiree benefits pursuant to this program, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date. The Debtors' average monthly costs related to providing retiree medical and dental benefits are approximately $3,550. As of July 7, 2009, the Debtors' accrued but unpaid contributions with respect to this retiree benefits program were approximately $1,700, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date.

9. **Additional Employee Benefits**

73. In addition to the employee benefits identified above, the Debtors provide their employees with a number of other benefits, in particular: (i) life insurance and

supplemental life insurance, (ii) short-term disability benefits, (iii) long-term disability benefits, (iv) a flexible spending program, and (v) a tuition reimbursement program.

d. **Life Insurance and Supplemental Life Insurance**

74. The Debtors provide primary life insurance coverage for their employees through MetLife Insurance Company ("MetLife"). Approximately 830 employees receive such coverage, which costs the Debtors approximately $20,000 per month. As of July 7, 2009, approximately $14,000 in costs associated with the primary life insurance program were outstanding and payable to MetLife, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date. Employees also are offered the opportunity to receive supplemental life insurance, the premiums for which are paid in the entirety by the employees in the aggregate amount of approximately $1,200 per month. The Debtors incur no out-of-pocket expense for the supplemental life insurance.

e. **Disability**

75. The Debtors provide certain employees with short-term and long-term disability benefits. The Debtors fully fund their short-term disability program, which is self-insured. Employees are eligible for short-term disability benefits after they have worked with the Debtors for 60 days. As of the Petition Date, there are 13 employees receiving short-term disability benefits at an aggregate monthly cost of approximately $13,000. As of July 7, 2009, approximately $3,250 in benefits associated with the short-term disability program were outstanding and payable, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date.

76. The Debtors also provide their employees with long-term disability benefits through MetLife, paying all applicable premiums (approximately $3,500 per month).

Salaried employees who have worked with the Debtors for 60 days are eligible for long-term disability benefits on the 91st day of the disability. As of July 7, 2009, approximately $3,500 in premiums associated with the long-term disability program were outstanding and payable to MetLife, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date.

f. **Flexible Spending**

77. Approximately 143 of the Debtors' employees contribute a portion of their pre-tax wages into a flexible spending account. The Debtors have engaged ADP, a third-party plan administrator, to administer and maintain these accounts on their employees' behalf. While the Debtors do pay ADP approximately $850 each month in administration fees, the Debtors have no personal liability for, or stake in, the flexible spending accounts. As of July 7, 2009, approximately $850 in administration fees associated with the flexible spending plan were outstanding and payable to ADP, and the Debtors believe that a substantially similar amount remains outstanding as of the Petition Date.

g. **Tuition Reimbursement**

78. The Debtors also maintain a tuition reimbursement program. Under this program, the Debtors reimburse employees for 100% of tuition, book costs and registration fees for approved course work at college-level institutions, up to a maximum of $3,000 per school year. The reimbursements are payable upon the employee's satisfactory completion of the approved course work. As of July 7, 2009, the Debtors estimate that the aggregate amount of reimbursements due under the tuition reimbursement program was approximately $8,500, and the Debtors believe that a substantially similar amount remains due as of the Petition Date.

79. The Debtors request that the Court grant certain relief intended to minimize the disruption to the Debtors' workforce resulting from the commencement of these cases and thereby enhance the likelihood that the Debtors' employees will continue their employment during this uncertain period of financial restructuring. Specifically, the Debtors request that the Court authorize, but not require, them to:

- pay and honor prepetition claims for, among other things, wages, salaries, commissions, bonuses and other compensation, severance, temporary employee fees, federal and state withholding taxes and other amounts withheld (e.g., garnishments, employees' share of insurance premiums, taxes and 401(k) contributions), employee health benefits, insurance benefits, workers' compensation benefits, vacation and sick time, savings benefits, tuition reimbursement, life insurance, short-and long-term disability coverage and all other employee benefits that the Debtors provide to the employees in the ordinary course of business;
- pay any applicable temporary employment agency or consultants for any unpaid prepetition amounts owed thereto for services the Temporary Employees or consultants provide;
- pay certain reimbursable prepetition expenses that employees incurred on the Debtors' behalf in the scope of their employment; and
- pay all costs incident to the foregoing.

80. The Debtors represent that (i) they will not pay any amounts over $10,950 to any individual employee on account of prepetition obligations and (ii) they will not pay any amounts in excess of the estimated outstanding amounts for each category of prepetition claim identified herein without further order from this Court.

81. To enable the Debtors to accomplish the foregoing, the Debtors request that the Court authorize and direct the Debtors' banks and other financial institutions to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the foregoing.

82. I believe that the requested relief is essential to the continued operation of the Debtors' business and to the morale of their remaining employees, many of whom would suffer extreme personal hardship and financial difficulty were they not paid. Indeed, I believe that without the requested relief, a significant number of the Debtors' employees and Temporary Employees may voluntarily terminate their service with the Debtors and seek work elsewhere, perhaps even with competitors of the Debtors. This would be devastating to the Debtors, and would certainly hinder the Debtors' ability to meet their customer obligations. Accordingly, there can be no doubt that the Debtors must do their utmost to retain their current personnel, such as paying prepetition wages and benefits without interruption.

83. In order to attract and maintain their current workforce, the Debtors established the employee benefit plans and programs described above (collectively, the "Employee Benefit Programs"). The Employee Benefit Programs are an important part of each employee's total compensation -often adding as much as 30% to the employee's actual pay. Like the need to pay prepetition salary on an uninterrupted basis, the Debtors need the ability to pay or fund as the case may be their Employee Benefit Programs without interruption.

84. I also believe it is critical that they pay any outstanding prepetition amounts due to temporary employment agencies. If these fees are not paid, the I believe that the applicable temporary employment agencies will not permit the Temporary Employees to return to their respective positions with the Debtors, thereby causing disruption to the Debtors' businesses.

85. In short, I believe that any delay in payment of accrued and outstanding wages, temporary employment fees, consultant fees and reimbursement requests, or any disruption in the Employee Benefit Programs would cause the Debtors' employees to suffer

undue hardship. The Debtors manufacture sophisticated and finely machined automotive components and the employees are absolutely critical in the manufacturing, marketing, and administration of the Debtors' products and in the management of this process. Without these services, the Debtors' prospects for reorganization would be significantly hindered.

