

SO ORDERED: December 06, 2005.

Frank J. Otte

Frank J. Otte
United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION**

IN RE:

**AMCAST AUTOMOTIVE OF INDIANA, INC.,
and AMCAST INDUSTRIAL CORPORATION,**

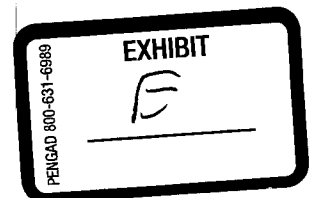
DEBTORS.

§
§
§ Case No. 05-33322-FJO-11
§ Case No. 05-33323-AJM-11
§
§ Chapter 11
§
§ Joint Administration Requested
under Case No. 05-33322-FJO-11

**INTERIM ORDER (I) AUTHORIZING
DEBTOR TO USE CASH COLLATERAL,
AND (II) SCHEDULING FINAL HEARING**

[Refers to Docket # 11]

The above captioned debtors, as debtors and debtors-in-possession (the "Debtors") filed their First Day Motion For Entry Of Interim And Final Orders Authorizing Use Of Cash Collateral, and Providing Adequate Protection (the "Motion") under 11 U.S.C. §§ 105, 361, 362 and 363 and Federal Rule of Bankruptcy Procedure 4001, seeking the following relief: (a)an interim hearing (the "Interim Hearing") before this Court at the Debtors' "first day" hearings, to



consider entry of an interim order (this "Agreed Interim Order") approving on an interim basis the use of cash collateral; (b) a finding that adequate notice of the Interim Hearing has been given to all parties on the Debtors' Master Service List consisting of those parties entitled to notice under the local rules of this Court (collectively, the "Notice Parties"); and (c) entry of this Interim Order.

Based upon all of the pleadings filed with the Court, the evidence presented at the Hearing and the entire record herein; and the Court having noted the appearances of all parties in interest; and all objections, if any, to the relief requested in the Motion having been resolved or overruled by the Court, and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates and creditors, and is essential for the continued operations of the Debtors' businesses; the Court finds as follows:

1. The Court has jurisdiction over this case, the parties and the Debtors' property pursuant to 28 U.S.C. §1334. This is a core proceeding under 28 U.S.C. §157(b)(2)(D). Venue is proper under 28 U.S.C. §§ 1408 and 1409.

LOAN AND COLLATERAL DOCUMENTS

2. Pursuant to the Amended and Restated Credit and Guaranty Agreement dated August 2, 2005, as further amended, modified or supplemented (the "Pre-Petition Credit Agreement"), by and between Amcast Industrial Corporation, as borrower (the "Borrower"), Amcast Automotive, Inc., as guarantor, Amcast Automotive of Indiana, Inc., as guarantor, Amcast Real Estate Holding Co., as guarantor, Flagg Brass Industrial, LLC, as guarantor and NexBank, SSB f/k/a Heritage Bank, SSB, as administrative agent (the "Agent") for a group of pre-petition lenders (the "Pre-Petition Lenders"), the Pre-Petition Lenders made loans to the Borrower to fund the Borrower's operations and the operations of the Borrower's subsidiaries.

3. The Pre-Petition Lenders assert that in order to secure the indebtedness arising under the Pre-Petition Credit Agreement, the Debtors granted to Agent, on behalf of the Pre-Petition Lenders, pursuant to various security agreements, pledge agreements, mortgages and other agreements, liens and security interests in substantially all of the personal and real property then owned or thereafter acquired or arising, and the proceeds, products, rents and profits of all the following, including without limitation: (a) accounts, contract rights, chattel paper, inventory, machinery, equipment, instruments, general intangibles, intellectual property, investment property, life insurance policies, and fixtures, and any and all proceeds of such property (the "Personal Property"); and (b) all real property of the Debtors (the "Real Property"). The Personal Property and Real Property and any and all other property of the estate in which the Pre-Petition Lenders have or assert an interest in as of the Petition Date are collectively referred to herein as the pre-petition collateral ("Pre-Petition Collateral").

4. On December 1, 2005, (the "Petition Date"), the Debtors filed their voluntary petition for relief under Chapter 11 of the Code.

5. Pre-Petition Lenders assert (a) that their pre-petition security interests in the Pre-Petition Collateral extend to rents, income, receipts, revenues, issues and profits and cash proceeds of the Pre-Petition Collateral, and (b) that such property constitutes cash collateral of the Pre-Petition Lenders within the meaning of 11 U.S.C. § 363 (such property being hereinafter referred to as the "Cash Collateral").

6. The Debtors' use of the Cash Collateral as set forth herein is necessary to avoid immediate and irreparable harm to Debtors, their businesses and creditors.

