UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
SOUTHEASTERN DIVISION

In re:	§	**Chapter 11**
	§	
BRIGGS & STRATTON CORPORATION, *et al.*,	§	**Case No. 20-43597-399**
	§	
Debtors.[1]	§	**(Joint Administration Requested)**

DECLARATION OF JEFFREY FICKS, FINANCIAL ADVISOR OF BRIGGS & STRATTON CORPORATION, IN SUPPORT OF THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY RELIEF

I, Jeffrey Ficks, make this declaration (the "**Declaration**") under 28 U.S.C. § 1746:

1. I am a partner in the Turnaround and Restructuring practice at Ernst & Young LLP ("**EY LLP**") as well as EY LLP Americas Advanced Manufacturing and Central U.S. Restructuring Leader. I have over 20 years of experience in crisis management, turnaround consulting, transaction support, corporate finance as well as corporate and public accounting. I have assisted clients both in and outside of chapter 11, assisted and advised on the design and evaluation of financing packages and presentations to various types of lenders and equity investors, and acted as financial advisor to boards of directors and/or principal shareholders in the purchase or sale of numerous businesses. I have advised companies, lenders, and investors in a variety of industries and acted as financial advisor to numerous global industrial companies, tier 1 automotive companies, and aerospace original equipment manufacturers.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: Briggs & Stratton Corporation (2330), Billy Goat Industries, Inc. (4442), Allmand Bros., Inc. (4710), Briggs & Stratton International, Inc. (9957), and Briggs & Stratton Tech, LLC (2102). The address of the Debtors' corporate headquarters is 12301 West Wirth Street, Wauwatosa, Wisconsin 53222.

2. On March 5, 2020, EY LLP was retained by Briggs & Stratton (as defined below) to provide financial advisory services. On May 4, 2020, EY LLP was further retained by Weil, Gotshal & Manges LLP ("**Weil**") on behalf of Briggs & Stratton Corporation, a Wisconsin corporation ("**BSC**"), Billy Goat Industries, Inc., a Missouri corporation ("**Billy Goat**"), Allmand Bros., Inc., a Nebraska corporation ("**Allmand Bros.**"), Briggs & Stratton International, Inc., a Wisconsin corporation ("**B&S International**"), and Briggs & Stratton Tech, LLC, a Wisconsin corporation ("**B&S Tech**," and collectively with BSC, Billy Goat, Allmand Brothers, and B&S International, the "**Debtors**" and, collectively with their non-debtor affiliates, "**Briggs & Stratton**," or the "**Company**") in advising Briggs & Stratton in its negotiations with its creditors and to provide Briggs & Stratton and its other professionals—Weil and Foley & Lardner LLP, as legal counsel to the Company, and Houlihan Lokey Capital, Inc. ("**Houlihan**") as investment banker to the Company—financial advisory services in connection with the Company's evaluation and development of strategic alternatives to address its capital structure and restructure its operations.

3. On the date hereof (the "**Petition Date**"), the Debtors each commenced with this court (the "**Court**") a voluntary case under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). Since EY LLP's retention, I have worked extensively and closely with Briggs & Stratton on various aspects of its business and have become knowledgeable and familiar with the Debtors' operations, business, and financial affairs and the circumstances leading to the commencement of the chapter 11 cases (the "**Chapter 11 Cases**").

4. Except as otherwise indicated herein, this Declaration is based upon my personal knowledge, my review of relevant documents (including the Debtors' public filings), information provided to me by employees of the Debtors or the Debtors' legal and financial

advisors, my colleagues at EY LLP working directly with me or under my supervision, direction, or control, or my opinion based upon my experience, knowledge, and information concerning the Debtors' operations. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

5. This Declaration is submitted for the purpose of apprising the Court and parties in interest of the circumstances that led to the commencement of the Chapter 11 Cases and in support of the motions and applications that the Debtors have filed with the Court, including the "first day motions" (the "**First Day Pleadings**"). I am authorized to submit this Declaration on behalf of the Debtors.

6. The Debtors have requested a variety of relief in the First Day Pleadings to minimize the adverse effects of the commencement of these Chapter 11 Cases. I am familiar with the contents of each First Day Pleading and I believe the relief sought therein is necessary for the Debtors to transition into chapter 11. I further believe that the relief requested in the First Day Pleadings will preserve the value of the Debtors' estates.

7. Section I provides an overview of the Debtors and the Chapter 11 Cases, including the terms of a potential sale transaction. Section II describes the Debtors' business. Section III describes the Debtors' corporate and capital structure and liabilities. Section IV describes the circumstances leading to the commencement of the Chapter 11 Cases and sale process. Section V describes the proposed debtor-in-possession financing and use of cash collateral. Section VI provides a summary of the First Day Pleadings and factual bases for the relief requested therein.

I. Overview

8. Over the past 112 years, Briggs & Stratton has pioneered the field of gasoline engines and outdoor power equipment and cultivated a legacy of innovation. Briggs &

Stratton is the world's largest producer of gasoline engines for outdoor power equipment and is a leading designer, manufacturer and marketer of power generation, pressure washer, lawn and garden, turf care and job site products through its Briggs & Stratton®, Simplicity®, Snapper®, Ferris®, Vanguard®, Allmand®, Billy Goat®, Hurricane®, Murray®, Branco® and Victa® brands. Briggs & Stratton products are designed, manufactured, marketed and serviced in over 100 countries on six continents.

9. Today, the Debtors have commenced the Chapter 11 Cases to effectuate a sale of all or substantially all of their assets. Prior to the Petition Date, Briggs & Stratton, through its independent advisors, worked to evaluate strategic alternatives available to maximize the value of the Company. As a result, Briggs & Stratton and its advisors have determined that a restructuring of the Debtors was necessary and would be best implemented through a sale of substantially all of the Debtors' assets (the "**Assets**"), the Debtors' equity interests in their foreign non-Debtor subsidiaries (the "**Foreign Subsidiaries**"), and certain joint venture equity interests held by the Debtors (the Debtors' interests in the Foreign Subsidiaries and joint ventures collectively, the "**Equity Interests**").

10. As discussed in the *Declaration of Reid Snellenbarger in Support of Motion of Debtors for Entry of an Order (I) Approving (A) Bidding Procedures, (B) Designation of Stalking Horse Bidder and Stalking Horse Bid Protections, (C) Scheduling Auction and Sale Hearing, (D) Form and Manner of Notice of Sale, Auction, and Hearing, and (E) Assumption and Assignment Procedures and (II) Granting Related Relief* (the "**Snellenbarger Declaration**") filed contemporaneously herewith, after what I understand to be extensive, arm's-length negotiations, on July 19, 2020, Briggs & Stratton chose Bucephalus Buyer, LLC as the stalking horse bidder (in such capacity, the "**Stalking Horse Bidder**") for the Assets and Equity

Interests.[2] In connection therewith, the Debtors entered into that certain Stock and Asset Purchase Agreement (the "**Stalking Horse PSA**") to sell the Assets and Equity Interests to the Stalking Horse Bidder pursuant to section 363 of the Bankruptcy Code.

11. The Debtors commenced these Chapter 11 Cases to implement a comprehensive restructuring swiftly through a sale of substantially all of their Assets and Equity Interests to the Stalking Horse Bidder or another bidder that provides a higher or better bid through an in-court sale process (the "**Sale Transaction**"). To that end, contemporaneously with the filing of this Declaration and the Snellenbarger Declaration, the Debtors filed the Sale Motion[3] seeking, among other things, approval of the bidding procedures (the "**Bidding Procedures**"), which, as described in the Snellenbarger Declaration, were developed by the Debtors' advisors to maximize the value of the Assets for the benefit of the Debtors' creditors.

12. Consummation of the Sale Transaction will enable the Briggs & Stratton business to continue as a going concern, preserve jobs and vendor relationships, serve customers, and provide a recovery to Briggs & Stratton creditors.

II. The Debtors' Business

A. History and Formation

13. Briggs & Stratton began in 1908 as an informal partnership between inventor Stephen F. Briggs and investor Harold M. Stratton that eventually developed into

[2] Although the Stalking Horse PSA was executed in the earlier hours of July 20, 2020, for administrative convenience the Stalking Horse PSA it is dated and deemed effective as of July 19, 2020.

[3] *Motion of Debtors for Entry of an Order (I) Approving(A) Bidding Procedures, (B) Designation of Stalking Horse Bidder and Stalking Horse Bid Protections, (C) Scheduling Auction and Sale Hearing, (D) Form and Manner of Notice of Sale, Auction, and Sale Hearing, and (E) Assumption and Assignment Procedures; (II) Authorizing (A) Sale of Debtors' Assets and Equity Interest Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* (the "**Sale Motion**").

Briggs & Stratton as it is known today. The partnership first ventured into the automobile manufacturing business. From there, Briggs & Stratton progressed to manufacturing automobile parts. In 1910, Briggs & Stratton incorporated, and due to the growing demand for automobiles, starter switches became the early mainstay of the Company's business. Between 1920 and 1960, Briggs & Stratton provided power for innumerable applications including agricultural and military applications. In 1953, the Company revolutionized the first lightweight aluminum engine.

14. As a result of the rapid growth of suburbs, the lawn and garden market grew, and mowers, powered by Briggs & Stratton engines, became an integral part of suburban life. A period of product innovations followed, including Easy-Spin® starting, lo-tone mufflers, and an automatic choke. Upon the entry of moderately priced premium Japanese engines to the market, and faced with demand by mass retailers for lower prices, the Company was faced with a critical challenge. Briggs & Stratton responded to this challenge by reorganizing into product-focused divisions, expanding product lines to include the industrial/commercial and Vanguard® engine lines, and expanding its presence in lucrative foreign markets.

15. I understand that Briggs & Stratton later entered the end-products business. In 2000, Briggs & Stratton purchased Generac Portable Products Systems, which produced pressure washers, generators, pumps, and other home products. In 2004, the Company acquired Simplicity Manufacturing, a leading designer and marketer of a broad range of premium outdoor power equipment used in both consumer and commercial lawn and garden applications. This acquisition included the Snapper, Snapper-Pro, Giant-Vac, and Ferris brands.

16. I understand that Briggs & Stratton expanded into the global markets beginning with Asian markets in 2005 when it opened a manufacturing facility in Chongqing,

China. In 2006, Briggs & Stratton started production in its first European plant in Ostrava, Czech Republic. Globally, the Company's engines can be found on diverse applications such as milking machines in Mexico, sugar cane crushers in Puerto Rico, fishing boats in Vietnam, rice harvesters in the Philippines, and cocoa pod grinders in Indonesia to name a few.

B. Debtors' Current Business Operations

17. The Company conducts its operations in two reportable segments: engines (the "**Engines Segment**") and products (the "**Products Segment**"). The Engines Segment sells engines worldwide, primarily to original equipment manufacturers ("**OEMs**") of lawn and garden equipment and other gasoline engine powered equipment. The Products Segment designs, manufactures, and markets a wide range of outdoor power equipment, job site products, and related accessories. The Engines Segment accounted for approximately 53% of the Company's revenue in Fiscal Year 2019, while the Products Segment accounted for approximately 47% of the Company's revenue in that period.

a. Engines Segment

18. Briggs & Stratton is a leading supplier of gasoline engines in developed countries where there is an established lawn and garden equipment market. The Company's four-cycle aluminum alloy gas engines are used primarily by the lawn and garden equipment industry and are used in walk-behind lawn mowers, riding lawn mowers, garden tillers, and snow throwers. The sale of these engines on average accounts for approximately 89% of the Engines Segment's annual engine sales to OEMs. The remaining 11% of engine sales to OEMs is for use in products for industrial, construction, agricultural, and other commercial and consumer applications, which include portable and standby generators, pumps, and pressure washers. The Company's management ("**Management**") has explained to me that many retailers specify the Company's engines on the power equipment they sell, and the Briggs & Stratton logo is often

featured prominently on a product because of the appeal and reputation of the brand. The Company primarily sells its commercial engines under the Vanguard® name.

19. Briggs & Stratton also exports engines to developing nations where its engines are used in agricultural, marine, construction, and other applications. Sales in international markets, primarily to customers in Europe, accounted for approximately 30% of the Engines Segment net sales in fiscal 2019.[4] The Company serves its key international markets through its European regional office in Switzerland, its distribution center in the Netherlands, and sales and service subsidiaries in Australia, Austria, Brazil, Canada, China, the Czech Republic, England, France, Germany, India, Italy, Japan, Malaysia, Mexico, New Zealand, Russia, South Africa, Spain, and Sweden.