D. Motion Of The Debtors For Entry Of An Order (I) Authorizing The Debtors To Remit And Pay Prepetition Sales, Use, And Franchise Taxes And Certain Other Government Charges And (II) Authorizing Banks And Other Financial Institutions To Receive, Process, Honor, And Pay Checks Issued And Electronic Payment Requests Made Relating To The Foregoing

86. In the ordinary course of business, the Debtors (i) collect sales taxes from their customers and incur on their own behalf taxes, including, but not limited to, use and franchise taxes and other taxes necessary to operate their businesses (collectively, the "Taxes") and (ii) collect from their customers and pay on their own behalf certain fees for licenses, permits, and other similar assessments (the "Fees"). When the Debtors collect Taxes and Fees from their customers, they most often do so on behalf of governmental entities. The Debtors are then required to remit the collected amounts, either on a monthly, quarterly or annual basis, to the appropriate government entity.

87. The Debtors hereby request authority to pay prepetition Taxes and Fees. Although the Debtors' records reflect that they are current on all of their Taxes and Fees that were due and payable as of the Petition Date, the Debtors estimate that the total amount of Taxes and Fees that relate to the prepetition period, but either have yet been billed to the Debtors or are not yet due will not exceed approximately $900,000. This estimate does not include an additional $100,000 in potential prepetition tax liability that may later come due as a result of certain audits that are ongoing and remain unresolved as of the Petition Date.

88. In all cases, the Debtors' failure to pay the Taxes and Fees would have a material adverse impact on their ability to operate in the ordinary course of business. Any

disputes that could impact their ability to conduct business in a particular jurisdiction could have a wide-ranging and adverse effect on the Debtors' operations as a whole. Indeed, some, if not all, of the applicable governmental authorities may cause the Debtors to be audited if the Taxes and Fees are not paid immediately. Such audits will unnecessarily divert the Debtors' attention away from the reorganization process. And if the Debtors do not pay such amounts in a timely manner, the governmental authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay and pursue other remedies that will harm the estates. In addition, some of these outstanding tax liabilities are for trust fund taxes that the Debtors have collected and hold in trust for the benefit of the applicable governmental authority. Therefore, such funds do not constitute property of the estate and could not otherwise be used by the estates. Finally, any prepetition amounts that are or will become due, but have not yet been paid to the relevant governmental authorities because of the bankruptcy filings, represent a small fraction of the Debtors' total assets.

89. Accordingly, I believe the relief requested is necessary to avoid any irreparable harm that may result to the estates from the disruption of the Debtors' business operations.

E. Motion Of The Debtors For Entry Of An Order Under 11 U.S.C. §§ 105(A), 361, 362, 363 And 364 And Fed. R. Bankr. P. 6004(A) For An Order Authorizing: (I) Payment Of Prepetition Obligations Incurred In The Ordinary Course Of Business In Connection With Workers' Compensation, Liability, Property, And Other Insurance Programs, Including Payment Of Policy Premiums, And Brokers' Fees; And (II) Continuation Of Insurance Premium Financing Programs

90. In connection with the operation of their businesses, the Debtors maintain workers' compensation, directors' and officers' liability, employment practices liability, fiduciary liability, crime, kidnap & ransom, ocean cargo liability, foreign coverage, environmental liability, umbrella & excess liability and various other liability, property, and automobile insurance programs (collectively, the "Insurance Programs") through several different insurance carriers (the "Insurance Carriers") under insurance contracts attached as Exhibit A to the motion.

91. In addition to the Insurance Programs, listed on Exhibit A, the Debtors also maintain several other insurance policies and programs with respect to employee benefits, including health, dental, disability, and life insurance. These programs and policies are addressed in a separate motion filed contemporaneously herewith pertaining to the Debtors' employee wage policies and benefit programs. As set forth below, the Insurance Programs include coverage for, among other things, employees' losses related to employment, breach of officers' and directors' duties, personal injury torts, liability arising out of the operation of motor vehicles and various other first party property claims and third party liability claims.

92. Pursuant to Bankruptcy Code sections 105(a) and 363(b) and Bankruptcy Rule 6004(a), the Debtors seek an order authorizing them, to continue the Insurance Programs on an uninterrupted basis in accordance with the same practices and procedures as were in effect before the Petition Date, and to pay all premiums, deductibles, insurance broker fees, and all other obligations arising under or in connection with the Insurance Programs

(collectively, the "Insurance Obligations") relating to the periods before and after the Petition Date. The Debtors also seek an order directing the Banks (as defined below) to honor, process, and pay, to the extent funds are available in their accounts, any checks or wire transfer requests issued by the Debtors with respect to their Insurance Obligations.

93. In addition, pursuant to Bankruptcy Code sections 361, 362 and 363, the Debtors request authority to continue, in the ordinary course of business, their insurance premium financing programs and, to the extent necessary, to pay prepetition insurance premium financing obligations owed by the Debtors on account of such programs.

1. Workers' Compensation Program

94. Under applicable law, the Debtors are required to maintain workers' compensation policies and programs to provide their employees with workers' compensation coverage for claims arising from or related to their employment with the Debtors (the "Workers' Compensation Program"). The current Workers' Compensation Program insures losses arising during the period April 1, 2009 through April 1, 2010. The Workers' Compensation Program includes a $250,000 per occurrence retention and the deposit premium payable for such coverage is approximately $2,545,115 (the "Workers' Compensation Premium"). This coverage is subject to audit and annual retrospective adjustments until all claims are closed. Worker's Compensation Program coverage was previously underwritten by Sentry Insurance. Under the Sentry program, the Debtors continue to be billed monthly for all changes in incurred losses up to the $250,000 per occurrence retention until all claims are closed. Total losses billed in 2008 by Sentry was $5,107.03.

2. Directors and Officers Insurance and Employment Practices Liability Insurance

95. As is common with large businesses of this kind, the Debtors maintain insurance coverage for all of their directors and officers that covers, among other things, defense costs, settlements, court awards and pre- and post-judgment interest arising from claims brought by third parties alleging an insured is liable for an error, misstatement, misleading statement, improper act, omission, neglect or breach of duty (the "D&O Programs"). The directors and officers liability policy also includes coverage for employment practices liability claims. The total limit of liability for these policies (primary and excess) is $20 million. The aggregate annual premium is $614,719 (of which approximately $415,000 was paid in one lump sum payment in 2006). The current policy period is April 1, 2009 to April 1, 2010.

3. Liability, Property, Automobile, Property and Ocean Cargo Insurance Programs

96. The Debtors maintain general liability insurance that insures premises liability, products/completed operations liability, personal injury and advertising injury and employee benefits liability (the "Liability Insurance Programs"). The aggregate annual deposit premium for the Liability Insurance Programs coverage is $111,656 and the current policy expires April 1, 2010.

