

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

	X		
	:		
In re	:		Chapter 11
	:		
COLLINS & AIKMAN CORPORATION., <i>et al.</i> , <sup>1</sup>	:		Case No. 05-55927 (SWR)
	:		(Jointly Administered)
	:		
Debtors.	:		Hon. Steven W. Rhodes
	:		
	X		

**REQUEST OF INTERNATIONAL AUTOMOTIVE  
COMPONENTS GROUP GMBH FOR ALLOWANCE  
AND IMMEDIATE PAYMENT OF ADMINISTRATIVE EXPENSE CLAIM**

International Automotive Components Group GmbH ("IAC GmbH") hereby requests the Court pursuant to the First Amended Joint Plan of Collins & Aikman Corporation and Its Debtor Subsidiaries (the "Plan") and section 503 of title 11 of the United States Code (the "Bankruptcy Code") for the entry of an order, substantially in the form attached hereto as Exhibit A, (i) allowing and granting immediate payment to IAC GmbH for an administrative

<sup>1</sup> The Debtors in the jointly administered cases include: Collins & Aikman Corporation; Amco Convertible Fabrics, Inc., No. 05-55949; Becker Group, LLC (d/b/a Collins & Aikman Premier Mold), No. 05-55977; Brut Plastics, Inc., No. 05-55957; Collins & Aikman (Gibraltar) Limited, No. 05-55989; Collins & Aikman Accessory Mats, Inc. (f/k/a the Akro Corporation), No. 05-55952; Collins & Aikman Asset Services, Inc., No. 05-55959; Collins & Aikman Automotive (Argentina), Inc. (f/k/a Textron Automotive (Argentina), Inc.), No. 05-55965; Collins & Aikman Automotive (Asia), Inc. (f/k/a Textron Automotive (Asia), Inc.), No. 05-55991; Collins & Aikman Automotive Exteriors, Inc. (f/k/a Textron Automotive Exteriors, Inc.), No. 05-55958; Collins & Aikman Automotive Interiors, Inc. (f/k/a Textron Automotive Interiors, Inc.), No. 05-55956; Collins & Aikman Automotive International, Inc., No. 05-55980; Collins & Aikman Automotive International Services, Inc. (f/k/a Textron Automotive International Services, Inc.), No. 05-55985; Collins & Aikman Automotive Mats, LLC, No. 05-55969; Collins & Aikman Automotive Overseas Investment, Inc. (f/k/a Textron Automotive Overseas Investment, Inc.), No. 05-55978; Collins & Aikman Automotive Services, LLC, No. 05-55981; Collins & Aikman Canada Domestic Holding Company, No. 05-55930; Collins & Aikman Carpet & Acoustics (MI), Inc., No. 05-55982; Collins & Aikman Carpet & Acoustics (TN), Inc., No. 05-55984; Collins & Aikman Development Company, No. 05-55943; Collins & Aikman Europe, Inc., No. 05-55971; Collins & Aikman Fabrics, Inc. (d/b/a Joan Automotive Industries, Inc.), No. 05-55963; Collins & Aikman Intellimold, Inc. (d/b/a M&C Advanced Processes, Inc.), No. 05-55976; Collins & Aikman Interiors, Inc., No. 05-55970; Collins & Aikman International Corporation, No. 05-55951; Collins & Aikman Plastics, Inc., No. 05-55960; Collins & Aikman Products Co., No. 05-55932; Collins & Aikman Properties, Inc., No. 05-55964; Comet Acoustics, Inc., No. 05-55972; CW Management Corporation, No. 05-55979; Dura Convertible Systems, Inc., No. 05-55942; Gamble Development Company, No. 05-55974; JPS Automotive, Inc. (d/b/a PACJ, Inc.), No. 05-55935; New Baltimore Holdings, LLC, No. 05-55992; Owosso Thermal Forming, LLC, No. 05-55946; Southwest Laminates, Inc. (d/b/a Southwest Fabric Laminators Inc.), No. 05-55948; Wickes Asset Management, Inc., No. 05-55962; and Wickes Manufacturing Company, No. 05-55968.



expense claim in the amount of 2,041,602€ plus interest, costs and fees, including attorneys' fees (the "Administrative Claim") in respect of IAC GmbH's damages surrounding defective tooling supplied by certain of the above-captioned debtors and debtors in possession (collectively, the "Debtors"). In support of this Request, IAC GmbH respectfully represents as follows:

### **Background**

1. On May 17, 2005, the Debtors commenced their respective reorganization cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors' cases were administered jointly.

2. On or about, July 18, 2007, the United States Bankruptcy Court for the Eastern District of Michigan, Southern Division (the "Court") entered an order confirming the Plan.

3. Pursuant to the Plan, the Debtors emerged from bankruptcy effective as of October 12, 2007 (the "Effective Date").

### **Relevant Background Facts**

4. On or about March 1, 2006, IAC GmbH completed a deal to purchase the insolvent Collins & Aikman European group and its \$600 million operations in Belgium, Germany, Netherlands, Spain, Sweden and the United Kingdom (the "Acquisition").

5. Certain of the Debtors owned tooling operations that supplied tooling to entities in the Collins & Aikman European group. In particular, certain of the Debtors provided foam tooling (the "Tooling") to a plant of a Collins & Aikman subsidiary located in Born, Netherlands (the "Born Facility"). The Tooling was ordered and delivered in September and November of 2005.

6. The Born Facility was among the assets acquired by IAC GmbH as part of the Acquisition. IAC GmbH discovered that certain of the foam tooling (the "Tooling") supplied by certain of the Debtors (the "Supplier Debtors") at the Born Facility was defective.

