UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

In re:	:	Chapter 11
	:	
MAGELLAN AEROSPACE, MIDDLETOWN, INC.,	:	Case No. 26-11937
	:	
	:	
Debtor.	:	Honorable Beth A. Buchanan

DEBTOR'S MOTION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING, BUT NOT DIRECTING, DEBTOR TO (A) PAY AND HONOR PREPETITION EMPLOYEE OBLIGATIONS, AND (B) MAINTAIN AND CONTINUE CERTAIN COMPENSATION AND BENEFIT PROGRAMS POSTPETITION; AND (II) GRANTING RELATED RELIEF

By this Motion (the "**Motion**"), Magellan Aerospace, Middletown, Inc. (the "**Debtor**"), as debtor and debtor-in-possession herein, respectfully requests the entry of interim and final orders, substantially in the forms attached hereto as Exhibit B and Exhibit C (the "**Proposed Orders**"), authorizing, but not directing, the Debtor, in accordance with its past and current employment policies and practices, to (a) honor any prepetition and ongoing obligations on account of accrued wages, salaries, and other compensation such as bonuses (collectively, the "**Employee Compensation**") in the ordinary course of business; (b) honor any prepetition and ongoing obligations on account of certain vacation and paid time off policies, employee benefit plans, and severance (collectively, the "**Employee Benefits**") in the ordinary course of business; (c) reimburse Employees (defined below) for prepetition expenses incurred on behalf of the Debtor in the ordinary course of business, (the "**Reimbursable Expenses**"); (d) pay all related prepetition payroll taxes and other deductions (the "**Withholding Obligations**"); (e) pay, to the extent that any of the foregoing programs is administered, brokered, insured, or paid through a third party administrator or provider (an "**Administrator**"), any prepetition claims of such Administrator in the ordinary course of business (the "**Administration Fees**"); (f) pay all Union Obligations ((a) through (f), collectively, the "**Prepetition Employee Obligations**"); and (g) maintain and continue prepetition compensation and benefit programs postpetition. In addition, the Debtor requests that the Court authorize banks and other financial institutions (collectively, the "**Banks**") to honor and process all checks and electronic transfer requests related to all of the foregoing.

A memorandum in support follows, and a proposed order is attached. Because the Debtor is seeking an expedited hearing on this matter, no 21-day notice is attached, and a separate certificate of service will be filed.

Dated: July 22, 2026

Respectfully submitted,

/s/ *Ronald E. Gold*

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MEMORANDUM IN SUPPORT

I. JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Southern District of Ohio (the "**Court**") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the General Order 30-7 from the United States Bankruptcy Court for the Southern District of Ohio, dated January 29, 2024 (the "**General Order**"). This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). The Debtor confirms its consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), 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. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 105(a), 363(b), 366(a), 507, and 541 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "**Bankruptcy Code**"), Bankruptcy Rules 6003 and 6004, Rule 9013-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of Ohio (the "**Local Rules**") and the General Order.

II. BACKGROUND

3. On July 22, 2026 (the "**Petition Date**"), the Debtor filed its voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") commencing the above captioned case (the "**Chapter 11 Case**"). The Debtor continues to manage and operate its business as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

4. An official committee of unsecured creditors has yet to be appointed in this Chapter 11 Case. Further, no trustee or examiner has been requested or appointed in this Chapter 11 Case.

5. A detailed description of the Debtor and its business, the facts and circumstances leading up to the filing of the Debtor's Chapter 11 Case, and the facts supporting this Motion are set forth in the *Declaration of Michael I. Goldberg in Support of Debtor's Chapter 11 Petition and First-Day Motions* (the "**First Day Declaration**"), which is being filed concurrently herewith and is incorporated by reference in this Motion.

6. The Debtor's workforce is comprised of full-time employees ("**Full-Time Employees**"), seasonal co-op employees ("**Seasonal Employees**"), full-time contractors ("**Contractors**"), and full-time employees who are employed and paid by the Debtor's parent company but whose payroll is processed by the Debtor and whose medical benefits are provided by the Debtor ("**Corporate Charge Backs**"), together, the "**Employees**". As of the Petition Date, the Debtor has approximately 105 full-time W-2 Employees, two Seasonal Employees, and two Corporate Charge Back Employees. Approximately 58 are members of unions (the "**Union Employees**"), covered by several collective bargaining agreements (the "**CBAs**").

III. RELIEF REQUESTED

7. By this Motion, the Debtor requests entry of the Interim Order and the Final Order, substantially in the forms attached hereto, authorizing, but not directing, the Debtor to: (a) pay the Prepetition Employee Obligations in an aggregate amount not to exceed $900,000 (the "**Interim Amount**") during the period between the Petition Date and the entry of the Final Order (the "**Interim Period**") and approval on a final basis after a hearing (the "**Final Hearing**") scheduled as soon as practicable after the 21st day following the entry of the Interim Order, provided, that no Employee will be paid an amount exceeding the statutory cap of $17,150 set forth in section

507(a)(4) of the Bankruptcy Code on account of any prepetition claim for Employee Compensation or Employee Benefits, and (b) maintain and continue prepetition compensation and benefit programs postpetition.

