

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

----- x

In re:	:	
	:	
SHILOH INDUSTRIES, INC., <sup>1</sup>	:	Chapter 11
<i>et al.</i> ,	:	
	:	Case No. 20-____ (____)
Debtors.	:	(Joint Administration Requested)

----- x

**MOTION OF THE DEBTORS FOR INTERIM AND FINAL ORDERS  
(I) AUTHORIZING THE DEBTORS TO PAY PREPETITION CLAIMS OF  
CERTAIN ESSENTIAL SUPPLIERS AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors (collectively, the "Debtors") pursuant to sections 105(a), 363 and 503(b)(9) of title 11 of the United States Code (the "Bankruptcy Code") hereby move (the "Motion") for the entry of interim and final orders in substantially the form attached hereto as Exhibit A (the "Proposed Order") (i) authorizing them to pay the prepetition claims (collectively, the "Essential Supplier Claims") of certain parties who supply goods or services critical to the continued operation of the Debtors' businesses (collectively, the "Essential Suppliers") and (ii) granting certain related relief. In support of this Motion, the Debtors incorporate the statements contained in the *Declaration of Jeffrey Ficks in Support of First-Day*

---

<sup>1</sup> The Debtors are the following nineteen entities (the last four digits of their respective taxpayer identification numbers, if any, follow in parentheses): Shiloh Industries, Inc. (7683), Greenfield Die & Manufacturing Corp. (8114), Jefferson Blanking Inc. (7850), Shiloh Automotive, Inc. (1339), Shiloh Corporation (5101), Shiloh Industries, Inc. Dickson Manufacturing Division (5835), Shiloh Holdings International, Inc. (1446), C & H Design Company (9432), Liverpool Coil Processing, Incorporated (0571), Medina Blanking, Inc. (0707), The Sectional Die Company (3562), VCS Properties, LLC (1094), Shiloh Die Cast LLC (5814), Shiloh Manufacturing Holdings LLC (0853), FMS Magnum Holdings LLC (6471), Sectional Stamping, Inc. (8967), Albany-Chicago Company LLC (4687), Shiloh Die Cast Midwest LLC (4114), and Shiloh Manufacturing LLC (1628). The noticing address of each of the Debtors in these chapter 11 cases is 880 Steel Drive, Valley City, Ohio 44280.

*Pleadings* (the "First Day Declaration") filed contemporaneously herewith and further respectfully state as follows:

### **Background**

#### **I. The Debtors and the Commencement of These Cases**

1. On the date hereof (the "Petition Date"), each of the Debtors commenced a case under chapter 11 of the Bankruptcy Code.<sup>2</sup> The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. By a motion filed on the Petition Date, the Debtors have requested that their chapter 11 cases be consolidated for procedural purposes only and administered jointly.

2. The Debtors are a global innovative solutions provider focusing on lightweighting technologies that provide environmental and safety benefits to the mobility market. The Debtors have a global network of manufacturing operations and technical centers in Asia, Europe and North America. The Debtors' multi-material solutions consist of a variety of alloys in aluminum, magnesium and steel grades, along with proprietary lines of noise and vibration reducing acoustic laminate products. The Debtors deliver these solutions in body structure, chassis and propulsion systems to original equipment manufacturers ("OEMs") and "Tier 1" suppliers in the automotive and commercial vehicle markets. For the twelve months ending October 31, 2019, the Debtors generated approximately \$1.045 billion in revenue.

3. Additional detail regarding the Debtors, their businesses and the commencement of these cases is set forth in the First Day Declaration.

---

<sup>2</sup> This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue for this matter is proper in this district pursuant to 28 U.S.C. § 1409.

## **II. The Debtors' Essential Suppliers**

4. In the ordinary course of business, the Debtors purchase goods or services from an Essential Supplier that, as an actual or practical matter, may be the only supplier available to the Debtors. These goods or services are essential for the Debtors to continue to provide quality products with the level of service their customers expect.