7. Due to the defective Tooling, IAC GmbH was forced to buy replacement tooling at a cost of 1,142,823€ and incurred a labor cost overrun of 898,779€.

#### **Request for Allowance and Payment of Administrative Claim**

8. Section 503 of the Bankruptcy Code provides, in relevant part, that "[a]n entity may timely file a request for payment of an administrative expense." 11 U.S.C. § 503(a). Pursuant to the Plan, parties asserting administrative expense claims have 30 days following the Effective Date to timely file their claims.

9. Further, section 503 of the Bankruptcy Code provides that courts shall allow as administrative expenses "the actual, necessary costs of preserving the estate." 11 U.S.C. § 503(b)(1)(A). The Sixth Circuit employs a two-part test to determine whether a claim is an administrative expense under section 503 of the Bankruptcy Code: "[A] debt qualifies as an 'actual, necessary' administrative expense only if (1) it arose from a transaction with the bankruptcy estate and (2) directly and substantially benefited the estate." Caradon Doors & Windows, Inc. v. Eagle-Picher Industries, Inc. (In re Eagle-Picher Indus.), 447 F.3d 461, 464 (6th Cir. 2006) (internal quotations omitted). Moreover, courts have recognized that fundamental fairness requires a grant of administrative priority to entities "injured by the debtor-in-possession's operation of the business though their claims did not arise from transactions that were necessary to preserve or rehabilitate the estate." In re Mammoth Mart, Inc., 536 F.2d 950, 954 (1st Cir. 1976) (discussing analogous provision of the Bankruptcy Act).

10. The transactions giving rise to the Administrative Claim satisfy both of the criteria set forth in Eagle-Picher, discussed above. First, the transactions to purchase and deliver

the Tooling occurred postpetition with the Supplier Debtors acting as debtors-in-possession. Moreover, the purchases of the Tooling aggregated approximately \$5.5 million. Such purchases clearly benefited the Supplier Debtors' estates.

11. In the alternative, IAC GmbH's Administrative Claim is warranted because IAC GmbH was damaged by the Supplier Debtors, acting as debtors-in-possession. IAC GmbH incurred substantial costs to replace the defective Tooling provided by the Supplier Debtors. Fairness dictates that IAC GmbH should be granted an administrative claim for its damages.

12. Accordingly, IAC GmbH hereby requests that the Court allow and direct immediate payment of the Administrative Claim, plus interest, costs and fees, including attorneys' fees, in connection therewith, pursuant to section 503 of the Bankruptcy Code, as such claim may be liquidated by a court of appropriate jurisdiction.

#### **Reservation of Rights**

13. IAC GmbH reserves its rights to liquidate any claims and amend or supplement this Request as appropriate.

#### **No Prior Request**

14. No prior request for the relief sought in this Request has been made to this or any other Court.

WHEREFORE, the IAC GmbH respectfully request that the Court enter an order substantially in the form attached hereto as Exhibit A (a) granting the relief requested herein, and (b) granting to IAC GmbH such other and further relief as the Court may deem proper.

Dated: Detroit, Michigan  
November 9, 2007

Respectfully submitted,

/s/ Hannah Mufson McCollum

Hannah M. McCollum (P67171)  
PEPPER HAMILTON  
100 Renaissance Center, Suite 3600  
Detroit, Michigan 48243  
Tel: (313) 259-7110  
Fax: (313) 259-7926

-and-

Brad B. Erens (IL ARDC 6206864)  
Kelly M. Mayerfeld (IL ARDC 6280709)  
JONES DAY  
77 West Wacker  
Chicago, Illinois 60601  
Tel: (312) 782-3939  
Fax: (312) 782-8585

ATTORNEYS FOR INTERNATIONAL  
AUTOMOTIVE COMPONENTS GROUP  
NORTH AMERICA, INC.

**EXHIBIT A**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

-----X  
In re : Chapter 11  
: :  
COLLINS & AIKMAN CORPORATION., *et al.*,<sup>1</sup> : Case No. 05-55927  
: :  
Debtors. : (Jointly Administered)  
: :  
-----X

**ORDER APPROVING REQUEST OF INTERNATIONAL  
AUTOMOTIVE COMPONENTS GROUP GMBH FOR ALLOWANCE  
AND IMMEDIATE PAYMENT OF ADMINISTRATIVE EXPENSE CLAIM**

This matter coming before the Court on the Request of International Automotive Components Group GmbH ("IAC GmbH") for Allowance and Immediate Payment of Administrative Expense Claim (the "Request")<sup>2</sup>, the Court having reviewed the Request and having heard the statements of counsel and evidence presented with respect to the Request at a

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<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings given to them in the Request.

hearing before the Court (the "Hearing"); and the Court finding that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (ii) venue is proper in this district pursuant to 28 U.S.C. §1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and (iv) notice of the Request and the Hearing was sufficient under the circumstances; (v) the administrative claims arose from postpetition transactions with the Debtors; and (vi) IAC GmbH having met its burden of proving an administrative expense claim under section 503(b) of the Bankruptcy Code; and the Court having determined that the legal and factual bases set forth in the Request and at the Hearing establish just cause for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. The Request is GRANTED.
2. The Court hereby grants IAC GmbH its request for allowance and immediate payment of an administrative expense claim against the Debtors pursuant to section 503 of the Bankruptcy Code in the amount of 2,041,602€ plus interest, costs and fees, including attorneys' fees, in connection with the Request.
3. IAC GmbH retains the right to further liquidate the Administrative Claim and amend or supplement its Request as appropriate.