8. The following chart illustrates the Prepetition Employee Obligations sought to be paid by this Motion:

Prepetition Employee Obligations	Estimated Prepetition Amount	Estimated Amount Paid Per Month
Employee Compensation	$350,000	$690,668
Taxes	$100,000	$77,084.74
Employee Benefits	$34,562.70	$193,133.52
Reimbursable Expenses	$0	$5,000
Union Withholding Obligations	$62.40	$967.25
Administration Fees	$6,000.00	$6,000.00
TOTAL	**$130,241.37**	**$930,777.06**

9. The Employees are the key to the Debtor's ability to provide best-in-class service to its customers. Their skills, knowledge and understanding of the Debtor's operations and needs are essential to preserving operational stability and efficiency and to the continued operation of the Debtor's business. In many instances, the Employees include highly trained personnel who are not easily replaced. Without the continued, uninterrupted services of the Employees, the Debtor's restructuring efforts will be halted. Further, replacing Employees can be difficult for the Debtor given the limited number of individuals in its industry with the breadth of skills and experience required, particularly in the geographic region where the Debtor operates. Even outside of bankruptcy, the market for capable, experienced employees such as the Employees is very tight.

10. If the Debtor cannot assure its Employees that it will promptly pay Prepetition Employee Obligations to the extent allowed under the Bankruptcy Code, and will continue to

honor Employee Benefits, certain Employees will likely seek employment elsewhere. The loss of Employees at this critical juncture would have a material adverse impact on the Debtor's business and ability to maximize value through this Chapter 11 Case.

11. Moreover, the vast majority of Employees rely exclusively on their compensation and benefits to pay their daily living expenses and support their families. Thus, Employees will be exposed to significant financial hardships if the Debtor is not permitted to continue paying their compensation, providing benefits, and maintaining existing programs. The Debtor cannot risk the substantial damage to its business that would certainly occur if there were a delay in or failure to pay the Prepetition Employee Obligations or if it were unable to maintain and continue existing compensation and benefit programs postpetition. Consequently, the relief requested is necessary and appropriate.

IV. PREPETITION EMPLOYEE OBLIGATIONS

A. Employee Compensation

1. Wages and Salaries

12. Employee Compensation is comprised of wages and salaries ("**Wages and Salaries**"). The Debtor's average monthly payroll is approximately $690,668 per month.

13. In the ordinary course of business, the Debtor incurs payroll obligations for Wages and Salaries.[1] Union employees are paid weekly and salaried employees are paid bi-weekly. The Debtor makes payroll to Union Employees in arrears, such that each payroll covers approximately

[1] Wages and Salaries may include amounts owing as a result of a settlement or determination with respect to a union grievance, if any. More specifically, at any particular time, the Debtor may be subject to a number of grievances filed by its Employees through their applicable unions. Most of the amounts requested in the grievances are in the nature of wages or similar compensation. The Debtor seeks authority, but not direction, to pay as part of the Wages and Salaries any amounts owing as a result of a settlement or determination with respect to a union grievance.

one week prior to the payroll date. Direct deposit payroll is funded on Mondays and checks are issued on Thursdays. The Debtor's last payroll was paid on July 17, 2026.

14. Because some Employees are paid in arrears, Employees are owed accrued but unpaid Wages and Salaries as of the Petition Date. As of the Petition Date, the Debtor estimates that it owes approximately $350,000 on account of Wages and Salaries for prepetition services and $100,000 on related prepetition Taxes, all of which became due within twenty-one (21) days of the Petition Date. To the best of the Debtor's understanding, none of the Debtor's Employees is owed more than $17,150 in accrued and unpaid general prepetition wages or salaries. To the extent that any Employee is owed more than $17,150 and the Debtor seeks to pay such greater amount, the Debtor will seek authority to pay such amounts by separate motion.

B. Employee Benefits

15. As part of its Employee Benefits, the Debtor offers its Employees: (a) paid time off, including vacation pay and miscellaneous paid time off; and (b) various standard employee benefits plans and programs, including without limitation, (i) health insurance, (ii) dental insurance, (iii) vision insurance, (iv) workers' compensation insurance, (v) COBRA coverage, (vi) short and long-term disability, (vii) life and accidental death and dismemberment insurance, and (viii) other miscellaneous benefits (collectively, the "**Benefit Programs**").

1. Paid Time Off

a. Vacation Time

16. The Debtor's Employees accrue vacation and personal time off (collectively, "**Vacation Time**"), pursuant to the Debtor's Employee benefit policies (the "**Vacation Time Policies**"). If an Employee resigns, gives proper notice of his or her resignation, and fulfills that

notice, the Debtor will pay that Employee on account of accrued, but unused, Vacation Time through the last day of work.

17. At any point in time, Vacation Time is accruing or being used by Employees, making it difficult to quantify the cost of accrued Vacation Time as of the Petition Date. Nonetheless, the Debtor estimates that the Employees are owed approximately $275,843.05 in the aggregate of accrued and unused Vacation Time as of July 22, 2026. As noted above, the Debtor does not anticipate having to pay out anything more than a nominal amount of this unpaid Vacation Time, though the precise amount is hard to predict.

