

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Dynamic Aerostructures LLC, *et al.*,
Debtors.¹

Chapter 11

Case No. 25-10292 (xxx)

(*Joint Administration Pending*)

**DEBTORS' MOTION FOR ENTRY
OF INTERIM AND FINAL ORDERS (I) AUTHORIZING
DEBTORS TO (A) PAY PREPETITION WAGES, EMPLOYEE
BENEFITS OBLIGATIONS, AND OTHER COMPENSATION, AND
(B) CONTINUE EMPLOYEE BENEFITS PROGRAMS AND PAY RELATED
ADMINISTRATIVE OBLIGATIONS AND (II) GRANTING RELATED RELIEF**

Dynamic Aerostructures LLC and its affiliated debtors and debtors in possession (each, a “Debtor” and collectively, (the “Debtors”) in the above-captioned chapter 11 cases, by and through their undersigned proposed counsel, hereby submit this motion (this “Motion”) for entry of interim and final orders granting the relief described below. In support hereof, the Debtors rely on the *Declaration of Eric N. Ellis in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”),² filed concurrently herewith, and further represent as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction to consider this Motion under 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

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: Dynamic Aerostructures LLC (3076); Dynamic Aerostructures Intermediate LLC (9800); and Forrest Machining LLC (3421). The Debtors’ service address is 27756 Avenue Mentry, Valencia, California 91355.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.



February 29, 2012. 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 confirm their consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these chapter 11 cases and this Motion is proper in this district under 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105(a), 362(d), 363(b), 507(a), 541, and 1108 of title 11 of the United States Code, as amended (the “Bankruptcy Code”). The relief is also appropriate in accordance with Rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedures (the “Bankruptcy Rules”), and Local Rule 9013-1(m).

RELIEF REQUESTED

4. The Debtors respectfully request entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the “Interim Order” and the “Final Order”): (a) authorizing, but not directing, the Debtors, in their discretion, to (i) pay Prepetition Compensation Obligations (defined below) and related expenses arising under or related to Compensation and Benefits Programs (defined below) and (ii) continue their Compensation and Benefits Programs in effect as of the commencement of these chapter 11 cases (and as may be amended, renewed, replaced, modified, revised, supplemented, or terminated from time to time in the ordinary course of business) and pay related administrative obligations; and (b) granting related relief.

5. The Debtors have prepaid substantially all prepetition amounts accrued under or related to the Compensation and Benefits Programs (such amounts, the “Prepetition Compensation Obligations”). Out of an abundance of caution, and to ensure that no Employees are harmed by any inadvertent failure to pay any Prepetition Compensation Obligations, the Debtors seek authority in this Motion to pay, in their discretion during the Interim Period (as defined below) up to \$590,050 on account of such Obligations, in the unlikely event that some portion of the Prepetition Compensation Obligations were not paid prior to the Petition Date. The Debtors believe that all of the Compensation and Benefits Programs are vital to the Debtors’ businesses. As a result, pursuant to the Interim Order and pending entry of the Final Order, as set forth in the chart below, the Debtors request authority to make payments on account of the Prepetition Compensation Obligations because such payments are necessary to prevent immediate and irreparable harm to the Debtors’ businesses. The Debtors believe that the amounts sought to be paid pursuant to this Motion are not in excess of the statutory caps set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.

Prepetition Compensation Obligation	Approximate Amount Payable on an Interim Basis	Approximate Amount Payable on a Final Basis
Employee Obligations (Wages & Salaries)	\$380,000	\$380,000
Payroll Administrator Costs	\$6,300	\$6,300
Business Expenses	\$50,000	\$50,000
Employee Benefits Programs	\$73,750	\$73,750
Deductions, Withholdings & Payroll Taxes	\$80,000	\$80,000
Total	\$590,050	\$590,050

6. The Debtors further request entry of an order: (a) authorizing all applicable banks and other financial institutions (collectively, the “Banks”), when requested by the Debtors in their

discretion, to receive, process, honor, and pay any and all checks, drafts, and other forms of payment, including fund transfers, on account of the Prepetition Compensation Obligations, whether such checks or other requests were submitted before, on, or after the Petition Date; (b) authorizing the Banks to rely on the representations of the Debtors as to which checks and payments are subject to this Motion; (c) providing that the Banks shall, at the discretion of the Debtors, receive, process, honor, and pay all prepetition and post-petition checks and fund transfers on account of the Prepetition Compensation Obligations that had not been honored and paid as of the Petition Date; (d) prohibiting the Banks from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee (defined below) or other party for the Prepetition Compensation Obligations; and (e) authorizing the Debtors to issue new post-petition checks or effect new post-petition fund transfers to replace any checks, drafts, and other forms of payment which may be inadvertently dishonored or rejected.

7. The Debtors further respectfully request that the Court schedule a final hearing to consider approval of this Motion on a final basis on or before the twenty-fifth (25th) day following the Petition Date, or as soon thereafter as the Court's schedule permits (such intervening period between entry of the Interim Order and entry of the Final Order, the "Interim Period").

BACKGROUND

8. On February 26, 2025 (the "Petition Date"), each Debtor filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this Motion, the Debtors filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1. No request for the appointment of

a trustee or examiner has been made in these chapter 11 cases, and no official committee of unsecured creditors has been appointed in these chapter 11 cases.

9. The Debtors are a leading manufacturer and supplier of critical structural components and assemblies for the aerospace and defense industry. The Debtors specialize in complex, large-format structural airframe and wing components, large aluminum structures, and complex assemblies for key aerospace and defense customers such as Lockheed Martin, Northrop Grumman, and Boeing, among others. The Debtors have one of the largest independent aerospace and defense manufacturing sites in North America, operating out of 226,000 square feet across two facilities in Southern California.

10. Additional factual background regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the filing of these chapter 11 cases, is set forth in detail in the First Day Declaration, filed concurrently herewith and incorporated herein by reference.

A. THE DEBTORS' WORKFORCE

11. As of the Petition Date, the Debtors employ approximately 183 full-time employees, including 156 hourly workers and one full-time contract employee (collectively, the "Employees"). The Debtors do not have any part-time employees.

