

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

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

**DEBTORS' MOTION FOR AN ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 363
AUTHORIZING (A) CONTINUED USE OF EXISTING CASH MANAGEMENT
SYSTEM, (B) MAINTENANCE OF EXISTING BANK ACCOUNTS AND
(C) CONTINUATION OF INTERCOMPANY TRANSACTIONS**

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"), and, pursuant to §§ 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), move this Court (this "Motion") to authorize (a) the continued use of the Debtors' existing cash management system, (b) the maintenance of the Debtors' existing bank accounts and (c) the continuation of intercompany transactions between the Debtors. In support of this Motion, the Debtors rely on the Affidavit of

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.

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 16, 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 §§ 105(a) and 363(b).

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 entry of an order authorizing them to continue their centralized cash management system, to maintain their existing bank accounts, and to continue intercompany transactions.

BASIS FOR RELIEF

A. The Debtors' Cash Management System

20. In the ordinary course of their businesses and prior to the Petition Date, the Debtors used a centralized cash management system (the "Cash Management System") under which funds collected by the Debtors are, through a series of transactions, transferred into a master concentration account at Bank One and used through disbursement accounts to pay various operational expenses and repay the Debtors' obligations under their pre-petition credit facility (the "Existing Credit Facility").

21. The Debtors' cash management system is designed to efficiently collect, transfer and disburse funds generated through the Debtors' operations and to accurately record such collections, transfers and disbursements as they are made. As part of the Cash Management System, the Debtors maintain approximately eighty-three (83) bank accounts located throughout the United States. A list and chart of the Bank Accounts (as hereinafter defined) is attached hereto collectively as Exhibit "A" and incorporated herein by reference. The Debtors' cash management system is funded primarily by the Debtors' receivables. The principal components of the Cash Management System are described in detail below.

22. The Debtors maintain lockbox/concentration accounts at Bank One (collectively, the "Concentration Accounts"). The Concentration Accounts are zero balance accounts. At the end of each business day, Bank One electronically transfers all deposits in the Concentration Accounts into a master concentration account at Bank One (the "Master Concentration Account").

23. The Debtors maintain a variety of disbursement accounts at Bank One (collectively, the "Disbursement Accounts"). The Disbursement Accounts are utilized primarily to process disbursements for accounts payable and payroll.

24. In addition, the Debtors maintain depository and disbursement accounts at various local banks (collectively, the "Local Bank Accounts" and together with the Concentration Accounts, the Master Concentration Account and the Disbursement Accounts, the "Bank Accounts"). Some of the Local Bank Accounts are earmarked for payroll disbursements while others are utilized primarily to process non-payroll disbursements including medical benefits.²

25. Prior to the Petition Date, after payment of their daily operating expenses, the Debtors wire transferred any excess funds into a concentration account at JPMorgan Chase Bank to repay the Debtors' obligations under the Existing Credit Facility.

26. The Debtors maintain current and accurate accounting records of daily cash transactions between themselves. Thus, the entitlement to funds of each Debtor is known and recorded.

B. The Debtors Should Be Granted Authority to Maintain Their Existing Bank Accounts

27. The Debtors' cash management procedures have been employed for a number of years and constitute ordinary course, essential business practices. The Cash Management System provides significant benefits to the Debtors including, *inter alia*, the ability to: (i) control corporate funds; (ii) ensure the maximum availability of funds when necessary; and (iii) reduce administrative expenses by facilitating the movement of funds and the development of more timely and accurate account balance information.

² The Local Bank Accounts are necessary as each Debtor maintains a payroll account at a financial institution with branch locations where its employees are situated in order to facilitate their employees' banking needs.

28. The Debtors' business operations require that the existing Cash Management System continue during the pendency of these chapter 11 cases, as any disruption could have a severe and adverse impact upon the reorganization efforts of the Debtors. As a practical matter, because of the Debtors' corporate and financial structure, it would be extremely difficult and expensive to establish and maintain a separate cash management system for each Debtor. Nevertheless, the Debtors will maintain records of all transfers within the Cash Management System, so that all transfers and transactions will be documented in their books and records to the same extent such information was maintained by the Debtors prior to the Petition Date. Based upon the foregoing, the Debtors submit that the maintenance of the existing Cash Management System is essential, appropriate and in the best interest of the Debtors' estates and all parties in interest.