5. As explained below, the Debtors' customers are highly involved with the sourcing of raw materials and other components used in the Debtors' products. In some instances, the Debtors may only obtain supplies from certain approved vendors. In other instances, if the Debtors wish to change suppliers, any replacement is subject to pre-approval (and significant testing) by the Debtors' customers. As any delay caused by these Essential Suppliers would inevitably delay the Debtors' delivery of goods to their customers, the Debtors' relationship with their Essential Suppliers is critical to the Debtors' relationship with their customers. Failure to maintain ordinary course relationships with the Essential Suppliers could lead to the termination of the Debtors' relationship with certain of their customers, which would be extremely counter-productive to the Debtors' sale process.

6. The Debtors have reviewed their accounts payable and consulted with appropriate members of their management team to identify those suppliers that appear essential to the Debtors' ongoing operations. In particular, the Debtors considered the following criteria, among others, in identifying potential Essential Suppliers: (i) the nature of the goods or services being supplied and their importance to the Debtors' operations; (ii) whether the supplier is a "sole source" provider; (iii) whether the Debtors can find an acceptable alternative supplier within a reasonable timeframe; (iv) whether the Debtors have sufficient goods stored or may procure sufficient services in order to continue operations while a replacement supplier is found; and (v) whether failure to pay all or part of a particular supplier's claim could cause the supplier to

refuse to ship inventory or to provide essential services on a postpetition basis. By this Motion, the Debtors seek authority, in their discretion, to pay Essential Supplier Claims in a maximum aggregate amount of \$27,600,000 on an interim basis, and \$35,600,000 on a final basis.

7. The Essential Suppliers generally provide the following goods and services: raw materials, parts and finishing services.

**A. Raw Materials**

8. The Debtors rely on an extensive network of raw material providers companies (collectively, the "Raw Material Suppliers") to supply the Debtors with aluminum, magnesium, steel and other raw materials. While raw material providers are typically not candidates for essential supplier payments, the particularities of the automobile supply industry cause the Debtors' Raw Material Suppliers to be the functional equivalent of sole source suppliers. Certain of the Debtors' customers often only allow the Debtors to purchase materials from certain approved vendors. As part of the process of approving a vendor, the Debtors' customers may obtain favorable price and trade terms for the Debtors. If the Debtors desire to switch suppliers, they are often required to obtain customer approval, which is contingent on the new supplier meeting stringent testing requirements. Therefore, while there are many places that the Debtors may obtain raw materials on the open market, the Debtors only obtain approved raw materials from a limited number of sources, including the Raw Material Suppliers. Pursuant to this Motion, the Debtors are only seeking to treat those Raw Material Suppliers who cannot be replaced in an economically rational manner as Essential Suppliers.

**B. Parts**

9. The Debtors rely on a number of "Tier-2"<sup>3</sup> auto suppliers to provide essential parts (the "Part Suppliers"). Among other things, the Debtors' Part Suppliers provide specially designed bolts, bushing, insulation, nuts, plugs, studs and other components ranging from the basic to the sophisticated. Like raw materials, a number of these essential parts are subject to customer pre-approval and testing requirements. Pursuant to this Motion, the Debtors are only seeking to treat those Part Suppliers who cannot be replaced in an economically rational manner as Essential Suppliers.

**C. Finishing Services**

10. The Debtors rely on third-party service providers and vendors (collectively, the "Finishing Servicers") to prepare certain of their products for delivery to their customers. The Finishing Services provide assembly, coating, heat treating, washing and welding services, among other services. As is common in the industry, the majority of the Finishing Servicers are small businesses who rely on the Debtors for all, or substantially all, of their revenue. Finding replacement finishing servicers would be prohibitively difficult, as many of the Finishing Servicers' competitors do not have the capacity to quickly bring in new clients of the Debtors' size. Pursuant to this Motion, the Debtors are only seeking to treat those Finishing Servicers who cannot be replaced in an economically rational manner as Essential Suppliers.

---

<sup>3</sup> As a majority of the Debtors' business is selling parts directly to the OEM's, the Debtors are generally considered to be a "Tier-1" auto-supplier. "Tier-2" auto suppliers generally supply "Tier-1" auto-suppliers.