97. The Debtors maintain automobile insurance that insures automobile liability, medical payments, uninsured and underinsured motorists and physical damage to owned and hired vehicles (the "Automobile Insurance Programs"). The total aggregate annual deposit premium paid by Debtors for automobile insurance coverage is $14,400 and the current policy expires April 1, 2010.

98. The Debtors maintain property insurance that insures the Debtors' property for perils such as, but not limited to, fire, theft and earthquake (the "Property Insurance

Programs"). The aggregate annual premiums for the Property Insurance Programs coverage is approximately $623,307 and the current policy expires April 1, 2010.

99. The Debtors maintain ocean cargo insurance that insures direct physical loss or damage to Debtors property in transit. The aggregate annual deposit premium for the Ocean Cargo Insurance Program coverage is $2,800 and the current policy expires April 1, 2010.

4. Miscellaneous Policies

100. The Debtors maintain several other insurance policies that insure excess liability, environmental liability, foreign liability, fiduciary liability, first party crime losses, kidnap and ransom liability, local China general liability and local China property ("Miscellaneous Policies"). The aggregate annual premium for the Miscellaneous Policies coverage is approximately $147,117.

5. Insurance Brokers

101. Debtors employ an insurance broker, The Hays Group of Wisconsin LLC dba Hays Companies of Wisconsin ("Hays"), to assist with the procurement and negotiation of the Insurance Programs. Hays provides services to and receives compensation (the "Brokers' Fees") in connection with these services. In 2008, the Brokers' Fees were in the form of both commissions based on the amount of premiums paid under the Insurance Programs and fixed fees. In 2008, Hays was paid approximately $90,000 for the placement of the Property Program (including China), Primary and Excess Liability Insurance Programs, Automobile Insurance Program, Workers' Compensation Program, Foreign Liability Insurance Program, Crime Program and Kidnap/Ransom Liability Program, which became effective on April 1, 2008, and the Fiduciary Liability Program, which became effective on June 30, 2008. Hays also received

approximately $14,690 in commission for the placement of the D&O Programs and 2nd Excess Fiduciary Liability, which became effective on June 30, 2008, and the Ocean Cargo Program which became effective April 1, 2008. Commission collected on the environmental liability policy by Hays was collected in 2006. The Debtors believe that as of the Petition Date, Hays is not owed any Brokers' Fees for services rendered relating to the period prior to the Petition Date.

6. Debtors' Banks

102. As part of the Debtors' cash management system, the Debtors maintain bank accounts at certain domestic banks (the "Banks"), including, but not limited to, the Banks listed on Exhibit B in the motion. The Debtors draw upon funds in their accounts at the Banks to satisfy their obligations arising from the Insurance Programs.

7. Insurance Premium Financing Programs

103. As part of their existing cash management system, the Debtors finance the payment of premiums on certain insurance policies, such as general liability, property and casualty, and directors and officers' liability, through First Insurance Funding Corp. ("First Insurance"), an insurance premium finance company. This financing arrangement is memorialized in a Commercial Premium Finance Agreement and Disclosure Statement dated April 1, 2009 (the "Financing Agreement") between JLFACI and First Insurance. The total premiums under the policies subject to the Financing Agreement equal $859,549. Pursuant to the Financing Agreement, the Debtors paid $141,825.59 to First Insurance on April 3, 2009 as an initial down payment, and, after the assessment of a $14,520.29 finance charge, financed a total of $732,243.70. The Financing Agreement requires 10 monthly payments to First Insurance, each in the total amount of $73,224.37, with the first installment due on May 1,

2009. The Debtors' obligations to First Insurance under the Financing Agreement are secured by certain sums payable to the Debtors under the insurance policies covered by the Financing Agreement.

F. Motion Of The Debtors For Entry Of An Order (I) Authorizing The Debtors To Pay In The Ordinary Course Of Business Prepetition Claims Of Shippers And Other Lien Claimants And (II) Authorizing Financial Institutions To Pay All Checks And Electronic Payment Requests Made By The Debtors Relating To The Foregoing

104. The Debtors have a reputation for reliability and dependability among their customers. Indeed, many of the Debtors' pricing policies and marketing strategies revolve around that reliability and dependability. This reputation depends in substantial part on the timely delivery of product to the Debtors' customers.

105. The Debtors are expected — and, in fact, are required — to make timely deliveries to their customers. In fact, all of the Debtors' customers employ ratings systems that penalize the Debtors in future contracts for untimely deliveries. The reason for this is simple: without timely delivery of key components, the Debtors' customers cannot complete the assembly of the vehicles they sell. The assembly process is carefully choreographed and any delay in the receipt of key parts can cause enormous operational disruption and loss of revenue. To meet their delivery deadlines, and thereby avoid costly penalties and better their ability to attain future contracts, the Debtors have implemented and depend heavily upon an efficient system for the receipt of raw materials, components for assembly operations, machines and equipment and customer-owned tooling.

106. Along these lines, the Debtors rely heavily on third-party contractors, vendors and suppliers to produce certain goods and provide certain materials necessary for the Debtors to manufacture their product. The Debtors also rely upon domestic common carriers, shippers, truckers and customs agents to deliver their product to their customers (collectively,

the “Shippers”), as well as a network of third-party warehouses to store goods while in transit (the “Warehousemen”).

107. The Debtors believe that certain of their third-party contractors, vendors, suppliers, Shippers and Warehousemen could assert liens upon the Debtors’ (or their customers’) property, thereby disrupting the Debtors’ manufacturing processes. If, for example, the Debtors are unable to receive timely and uninterrupted deliveries of raw materials or supplies, their manufacturing operations will be impeded almost immediately — in some cases in a matter of hours. Similarly, if the Debtors are unable to produce and deliver finished goods to customers on a timely basis, the Debtors will likely suffer an incalculable loss of credibility and customer goodwill, thereby causing substantial harm to the Debtors’ businesses and their reorganization efforts. It is essential for the Debtors’ businesses, and their efforts to maximize value for all creditors, that they maintain a reliable and efficient supply and distribution system through what they expect to be a brief sojourn in Chapter 11, and prevent parties from disrupting customer relations by attempting to assert liens against customer property. Because the Debtors are in many cases dependent on third parties, it is essential that their bankruptcy cases not serve as a pretext for any third party to cease performing timely services or to retain products, tooling or goods.

108. Accordingly, by this motion, the Debtors seek the authority to continue to pay, in the ordinary course of business, prepetition claims of shippers and other lien creditors who have (or may have) state law remedies available to secure payment of their claims. The Debtors propose payment of such claims when, in the Debtors’ sole discretion, a creditors’ exercise of such remedies would unduly disrupt the Debtors’ businesses.