29. The Bankruptcy Administrator for the Northern District of Alabama (the "Bankruptcy Administrator") has established operating guidelines for debtors-in-possession that operate their businesses. One such provision requires a chapter 11 debtor-in-possession to open new bank accounts and close all existing accounts. The Bankruptcy Administrator guidelines also require that the new bank accounts only be opened in certain financial institutions designated as authorized depositories by the Bankruptcy Administrator. These requirements are designed to provide a clear line of demarcation between prepetition and postpetition claims and payments and to help protect against the inadvertent payment of prepetition claims by preventing banks from honoring prepetition checks.

30. The Debtors seek a waiver of the Bankruptcy Administrator's requirements which mandate, among other things, that the Bank Accounts be closed and that new postpetition bank accounts be opened at institutions designated as authorized depositories by the Bankruptcy

Administrator. If enforced in the instant chapter 11 cases, the requirement would cause enormous disruption of the Debtors' businesses and impair their ability to reorganize.

31. In exchange for such a waiver, the Debtors will provide the Bankruptcy Administrator with account statements for the Bank Accounts for the six months immediately preceding the Petition Date. Further, the Debtors will add "debtor-in-possession" to the name on the Bank Accounts and to the signature cards for the Bank Accounts. The Debtors will provide the Bankruptcy Administrator with copies of the revised signature cards.

32. The Debtors believe that their transition into chapter 11 will be smoother and more orderly, with a minimum of disruption to operations, if the Bank Accounts are maintained with the same account numbers following the commencement of these cases; provided, however, that the checks issued or dated prior to the Petition Date will not be honored, absent prior order of this Court. No such approval is sought in this Motion.

33. By preserving business continuity and avoiding the disruption and delay that would necessarily result from closing the Bank Accounts and opening new accounts, all parties in interest, including employees, vendors, and customers, will be best served. The benefit to the Debtors, their business operations and all parties in interest will be considerable in view of the fact that the Debtors maintain approximately eighty-three (83) Bank Accounts. The confusion that would otherwise result, absent the relief requested herein, would ill-serve the Debtors' rehabilitative efforts.

34. In other chapter 11 cases, bankruptcy courts in this district have recognized that strict enforcement of the requirement that a debtor-in-possession close its bank accounts does not serve the rehabilitative process of chapter 11. Accordingly, courts in this district have waived such requirements and replaced them with alternative procedures. *See In re Martin Industries,*

Inc., Chapter 11 Case No. 02-85553 (JAC) (Bankr. N.D. Ala. 2002); *In re Meadowcraft, Inc.*, Chapter 11 Case No. 02-06910 (TOM) (Bankr. N.D. Ala. 2002); *In re Décor Gravure Corp., et al.*, Chapter 11 Case No. 02-00895 (TOM) (Bankr. N.D. Ala. 2002); *In re Shook & Fletcher Insulation Co.*, Chapter 11 Case No. 02-02771 (BGC) (Bankr. N.D. Ala. 2002); *In re Hal Roach Construction, Inc.*, Chapter 11 Case No. 00-03118 (TBB) (Bankr. N.D. Ala. 2000); *In re Gulf States Steel, Inc.*, Chapter 11 Case No. 99-41958 (JSS) (Bankr. N.D. Ala. 1999). Similar authorization is appropriate here.

35. The Debtors request that the Bank Accounts be deemed debtor-in-possession accounts and that the Debtors be authorized to maintain and continue to use these accounts in the same manner as such accounts were utilized prior to the Petition Date.

36. The Debtors seek authorization for the banks and financial institutions at which the Debtors' bank accounts are maintained (collectively, the "Banks") to continue to service and administer the applicable bank accounts as accounts of the respective Debtor as a debtor-in-possession without interruption and in the usual and ordinary course, and to receive, process and honor and pay any and all checks, drafts, wires, or automated clearing house transfers ("ACH Transfers") drawn on the bank accounts after the Petition Date by the holders or makers thereof, as the case may be. The Debtors also seek authority to reimburse the Banks for any claim arising prior to or after the Petition Date in connection with customer checks deposited with the Banks which have been dishonored or returned for insufficient funds in the applicable customer account; provided, however, that, in addition to the requirements thereof, any checks, drafts, wires, or ACH Transfers drawn or issued by the Debtors before the Petition Date shall be timely honored by any such Bank to the extent necessary to comply with any order(s) of this Court

authorizing payment of certain pre-petition claims, unless such Bank is instructed by the Debtors to stop payment on or otherwise dishonor such check, draft, wire, or ACH Transfer.

37. The Debtors seek authorization for, notwithstanding anything to the contrary in any other order issued by this Court, the Banks (a) to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH Transfers should be honored or dishonored consistent with any order(s) of this Court, whether the checks, drafts, wires, or ACH Transfers are dated prior to, on, or subsequent to the Petition Date, and whether or not the Bank believes the payment is or is not authorized by any order(s) of the Court. The Banks shall have no duty to inquire as to whether such payments are authorized by any order(s) of this Court and no liability to any party on account of following the Debtors' instructions.