18. By this Motion, the Debtor seeks authorization, but not direction, to (a) honor, in the ordinary course of business, all unused Vacation Time accrued prior to the Petition Date, but not to make cash payments on account of such accrued but unused Vacation Time, except at separation of employment, as is consistent with prepetition practices, and in no event in excess of the statutory cap of $17,150 per Employee; and (b) continue its Vacation Time Policies on a postpetition basis in the ordinary course of business and consistent with prepetition practices.

b. Miscellaneous Paid Time Off

19. Other than Vacation Time, the Debtor offers other types of paid time off to its Employees (the "**Miscellaneous PTO**"). For example, the Debtor offers, among other things, paid sick time, holiday pay, bereavement leave, paid time off for jury duty as well as paid family leave, medical leave and leave under the Family Medical Leave Act. If an Employee is terminated for any reason, the Debtor does not pay that Employee on account of any accrued, but unused, Miscellaneous PTO.

20. By this Motion, the Debtor seeks authorization, but not direction, to continue the Miscellaneous PTO policies and to honor, in the ordinary course of business, all unused

Miscellaneous PTO accrued prior to the Petition Date; provided, however, that the Debtor will not make cash payments on account of accrued but unused Miscellaneous PTO, as is consistent with prepetition practices.

2. Additional Benefit Programs

a. Health Insurance

21. The Debtor offers its unionized and non-unionized Employees self-funded health plans (the "**Health Plans**") provided by UHC, the costs of which are shared by the Debtor and the Employees. Approximately 54 unionized Employees participate in the Health Plans and approximately 51 non-unionized Employees participate in the Health Plans. Without the Health Plans, the Employees would be forced to either forgo health insurance coverage entirely or obtain potentially expensive out-of-pocket insurance coverage, which would likely adversely affect the Employees' morale.

22. The Debtor's average cost (after taking into account Employee contributions) of maintaining the Health Plans, including administrative costs and premiums, has been approximately $119,161.20 in the aggregate per month. As of the Petition Date, the Debtor believes it is obligated to pay approximately $29,790.30 on account of the Health Plans.

23. By this Motion, the Debtor does **not** seek interim approval to make any such payment at this time, but intends to seek approval at the Final Hearing. At the Final Hearing, the Debtor will seek authorization, but not direction, to pay prepetition amounts due for the last month on account of the Health Plans, in an aggregate amount not to exceed $119,161.20 on a final basis. The Debtor further seeks to continue to pay postpetition costs of the Health Plans in the ordinary course of business and consistent with prepetition practices during the pendency of this Chapter 11 Case.

b. Dental Insurance

24. The Debtor offers eligible unionized and non-unionized Employees dental insurance provided by Guardian (the "**Dental Plans**"). Approximately 86 Employees participate in the Dental Plans. The average annual cost of maintaining the Dental Plans, including administrative costs and premiums, is approximately $59,643. As of the Petition Date, the Debtor owes $4,970.25 for prepetition services.

25. By this Motion, the Debtor seeks authorization, but not direction, to pay prepetition amounts on account of maintaining the Dental Plans in an aggregate amount not to exceed $4,970.25 due for the last month on an interim basis and to continue offering the Dental Plans in the ordinary course of business and consistent with prepetition practices during the pendency of this Chapter 11 Case.

c. Vision Insurance

26. The Debtor offers eligible Employees vision insurance provided by Guardian (the "**Vision Plan**"). Approximately 98 Employees participate in the Vision Plan. The average annual cost of maintaining the Vision Plan, including administrative costs and premiums, is approximately $17,245.

27. By this Motion, the Debtor seeks authorization, but not direction, to pay prepetition amounts on account of maintaining the Vision Plan in an aggregate amount not to exceed $1,437.08 due for the last month on an interim basis and to continue offering the Vision Plan in the ordinary course of business and consistent with prepetition practices during the pendency of this Chapter 11 Case.

d. Workers' Compensation Insurance

28. The Debtor has Workers' Compensation Insurance with the Ohio Bureau of Workers' Compensation. The Debtor's annual plan costs $48,031.00. The Debtor pays for the plan through six installments each year, each of $8,001.96.

29. By this Motion, the Debtor seeks authorization, but not direction, to pay the remaining installments on account of maintaining Workers' Compensation Insurance in an aggregate amount not to exceed $40,029.04 due for the last five installments on an interim basis and to continue offering Workers' Compensation Insurance in the ordinary course of business and consistent with prepetition practices during the pendency of this Chapter 11 Case.

e. COBRA

30. The Debtor seeks to continue to perform any obligations under section 4980B of the Internal Revenue Code (26 U.S.C. § 4980B) to administer continuation health coverage ("**COBRA**") with respect to former Employees and their covered dependents. As of the Petition Date, the Debtor does not believe that it has any accrued, but unpaid COBRA fees.

31. By this Motion, the Debtor requests authority, but not direction, to continue offering COBRA and paying associated costs or fees, if any, in the ordinary course of business and consistent with prepetition practices during the pendency of this Chapter 11 Case.

f. Severance Obligations

32. The Debtor maintains certain severance policies and programs for its Employees in the ordinary course of business (collectively, the "**Severance Program**"). The Severance Program provides that terminated Employees are entitled to a certain amount of severance pay, including but not limited to, wages based on the Employee's year(s) of service with the Debtor and, if applicable, a continuation of medical benefits (COBRA).