ACCORDINGLY, based upon the above, the Court hereby Concludes and Orders as follows (which Conclusions, vis-à-vis the Pre-Petition Lenders' alleged liens and indebtedness,

are not binding and the Debtors and other parties in interest retain the right to challenge the indebtedness claimed and the validity, extent and priority of the liens asserted):

A. The pre-petition security interests in the Pre-Petition Collateral created by the security agreements and other loan documents described herein extend to rents, income, receipts, revenues, issues and profits and cash proceeds of the Pre-Petition Collateral. Such property constitutes cash collateral of the Lenders within the meaning of 11 U.S.C. § 363 (hereinafter, the "Cash Collateral").

B. As of the Petition Date, the pre-petition indebtedness (outstanding principal, accrued but unpaid interest and late charges) owed by Debtors to Pre-Petition Lenders is \$82,603,333.34. Interest continues to accrue on the outstanding indebtedness under the relevant loan documents, as allowed under applicable law. The relevant loan and collateral documents also provide for the collection of additional charges, attorneys' fees and other costs, fees and expenses as may be allowed by applicable law in collection of amounts due under such loan documents.

C. Debtors have no unencumbered cash or other assets with which to continue to operate its business and, thus, require either the consent of the Pre-Petition Lenders or the authorization of this Court to use Cash Collateral. The Pre-Petition Lenders do not consent to the use of their Cash Collateral, except as set forth in this Agreed Interim Order. Debtors' use of the Cash Collateral as set forth herein is necessary to avoid immediate and irreparable harm to the Debtors, their businesses and creditors.

D. The terms and conditions of this Agreed Interim Order are fair and reasonable, reflect the exercise of the Debtors' prudent business judgment consistent with the fiduciary duties of a debtor-in-possession, and were negotiated in good faith and at arms' length. Good, adequate

and sufficient cause has been shown to justify the granting of the interim relief requested herein, and the immediate entry of this Agreed Interim Order.

E. **Hearing and Notice.** The hearing on the Debtors' Motion was held pursuant to Federal Rules of Bankruptcy Procedure 4001 in order to prevent immediate and irreparable harm to the estate, and notice of the Debtors' Motion is sufficient and adequate for purposes of Rule 4001. No further notice of the Motion or the entry of this Agreed Interim Order is necessary, and this Agreed Interim Order shall be binding upon all parties and upon all subsequently appointed Court officers, including any trustee appointed under Chapter 11 or Chapter 7 of the Code.

F. **Good Cause.** Good cause has been shown for the entry of this Order. The entry of this Agreed Interim Order is in the best interests of the Debtors, their creditors and the bankruptcy estates. The terms and conditions of the use of Cash Collateral and the security interests, liens, rights and priorities granted to the Pre-Petition Lenders hereunder are fair and appropriate under the circumstances.

G. **Term of Cash Collateral Use.** Pending a final hearing, the Debtors are authorized to use the Cash Collateral pursuant to the Initial Budget attached hereto as Exhibit "A" and authorization will expire on December 20, 2005.

H. **Accounting and Reporting Requirements.** During the period governed by this Agreed Interim Order, the Debtors must maintain an accounting of all funds deposited into the cash collateral account (the "Cash Collateral Account"). The Debtors shall segregate, remit and deposit all of the Cash Collateral into the Cash Collateral Account, consistent with the Debtors' past and ordinary practices.

I. **Adequate Protection.** As adequate protection for the use by the Debtors of the Pre-Petition Collateral (including, Cash Collateral), the Pre-Petition Lenders are hereby granted

replacement security interests in, and liens, subject to existing, valid and perfected liens, upon all of the Debtors' right, title and interest in, to and under:

- a. The Pre-Petition Collateral; and
- b. All property acquired by the Debtors after the Petition Date that, under applicable nonbankruptcy law and the prepetition loan documents, but for the operation of Bankruptcy Code section 552 would constitute collateral of the Lenders, and all proceeds and products thereof (collectively, the "Post-Petition Collateral"). The Post-Petition Collateral does not include avoidance actions brought under Chapter 5 of the Bankruptcy Code.

The replacement liens granted hereunder shall be without prejudice to the rights of the parties under the Acknowledgement and Consent (the "Consent") executed by Agent for the pre-petition lenders in connection with the first Amendment to Access and Security Agreement (the "First Amendment") by and between Debtors and General Motors Corporation (to the extent such Consent and First Amendment are enforceable under applicable law).

J. **Defaults under Agreed Interim Order.** Unless specifically waived in writing by the Pre-Petition Lenders (which waiver will not be implied from any action, inaction, course of conduct or acquiescence by the Pre-Petition Lenders), the Debtors' right and authority to use Cash Collateral will immediately terminate upon the occurrence of any of the following (each, an "Agreed Interim Order Default"): (a) three business days following delivery of a written notice of the breach by the Debtors of any obligation under this Agreed Interim Order which breach remains uncured at the end of such five business-day notice period, (b) conversion of a Debtors' Chapter 11 case to a case under Chapter 7 of the Bankruptcy Code, (c) the appointment of a trustee, examiner or other disinterested person with expanded powers in these cases under Section 1104 of the Bankruptcy Code or otherwise, (d) the entry of any order modifying, reversing, revoking, staying, rescinding, vacating or amending this Agreed Interim Order without the prior written consent of the Pre-Petition Lenders (and no such consent will be implied from

any action, inaction, course of conduct or acquiescence by the Pre-Petition Lenders), or (e) the lifting of the automatic stay for any other party than the Pre-Petition Lenders and/or any party foreclosing or otherwise seeking to enforce any lien or other right such other party may have in and to any property of the Debtors' estates upon which the Pre-Petition Lenders hold or asserts a lien or security interest. The Pre-Petition Lenders are required to also serve notice on the U.S. Trustee and file a notice of default with the Court. The Debtors will notify the Pre-Petition Lenders and their counsel immediately upon the occurrence of any Agreed Interim Order Default.