38. The Debtors seek authorization that nothing contained herein shall prevent the Debtors from opening any additional bank accounts, or closing any existing bank account(s) as they may deem necessary and appropriate, and the Banks are authorized to honor the Debtors' requests to open or close, as the case may be, such bank accounts or additional bank accounts; provided, however, that any new account shall be with a bank that is insured with the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and that is organized under the laws of the United States or any State therein. Any and all accounts opened by the Debtors on or after the Petition Date at any Bank shall, for all purposes under this Motion, similarly be subject to the rights and obligations of this Motion.

39. The Debtors seek authorization for the Debtors and the Banks to continue to perform pursuant to the terms of any pre-petition agreements that may exist between them and for the Debtors to pay the Banks any fees, expenses or other amounts due in connection with such agreements arising prior to or after the Petition Date. The parties to such agreements shall

continue to enjoy the rights and remedies afforded them under such agreements, except to the extent modified by the terms of the order or by operation of the Bankruptcy Code. Operation of the cash management system shall not affect any liens on the cash held in the Cash Management System, all of which are expressly preserved.

C. The Debtors Should Be Allowed to Continue Certain Intercompany Transactions

40. The Debtors' affairs are integrally related. As a result, intercompany transfers take place from time to time among the Debtors. In most instances, intercompany transfers are recorded in the Debtors' books and records³ as: (1) Acquisition Loans (as hereinafter defined) and (2) Intercompany Advances (as hereinafter defined and together with the Acquisition Loans, the "Intercompany Transactions").⁴ A brief description of each is follows.

41. Acquisition Loans. The Debtors have experienced significant growth through a series of acquisitions of business entities. The acquisition cost for each of the Debtors has been reflected on Citation's books and records as an intercompany loan from Citation to the respective Debtor (collectively, the "Acquisition Loans"). The Debtors pay principal and interest each month on the Acquisition Loans. The Acquisition Loans accrue interest at a rate of 11.5% per annum.

42. Intercompany Advances. To the extent that any of the Debtors' expenses exceed their revenues, the deficit is reflected on Citation's books and records as an intercompany advance from Citation to the respective Debtor (collectively, the "Intercompany Advances").

³ The Intercompany Transactions (as defined herein) are reflected on Debtors' books and records for internal accounting purposes only.

⁴ The Intercompany Transactions are not, in any way, connected to the amount of the indebtedness owed under the Existing Credit Facility.

The Intercompany Advances accrue interest at the rate of 11.5% per annum. The amounts of indebtedness on the Intercompany Advances change daily.

43. When a Debtor's revenues exceed expenditures, excess funds are applied to the outstanding indebtedness for the Intercompany Advances and, to the extent there is any excess, the Debtor earns interest on the excess at a rate of 11.5% per annum.

44. To avoid a disruption in the ordinary and usual conduct of the financial affairs and cash management of the Debtors, it is essential that Citation be permitted to continue to manage cash and cash equivalents in accordance with past practices and to transfer funds to and from any of the Debtors on an "as, when and where" basis and in the amounts necessary to maintain usual and customary business operations.

45. The Debtors' cash management system is highly automated and computerized and includes the necessary accounting controls to enable the Debtors, as well as creditors and the Court, to trace funds through the system and ensure that all Intercompany Transactions are adequately documented and readily ascertainable. The Debtors will maintain detailed records reflecting all transfers of funds and transactions between themselves so that all pre-and post-petition Intercompany Transactions can be readily ascertained.

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

NOTICE AND PRIOR MOTIONS

47. Notice of this Motion has been provided to (1) the Office of the Bankruptcy Administrator for the United States Bankruptcy Court for the Northern District of Alabama, Southern Division; (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 the Internal Revenue Service for the Northern District of Alabama. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary or required.

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

WHEREFORE, the Debtors request this Court enter an order substantially similar to the one attached hereto as Exhibit "B," granting Debtors: (a) authorization to maintain the existing Cash Management System, (b) authorization to maintain their existing bank accounts, (c) authorization to continue intercompany transfers, and (d) such other and further relief as is just and proper.

Dated this the 18 day of September 2004.