1. Shipping and Warehousing Claimants

109. As a general rule, the Debtors operate a "just-in-time" inventory system, which means that the Debtors' ability to produce goods depends on the frequent, and indeed daily, deliveries of materials and components. As a result, the Debtors employ certain third parties to ensure that their supply and delivery system runs smoothly and their inventory and shipments arrive on time to and from Shippers and Warehousemen.

110. The Debtors also use Goodman-Reichwald-Dodge, Inc. ("GRD") — a leading logistics company — as a third-party logistics coordinator for in-bound, out-bound and inter-facility transport of goods. It manages the logistics of the Debtors' supply and delivery system, including the Shippers and Warehousemen, by, among other things, auditing the Shippers' invoices and then billing the Debtors for the Shippers' services. The Debtors contract with the Shippers to ship, transport, store and deliver raw materials, parts and components, as well as the finished product, to the Debtors and their customers. Finally, the Debtors contract with independent Warehousemen to store goods in transit. Generally, the Debtors pay GRD and GRD subsequently pays the Shippers and Warehousemen.

111. Under some state laws, a Shipper or a Warehouseman may have a lien on the goods in its possession, which secures the charges or expenses incurred in connection with the transportation or storage of the goods. In addition, pursuant to section 363(e) of the Bankruptcy Code, the Shippers or Warehousemen, as bailees, may be entitled to adequate protection of a valid possessory lien.

112. The Debtors expect that, as of the Petition Date, certain of the Shippers and Warehousemen will have outstanding invoices for goods that were delivered to the Debtors or the Debtors' customers prior to the Petition Date, including amounts owed to GRD (the

"Shipping and Warehousing Charges"). As a result, the Shippers and Warehousemen will likely argue that they are entitled to possessory liens for transportation and storage, as applicable, of the goods then in their possession, and may refuse to deliver or release such goods before their claims have been satisfied and their liens redeemed.

113. This is equally true with respect to the outstanding amounts owed to GRD because GRD generally does not pay the Shippers or Warehousemen until its invoice has been paid by the Debtors. Therefore, as long as GRD's invoices remain unpaid, the Shippers and Warehousemen that the Debtors rely upon to transport their goods will not be paid, which will likely result in such Shippers and Warehousemen withholding shipment of essential goods currently in transit, as well as refusing to service the Debtors in the future. Indeed, even if the Shippers and Warehousemen did not have a valid lien, their retention of the Debtors' goods and supplies would severely disrupt, and potentially cripple, the Debtors' operations because of the Debtors' "just-in-time" inventory policy. The Debtors typically do not amass significant quantities of raw materials or finished goods to supply their business operations. Instead, the Debtors make every attempt to operate a "just-in-time" inventory policy, where the necessary raw materials are received "just-in-time" to produce finished goods. This efficient policy greatly reduces the Debtors' inventory storage costs and the amount of the Debtors' liquidity tied-up in working capital on the plant floor.

114. The Debtors estimate that as of the Petition Date, the outstanding Shipping and Warehouse Charges do not exceed $300,000. Accordingly, by this motion, the Debtors seek an order authorizing them, *inter alia*, to make non-disputed prepetition payments, in an amount not to exceed $300,000, to the Shippers and Warehousemen relating to the Shipping and Warehousing Charges as the Debtors, in their business judgment, determine is

necessary or appropriate in order to obtain the release of goods held by such Shippers and Warehousemen. In the event that prepetition Shipping and Warehouse Charges exceed this amount, however, the Debtors will not pay any excess amounts without further order from the Court. The value of the goods in the possession of the Shippers and Warehousemen and the potential injury to the Debtors if the goods are not released is likely to greatly exceed the amount of such Shipping and Warehousing Charges. The Debtors will only pay Shipping and Warehousing Charges where they believe, in their reasoned business judgment, the benefit to their estates and creditors from making such payments will exceed (a) the costs that their estates would incur by bringing an action to compel the turnover of such goods and (b) the delays associated with such actions.

115. The Debtors submit that the total amount they would pay to the Shippers and Warehousemen if the Court approves this motion is minimal compared to the importance and necessity of the Shippers and Warehousemen and the losses the Debtors may suffer if their operations are disrupted. Moreover, the Debtors do not believe that there are viable timely alternatives to the Shippers or the Warehousemen that they used prior to the Petition Date.

2. Lien Claimants

116. The Debtors routinely transact business with a number of other third parties who have the potential to assert liens against the Debtors and their property, and in some cases their customers' property, if the Debtors fail to pay for the goods or services rendered (the "Lien Claimants"). The Lien Claimants perform various services for the Debtors, including manufacturing and repairing tooling, dies, molds and other equipment and producing parts necessary for the Debtors' product programs. Often, the Lien Claimants house the Debtors'

tooling on their own premises. Some of the Debtors' Lien Claimants are Tool Makers, Tool Users and other miscellaneous third parties (each as described below).

117. Although the Debtors have generally made timely payments to the Lien Claimants, as of the Petition Date, a substantial number of the Lien Claimants may not have been paid for certain prepetition goods and services, which may result in many of the Lien Claimants having a right to assert, and perfect, mechanics' or artisans' liens (the "Mechanics' Liens") against the Debtors' relevant plant locations or the Debtors' goods. Indeed, under section 362(b)(3) of the Bankruptcy Code, the act of perfecting such Mechanics' Liens, to the extent consistent with section 546(b) of the Bankruptcy Code, is expressly excluded from the automatic stay. Under section 546(b) of the Bankruptcy Code, a debtor's lien avoidance powers "are subject to any generally applicable law that . . . permits perfection of an interest in property to be effective against an entity that acquires rights in such property before the date of perfection . . . ." 11 U.S.C. § 546(b)(l)(A). As a result, certain Lien Claimants may refuse to perform their ongoing obligations under such agreements with the Debtors, including installation, servicing and warranty obligations. Additionally, the existence and perfection of these Mechanics' Liens could possibly place the Debtors out of compliance under their various leases. Finally, many states provide certain Tool Makers and Tool Users (each as defined herein) with statutory liens on tooling manufactured for the Debtors or their customers and on the products manufactured with that tooling (the "Statutory Liens"). These Statutory Liens often allow such parties to retain possession of the tools, or to impair title of the tool by filing a security interest, until the Debtor satisfies the outstanding amounts owed.

