

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	
)	Chapter 11
MARELLI AUTOMOTIVE LIGHTING USA LLC,)	
<i>et al.</i> , ¹)	Case No. 25-11034 (___)
)	
Debtors.)	(Joint Administration Requested)
)	

**DECLARATION OF NICHOLAS
GROSSI IN SUPPORT OF THE MOTION OF
DEBTORS FOR ENTRY OF INTERIM AND FINAL
ORDERS (I) AUTHORIZING THE DEBTORS TO (A) OBTAIN
POSTPETITION FINANCING, AND (B) USE CASH COLLATERAL;
(II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE
EXPENSE CLAIMS; (III) GRANTING ADEQUATE PROTECTION TO CERTAIN
PREPETITION SECURED PARTIES; (IV) MODIFYING THE AUTOMATIC STAY;
(V) SCHEDULING A FINAL HEARING; AND (VI) GRANTING RELATED RELIEF**

I, Nicholas Grossi, hereby declare under penalty of perjury as follows:

1. I am a Managing Director at Alvarez & Marsal North America, LLC ("A&M"), the proposed financial advisor to the above-captioned debtors and debtors in possession (collectively, the "Debtors").

2. I submit this declaration (this "Declaration") in support of the relief requested in the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, and (B) Use Cash Collateral; (II) Granting Liens and Providing Superpriority Administrative Expense Claims; (III) Granting Adequate Protection to Certain Prepetition Secured Parties; (IV) Modifying the Automatic Stay; (V) Scheduling a Final Hearing; and (VI) Granting Related Relief* (the "Motion") filed contemporaneously herewith.²

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://www.veritaglobal.net/Marelli>. The location of Marelli Automotive Lighting USA LLC's principal place of business is 26555 Northwestern Highway, Southfield, Michigan 48033.

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



3. Although A&M is expected to be compensated for its work as the Debtors' proposed restructuring advisor and financial advisor in these chapter 11 cases, I am not being compensated separately for this Declaration or testimony in connection therewith. Except as otherwise indicated, all facts set forth in this Declaration are based upon (i) my personal knowledge, (ii) my review of relevant documents, (iii) my discussions with the Debtors' management team, other members of the A&M team, and the Debtors' other advisors, (iv) my review of information concerning the Debtors' operations, financial affairs, and restructuring initiatives, and (v) my views based upon my experience and knowledge. I am over the age of 18 and authorized to submit this Declaration on behalf of the Debtors.

Professional Background and Qualifications

4. A&M is a leading restructuring consulting firm with extensive experience providing high quality, specialized management and restructuring advisory services to debtors and distressed companies. Specifically, A&M's core services include turnaround advisory services, interim and crisis management, revenue enhancement, claims management, and creditor and risk management advisory services. A&M provides a wide range of debtor advisory services targeted at stabilizing and improving a company's financial position, including (i) developing or validating forecasts, business plans, and related assessments of strategic positions; (ii) monitoring and managing cash, cash flow, and supplier relationships; (iii) assessing and recommending cost reduction strategies; and (iv) designing and negotiating financial restructuring packages. In addition, A&M provides advice on specific aspects of the turnaround process and helps manage complex constituency relations and communications. A&M is known for its ability to work alongside company management and key constituents during chapter 11 restructurings to develop a feasible and executable plan of reorganization.

5. I am a Managing Director at A&M and have more than 18 years of experience serving as a financial advisor in distressed situations and providing restructuring and performance improvement services to companies in a diverse range of industries, including communications, retail, and drilling. I hold a Master of Business Administration from DePaul University and a bachelor's degree in management from Purdue University.

6. As a financial advisor, I have conducted numerous financial and/or liquidation analyses for various companies, including SVB Financial Group, Windstream Holdings, Inc., Diamond Offshore Drilling, Inc., Seadrill Ltd., UCI International, Specialty Retail Shops Holding Corp., Sears Holding Corporation, Verso Corporation, Exide Technologies, Bank of America, Chemtura Corporation, the New York Department of Education, Global Power, Envision Hospital Systems, and Kimball Hill, Inc.

7. I am familiar with the Debtors' capital structure, day-to-day operations, business and financial affairs, liquidity forecasts, and books and records. Members of the A&M team and I have assisted the Debtors with their cash management and cash forecasting efforts, including, among other things, progressing contingency planning efforts, preparing thirteen-week budgets (including the initial DIP Budget (as defined herein) attached to the proposed Interim Order) for the Debtors, and preparing financial forecasts to size the DIP Facility.