12. The Employees perform a wide variety of functions, which are mission-critical to the preservation of value and the administration of the Debtors' estates. The Employees include personnel who are intimately familiar with the Debtors' businesses, processes, and systems, who have developed relationships with the Debtors' customers, suppliers, and other key counterparties that are essential to the Debtors' businesses, and who cannot be easily replaced. Without the continued, uninterrupted services of the Employees, the Debtors' business operations will be halted immediately and the administration of the estates materially impaired.

13. The Employees rely on their compensation and benefits discussed herein to pay their daily living expenses. Not only will these workers be irreparably harmed if the Debtors are not permitted to continue paying compensation, including the Prepetition Compensation Obligations, and providing health and other benefits during these chapter 11 cases, but any interruption in payment will also likely jeopardize their continued performance and loyalty to the Debtors. Consequently, the Debtors respectfully submit that the relief requested herein is necessary and appropriate under the facts and circumstances of these chapter 11 cases.

B. THE DEBTORS' COMPENSATION AND BENEFITS PROGRAMS

14. In the ordinary course of business, the Debtors make certain payments, contributions, deductions, and withholdings under or related to Employee Obligations, Payroll Administrator Costs, PTO, reimbursement of Business Expenses, Employee Benefits Programs, Deductions, Withholdings, and Payroll Taxes (each as defined below and, collectively, the "Compensation and Benefits Programs") for current and former Employees, as applicable.

i. Employee Obligations – Wages and Salaries

15. The Debtors incur obligations to their Employees for, among other things, wages, salaries, overtime, and similar compensation (collectively, the "Wages" or "Employee Obligations"). The Debtors' Employees are paid weekly in arrears, with an aggregate average payroll for such Employees of approximately \$480,050 for each pay period, including payroll taxes and net for deductions of employee benefits and retirement contributions.³

16. The Debtors' payroll is managed and processed through Paylocity Corporation ("Paylocity"), whose software is utilized by the Debtors for, among other things, calculating pay, benefits, and tax withholdings for each Employee. Once processed, the Debtors' payroll is then

³ The above average estimated payroll amount includes regular payroll for all Employees, including contract, hourly, and salaried workers, but does not include overtime, which was curtailed prior to the Petition Date.

transmitted from the Debtors' concentration account maintained at BMO Bank N.A. ("BMO") to the Debtors' payroll service vendor and then paid directly to the applicable Employees each Friday for the one-week period ending the prior Saturday. The majority of the Debtors' Employees are paid via direct deposit, but several receive paper paychecks.

17. The Debtors funded their most recent payroll for all Employees on Friday, February 21, 2025 and included an advance payment for amounts needed to fund payroll for the week ending Saturday, February 22, 2025. Accordingly, the Debtors estimate that, as of the Petition Date, only minimal amounts, if any, of accrued prepetition Employee Obligations will be owing to Employees. Out of an abundance of caution, and because some Employees who choose to receive paper paychecks may not have received their pay in their bank accounts as of the Petition Date, the Debtors request authority, in their discretion, to pay up to seven business days' worth of unpaid Employee Obligations, as set forth herein, and to continue paying Employees Obligations in the ordinary course of business during these chapter 11 cases.

ii. Payroll Administrator Costs

18. The Debtors use Paylocity as their third-party payroll processor to support payroll processing, payroll tax calculations and filings, and other payroll-related services (collectively, the "Payroll Costs").

19. Paylocity's services are crucial to the smooth functioning of the Debtors' payroll and human resources systems because they ensure that (a) the Employees are paid on time, (b) source deductions are appropriately determined, (c) payroll reporting is accurate, and (d) appropriate amounts are remitted to taxing authorities and other payees.

20. The Debtors pay Paylocity approximately \$5,300 to \$6,300 per month as compensation for its services. The Debtors estimate that, as of the Petition Date, approximately \$6,300 is accrued and owing to Paylocity on account of Payroll Costs. Accordingly, the Debtors

request authority to make any and all payments and remittances to Paylocity for Payroll Costs attributable to the prepetition period and related to its services, including the payroll processing and administrative fees, in the ordinary course of business and in their sole discretion.

iii. Business Expenses

21. The Debtors historically and in the ordinary course of business have reimbursed certain Employees for approved expenses incurred in the scope of their employment on behalf of the Debtors, including, among other things, travel, lodging, meals, cell phone and transportation allowances, and other business expenses (collectively, the “Reimbursed Expenses”). Reimbursed Expenses are typically in the range of \$9,500 to \$15,000 per month.

22. Similarly, in the ordinary course of business, the Debtors pay for certain business expenses (primarily office supplies and parts used for repairs) directly through corporate credit cards (the “Corporate Cards”) issued by Bank of America (“Corporate Card Expenses”, and, together with Reimbursed Expenses, “Business Expenses”). At present, five Employees currently use Corporate Cards. The Debtors pay Corporate Card Expenses by check to the card issuer following the Employee’s submission of receipts and an internal review and approval process. The Debtors’ average monthly spend on Corporate Card Expenses is approximately \$35,000, although it varies somewhat from month to month.

23. The Debtors have sought authorization to maintain their Corporate Cards through their cash management motion, filed herewith, and incorporate by reference the discussion of the Corporate Card program set forth therein.⁴ The Debtors seek authorization through this Motion to pay any unpaid prepetition Corporate Card Expenses incurred in the ordinary course of business.

⁴ See Debtors’ Motion For Entry Of Interim And Final Orders (I) Authorizing Debtors To (A) Continue To Operate Their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, And (D) Continue Certain Intercompany Transactions; (II) Authorizing Debtors’ Continued Use Of Corporate Credit Card Obligations; And (III) Granting Related Relief, ¶¶ 15-17.

The Debtors believe that they have satisfied all prepetition Corporate Card Expenses and have additionally prefunded the Corporate Cards for postpetition charges. Accordingly, this request is included out of an abundance of caution, as there often is a time lag between the incurrence of a charge and the submission of receipts, rendering it difficult for the Debtors to determine with precision the actual amount of incurred but not reported Corporate Card Expenses as of any particular time.

