

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

IN RE:)
) **Chapter 11**
CITATION CORPORATION, et al.,¹)
) **Case No. _____**
Debtors.) **(Jointly Administered)**

**DEBTORS' MOTION FOR AN ORDER PURSUANT TO 11 U.S.C. §§ 102
AND 105(a) AND BANKRUPTCY RULES 2002(m) AND 9007 ESTABLISHING
OMNIBUS HEARING DATES AND CERTAIN NOTICE, CASE
MANAGEMENT AND ADMINISTRATIVE PROCEDURES**

COME NOW, Citation Corporation ("Citation"), its holding company, and certain of its direct and indirect subsidiaries (the "Subsidiaries"), as debtors and debtors in possession (collectively, the "Debtors"), pursuant to §§ 102 and 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") and Rules 2002(m) and 9007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and move this Court (this "Motion") to enter an order establishing omnibus hearing dates and certain notice, case management and administrative procedures in the Debtors' chapter 11 cases, including (a) directing that all matters be heard at bi-weekly hearings to be scheduled in advance by the Court; (b) limiting the notice

¹ In addition to the Citation Corporation, the Debtors include the following entities: (i) Citation Holding Company, (ii) Berlin Foundry Corporation, (iii) Bohn Aluminum, Inc., (iv) Castwell Products, Inc., (v) Citation Precision, Inc., (vi) HI-TECH, Inc., (vii) Iroquois Foundry Corporation, (viii) ISW Texas Corporation, (ix) Mansfield Foundry Corporation, (x) OBI Liquidating Corp., (xi) Texas Steel Corporation, (xii) TSC Texas Corporation, (xiii) Citation Aluminum, LLC, (xiv) Citation Castings, LLC, (xv) Citation Grand Rapids, LLC, (xvi) Citation Lake Zurich, LLC, (xvii) Citation Michigan, LLC, (xviii) Citation Wisconsin Forging, LLC, (xix) Citation Wisconsin, LLC, (xx) ITM Holding Co., LLC, (xxi) Interstate Southwest, Ltd., (xxii) Texas Foundries Ltd., and (xxiii) MFC Liquidating Company, Ltd.

procedures in these chapter 11 cases; and (c) designating the parties upon whom notice must be served. In support of this Motion, the Debtors rely on the Affidavit of Charles P. Bloome in Support of Chapter 11 Petitions and First Day Orders, filed contemporaneously herewith, and state as follows:

JURISDICTION AND VENUE

1. On September 17, 2004 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Clerk of this Court. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to §§ 1107(a) and 1108. The Debtors have moved this Court for joint administration of these chapter 11 cases.

2. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of the Debtors' chapter 11 cases and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are Bankruptcy Code §§ 102(a)(A) and 105(a) and Bankruptcy Rules 2002(m) and 9007.

FACTUAL BACKGROUND

3. Facing its biggest challenges of all -- a sluggish industry and skyrocketing materials costs -- Citation and its affiliated companies have filed for chapter 11 bankruptcy in the U.S. Bankruptcy Court in Birmingham, Alabama. This action was taken to reorganize Citation's businesses into a profitable company that will continue to serve its customers. The Citation companies continue to operate their businesses and manage their properties as debtors in possession in accordance with the Bankruptcy Code.

4. Since its inception in 1974, Citation has forged a name for itself within the metal components industry by focusing on one overriding goal; total customer satisfaction. Citation has done this by acquiring capable leadership, loyal production workers and responsive suppliers.

5. Like every action Citation has taken over the years, chapter 11 was undertaken with customers in mind. The company is confident that a court-guided reorganization will give Citation the breathing room it needs to improve cash flow and emerge as a profitable company serving its many customers. The Citation companies will continue to use sound management practices to operate their businesses and manage their properties as debtors in possession in accordance with the Bankruptcy Code.

