

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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In re:	:	
	:	
SHILOH INDUSTRIES, INC., ¹	:	Chapter 11
<i>et al.</i> ,	:	
	:	Case No. 20-____ (____)
Debtors.	:	(Joint Administration Requested)
	:	
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**MOTION OF THE DEBTORS FOR
INTERIM AND FINAL ORDERS AUTHORIZING THEM
TO (I) MAINTAIN CERTAIN CUSTOMER PROGRAMS AND (II) HONOR
OR PAY RELATED PREPETITION OBLIGATIONS TO THEIR CUSTOMERS**

The above-captioned debtors (collectively, the "Debtors"), pursuant to sections 105(a), 363 and 553 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), hereby move (the "Motion") for entry of interim and final orders, in substantially the form attached hereto as Exhibit A (the "Proposed Order") (i) authorizing, but not directing, the Debtors, in their sole discretion, to (a) maintain certain Customer Programs (as defined below) and (b) honor or pay certain prepetition obligations related to the Customer Programs (collectively, the "Customer Obligations"); and (ii) granting certain related relief. In support of

¹ 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.

this Motion, the Debtors incorporate the statements contained in the *Declaration of Jeffrey Ficks in Support of First-Day 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.² 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.

² 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. §§ 1408 and 1409.

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

II. The Debtors' Customer Programs

4. The Debtors work in one of the most competitive sectors of the American economy. As a "Tier-1" auto-supplier, the importance of the Debtors' relationships with their customers, especially the OEMs, is paramount to maximizing the Debtors' value for all of its stakeholders. In the ordinary course of their businesses, the Debtors engage in certain marketing and sales practices that are, among other things, (a) targeted to develop and sustain a positive reputation for their merchandise in the marketplace and (b) designed to attract new customers and to enhance loyalty and sales among the Debtors' existing customer base. These customer-targeted practices (collectively, the "Customer Programs") include, but are not limited to, those practices described in the following paragraphs.³ Many of the Customer Programs are not optional, and are instead the "cost of doing business" with certain of the Debtors' customers. Failure to maintain the Customer Programs could lead to the termination of the Debtors' relationship with certain of their customers, which would be extremely counter-productive to the goals of these chapter 11 cases. By this Motion the Debtors' are seeking the authority to (a) to continue their Customer Programs in the ordinary course of business and (b) satisfy all of their prepetition obligations related to the Customer Programs, with an interim cap (the "Interim Cap") on that authority of \$21.5 million.

³ Although this Motion is intended to be comprehensive, the Debtors have not exhaustively set forth every individual promotion, incentive, discount, or accommodation offered to customers through the Debtors' Customer Programs. The Debtors request relief with respect to all Customer Programs, regardless of whether such Customer Program is specifically identified herein.

A. Steel Resale Programs

5. 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 cases, the Debtors' customers will actually source and purchase steel on their own, and then sell and deliver the steel to the Debtors (each, a "Steel Resale Program"). The pricing, payment and timing terms of the Steel Resale Programs are unique amongst the Debtors' customers who utilize them. The customers participating in the Steel Resale Programs are vital to the Debtors' business and account for a significant percentage of the Debtors' total sales

6. The common feature of each of the Steel Resale Programs is the creation of a liability owed by the Debtors to the customer on account of the purchased steel. For certain of the Debtors' customers, this obligation may be satisfied by the customer partially setting off the amount owed to the Debtors by the amount the Debtors owe under their Steel Resale Program. In 2019, the Debtors incurred approximately \$21.7 million of obligations per quarter under the Steel Resale Programs. By this Motion, the Debtors seek authority to continue their Steel Resale Programs in the ordinary course of business, including satisfying any prepetition claims owed to the Debtors' customers under a Steel Resale Program, subject to the Interim Cap.

B. Scrap Programs

7. The Debtors obtain customer assistance in sourcing raw materials in three ways. First, as described above, the Debtors' customers may resell steel to the Debtors. Second, the Debtors' customers may only allow the Debtors to purchase materials from certain approved vendors. As part of the process of approving a vendor, the Debtors' customers often obtain favorable price and trade terms for the Debtors. Finally, certain of the Debtors' customers purchase materials on their own and never transfer title of such materials to the Debtors. Instead,

the Debtors hold the materials in a consignment relationship and only charge such customers for the services rendered onto the raw materials the customer owns. The customers' assistance in procuring raw material sourcing is important to the Debtors' operations and demonstrates the level of which the Debtors' business is intertwined with their major customers.