24. As of the Petition Date, the Debtors estimate that they owe no more than approximately \$50,000 on account of all Business Expenses (inclusive of both Reimbursed Expenses and Corporate Card Expenses), all of which will come due within the Interim Period. It is essential to the continued operation of the Debtors' businesses that the Debtors be permitted to continue reimbursing Employees for the Business Expenses, and accordingly, the Debtors request authority to pay or reimburse all remaining prepetition Business Expenses in the ordinary course of business, and to continue the use of policies relating the reimbursement of Business Expenses, including the Corporate Cards program.

iv. Employee Benefits Programs

25. The Debtors offer eligible Employees⁵ the ability to participate in a number of insurance and benefits programs, including, without limitation: (a) Healthcare Benefits, including the Medical Plans, the Vision Plan, the Dental Plans, and COBRA benefits; (b) the Life & AD&D Insurance Plan; (c) the Disability Programs; (d) the Employee Assistance Program; (e) 401(k) Plan; and (f) the Other Benefits Programs provided to eligible Employees in the ordinary course of business (each as defined below, and collectively, the "Employee Benefits Programs"). As with their payroll, the Debtors have paid known prepetition amounts owed on account of Employee

⁵ Eligibility occurs on the first of the month following 30 days of continuous employment.

Benefits Programs prior to the Petition Date. As a precaution, in case any such amounts were inadvertently missed, and because the Debtors may have obligations under such Programs that have accrued either in whole or in part prior to the Petition Date, but were not yet payable, the Debtors seek authority, in their discretion to pay up to \$73,750 in prepetition amounts under the Employee Benefits Programs (the equivalent of one week's worth of accruals under such Programs) in the ordinary course of the Debtors' businesses after the Petition Date.

26. Each of the Employee Benefits Programs is an important component of the total compensation offered to the Employees and is essential to the Debtors' efforts to maintain Employee morale and to minimize Employee attrition. The Debtors believe that the expenses associated with the Employee Benefits Programs are reasonable and necessary in light of the potential Employee attrition, loss of morale, and loss of productivity that would occur if such programs were discontinued.

a. Healthcare Benefits

27. In the ordinary course of their businesses, the Debtors offer eligible Employees the opportunity to participate in a number of health benefits programs, including medical, prescription, dental, and vision plans, among others (collectively, the "Healthcare Benefits").⁶ Specifically, the Debtors provide the following:

- Medical Plans: For eligible Employees, the Debtors offer medical and prescription drug insurance through United Healthcare ("United"). Employees have the option to choose among different medical plans, coverages, and cost levels (the "Medical Plans"). The Medical Plans are funded through Employee contributions by participating Employees through payroll deductions in varying amounts based on the type of plan and scope of coverage chosen by the applicable Employee, with the Debtors contributing certain amounts per Employee per month.

⁶ Where required under applicable non-bankruptcy law, including COBRA (defined below), the Debtors provide eligible Employees with the opportunity to continue participating in the applicable Employee Benefits Programs following their termination by the Debtors. The Debtors intend for the relief requested herein to apply to such former Employees consistent with the Debtors' prepetition practices and the requirements of applicable law.

- Dental Plan: For eligible Employees, the Debtors offer dental insurance benefits through multiple plans administered by United Healthcare (the “Dental Plans”). The Dental Plans are funded through contributions by participating Employees through payroll deductions, with the Debtors contributing a portion for each Employee per month.
- Vision Plan: For eligible Employees, the Debtors offer vision insurance benefits through a plan administered by United Healthcare (the “Vision Plan”). As with the Medical and Dental Plans, the Vision Plan is funded through contributions by participating Employees through payroll deductions plus a contribution from the Debtors.
- Basic Life and AD&D Insurance: The Debtors provide eligible Employees with employer-funded basic life and accidental death and dismemberment insurance through Anthem Blue Cross/The Standard (the “Basic AD&D Plan”).
- Voluntary Life/AD&D Insurance: The Debtors provide eligible Employees with the opportunity to purchase additional life and accidental death and dismemberment insurance through Anthem Blue Cross/The Standard (the “Voluntary AD&D Plan”). The Voluntary AD&D Plan is funded through contributions by participating Employees through payroll deductions and a Debtor contribution.
- COBRA: The Debtors make payments in respect of Section 4980B of the Internal Revenue Code to administer Continuation Health Coverage (26 U.S.C. § 4980B) (“COBRA”) for qualifying Employees and their qualifying dependents who incur a COBRA qualifying event or loss of coverage in connection with a fully-insured benefit plan (the “COBRA Benefits”). As of the Petition Date, the Debtors do not believe they owe any amounts on account of either COBRA Benefits or the administration of COBRA Benefits.

b. Health Savings Accounts

28. Eligible Employees have the opportunity to contribute, through pre-tax compensation deductions, to a health flexible spending account (“HSA”) through American Fidelity to pay for certain current and future eligible medical, dental, or vision expenses for the Employee and the Employee’s dependents, up to \$3,200 per Employee.

c. Dependent Care Flexible Spending Account

29. The Debtors offer a dependent care flexible spending account through American Fidelity to eligible Employees. The dependent care flexible spending account allows eligible Employees to contribute up to \$5,000 per year on a pre-tax basis for qualified dependent care expenses.

d. Employee Assistance Program

30. The Debtors make outside assistance available to eligible Employees and their dependents at no cost through an employee assistance program with Anthem Blue Cross, which enables Employees to obtain expert advice to help alleviate issues due to mental health, substance abuse, child and elder care, and other personal and workplace issues (the “Employee Assistance Program”).

e. 401(k) Plan

31. The Debtors offer Employees the opportunity to participate in a 401(k)-retirement savings plan (the “401(k) Plan”). The 401(k) Plan provides for pre-tax salary deductions of compensation up to limits set by the Internal Revenue Code. In addition to amounts funded by participating Employees themselves through payroll deductions, the Debtors match up to 4% of gross wages, including overtime, subject to applicable limits (the “401(k) Match”).

32. Each pay period, the Debtors deduct the eligible Employee’s 401(k) contributions from the Employee’s paychecks (the “401(k) Deductions”) and hold such amounts in trust until they are forwarded to the 401(k) Trustee.

33. Many Employees’ retirement savings consist primarily of the 401(k) Plan. Thus, the Debtors believe that continuing the 401(k) Plan is essential to maintaining Employee morale and protecting Employee expectations. In addition, the Debtors believe that the 401(k) Deductions are generally held in trust by the Debtors and are not property of their estates.