6. Citation is a privately held Delaware corporation headquartered in the Birmingham, Alabama metropolitan area. Through its wholly-owned subsidiaries, Citation designs, develops and manufactures high quality cast, forged, and machined components for the capital and durable goods industries. The products Citation manufactures are made primarily from iron, steel and aluminum materials. Citation's attention to quality, delivery and cost have allowed it to grow its customer base over the years. The company has also grown its business through a series of acquisitions. The Citation companies now own and operate sixteen facilities located in Alabama, Indiana, Wisconsin, Michigan, Illinois, Texas, and North Carolina. The Citation companies employ approximately 5,100 employees, some of whom are unionized.

7. Citation manufactures products for several market segments including the automotive, heavy truck, construction, aerospace, agricultural and commercial industries. Citation produces aluminum and iron castings. Its steel forgings are used in a wide variety of

applications including braking, steering, engine and drive train parts for passenger cars and light trucks; suspension and transmission parts for heavy trucks; ground engaging tools for construction equipment; parts for aircraft engines, landing gear and structural airframes; and thousands of other critical parts for capital and durable goods. Citation sells its castings and forgings to customers throughout the United States. Several of its largest customers are very large tier-one suppliers who make, assemble, and supply parts to automobile manufacturers.

8. Through the 1990s, Citation was a publicly traded company. In December 1999, Citation was taken private by an investment firm based in New York. A fund managed by the same firm continues to own virtually all of the shares of Citation's parent corporation.

9. Citation's cash flow challenges are typical of the industry today. All purchasers of steel have been suffering from the onslaught of record steel price increases. In the last 18 months, the price of steel scrap escalated from its traditional price of \$150 per ton to more than \$400 per ton. Other raw materials prices have also suffered dramatic price increases.

10. Ductile products account for half of Citation's sales. Steel scrap is the primary raw material used to make ductile products. Due to the unprecedented and unexpected price escalations for the purchase of steel scrap, Citation has found it difficult to maintain sufficient operating capital. Although some of Citation's customer relationships include provisions for sharing cost increases for steel scrap, Citation's relationships with several of its largest customers have no such provisions. Although Citation continues to work with customers to maintain positive, mutually beneficial relationships, Citation to date has been forced to bear the full burden of the increased price of steel scrap in many of its relationships. Citation's aluminum

and other divisions have fared better, largely due to their ability to pass on the raw materials price increases.

11. In addition to the escalating price of steel scrap, Citation -- like numerous U.S. companies that provide employees with healthcare benefits -- has incurred heavy increases in the cost of health care for Citation's employees. This and an increase in the cost of utilities has further hampered Citation's cash flow.

12. Citation has a strong market share of the North American ductile iron parts industry, competing primarily with North American companies only. This is because the weight, size, and shapes of the materials and product and heavy industry's requirements for just-in-time or staged delivery generally require the ductile iron foundries to be located on the same continent as the customers. Nonetheless, there is foreign competition, primarily from China and India.

13. The entire North American ductile iron parts industry finds itself in the same predicament as Citation. Some companies have recently exited this business altogether while a few competitors are better capitalized. Citation is determined to stay in business, and to continue serving the customers, employees and suppliers who have come to rely on Citation as a partner in success. Citation's management sees chapter 11 as a positive step to better position itself until the price of steel and other raw materials can reach an equilibrium within the industry and the true cost of materials can be passed through to the end user of the product.

14. As already mentioned, one of the most significant costs to Citation has been the unprecedented increase in the price of steel scrap. Combined with Citation's debt load, this has resulted in a shortage of cash flow. For the fiscal year ended September 28, 2003, Citation and

its subsidiaries reported net sales of approximately \$640,000,000 and a net loss of approximately \$120,000,000.

15. Citation and its subsidiaries are indebted under a bank debt facility in the approximate amount of \$325,000,000. This indebtedness is secured by a first lien on virtually all of the Debtors' assets. Citation's parent corporation is separately indebted under a different debt facility to a different set of creditors in the approximate amount of \$140,000,000. Citation generally has trade debt of approximately \$60,000,000.

16. Citation is owed receivables from its customers that generally total around \$90,000,000. Citation maintains inventory that has a book value of approximately \$45,000,000. Citation owns property, plants, and equipment of substantial value. Its greatest assets, however, are Citation's strong customer base and its many loyal employees.