33. Obligations under the Severance Program will only be available to Employees who remain with and assist the Debtor in ongoing operations during the pendency of this Chapter 11 Case.

34. By this Motion, and to maintain employee morale and goodwill, the Debtor is seeking authority, but not direction, to continue to honor the Severance Program obligations that may come due in the ordinary course of business for non-insider Employees, not to exceed the statutory cap, as those policies may be modified, supplemented, and amended in the ordinary course of business and consistent with the prepetition practices during the pendency of this Chapter 11 Case.

g. Bonus Programs

35. The Debtor offers three bonus programs to its employees. The Management Incentive Program is a discretionary bonus program designed to reward eligible Management Employees for achieving business goals and 10 employees are eligible for the program. The Site Management Bonus Program is a discretionary bonus program where eligible employees are awarded a Target Bonus for meeting their business goals equivalent to 5% of their salary. Four employees are eligible for the program. The Annual Incentive Bonus Program is a discretionary bonus program for those not participating in another plan. 93 employees are eligible for this program. The Debtor also has a Perfect Attendance Bonus which awards employees with perfect attendance for the year an additional 4 hours of paid personal time.

36. By this Motion, and to maintain employee morale and goodwill, the Debtor is seeking authority, but not direction, to continue to honor the Bonus Program obligations that may come due in the ordinary course of business for non-insider Employees, not to exceed the statutory

cap, as those policies may be modified, supplemented, and amended in the ordinary course of business and consistent with the prepetition practices during the pendency of this Chapter 11 Case.

h. Income Protection Plans

37. The Debtor maintains certain Income Protection Plans including long-term disability, short-term disability, and group term life and accidental death or dismemberment insurance ("**Life Insurance Plans**") through Prudential and Guardian. The Debtor incurs approximately $9,568.33 per month in respect to the employer paid plans.

38. By this Motion, the Debtor seeks authority, but not direction, to (a) continue the life insurance plans and the additional insurance plans in the ordinary course of business, (b) continue making payroll deductions and contributions; and (c) pay any amounts related thereto, including any amounts owed that remain unpaid on the Petition Date.

i. Benefits for Retirees

39. The Debtor maintains certain benefits for retirees including life insurance and a medical plan. 130 Retirees participate in the life insurance plan, and nine retirees participate in the medical plan. The cost for life insurance is included in the above income protection plan. The average monthly cost for the medical Plan is approximately $9,817.80.

40. By this Motion, the Debtor seeks authority, but not direction, to (a) continue the Life Insurance Plans and the medical Plan in the ordinary course of business, and (b) pay any amounts related thereto, including any amounts owed that remain unpaid on the Petition Date.

j. Retirement Plans

41. The Debtor offers two retirement plans. The Debtor offers a 401(k) savings plan to its salaried employees. For employees hired after July 1, 2010, the Debtor matches 50% of the first 6% of pay deferred with a maximum match of 3%. For employees hired before July 1, 2010,

the Debtor matches 100% of the first 4% of pay deferred then 50% of the next 2% of pay with a maximum match of 5% of pay. The average the Debtor pays per month is approximately $11,266.92. The Debtor also offers a 401(k) savings plan for its unionized employees. The Debtor matches 50% of the first 8% of pay deferred for a maximum match of 4% of pay. The average the Debtor pays per month is approximately $71,837.42. Finally, the Debtor offers a 409(a) plan and matches 100% of the first 2% of pay. The average the Debtor pays per month is $1,982.92.

42. The Debtor requests authority, but not direction, to continue the 401(k) Plan in the ordinary course of business, to continue to forward amounts deducted from Employees' wages to the 401(k) Plan and to pay any prepetition amounts owed thereunder or related thereto.

C. Reimbursable Expenses

43. Prior to the Petition Date, the Debtor routinely reimbursed the Employees for Reimbursable Expenses incurred on behalf of the Debtor during the scope of their employment. The Reimbursable Expenses are incurred in the ordinary course of the Debtor's business operations and include, without limitation, business-related travel expenses and business meals.

44. The Debtor is unable to precisely estimate the amount of Reimbursable Expenses due as of the Petition Date, because this amount depends on the Employees' submission of their expenses. The amount owed to each individual Employee, however, is likely to be *de minimis*.

D. Withholding Obligations

45. The Debtor routinely deducts certain amounts from Employees' compensation that represent various Withholding Obligations, including for example, various federal, state and local income, Federal Insurance Contribution Act ("**FICA**"), unemployment and disability taxes and fees, union dues, insurance premiums, FSA withholdings and other taxes, garnishments, child support, service charges, and similar deductions (collectively, the "**Employee Withholdings**").

The amount deducted and remitted by the Debtor with respect to Employee Withholdings averages approximately $55,000 per week in the aggregate. Approximately $110,000 in deductions have accrued prepetition but have not yet been remitted to various third parties. All of the amounts relating to the Employee Withholdings will become due within twenty-one (21) days of the Petition Date.

46. The Debtor seeks authority to deduct and remit accrued but unfunded Employee Withholdings, in an aggregate amount not to exceed $191,968.61, on an interim basis. The Debtor also seeks authority to continue to deduct and remit Employee Withholdings in the ordinary course of business and consistent with prepetition practices during the pendency of this Chapter 11 Case.