3. Tool Makers

118. In the ordinary course of business, the Debtors routinely contract with independent tool and die shops (both on their behalf and on behalf of their customers) for the production of specialized tools and moldings necessary for the Debtors' various production processes (collectively, the "Tool Makers"). In most cases, there is significant lead time that goes into the selection of a Tool Maker and the design and manufacture of the tools. Indeed, it is not uncommon for this process to take a year or more. Therefore, at any given time, a number of Tool Makers will be in the process of producing tools that the Debtors will need in order to continue existing lines of business or to launch new production programs.

119. Typically, the Debtors will not become obligated to the Tool Makers until relatively late in the production process, only after the tool has passed applicable quality and performance tests. Indeed, the Debtors (or their vendors) usually must take possession of the relevant tool prior to making payment so that all necessary quality and performance-related tests may be performed. But many states, including Michigan, where several of the Debtors' Tool Makers are located, have enacted laws granting Tool Makers security interests in the finished or unfinished tool. Moreover, the Debtors have contracted with many of the Tool Makers for multiple projects, many of which are still in process. The Debtors believe that certain of the Tool Makers may, in enforcement of their lien rights, refuse to deliver, or continue development of, new tooling in the future so long as their liens have not been satisfied. As a result, upon the commencement of these Chapter 11 Cases, the Debtors believe it is unlikely that such Tool Makers will impair their liens by releasing the relevant tools without payment in full or, at a minimum, some assurance by the Debtors of future payment. It is, therefore, essential that the Debtors' be authorized to pay the Tool Makers any prepetition

amounts necessary to ensure ongoing access to the tools and materials they produce. Further, to the extent the Debtors have possession of a tool that is subject to a lien (or, in the Debtors' estimation, could be subject to a lien), the Debtors also request the authority to pay amounts necessary to secure the release of such liens (regardless of whether such liens arose prior to or after the Petition Date).

120. Further, the Debtors occasionally send tools back to the Tool Makers for servicing or modification after such tool has been delivered and title has passed to the Debtors or the Debtors' customer, respectively. As is the case where the tool is yet to be delivered, to the extent that the Tool Makers are in possession of tools for servicing or modification (and, in some cases, even when the Tool Makers are no longer in possession of the tool), the Tool Maker will likely have a Mechanics' Lien or other Statutory Lien on the tool, and therefore will be hesitant to relinquish it. As a result, the Debtors further seek authority to pay claims of the Tool Makers related to the servicing or modification of tools.

4. Tool Users

121. The Debtors also deploy various tools to third-party vendors who manufacture parts or components with the tool, and the Debtors incorporate such parts and components into their products (collectively, the "Tool Users"). Depending on the location of the tool, state law may provide the Tool User with a lien on the tool relating to unpaid amounts for goods the Tool Maker produces with the relevant tool or services or maintenance it performs on such tool.

122. To the extent that a Tool User has asserted (or, in the Debtors' estimation, has the ability to assert) a lien against any tool (regardless of whether owned by the Debtors' or one of the Debtors' customers), the Debtors hereby request the authority to pay

such Tool Users in the ordinary course of business, regardless of whether such claim relates to prepetition or postpetition obligations.

5. Miscellaneous Lien Claimants

123. The Debtors operate several different production facilities. At any given time, any number of third-party Lien Claimants may be rendering services at any of these locations, and to the extent that such third-party Lien Claimants render services related to either the Debtors' property or property of the Debtors' customers, they may have the right to perfect state law liens. In either event, the Debtors or their customers would have to settle these liens (and in the case of the Debtors' customers, these costs would ultimately redound to the Debtors in the form of such customer withholding from or offsetting against future receivables). Furthermore, the attachment of liens could cause great concern to the Debtors' customers and would unduly strain the customer relations that are critical to a successful reorganization.

124. The Debtors estimate that, as of the Petition Date, the aggregate claims amount of Lien Claimants that have given or could give rise to a lien against the Debtors' or the Debtors' customers' materials goods, tooling, and/or facilities and plants, regardless of whether such Lien Claimants have already perfected their interests (the "Lien Claimant Claims") does not exceed $6,000,000. In order to avoid undue delay and to facilitate the continued operation of the Debtors' businesses, the maintenance of their facilities and plants and the completion of the Debtors' goods and tooling, the Debtors seek immediate authority to pay and discharge, on a case-by-case basis the Lien Claimants Claims in an amount not to exceed $6,000,000; provided, however, that with respect to each Lien Claimant Claim, the Debtors will not be authorized to pay a Lien Claimant Claim unless the Lien Claimant has perfected or, in the Debtors' judgment, is capable of perfecting or may be capable of perfecting in the future, one or more liens in

respect of such claim. In the event that the Lien Claimant Claims exceed this amount, the Debtors will not pay any such excess amounts without further order from the Court. To be clear, the Lien Claimant Claims include claims of Tool Makers, Tool Users and Miscellaneous Lien Claimants. If the Debtors do elect to pay a Lien Claimant Claim, such payment shall not be deemed a waiver of the Debtors' rights to subsequently challenge or attempt to avoid such liens based upon, among other things, the extent, validity or perfection of such liens.

125. The Debtors further propose to condition the payment of Lien Claimant Claims on the written acknowledgment of individual Lien Claimants to continue supplying goods and services to the Debtors on the trade terms that, at a minimum, such Lien Claimant provided to the Debtors on a historical basis prior to the Petition Date, or such other trade practices and programs that are at least as favorable to the Debtors as those in effect during such time. The Debtors reserve the right to negotiate new trade terms with any Lien Claimant as a condition to payment of any Lien Claimant Claim.

126. In the event that any of the liens held by Lien Claimants are voided or the Tool Makers, Tool Users or Lien Claimants refuse to supply goods/or services to the Debtors following receipt of payments on their respective Lien Claimant Claims, then any payments made to such person or entity on account of its Lien Claimant Claim shall be deemed an unauthorized postpetition transfer under section 549 of the Bankruptcy Code that the Debtors may either (a) recover from such person or entity in cash or goods or (b) at the Debtors' option, declare to have been made in payment of then-outstanding postpetition claims of such person or entity and require that the Tool Maker, Tool User or Lien Claimant, as the case may be, immediately repay to the Debtors any such payments to the extent that the aggregate amount of such payments exceed the postpetition obligations then outstanding to such person or entity

without giving effect to any rights of setoff, claims, provision for payment of reclamation or trust fund claims, or otherwise.

127. Therefore, because the Debtors will only pay Lien Claimants that have perfected secured claims or are capable of having perfected secured claims, such payment will not affect the amount of the creditors' distribution, but only the timing. As a result, the relief requested herein is in the best interests of the Debtors, their estates and creditors.