20. The Company manufactures engines and parts at the following locations: Auburn, Alabama; Statesboro, Georgia; Poplar Bluff, Missouri; Wauwatosa, Wisconsin; and Chongqing, China. Briggs & Stratton has parts distribution centers in Menomonee Falls, Wisconsin and Wijchen, Netherlands. The Company manufactures a majority of the structural components used in its engines, including aluminum die castings, carburetors and ignition systems. The Company purchases certain parts such as piston rings, spark plugs, valves, ductile and grey iron castings, plastic components, some stampings and screw machine parts and smaller quantities of other components under contract manufacturing agreements. Raw material purchases consist primarily of aluminum and steel.

21. The Engines Segment also manufactures replacement engines and service parts and sells them to sales and service distributors. The Company owns a 38% equity interest in Power Distributors, LLC, a joint venture with a national distribution network of service parts

[4] The Company's fiscal year 2019 ended June 30, 2019.

in the United States. The Company's remaining domestic distributors are independently owned and operated. The Company operates its principal international distribution centers, but also uses independently owned and operated distributors. These distributors supply service parts and replacement engines directly to independently owned, authorized service dealers throughout the world.

b. Products Segment

22. The Products Segment product lines are marketed under the Company's brands such as Briggs & Stratton®, Simplicity®, Snapper®, Snapper Pro®, Ferris®, Allmand®, Billy Goat®, Hurricane®, Murray®, Branco® and Victa®, as well as other brands such as Craftsman and Husqvarna. The principal product lines include lawn and garden power equipment, turf care products, portable and standby generators, pressure washers, snow throwers, and job site products.

23. The Products Segment sells its products primarily through multiple channels of retail distribution, including consumer home centers, warehouse clubs, mass merchants, independent dealers and distributors, and on-line merchants. The Company sells its lawn and garden products, turf care products, snow throwers, and standby generators primarily through an independent dealer network and sells its pressure washers and portable generators primarily through the U.S. mass retail channel. To support its international business, the Products Segment leverages the existing Briggs & Stratton worldwide distribution network and regional sales offices. The Company sells its job site products primarily through the rental channel to the construction and infrastructure, mining, and oil & gas industries.

24. The Products Segment's manufacturing facilities are located in Sherrill, New York; Munnsville, New York; Wauwatosa, Wisconsin;[5] Holdrege, Nebraska; Lee's Summit, Missouri; and Kemps Creek, Australia. The Products Segment also purchases certain powered equipment under contract manufacturing agreements. The Products Segment manufactures core components for its products, where such integration improves operating profitability by providing lower costs.

25. The Products Segment purchases engines from the Engines Segment, as well as from other industry manufacturers. The Products Segment assembles products for the international markets at its U.S. and Australian locations and through contract manufacturing agreements with other OEMs and suppliers.

c. Foreign Subsidiaries

26. While 85% of Briggs & Stratton's products are designed and manufactured in the United States, the Company's products are marketed and serviced in more than 100 countries on six continents through 40,000 authorized dealers and service organizations. As such, Briggs & Stratton's Foreign Subsidiaries operate and maintain warehouse facilities on six of the seven continents (all but Antarctica).

27. In Europe, Foreign Subsidiaries operate in the Netherlands, Austria, France, Spain, the Czech Republic, Switzerland, Germany, and Italy. In North and South America, Foreign Subsidiaries operate in Canada, Mexico, and Brazil. In Asia, Foreign Subsidiaries operate in China, Japan, Malaysia, and Philippines. In Africa, a Foreign Subsidiary operates in South Africa. In Australasia, Foreign Subsidiaries operate in Australia and New

[5] Due to a strategic repositioning away from manufacturing pressure washers and shifting production of riding mowers to its existing New York facility, the Debtors intend to reduce operations in their Burleigh plant, which is part of the Wauwatosa campus.

Zealand. Other than offices, warehouses, and distribution centers, the Company's Foreign Subsidiaries in other countries primarily serve the Company's international sales and service obligations.

III. Corporate and Capital Structure and Liabilities

A. Corporate Structure

28. A diagram that I understand reflects the Debtors' current corporate structure (the "**Organizational Chart**") is annexed hereto as **Exhibit A**.

a. U.S. and Non-U.S. Subsidiaries

29. BSC's common stock is traded on the New York Stock Exchange under the ticker symbol "BGG". BSC is the ultimate parent of and wholly owns each of the other four Debtors. BSC also conducts substantial operations and owns substantial assets independent of its subsidiaries.

30. Billy Goat, which BSC acquired on May 20, 2015, operates in Lee's Summit, Missouri and is a leading manufacturer of specialty turf equipment, which includes aerators, sod cutters, overseeders, power rakes, brush cutters, walk behind blowers, lawn vacuums, and debris loaders. Billy Goat features a complete line of product solutions for residential, commercial and municipal needs serving rental, contractor and retail markets.

31. Allmand Bros., which BSC acquired on August 29, 2014, operates in Holdrege, Nebraska and is a leading designer and manufacturer of high quality jobsite support equipment, which includes towable light towers, industrial heaters, air compressors, and generators.

32. B&S International functions as a holding company and is a majority stakeholder of operations in Brazil and China.

33. B&S Tech holds the right to license the Company's trademarks, patents, and copyrightable materials.

34. Briggs & Stratton Corporation Foundation Inc. is a standalone non-profit foundation that is not a subsidiary of Briggs & Stratton.

35. As discussed above, Briggs & Stratton's Foreign Subsidiaries operate and maintain warehouse facilities on six of the seven continents. Briggs & Stratton's European, Middle Eastern, and African (together, "**EMEA**") Foreign Subsidiaries[6] are either direct subsidiaries of BSC or under B&S International.[7] Briggs & Stratton's Asian Foreign Subsidiaries are either direct subsidiaries of BSC or direct subsidiaries under B&S International.[8] Briggs & Stratton's Latin American, Australasian, and Canadian (together, the "**ROW Region**") Foreign Subsidiaries[9] are either direct subsidiaries of BSC or under B&S International.[10]

36. Under the terms of the DIP Credit Agreement,[11] the DIP Lender has agreed to forebear its right to exercise remedies against the Foreign Subsidiaries that are

[6] The EMEA Foreign Subsidiaries are comprised of 15 entities incorporated in Netherlands, United Kingdom, Austria, France, Spain, the Czech Republic, Russia, Switzerland, Sweden, Germany, Italy, India, and South Africa.

[7] B&S Tech is a minority owner (holding one share) of B&S International's Russian subsidiary.

[8] The three China Foreign Subsidiaries are subsidiaries under B&S International. The Malaysia Foreign Subsidiary is a direct subsidiary of BSC as well as the three Japan Foreign Subsidiaries.

[9] The ROW Region Foreign Subsidiaries are incorporated in Brazil, Mexico, Australia, New Zealand, and Canada. The Brazil Foreign Subsidiary is a subsidiary under B&S International. The Mexico, Canada, and two Australasia Foreign Subsidiaries are direct subsidiaries of BSC. B&S International is a minority owner of the Mexican Subsidiary.

[10] B&S Tech is a minority owner (holding one share) of B&S International's Brazilian subsidiary.

There are two Australian subsidiaries—Victa Lawncare Pty Ltd. and Victa Limited—that are not direct subsidiaries of either BSC or B&S International. Victa Lawncare Pty Ltd. is wholly owned by Briggs & Stratton Australia Pty. Limited and Victa Limited is wholly owned by Victa Lawncare Pty Ltd.

[11] The terms of the DIP Credit Agreement are further described and outlined in the DIP Motion filed contemporaneously herewith.

borrowers and guarantors under the ABL Credit Facility (as defined below), notwithstanding the Event of Default caused by the filing of these Chapter 11 Cases and related Events of Default, thus allowing the Foreign Subsidiaries to remain outside of these Chapter 11 Cases. Therefore, the Foreign Subsidiaries will continue to operate outside of chapter 11 in the ordinary course of business. Further, under the DIP Credit Agreement, the guarantors under the Swiss ABL Credit Facility (as defined below) will serve as guarantors to the Debtors' obligations thereunder.

b. Joint Ventures and Other Interests

37. Briggs & Stratton is a member of the following six joint ventures: (i) Business Health Care Group of Wisconsin, L.L.C. ("**BHCG**"); (ii) Nikki America Fuel Systems, LLC ("**Nikki**"); (iii) Power Distributors, LLC ("**Power Distributors**"); (iv) Starting USA Corporation ("**Starting**"); (v) Briggs & Stratton (Chongqing) Engine Co. Ltd. ("**Chongqing**"); and (vi) Diahatsu-Briggs Co., Ltd. ("**Diahatsu-Briggs**"). Briggs & Stratton also owns a de minimis ownership interest in Guru Ventures, Inc.

38. BHCG is a joint venture between BSC and a group of other companies in Wisconsin. Together, these companies pool their common interests, efforts, and purchasing power to improve healthcare quality and costs for employers and employees. BSC owns an 8.33% equity interest in BHCG.

39. Nikki is a joint venture between BSC and Nikki America, Inc. to manufacture and distribute component parts for fuel systems. BSC owns a 30% equity interest in Nikki.

40. Power Distributors is a joint venture between BSC, Central Atlantic Power, LLC and Preferred Power, Inc. to provide support for the sale and service of certain

products and to distribute Briggs & Stratton's component parts. BSC owns a 38% equity interest in Power Distributors.

41. Starting is a joint venture between BSC and Starting Industrial Co., Ltd. of Japan for the production of rewind starters and punch pressed components in the United States. BSC owns a 50% equity interest in Starting.

42. Chongqing is a joint venture between B&S International and Chongqing Machinery & Electronics Holding (Group) Co, Ltd. to manufacture engines for the Company's United States, European, and Asian markets. B&S International owns a 95.18% equity interest in Chongqing.

43. Daihatsu-Briggs is a joint venture between BSC and Daihatsu Motor Company for the manufacture of vanguard engines in Japan. The Company owns a 50% equity interest in Daihatsu.[12]

c. Senior and Leadership Teams

44. The Debtors' senior team consists of the following individuals:

Name	Position
Todd J. Teske	Chairman, President & Chief Executive Officer
Kathryn M. Buono	Vice President, Corporate Counsel & Secretary
Mark A. Schwertfeger	Senior Vice President & Chief Financial Officer
Rachele M. Lehr	Senior Vice President, Corporate Systems & Human Capital
Jeffrey M. Zeiler	Senior Vice President, Innovation & Technology
Thomas H. Rugg	Senior Vice President, Sales & Marketing – Engines & Power
Eric T. Chack	Senior Vice President, Operations – Engines & Power
David J. Rodgers	Senior Vice President, Corporate Development & President – Job Site
Harold L. Redman	Senior Vice President & President – Turf &

[12] Daihatsu-Briggs has been dissolved and is almost entirely wound up and no longer operational.

Name	Position
	Consumer Products
Randall R. Carpenter	Vice President, Communications
William H. Reitman	Senior Vice President, Sales – Americas Turf & Consumer Products

B. Capital Structure

45. As set forth below, as of the Petition Date, the Debtors have outstanding funded debt obligations consisting of approximately $470 million excluding letters of credit.

a. Secured Debt – ABL Credit Agreement

46. BSC, a Wisconsin corporation (the "**Lead Borrower**"), Briggs & Stratton AG, a Swiss corporation (the "**Swiss Borrower**", and together with the Lead Borrower, the "**Borrowers**" and each a "**Borrower**"), the lenders party thereto from time to time (the "**ABL Lenders**"), the Issuing Banks party thereto and JPMorgan Chase Bank, N.A., as the Administrative Agent, the Collateral Agent, the Australian Security Trustee and Swingline Lender are parties to the Revolving Credit Agreement, dated as of September 27, 2019 (as amended by Amendment No.1 to Revolving Credit Agreement, dated as of November 15, 2019, Amendment No.2 to Revolving Credit Agreement, dated as of January 29, 2020, Amendment No. 3 to Revolving Credit Agreement, dated as of April 21, 2020, Amendment No. 4 to Revolving Credit Agreement, dated as of April 27, 2020, Amendment No. 5 to Revolving Credit Agreement, dated as of June 12, 2020, and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the **"ABL Credit Agreement**").