A&M's Engagement

8. The Debtors engaged A&M in March 2025 to serve as their restructuring advisor.³ Over the course of its engagement, A&M has evaluated the Debtors' operations and cash requirements to operate their businesses, including by assisting in the development of the Debtors'

³ A detailed description of the Debtors' prepetition restructuring efforts is included in the *Declaration of David Slump, Chief Executive Officer of Marelli Automotive Lighting USA, LLC, In Support of First Day Motions* (the "First Day Declaration").

near-term cash flow forecasts and liquidity analyses, evaluating strategic alternatives and financing-related workstreams, and advancing contingency planning in the event that a chapter 11 filing became necessary. Related to these efforts, A&M has worked closely with the Debtors' management and other restructuring professionals and has become well-acquainted with the Debtors' capital structure, liquidity needs, cash flows, business operations, and general operating details.

9. As it became clear that the Debtors would pursue an in-court restructuring, A&M focused on, among other things, a comprehensive evaluation and analysis of the Debtors' operations and cash requirements to operate their business during these chapter 11 cases.

The Debtors Require Immediate Access to the DIP Facility

10. I am familiar with the DIP Facility, the material terms thereof, and the Debtors' immediate liquidity needs. Based on my experience in the restructuring industry generally and my experience with the Debtors in particular, I believe that approval of the proposed DIP Facility and continued use of Cash Collateral is essential for the Debtors to stabilize operations and fund their restructuring efforts.

11. Prior to the commencement of these cases, I understand that the Debtors, in consultation with their advisors, carefully considered a number of potential alternatives to address the Debtors' capital structure and liquidity challenges.⁴

12. I understand that these alternatives included, among other things, extensive negotiations with the Debtors' existing lenders on the terms of a consensual out-of-court

⁴ A description of the Debtors' prepetition marketing efforts and transaction negotiations is included in the *Declaration of John Singh In Support of the Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, and (B) Use Cash Collateral; (II) Granting Liens and Providing Superpriority Administrative Expense Claims, (III) Granting Adequate Protection to Certain Prepetition Secured Parties; (IV) Modifying the Automatic Stay; (V) Scheduling a Final Hearing; and (VI) Granting Related Relief* (the "Singh Declaration"), filed contemporaneously herewith.

transaction. Ultimately, none of the Debtors' efforts to negotiate a transaction with their existing lenders materialized in an actionable proposal on an out-of-court basis. Accordingly, the Debtors focused on preparing for a potential chapter 11 filing and soliciting interest from third parties on the terms of a debtor-in-possession financing facility while also continuing negotiations with the Ad Hoc Group of Senior Lenders. I also understand that the Debtors and the Ad Hoc Group of Senior Lenders engaged in significant negotiations on the terms of a potential in-court restructuring transaction, culminating in an agreement on a consensual debtor-in-possession financing facility on the eve of filing.

13. In connection with the search for viable postpetition financing, the Debtors and their advisors reviewed and analyzed the Debtors' anticipated go-forward liquidity needs and the amount of postpetition financing required to support the Debtors' ongoing business operations and fund chapter 11 process costs. A&M assisted the Debtors in preparing the Debtors' 13-week cash flow forecast, which accounted for projected cash receipts and disbursements and considers a number of factors, including, but not limited to, the effect of the chapter 11 filing on the operations of the business, fees and interest expenses associated with postpetition financing, professional fees, and customer and vendor obligations, as well as the operational performance of the underlying business. The Debtors, with the assistance of A&M and their other advisors, used their 13-week and 9-month cash flow analyses as the basis to determine the necessary size of the DIP Facility, the amount requested on an interim basis, and, ultimately the DIP Facility budget (the "DIP Budget," attached to the Interim Order as Exhibit 2). Based on my experience in numerous large-scale corporate bankruptcy cases, my familiarity with the Debtors' operations, and extensive discussions with the Debtors' management team and advisors, including a team from A&M acting

under my supervision, I believe the DIP Budget presents a reasonable estimate of the Debtors' cash sources and needs during these chapter 11 cases.

14. Based on these analyses, my experience in chapter 11 cases, my experience working with the Debtors, and my discussions with the Debtors' management and other advisors, the Debtors require immediate use of Cash Collateral and access to the incremental liquidity provided by the DIP Facility to, among other things, administer their estates during these chapter 11 cases, honor employee wages and benefits, fund operational expenses, procure raw materials to manufacture automotive parts and components, and maintain favorable relationships with their customers, employees, and other key constituents.