34. As a result of the foregoing and for the reasons stated below, pursuant to the Interim Order and the Final Order, the Debtors seek the authority, but not direction, to: (a) continue the 401(k) Plan in the ordinary course of business on a post-petition basis, (b) satisfy any unremitted amounts related to the 401(k) Deductions collected in the ordinary course of business, , and (c) pay eligible Employees any accrued amounts owed as of the Petition Date on account of the 401(k) Match.

v. Paid Time Off Program

35. The Debtors offer paid time off to eligible Employees for observed holidays, vacation, and sick leave (collectively, “PTO”). PTO is a usual and customary form of employee compensation; it is necessary to the Debtors’ ability to retain qualified employees and is mandated by applicable law. Employees are permitted to accrue and carry over certain amounts of PTO. Under applicable law in some jurisdictions, PTO may be considered a cash payment obligation that must be paid out upon termination. The Debtors paid all accrued prepetition PTO owed to Employees prior to the Petition Date. By this Motion, the Debtors request authority to continue to honor their PTO obligations in the ordinary course of business during these chapter 11 cases. The Debtors anticipate that their Employees will use their PTO in the ordinary course of business after the Petition Date without resulting in any material cash flow requirements beyond the Debtors’ normal payroll obligations.

vi. Severance Obligations

36. The Debtors have in the past, on an ad hoc basis and in the Debtors’ discretion, provided severance, termination, and other benefits to certain terminated Employees (the “Severance Payments”); however, as of the Petition Date, no former Employees are receiving any Severance Payments. The Debtors are not seeking approval to make any Severance Payments to Employees by this Motion. If the Debtors opt to provide Severance Payments to any Employees

terminated immediately before or after the Petition Date, the Debtors will file a separate motion with the Court seeking to make such Severance Payments.

vii. Deductions, Withholdings, and Payroll Taxes

37. For each applicable pay period, the Debtors routinely deduct, directly or indirectly, certain amounts from Employee paychecks, including, without limitation, garnishments, child support, and similar deductions, as well as pre- and after-tax deductions payable pursuant to the Compensation and Benefits Programs as discussed herein (such as applicable deductions related to the Healthcare Benefits, Life and Accident Plans, Disability Programs, and the Other Benefits Programs) (collectively, the “Deductions”), and forward such amounts to various third-party recipients.

38. In addition to the Deductions, federal and state laws require the Debtors to withhold amounts related to federal, state, and local income taxes and social security and Medicare taxes for remittance to the appropriate federal, state or local taxing authority (collectively, the “Withholdings”). The Debtors must then match the withheld amounts from their own funds for social security and Medicare taxes and pay, based on a percentage of gross payroll, additional amounts for federal and state unemployment insurance (collectively, the “Employer Payroll Taxes” and, together with the Withholdings, the “Payroll Taxes”). The Payroll Taxes are generally processed and forwarded to the appropriate federal, state, and local taxing authorities at the time the Employees’ payroll payments are disbursed.

39. The Debtors believe that they are current with respect to substantially all prepetition Deductions, Withholdings and Payroll Taxes. Out of an abundance of caution, the Debtors request authority, in their discretion, to continue to forward any prepetition Deductions or Withholdings (and to continue to forward Deductions and Withholdings on a post-petition basis, whether or not

related to the prepetition period) to the applicable third-party recipients in the ordinary course of business and consistent with past practice, up to the amount of \$80,000, which is the approximate total of one payroll cycle worth of such amounts.

BASIS FOR RELIEF

I. THE COURT SHOULD AUTHORIZE CONTINUATION OF THE COMPENSATION AND BENEFITS PROGRAMS AND PAYMENT OF THE PREPETITION COMPENSATION OBLIGATIONS

A. Maintaining the Compensation and Benefits Programs and Paying the Prepetition Compensation Obligations are Warranted Under Section 363(b) of the Bankruptcy Code and are a Sound Exercise of the Debtors' Business Judgment

40. A bankruptcy court may authorize a debtor to pay certain obligations pursuant to section 363 of the Bankruptcy Code. Section 363 of the Bankruptcy Code provides, in relevant part, that “[t]he [debtor], 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). Under section 363(b) of the Bankruptcy Code, courts require only that the debtor “show that a sound business purpose justifies [its] actions.” *Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999) (internal citations omitted); *In re Phoenix Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987). Further, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986); *see also Stanziale v. Nachtomi (In re Tower Air, Inc.)*, 416 F.3d 229, 238 (3d Cir. 2005) (stating that “[o]vercoming the presumptions of the business judgment rule on the merits is a near-Herculean task”).

41. The Debtors have determined, in the sound exercise of their business judgment, that continuing each of their Compensation and Benefits Programs and paying the Prepetition Compensation Obligations are critical to the success of these chapter 11 cases and necessary to avoid immediate and irreparable harm to the Debtors' estates. Any delay or disruption in the provision of the Compensation and Benefits Programs or payment of the attendant Prepetition Compensation Obligations would likely destroy the Debtors' relationships with the Employees and irreparably impair workforce morale at the very time when the dedication, confidence, and cooperation of the Employees are most critical. Indeed, without the relief requested herein being granted, the Debtors are at the risk of significant Employee attrition, as the Debtors' Employees may seek alternative opportunities, which would put a significant strain on the Debtors' ability to continue to operate in the ordinary course. Employee attrition would also cause the Debtors to incur additional expenses to find appropriate and experienced replacements, severely disrupting the Debtors' operations at a critical juncture and diminishing the Debtors' ability to carry out their chapter 11 strategy. Bolstering the morale of the Employees, and ensuring the uninterrupted availability of their respective services, will assist the Debtors in maintaining a "business as usual" atmosphere to the extent possible, preserve the Debtors' ability to continue to operate their businesses, and allow the Debtors to preserve relationships with their customers.

42. In addition to Employee attrition, failure to maintain the Compensation and Benefits Programs and satisfy the Prepetition Compensation Obligations will likely jeopardize Employee morale and loyalty at a time when support from Employees is critical to the Debtors' businesses. The majority of the Debtors' Employees rely exclusively on their compensation and benefits to satisfy their daily living expenses and needs. These Employees will be exposed to significant financial difficulties and other distractions if the Debtors are not

permitted to honor their employee-related obligations. If the Court does not authorize the Debtors to maintain the Compensation and Benefits Programs and honor their Prepetition Compensation Obligations, many Employees will be deprived of a significant portion of their income and lose access to critical benefits at a time when the Debtors need their Employees to perform their jobs at peak efficiency. The loss in morale and distraction of Employees worrying about paying their bills and other necessary expenses will harm the Debtors' ability to operate.