K. **Binding Effect of Agreed Interim Order.** The provisions of this Agreed Interim Order inures to the benefit of and extends the protections as set forth herein to the Debtors and the Pre-Petition Lenders, and is binding upon the Debtors and the Pre-Petition Lenders and their respective successors and assigns, including any Trustee, agent, administrator or other fiduciary hereafter appointed as a legal representative of the Debtors or with respect to property of the Debtors' estates, whether under Chapter 11 of the Bankruptcy Code or any subsequent Chapter 7 case, and is also binding upon all creditors of the Debtors and all other parties in interest, except as expressly set forth herein.

L. **Subsequent Modification of Agreed Interim Order.** If any or all of the provisions of this Agreed Interim Order are hereafter modified, vacated or stayed, such modification, vacation or stay will not affect the validity of any obligation, indebtedness or liability incurred by the Debtors to the Lenders from the Petition Date through the effective date of the modification, vacation or stay, or the validity or enforceability of any security interest, lien or priority authorized or created hereunder.

M. **Notice and Hearing.** A final hearing on the Motion is scheduled for December 20, 2005 at 1:30 p.m. A copy of this Agreed Interim Order and Notice of the Hearing will be

served by the Debtors on the Pre-Petition Lenders, any other secured creditor of Debtors, the U.S. Trustee, the twenty largest unsecured creditors, and any party requesting notice, within 48 hours of its entry. Any objection must be filed and served so that it is received by undersigned Pre-Petition Lenders' Counsel, Debtors, and Debtors' undersigned counsel not later than 3 business days before the final hearing.

N. **Disposition.** The Motion is partially granted on an interim basis and disposition of the remaining relief sought in the Motion will be determined at a separate hearing. Any objections to the Motion with respect to the partial relief granted herein that have not previously been withdrawn are hereby overruled.

O. **Entry of Order; Effect.** This Interim Order will take effect immediately upon execution hereof, notwithstanding the possible application of Fed. R. Bankr. P. 6004(g), 7062, 9014, or otherwise, and the Clerk of the Court is hereby directed to enter this Interim Order on the Court's docket in these cases.

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REQUESTED BY:

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PROPOSED ATTORNEYS FOR THE DEBTORS

EXHIBIT A

Amcast Corporation
4 Week Operating Forecast

	Week Ended				Total
	12/9/2005	12/16/2005	12/23/2005	12/30/2005*	
<i>Receipts</i>					
Sales (COD)	\$3,797	\$3,797	\$3,797	\$163	\$11,554
Collections of Accounts Receivable**	4,284	1,843	920	1,994	9,041
Other	0	0	0	0	0
Total	8,081	5,640	4,717	2,157	20,595
<i>Disbursements</i>					
<i>Operating</i>					
Material, Non Aluminum	400	400	400	25	1,225
Material, Aluminum	950	950	950	50	2,900
Hourly Labor	485	485	485	485	1,940
Salaries	250	150	250	150	800
Interim Management	21	21	21	21	84
Supplies & Maintenance	235	235	235	100	805
Other Variable	50	50	55	10	165
Medical	93	93	93	93	372
Insurance	13	62	80	14	169
Workers Comp	63	0	0	0	63
Utilities	195	95	175	575	1,040
Commissions	200	200	200	10	610
Other Operating	159	165	159	177	660
Total Operating	3,114	2,906	3,103	1,710	10,833
<i>Financing</i>					
Bank Administrative Fees	10	0	0	0	10
Term Loan B Interest	0	0	0	170	170
Swing Line Interest	8	8	0	48	64
Total Financing	18	8	0	218	244
<i>Restructuring</i>					
Utility Deposits	1,240	0	0	0	1,240
Catch Up Payments for Critical Vendors (20 days)	3,404	0	0	0	3,404
Other	0	0	0	0	0
Total Restructuring	4,644	0	0	0	4,644
Total Disbursements	7,776	2,914	3,103	1,928	15,721
Net Cash Flow	\$305	\$2,726	\$1,614	\$229	\$4,874
Beginning Cash Balance	\$12,707	\$13,012	\$15,738	\$17,352	\$12,707
Ending Cash Balance	\$13,012	\$15,738	\$17,352	\$17,581	\$17,581

* Results for week ended 12/30/05 are not skewed due to plant shutdown for Holidays.

** Assumes collections of existing accounts receivable are not affected by bankruptcy filing.