V. DIRECTION TO BANKS

47. By this Motion, the Debtor seeks an order authorizing and directing the Banks to receive, process, honor, and pay all of the Debtor's prepetition checks and fund transfers on account of any Prepetition Employee Obligations, including all checks issued with regard to Employee Benefits, and prohibiting the Banks from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee or other party for Prepetition Employee Obligations. The Debtor also seeks an order authorizing and directing the Banks to issue new postpetition checks or effect new postpetition fund transfers on account of the Prepetition Employee Obligations to replace any prepetition checks or fund transfer requests that may have been dishonored or rejected.

VI. BASIS FOR RELIEF REQUESTED

A. Certain of the Proposed Payments are Afforded Priority Under Section 507(a) of the Bankruptcy Code

48. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code require that certain claims for prepetition wages, salaries, severance, and employee benefit contributions be afforded priority in payment in an amount up to $17,150 for each Employee. To confirm a chapter 11 plan, the Debtor must provide for payment of the priority claims in full, ahead of any payments to general unsecured creditors. *See* 11 U.S.C. § 1129(a)(9)(B). Thus, granting the Debtor the authority to pay amounts up to the statutory cap of $17,150 affects only the timing of payments and not the recoveries for general unsecured creditors.

B. The Proposed Payments Are Appropriate Under Sections 105(a), 363, 1107(a), and 1108 of the Bankruptcy Code

49. The Court may grant the relief requested herein pursuant to section 363 of the Bankruptcy Code. Section 363(b) 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 of the Bankruptcy Code, a court may authorize a debtor to pay certain prepetition claims where a sound business purpose exists for doing so. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (finding that there must be a sound business justification to justify payment of prepetition wages); *Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.)*, 29 B.R. 391, 397 (S.D.N.Y. 1983) (relying on section 363 of the Bankruptcy Code to allow contractor to pay prepetition claims of suppliers); *In re Computer Systems Company, Inc.*, Case No. 13337834

(S.D. Ohio 2012) (granting a debtor's motion to pay prepetition wages, business expenses, payroll deductions and withholdings, and prepetition contributions to benefit plans).

50. In addition, the Court has the authority, pursuant to its equitable powers under section 105(a) of the Bankruptcy Code, to authorize the relief requested herein, because such relief is necessary for the Debtor to carry out its fiduciary duties under section 1107(a) of the Bankruptcy Code. Section 1107(a) of the Bankruptcy Code "contains an implied duty of the debtor-in-possession" to act as a fiduciary to "'protect and preserve the estate, including an operating business' going-concern value," on behalf of the debtor's creditors and other parties in interest. *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)); *see also Unofficial Comm. of Equity Holders v. McManigle (In re Penick Pharm., Inc.)*, 227 B.R. 229, 232–33 (Bankr. S.D.N.Y. 1998) ("[U]pon filing its petition, the Debtor became debtor in possession and, through its management . . . was burdened with the duties and responsibilities of a bankruptcy trustee."). 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" the Bankruptcy Code. 11 U.S.C. § 105(a); *see Ionosphere Clubs*, 98 B.R. at 175 (applying section 105(a) to justify an order authorizing the payment of certain prepetition wages, salaries, medical benefits, and business expense claims to debtor's employees); *In re Just for Feet, Inc.*, 242 B.R. 821, 824–25 (D. Del. 1999) (holding that section 105(a) of the Bankruptcy Code provides a statutory basis for the payment of prepetition claims).

51. Courts have approved relief similar to the relief requested in this Motion. *See, e.g.*, *In re Aegerion Pharm., Inc., et al.*, Case No. 19-11632, Docket No. 48 (Bankr. S.D.N.Y. May 24, 2019) (approving payment of employee compensation and benefits on an interim basis); *In re*

Glansaol Holdings, Inc., Case No. 18-14102 (MEW), Docket No. 25 (Bankr. S.D.N.Y Dec. 21, 2018) (same); *In re Sears Holdings Corp.*, *et al.*, Case No. 18-23538 (RDD), Docket No. 114 (Bankr. S.D.N.Y. Oct. 16, 2018) (same); *In re Cenveo, Inc.*, Case No. 18-22178 (RDD), Docket No. 42 (Bankr. S.D.N.Y. Feb. 2, 2018) (same); *In re 21st Century Oncology Holdings, Inc.*, *et al.*, Case No. 17-22770 (RDD), Docket No. 40 (Bankr. S.D.N.Y. May 26, 2017) (same).

52. As discussed above, the Debtor has a fiduciary duty to continue to operate the business as a going concern. Fulfilling this duty requires the Debtor to pay its employees on account of the Prepetition Employee Obligations. Failure to do so will adversely impact the Debtor's relationships with its workforce and could irreparably harm morale, dedication, confidence, and cooperation. In the event that failure to pay led to any significant employee departures, stability of the Debtor's workforce would be jeopardized, which would additionally pose substantial risk to the Debtor's continued operations.

53. For the reasons set forth herein, and in light of the critical need for the Debtor to preserve the value of its estate, authorizing the Debtor to pay the Prepetition Employee Obligations as requested herein is proper in accordance with Sections 105, 363, 1107 and 1108 of the Bankruptcy Code. *See, e.g.*, *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor); *In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (holding that the 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 their pre-reorganization claims have been paid") (citation omitted). Accordingly, the Court should grant the relief requested.