15. Additionally, as of the Petition Date, the estimated operating cash balance of the Debtors (and their subsidiaries) is approximately \$356 million, which is insufficient to operate their enterprise and continue paying their debts as they come due. If the Debtors cannot quickly access liquidity through the DIP Facility and the use of Cash Collateral, the Debtors will not be able to operate their business in the ordinary course, which will likely lead to suppliers refusing to provide the Debtors with the necessary materials to manufacture goods. This, in turn, will likely result in the Debtors' customers diverting business from the Debtors or otherwise altering their business relationship with the Debtors, which would adversely affect the Debtors' revenues and future operations and harm the value of the Debtors' business. It is my understanding that Marelli supplies over sixty-five original equipment manufacturers ("OEMs") with advanced automotive components and parts on a "just in time, just in sequence" basis, and any delay jeopardizes an OEM's supply chain. Specifically, I understand that, in the absence of immediate access to liquidity, the Debtors' business may falter due to the inability to keep up with OEM supply chain

needs in real time. In sum, absent the ability to immediately access the liquidity provided under the DIP Facility, the Debtors face a material diminution in value of their assets and operations.

16. I believe that the new money made available subject to and upon entry of the Interim Order is warranted under these circumstances. The Debtors carefully tailored the requested amount to only cover the payments and disbursements that the Debtors deem to be absolutely necessary to operate their business in the ordinary course and minimize harm to the Debtors' business. Put simply, I do not believe that the approximately \$519 million requested upon entry of the Interim Order includes significant "cushion" or otherwise overstates the liquidity need of the Debtors on "day 1" of these cases. Instead, I believe that the amount requested is necessary to preserve the value of the Debtors' business and provide the Debtors with sufficient liquidity to operate for the next 4 weeks.

The DIP Facility Provides Adequate Protection to Secured Creditors

17. I believe that the "priming" structure of the DIP Facility is warranted and in the best interest of stakeholders. As discussed in the Singh Declaration, I understand that the only actionable proposals for the debtor-in-possession financing structure are (i) a consensual priming debtor-in-possession financing facility supported by the Prepetition Secured Parties or (ii) a non-consensual third-party priming debtor-in-possession financing facility. As of the Petition Date, I understand that no party had demonstrated an interest in providing financing "pari" with the Prepetition Senior Loan Facility or providing financing on an unsecured basis.

18. Further, I understand that none of the potential financing sources, including the DIP Lenders, were willing to provide financing solely secured by the Debtors' unencumbered collateral and assets. Instead, I understand that the DIP Lenders conditioned their DIP financing proposals

on, among other things, superpriority status and postpetition priming liens on substantially all of the Prepetition Collateral.

19. Here, the DIP Facility provides the Prepetition Secured Parties with customary adequate protection liens, which include replacement liens on the Prepetition Collateral and additional liens on unencumbered assets. Further, as the Debtors are only requesting approximately one-third of the DIP Facility upon entry of the Interim Order, I believe that the Prepetition Secured Parties are adequately protected as to the relief sought upon entry of the Interim Order. Accordingly, I believe the DIP Facility provides adequate protection to the Prepetition Secured Parties.

Conclusion

20. I believe that entry of the Interim Order will convey a positive message to all stakeholders that the Debtors are adequately funded with the ability to satisfy operational obligations in the ordinary course. Moreover, demonstrating that the Debtors have access to financing and a path to largely consensual chapter 11 process will allow them to maintain favorable trade terms with customers and will send positive signals to the Debtors' other stakeholders, including over 46,000 employees, that the Debtors' business is on the path to improved operational results, encouraging them to work cooperatively with the Debtors through the restructuring. I believe that the approximately \$519 million requested upon entry of the Interim Order is tailored to the Debtors' actual liquidity needs and represents the amounts necessary to fund the Debtors' operations in the ordinary course for the next 4 weeks and preserve the value of the Debtors business. I believe that without the new money provided by the DIP Facility, the Debtors would lack sufficient liquidity to continue to operate in the ordinary course without significant business disruption which would, in turn, jeopardize the long-standing relationships with the customers,

employees, and other key stakeholders. Accordingly, absent immediate access to the DIP Facility, the Debtors face a material diminution in value of their assets and operations, which would be value-destructive to the detriment of all stakeholders.

21. For the reasons set forth in this Declaration, I submit that it would be appropriate for the Court to approve the DIP Facility and the use of Cash Collateral as contemplated by the DIP Motion.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct.

Dated: June 11, 2025

/s/ Nicholas Grossi

Nicholas Grossi

Managing Director

Alvarez & Marsal North America, LLC