8. In the process of making their products, a significant amount of raw materials, including steel, aluminum, magnesium and other materials, becomes "scrap" that is not included in the final components of parts sold to customers. This scrap has considerable value and the Debtors sell such materials into the scrap market. The sophistication of the Debtors' and their customers' operations are such that it is possible to estimate the daily amount of scrap created with a reasonable degree of accuracy.

9. In return for their assistance in obtaining raw materials, the Debtors are often required to provide their customers with some portion of the value of the scrap sold into the market (each, a "Scrap Program"). For those customers who never transfer title of raw materials to the Debtors, the scrap is their property, and not the property of the Debtors' estates. When the Debtors sell such customers' scrap into the market, they deliver all of the proceeds of such sale to the customer, minus a handling fee.

10. Other customers that participate in Scrap Programs receive a percentage of the proceeds of the Debtors' sale as required under applicable agreements. Again, the payments called for under these agreements act as compensation for the sourcing assistance the customers provide. The common feature of each of the Scrap Programs is the creation of a liability owed by the Debtors to the customer on account of the scrap sold into the market. For certain of the Debtors' customers, this obligation may be satisfied by the customer partially setting off the amount owed to the Debtors' by the amount the Debtors' owe under their Scrap Program. On a

quarterly basis, the Debtors incur approximately \$1.25 million of obligations under the Scrap Programs. However, the timing of the satisfaction of the Debtors' obligations under the Scrap Programs is completely within the discretion of the Debtors' customers.⁴ By this Motion, the Debtors seek authority to continue their Scrap Programs in the ordinary course of business, including satisfying any prepetition claims owed to the Debtors' customers under a Steel Resale Program, subject to the Interim Cap.

C. Return & Efficiency Programs

11. Due to the nature of the Debtors' products, very few warranty claims are made against the Debtors.⁵ Instead, the Debtors are more likely to have a customer "reject" a delivered product for a variety of reasons. When this occurs, the Debtors either refund their customers for the part or repair the part (the "Return Programs"). Based on historical records, the Debtors average approximately \$2 million per quarter under their Return Programs. For certain of the Debtors' customers, this obligation may be satisfied by the customer partially setting off the amount owed to the Debtors by the amount the Debtors owe under their Return Program. By this Motion, the Debtors seek authority to continue the Return Programs in the ordinary course of business, including satisfying obligations under the Return Programs related to goods delivered to the Debtors' customers prior to the Petition Date, subject to the Interim Cap.

12. Under certain of the Debtors' customer contracts, customers may charge the Debtors for the costs of a production slow-down or stop if the Debtors are responsible for the

⁴ As a result of the Debtors' chapter 11 cases, certain of the Debtors' customers may seek to "catch-up" setoffs under the Scrap Program that have been left outstanding longer than is typical due to, in part, the COVID-19 pandemic.

⁵ For the avoidance of doubt, the Debtors are requesting authority to pay any warranty claims owed to their customers in the ordinary course of business, regardless of whether the product was delivered before or after the Petition Date.

production interruption (each, an "Efficiency Program"). The Debtors' obligations under the Efficiency Programs are difficult to predict due to the unexpected nature of production disruptions. Such costs typically include, but are not limited to (a) idled employee wages; (b) overtime charges to catch-up production; (c) management wages needed to supervise catch-up; and (d) shipping charges needed to catch-up overall production. For certain of the Debtors' customers, this obligation may be satisfied by the customer partially setting off the amount owed to the Debtors by the amount the Debtors owe under their Efficiency Program. By this Motion, the Debtors seek authority to continue the Efficiency Programs in the ordinary course of business, including satisfying obligations under the Efficiency Programs related to goods delivered to the Debtors' customers prior to the Petition Date, subject to the Interim Cap.

Basis For Relief Requested

I. The Ability to Make the Customer Payments is Necessary to Preserve the Value of the Debtors' Estates and Going Concern Value

13. The Debtors submit that an order authorizing them to continue the Customer Programs as they determine to be appropriate, to honor and pay, in their discretion, the Customer Obligations arising prior to the Petition Date and to renew, modify, terminate or replace such Customer Programs in their discretion, is necessary and in the best interests of the Debtors' estates and creditor constituencies.