17. As a part of its ongoing strategic review and assessment of their financial condition, Citation has determined to take advantage of its strong market share position, to strengthen the balance sheet, and to operate successfully in today's competitive environment, it must reduce its existing debt burden and increase operating efficiencies. Citation seeks protection under chapter 11 of the Bankruptcy Code to provide the necessary time to stabilize its finances and to develop and to implement a strategic plan to return its business to sustained profitability.

18. Citation filed bankruptcy with four primary goals in mind: (a) to reshape the Debtors' capital structure; (b) to improve cost efficiencies; (c) to maintain product manufacture and delivery; and (d) to negotiate with its key customers to pass on raw materials price increases. During its stay as a debtor-in-possession in chapter 11, Citation will continue to serve its

customers by manufacturing high quality products at Citation's many locations throughout the United States. Once these four key goals are sufficiently met by the bankruptcy proceedings, Citation will emerge from this process as a strong, viable, and independent business positioned for increased competitiveness and sustained profitability.

RELIEF REQUESTED

19. By this Motion, the Debtors seek an order under §§ 102(1) and 105(a) of the Bankruptcy Code and Bankruptcy Rules 2002(m) and 9007 establishing certain notice, case management and administrative procedures, all subject to further order of this Court, including (a) directing that all matters be heard at bi-weekly hearings to be scheduled in advance by the Court; (b) limiting the notice procedures in these chapter 11 cases; and (c) designating the parties upon whom notice must be served.

20. Bankruptcy Rules 2002(m) provides that, unless otherwise ordered by the Court, notice of certain matters must be given to, among others, all of the Debtors' creditors, equity security holders and other parties-in-interest. The Bankruptcy Rules, however, further provide, that "[t]he Court may from time to time enter orders designating the matters in respect to which, the entity to whom, and the form and manner in which notice shall be sent except as otherwise provided by these rules." *See* Fed. R. Bankr. P. 2002(m); *see also* Fed. R. Bankr. P. 9007 ("[w]hen notice is to be given under these rules, the Court shall designate, if not otherwise specified herein,...the form and manner in which the notice shall be given.").

21. Section 102(1) of the Bankruptcy Code states that where the Bankruptcy Code provides for an action to occur "after notice and a hearing," such action may occur "after such notice as is appropriate in the particular circumstances, and such opportunity for a hearing as is

appropriate in the particular circumstances...." 11 U.S.C. § 102(1). In addition, § 105(a) of the Bankruptcy Code grants bankruptcy courts broad authority and discretion to enforce the provisions of the Bankruptcy Code either under specific statutory fiat or under equitable common law principles.

22. By scheduling regular bi-weekly omnibus hearings in advance, interested parties will be better able to plan for hearings, thus reducing the need for emergency hearings and/or expedited relief and fostering consensual resolution of important matters. Moreover, by establishing notice and service procedures, all parties will be assured of receiving appropriate notice of matters effecting their interest and an ample opportunity to prepare and respond. Essentially, the notice and service procedures provide that all parties on the Master Service List (as herein defined) as well as parties specifically effected by the relief requested shall receive copies of all filings and all other parties requesting notice filings shall simply receive a notice of the filing and an opportunity to obtain the filing itself from the Court, thereby easing the administration of these cases and dramatically reducing the economic burden on the Debtors' estates as well as other parties in interest. By establishing case management procedures at the outset of these cases, the administration of these cases will be eased and the economic burdens on the Debtors' estates as well as other parties in interest will be dramatically reduced.

23. The relief requested herein is requested in addition to monthly status conferences to be held at the Court's convenience pursuant to § 105(d) of the Bankruptcy Code.

A. Scheduling

24. The Debtors have thousands of creditors. The Debtors anticipate that many of the creditors and other parties in interest will file appearances in these cases, and numerous motions

and applications may be filed in these cases in pursuit of various forms of relief. Given the number of interested parties and the size and complexity of these cases, the Debtors request entry of an order at this time scheduling regular, bi-weekly omnibus hearing dates (the "Omnibus Hearing Dates") at which all matters for which the notice period has run or for which an expedited hearing has been granted will be heard, unless the Court orders otherwise. Specifically, the Debtors request that the Court schedule the dates and times for the first ten bi-weekly omnibus hearings. No later than the last Omnibus Hearing Date, the Debtors intend to request that further Omnibus Hearing Dates be set.