43. Accordingly, there can be no doubt that the Debtors must do their utmost to retain their workforce by, among other things, continuing to honor all wage, benefit and related obligations, including any amounts arising under the Compensation and Benefits Programs that accrued prepetition, and will accrue in the Interim Period.

B. Payment of Certain Prepetition Compensation Obligations Is Required by Law

44. Sections 541(b)(7) and 541(d) of the Bankruptcy Code provide grounds for granting the relief requested with respect to Withholdings and Deductions. These amounts include amounts earmarked by law, including for taxes and support payments, and Employee contributions to Compensation and Benefits Programs. These amounts are held in trust and not part of the Debtors' estates and are required to be paid. 11 U.S.C. §§ 541(b), (d); 26 U.S.C. § 7501(a); *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–97 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes). Failure to pay could subject the Debtors' directors and officers to personal liability. *See DuCharmes & Co. v. Michigan (In re DuCharmes & Co.)*, 852 F.2d 194, 196 (6th Cir. 1988) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes).

45. Because many of the Withholdings and Deductions are not property of the Debtors' estates, their application or payment for their intended purposes will not adversely affect the Debtors' estates or their creditors. To prevent potentially irreparable harm to Employee morale and, in certain cases, to comply with the clear and unambiguous requirements of section 541(b)(7) of the Bankruptcy Code, the Debtors desire to apply and remit the Withholdings and Deductions for the purposes for which the Withholdings and Deductions were taken.

C. Payment of Prepetition Compensation Obligations is Appropriate Under Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code

46. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code entitle certain of the Prepetition Compensation Obligations to priority treatment. As priority claims, the Debtors are required to pay such claims in full to confirm a chapter 11 plan. *See* 11 U.S.C. § 1129(a)(9)(B) (requiring payment of certain allowed unsecured claims for: (a) wages, salaries or commissions, including sick leave pay earned by an individual; and (b) contributions to an employee benefit plan). Notably, the Debtors are not seeking relief to make any payments above the priority cap of \$15,150 pursuant to sections 507(a)(4) and (a)(5) of the Bankruptcy Code on either an interim or final basis. Thus, granting the relief sought herein should only affect the timing of certain payments to the Employees and should not negatively affect recoveries for general unsecured creditors. Indeed, the Debtors submit that payment of the Prepetition Compensation Obligations at this time enhances value for the benefit of all interested parties. The relief sought through this Motion is to allow the Debtors to continue in the ordinary course of business and avoid disruption to their operations. Especially now, as the Debtors pursue an orderly chapter 11 process, it is crucial that the Debtors retain their Employees that are familiar with their operations and have valuable relationships with vendors and customers. Disruptions to the Debtors' operations,

including spending time to identify and train new Employees would be detrimental to the Debtors' operations and the success of these chapter 11 cases.

D. The Debtors' Requested Relief Related to the 401(k) Plan is Necessary

47. The Debtors' relief sought herein related to the 401(k) Plan is necessary because as plan sponsor of the 401(k) Plan, the Debtors have a fiduciary duty arising under Title IV of the Employee Retirement Income Security Act of 1974, as amended, to administer the 401(k) Plan in accordance with its terms. Moreover, the Debtors' failure administer the 401(k) Plan in accordance with its terms would be a violation of the qualification standards of Section 401(a) of the Internal Revenue Code. Disqualification of the 401(k) Plan, which covers a large number of Employees of the Debtors, would generally cause the trust under the 401(k) Plan to lose its tax-exempt status under Section 501(a) of the Internal Revenue Code and would result in participants being currently taxed on their balances under the 401(k) Plan.

48. Moreover, many Employees' retirement savings solely consist of the 401(k) Plan, and many Employees choose to participate in the 401(k) Plan because of the 401(k) Match. Thus, the Debtors believe that continuing the 401(k) Plan and the 401(k) Match are essential to maintaining Employee morale. In addition, the Debtors believe that the 401(k) Deductions are held in trust by the Debtors and are not property of their estates. Accordingly, pursuant to the Interim Order and the Final Order, the Debtors seek the authority, but not direction, to satisfy 401(k) Plan expenses, including the 401(k) Match and 401(k) Deductions.

II. THE COURT ALSO MAY GRANT THE MOTION PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND THE DOCTRINE OF NECESSITY

49. Section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Under section 105(a) of the Bankruptcy Code, courts may permit payments

of prepetition obligations prior to confirmation of a plan and emergence from chapter 11 when essential to the continued operation of a debtor's business. Specifically, the Court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations pursuant to the "doctrine of necessity."

50. Under the "doctrine of necessity," bankruptcy courts may authorize the payment of prepetition claims if such payment is essential to the continued operation of the debtor. *In re Lehigh & New England Rwy. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (stating courts may authorize payment of prepetition claims when there "is the possibility that the creditor will employ an immediate economic sanction, failing such payment"); *see also In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (recognizing necessity of payment doctrine permits "immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until its pre-reorganization claims have been paid"); *In re Just for Feet, Inc.*, 242 B.R. 821, 824–25 (D. Del. 1999) (noting that, in the Third Circuit, debtors may pay prepetition claims that are essential to continued operation of business); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (same).

51. Although the "doctrine of necessity" predates the Bankruptcy Code, *see Miltenberger v. Logansport Ry. Co.*, 106 U.S. 286, 309 (1882), the modern application of the doctrine of necessity is grounded in specific provisions of the Bankruptcy Code, including sections 105(a), 1107(a), and 1108. *See In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (fiduciary duties implicit in section 1107(a) of the Bankruptcy Code justify the "preplan satisfaction of a prepetition claim" where necessary to preserve going concern value). The doctrine, largely unchanged from the Court's reasoning in *Miltenberger*, is a widely accepted component of bankruptcy jurisprudence. *See, e.g., Just for Feet, Inc.*, 242 B.R. at 826 (approving

payment of key inventory suppliers' prepetition claims when such suppliers could destroy the debtor's business by refusing to deliver new inventory on the eve of debtor's key sales season); *Mich. Bureau of Workers' Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285–87 (S.D.N.Y. 1987) (affirming order authorizing payment of prepetition wages, salaries, expenses and benefits).