C. Certain of the Payments Represent Trust Fund Payments and Are Appropriate Under Section 541 of the Bankruptcy Code

54. Certain of the Employee Withholdings are held in trust for the benefit of the payees, and thus, do not constitute property of the Debtor's estate under section 541 of the Bankruptcy Code. *See Begier v. IRS*, 496 U.S. 53, 58–59 (1990); *see also* 11 U.S.C. § 541(d); *In re Columbia Gas Sys. Inc.*, 997 F.2d 1039, 1059 (3d Cir. 1993) (concluding that property that a debtor holds in trust for another—either express or constructive—does not become property of the estate when the debtor files for bankruptcy, and stating that "Congress clearly intended the exclusion by section 541(d) to include not only funds held in express trust, but also funds held in constructive trust[]"); *EBS Pension L.L.C. v. Edison Bros. Stores, Inc. (In re Edison Bros., Inc.)*, 243 B.R. 231, 235 (Bankr. D. Del. 2000) (same) (citing *Columbia Gas Sys.*, 997 F.2d at 1059).

55. The 2005 amendments to the Bankruptcy Code amended section 541(b) to explicitly remove from property of the estate "any amount withheld by an employer from the wages of employees for payment as contributions" to certain ERISA qualified, tax-deferred annuities and health insurance plans. *See* 11 U.S.C. § 541(b)(7)(A). Out of an abundance of caution, the Debtor seeks authority, but not direction, to make these payments to the appropriate payees, as necessary and in the ordinary course of business, on a postpetition basis under sections 541(b)(7)(A) and 541(d) of the Bankruptcy Code.

D. Cause Exists to Authorize the Debtor's Financial Institutions to Honor Checks and Electronic Transfer Requests

56. To facilitate the implementation of the above-requested relief, the Debtor further requests that the Court authorize all Banks to receive, process, honor, and pay any and all checks drawn on, or electronic transfer requests from, the Debtor's accounts, whether such checks or

requests are presented or submitted prior to or after the Petition Date, to the extent such checks or requests are expressly identified by the Debtor as related directly to the payment of the Prepetition Employee Obligations, including all checks issued with regard to Employee Benefits, or to the continuance of certain programs in the ordinary course of business and on a postpetition basis.

VII. RESERVATION OF RIGHTS

57. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtor and its estate, a waiver of the rights of the Debtor and its estate to dispute any claim, or an approval or assumption of any agreement or contract under section 365 of the Bankruptcy Code. The Debtor and its estate expressly reserve the rights to dispute any claim asserted by an Employee under applicable bankruptcy and non-bankruptcy law. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the rights of the Debtor and its estate to dispute such claim subsequently.

VIII. BANKRUPTCY RULE 6003 HAS BEEN SATISFIED

58. Bankruptcy Rule 6003 provides that, to the extent that relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may issue an order granting "a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition" within 21 days after the Petition Date. Fed. R. Bankr. P. 6003. As described in the First Day Declaration, the Debtor would suffer immediate and irreparable harm if the relief sought herein is not promptly granted. Accordingly, the Debtor has satisfied the requirements of Bankruptcy Rule 6003.

IX. REQUEST FOR BANKRUPTCY RULE 6004 WAIVERS

59. The Debtor requests a waiver of the notice requirements under Bankruptcy Rule 6004(a) and a waiver of the 14-day stay of an order authorizing the use, sale, or lease of property pursuant to Bankruptcy Rule 6004(h). Pursuant to Bankruptcy Rule 6004(a), certain interested parties must receive 21 days' notice by mail of the "proposed use, sale, or lease of property of the estate other than in the ordinary course of business, unless the court for cause shown shortens the time or directs another method of giving notice." Fed. R. Bankr. P. 2002(a)(2). Pursuant to Bankruptcy Rule 6004(h), "[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 explained above and in the First Day Declaration, the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtor. Accordingly, ample cause exists to justify the waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such stay applies.

X. NO PRIOR REQUEST

60. No prior request for the relief sought herein has been made by the Debtor to this or any other Court.

XI. NOTICE

61. Notice of this Motion has been provided to (i) the Southern District of Ohio Office of the United States Trustee; (ii) any party whose interests are directly affected by this specific pleading; (iii) those persons who have formally appeared and requested notice and service in these proceedings pursuant to Bankruptcy Rules 2002 and 3017; (iv) Magellan Aerospace USA, Inc. (the proposed DIP lender); (v) counsel to Magellan Aerospace USA, Inc.; (vi) the 20 largest

unsecured creditors of the Debtor; (vii) all governmental agencies having a regulatory or statutory interest in this Chapter 11 Case; (viii) each Bank at which the Debtor has an account; and (ix) the state attorneys general for all states in which the Debtor conducts business. Because of the exigencies of the circumstances and the irreparable harm to the Debtor that will ensue if the relief requested herein is not granted, the Debtor submits that no other notice need be given. **Please take notice that the Debtor has filed a Motion for an Expedited Hearing to consider First Day Motions, including the foregoing.**

XII. CONCLUSION

62. WHEREFORE, the Debtor respectfully requests that the Court enter the Interim Order and Final Order, granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

[*Signature page follows*]

Dated: July 22, 2026

Respectfully submitted,

/s/ Ronald E. Gold
Ronald E. Gold (OH Bar No. 61351)
Erin P. Severini (OH Bar No. 91487)
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jkleisinger@fbtgibbons.com

-and-

Schuyler Carroll (NY Bar No. 2511707)
(pro hac vice application forthcoming)
MANATT, PHELPS & PHILLIPS, LLP
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Proposed Attorneys for the Debtor,
Magellan Aerospace, Middletown, Inc.