A. The "Doctrine of Necessity" Provides a Basis for the Relief Requested with Respect to the Honoring of Customer Obligations Generally

14. 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).

15. 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).

16. 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).

17. 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).

18. 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).

19. The relief requested herein is necessary for the Debtors to preserve and maximize the value of their estates for their stakeholders. The Debtors operate in a highly competitive sector. As such, the Debtors cannot afford any material disruptions of their business operations or present anything less than a "business as usual" appearance to their customers.

20. In fact, the success and viability of the Debtors' business is dependent upon the loyalty and confidence of their customers. The continued support of this constituency is absolutely essential to the success of the Debtors' businesses and the preservation of the value of their estates. Were the Debtors to fail to honor the Customer Obligations in the ordinary course and without interruption, they would almost certainly suffer an irreparable loss of customer support and confidence.

B. The Debtors' Customers May Be Able to Recover the Amounts Owed Under the Customer Programs Regardless of Whether This Motion is Granted

21. As described above, in many situations the failure to honor certain of the Customer Obligations is irrelevant to the Debtors' estates from a financial perspective, as the customers likely would assert rights of setoff or recoupment against amounts the customers owed to the Debtors as of the Petition Date. Setoff "allows entities that owe each other money to apply

their mutual debts against each other, thereby avoiding 'the absurdity of making A pay B when B owes A.'" Citizens Bank of Maryland v. Strumpf, 516 U.S. 16, 18 (quoting Studley v. Boylston Nat. Bank, 229 U.S. 523, 528 (1913)). Section 553 of the Bankruptcy Code does not create a right of setoff, instead the provision "preserves for the creditor's benefit any setoff right that it may have under applicable nonbankruptcy law," and "imposes additional restrictions on a creditor seeking setoff" that must be met to impose a setoff against a debtor in bankruptcy. In re SemCrude, L.P., 399 B.R. 388, 393 (Bankr. D. Del. 2009), aff'd, 428 B.R. 590 (D. Del. 2010) (quoting Packaging Indus. Group Inc. v. Dennison Mfg. Co. Inc. (In re Sentinel Prod. Corp. Inc.), 192 B.R. 41, 45 (N.D.N.Y.1996)). Moreover, section 506(a) treats creditors holding a valid right of setoff as secured. 11 U.S.C. § 506(a).

22. The Debtors' customers are sophisticated global enterprises familiar with the process of setting of mutual debts with a bankrupt supplier. Without the relief requested in this Motion, the Debtors likely would have to address setoff demands by their customers that would not only distract the Debtors from their sale process, but could also cause irreparable damage to the Debtors' relationship with their customers. By contrast, honoring these prepetition obligations will require a limited and reasonable expenditure of estate funds to satisfy what are likely secured claims held by some of the Debtors' most important constituents.

C. Conclusion

23. The expenditure of estate funds required to fulfill the Debtors' Customer Obligations is minimal when compared to the benefits accruing to the Debtors from the preservation of their customer relationships. Accordingly, to preserve the value of their estates, the Debtors request that they be permitted to continue honoring and/or paying all Customer Obligations without interruption or modification. In addition, to provide necessary assurances to the Debtors' customers on a prospective basis, the Debtors request authority to continue honoring

or paying all obligations to customers that arise from and after the Petition Date as appropriate under the circumstances.⁶

24. Courts in this District have routinely authorized debtors to honor and pay obligations to customers arising prior to the filing of their chapter 11 cases in the ordinary course of business. See, e.g., In re FTD Cos., Inc., No. 19-11240 (LSS) (Bankr. D. Del. July 1, 2019) (authorizing debtors to honor and pay customer obligations); In re Orchids Paper Prods. Co., No. 19-10729 (MFW) (Bankr. D. Del. May 2, 2019) (same); In re Imerys Talc Am., Inc., No. 19-10289 (LSS) (Bankr. D. Del. Mar. 19, 2019) (same); In re Samuels Jewelers, Inc., No. 18-11818 (KJC) (Bankr. D. Del. Sept. 18, 2018) (same).⁷

II. Request for Authority for Banks to Honor and Pay Checks Issued and Funds Transfers with Respect to the Customer Obligations

25. 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 the relief requested herein, whether such checks were presented, or fund transfer requests were submitted prior to, on, 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

⁶ The Debtors believe that, pursuant to section 363(b) of the Bankruptcy Code and other governing statutory and case law, they possess the authority to continue such Customer Programs without an express grant of authority from the Court, but seek such approval out of an abundance of caution to provide further assurances to their customers that these programs will continue to be available if offered by the Debtors.