47. Under the ABL Credit Agreement, the ABL Lenders agreed to provide the Borrowers revolving loans in an aggregate principal amount not to exceed $500 million with a letter of credit sublimit of $55 million (the "**ABL Credit Facility**"), consisting of a $468 million North American revolving facility with a letter of credit sublimit of $53 million (the "**North**

American ABL Credit Facility") and a $32 million Swiss revolving facility with a letter of credit sublimit of $2 million (the "**Swiss ABL Credit Facility**"), in each case, subject to a borrowing base consisting of certain eligible cash, accounts, inventory, equipment, trademarks and real estate. The ABL Credit Facility is scheduled to mature on September 27, 2024, subject to a springing maturity date of September 15, 2020 if any of the Unsecured Notes (as defined below) remain outstanding and unreserved under the ABL Credit Agreement.

48. The Lead Borrower's obligations under (i) the North American ABL Credit Facility and (ii) certain currency, interest rate protection or other swap or hedging agreements, cash management arrangements and other bank products (collectively, the "**Bank Product Obligations**") entered into by the U.S. Loan Parties (as defined below) (the "**US Bank Product Obligations**") are guaranteed by Billy Goat and Allmand Bros. (collectively, with the Lead Borrower and Billy Goat, the "**U.S. Loan Parties**") and are secured by first priority liens on substantially all the U.S. Loan Parties' assets (the "**U.S. Collateral**").

49. The Swiss Borrower's obligations under (i) the Swiss ABL Credit Facility and (ii) certain Bank Product Obligations entered into by Non-U.S. Loan Parties (as defined below) (the "**Non-U.S. Bank Product Obligations**"), are guaranteed by the U.S. Loan Parties, Briggs & Stratton International AG, a Swiss corporation ("**B&S International AG**"), Briggs & Stratton Australia Pty. Limited, an Australian proprietary limited company ("**B&S Australia**"), and Victa Limited, an Australian limited company (collectively with the Swiss Borrower, B&S International AG, and B&S Australia, the "**Non-U.S. Loan Parties**," and together with the U.S. Loan Parties, the "**Loan Parties**") and are secured by first priority liens on (i) substantially all

the Non-U.S. Loan Parties' (other than B&S International AG)[13] assets (collectively, with the U.S. Collateral, the "**Collateral**") and (ii) the U.S. Collateral.

50. The Collateral includes, among other things, all right, title and interest in all accounts, chattel paper, cash and deposit accounts, documents and documents of title, equipment, fixtures, goods, general intangibles and intangibles (including intellectual property), instruments, inventory, investment property, letters of credit, commercial tort claims, books and records, and other property and the proceeds thereof. The Collateral excludes, among other things, U.S. real property with a fair market value less than $5 million (subject to certain exceptions) and non-U.S. real property, motor vehicles and other assets subject to certificates of title (other than to the extent the security interest can be perfected under the Uniform Commercial Code or other applicable law by the filing of a financing statement), certain deposit, securities and commodity accounts and the equity interest of certain subsidiaries and joint ventures.

51. No Non-U.S. Loan Party (i) has any joint and several liability under the ABL Credit Facility for the obligations of the U.S. Loan Parties under the ABL Credit Facility; or (ii) guarantees an obligation under the ABL Credit Facility with respect to the obligations of the U.S. Loan Parties under the ABL Credit Facility. No assets of any Non-U.S. Loan Party or any equity interests of any Non-U.S. Loan Party (with certain exceptions) are collateral under the ABL Credit Facility for the obligations of the U.S. Loan Parties under the ABL Credit Facility.[14]

52. As of the Petition Date, (a) the aggregate amount outstanding under the ABL Credit Facility is approximately $325,897,815 in unpaid principal, plus accrued and unpaid

[13] B&S International AG has only provided an unsecured guaranty.

[14] This information is based on discussions with the Debtors' legal counsel.

interest, fees and other expenses, consisting of approximately (i) $260,397,936 in outstanding loans under the North American ABL Credit Facility, (ii) $53,000,000 in outstanding but undrawn letters of credit issued under the North American ABL Credit Facility, (iii) $12,399,878 in outstanding loans under the Swiss ABL Credit Facility and (iv) $100,000 in outstanding but undrawn letters of credit issued under the Swiss ABL Credit Facility and (b) the aggregate amount of outstanding Bank Product Obligations is approximately $26 million.

b. Unsecured Notes

53. BSC, as issuer (the "**Issuer**"), certain subsidiary guarantors named therein (the "**Guarantors**") (discussed below) and Wilmington Trust, N.A., as successor trustee to Wells Fargo Bank, National Association (the "**Trustee**"),[15] are party to that certain indenture, dated as of December 20, 2010 (the "**Base Indenture**") as amended, supplemented, or otherwise modified from time to time, including by that certain first supplemental indenture thereto, dated as of December 20, 2010, (the "**First Supplemental Indenture**") and that certain supplemental indenture thereto, dated as of September 27, 2019 (the "**Second Supplemental Indenture**," and, together with the Base Indenture and First Supplemental Indenture, and as further amended, supplemented or otherwise modified, the "**Indenture**"), pursuant to which $225 million in aggregate principal amount of unsecured notes (the "**Unsecured Notes**") were issued. The Guarantors under the Unsecured Notes are Allmand Bros. and Billy Goat. The Unsecured Notes are unsecured, are effectively junior to all existing indebtedness of the Issuer's non-guarantor subsidiaries, and are structurally subordinated to all existing indebtedness and other liabilities of

[15] On June 25, 2020, Wells Fargo provided notice of its intent to resign as trustee. A tripartite agreement was signed on July 15, 2020 whereby Wilmington Trust, N.A. took over for Wells Fargo as indenture trustee.

the Issuer's non-guarantor subsidiaries, other than indebtedness and liabilities owed to the Issuer.[16] The Unsecured Notes mature on December 15, 2020.[17]

54. As of the Petition Date, approximately $195.46 million of principal, plus all accrued but unpaid interest (including approximately $6.7 million of unpaid interest due on June 15, 2020), fees, and expenses, is outstanding under the Unsecured Notes.

c. Floor Plan Financings

55. BSC, Billy Goat (together with BSC, the "**Vendors**"), Wells Fargo Commercial Distribution Finance, LLC ("**CDF-US**"), and Wells Fargo Capital Finance Corporation Canada ("**CDF-Canada**," together with CDF-US, "**CDF**") are parties to the Vendor Agreement, dated as of June 30, 2011 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, including pursuant to the Eighth Amendment to Vendor Agreement, the "**Wells Fargo Floor Plan Financing Agreement**"). The Wells Fargo Floor Plan Financing Agreement is a financing arrangement (the "**Wells Fargo Floor Plan Financing**) that (a) allows dealers of the Vendors ("**Dealers**") to obtain financing from CDF for the purchase of goods and accessories of the Vendors, other than parts sales that are sold on open account directly by the Vendors to such Dealers, displayed on their showroom floors, (b) provides CDF with the right of first refusal to finance the purchase by such Dealers of such goods and accessories of the Vendors, and (c) provides that the Vendors are liable to CDF for a termination fee in the amount of $1,340,000 in the event the Vendors or CDF terminates the

[16] This information is based on discussions with the Debtors' legal counsel.

[17] The Unsecured Notes have been accruing interest of 6.875% per annum from the date of issuance, payable semi-annually in arrears on June 15 and December 15.

Wells Fargo Floor Plan Financing Agreement in accordance with the terms thereof prior to December 1, 2020.

56. The obligations of Dealers to CDF arising out of financing extended by CDF to the Dealers in connection with the Wells Fargo Floor Plan Financing Agreement have been guaranteed on a limited basis by the Vendors up to an aggregate amount of $2.0 million in any one fiscal year of the Vendors, and the Vendors provided an irrevocable, standby letter of credit (the "**Wells Fargo Floor Plan Letter of Credit**") in an aggregate principal amount of $15 million to secure any and all of the Vendors' obligations to CDF under the Wells Fargo Floor Plan Financing Agreement.[18] The Vendors have further agreed during a Dealer's event of default (under and as defined in the financing agreement between such Dealer and CDF) to purchase inventory that CDF has a security interest in or other lien on at the time of CDF's repossession or other acquisition of possession of such inventory, subject to the terms and conditions set forth in the Wells Fargo Floor Plan Financing Agreement.

57. In connection with the financing extended by CDF to the Dealers, the Vendors have agreed to pay CDF an interest subsidy for the first year of financing extended by CDF to any such Dealer (the "**Interest Subsidy**") under the delayed funding option for the U.S. component of the Wells Fargo Floor Plan Financing, pursuant to the terms of that certain Program Terms Letter, dated as of January 20, 2016 (as amended by the Amendment to Vendor Program Terms Letter dated as of May 28, 2020, the "**Vendor Program Terms Letter**"). Under the terms of the Vendor Program Terms Letter, the Interest Subsidy paid by the Vendors is based

[18] The Wells Fargo Floor Plan Letter of Credit was issued under the ABL Credit Agreement in the face amount of $7.5 million on March 13, 2020. On or about April 24, 2020, the face amount was increased to $15 million. The Wells Fargo Plan Letter of Credit has been included in the amounts listed in paragraph 52 above.

on the delayed funding option chosen (*i.e.*, 15 day delayed funding or 30 day delayed funding) and adjusts each month with changes in the applicable Reference Rate as set forth therein.

58. In the event that CDF decides not to finance the sales of a Vendor's products to its dealers under the Wells Fargo Floor Plan Financing Agreement, the Vendor has a second source of financing under the terms of (i) a letter agreement, dated March 9, 2020, between BSC and Northpoint Commercial Finance LLC ("**Northpoint U.S.**"), (ii) a repurchase agreement, dated as of March 9, 2020, between BSC and Northpoint U.S., (iii) a letter agreement, dated March 9, 2020, between BSC and Northpoint Commercial Finance Canada Inc. ("**Northpoint Canada**" and, together with Northpoint U.S., "**Northpoint**"), and (iv) a repurchase agreement, dated as of March 9, 2020, between BSC and Northpoint Canada (such agreements, as amended, restated, amended and restated, supplemented or otherwise modified from time to time, collectively, the "**Northpoint Floor Plan Financing Agreement**"). Pursuant to the terms of the Northpoint Floor Plan Financing Agreement, (a) Northpoint agreed to finance the purchase by dealers of goods sold by BSC to BSC's dealers and (b) subject to the terms and conditions set forth in the Northpoint Floor Plan Financing Agreement, BSC agreed to repurchase any goods financed by Northpoint upon the repossession of such goods by Northpoint.

59. As of the Petition Date, (a) approximately $15,000,000 is outstanding and undrawn under the Wells Fargo Floor Plan Letter of Credit, (b) the aggregate amount of outstanding loans made by CDF to Dealers in connection with the Wells Fargo Floor Plan Financing Agreement is approximately $166,841,879 and (c) the aggregate amount of outstanding loans made by Northpoint to Dealers in connection with the Northpoint Floor Plan Financing Agreement is approximately $2,241,877.

d. NMTC Financing

60. On August 16, 2017, BSC entered into a financing transaction with SunTrust Community Capital, LLC ("**SunTrust**") related to the business optimization program under the New Markets Tax Credit Program ("**NMTC Program**"). The NMTC Program was provided for in the Community Renewal Tax Relief Act of 2000 (the "**Act**") through the creation of new Section 45D of the Internal Revenue Code of 1986 (the "**Code**"), and is intended to induce capital investment in qualified low-income communities. The Code permits taxpayers to claim credits against their Federal income taxes for qualified equity investments in certain community development entities ("**CDEs**"). CDEs are privately managed investment institutions that are certified to make qualified low-income community investments ("**QLICIs**"). In connection with NMTC Program, Billy Goat loaned (the "**Billy Goat Loan**") approximately $16 million to BS Statesboro Investment Fund, LLC (the "**Investment Fund**"), which is owned by SunTrust, and simultaneously, SunTrust contributed approximately $8 million to the Investment Fund. The Investment Fund contributed the aggregate proceeds to certain CDEs, which, in turn, loaned $23.635 million to the Company, as partial financing for the business optimization program, pursuant to the terms of that certain Loan Agreement, dated as of August 16, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**NMTC Loan Agreement**") among the Company, as borrower, and ST CDE XXXVIII, LLC, DVCI CDE XXXIV, LLC and MUNISTRATEGIES SUB-CDE#24, LLC, each as a lender (each such lender, a "**NMTC Lender**"). The Investment Fund's contribution to the CDEs entitled the Investment Fund (and indirectly through the Investment Fund, SunTrust) to receive approximately $9.36 million of new markets tax credits over a seven year period, starting on the closing date of the loans under the NTMC Loan Agreement, and the

Company agreed to indemnify SunTrust against any loss or disallowance of such new market tax credits pursuant to the terms of the QALICB Indemnification Agreement, dated as of August 16, 2017, between the Company and SunTrust (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**QALICB Indemnification Agreement**").