Proposed Interim Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

In re:	:	Chapter 11
	:	
MAGELLAN AEROSPACE, MIDDLETOWN, INC.,	:	Case No. 26-11937
	:	
	:	
Debtor.	:	Honorable Beth A. Buchanan

INTERIM ORDER (I) AUTHORIZING, BUT NOT DIRECTING, DEBTOR TO (A) PAY AND HONOR PREPETITION EMPLOYEE OBLIGATIONS AND (B) MAINTAIN AND CONTINUE CERTAIN COMPENSATION AND BENEFIT PROGRAMS POSTPETITION; AND (II) GRANTING RELATED RELIEF
[RELATED TO DOCKET NO.]

Upon consideration of the motion (the "**Motion**")[1] of the Debtor for entry of an interim order (this "**Interim Order**") (I) Authorizing, But Not Directing, Debtor to (A) Pay and Honor Prepetition Employee Obligations and (B) Maintain and Continue Certain Compensation and Benefit Programs Postpetition; and (II) Granting Related Relief; all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 the General Order 30-7 from the United States Bankruptcy

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

Court for the Southern District of Ohio, dated January 29, 2024; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtor's estates, its creditors, and other parties in interest; and this Court having found that the Debtor's 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 Employee Wage Motion is **GRANTED** on an interim basis as set forth herein.

2. Pursuant to sections 105(a), 363(b), 507(a)(4), 507(a)(5), 541, 1107(a), and 1108 of the Bankruptcy Code and Bankruptcy Rule 6003, the Debtor is authorized, but not directed, to: (a) pay and/or honor, in its sole discretion, all Prepetition Employee Obligations; provided, however, that prior to the entry of an order following the hearing to consider the relief requested in the Motion on a final basis (the "**Final Hearing**"), such payments shall not exceed $______ unless otherwise ordered by the Court; and (b) maintain and continue to honor certain obligations, practices, programs, and policies for the Employees as they were in effect as of the Petition Date as the same may be modified, amended, or supplemented from time to time in the ordinary course of business; provided, however, that no single individual shall be paid on account of any

prepetition claim for wages, benefits, or other compensation over the statutory cap of $17,150 provided for under sections 507(a)(4) and (5) of the Bankruptcy Code, absent further order of the Court.

3. Nothing herein shall be deemed to authorize the payment of any amounts in satisfaction of bonus or severance obligations to insiders that are subject to section 503(c) of the Bankruptcy Code.

4. The Debtor and any applicable third parties are authorized to continue to allocate and distribute Employee Withholdings to the appropriate taxing authorities or third-party recipients in accordance with the Debtor's stated policies and prepetition practices.

5. The Banks are authorized and directed, when requested by the Debtor, to receive, process, honor, and pay any and all checks drawn on, or electronic transfer requests from, the Debtor's accounts, whether such checks or requests are presented or submitted prior to or after the Petition Date, to the extent such checks or requests are expressly identified by the Debtor as related directly to the payment of Prepetition Employee Obligations, provided that sufficient funds are available in the applicable bank accounts to make such payments.

6. The Banks are authorized to and shall rely on the representations of the Debtor with respect to whether any check or other transfer drawn or issued by the Debtor prior to the Petition Date should be honored pursuant to this Order, and the Banks shall not have any liability to any party for relying on such representations.

7. The Debtor is authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a result of the filing of this Chapter 11 Case with respect to prepetition amounts owed in connection with any Prepetition Employee Obligations.

8. The Final Hearing to consider the relief requested in the Motion shall be held on _______________, 2026 at _____ (Eastern Time) and any objections or responses to the Motion shall be filed and served so as to be actually received on or prior to _________________, 2026 at 4:00 p.m. (Eastern Time), and served on the following parties: (a) proposed counsel to the Debtor, Manatt, Phelps & Phillips, LLP, 7 Times Square Tower, New York, NY 10036, Attn: Schuyler G. Carroll (scarroll@manatt.com) and FBT Gibbons LLP, 301 East Fourth Street, Suite 3300, Cincinnati, Ohio 45202, (Attn: Ronald E. Gold), rgold@fbtgibbons.com; (b) the Southern District of Ohio Office of the United States Trustee; and (c) counsel to any statutory committees appointed in this Chapter 11 Case.

9. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed (a) an admission regarding the validity or amount of any claim against the Debtor; (b) a waiver of the Debtor's rights to subsequently dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (e) a waiver or limitation of the Debtor's rights under the Bankruptcy Code or any other applicable law; (f) to grant third-party beneficiary status or bestow any additional rights on any third party; or (g) to be otherwise enforceable by any third party.