⁷ 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.

payment of amounts and programs discussed herein. Accordingly, the Debtors believe that such checks should be honored.

III. Requests for Immediate Relief & Waiver of Stay

26. Pursuant to Bankruptcy Rules 6003(b) and 6004(h), the Debtors seek (a) immediate entry of the Proposed Interim Order granting the relief sought herein on an interim basis and (b) 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, issue an order granting ... a motion to pay all or part of a claim that arose before the filing of the petition." 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." Where the failure to grant any such requested relief would result in immediate and irreparable harm to a debtor's estate, a court may allow a debtor to pay all or part of a claim that arose prepetition immediately.

27. As set forth above and in the First Day Declaration, the honoring and payment of the Customer Obligations and continuation of the Customer Programs in the ordinary course is necessary to prevent immediate and irreparable damage to the Debtors' operations and, thus, their chapter 11 estates. Accordingly, the Debtors submit that ample cause exists to justify: (a) the immediate entry of the Proposed Interim Order granting the relief sought herein; and (b) a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h) and the notice requirements of Bankruptcy Rule 6004(a), to the extent that they apply.

Reservation of Rights

28. Nothing contained herein is intended or shall be construed as: (a) an admission as to the validity or priority of any claim against the Debtors; (b) a waiver of the

Debtors' rights to dispute any claim, or the amount or priority thereof, on any grounds; (c) a promise to pay any claim; (d) an implication or admission that any particular claim would constitute a claim for a Customer Obligation; or (e) the assumption of any contract.

Consent to Jurisdiction

29. 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

30. Notice of this Motion shall be provided to: (a) the Office of the United States Trustee for the District of Delaware; (b) the Debtors' fifty largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions; and (c) 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 on a final basis; and (iii) grant such other and further relief as the Court may deem proper.

Dated: August 30, 2020
Wilmington, Delaware

Respectfully submitted,

/s/ Daniel J. DeFranceschi
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PROPOSED ATTORNEYS FOR DEBTORS

EXHIBIT A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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In re:	:	
	:	
SHILOH INDUSTRIES, INC., ¹	:	Chapter 11
<i>et al.</i> ,	:	
	:	Case No. 20-____ (____)
Debtors.	: :	(Joint Administration Requested)
	:	
	:	
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**INTERIM ORDER GRANTING MOTION OF
THE DEBTORS FOR INTERIM AND FINAL ORDERS AUTHORIZING
THEM TO (I) MAINTAIN CERTAIN CUSTOMER PROGRAMS AND (II) HONOR
OR PAY RELATED PREPETITION OBLIGATIONS TO THEIR CUSTOMERS**

This matter coming before the Court on the *Motion of the Debtors for Interim and Final Orders Authorizing Them to (I) Maintain Certain Customer Programs and (II) Honor or Pay Related Prepetition Obligations to Their Customers* (the "Motion"),² filed by the above-captioned debtors and debtors in possession (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 and the *Amended Standing Order of Reference from the*

¹ 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.

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

United States District Court for the District of Delaware, dated as of February 29, 2012, (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. § 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) there is good cause to waive the 14-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 and set forth herein on an interim basis.
2. The Debtors are authorized, in their sole discretion, to continue, renew, modify, terminate or replace the Customer Programs.
3. On an interim basis, the Debtors are authorized, but not directed, to satisfy, in their sole discretion, up to \$21.5 million of Customer Obligations in the ordinary course of business.
4. 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: (a) an admission as to the validity or priority of any claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any claim, or the amount or priority thereof, on any grounds; (c) a promise to pay any claim;

(d) an implication or admission that any particular claim would constitute a claim for a Customer Obligation; or (e) the assumption of any contract.

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 the relief granted by this Interim Order, whether such checks were presented, or fund transfer requests were submitted, prior to, on, or after the Petition Date, provided that sufficient 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 without any duty of further inquiry and without liability for following the Debtors' instructions.

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

7. 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.

8. Notwithstanding anything to the contrary contained 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.

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

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

11. 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).