52. Paying the Prepetition Compensation Obligations will benefit the Debtors' estates and their stakeholders by allowing the Debtors' business operations to continue without interruption. The Debtors believe that without the requested relief, it is probable that Employees at all levels of the Debtors' organization and the Contract Workers who currently work for the Debtors will leave for alternative employment. Such a development would deplete the Debtors' workforce, hindering the Debtors' ability to implement their chapter 11 strategy. The loss of valuable Employees and the resulting need to recruit new personnel to replenish the Debtors' workforce would be distracting and counterproductive at this critical time, during which the Debtors are stabilizing operations and restructuring their obligations in chapter 11. Further, if the Debtors lose valuable Employees, they will incur significant expenses in locating, recruiting and training replacements that would far exceed the costs of the Prepetition Compensation Obligations for a lost Employee or Contract Worker. Indeed, the Debtors believe that if they do not pay the Prepetition Compensation Obligations, the remaining Employees may become demoralized and unproductive because of the significant financial strain and other hardship many of the Employees will experience as a result.

53. In light of the foregoing, the Debtors respectfully submit that the continuation of their Compensation and Benefits Programs and payment of the Prepetition Compensation Obligations is essential to the success of these chapter 11 cases, represents an exercise of the

Debtors' sound business judgment, and is in the best interests of the Debtors' estates, their creditors and all stakeholders.

54. Courts in this district have routinely granted similar relief. *See, e.g., In re Never Slip Holdings, Inc.*, No. 24-10663-LSS (May 7, 2024) (authorizing debtors to continue employee compensation and benefit programs and pay certain prepetition obligations related thereto on a post-petition basis); *In re FB Debt Financing Guarantor, LLC*, No. 23-10025 (KBO) (Bankr. D. Del. Feb. 3, 2023) (same); *In re OSG Group Holdings, Inc.*, Case No. 22-10718 (JTD) (Bankr. D. Del. Aug. 29, 2022) (same); *In re TPC Group Inc.*, Case No. 22-10493 (CTG) (Bankr. D. Del. June 30, 2022) (same); *In re Alex and Ani, LLC*, Case No. 21-10918 (CTG) (Bankr. D. Del. July 14, 2021).⁷

III. THE COURT SHOULD AUTHORIZE THE BANKS TO HONOR AND PROCESS THE DEBTORS' PAYMENT IN ACCORDANCE WITH THIS MOTION

55. The Debtors also request that the Court authorize and direct the Debtors' Banks when requested by the Debtors, in their discretion, to receive, process, honor, and pay all checks or electronic fund transfers drawn on the Debtors' bank accounts presented for payment of, and to honor all fund transfer requests made by the Debtors related to, the claims that the Debtors request authority to pay in this Motion, regardless of whether the checks were presented or fund transfer requests were submitted before, on, or after the Petition Date, provided that sufficient funds are available in the applicable bank accounts to cover the checks and electronic fund transfers. The Debtors also request that the Banks be authorized to rely on the Debtors' designation or representation that any particular check or electronic payment request has been approved pursuant to the Interim Order and the Final Order.

⁷ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

56. Courts in this district have routinely granted similar relief. *See, e.g., In re Fast Radius, Inc.*, Case No. 22-11051 (JKS) (Bankr. D. Del. Dec. 13, 2022) (authorizing the debtors' banks to receive, process, honor, and pay all checks and electronic payment requests for amounts approved pursuant to the wages motion); *In re Phasebio Pharmas., Inc.*, Case No. 22-10995 (LSS) (Bankr. D. Del. Nov. 15, 2022) (same); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del. Aug. 24, 2022) (same); *In re OSG Grp. Holdings, Inc.*, No. 22-10718 (JTD) (Bankr. D. Del. Aug. 29, 2022) (same); *In re Enjoy Tech., Inc.*, No. 22-10580 (JKS) (Bankr. D. Del. July 1, 2022) (same).⁸

IMMEDIATE AND UNSTAYED RELIEF IS NECESSARY

57. The Court may grant the relief requested in this Motion immediately if the “relief is necessary to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003; *In re First NLC Fin. Servs., LLC*, 382 B.R. 547, 549 (Bankr. S.D. Fla. 2008). The Third Circuit has interpreted the language “immediate and irreparable harm” in the context of preliminary injunctions. In that context, the Third Circuit has instructed that irreparable harm is that which “cannot be redressed by a legal or an equitable remedy following a trial.” *Instant Air Freight Co. v. C.F. Air Freight, Inc.*, 882 F.2d 797, 801 (3d Cir. 1989). The Debtors believe an orderly transition into chapter 11 is critical to the viability of their operations and that any delay in granting the relief requested would disrupt the Debtors' operations and cause irreparable harm. The Employees would suffer significant hardship and some may immediately seek alternative work opportunities if the relief requested herein is delayed, irreparably jeopardizing the viability of the Debtors' ongoing operations. Further, failure to receive the requested relief at the outset of these chapter 11 cases

⁸ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

would disrupt the “business as usual” message that is critical to the Debtors’ ability to stabilize their operations and maintain Employee confidence during this process. The Debtors submit that, for these reasons, among other reasons set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates.

58. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which 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.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the fourteen (14)-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

RESERVATION OF RIGHTS

59. Nothing in this Motion: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors or their estates; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates to contest the validity, priority, or amount of any claim against the Debtors or their estates; (c) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to any and all claims or causes of action against any third party; or (d) shall be construed as a promise to pay a claim or continue any applicable program post-petition, which decision shall be in the discretion of the Debtors. Any payment made pursuant to an order of the Court granting the relief requested herein is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors’ rights to subsequently dispute such claim.

NOTICE

60. The Debtors will provide notice of this Motion to: (a) United States Trustee for the District of Delaware; (b) the United States Attorney's Office for the District of Delaware; (c) the state attorneys general for all states in which the Debtors conduct business; (d) the Internal Revenue Service; (e) the United States Securities and Exchange Commission; (f) the holders of the thirty (30) largest unsecured claims against the Debtors on a consolidated basis; (g) counsel to the DIP Agent and DIP Lender; (h) counsel to the Prepetition Agent; (i) banks and financial institutions where the Debtors maintain accounts; (j) Paylocity; and (k) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that, in light of the nature of the relief requested, no further notice is necessary.

[Text Continues on the Next Page]

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter the Interim Order and the Final Order, substantially in the form annexed hereto as **Exhibit A** and **Exhibit B**, respectively, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: February 26, 2025
Wilmington, Delaware

CHIPMAN BROWN CICERO & COLE, LLP

/s/ Robert A. Weber

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Proposed Counsel to the Debtors and Debtors in Possession

EXHIBIT A

Interim Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Dynamic Aerostructures LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 25-10292 (xxx)

(Joint Administration Pending)

Related Docket No.