25. The Debtors will file and serve an agenda by 10 a.m. on the day before each Omnibus Hearing Date (the "Agenda"). The Agenda may show that the Omnibus Hearing Date is cancelled only if all matters are adjourned.

26. In the event that a matter is filed for which the filing party desires expedited relief prior to the next Omnibus Hearing Date, said party may request an emergency hearing for good cause shown in addition to or in lieu of the Omnibus Hearing Date.

27. Unless otherwise order by the Court (and except as provided in the next paragraph with respect to stay relief motions), all motions, applications, and other matters requiring notice and/or a hearing that are filed in this main bankruptcy case shall be noticed for hearing on the next business day that is at least twenty-five (25) days after such motion, application, or other paper, is filed and notice thereof is served on the appropriate parties. Unless otherwise ordered by the Court, the objection deadline with respect thereto shall be the later of (i) twenty (20) days after service of such motion, application or other paper, and (ii) three (3) business days prior to the hearing, but if the hearing is continued, the deadline is extended until three (3) business days

prior to the continued hearing. The hearing date and objection deadline shall appear on the first page of the relevant motion or application. This paragraph shall not apply to adversary proceedings, which shall be governed by their own scheduling order.

28. In the event that a filing is a motion for relief from stay or application for relief from stay, the Debtors request that the objection deadline be (a) no later than the seventh (7th) calendar date before the Omnibus Hearing Date (or other hearing date as ordered by the Court) at which the Court will consider the Filing (the "Applicable Hearing Date") if the Filing is served at least twenty (20) days prior to the Applicable Hearing Date; (b) no later than the third (3rd) calendar date before the Applicable Hearing Date if the Filing is served less than twenty (20) but at least ten (10) days prior to the Applicable Hearing Date; or (c) otherwise as ordered by the Court.

29. The Debtors propose that the Court conduct a monthly status conference at the first scheduled bi-weekly Omnibus Hearing Date each month.

30. All time limits herein shall be calculated in accordance with Bankruptcy Rule 9006.

31. The Debtors propose that, unless the Court determines otherwise, telephonic appearances at all hearings should be authorized, except that those appearing telephonically may not examine witnesses. All requests for telephonic appearance should be made to the Court's chambers at least one business day before the hearing. Given the limited number of lines available for such conferencing with the Court, the Debtors propose that the telephonic appearances be allowed to those who contact the Court timely and early.

32. Section 105(a) of the Bankruptcy Code provides that bankruptcy courts "may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code]." 11 U.S.C. § 105(a). By scheduling Omnibus Hearing Dates and granting the other relief described in this Motion, the Court will facilitate the Debtors' reorganization efforts by enabling both the Debtors and other parties in interest to prepare and present motions or applications on an orderly and timely basis. Additionally, such relief will likely minimize the costs and expenses associated with numerous, and potentially irregularly scheduled, hearing dates.

B. Limited Notice and Service Procedures

33. As the Debtors anticipate filing applications or motions under the Bankruptcy Code, it would be both expensive and burdensome to the instant estates to serve all creditors with each application and/or motion. The Debtors propose to reduce administrative burden and expense by limiting notice and service requirements pursuant to Bankruptcy Code §§ 102(1)(A) and 105(a) and Bankruptcy Rule 2002.

34. Section 102(1)(A) of the Bankruptcy Code provides that all notice and hearing requirements shall be construed as mandating "such notice as is appropriate in the particular circumstances." 11 U.S.C. § 102(1)(A). Under § 105, this Court has the authority to issue any order that is necessary or appropriate to carry out the purpose and intent of the Bankruptcy Code. Further, Bankruptcy Rule 2002(m) empowers this Court to enter orders designating matters in respect to which, and the entities to whom, notices shall be sent pursuant to the provisions of the Bankruptcy Code.