6. Banks and Other Financial Institutions

128. The Debtors further request that all applicable banks and other financial institutions be authorized and directed to receive, process, honor and pay all checks presented for payment and to honor all electronic payment requests made by the Debtors related to the prepetition obligations described herein, whether such checks were presented or electronic requests were submitted prior to or after the Petition Date. The Debtors further request that all such banks and financial institutions be authorized and directed to rely on the Debtors' designation of any particular check or electronic payment request as approved pursuant to this motion. The Debtors represent that they have sufficient cash reserves to promptly pay all prepetition obligations set forth herein on an ongoing basis and in the ordinary course of their businesses.

G. Motion of the Debtors for Entry of an Order Authorizing, But Not Requiring, the Debtors To Pay In the Ordinary Course of Business the Prepetition Claims of Essential Trade Creditors

129. The Debtors are primary suppliers of certain aluminum die-cast automotive powertrain components (the "Components") for several automobile original equipment manufacturers (the "OEMs"), including Ford, General Motors, Magna and Chrysler (which together account for nearly 95% of the Debtors' business), as well as a number of first tier automotive parts suppliers (collectively, the "Customers"). OEMs directly utilize the

Debtors' Components to manufacture their automobiles. The first-tier automotive parts suppliers use the Debtors' Components to manufacture parts that they, in turn, sell to OEMs. In both cases, the Debtors' Customers depend upon the Debtors to supply a constant and steady supply of Components, and would be severely impacted if the Debtors were forced to suddenly cease producing Components for any reason, including an unplanned interruption in their supply of goods, materials or services.

130. If the Company is unable to continuously supply goods to its Customers, the consequences to both itself and its Customers would be dire, indeed. The Debtors' Customers would, in all likelihood, be unable to obtain the necessary Components elsewhere in the market on a short-term basis. This would inevitably affect their production -- particularly in light of the automotive industry's just-in-time inventory practices -- with attendant consequences reverberating throughout the industry. Additionally, the Debtors themselves would likely be faced with substantial (and otherwise unnecessary) breach of contract damages, thereby diminishing the value of the Debtors' estates and creditors' recoveries.

131. It is essential, therefore, that the Debtors be able to continue producing and supplying Components in the ordinary course of business at the greatest possible profit. In order to do so, the Debtors will need to continue purchasing goods and services from a broad range of unaffiliated, third-party vendors (the "Essential Trade Creditors") on payment and other terms that equal or exceed those terms available to them prior to the Petition Date.

132. Many of the Essential Trade Creditors are the sole source for certain goods and services necessary for the manufacture of the Debtors' products. In some cases this is because certain suppliers possess patents, technical know-how or other capabilities that are simply not available elsewhere. In other cases, to ensure consistent quality, the Debtors often

require their potential suppliers to complete a lengthy research, testing and quality control process with respect to their individual parts and products (the "Qualification Process"). As a result of the Qualification Process, the Debtors can be sure that a vendor is qualified to supply them with quality goods. As a result, vendors develop certain capabilities specific to the Debtors' needs that cannot be easily – if at all – replaced. Accordingly, many suppliers who have gone through the Qualification Process are also, at least for the near to medium term, the sole source for certain goods. Also, many service providers, while perhaps not the sole source for their respective services, have developed particular expertise and familiarity with the Company. This expertise and familiarity is valuable to the Company and would be lost if the Company were forced to seek services elsewhere.

133. In addition, due to the current state of the automobile manufacturing industry, many of the Essential Trade Creditors rely on the Company's continued payments for goods and services simply to stay in business and would be unable to do so unless the Company satisfied all or part of their prepetition invoices. The Debtors' failure to pay the prepetition claims of the Essential Trade Creditors would have catastrophic consequences beyond the Debtors' bankruptcy cases.

134. As of the Petition Date, the Debtors owe approximately $5.5 million to the Essential Trade Creditors--$5.0 million to providers of goods and $500,000 to providers of services.

135. The Debtors have carefully examined the market to determine whether they can obtain the goods and services the Essential Trade Creditors currently provide from any other source. In many cases, they have found no other source. And often where other sources do exist, the Debtors believe that these sources would charge the Debtors substantially more for

their goods and services than the Essential Trade Creditors currently charge. If the Debtors are forced to obtain goods and services on less favorable terms, their profit margins would be severely impacted, leading to lower creditor recoveries and jeopardizing the success of the Debtors' reorganization. Finally, the Debtors have identified certain other Essential Trade Creditors who rely on the Debtors' continued payments for goods and services simply to stay in business. In these cases, even if these vendors wished to continue supplying the Debtors on a post-petition basis, they would be unable to do so unless the Debtors satisfied all or part of their prepetition invoices.

136. Because of the combination of the Debtors' relationship with the Essential Trade Creditors, the specialized nature of the goods produced by these vendors and the difficulty the Debtors would have replacing these vendors, even a short-term disruption of this relationship could jeopardize the Debtors' ability to service their Customers going forward. The Debtors must ensure that there is no disruption in their ability to service their Customers, because even a short disruption will generate uncertainty and seriously impair the Debtors' ability to reorganize successfully. Thus, it is essential that the Debtors be permitted to pay the prepetition claims of the Essential Trade Creditors in order to continue the Debtors' business and to honor the Debtors' contractual commitments to its Customers.

H. Motion Of The Debtors For Entry Of An Order Pursuant To 11 U.S.C. § 546(C): (I) Establishing Procedures For Resolution Of Reclamation Claims; And (II) Prohibiting Sellers Of Goods From Reclaiming Or Otherwise Interfering With Debtors' Possession Of Certain Goods

137. By this Motion, among other things, the Debtors seek to establish procedures for the expedited allowance or disallowance of unpaid claims of vendors that made timely written demand for reclamation of goods received by the Debtors within 45 days prior to the Petition (the "Reclamation Claims").

138. Prior to the Petition Date and in the ordinary course of their businesses, the Debtors purchased on credit a variety of raw materials, parts, supplies, and other goods used in their business operations (collectively, the "Goods"). As of the Petition Date, the Debtors were in possession of certain Goods that had been delivered to them, but for which they had not yet been invoiced or made payment to the suppliers. As a result of the commencement of these chapter 11 cases, the Debtors may receive Reclamation Claims from various vendors or other parties (collectively, the "Sellers") with respect to the Goods.

139. Avoiding costly and distracting litigation relating to Reclamation Claims is critical at this state of the Debtors' chapter 11 cases. If the Debtors are unable to establish and implement uniform procedures to resolve the Reclamation Claims, they could be faced with the prospect of simultaneously defending numerous reclamation proceedings at a time when their efforts should be focused on preserving enterprise value.