**INTERIM ORDER (I) AUTHORIZING
DEBTORS TO (A) PAY PREPETITION WAGES,
EMPLOYEE BENEFITS OBLIGATIONS, AND OTHER COMPENSATION,
(B) CONTINUE EMPLOYEE BENEFITS PROGRAMS AND PAY RELATED
ADMINISTRATIVE OBLIGATIONS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the Debtors for entry of this interim order (the “Order”) and a final order: (i) authorizing, but not directing, the Debtors, in their discretion, to (a) pay Prepetition Compensation Obligations and related expenses arising under or related to Compensation and Benefits Programs and (b) continue their Compensation and Benefits Programs in effect as of the Petition Date (and as may be amended, renewed, replaced, modified, revised, supplemented, or terminated from time to time in the ordinary course of business) and pay related administrative obligations; and (ii) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over 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 February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: Dynamic Aerostructures LLC (3076); Dynamic Aerostructures Intermediate LLC (9800); and Forrest Machining LLC (3421). The Debtors’ service address is 27756 Avenue Mentry, Valencia, California 91355.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

having found that venue of these cases and this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.
2. The final hearing on the Motion (the "Final Hearing") is set for _____, 2025 at ____:____ a.m./p.m. (prevailing Eastern Time). Any objections or responses to the entry of the proposed Final Order shall be filed on or before 4:00 p.m. (prevailing Eastern Time) on _____, 2025 (the "Objection Deadline"), and shall be served on the following parties or their respective counsel on or before the Objection Deadline: (i) proposed co-counsel to the Debtors, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036 (Attn: Gregg M. Galardi; email: gregg.galardi@ropesgray.com) and Chipman Brown Cicero & Cole LLP, 1313 N. Market Street, Suite 5400, Wilmington, DE 19801 (Attn: Mark L. Desgrosseilliers and Robert A. Weber; email: desgross@chipmanbrown.com and weber@chipmanbrown.com); and 501 5th Ave., 15th Floor, New York, NY 10017 (Attn: Daniel G. Egan; email: egan@chipmanbrown.com); (ii) counsel to the DIP Agent and the DIP Lender, King & Spalding LLP, 1100 Louisiana St., Suite 4100, Houston, TX 77002 (Attn: Michael Fishel; email: mfishel@kslaw.com) and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, DE

19801 (Attn: Kenneth J. Enos; email: kenos@ycst.com); (iii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lock Box 35, Wilmington, Delaware 19801 (Attn: Rosa Sierra-Fox; email: Rosa.Sierra-Fox@usdoj.gov); and (iv) counsel for any statutory committee appointed in these chapter 11 cases. If no objections or responses are filed and served by the Objection Deadline, the Court may enter the Final Order without further notice or hearing.

3. The Debtors are authorized, but not directed, in their discretion, to make cash payments on account of the Prepetition Compensation Obligations and related expenses arising under or related to the Compensation and Benefits Programs up to \$590,050 in the aggregate on an interim basis as set forth in the chart below; *provided*, that the Debtors shall not make any payments in excess of the amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code without further order of this Court, unless applicable state law requires payments upon termination of an Employee that, in combination with the other payments authorized by this order, would exceed the limits of sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.

Prepetition Compensation Obligation	Approximate Amount Due and Payable on an Interim Basis
Employee Obligations (Wages & Salaries)	\$380,000
Payroll Administrator Costs	\$6,300
Business Expenses	\$50,000
Employee Benefits Programs	\$73,750
Deductions, Withholdings & Payroll Taxes	\$80,000
Total	\$590,050

4. The Debtors are authorized, but not directed, in their discretion, to: (a) continue their Compensation and Benefits Programs in effect as of the Petition Date and pay related administrative expenses; and (b) amend, renew, replace, modify, revise, supplement, or terminate such Compensation and Benefits Programs in the ordinary course of business; provided, however,

that the Debtors shall seek Court approval, upon a motion on notice, of any modification that would implicate any portion of section 503(c) of the Bankruptcy Code.

5. The Debtors are authorized, but not directed, in their discretion, to: (a) continue utilizing third parties in connection with the Compensation and Benefits Programs as described in the Motion and to pay or caused to be paid such claims as and when such obligations are due; and (b) pay prepetition amounts owing in the ordinary course of business to third parties in connection with the Compensation and Benefits Programs.

6. The Debtors are authorized to forward any unpaid amounts on account of Deductions and Withholdings to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition practices and policies.

7. For the avoidance of doubt, the Debtors reserve all rights to modify, alter, limit, or terminate the Compensation and Benefits Programs in their business judgment and in the ordinary course of business, without further order from the Court; *provided*, that the Debtors shall seek approval from the Court, upon a motion on notice, of any modification of the Compensation and Benefits Programs that would implicate any portion of section 503(c) of the Bankruptcy Code.

8. Nothing herein shall be deemed to (a) authorize the payment of any amounts in satisfaction of bonus or severance obligations or authorize the payment of any amounts that are subject to section 503(c) of the Bankruptcy Code; or (b) authorize the Debtors to pay any amounts on account of PTO except upon termination of an Employee if applicable state law requires such payment.

9. The Banks are (a) authorized and directed to receive, process, honor and pay any and all prepetition and postpetition checks, drafts, electronic transfers and other forms of payment used by the Debtors to satisfy their Prepetition Compensation Obligations, whether presented

before, on, or after the Petition Date; *provided* that sufficient funds are on deposit in the applicable accounts to cover such payments, and (b) prohibited from placing any holds on, or attempting to reverse, any automatic transfers on account of Prepetition Compensation Obligations. The Banks shall rely on the direction and representations of the Debtors as to which checks and fund transfers should be honored and paid pursuant to this Order, and any such Bank shall not have any liability to any party for relying on such direction and representations by the Debtors as provided for in this Order.