61. The NMTC Program also includes a put/call provision that can be exercised beginning in August 2024 whereby the Company may be obligated to purchase SunTrust's interest in the Investment Fund for a de minimis amount or entitled to purchase SunTrust's interest in the Investment Fund for the then fair market value of the interest. The maturity date of the loans under the NMTC Loan Agreement is August 16, 2052 and certain obligations of the Company as borrower thereunder are secured by reserve account pledge agreements and control agreements with each NMTC Lender.

62. As of the Petition date, (a) approximately $23,635,000 is outstanding under the NMTC Loan Agreement, (b) $599,342 is contained in the reserve accounts with the NMTC Lenders, consisting of $36,093 in a reserve account with ST CDE XXXVIII, LLC, $225,000 in a reserve account with DVCI CDE XXXIV, LLC and $338,249 in a reserve account with MUNISTRATEGIES SUB-CDE#24, LLC, (c) indemnification obligations of at least $12.65 million remain outstanding under the QALICB Indemnification Agreement and (d) approximately $15.95 million is outstanding and owing from the Investment Fund to Billy Goat under the Billy Goat Loan.[19]

[19] This information is based on discussions with the Debtors' legal counsel.

e. Washington County Economic Development Loan

63. BSC, as borrower, and Washington County, Wisconsin, as lender (the "**County**"), are parties to that certain Loan Agreement, dated as of November 19, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**TIFF Loan Agreement**"). Under the TIFF Loan Agreement, the County agreed to provide a $1 million loan to fund, in part, costs associated with BSC's warehouse consolidation to a leased facility located in the Village of Germantown, Wisconsin, and building improvements related to such facility. BSC provided a standby letter of credit (the "**TIFF Letter of Credit**") in an aggregate principal amount of $1 million to the County to secure its obligations under the TIFF Loan Agreement [20]

64. As of the Petition Date, approximately $1,000,000 is outstanding and undrawn under the TIFF Letter of Credit.

C. Other Major Liabilities

a. Exmark Legal Proceeding

65. On May 12, 2010, Exmark Manufacturing Company, Inc. ("**Exmark**") filed a lawsuit against Briggs & Stratton Power Products Group, LLC ("**BSPPG**")[21] alleging that certain Ferris® and Snapper Pro® mower decks infringed an Exmark mower deck patent.[22] On December 20, 2018, the District Court entered judgment against the Company and in favor of Exmark in the amount of $14.4 million in compensatory damages, an additional $14.4 million in

[20] The TIFF Letter of Credit was issued under the ABL Credit Agreement and has been included in the amounts listed in paragraph 52 above.

[21] Briggs & Stratton Power Products Group, LLC is a wholly owned subsidiary of the Company that was subsequently merged with and into the Company on January 1, 2017.

[22] The lawsuit is styled as *Exmark Manufacturing Co., Inc. v. Briggs & Stratton Corporation*, Civ. Action No. 8:10CV187-JFB-TDT (D. Neb.).

enhanced damages, as well as pre- and post-judgment interest and costs.[23] The District Court awarded $6 million in pre-judgment interest as well as post-judgment interest after December 19, 2018 and costs to be determined. The Company filed its notice of appeal on May 14, 2019 and appealed to the Federal Circuit the District Court's construction of certain claims of Exmark's patent, grant of summary judgment motions filed by Exmark, and alteration of the pre-judgment interest rate following the second trial. Oral argument on the appeal occurred on May 5, 2020, and the parties are currently awaiting a decision from the Court of Appeals.

66. In light of the pending appeal, the Company and Fidelity and Deposit Company of Maryland & Zurich American Insurance Company (the "**Surety**") posted a supersedeas bond of $34,724,235.48 with the District Court (the "**Appeal Bond**").[24] Pursuant to the Appeal Bond, the Company and the Surety are jointly and severally liable for the total amount of the final judgment (whether affirmed or modified on appeal) plus any additional post-judgment interest accrued since entry of the final judgment and any costs or other amounts awarded to Exmark on appeal (the "**Total Amount**"); however, the Surety will not be liable to Exmark for any portion of the Total Amount exceeding the amount provided for pursuant to the Appeal Bond. By its terms, the obligations under the Appeal Bond will be void if the District Court's judgment is vacated or otherwise set aside in its entirety.

[23] On April 15, 2019, the district court denied the Company's post-trial motions seeking a modification of the jury's damages award and a new trial.

[24] The Bond amount represents the jury awards of $14.4 million in compensatory damages and $14.4 million in enhanced damages, and the District Court award of $6 million in pre-judgment interest.

b. Employee-Related Liabilities

67. The Company has obligations outstanding under various benefit plans relating to current and former employees.[25] Certain of the obligations are described below.

68. BSC sponsors two qualified defined benefit pension plans in the United States, the Briggs & Stratton Corporation Pension Plan (the "**Qualified Pension Plan**") and the Briggs & Stratton Corporation Cash Balance Retirement Plan (the "**Cash Balance Plan**," and together with the Qualified Pension Plan, the "**Pension Plans**"), covering certain of the Company's active and former U.S. Employees, including Union Employees. The Pension Plans are closed to new entrants, and benefits under the Pension Plans have been frozen for all participants as of December 31, 2013. The Pension Plans are insured up to certain levels by the Pension Benefit Guaranty Corporation (the "**PBGC**"), and the Company is obligated to make certain statutory insurance premium payments to the PBGC. The Company paid annual premiums to the PBGC in April 2020 of approximately $3.1 million. According to a Mercer report dated July 14, 2020 (the "**Mercer Report**"), as of June 30, 2020, the Pension Plans' estimated projected benefit obligation was $956.5 million and estimated value of assets was $780.5 million, such that the Pension Plans are estimated to be underfunded based on ongoing assumptions by approximately $176 million.

69. The Company sponsors the Key Employee Savings and Investment Plan (the "**KESIP**"), an unfunded, nonqualified plan that supplements the Company's 401(k) savings plan for certain key employees of the Company. The Company entered into a "rabbi trust" with Wells Bank, NA and has contributed amounts to the trust to fund benefits under the KESIP.

[25] In addition to the plans described below, I understand that the Company sponsors the tax-qualified Brigg & Stratton Consolidated Retirement and Savings Plan (the "**401(k) Plan**") covering certain of the Company's union and non-union employees. The 401(k) Plan is fully funded.

Debtor's legal counsel has informed me that the assets held in the trust are by the terms of such trust subject to the claims of Company's creditors. As of June 30, 2020, the KESIP account balances and the rabbi trust assets totaled approximately $8.1 million.

70. The Company sponsors the Supplemental Executive Retirement Plan and the Supplemental Employee Retirement Plan (the "**SERPs**"), which are unfunded, nonqualified plans that supplement benefits under the Qualified Pension Plan for certain key employees of the Company. According to the Mercer Report, as of June 30, 2020, the SERPs' estimated projected benefit obligation was $65.3 million based on ongoing assumptions.

71. The Company sponsors unfunded health and welfare plans providing medical, dental, vision and/or life insurance benefits for certain retired union and non-union employees of the Company, who meet certain age and service requirements (the "**Retiree Welfare Plans**").[26] According to the Mercer Report, the estimated projected benefit obligation under the Retiree Welfare Plans as of June 30, 2020 was $50.6 million. Debtors' legal counsel has informed me that the Retiree Welfare Plans are unfunded. The Company terminated the Retiree Welfare Plans on July 19, 2020, coverage under all programs under the Retiree Welfare Plans will cease effective as of August 31, 2020, and no benefits will be payable under the Retiree Plan for any claims incurred after such date (other than under COBRA).

72. The Company historically has maintained collective bargaining agreements ("**CBAs**") with its unions. Management has informed me that approximately 520 employees at the Debtors' Milwaukee locations are represented by a union and covered by an expired CBA. Management has informed me that due to a strategic repositioning away from

[26] The Company's sponsorship of the Retiree Welfare Plans also covers former employees of Briggs & Stratton Power Products Group, LLC, Snapper Products, Inc., Simplicity Manufacturing, Inc., Ferris Industries, Inc., and Giant-Vac, Inc., all of which have been merged into other subsidiaries of BSC.

manufacturing pressure washers and shifting production of riding mowers to its existing New York facility, the Debtors intend to reduce operations at their Burleigh plant in the Milwaukee area in the next few months.[27] The Debtors estimate that by December 2020, the number of employees covered by the expired CBA will be reduced to approximately 300 employees.

c. Trade Payables and Ordinary Course Obligations

73. In addition to the Debtors' funded debt obligations, and the other obligations described above, as of the Petition Date, the Debtors owe an estimated $91 million in outstanding unsecured obligations to certain third-party suppliers, vendors and other ordinary course unsecured creditors.

IV. Circumstances Leading to the Commencement of The Chapter 11 Cases

74. Several factors have contributed to Briggs & Stratton's recent business challenges. It is Management's view, as expressed to me, that these factors include (i) headwinds related to cautious ordering patterns from channel partners, (ii) weather conditions in certain regions, (iii) the bankruptcy of Sears (one of the Company's largest Products Segment customers and a major indirect customer of engines through OEMs), (iv) a shift in consumer preferences leading to reductions in residential consumer engine demand—though offset by growth in commercial and larger engines and products, and (v) unfair trade practices from Chinese competitors. Initially, the Company took strategic actions to drive profitability improvements, including a business optimization program and an engine manufacturing consolidation project.

[27] I understand that due to the anticipated closing of the Burleigh location, on June 30, 2020, the Debtors issued notices pursuant to the Worker Adjustment and Retraining Notification Act (the "**WARN Act**") to approximately 220 Employees.

75. The Company's efforts to address the above conditions were further complicated by the spread of the disease caused by the coronavirus ("**COVID-19**") and the upcoming maturity of their funded debt. Specifically, the Unsecured Notes mature in December 2020, and the ABL Credit Agreement provides for a springing maturity if the Unsecured Notes are still outstanding as of September 15, 2020 and unreserved under the ABL Credit Agreement. I am informed that as a result of these circumstances, Briggs & Stratton began to explore strategic alternatives to restructure, deleverage its balance sheet, and reduce its debt burden.

A. Strategic and Cash Preservation Initiatives

76. In response to the conditions described above, in early 2020, Briggs & Stratton developed a remediation plan (the "**Strategic Repositioning Plan**") to reposition strategically and de-lever the Company to improve financial flexibility. The Strategic Repositioning Plan included strategic and cash-preservation initiatives to provide the Company with adequate liquidity to meet its obligations in the near and medium term. The actions announced under the Strategic Repositioning Plan included a sharp focus on the Company's global expertise in power application, a simpler organization through strategic divestitures, and a streamlined overall business to drive improved capital returns.

77. In March 2020, the Company began implementing the Strategic Repositioning Plan. In addition, the Company implemented proactive spending reductions in the third and fourth quarters of fiscal 2020 (*i.e.*, January through June 2020). I am informed that these reductions included plant shutdowns, suspension of employee benefits, lower capital spending, and reduced discretionary spending. The Company also eliminated its quarterly dividend and suspended its share repurchases program. The Company also actively pursued a potential sale-leaseback of Company-owned real estate to generate liquidity, working capital reduction through inventory management, and potential divestitures of certain businesses and

assets. All of these initiatives were in addition to strategic actions the Company had implemented during the last twelve to eighteen months to drive profitability improvements, including a business optimization program and an engine manufacturing consolidation project.

78. It is Management's view that the Strategic Repositioning Plan was dependent on conditions and matters outside of the Company's control or that might not have been available on terms acceptable to the Company, or at all. However, the ability to implement the Strategic Repositioning Plan successfully was made unpredictable and challenging by COVID-19.