140. To avoid piecemeal litigation that would interfere with the Debtors' efforts to preserve enterprise value, the Debtors seek entry of an order, pursuant to sections 105(a) and 546(c) of the Bankruptcy Code ("Section 546(c)") , (i) establishing procedures for the reconciliation and allowance of all Reclamation Claims, and (ii) prohibiting the Sellers from reclaiming Goods or otherwise interfering with the Debtors' possession of the Goods. The Debtors submit that the procedures will effectively and efficiently streamline the process of resolving Reclamation Claims to the benefit of both the Debtors and Sellers.

141. The Debtors propose the following procedures (the "Reclamation Procedures") for processing and reconciling Reclamation Claims:

- On or before July 15, 2009, the Debtors shall review all written demands for reclamation made by Sellers in respect of goods received by the Debtors within 45 days prior to the Petition Date.

- After review of all Reclamation Claims and no later than July 22, 2009, the Debtors will file a notice (the "Notice") and serve such Notice on the following parties (collectively, the "Notice Parties"): (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel to any official committee of unsecured creditors; (iii) the parties that have made the Reclamation Claims that are the subject of the Notice at the address indicated in such Reclamation Claim; and (iv) counsel to the agents to the Debtors' prepetition and postpetition secured lenders. The Notice will list those Reclamation Claims and amounts, if any, which the Debtors deem to be valid, and those Reclamations Claims and amounts that the Debtors deem to be invalid. The Notice will also state whether, and on what basis, the Reclamation Claim is subject to the prior right of a holder of a security interest in such goods or the proceeds thereof. To the extent that the Debtors conceded the validity of a Reclamation Claim, it shall be deemed an allowed claim.

- No later than 90 days after delivery of the Notice, the Debtors shall file a formal objection to claims with respect to the Reclamation Claims the Debtors deem invalid. All such Reclamation Claims shall be allowed or disallowed in the ordinary course of the Claims objection procedures.

142. The Debtors request that all Sellers be prohibited from seeking any other means for the resolution or treatment of their Reclamation Claims, including, without limitation, the following: (a) seeking to obtain possession of any Goods except as permitted by the Reclamation Procedures; (b) interfering with the delivery of any Goods to the Debtors; or (c) otherwise interfering with the Debtors' possession of the Goods. The Reclamation Procedures will effectively and efficiently streamline the process of resolving the Reclamation Claims for the Debtors and the Sellers alike, without affecting the parties' substantive rights to pursue or contest the Reclamation Claims.

I. Motion Of The Debtors For Entry Of Interim and Final Orders Under 11 U.S.C.§§ 105(A) And 366: (I) Prohibiting Utilities From Discontinuing, Altering Or Refusing Service; (II) Establishing Procedures For Determining Adequate Assurances Of Payment; And (III) Establishing Procedures For The Utilities To Opt Out Of The Debtors' Proposed Procedures For Adequate Assurance

143. In the operation of their facilities, the Debtors incur utility expenses for water, sewer service, electricity, natural gas, local telephone service, waste and environmental disposal, long-distance service, and cell phone service in the ordinary course of business. On average, the Debtors spend approximately $1,400,000 each month on utility costs – approximately $588,000 of which is for the purchase of natural gas. These utility services are provided by approximately nineteen (19) Utility Providers, including those listed on the attached Exhibit A to this motion ("Utility Service List"). Although the Debtors believe that Exhibit A encompasses all entities that could qualify as a Utility Provider, the Debtors reserve the right, without further order of the Court, to supplement the list if any Utility Provider has been omitted. Additionally, the listing of an entity on Exhibit A to this motion is not an admission that any particular entity is a utility within the meaning of section 366 of the Bankruptcy Code, and the Debtors reserve the right to contest any such characterization in the future.

144. Uninterrupted utility services are essential to ongoing manufacturing and other operations and, therefore, vital to the success of the Debtors' reorganization. Should the Utility Providers refuse or discontinue service, even for a brief period, the Debtors' business operations would be severely disrupted. In particular, such discontinuation would irreparably disrupt the Debtors' ability to operate their manufacturing facilities, negatively affecting customers, cash flow and, ultimately, value and creditor recoveries.

145. For example, as a core part of their manufacturing process, the Debtors smelt, and thereby recycle, vast amounts of scrap aluminum to use in manufacturing their die-cast parts. To do so, the Debtors must procure sufficient quantities of natural gas to constantly heat their aluminum furnaces to temperatures exceeding 1,400 degrees. Due to the significant length of time it takes to reheat a furnace once it has been shut down — approximately twenty-four (24) hours — the Debtors typically only shut down their furnaces once each year for routine maintenance. If the Debtors are forced to unexpectedly shut down their furnaces due to an interruption in utility service, the Debtors will be unable to manufacture any product for at least twenty-four (24) hours after utility service resumes. Failure to maintain a continuous production line will inevitably harm customer relations by disrupting customers' "just in time" operations — a practice almost universal in the troubled automobile industry. This is just one example of how an interruption of utility services would negatively impact the Debtors' business operations, customer relationships, revenue and profits, seriously jeopardizing the Debtors' reorganization efforts. It is therefore critical that utility services continue uninterrupted.

146. The Debtors fully intend to pay all postpetition obligations owed to the Utility Providers in a timely manner. The Debtors expect that the funds available under their debtor in possession credit facility and their proposed use of cash collateral will be more than sufficient to pay all postpetition utility obligations.

147. The Debtors propose providing adequate assurance to each Utility Provider by making a deposit equal to two (2) weeks of utility service, calculated as a historical average over the past twelve (12) months, to each such Utility Provider who requests such a deposit in writing (the "Adequate Assurance Deposit"), provided that (i) such requesting Utility

Provider does not already hold a deposit equal to or greater than two (2) weeks of utility services, (ii) such Utility Provider is not currently paid in advance for its services and (iii) such Utility Provider has not already entered into an adequate assurance agreement with one or more of the Debtors in the period immediately preceding the Petition Date. For the avoidance of doubt, the Debtors do not intend to provide any Adequate Assurance Deposit to the Electric Plan Board of the City of Glasgow ("EPB") because, on February 23, 2009, the Debtors entered into the Glasgow Electric Plant Board Electric Power Service Contract with the EPB which contains express provisions for providing adequate assurance of payment comparable to those being proposed in this motion.