10. Nothing in this Order nor any actions taken hereunder: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors or their estates; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates to contest the validity, priority, or amount of any claim against the Debtors or their estates; (c) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to any and all claims or causes of action against any third party; (d) shall be construed as a promise to pay a claim or continue any applicable program post-petition, which decision shall be in the discretion of the Debtors; or (e) shall create, or is intended to create, any rights in favor of, or enhance the status of any claim held by, any person. Any payment made pursuant to this Order is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

11. Notwithstanding anything to the contrary contained in the Motion or in this Order, the Debtors shall provide reasonable advance notice to counsel to the DIP Lender of any material changes or modifications to the Debtors' historical policies and practices with respect to any action taken or proposed to be taken hereunder, and the Debtors, in consultation with the DIP Lender,

shall seek Court approval, on notice, of any such material changes or modification to the extent required under the Bankruptcy Code.

12. The requirements of Bankruptcy Rule 6003 are satisfied.

13. Notwithstanding Bankruptcy Rule 6004(h) or any other procedural rule, this Order shall be effective and enforceable immediately upon entry hereof and notice of the Motion as provided therein shall be deemed good and sufficient pursuant to the requirements of Bankruptcy Rule 6004(a) and the Local Rules.

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

15. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

EXHIBIT B

Final Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Dynamic Aerostructures LLC, *et al.*,
Debtors.¹

Chapter 11

Case No. 25-10292 (xxx)

(Joint Administration Pending)

Related Docket No.

**FINAL ORDER (I) AUTHORIZING
DEBTORS TO (A) PAY PREPETITION WAGES,
EMPLOYEE BENEFITS OBLIGATIONS, AND OTHER COMPENSATION,
(B) CONTINUE EMPLOYEE BENEFITS PROGRAMS AND PAY RELATED
ADMINISTRATIVE OBLIGATIONS; AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the Debtors for entry of an interim order and this final order (the “Order”): (i) authorizing, but not directing, the Debtors, in their discretion, to (a) pay Prepetition Compensation Obligations and related expenses arising under or related to Compensation and Benefits Programs and (b) continue their Compensation and Benefits Programs in effect as of the Petition Date (and as may be amended, renewed, replaced, modified, revised, supplemented, or terminated from time to time in the ordinary course of business) and pay related administrative obligations; and (ii) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over 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 February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: Dynamic Aerostructures LLC (3076); Dynamic Aerostructures Intermediate LLC (9800); and Forrest Machining LLC (3421). The Debtors’ service address is 27756 Avenue Mentry, Valencia, California 91355.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

having found that venue of these cases and this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.
2. The Debtors are authorized, but not directed, in their discretion, to make cash payments on account of the Prepetition Compensation Obligations and related expenses arising under or related to the Compensation and Benefits Programs up to \$590,050 in the aggregate on a final basis as set forth in the chart below; *provided*, that the Debtors shall not make any payments in excess of the amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code without further order of this Court, unless applicable state law requires payments upon termination of an Employee that, in combination with the other payments authorized by this order, would exceed the limits of sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.

Prepetition Compensation Obligation	Approximate Amount Due and Payable on a Final Basis
Employee Obligations (Wages & Salaries)	\$380,000
Payroll Administrator Costs	\$6,300
Business Expenses	\$50,000
Employee Benefits Programs	\$73,750
Deductions, Withholdings & Payroll Taxes	\$80,000
Total	\$590,050

3. The Debtors are authorized, but not directed, in their discretion, to: (a) continue their Compensation and Benefits Programs in effect as of the Petition Date and pay related administrative expenses; and (b) amend, renew, replace, modify, revise, supplement, or terminate such Compensation and Benefits Programs in the ordinary course of business.

4. The Debtors are authorized, but not directed, in their discretion, to: (a) continue utilizing third parties in connection with the Compensation and Benefits Programs as described in the Motion and to pay or caused to be paid such claims as and when such obligations are due; and (b) pay prepetition amounts owing in the ordinary course of business to third parties in connection with the Compensation and Benefits Programs.

5. The Debtors are authorized to forward any unpaid amounts on account of Deductions and Withholdings to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition practices and policies.

6. For the avoidance of doubt, the Debtors reserve all rights to modify, alter, limit, or terminate the Compensation and Benefits Programs in their business judgment and in the ordinary course of business, without further order from the Court; *provided*, that the Debtors shall seek approval from the Court, upon a motion on notice, of any modification of the Compensation and Benefits Programs that would implicate any portion of section 503(c) of the Bankruptcy Code.

7. Nothing herein shall be deemed to (a) authorize the payment of any amounts that are subject to section 503(c) of the Bankruptcy Code; or (b) authorize the Debtors to pay any amounts on account of PTO except upon termination of an Employee if applicable state law requires such payment.

8. The Banks are (a) authorized and directed to receive, process, honor and pay any and all prepetition and postpetition checks, drafts, electronic transfers and other forms of payment

used by the Debtors to satisfy their Prepetition Compensation Obligations, whether presented before, on, or after the Petition Date; *provided* that sufficient funds are on deposit in the applicable accounts to cover such payments, and (b) prohibited from placing any holds on, or attempting to reverse, any automatic transfers on account of Prepetition Compensation Obligations. The Banks shall rely on the direction and representations of the Debtors as to which checks and fund transfers should be honored and paid pursuant to this Order, and any such Bank shall not have any liability to any party for relying on such direction and representations by the Debtors as provided for in this Order.

9. Nothing in this Order nor any actions taken hereunder: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors or their estates; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates to contest the validity, priority, or amount of any claim against the Debtors or their estates; (c) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to any and all claims or causes of action against any third party; (d) shall be construed as a promise to pay a claim or continue any applicable program post-petition, which decision shall be in the discretion of the Debtors; or (e) shall create, or is intended to create, any rights in favor of, or enhance the status of any claim held by, any person. Any payment made pursuant to this Order is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

10. Notwithstanding anything to the contrary contained in the Motion or in this Order, the Debtors shall provide reasonable advance notice to counsel to the DIP Lender of any material changes or modifications to the Debtors' historical policies and practices with respect to any action

taken or proposed to be taken hereunder, and the Debtors, in consultation with the DIP Lender, shall seek Court approval, on notice, of any such material changes or modification to the extent required under the Bankruptcy Code.

11. The requirements of Bankruptcy Rule 6003 are satisfied.

12. Notwithstanding Bankruptcy Rule 6004(h) or any other procedural rule, this Order shall be effective and enforceable immediately upon entry hereof and notice of the Motion as provided therein shall be deemed good and sufficient pursuant to the requirements of Bankruptcy Rule 6004(a) and the Local Rules.

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

14. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.