B. COVID-19

79. In March 2020, the rapid spread of the coronavirus outbreak and the continuously evolving responses to combat it had an increasingly negative impact on the global economy, and I understand that Briggs & Stratton was no exception. The developments related to COVID-19 significantly reduced sales, resulting in heightened inventory levels and a strain on the Company's liquidity. Specifically, and according to Management, the COVID-19 impact included: (i) actual revenue in the third fiscal quarter for the year 2020 was estimated to be lower, *i.e.*, by approximately $40 million or 8% compared to the Company's forecast; (ii) four-to-five week plant and/or select line shutdowns in April 2020 at six of the Debtors' facilities across the United States; and (iii) negative impacts on Briggs & Stratton's customers and sales channels, *e.g.*, temporary closures in manufacturing operations and reduced production at certain customer facilities, plant closures of certain OEMs, reduced orders from lawn and garden dealers in the United States, reduced customer rental orders, and the closures of several European OEM customers, dealers, distributors, and retailers in mid-March. The preliminary estimate of the sales decline caused by the pandemic for the fiscal fourth quarter was $157 million and for the fiscal year was $197 million.

80. In response to the spread of COVID-19, uncertain economic conditions resulting in reduced demand and potential constraints on its supply chain, I understand that the Company reduced manufacturing activity at several of its manufacturing facilities and temporarily shut down others. I was informed that, on April 1, 2020, the Company reduced the base salaries of certain named executive officers by between 35% to 40%, the Company's board of directors also approved the implementation of a wage reduction plan for other salaried employees, and each non-employee director agreed to forego her or his quarterly cash retainer fees payable in the fourth fiscal quarter of 2020 in respect of Board service during the first fiscal quarter of 2021.

C. Prepetition Negotiations, Restructuring, & Marketing Efforts

81. In March and April 2020, the Company hired an experienced team of advisors, including Houlihan as investment banker, to assist the Company in debt and capital matters, including raising additional capital to address the Company's near-term liquidity needs as well as the 2020 maturity of the Unsecured Notes (approximately $195.46 million aggregate principal amount outstanding). The advisors were also tasked with working with Management toward a restructuring and deleveraging of the Company's balance sheet if sufficient capital was not available to address the Company's liquidity and debt maturity issues in an out-of-court capital raise. The Company and its advisors evaluated strategic alternatives available to Briggs & Stratton in light of the Company's financial condition, and Houlihan conducted a months-long process for raising capital (the "**Capital Raise Process**").

82. To address near-term liquidity challenges brought on by business conditions (including COVID-19) and provide time for the Capital Raise Process to continue, the Company entered into Amendment No. 4 to the ABL Credit Agreement, effective as of April 27, 2020. Amendment No. 4 amended certain provisions of the ABL Credit Agreement for the

Company's benefit, including relaxing certain financial covenants; however, in exchange for such amendment, the ABL Lenders also imposed certain requirements on the Company, including adding certain events of default with respect to raising capital. Specifically, Amendment No. 4 required that the Company consummate a raise of junior capital financing acceptable to the ABL Lenders by June 15, 2020.

83. On June 12, 2020, to provide Briggs & Stratton with flexibility to continue discussions with its stakeholders and allow the Capital Raise Process to continue, Briggs & Stratton and the ABL Lenders entered into Amendment No. 5 to the ABL Credit Agreement. Specifically, under Amendment No. 5, Briggs & Stratton and the ABL Lenders agreed, among other things, that the aforementioned deadline for raising junior capital would be extended to July 15, 2020.

84. In May 2020, an ad hoc group of holders of Unsecured Notes (the "**Ad Hoc Group**") was organized and retained Gibson, Dunn and Crutcher LLP ("**Gibson Dunn**") as legal advisor and Imperial Capital, LLC ("**Imperial**") as financial advisor. The Debtors entered into non-disclosure agreements with Gibson Dunn and Imperial on May 15, 2020 and May 22, 2020, respectively, and with certain members of the Ad Hoc Group on June 11, 2020. Pursuant to a certain fee and expense reimbursement agreement dated May 29, 2020 and May 21, 2020, the Debtors agreed to pay and reimburse all reasonable and documented fees and out-of-pocket expenses incurred by Gibson Dunn as counsel to the Ad Hoc Group and Imperial as financial advisor to the Ad Hoc Group. On July 14, 2020, the Debtors notified Imperial and Gibson Dunn of their intention to terminate their engagement with Imperial and Gibson Dunn effective as of July 16, 2020.

85. Given the state of ongoing negotiations to address Briggs & Stratton's debt structure and the need to preserve liquidity, Briggs & Stratton elected not to make interest payments of approximately $6.7 million on the Unsecured Notes due on June 15, 2020 and took advantage of the 30-day grace period (the "**Grace Period**") provided for under the Unsecured Notes Indenture. The Grace Period expired on July 15, 2020 and Briggs & Stratton did not pay the interest payments due on the Unsecured Notes. Briggs & Stratton did not make the interest payment prior to the expiration of the Grace Period on July 15, 2020, resulting in an Event of Default under the terms of the indenture governing the Unsecured Notes.

86. As set forth in more detail in the Snellenbarger Declaration and the *Declaration of Jeffrey Lewis In Support of Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors to Obtain Postpetition Financing, (II) Authorizing Debtors to Use Cash Collateral, (III) Granting Liens and Superpriority Claims, (IV) Granting Adequate Protection to Prepetition Secured Parties, (V) Modifying Automatic Stay, (VI) Scheduling Final Hearing, and (VII) Granting Related Relief* (the "**Lewis Declaration**"), as part of the Capital Raise Process, I understand that Houlihan contacted numerous potential sources of capital, including purchasers of assets, and prepared numerous materials and analyses to assist and encourage investors to submit proposals. During the course of that process, as potential investors conducted diligence on the Company, Houlihan advised me that investors generally indicated that they were unwilling to provide the Company with sufficient capital without the Company solving its 2020 maturities and expressed a willingness to proceed with a transaction only in connection with a chapter 11 filing. Specifically, Houlihan explained to me that the leading proposals submitted by a May 29, 2020 deadline were for a purchase of substantially all of the Company's Assets through a sale under section 363 of the Bankruptcy Code. While the Capital Raise Process and

discussions with the Ad Hoc Group were ongoing, the Company also engaged in discussions with the ABL Lenders regarding a longer term solution.

87. The Debtors also used the time afforded by Amendment No. 5 and the Grace Period to seek to negotiate a potential restructuring transaction with the Ad Hoc Group; Houlihan advised me, however, that the negotiations did not result in an agreement suitable to both the Debtors and the Ad Hoc Group. The Ad Hoc Group made numerous proposals (subject to diligence) to the Company; however, these proposals contemplated a set of transactions occurring over several months for which the Ad Hoc Group could not provide certainty of effectuating and required concessions from the ABL Lenders. Ultimately, the Debtors, Houlihan, and Weil did not believe that the proposals would maximize value or provide a viable solution for the Company. Based on the proposals received from the Ad Hoc Group and as part of the Capital Raise Process, the Debtors and certain of their advisors determined that there was no viable out-of-court scenario in which the Debtors could service their debt obligations and that pursuing a sale of the Assets and Equity Interests provided the best opportunity to maximize the value of such assets.

88. These efforts and the Capital Raise Process culminated in the Debtors' entry into the Stalking Horse PSA on July 19, 2020 with a cash purchase price of $550 million (subject to adjustment), plus the assumption of certain liabilities. Houlihan has informed me that the selection of the Stalking Horse Bidder and the Debtors' entry into the Stalking Horse PSA was the product of arm's-length, good faith negotiations in a competitive bidding process overseen by Houlihan.

89. The Debtors commenced these chapter 11 cases on the Petition Date to implement their sale process described above and to allow the Debtors to pursue a value-

maximizing Sale Transaction for the benefit of their stakeholders and to continue their business as a going concern. Additionally, absent a speedy consummation of a Sale Transaction, the Debtors will be at risk of running out of liquidity given the burden of administrative costs of the bankruptcy proceedings.

V. The Debtors' Need for DIP Financing and Use of Cash Collateral to Pay Down ABL Credit Agreement[28]

90. Briggs & Stratton has significant liquidity issues and requires immediate access to debtor-in-possession financing and the authority to use cash collateral to pay down obligations under the ABL Credit Agreement in order to have sufficient liquidity to operate its business and administer the Debtors' estates.

91. In the past several years, Briggs & Stratton's fiscal first quarter commencing approximately on July 1 and ending approximately on September 30 ("**First Fiscal Quarter**") has yielded recurring quarterly cash flow losses and I understand it generally represents the Company's lowest fiscal quarter from a customer sales and operational cash flow standpoint. I understand that this result is primarily because the Company concludes its traditionally higher sales months in its fiscal third quarter commencing approximately on January 1 through approximately March 31 and fiscal fourth quarter commencing approximately on April 1 through approximately June 30. The replenishment of inventory generally occurs in the First Fiscal Quarter, traditionally the Company's lowest customer sales period and therefore at a time when cash receipts are much lower.

[28] Contemporaneously herewith the Debtors have filed the *Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors to Obtain Postpetition Financing, (II) Authorizing Debtors to Use Cash Collateral, (III) Granting Liens and Superpriority Claims, (IV) Granting Adequate Protection to Prepetition Secured Parties, (V) Modifying Automatic Stay, (VI) Scheduling Final Hearing and (VII) Granting Related Relief* (the "**DIP Motion**").

92. I understand that this historical seasonal effect was further compounded this year by the impacts of COVID-19. As a result, Briggs & Stratton has forecast negative operational cash flow which, in conjunction with anticipated restructuring disbursements relating to the chapter 11 filing, requires Briggs & Stratton to obtain capital to maintain existing operations and the continuation of its business.

93. As of the Petition Date, the Debtors have approximately $16.5 million cash on hand and require immediate access to the DIP Financing (as defined in the DIP Motion) and authority to use the Cash Collateral (as defined in the DIP Motion) to pay down obligations under the ABL Credit Agreement. Prior to the Petition Date, Briggs & Stratton, with its advisors, including Houlihan and EY LLP, reviewed and analyzed its projected cash needs and prepared a 13-week cash flow analysis to determine the need for and size of a DIP Financing.

94. The Debtors' projected operating expenses are expected to total approximately $123 million over the first four (4) weeks of these Chapter 11 Cases. This total includes expenses specifically arising from the commencement of these Chapter 11 Cases, such as payments contemplated under the First Day Motions, as well as professional fees and expenses. These numbers assume that during this period, cash from operations will be used to pay down obligations under the ABL Credit Agreement, which the ABL Lenders demanded as a condition to their willingness to provide DIP Financing. This pay down provides a financial benefit to the estates, as it results in paying interest on the lower interest DIP Facility (4.50%) instead of the higher interest the ABL Credit Agreement (9.75% including 2.00% Default Interest), resulting in a savings to the estate of $344,000 during this 4-week period. The DIP Facility (as defined in the DIP Motion) will provide the Debtors with the liquidity necessary, among other things, to fund payroll and satisfy their other working capital and general corporate

purposes, including the purchase of materials and supplies for production and sale and the payment of expenses related to insurance, utilities, and rent. Access to sufficient working capital and liquidity is necessary and critical to avoid the liquidation of Briggs & Stratton and for the preservation of the going concern value and successful reorganization of Briggs & Stratton for the benefit of all stakeholders.

95. Absent the authority to enter into and access the DIP Facility, even for a limited period of time, Briggs & Stratton will be unable to continue operating its businesses, which will cause immediate and irreparable harm to Briggs & Stratton and its stakeholders. I believe that the current debtor-in-possession budget (the "**DIP Budget**"), attached as Exhibit B to the DIP Order (as defined in the DIP Motion), provides an accurate reflection of Briggs & Stratton's funding needs over the identified period and is reasonable and appropriate given the circumstances.

96. I believe it is important that Briggs & Stratton sends a clear message to its business partners, employees, and customers that it will be well-capitalized during the Chapter 11 Cases. Any market perception that Briggs & Stratton will not be able to sustain itself through the bankruptcy process may result in the loss of key customers and business partners. It is my belief that the proposed DIP Financing is in the best interests of Briggs & Stratton and its stakeholders.