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Exhibit A

Citation Birmingham	Bank One - Detroit	517263 - Master Account
	Bank One - Chicago	5595606 - Master Account 5595851 94-27449
	JPMorgan Chase	323871828 - Operating 323865119 - Payroll
Citation Brewton	Bank One - Detroit	504053
	Bank One - Chicago	5595916 94-27473
	BankTrust	652340 - Salaried Payroll 561970 - Hourly Payroll 980000 - Birthday Account 561890 - Miscellaneous
Citation Novi	Bank One - Chicago	5595908 94-27465
Citation Columbiana	Bank One - Chicago	5595940 94-27538
	Regions	2904149432 - Payroll
Citation Marion	Bank One - Detroit	361409214
	Marion Bank - Chicago	5156165 94-34992 94-35603
	Marion Bank & Trust	0910314 - Hourly Payroll
Citation Menomonee Falls	Bank One - Chicago	51-43241 94-35018 94-35085
Citation Lake Zurich	Bank One - Chicago	5110955 94-30806 64-1624549 64-1624770

	LaSalle	1452001819 - Hourly Payroll 1452002908 - Salary Payroll 5800004391 - Tax Deposit 1452020850 - Medical Disbursement
Citation Biscoe	Bank One - Chicago	5595959 94-27546
	Biscoe NC - FNB	840101783 - Healthcare Insurance 0529621 0294411
Citation Grand Rapids	Bank One - Chicago	1093913 09-12915 1136415
	Comerica	1850290691 - Health Fund 1850291475 - Hourly Payroll 1851360840 - Salaried Payroll
Citation Bay Minette	Bank One - Detroit	516013
	Bank One - Chicago	5597668 94-27619
	SouthTrust	61858153 - Payroll
Citation Bessemer	Bank One - Chicago	5596009 94-27627
	SouthTrust	65-132-160 - Payroll 65132050 - Concentration 67800441 - Concession
Citation Albion	Bank One - Chicago	5575591 94-27554
Citation Butler	Bank One - Detroit	516273
	Bank One Chicago	5595932 94-27503
	Wells Fargo	0086402266 - Payroll

Citation Lufkin	Bank One - Detroit	504213
	Bank One - Chicago	5596017 94-27635
	Bank of America	1390001158 - Plant Payroll 8930045906 - Benefit 8930029710 - Operating
Citation Berlin	Bank One - Detroit	511713
	Bank One - Chicago	5595924 94-27481
	Berlin 1 st National	128944 - Office Payroll 117663 - Hourly Payroll 118084 - Office Health 120611 - Plant Health
Citation Browntown	Bank One - Chicago	5595967 94-27562
	Wisconsin Community	455100319 - Payroll 461700333 - Employee Activity
Citation Skokie	Bank One - Detroit	512703
	Bank One - Chicago	5567521 94-27511 94-26558
Citation Navasota	Bank One - Chicago	5596033 94-27651
	Bank of Navasota - Marshall & Isley	24115234 - Lockbox 00-1337-5
Citation Lehigh	(CLOSED)	
Citation Longa	(CLOSED)	
Citation Camden (Shut-Down)	(CLOSED)	

Citation Mansfield (Shut-down)	Bank One - Detroit (CLOSED) Huntington National Bank	504623 1020219634 - Workers Comp 1020211784 - General
Oberdorfer (Sat. 11/9/94)	(CLOSED)	

**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.)

**ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 363 AUTHORIZING (A) CONTINUED
USE OF EXISTING CASH MANAGEMENT SYSTEM, (B) MAINTENANCE OF BANK
ACCOUNTS, (C) CONTINUATION OF INTERCOMPANY TRANSACTIONS, AND
(D) WAIVER OF DEPOSIT AND INVESTMENT REQUIREMENTS**

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 authorization pursuant to §§ 105(a), 345 and 363 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") to continue use of existing cash management system, maintain existing bank accounts, continue intercompany transactions, and waive deposit and investment requirements. Upon consideration of the Affidavit of Charles P. Bloome in Support Chapter 11 Petitions and First Day Orders; the Court having jurisdiction to consider the Motion

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 Camden Casting Center, Inc., (vi) Citation Precision, Inc., (vii) HI-TECH, Inc., (viii) Iroquois Foundry Corporation, (ix) ISW Texas Corporation, (x) Mansfield Foundry Corporation, (xi) OBI Liquidating Corp., (xii) Texas Steel Corporation, (xiii) TSC Texas Corporation, (xiv) Citation Aluminum, LLC, (xv) Citation Castings, LLC, (xvi) Citation Grand Rapids, LLC, (xvii) Citation Lake Zurich, LLC, (xviii) Citation Michigan, LLC, (xix) Citation Wisconsin Forging, LLC, (xx) Citation Wisconsin, LLC, (xxi) ITM Holding Co., LLC, (xxii) Interstate Southwest, Ltd., (xxiii) Texas Foundries, Ltd., and (xxiv) MFC Liquidating Company, Ltd.