35. Thus, and in order to further implement the Omnibus Hearing Date process, the Debtors propose that every notice, motion or application, and all briefs, memoranda, affidavits, declarations, or other documents filed concurrently in support thereof in these cases (collectively, the "Filings") shall be served in according with the procedures set forth herein. Every Filing shall be served upon all parties with a particularized interest in the subject of the Filing as well as the following list of parties or entities (the "Master Service List"):

- a. Counsel to the Debtors;
- b. The Office of the Bankruptcy Administrator for the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the "Bankruptcy Administrator");
- c. The twenty (20) largest unsecured creditors (on a consolidated basis) or, in the event a creditors' committee is appointed, the members of any such committee or, if counsel is appointed, counsel for same;
- d. Counsel to the Agent for the Debtors' proposed postpetition lenders;
- e. Counsel to the Agent for the Debtors' prepetition lenders;
- f. All secured creditors;
- g. All counsel of record;
- h. Any governmental agencies that request special notice; and
- i. Those persons who serve on counsel for the Debtors and file with the Clerk of this Court a request that they receive all notices given in these chapter 11 cases.

36. Persons or parties on the Master Service List should be served by electronic notice only. All on the Master Service List must either (a) be able to receive papers electronically as they are filed with the Clerk or must provide Debtors' counsel (with a copy filed with the Court) with an email address for such service which is to be added to the Master Service List. Each person or entity on the Master Service List will have twenty (20) days from the later

of (i) the date of the order granting this motion, or (ii) the date such party is included on the Master Service List, within which to appear electronically. During this initial twenty (20) days, all Filings will be served via traditional means. Thereafter, filing shall be made electronically as set forth herein.

37. Debtors' counsel shall maintain a location on a website (to be identified in a submission to be filed with this Court) on which the Master Service List will appear. Debtors' counsel shall update the list promptly.

38. Additionally, in any adversary proceeding commenced in these cases, all initial Filings, complaints and other pleadings filed (the "Adversary Pleadings") shall be served upon the Master Service List above as well as any parties required to be served under any applicable Bankruptcy Rule or Local Rule. Subsequent Adversary Pleadings shall be served on parties requesting notice in the underlying adversary proceeding.

39. With respect to all Filings for which particular notices are required by Bankruptcy Rules 2002(a)(2) and (3), 4001, 6004, 6006, 6007 or 9019, parties shall serve all such Filings on the Master Service List herein and also in accordance with the following procedures, unless otherwise authorized by the Court:

- a. Filings related to the use, sale, lease or abandonment of property other than in the ordinary course of business shall be served on each entity asserting an interest in the property.
- b. Filings related to relief from, or otherwise related to, the automatic stay shall be served on each entity asserting a lien or encumbrance on the affected property.
- c. Filings related to the use of cash collateral or obtaining credit shall be served on each adversely affected entity asserting an interest in the cash collateral or each adversely affected entity asserting a lien or other interest in property on which a lien is proposed to be granted.

- d. Filings relating to approval of proposed compromises or settlements shall be served on any entity that is a party to the compromise or settlement or which may be directly adversely affected thereby.
- e. Filings relating to rights under § 365 of the Bankruptcy Code shall be served on each party to the executory contract(s) or unexpired lease(s) affected thereby.
- f. Filings relating to applications for payment of compensation or reimbursement of expenses shall be served on each professional person who is seeking payment of compensation or reimbursement of expenses and whose retention has been authorized by the Court in these cases.

C. Implementation of Procedures

40. The Debtors propose that any entity submitting a Filing be required to serve notice (the "Notice") of such Filing on the parties listed on the Master Service List and pursuant to (a) - (f) above, where applicable; such Notice shall include the title of the Filing, the time and date of any objection deadline, and the Applicable Hearing Date. As a result of the implementation of these procedures, the Court will not be required to issue notice.

41. The Debtors will serve each person or entity not on the Master Service List that appears in these cases with a copy of these procedures and the Order implementing same within fourteen (14) days of their appearance.

42. Notwithstanding anything to the contrary herein, the Debtors propose that all proofs of claim filed in these chapter 11 cases be filed only with the claims agent, to be identified pursuant to the Debtors' Application For Order Approving Claims and Noticing Agent of Bankruptcy Court Pursuant to 28 U.S.C. § 186(c), filed contemporaneously herewith.