VI. First Day Pleadings

97. The Debtors operate in a competitive industry. It is imperative that they make a seamless transition into chapter 11 to preserve the reputation of their business and the loyalty and goodwill of their customers, suppliers, and employees. Sales and operations must continue in the ordinary course of business to preserve the value of the Debtors' business. Accordingly, the Debtors have filed a number of First Day Pleadings designed to facilitate their

transition into the Chapter 11 Cases. The Debtors anticipate that the Court will conduct a hearing soon after the Petition Date at which the Court will hear and consider many of the First Day Pleadings.[29]

98. I have reviewed each of the First Day Pleadings with the Debtors' counsel, and I believe that the relief sought in each of the First Day Pleadings is tailored to meet the goals described above and will be necessary and critical to the Debtors' ability to successfully execute a restructuring and is in the best interests of the Debtors' estates and creditors. A description of the relief requested and the facts supporting each of the pleadings is set forth below.

A. Administrative Motions

(i) *Motion of Debtors for Entry of an Order Directing Joint Administration of Chapter 11 Cases* (the "**Joint Administration Motion**")

99. The Debtors request entry of an order directing joint administration of the Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015(b) and that the Court maintain one file and one docket for all of the chapter 11 cases under the lead case, Briggs & Stratton Corporation.

100. Debtors' counsel has informed me that joint administration of the chapter 11 cases will provide significant administrative efficiencies without harming the substantive rights of any party in interest. I understand that many of the motions, hearings, and orders that will be filed in the chapter 11 cases almost certainly will affect each of the Debtors. The entry of an order directing joint administration of the chapter 11 cases will reduce fees and costs by avoiding duplicative filings, objections, notices, and hearings, and will allow all parties in interest to monitor the chapter 11 cases with greater ease and efficiency. The relief requested in

[29] Capitalized terms used below in the descriptions of the First Day Pleadings and not otherwise defined shall have the meanings given to them in the applicable First Day Pleading.

the Joint Administration Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest.

(ii) *Motion of Debtors for an Order Establishing Certain Notice, Case Management, and Administrative Procedures* (the "**Case Management Motion**")

101. The Debtors request authority to implement certain notice, case management, and administrative procedures (the "**Procedures**") in connection with the chapter 11 cases, and grant the Debtors leave to exceed the page limitations for motions going forward. The Procedures (i) establish requirements for the filing and service of notices, motions, applications, documents filed in support thereof and objections and responses thereto, (ii) delineate standards for notices of hearing and agendas, (iii) articulate mandatory guidelines for the scheduling of hearings and objection deadlines, (iv) limit matters that are required to be heard by the Court, and (v) authorize the Debtors to (a) schedule, in cooperation with the Court, periodic omnibus hearing dates, (b) serve documents by e-mail on certain parties in interest, (c) establish a website (the "**Case Information Website**") to provide interested parties with access to certain documents filed in the Chapter 11 Cases, and (d) use a noticing agent to maintain and distribute documents.

102. Implementing the Procedures will maximize the efficiency and orderliness of the administration of the Chapter 11 Cases and reduce the costs associated with traditional case management procedures. Granting the relief requested will also limit the administrative burdens and costs associated with preparing for hearings and serving and mailing documents. In addition, the Procedures will assist the Debtors and their personnel and professionals in organizing and prioritizing the numerous tasks attendant to these cases. The Debtors estimate that implementing the Procedures will yield significant savings to these estates and will also avoid unnecessary costs or delays.

(iii) *Motion of Debtors for Order (I) Extending the Time to File Schedules and Statements; (II) Extending the Time to Schedule the Meeting of Creditors; (III) Waiving the Requirements to File Equity Lists and Provide Notice to Equity Security Holders; (IV) Authorizing the Debtors to File a Consolidated List of the Debtors' Thirty (30) Largest Unsecured Creditors, (V) Authorizing the Debtors to File a Consolidated and Redacted Creditor Matrix, and (VI) Approving the Manner of Service of Notice of Case Commencement* (the "**Scheduling Motion**")

103. The Debtors request that the Court enter an order (i) extending the time to file the Debtors' schedules of assets and liabilities and statements of financial affairs (the "**Schedules and Statements**"), (ii) extending the time to schedule the meeting of creditors (the "**Section 341 Meeting**"), (iii) waiving the requirements to file equity lists and provide notice to equity security holders, (iv) authorizing the Debtors to file a consolidated list of the Debtors' thirty (30) largest unsecured creditors, (v) authorizing the Debtors to file a consolidated and redacted creditor matrix, and (vi) approving the Manner of Service of the Notice of Case Commencement.

104. Good cause exists for granting an extension of the time to file Schedules and Statements. To prepare the Schedules and Statements, the Debtors must compile information from books, records, and documents relating to the claims of the Debtors' numerous creditors, as well as the Debtors' many assets and contracts. This information is voluminous and collecting it requires an enormous expenditure of time and effort on the part of the Debtors, their employees, and their professional advisors in the near term.

105. Due to the quantity of work necessary to complete the Schedules and Statements and the competing demands upon the Debtors' employees and professionals to assist in matters critical to the Debtors' reorganization efforts, and given the challenges associated with working virtually during the COVID-19 pandemic, significant risk exists and the Debtors will not be able to properly and accurately complete the Schedules and Statements within the required

fourteen (14) day time period. Given the immense volume of information to be compiled and the time required to do so, I am advised the Debtors will require an additional 60 days to prepare the Schedules and Statements.

106. In addition, I am advised that Bankruptcy Rules 1007(a)(3) and 2002(d) require a debtor to (i) file a list of the debtors' equity security holders within 14 days of the petition date, and (ii) provide notice of, among other things, commencement of the chapter 11 case directly to such equity holders. The Debtors submit that preparing a list of equity security holders of Briggs & Stratton with last known addresses and sending notices to all parties on that Equity List would be extremely expensive and time-consuming. The Debtors submit that the equity holders entitled to distributions from the Debtors' estates will be provided with notice of the bar date. Additionally, the Debtors propose to publish notice of the commencement of these chapter 11 cases in various national and regional newspapers, as soon as practicable after the commencement of these chapter 11 cases. The Debtors are confident this publication will reach the equity security holders.

107. The Debtors also submit there is ample cause for the Debtors to file a consolidated list of the debtors' largest unsecured creditors and a consolidated creditor matrix. The Debtors share numerous creditors, and compiling separate lists for each Debtor would consume an excessive amount of the Debtors' scarce time and resources. Additionally, the Debtors propose to redact the Creditor Matrix, to avoid publicly disclosing personally identifiable information of their employees and directors, without the consent of such employees and directors.

(iv) *Debtors' Application for Appointment of Kurtzman Carson Consultants, LLC as Claims and Noticing Agent and Administrative Advisor Nunc Pro Tunc to the Petition Date* (the "**Claims and Noticing Agent Motion**")

108. The Debtors request authority to appoint Kurtzman Carson Consultants, LLC ("**KCC**") as claims and noticing agent ("**Claims and Noticing Agent**") and administrative advisor ("**Administrative Advisor**") in accordance with the terms and conditions of the engagement agreement dated June 25, 2020, by and between Briggs & Stratton and KCC effective as of the Petition Date. As Claims and Noticing Agent, KCC's duties will include assuming full responsibility for the distribution of notices and the maintenance, processing, and docketing of proofs of claim filed in the Chapter 11 Cases. In addition, as Administrative Advisor to the Debtors, KCC will assist the Debtors with plan-solicitation services, such as balloting and distribution of solicitation materials, and assist the Debtors with the preparation of the Debtors' Schedules and Statements.

109. I have been advised that the Debtors' selection of KCC to serve as their Claims and Noticing Agent and Administrative Advisor has satisfied the retention requirements of 28 U.S.C. § 156(c) and 11 U.S.C. § 327(a). Specifically, the Debtors estimate there are tens of thousands of creditors and parties in interest in these chapter 11 cases, many of which are expected to file proofs of claim, and the receiving, docketing, and maintaining of proofs of claim would be unduly time consuming and burdensome for the Clerk. KCC has the capability and experience to provide such services in lieu of the Clerk, and is a "disinterested person" as defined in section 101(14) of the Bankruptcy Code.

B. Operational Motions Requesting Immediate Relief

(i) *Motion of Debtors for Interim and Final Orders (I) Authorizing Payment of Certain Prepetition Taxes and Fees and (II) Granting Related Relief* (the "**Tax Motion**")

110. The Debtors request authorization to pay taxes, assessments, fees, and other related obligations (collectively, the "**Taxes and Fees**") incurred prior to the Petition Date in the ordinary course of business. In the course of operating their businesses, the Debtors collect, withhold, and incur an assortment of Taxes and Fees that they remit periodically to various federal, state, and local taxing and licensing authorities (collectively, the "**Taxing Authorities**").

111. The Debtors seek to pay certain Taxes and Fees, among other reasons, to prevent Taxing Authorities from taking actions that may interfere with the Debtors' administration of their chapter 11 cases. I have been informed that such interference could include the assertion of liens against the Debtors' property or assessment of penalties or significant interest on past-due Taxes and Fees. Moreover, many of the Taxes and Fees give rise to priority claims pursuant to section 507(a)(8) of the Bankruptcy Code and must therefore be paid in full under any chapter 11 plan. Accordingly, the Debtors submit that the relief requested in the Taxes Motion is in the best interests of the Debtors' estates, their creditors and all other parties in interest, and will enable the Debtors to continue to operate their business with minimal disruptions.

112. The following chart summarizes the amount the Debtors seek to pay in Taxes and Fees:

Category	Description of Claims	Estimated Amount Due Within Interim Period	Estimated Total Amount Outstanding as of Petition Date
Sales and Use Taxes	Taxes incurred on account of the purchase of certain supplies or other goods utilized by the Debtors in the ordinary course of business	$275,000	$288,000
Property Taxes	Taxes and obligations related to real and personal property holdings.	$15,000	$3.23 million
Income Taxes	Taxes based on the Debtors' revenues and profits generated through operation of their business	$23,000	$111,000
Franchise	Taxes required to conduct business within certain states in which the Debtors operate.	$152,000	$157,000
Foreign Taxes	Goods and services taxes, consumption taxes, and other business taxes incurred in connection with foreign operations.	$354,000	$354,000
Business License Fees, Annual Report Taxes, Regulatory Fees, and Other Taxes	Fees for various business licenses, permits, and certificates that the Debtors need to operate, annual report taxes to remain in good standing for the purpose of conducting business in the state, governmental regulatory fees, and other taxes and fees the Debtors pay in the ordinary course of business	$43,000	$48,000
Total Taxes and Fees		**$862,000**	**$4.21 million**

(ii) *Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors to Pay Prepetition Obligations in the Ordinary Course of Business to (A) Critical Vendors, (B) Foreign Creditors, and (C) 503(b)(9) Claimants; and (II) Granting Related Relief* (the "**Critical Vendor Motion**")

113. The Debtors seek entry of an order authorizing, but not directing, the Debtors to pay priority prepetition obligations in the ordinary course of business to (a) certain vendors, suppliers, service providers, and other similar entities that are essential to maintaining the going concern value of the Debtors' enterprise (the "**Critical Vendors**" and their prepetition

claims, the "**Critical Vendor Claims**"); (b) certain vendors, suppliers, service providers, and other similar entities outside of the United States that are not or, in the Debtors' reasonable judgment, may not be subject to jurisdiction in the United States and may take action against the Debtors in a foreign country (collectively, the "**Foreign Creditors**" and their prepetition claims, the "**Foreign Claims**"); and (c) certain vendors holding claims that are entitled to statutory priority under section 503(b)(9) of the Bankruptcy Code (the "**503(b)(9) Claimants**", and collectively with the Critical Vendors and the Foreign Creditors, the "**Vendor Claimants**" and their prepetition claims the "**Vendor Claims**").

a. Critical Vendors

114. The Debtors have identified five types of Critical Vendors that the Debtors cannot easily replace. These vendors include: (i) integrated suppliers who participate in joint testing and logistical processes with the Debtors, (ii) suppliers of components or finished products that require substantial certification or testing, (iii) suppliers of proprietary or custom products, (iv) suppliers of key parts or products, and (v) suppliers in possession of tooling owned by the Debtors. Replacing any of these Critical Vendors would result in delays in sourcing a replacement supplier or redesigning and retesting products implementing replacement parts.