148. As a condition of requesting and accepting an Adequate Assurance Deposit, the requesting Utility Provider shall be deemed to have stipulated that, upon payment of the Adequate Assurance Deposit, the Adequate Assurance Deposit constitutes adequate assurance of future payment to such Utility Provider within the meaning of section 366 of the Bankruptcy Code, and shall further be deemed to have waived any right to seek additional adequate assurance during the course of these Chapter 11 Cases. Finally — and particularly in light of the fact that the Debtors are not currently subject to any security deposit requirements — the Utility Provider will be required to return the Adequate Assurance Deposit within fifteen (15) days of the effective date of any confirmed plan of reorganization.

149. The Debtors submit that the Adequate Assurance Deposit, in conjunction with the Debtors' ability to pay for past and future utility services in the ordinary course of business (collectively, the "Proposed Adequate Assurance"), constitutes sufficient adequate assurance to the Utility Providers.

150. The proposed procedures are necessary for the Debtors to carry out their reorganization efforts. If the Court does not approve the proposed procedures, the Debtors could be forced to address numerous requests by their Utility Providers in a disorganized manner at a critical point in their reorganization. Moreover, the Debtors could be blindsided by a Utility Provider unilaterally deciding — on the thirty-first (31st) day — that it is not adequately protected and discontinuing service or making an exorbitant demand for payment to continue service. Discontinuation of service, particularly natural gas and electricity, would halt the Debtors' operations, putting the Debtors' reorganization efforts in extreme jeopardy.

151. I believe the proposed procedures set forth a fair process that will enable all parties to negotiate their respective positions and, where necessary, seek Court intervention without jeopardizing the Debtors' reorganization efforts.

J. Motion Of The Debtors For Entry Of An Order Pursuant To 11 U.S.C. §§ 105, 361, 362, 363 And 364 And Federal Rule Of Bankruptcy Procedure 4001: (I) Authorizing Debtors To Obtain Postpetition Financing On A Secured, Superpriority Priming Basis; (II) Authorizing Debtors' Use Of Cash Collateral; (III) Granting Adequate Protection To Prepetition Secured Parties; And (IV) Scheduling A Final Hearing

152. By this motion ("DIP Financing Motion"), the Debtors seek authority to enter into the Senior Secured Super-Priority Debtor-in-Possession Credit and Guaranty Agreement (a copy of which is attached to the DIP Financing Motion as Exhibit A, the "DIP Credit Agreement") and the attendant mortgage, pledge, security, guaranty and other related documents, agreements and instruments (collectively with the DIP Credit Agreement, as amended, supplemented or otherwise modified from time to time, the "DIP Financing Documents"), with certain of the Debtors' prepetition secure lenders, for availability of post-petition loans in an amount of up to $15 million (the "DIP Facilities"), the terms of which are described in the DIP Financing Motion and in the DIP Term Sheet attached thereto.

153. Economic forces beyond the Debtors control have placed significant stress on the Company's liquidity. Significant declines in order volumes from the Debtors' principal customers, combined with the unwillingness of traditional lenders to lend against accounts receivables generated by General Motors and Chrysler, have placed substantial liquidity pressures on the Debtors. As of the Petition Date the Debtors had cash on hand of approximately $11 million, which, along with cash flow from operations, will not be sufficient to pay for the Debtors' costs during a three or four month chapter 11 case. Depending on how aggressive the Debtors' principal vendors and tool suppliers are with respect to trade terms for post-petition deliveries, and given the substantial additional costs associated with administering a chapter 11 case, the Debtors will need access to some borrowing capacity. Therefore, in order to implement the substantial deleveraging that the Debtors plan to accomplish in these Chapter 11 Cases, the Debtors must have access to the $15 million of borrowing capacity being made available under the DIP Financing Documents.

154. Prior to the Petition Date, the Debtors solicited postpetition financing proposals from third party lenders and from the Debtors' current secured lenders. However, the Debtors' ability to obtain financing from third parties was constrained by the unwillingness of the Prepetition First Lien Lenders to allow any third party lenders to prime their liens on the Prepetition Collateral (which comprises substantially all of the Debtors assets). Given the amount of first priority secured debt owed to the Prepetition First Lien Lenders, in excess of $200 million, and the fact that reasonable estimates of current going concern value of the Debtors is less than that number, the Debtors did not believe they could provide sufficient adequate protection to the Prepetition First Lien Lenders to support an order priming their liens over their objection. As a result the Debtors entered into negotiations with the Prepetition First

Lien Lenders on the terms of the debtor in possession financing that is the subject of the DIP Financing Motion.

155. Before determining to enter into the DIP Financing Documents, the Debtors, the Prepetition First Lien Lenders and the proposed DIP Lenders conducted vigorous and lengthy, arms-length negotiations. The Debtors ultimately determined that the proposal for debtor-in-possession financing provided by the DIP Lenders was the best available under the circumstances, and, most importantly, adequately addressed the Debtors' reasonably foreseeable liquidity needs. The terms of the DIP Facilities are described in the DIP Financing Motion and in the DIP Term Sheet attached thereto. The DIP Lenders will receive first priority liens on unencumbered assets, junior liens on encumbered assets, and will prime only the liens of the Prepetition First Lien and Second Lien Secured Parties because those parties are consenting the priming on the terms contained in the DIP Financing Documents, including the proposed Interim Order.

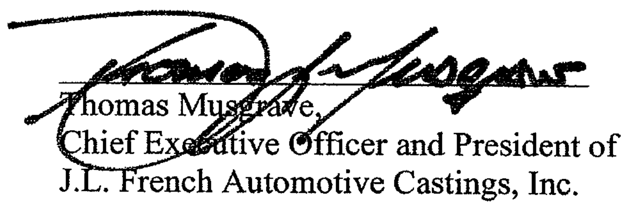
156. The Debtors' major constituencies understand that the Debtors over-leveraged balance sheet and resulting covenant defaults under its Prepetition First Lien and Second Lien Credit Facilities, together with the effects of current market conditions impacting the automobile parts manufacturing industry, have all but exhausted the Debtors' access to working capital. Additionally, to rebut the any skepticism regarding the Debtors' ability to operate as a going-concern that will almost inevitably arise in response to the filing of these chapter 11 cases, the Debtors must minimize any disruption arising from filing for chapter 11 and stabilize its business operations. Any inability to access financing to support the Debtors' business operations at this critical juncture could impair the Debtors' reorganization efforts. Approval and implementation of the DIP Facilities is a key component of the Debtors' plan to

operate in and exit from bankruptcy in 90 to 120 days, thereby preserving the going-concern value of the Debtors' estates for the benefit of all parties.

I declare under penalty of perjury under the laws of the United States of America that the foregoing statement is true and correct.

Dated: July 13, 2009

Sheboygan, Wisconsin



Thomas Musgrave,
Chief Executive Officer and President of
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