D. Efficient Case Management

43. The foregoing procedures are designed to secure the expeditious, economical, and inexpensive determination of every matter, and to afford specific notice to all parties in interest

of the applicable deadlines and hearing dates well in advance of such deadlines and dates. Such procedures will also minimize the amount of time at hearing dates that is devoted to scheduling matters and continuances. Finally, such procedures should assist all parties in interest by affording the parties and the Court reasonable time to prepare for hearing dates and hopefully narrow the issues raised in their respective filings.

44. The establishing of Omnibus Hearing Dates in particular will promote the efficient and orderly administration of these cases. Early notice to all parties of regular, bi-weekly hearings will enable everyone to plan efficiently for the use of hearing time, will avoid much of the need for emergency hearings, and will lessen the burden on the Court and on the Debtors' estates. For these reasons, the Debtors believe that a schedule of bi-weekly Omnibus Hearing Dates is in the best interest of the Debtors' estates.

45. The Debtors believe that adopting the case management procedures proposed herein will substantially reduce administrative burdens and result in substantial cost savings to the Debtors' estates because of the reduction of time and money the Debtors will have to expend on the several hearings and documents that otherwise will be filed in these cases. Further, the Debtors believe adopting such procedures will also significantly reduce the administrative and economic burden placed on creditors and parties-in-interest when filing and serving the documents in these cases and appearing at hearings.

NOTICE AND PRIOR MOTIONS

46. Notice of this Motion has been given to (1) the Bankruptcy Administrator; (2) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' prepetition lenders; (3) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' proposed

postpetition lenders; (4) the Debtors' twenty (20) largest unsecured creditors (on a consolidated basis); and (5) the District Director of Internal Revenue Service for the Northern District of Alabama. The Debtors submit that given the circumstances and the notice of the relief requested herein, no other or further notice is required.

47. No previous request for the relief sought herein has been made to this or any other court.

WHEREFORE, the Debtors request that this Court enter an order substantially in the form annexed hereto as Exhibit "A," and grant such other and further relief as this Court deems just and proper.

Dated this the 19 day of September, 2004.



Michael Leo Hall
Robert B. Rubin
Rita H. Dixon

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Exhibit "A"

Proposed Order Establishing Case Management Procedures

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

IN RE:)
) **Chapter 11**
CITATION CORPORATION, et al.,¹)
) **Case No. _____**
Debtors.) **(Jointly Administered)**

ORDER ESTABLISHING CASE MANAGEMENT PROCEDURES

This matter came to be heard upon the motion (the "Motion") of Citation Corporation ("Citation"), its holding company, and certain of its direct and indirect subsidiaries (the "Subsidiaries"), as debtors and debtors in possession (collectively, the "Debtors"), for an order establishing omnibus hearing dates and certain notice, case management and administrative procedures pursuant to §§ 102 and 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") and Rules 2002(m) and 9007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). Upon consideration of the Affidavit of Charles P. Bloome

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in Support Chapter 11 Petitions and First Day Orders; the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; due notice of the Motion having been provided to (1) the Office of the Bankruptcy Administrator for the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the "Bankruptcy Administrator"); (2) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' prepetition lenders; (3) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' proposed postpetition lenders; (4) the Debtors' twenty (20) largest unsecured creditors (on a consolidated basis); and (5) the District Director of Internal Revenue Service for the Northern District of Alabama; and it appearing that no other or further notice need be provided; the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; upon the Motion and all of the proceedings before this Court; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED that the Motion is **GRANTED**; and it is further

ORDERED that, unless otherwise ordered by the Court, the Court hereby establishes the schedule attached hereto as the scheduled hearing days and times (the "Scheduled Hearings") at which all motions, applications and other matters for which the notice period has run or for which an expedited hearing has been granted in these chapter 11 cases, including, without limitation, in connection with adversary proceedings. In the event that a motion, application or other matter is filed with the Court and does not appear on the Court Calendar within three (3) business days of the filing thereof, such filing party should contact the Court for the sole purpose of posting a hearing with respect thereto on the Court Calendar; and it is further