115. I understand from Management that each of the Critical Vendors is of great necessity to the Debtors' businesses on a going-forward basis and cannot, if at all, be easily and efficiently replaced, and any failure to pay the Critical Vendors for the Critical Vendor Claims would likely result in a severe disruption or cessation of the Debtors' business and service to their customers and negatively impact the revenues derived therefrom.

b. Foreign Creditors

116. Many of the Debtors' vendors and creditors are located in jurisdictions outside of the United States. Because of the nature of the Debtors' business, I have been

informed that many of the Foreign Creditors may make, or have made, credible actionable threats that, unless paid on account of the prepetition debt, they will cease to supply the Debtors with the goods and services necessary to maintain the operation of the Debtors' business. Furthermore, I understand there is a risk that the Debtors may not be able to enforce the automatic stay in foreign jurisdictions if these Foreign Creditors have minimal presence in the United States and consequently the Foreign Creditors may attach or seize the Company's assets in their jurisdictions. In light of the potential for serious and irreparable consequences if the Foreign Creditors do not continue to make uninterrupted and timely deliveries and/or take actions outside the United States to collect on prepetition obligations, I believe it is a sound exercise of business judgment to make payment for these Foreign Creditors' claims and avoid costly disruptions to the Debtors' operations.

c. 503(b)(9) Claimants

117. I understand that the Debtors have received certain goods from various suppliers within the 20 days leading up to the Petition Date. I also understand that many of the Debtors' relationships with the 503(b)(9) Claimants are not governed by long-term contracts; rather, the Debtors typically place such orders with the 503(b)(9) Claimants on an order-by-order basis. As a result, the 503(b)(9) Claimants may refuse to supply new goods to the Debtors without first receiving payment on account of those undisputed claims arising from the value of the goods that were received by the Debtors within 20 days leading up to the Petition Date.

118. I believe that certain of the 503(b)(9) Claimants could reduce the Debtors' existing trade credit—or demand payment for the goods on a "cash on delivery" or "cash in advance" basis—thereby materially exacerbating the Debtors' already strained liquidity position. It is my understanding that the 503(b)(9) Claims are entitled to statutory priority for the goods

received by the Debtors in the ordinary course of business within 20 days prior to the Petition Date and would therefore be paid in full under any chapter 11 plan.

119. The following chart summarizes the relief requested in the Critical Vendors Motion, with respect to prepetition claim amounts:

Category	Description of Claims	Estimated Amount Due Within Interim Period	Estimated Total Amount Outstanding as of Petition Date
Critical Vendor Claims	Claims of certain trade creditors that are essential to maintaining the going concern value of the Debtors' enterprise.	$2.43 million	$4.04 million
Foreign Vendor Claims	Claims of certain trade creditors that are based outside of the United States and are essential to maintaining the going concern value of the Debtors' enterprise.	$6.13 million	$10.17 million
503(b)(9) Claims	Claims entitled statutory priority under section 503(b)(9) of the Bankruptcy Code.	$12.54 million	$20.79 million
Total Vendor Claims:		**$21.1 million**	**$35.0 million**

120. In accordance with the above, I believe that payment of the Vendor Claimants is prudent, as paying these vendors will avoid business interruptions that could jeopardize the Debtors' ability to maximize value. Therefore, payment of the Vendor Claims is necessary, appropriate, and a sound exercise of the Debtors' business judgment. Accordingly, I believe that the relief requested in the Critical Vendors Motion should be approved.

(iii) *Motion of Debtors for Order (I) Authorizing Payment Of Prepetition Claims of Shippers, Warehousemen, Import/Export Providers, and Other Lien Claimants, (II) Authorizing Payment of Such Obligation in the Ordinary Course of Business, and (III) Granting Related Relief* (the "**Shippers and Warehousemen Motion**")

121. The Debtors request entry of an order authorizing, but not directing, the Debtors to pay (i) Shipping and Warehousing Charges, (ii) Import/Export Charges, (iii) Other Lien Claims, and (iv) other related relief which will enable the Debtors to (a) ship, transport,

deliver, and otherwise facilitate the movement of the Debtors' Goods between their business segments domestically and internationally and to their customers globally, (b) ensure shipments of Goods between the various locations within their distribution and supply network or (c) satisfy the liens, if any, in respect of amounts owed to Liens Claimants.

122. As part of their operations, the Debtors utilize the services of various steamship lines, freight forwarders (ground and air), shippers, delivery services, postal services, distributors, and other third-party transportation service providers (collectively, the "**Shippers**") to ship, transport, deliver, and otherwise facilitate the movement of the Debtors' Goods between their business segments domestically and internationally and to their customers globally. The Debtors also utilize the Shippers for inbound deliveries of certain raw materials, component parts, and other items necessary for the Debtors' manufacturing processes. To facilitate their distribution and storage needs, the Debtors also utilize domestic and international third party logistics providers and warehousemen (the "**Warehousemen**").

123. In the ordinary course of their business, the Debtors receive component parts and a portion of their finished engines from their production facility in China as well as finished Goods from certain of their foreign contract manufacturers (collectively, the "**Imported Goods**"). The Debtors export component parts to their facility in China to support manufacturing, as well as various Goods to their Foreign Subsidiaries which then sell directly to their customers (collectively, the "**Exported Goods**"). In connection with the import and export of goods, the Debtors may be required to make certain payments to the applicable governmental agencies and authorities (the "**Import/Export Providers**") for charges, including, but not limited to, U.S. customs duties, tariffs, freight forwarding or consolidation charges, and other similar obligations (the "**Import/Export Charges**").

124. The Debtors regularly make improvements and repairs to their property (including the Facilities owned by the Company) and their equipment, including custom tooling, die casting, and other manufacturing equipment. To do so, the Debtors contract with a number of third parties (the "**Other Lien Claimants**") along with certain subcontractors that provide services to the Other Lien Claimants (the "**Subcontractors**").

125. I understand that (i) approximately $3,500,000 in aggregate Shipping and Warehousing Charges and Import/Export Charges relating to the prepetition period will become due and payable after the Petition Date, with approximately $2,950,000 coming due within the thirty (30) days following the Petition Date and (ii) approximately $3,750,000 of Other Lien Claims relating to the prepetition period will become due and payable after the Petition Date, with approximately $2,500,000 coming due within the thirty (30) days following the Petition Date.

126. Paying the Lien Claimants will benefit the Debtors' estates and their creditors by allowing the Debtors' business operations to continue without interruption. The Lien Claimants, all of which either ship, store, or maintain and repair the Debtors' Goods and equipment, may have statutory possessory liens or mechanic's liens against the Debtors' Goods and equipment under applicable state law. The Lien Claimants may be unwilling to release the Goods in their possession, because releasing possession of the Goods may convert their claims against the Debtors from secured to unsecured claims. Unless the Debtors pay the Lien Claimants, it is unlikely the Debtors will continue to have access to the Goods in the possession of the Lien Claimants. If the Lien Claimants possess lien rights or have the ability to exercise "self-help" remedies to secure payment of their claims, failure to satisfy the Lien Claimants'

claims could have a material adverse effect on the Debtors' business operations to the detriment of the Debtors' creditors.

127. I believe the relief requested in the Shippers and Warehousemen Motion is in the best interests of the Debtors, their estates, and all parties in interest and should be approved.

(iv) *Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors to (A) Continue Insurance Policies and Programs, (B) Continue Surety Bond Program, (C) Pay All Insurance and Surety Obligations, (II) Lifting The Automatic Stay for Workers' Compensation Claims, and (III) Granting Related Relief* (the "**Insurance Motion**")

128. The Debtors seek entry of interim and final orders authorizing, but not directing, the Debtors to (a) continue to maintain their various insurance policies, (b) continue their surety bond program and (c) pay all insurance and surety obligations, and lifting the automatic stay for workers' compensation claims to proceed.

129. In connection with the operation of the Debtors' business, the Debtors participate in various insurance programs governed by several insurance policies (collectively, the "**Insurance Policies and Programs**," and together with all premiums and other obligations related thereto, including broker or consultant fees, assessments, taxes, or fees, collectively, the "**Insurance Obligations**"). The Insurance Obligations include, but are not limited to, (1) general coverage of workers' compensation and employer liability (the "**Workers' Compensation Program**"); (2) general umbrella coverage for the Debtors' general liabilities, losses, costs, and expenses; (3) coverage for damage to commercial property and equipment arising from natural disasters, transportation, and other risks; (4) coverage for damage relating to data security and privacy; (5) general coverage of director and officer liability and indemnification; (6) general coverage for liabilities relating to the Debtors' Employees, including acts of the Debtors' in-house counsel; (7) coverage for bodily injury and property damage

relating to the use of the Debtors' owned and leased automobiles; (8)coverage relating to the loss of the Debtors' goods or merchandise in transit; (9) coverage for losses of money, securities and other assets resulting from dishonesty, theft, or fraud; and (10) coverage liabilities and for claims of mismanagement of the Debtors' employee benefit plans; and coverage for the Debtors' portion of punitive damages in excess of a different, and applicable, policy limit.

130. With respect to the Workers' Compensation Program, the Debtors self-fund such programs in states where the Debtors maintain physical locations, which are Alabama, Georgia Kentucky, Missouri, Nebraska, New York, and Wisconsin. This means the Debtors themselves pay all amounts due to holders of Workers' Compensation Claims as they become due (other than the insured amount discussed below). The average monthly amount the Debtors pay on account of Workers' Compensation Claims for which there is no insurance is approximately $300,000.

131. From time-to-time, the Debtors receive a Standard Loss Run report from Sentry Insurance or Corvel—entities that administer the self-funded Workers' Compensation Program. Among other things, this report lists the number of outstanding Workers' Compensation Claims and the associated amounts reserved for the outstanding claims. Based on this report, the Debtors estimate their liability (after insurance) at approximately $6.3 million for known Workers' Compensation Claims that remain unresolved.

132. Under the Workers' Compensation Program, in all states in which they are self-insured, except Alabama, the Debtors are required to provide surety bonds to the relevant state authority that oversees workers' compensation (the "**Workers' Compensation Authority**"), in an amount requested by the relevant Workers' Compensation Authority, to secure the Debtors' payment or performance of their obligations in connection with the Workers'

Compensation Program. The Debtors have contracted Zurich American Insurance Company ("**Zurich**") to provide the surety bonds under the Surety Bond Program (as defined below). Each bond provided to the Workers' Compensation Authorities provides full collateral to the Debtors' known open workers' compensation liability in the state, except in Missouri where the bond is collateralized up to approximately 99% of such amount.

133. Pursuant to their surety bond program (the "**Surety Bond Program**" and together with the Insurance Policies and Programs, the "**Insurance and Surety Programs**"), in the ordinary course of business, the Debtors are required to provide surety bonds to certain third parties including governmental units and other public agencies, to secure the Debtors' payment or performance of certain obligations in connection with the Workers' Compensation Program, the Exmark litigation appeal, and certain other obligations.

134. Pursuant to the Surety Bond Program, the Debtors pay premiums based upon a fixed rate established and billed by each Surety (the "**Surety Bond Obligations**" and together with the Insurance Obligations, the "**Insurance and Surety Obligations**"). As of the Petition Date, the Debtors have posted cash collateral in an amount of approximately $14,415,545 in connection with the Surety Bonds, and have posted approximately $36,766,635 in letters of credit.

135. In these chapter 11 cases, the Debtors' use of estate funds to pay Insurance and Surety Bond Obligations constitute necessary costs of preserving the Debtors' estates. The Insurance Policies and Programs are essential to the Debtors' operations, as the Debtors would be exposed to significant liability if the Insurance Policies and Programs or the Surety Bonds were allowed to lapse or terminate. Such exposure could have a materially adverse impact on the Debtors' ability to reorganize successfully.

136. To the extent that the Debtors' employees hold valid Workers' Compensation Claims, the Debtors seek authority to permit those employees to proceed with their Workers' Compensation Claims to the extent covered by the Workers' Compensation Program, each in the appropriate judicial or administrative forum. There is cause to modify the automatic stay because staying the Workers' Compensation Claims could cause employee-departure or otherwise harm employee morale, which could severely disrupt the Debtors' business and prevent a successful reorganization.