**D. Miscellaneous Service Providers**

11. The Debtors' Essential Suppliers also include certain service providers whose services are essential to the Debtors. These providers include vendors who perform services such as maintenance, customer mandated laboratory testing, electrical engineering and other similar services (the "Miscellaneous Service Providers"). These services must be performed on a regular basis. While the amounts owed to such vendors may be small in many instances, the continued goodwill and support of these vendors cannot be underestimated. In many cases, these services are performed by local or regional service providers who are intimately familiar with the Debtors' operations and facilities. The Miscellaneous Service Providers also include customer selected suppliers of coolant and lubricant necessary for the Debtors' manufacturing process.

12. The Debtors believe it could be prohibitively difficult to replace the Miscellaneous Service Providers on a timely basis and without risking substantial disruption to their businesses, particularly given the Debtors' acute need to use many of these service providers on a 24 hour a day, 7 days a week, basis. Pursuant to this Motion, the Debtors are only seeking to treat those Miscellaneous Service Providers who cannot be replaced in an economically rational manner as Essential Suppliers.

**E. Conclusion**

13. The Debtors estimate that the aggregate amount of the outstanding Essential Supplier Claims will not exceed \$35,600,000.

**III. Conditions on Payment of Essential Supplier Claims**

14. In an effort to ensure that the payment of each Essential Supplier Claim provides the Debtors with a benefit to their estates, the Debtors may request that a recipient of payment upon any portion of an Essential Supplier Claim (an "Essential Supplier Payment")

be required, to the extent applicable, to execute an agreement (a "Trade Agreement") whereby it agrees to provide the Debtors with (i) the continuance of the parties' existing business relationship; (ii) other business terms on a postpetition basis consistent with past practices, including the pricing of goods and services and the provision of equivalent levels of service, on terms at least as favorable as those extended in the normal course prior to the Petition Date, or on such other terms that are acceptable to the Debtors; and (iii) the release to the Debtors of goods or other assets of the Debtors in the Essential Supplier's possession (collectively, the "Trade Terms"). The Trade Terms would be applicable throughout the pendency of the Debtors' chapter 11 cases.

15. If an Essential Supplier that has executed a Trade Agreement accepts an Essential Supplier Payment and fails to provide the Debtors with the requisite Trade Terms specified therein, then the Debtors' rights to treat such Essential Supplier Payment as an unauthorized postpetition transfer and exercise any and all appropriate remedies are reserved.

### **Basis for Relief Requested**

#### **I. The Doctrine of Necessity Provides the Basis for Granting the Requested Relief**

16. Section 363(b)(1) of the Bankruptcy Code provides as follows:

"The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate. . . ." 11 U.S.C. § 363(b)(1). A debtor's decision to use, sell, or lease assets outside the ordinary course of business must be based upon a sound business purpose. See In re Filene's Basement, LLC, No. 11-13511, 2014 WL 1713416, at \*12 (Bankr. D. Del. Apr. 29, 2014) ("Transactions under § 363 must be based upon the sound business judgment of the debtor or trustee."); In re Decora Indus., Inc., No. 00-4459, 2002 WL 32332749, at \*2 (D. Del. May 20, 2002) (a debtor satisfies the requirements of § 363(b)(1) through the "sound exercise of business judgment"); see also In re Chateaugay Corp., 973 F.2d 141, 143 (2d Cir.

1992) (holding that the use, sale, or lease of property of the estate is justified if it is supported by a good business reason).

17. Section 105(a) of the Bankruptcy Code provides:

The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. No provision of this title providing for the raising of an issue by a party in interest shall be construed to preclude the court from, sua sponte, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process.

11 U.S.C. § 105(a). Section 105(a) of the Bankruptcy Code grants bankruptcy courts broad authority and discretion to enforce the provisions of the Bankruptcy Code under equitable common law principles. The purpose of section 105 of the Bankruptcy Code is to ensure the bankruptcy court has the power "to take whatever action is appropriate or necessary in aid of the exercise of their jurisdiction." 2 Collier on Bankruptcy ¶ 105.01 (16th ed. 2020).