ORDERED that this Court may grant any party desiring expedited relief on a filed matter prior to the next Scheduled Hearing an emergency hearing upon request of the party and good cause shown; and it is further

ORDERED that the Court shall conduct a status conference at the first scheduled bi-weekly hearing date each month; and it is further

ORDERED that all time limits herein shall be calculated in accordance with Bankruptcy Rule 9006; and it is further

ORDERED that the Debtors shall file and serve on all parties on the Master Service List (as herein defined) an agenda (the "Agenda") detailing what matters are scheduled to be heard at the next Scheduled Hearing by 10 a.m. on the day before the Scheduled Hearing day; and it is further

ORDERED that, unless the Court determines otherwise, telephonic appearances at all hearings shall be authorized, except that those appearing telephonically may not examine witnesses. All requests for telephonic appearance should be made to the Court's chambers at least one business day prior to the hearing; and it is further

ORDERED that, with respect to all matters for which the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules of the United States District Court for the Northern District of Alabama (the "Local Rules") either (i) authorize the Court to designate or limit the parties entitled to notice or (ii) require notice but do not designate the parties to be served, notice shall be sufficient for the purposes of the Debtors' cases if served only upon the following list of parties or entities (the "Master Service List"):

- a. Counsel to the Debtors;

- b. The Office of the Bankruptcy Administrator for the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the "Bankruptcy Administrator");
- c. The twenty (20) largest unsecured creditors (on a consolidated basis) or, in the event a creditors' committee is appointed, the members of any such committee or, if counsel is appointed, counsel for same;
- d. Counsel to the Agent for the Debtors' proposed postpetition lenders;
- e. Counsel to the Agent for the Debtors' prepetition lenders;
- f. All secured creditors;
- g. All counsel of record;
- h. Any governmental agencies that request special notice; and
- i. Those persons who serve on counsel for the Debtors and file with the Clerk of this Court a request that they receive all notices given in these chapter 11 cases.

and it is further

ORDERED that, to receive notice, any person or party on the Master Service List must accept electronic service as sufficient service. All persons or entities on the Master Service List must either (a) be able to receive papers electronically as they are filed with the Clerk or must provide to Debtors' counsel (with a copy to be filed with this Court) with an email address for such service which e-mail address is to be added to the Master Service List by counsel for the Debtors. Each person or entity on the Master Service List shall either appear electronically in the case or provide an e-mail address within twenty (20) days from the later of (i) the date of entry of this Order, or (ii) the date such party is included on the Master Service List. During that twenty (20) day period, all matters filed may be served via traditional means. Thereafter, electronic service alone shall be deemed sufficient service thereof on the Master Service List; and it is further

ORDERED that all persons or entities who desire to be added to the Master Service List shall file a notice with the Court containing how electronic service is to be effected upon the requester, and counsel for Debtors shall promptly add such information to the Master Service List; and it is further

ORDERED that the Debtors' counsel shall maintain a location on a website (to be identified in a submission to be filed with this Court) on which the Master Service List will appear. The Debtors' counsel shall update the Master Service List promptly; and it is further

ORDERED that in any adversary proceeding commenced in these cases, all complaints, motions, and other matters (the "Adversary Pleadings") filed initially shall be served on the Master Service List and any parties required to be served under any applicable Bankruptcy Rule or Local Rule. Subsequent Adversary Pleadings shall be served on parties requesting notice in the underlying adversary proceeding; and it is further

ORDERED that with respect to all matters for which particular notices are required by Bankruptcy Rules 2002(a)(2) and (3), 4001, 6004, 6006, 6007 or 9019, parties shall serve all such matters on the Master Service List herein and also in accordance with the following procedures, unless otherwise authorized by the Court:

- a. Filings related to the use, sale, lease or abandonment of property other than in the ordinary course of business shall be served on each entity asserting an interest in the property.
- b. Filings related to relief from, or otherwise related to, the automatic stay shall be served on each entity asserting a lien or encumbrance on the affected property.
- c. Filings related to the use of cash collateral or obtaining credit shall be served on each adversely affected entity asserting an interest in the cash collateral or each adversely affected entity asserting a lien or other interest in property on which a lien is proposed to be granted.