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; (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 the 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** in its entirety; and it is further

ORDERED that the Debtors are authorized to continue their customary intercompany transactions and cash management procedures in the ordinary course, provided, however, that the Debtors shall: (1) maintain detailed records reflecting all transfers of funds and transactions between themselves so that all pre- and post-petition intercompany transactions can be readily ascertained; and (2) maintain records of all transactions within their cash management system so that all transfers and transactions will be documented in their books and records to the same extent such information was maintained by the Debtors prior to the commencement of their chapter 11 cases (the "Petition Date"); it is further

ORDERED that the Debtors are authorized to (i) designate, maintain, and continue to use any and all of their existing bank accounts in the names and with the account numbers existing immediately prior to the Petition Date, (ii) deposit funds in and withdraw funds from

such accounts by all usual means including, without limitation, cash, checks, wire transfers, Automated Clearing House transfers, and other debits, and (iii) treat their prepetition bank accounts for all purposes as debtor in possession accounts; and it is further

ORDERED that the Debtor shall, within a reasonable period of time, (1) provide the Bankruptcy Administrator with account statements for their bank accounts for the six months immediately preceding the Petition Date; (2) add “debtor-in-possession” to the name of its bank accounts and to the signature cards for their bank accounts; and (3) provide copies of the revised signature cards to the Bankruptcy Administrator; and it is further

ORDERED that the banks and financial institutions at which the Debtors’ bank accounts are maintained (collectively, the “Banks”) are authorized to continue to service and administer the applicable bank accounts as accounts of the respective Debtor as a debtor-in-possession without interruption and in the usual and ordinary course, and to receive, process and honor and pay any and all checks, drafts, wires, or automated clearing house transfers (“ACH Transfers”) drawn on the bank accounts after the Petition Date by the holders or makers thereof, as the case may be. The Debtors shall reimburse the Banks for any claim arising prior to or after the Petition Date in connection with customer checks deposited with the Banks which have been dishonored or returned for insufficient funds in the applicable customer account; provided, however, that, in addition to the requirements thereof, any checks, drafts, wires, or ACH Transfers drawn or issued by the Debtors before the Petition Date shall be timely honored by any such Bank to the extent necessary to comply with any order(s) of this Court authorizing payment of certain pre-petition claims, unless such Bank is instructed by the Debtors to stop payment on or otherwise dishonor such check, draft, wire, or ACH Transfer; and it is further

ORDERED that, notwithstanding anything to the contrary in any other order issued by this Court, the Banks (a) are authorized to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH Transfers should be honored or dishonored consistent with any order(s) of this Court, whether the checks, drafts, wires, or ACH Transfers are dated prior to, on, or subsequent to the Petition Date, and whether or not the Bank believes the payment is or is not authorized by any order(s) of the Court, (b) have no duty to inquire as to whether such payments are authorized by any order(s) of this Court and (c) have no liability to any party on account of following the Debtors' instructions in accordance with this order; and it is further

ORDERED that nothing contained herein shall prevent the Debtors from opening any additional bank accounts, or closing any existing bank account(s) as they may deem necessary and appropriate, and the Banks are authorized to honor the Debtors' requests to open or close, as the case may be, such bank accounts or additional bank accounts; provided, however, that any new account shall be with a bank that is insured with the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and that is organized under the laws of the United States or any State therein; and it is further

ORDERED that any and all accounts opened by the Debtors on or after the Petition Date at any Bank shall, for all purposes under this Order, similarly be subject to the rights and obligations of this Order; and it is further

ORDERED that the Debtors and the Banks are hereby authorized to continue to perform pursuant to the terms of any pre-petition agreements that may exist between them, except and to the extent otherwise directed by the terms of this Order and the Debtors are authorized to pay the Banks any fees, expenses or other amounts due in connection with such agreements arising prior

to or after the Petition Date. The parties to such agreements shall continue to enjoy the rights and remedies afforded them under such agreements, except to the extent modified by the terms of this Order or by operation of the Bankruptcy Code; and it is further

ORDERED that operation of the cash management system shall not affect any liens on the cash held in the cash management system, all of which are expressly preserved; and it is further

ORDERED that, as this Court finds cause to exist for waiving the deposit and investment requirements set forth in § 345(b) of the Bankruptcy Code, the Debtors' obligation to comply with § 345(b) is hereby waived.

Dated this the ____ day of September 2004.

United States Bankruptcy Judge