18. Under the "doctrine of necessity," courts allow the immediate payment of prepetition claims where such payment is essential to the debtor's continued operations. See In re Lehigh & New England Ry. Co., 657 F.2d 570, 581 (3d Cir. 1981) (recognizing that "if payment of a [prepetition] claim ... is essential to the continued operation of the [debtor,] ... payment may be authorized .... "); In re Motor Coach Indus. Int'l, No. 09-078 (SLR), 2009 U.S. Dist. LEXIS 10024, at \*7 n.5 (D. Del. Feb. 10, 2009) ("The 'doctrine of necessity' or 'necessity of payment' doctrine is a general rubric for the proposition that a court can authorize the payment of prepetition claims if such payment is essential to the continued operation of the debtor."); In re Just for Feet, 242 B.R. 821, 825 (D. Del. 1999) ("The Supreme Court, the Third Circuit and the District of Delaware all recognize the court's power to authorize payment of prepetition claims when such payment is necessary for the debtor's survival during chapter 11."); accord In re Boston & Me. Corp., 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing the existence of a



judicial power to authorize trustees to pay claims for goods and services that are indispensably necessary to the debtors' continued operation).

19. Recently, in dicta, the Supreme Court of the United States endorsed motions seeking to pay certain prepetition claims early in a chapter 11 case in order to "enable a successful reorganization and make even the disfavored creditors better off." See Czyzewski v. Jevic Holding Corp., 137 S. Ct. 973, 985 (2017) ("Courts, for example, have approved first-day wage orders that allow payment of employees' prepetition wages, *critical vendor orders that allow payment of essential suppliers' prepetition invoices* and roll-ups that allow lenders who continue financing the debtor to be paid first on their prepetition claims. In doing so, these courts have usually found that the distributions at issue would enable a successful reorganization and make even the disfavored creditors better off.") (internal citations and quotation marks omitted) (emphasis added).

20. The bankruptcy court's exercise of its authority under the "doctrine of necessity" is appropriate to carry out certain statutory provisions of chapter 11—specifically sections 1107(a), 1108 and 363(b)(1) of the Bankruptcy Code—which collectively authorize a debtor in possession to maintain and operate the debtor's business and use estate property outside of the ordinary course of business. Indeed, a debtor in possession operating a business under section 1108 of the Bankruptcy Code has a duty to protect and preserve the value of its business, and prepetition claims may be paid if necessary to perform the debtor's duty. See In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) ("There are occasions when this duty can only be fulfilled by the preplan satisfaction of a prepetition claim."). See also Just for Feet, 242 B.R. at 824-25 (authorizing, under the "necessity of payment doctrine," the "payment of prepetition claims" outside of plan because such claims were "essential to the continued operation of

the debtor"). "[M]ost courts will allow [the payment of prepetition claims] under the 'doctrine of necessity,' if the debtor establishes that in its business judgment making such payments is critical to the survival of the debtor's business." In re Friedman's Inc., No. 09-10161 (CSS), 2011 Bankr. LEXIS 4500, at \*7 (Bankr. D. Del. Nov. 30, 2011).

21. Moreover, the Debtors believe that certain of the Essential Suppliers may be entitled to administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. To the extent that the Essential Suppliers are entitled to administrative priority, the payment of such claims will not deplete the pool of assets generally available to other unsecured creditors.

22. The Raw Material Suppliers, Part Suppliers, Finishing Servicers and Miscellaneous Service Providers are essential to the Debtors' businesses and it is critical to the Debtors' delivery schedule that the Essential Suppliers continue to supply the Debtors without delay. The Debtors are typically required to deliver products to their customers on a "just in time" delivery schedule. As a result, any delay in the delivery of the Debtors' products can result in their customers temporarily shutting down production. Certain of the Debtors' customers have the ability to deduct the costs of production halts from amounts owed to the Debtors. As an example, one customer's recent ten-hour production shutdown due to late delivery of the Debtors' products resulted in approximately \$130,000 of charges that were deducted from the amount owed to the Debtors.