- d. Filings relating to approval of proposed compromises or settlements shall be served on any entity that is a party to the compromise or settlement or which may be directly adversely affected thereby.
- e. Filings relating to rights under § 365 of the Bankruptcy Code shall be served on each party to the executory contract(s) or unexpired lease(s) affected thereby.
- f. Filings relating to applications for payment of compensation or reimbursement of expenses shall be served on each professional person who is seeking payment of compensation or reimbursement of expenses and whose retention has been authorized by the Court in these cases;

and it is further

ORDERED that the Debtors propose that any entity filing any matter be required to serve notice (the "Notice") of such matter on the parties listed on the Master Service List and in accordance with the procedures set forth above, where applicable; such Notice shall include the title of the matter filed, the time and date of any objection deadline, and the applicable Scheduled Hearing (or other hearing date as ordered by the Court) at which the Court will consider the matter (the "Applicable Hearing Date"). As a result of the implementation of these procedures, the Court will not be required to issue notice; and it is further

ORDERED that the Debtors will serve each person or entity not on the Master Service List that appears in these cases with a copy of these procedures and the Order implementing same within ten (10) days of their appearance; and it is further

ORDERED that all proofs of claim filed in these chapter 11 cases shall be filed only with the claims agent, to be identified pursuant to entry of a final order of this Court on the Debtors' Application For Order Approving Claims and Noticing Agent of Bankruptcy Court Pursuant to 28 U.S.C. § 186(c); and it is further

ORDERED that except as provided in the next paragraph with respect to stay relief motions, all motions, applications, and other matters requiring notice and/or a hearing that are

filed in this main bankruptcy case shall be noticed for hearing on the next business day that is at least twenty-five (25) days after such motion, application, or other paper, is filed and notice thereof is served on the appropriate parties. Unless otherwise ordered by the Court, the objection deadline with respect thereto shall be the later of (i) twenty (20) days after service of such motion, application or other paper, and (ii) three (3) business days prior to the hearing, but if the hearing is continues, the deadline is extended until three (3) business days prior to the continued hearing. The hearing date and objection deadline shall appear on the first page of the paper. This paragraph shall not apply to adversary proceedings, which shall be governed by their own scheduling order; and it is further

ORDERED that with regard to a motion for relief from the stay pursuant to Bankruptcy Code § 362, the deadline for objections to such motion shall be, unless otherwise ordered by this Court, (a) no later than the seventh (7th) calendar date before the Applicable Hearing Date if the motion is filed and served at least twenty (20) days prior to said Applicable Hearing Date; (b) no later than the third (3rd) calendar date before the Applicable Hearing Date if the motion is filed and served less than twenty (20) but at least ten (10) days prior to said Applicable Hearing Date; and it is further

ORDERED that any party filing a motion, application or other pleading, or filing a notice of appearance and request for service, or otherwise appearing in any one or all of the Debtors' chapter 11 cases or related adversary proceedings shall thereafter be noticed of and served for all subsequent matters via electronic means only. Such e-noticing shall be sufficient notice and service for all matters in connection with Debtors' chapter 11 cases and related proceedings.

Dated this the ____ day of September, 2004.

UNITED STATES BANKRUPTCY JUDGE

SCHEDULED HEARINGS (bi-weekly)

1. _____, _____, 2004 at _____ a.m./p.m.
2. _____, _____, 2004 at _____ a.m./p.m.
3. _____, _____, 2004 at _____ a.m./p.m.
4. _____, _____, 2004 at _____ a.m./p.m.
5. _____, _____, 2004 at _____ a.m./p.m.
6. _____, _____, 2004 at _____ a.m./p.m.
7. _____, _____, 2004 at _____ a.m./p.m.
8. _____, _____, 2005 at _____ a.m./p.m.
9. _____, _____, 2005 at _____ a.m./p.m.
10. _____, _____, 2005 at _____ a.m./p.m.