10. Notwithstanding the relief granted herein or any action taken hereunder, nothing contained in this Order shall create any rights in favor of, or enhance the status of any claim held by, any Employee, or any other person or entity.

11. The Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested is necessary to avoid immediate and irreparable harm.

12. The notice of the relief requested in the Motion satisfies Bankruptcy Rule 6004(a) and, pursuant to Bankruptcy Rule 6004(h), the terms and provisions of this Order shall be immediately effective and enforceable upon its entry.

13. The Debtor is authorized to take all steps necessary or appropriate to carry out the terms of this Order.

14. The Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

SO ORDERED.

Copies to Default List.

Proposed Final Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

In re:	:	Chapter 11
	:	
MAGELLAN AEROSPACE, MIDDLETOWN, INC.,	:	Case No. 26-11937
	:	
	:	
Debtor.	:	Honorable Beth A. Buchanan

FINAL ORDER (I) AUTHORIZING, BUT NOT DIRECTING, DEBTOR TO (A) PAY AND HONOR PREPETITION EMPLOYEE OBLIGATIONS AND (B) MAINTAIN AND CONTINUE CERTAIN COMPENSATION AND BENEFIT PROGRAMS POSTPETITION; AND (II) GRANTING RELATED RELIEF [RELATED TO DOCKET NO.]

Upon consideration of the motion (the "**Motion**") of the Debtor for entry of a final order (this "**Final Order**")[1] (I) Authorizing, But Not Directing, Debtor to (A) Pay and Honor Prepetition Employee Obligations and (B) Maintain and Continue Certain Compensation and Benefit Programs Postpetition; and (II) Granting Related Relief; all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the General Order 30-7 from the United States Bankruptcy Court

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

for the Southern District of Ohio, dated January 29, 2024.; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties in interest; and this Court having found that the Debtor's notice of the Motion and opportunity for a hearing on the Motion were appropriate 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 Employee Wage Motion is **GRANTED** on a final basis as set forth herein.

2. Pursuant to sections 105(a), 363(b), 507(a)(4), 507(a)(5), 541, 1107(a), and 1108 of the Bankruptcy Code and Bankruptcy Rule 6003, the Debtor is authorized, but not directed, to: (a) pay and/or honor, in its sole discretion, all Prepetition Employee Obligations; and (b) maintain and continue to honor certain obligations, practices, programs, and policies for the Employees as they were in effect as of the Petition Date as the same may be modified, amended, or supplemented from time to time in the ordinary course of business; provided, however, that no single individual shall be paid on account of any prepetition claim for wages, benefits, or other compensation over the statutory cap of $17,150 provided for under sections 507(a)(4) and (5) of the Bankruptcy Code, absent further order of the Court.

3. Nothing herein shall be deemed to authorize the payment of any amounts in satisfaction of bonus or severance obligations to insiders that are subject to section 503(c) of the Bankruptcy Code.

4. The Debtor and any applicable third parties are authorized to continue to allocate and distribute Employee Withholdings to the appropriate taxing authorities or third-party recipients in accordance with the Debtor's stated policies and prepetition practices.

5. The Banks are authorized and directed, when requested by the Debtor, to receive, process, honor, and pay any and all checks drawn on, or electronic transfer requests from, the Debtor's accounts, whether such checks or requests are presented or submitted prior to or after the Petition Date, to the extent such checks or requests are expressly identified by the Debtor as related directly to the payment of Prepetition Employee Obligations, provided that sufficient funds are available in the applicable bank accounts to make such payments.

6. The Banks are authorized to and shall rely on the representations of the Debtor with respect to whether any check or other transfer drawn or issued by the Debtor prior to the Petition Date should be honored pursuant to this Order, and the Banks shall not have any liability to any party for relying on such representations.

7. The Debtor is authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a result of the filing of this Chapter 11 Case with respect to prepetition amounts owed in connection with any Prepetition Employee Obligations.

8. Subject to the applicable provisions of the Bankruptcy Code, the Debtor is authorized to modify, change, and discontinue any of the policies, plans, programs, practices, and procedures associated with the Employees and/or to implement new plans, policies, practices and procedures related thereto in the ordinary course of business during this Chapter 11 Case, in its

sole discretion and without the need for further Court approval; provided, however, that the Debtor shall give notice to beneficiaries of such policies, plans, programs, practices, and procedures.

9. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed (a) an admission regarding the validity or amount of any claim against the Debtor; (b) a waiver of the Debtor's rights to subsequently dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (e) a waiver or limitation of the Debtor's rights under the Bankruptcy Code or any other applicable law; (f) to grant third-party beneficiary status or bestow any additional rights on any third party; or (g) to be otherwise enforceable by any third party.

10. Notwithstanding the relief granted herein or any action taken hereunder, nothing contained in this Order shall create any rights in favor of, or enhance the status of any claim held by, any Employee, or any other person or entity.

11. The notice of the relief requested in the Motion satisfies Bankruptcy Rule 6004(a) and, pursuant to Bankruptcy Rule 6004(h), the terms and provisions of this Order shall be immediately effective and enforceable upon its entry.

12. The Debtor is authorized to take all steps necessary or appropriate to carry out the terms of this Order.

13. The Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

SO ORDERED.

Copies to Default List.