23. Due to the Debtors' demanding delivery schedule, the Debtors cannot afford the downtime required to locate, engage and obtain approval of replacement participants in their supply chain. If continuous supply is hampered, the Debtors may be forced to alter their delivery schedule, ultimately leading to a significant disruption in the Debtors' businesses. Even if suitable alternative suppliers are available, the time necessary to identify these replacement

suppliers and obtain customer approval would cause a significant disruption to the Debtors' delivery schedule and, ultimately, result in a decline in revenues and profits.

24. As a result, the Debtors are unable to rely on these theoretical alternate sources to supply many of their essential goods or services. In the case of service providers in particular, if the Debtors lose certain of their existing relationships as a result of the filing of these cases, their revenue would suffer and their operations may be placed in serious jeopardy. Under these circumstances, the Debtors believe that it is essential that they be authorized to pay such Essential Suppliers to ensure that their essential services continue without any interruption on a postpetition basis.

25. Courts in this District regularly have authorized debtors to pay Essential Supplier Claims arising prior to and after the filing of their chapter 11 cases in the ordinary course of business. See, e.g., In re FTD Co., Inc., No. 19-11240 (LSS) (Bankr. D. Del. July 1, 2019); In re TK Holdings Inc., No. 17-11375 (BLS) (Bankr. D. Del. Aug. 9, 2017); In re CST Industries Holding Inc., No. 17-11292 (BLS) (Bankr. D. Del. Jul. 17, 2017); In re Phoenix Brands, LLC, No. 16-11242 (BLS) (Bankr. D. Del. May 23, 2016); In re Molycorp, Inc., 15-11357 (CSS) (Bankr. D. Del. Jul. 20, 2015).<sup>4</sup>

## **II. Request for Authority for Banks to Honor and Pay Checks and Funds Transfers Related to Essential Supplier Claims**

26. In addition, by this Motion, the Debtors request that all applicable banks and other financial institutions (collectively, the "Banks") be authorized, when requested by the Debtors, to receive, process, honor and pay any and all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, Essential Supplier Claims,

---

<sup>4</sup> The unreported orders cited herein are not attached to this Motion. Copies of these orders are available upon request to proposed counsel to the Debtors.

whether such checks were presented or fund transfer requests were submitted prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments. The Debtors represent that these checks are drawn on identifiable disbursement accounts and can be readily identified as relating directly to the authorized payment of Essential Suppliers. Accordingly, the Debtors believe that checks other than those relating to authorized payments will not be honored inadvertently.

27. Nothing contained herein is intended or shall be construed as: (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors' rights to dispute any claim on any grounds; (iii) a promise to pay any claim; or (iv) an implication or admission that any particular claim against the Debtors would constitute an Essential Supplier Claim or that any vendor is an Essential Supplier.

### **III. Requests for Immediate Relief & Waiver of Stay**

28. Pursuant to Rules 6003(b) and 6004(h) of the Bankruptcy Rules, the Debtors seek (i) immediate entry of an order granting the relief sought herein and (ii) a waiver of any stay of the effectiveness of such an order. Bankruptcy Rule 6003(b) provides, in relevant part, that "[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief regarding . . . a motion to pay all or part of a claim that arose before the filing of the petition." Accordingly, where the failure to grant any such requested relief would result in immediate and irreparable harm to the Debtors' estates, the Court may allow the Debtors to pay all or part of a claim that arose before the Petition Date prior to the twenty-first day following the Petition Date. Bankruptcy Rule 6004(h) provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise."

29. As set forth above and in the First Day Declaration, the honoring and payment of the Essential Supplier Claims is necessary to prevent the immediate and irreparable damage to the Debtors' retail operations, going-concern value and ability to reorganize that would result from a collapse of customer confidence in the Debtors. Accordingly, the Debtors submit that ample cause exists to justify: (i) the immediate entry of an order granting the relief sought herein; and (ii) a waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h) and any notice under 6004(a) to the extent they apply.

#### **Consent to Jurisdiction**

30. Pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final order or judgment absent consent of the parties.

#### **Notice**

31. Notice of this Motion shall be provided to: (i) the Office of the United States Trustee for the District of Delaware; (ii) the Debtors' fifty largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions; and (iii) counsel to the Debtors' proposed postpetition secured lenders. As this Motion is seeking first-day relief, notice of this Motion and any order entered hereon will be served on all parties required by Local Rule 9013-1(m). Due to the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice of this Motion is required.

WHEREFORE, the Debtors respectfully request that the Court (i) enter the Proposed Order, granting the relief requested herein on an interim basis; (ii) enter a final order granting the relief requested herein; and (iii) grant such other and further relief to the Debtors as the Court may deem proper.

Dated: August 30, 2020  
Wilmington, Delaware

Respectfully submitted,

/s/ Daniel J. DeFranceschi  
Daniel J. DeFranceschi (No. 2732)  
Paul N. Heath (No. 3704)  
Zachary I. Shapiro (No. 5103)  
David T. Queroli (No. 6318)  
RICHARDS, LAYTON & FINGER, P.A.  
One Rodney Square  
920 N. King Street  
Wilmington, Delaware 19801  
Telephone: (302) 651-7700  
Facsimile: (302) 651-7701

-and-

Thomas M. Wearsch  
T. Daniel Reynolds  
JONES DAY  
North Point  
901 Lakeside Avenue  
Cleveland, Ohio 44114  
Telephone: (216) 586-3939

Timothy W. Hoffmann  
JONES DAY  
77 West Wacker  
Chicago, Illinois 60601  
Telephone: (312) 782-3939

PROPOSED ATTORNEYS FOR DEBTORS

**Exhibit A**

**Proposed Order**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

----- X

In re:	:	
	:	
SHILOH INDUSTRIES, INC., <sup>1</sup>	:	Chapter 11
<i>et al.</i> ,	:	
	:	Case No. 20-____ (____)
Debtors.	:	(Joint Administration Requested)

----- X

**INTERIM ORDER (I) AUTHORIZING THE  
DEBTORS TO PAY PREPETITION CLAIMS OF  
CERTAIN ESSENTIAL SUPPLIERS AND (II) GRANTING RELATED RELIEF**

This matter coming before the Court on the *Motion of the Debtors for Interim and Final Orders (I) Authorizing Them to Pay Prepetition Claims of Certain Essential Suppliers and (II) Granting Related Relief* (the "Motion"),<sup>2</sup> filed by the above-captioned debtors (collectively, the "Debtors"); the Court having reviewed the Motion and the First Day Declaration and having considered the statements of counsel and the evidence adduced with respect to the Motion at a hearing before the Court (the "Hearing"); the Court having found that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) venue is proper in this District pursuant to 28 U.S.C. § 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. §

---

<sup>1</sup> The Debtors are the following nineteen entities (the last four digits of their respective taxpayer identification numbers, if any, follow in parentheses): Shiloh Industries, Inc. (7683), Greenfield Die & Manufacturing Corp. (8114), Jefferson Blanking Inc. (7850), Shiloh Automotive, Inc. (1339), Shiloh Corporation (5101), Shiloh Industries, Inc. Dickson Manufacturing Division (5835), Shiloh Holdings International, Inc. (1446), C & H Design Company (9432), Liverpool Coil Processing, Incorporated (0571), Medina Blanking, Inc. (0707), The Sectional Die Company (3562), VCS Properties, LLC (1094), Shiloh Die Cast LLC (5814), Shiloh Manufacturing Holdings LLC (0853), FMS Magnum Holdings LLC (6471), Sectional Stamping, Inc. (8967), Albany-Chicago Company LLC (4687), Shiloh Die Cast Midwest LLC (4114), and Shiloh Manufacturing LLC (1628). The noticing address of each of the Debtors in these chapter 11 cases is 880 Steel Drive, Valley City, Ohio 44280.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.



157(b), (iv) notice of the Motion and the Hearing was sufficient under the circumstances, (v) the relief requested in the Motion is necessary and appropriate to prevent immediate and irreparable harm to the Debtors' business operations and will serve to protect and preserve the Debtors' estates for the benefit of all stakeholders and, thus, cause exists to permit such payments to be made immediately notwithstanding Bankruptcy Rule 6003, and (vi) good cause exists to waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h) to the extent it is applicable; and the Court having determined that the legal and factual bases set forth in the Motion, in the First Day Declaration and at the Hearing establish just cause for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis as set forth herein.
2. The Debtors are authorized, but not required, to pay, in their sole discretion and in the ordinary course of their businesses without further order of this Court, Essential Supplier Claims in an aggregate amount not to exceed \$27.6 million. Nothing in this paragraph shall be construed as requiring the Debtors to make a payment to a particular creditor or claimant.
3. The Debtors may require and will exercise their reasonable best efforts to obtain the agreement of any Essential Supplier to provide the Debtors with: (i) the continuance of the parties' existing business relationship; (ii) other business terms on a postpetition basis consistent with past practices, including the pricing of goods and services and the provision of equivalent levels of service, on terms at least as favorable as those extended in the normal course prior to the Petition Date, or on such other terms that are acceptable to the Debtors; and (iii) the release to the Debtors of goods or other assets of the Debtors in the Essential Supplier's

possession (collectively, the "Trade Terms"). The Trade Terms shall be applicable throughout the pendency of the Debtors' chapter 11 cases.

4. If an Essential Supplier that has executed a Trade Agreement accepts an Essential Supplier Payment and fails to provide the Debtors with the requisite Trade Terms specified therein, then the Debtors' rights to treat such Essential Supplier Payment as an unauthorized postpetition transfer and exercise any and all appropriate remedies are reserved. For the avoidance of doubt, nothing in this provision affects such Essential Supplier's rights to contest the Debtors' position and exercise of remedies.

5. The Banks are authorized, when requested by the Debtors in the Debtors' sole discretion, to receive, process, honor and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to Essential Supplier Claims, whether such checks were presented or fund transfer requests were submitted prior to or after the Petition Date, provided that funds are available in the Debtors' accounts to cover such checks and fund transfers. The Banks are authorized to rely on the Debtors' designation of any particular check or funds transfer as approved by this Interim Order.

6. Nothing in the Motion or this Interim Order, nor the Debtors' payment of claims pursuant to this Interim Order, shall be deemed or construed as: (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors' rights to dispute any claim on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim against the Debtors is an Essential Supplier Claim or that any vendor is an Essential Supplier; or (v) a request to assume any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code.

7. The requirements of Bankruptcy Rule 6003(b) have been satisfied with respect to the payments authorized by this Interim Order.

8. This Interim Order shall be immediately effective and enforceable upon its entry. To the extent that it may be applicable, the 14-day stay imposed by Bankruptcy Rule 6004(h) and the notice requirements of Rule 6004(a) are hereby waived.

9. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Interim Order.

10. A final hearing to consider the relief requested in the Motion shall be held on \_\_\_\_\_, 2020 at \_\_\_\_\_ (prevailing Eastern Time) and any objections or responses to the Motion shall be filed and served on or prior to \_\_\_\_\_, 2020 at \_\_\_\_\_ (prevailing Eastern Time).

11. Notwithstanding anything to the contrary included herein, (i) any payment made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any order approving debtor-in-possession financing (a "DIP Order"), and (ii) any claim for which payment is authorized pursuant to this Order that is treated as an administrative expense of the Debtors' estates shall be and is subject and subordinate to any and all claims, liens, security interests, and priorities granted to the DIP Agents (as defined in the DIP Order) in accordance with and subject to the terms of the applicable DIP Order, and payment on any such claim shall be subject to any and all restrictions on payments in the DIP Order and any other order of the Court authorizing the Debtors' use of cash collateral.

12. This Court shall retain jurisdiction over any and all matters arising from or related to the implementation or interpretation of this Interim Order.