(v) *Motion of Debtors for Orders (I) Granting Authority to Honor Certain Prepetition Obligations to Customers and Continue and Maintain Related Customer Programs in the Ordinary Course of Business; and (II) Granting Related Relief* (the "**Customer Programs Motion**")

137. The Debtors request the authority, but not direction, to maintain and administer, in the ordinary course of business and consistent with past practice, customer-related programs, promotions, and practices, and to pay and otherwise honor their obligations to customers thereunder, whether arising prior to or after the Petition Date, as necessary and appropriate in the Debtors' business judgment.

138. A chart outlining the Customer Programs and approximate amounts due in connection therewith is set forth below.

Customer Programs	Interim Relief Requested (due within 30 days of Petition Date)	Total Relief Requested (inclusive of interim relief requested)[30]
Customer Warranty Programs[31]	$2,406,911	$17,923,122
Customer Rebate Programs[32]	$6,010,448	$27,540,973
Customer Incentive Program	$1,872,782	$7,695,022
Total	$10,290,140	$53,159,118

139. The Debtors' business depends on the loyalty and goodwill they have generated with their customers, as well as the ability to attract new customers. To maximize customer loyalty and trust, the Debtors have maintained and followed, in the ordinary course of business, various practices and programs (collectively, the "**Customer Programs**") to reward and provide incentives to existing customers and to attract new customers to the Debtors' businesses. To maintain the Debtors' reputation for reliability and support of their customers, the Debtors must maintain their Customer Programs and honor their obligations thereunder. Generally, the Customer Programs provide incentives, product protection, marketing and branding benefits, discounts, and other accommodations to the Debtors' customers. Failure to continue the Customer Programs will place the Debtors at a significant competitive disadvantage

[30] Final relief requested includes interim relief amounts and pertains to estimated payments between the filing date and December 31, 2020.

[31] Payouts of warranties between now and the end of the calendar year have been estimated based on discussions with the Company, historical payments, and expected seasonality. Payments relates to warranty claims that are dependent on sales levels and warranty claims submitted. To the extent sales levels fluctuate significantly (higher or lower), it will impact the actual payouts on warranties. The same is true for warranty claims being submitted as compared to prior year (same time) or the last few months. Certain of the Debtors' warranties are credit only applied to customer invoices and require no cash payment.

[32] Rebates for certain customer programs include marketing support as discussed in more detail below. Certain of the Debtors' rebates are credit only applied to customer invoices and require no cash payment.

in the marketplace, amplifying the negative effect of customer uncertainty that may arise from these chapter 11 filings, and as such, I believe that the relief requested in the Customer Programs Motion should be granted.

(vi) *Motion of Debtors for Entry of Orders (I) Authorizing Debtors to (A) Continue Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Continue Intercompany Transactions and Provide Administrative Expense Priority for Postpetition Intercompany Claims, and (D) Continue Supply Chain Financing; (II) Waiving Requirements of Section 345(b) of the Bankruptcy Code; and (III) Granting Related Relief* (the "**Cash Management Motion**")

140. The Debtors request (i) authority, but not direction, to (a) continue using their existing Cash Management System, as described therein, including the maintenance of existing Bank Accounts, consistent with Debtors' prepetition practices, (b) honor certain prepetition obligations related to the Cash Management System, (c) maintain existing business forms in the ordinary course of business, (d) continue to maintain intercompany business relationships with Debtor and non-Debtor affiliates consistent with historical practice, and pay prepetition and postpetition obligations related thereto in the ordinary course of business, and (e) continue the Supply Chain Financing in the ordinary course; (ii) a waiver of the requirements of section 345(b) of the Bankruptcy Code; and (iii) the grant of related relief.

141. In the ordinary course of business, the Debtors utilize an integrated, centralized Cash Management System to collect, transfer, and disburse funds generated by their operations. The Cash Management System enables the Debtors to collect and disburse cash generated by their business effectively and efficiently, pay their financial obligations, centrally control and monitor corporate funds and available cash, comply with the requirements of their financing agreements, reduce administrative expenses, and obtain accurate financial data. Additionally, the Cash Management System facilitates Debtors' forecasting and reporting

obligations accurately and efficiently, despite the global operations. I thus believe that it is critical for the Cash Management System to remain intact during these chapter 11 cases to ensure seamless continuation of transactions and uninterrupted collection of revenues.

142. I understand the Cash Management System is similar to those commonly employed by businesses comparable in size and scale to the Debtors who also utilize integrated systems to help control funds, ensure cash availability for each entity, and reduce administrative expenses by facilitating the movement of funds among multiple entities. I believe that any disruption of the Debtors' cash management system would be materially detrimental to the Debtors' operations, and ultimately frustrate the Debtors' ability to maximize the value of their estate, because the Debtors' businesses require prompt access to cash and accurate cash tracking.

143. The Cash Management Motion sets forth tables indicating the purpose of each bank account and such tables are incorporated herein by reference. I broadly understand that the manner in which cash generally moves through the Cash Management System is through (a) collection accounts into which cash, customer receipts, and other receivables generated from the Debtors' operations are deposited, (b) disbursement accounts for designated disbursements, (c) hybrid accounts that are both Collection Accounts and Disbursement Accounts, (d) accounts relating to the New Market Tax Credit program, and (e) standalone accounts that are not integrated into the Cash Management System but are segregated accounts used for specific purposes.

144. In the ordinary course of business, I understand that the Debtors incur and pay, honor, or allow to be deducted from the appropriate bank accounts certain periodic service charges, foreign transaction fees, and other costs and expenses charged by the Banks in connection with the maintenance of the Cash Management System (such charges and fees,

the "**Bank Fees**"). I believe payment of the prepetition Bank Fees is warranted and justified by the facts and circumstances of these chapter 11 cases because it will prevent any disruption to the Cash Management System.

145. In connection with the Cash Management System, the Debtors engage in intercompany transactions with each other and with certain of their non-debtor affiliates in the ordinary course of their business ("**Intercompany Transactions**"). Intercompany Transactions arise in the ordinary course, primarily related to (i) procurements, (ii) commissioned sales, (iii) royalties, (iv) dividend payments, and (v) warranty payments. Intercompany Transactions between Company entities result in intercompany receivables and payables and short term or long term notes (the "**Intercompany Claims**"). At any given time, as a result of the Intercompany Transactions, there may be claims by one Debtor to another Debtor or to non-Debtor affiliates and vice-versa on account of the intercompany provision of goods or services. Some of the Intercompany Claims result from the use of the Cash Management System and organization of the Bank Accounts. The Company maintains records of all transactions processed through its Cash Management System and is able to ascertain, trace, and account for all Intercompany Transactions, including all Intercompany Claims held by and against non-Debtor affiliates.

146. To facilitate the Debtors' operations, the Debtors established foreign operations through non-Debtor affiliates. As consideration for the procurement, sourcing, and sales by non-Debtor affiliates, the Debtors pay commissions to non-Debtor entities. I understand the Intercompany Transactions and Intercompany Claims are routine not only for the Debtors' business, but also common among many business enterprises that operate through multiple affiliates and through an integrated cash management system. Given their routine nature, I

believe the Intercompany Transactions and payment of Intercompany Claims are integral to the Debtors' ability to continue operating without disruption.

147. In the ordinary course of business, the Debtors maintain company-paid credit cards (the "**Credit Cards**") issued by U.S. Bank. In general, the Credit Cards are used for travel and expenses and various other corporate expenses, as well as small procurement purchases, marketing, and professional development. I believe continued use and payment of the Company Credit Cards is warranted to avoid the Debtors asking employees to front the cost of purchases and expenses on their own (and seek reimbursement later), which could damage the Debtors' relationships with such employees.

148. In the ordinary course of business, the Debtors maintain company-paid credit cards (the "**Credit Cards**") issued by U.S. Bank. In general, the Credit Cards are used for travel and expenses and various other corporate expenses, as well as small procurement purchases, marketing, and professional development. I believe continued use and payment of the Company Credit Cards is warranted to avoid the Debtors asking employees to front the cost of purchases and expenses on their own (and seek reimbursement later), which could damage the Debtors' relationships with such employees.

149. As a means to generate additional liquidity and to ensure against the credit risk of certain of their customers, the Debtors are parties to several agreements with institutions that purchase the accounts receivable generated by the Debtors from the sale of goods to those customers. Pursuant to the terms of the agreements, Debtors sell, and the counter institution purchases, certain accounts receivables in connection with the sale. This sale provides the Debtors with liquidity to fund operating disbursements and limits certain risks of non-collection associated with the receivables sold (the "**Supply Chain Financing**"). I believe the authority to

continue to perform under the Supply Chain Financing program is warranted, necessary for the Debtors' business, and justified by the facts and circumstances of these Chapter 11 Cases. Without authorization to continue performance under the terms of the Supply Chain Financing, the Debtors have to borrow additional amounts under the DIP Facility to cover liquidity needs, thereby increasing interest expense, and account for risk of receivables non-payment, which would result in a diminution of value of Debtors' estates compared to continued performance under the Supply Chain Financing.

(vii) *Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors to (A) Pay Prepetition Wages, Salaries, Commissions, Employee Benefits, and Other Obligations, (B) Maintain Employee Benefit Programs, (C) Pay Related Administrative Obligations, (D) Pay Supplemental Workforce Obligations, and (E) Terminate Deferred Compensation Plans; and (II) Granting Related Relief* (the "**Wages and Benefits Motion**")

150. Through the Wages and Benefits Motion, the Debtors seek (I) authority to (a) pay Employee Compensation Obligations and Employee Benefit Obligations (each as defined in the Wages and Benefits Motion) and related expenses, fees, and costs incident to the foregoing, including amounts owed to third-party service providers and administrators and tax authorities, (b) maintain, continue to honor, and pay amounts with respect to the Debtors' business practices, programs, and policies for their employees as such were in effect as of the commencement of these chapter 11 cases and as such may be modified or supplemented from time to time in the ordinary course of business, (c) pay Supplemental Workforce Obligations (as defined in the Wages and Benefits Motion) ((a), (b), and (c) collectively, the "**Employee Obligations**"), and (d) terminate the Deferred Compensation Plans (as defined in the Wages and Benefits Motion); and (II) related relief. The Wages and Benefits Motion is incorporated herein by reference herein.

151. The approximate amount of monetary relief sought in the Wages and Benefits Motion is summarized in the following chart:

Prepetition Obligations	Total Relief Requested	Interim Relief Requested
Employee Compensation Obligations	$12,910,000	$7,010,000
Employee Benefit Obligations	$10,820,000	$3,010,000
Supplemental Workforce Obligations	$1,875,000	$1,875,000
Total Employee Obligations	$25,605,000	$11,895,000

152. In the ordinary course of business, the Debtors incur and pay their employees (the "**Employees**") Employee Compensation Obligations, which include obligations relating to Employees' salaries and wages, employee incentive and retention programs, obligations related to the reimbursement of certain expenses incurred by Employees in the course of performing their job duties, fees owed to a payroll servicer to manage and process the Debtors' payments to Employees, wage-based taxes owing pursuant to applicable federal and local laws, and obligations owed to Employees upon termination of their employment. The Debtors are seeking to pay Employees on account of prepetition Employee Compensation Obligations up to a maximum of $13,650 each (with the exception of sales employees).

153. As with similarly situated companies, the Debtors also maintain various benefits programs for Employees and former employees and incur Employee Benefit Obligations. The Debtors' benefit plans generally fall within the following categories: (i) paid time off, including vacation and holidays (collectively, the "**Employee Leave Benefits**"); (ii) medical, dental, vision, and prescription drug benefits, flexible spending accounts and health savings accounts, life insurance, accidental death and dismemberment insurance ("**AD&D**"), disability insurance, (collectively, the "**Health and Welfare Benefits**"); and (iii) retirement savings plans including a 401(k) plan, pension plans, and health insurance (the "**Retirement**

Benefits"). Generally speaking, the Debtors are seeking authority in the Wages and Benefits Motion to continue the Employee Leave Benefits and Health and Welfare Benefits in the ordinary course of business. With respect to the Retirement Benefits, the Debtors are seeking authority to (i) honor obligations related to the Employee 401(k) savings plans in the ordinary course and in accordance with past practice and (ii) to terminate the Deferred Compensation Plans (as defined in the Wages and Benefits Motion). In addition, the Debtors terminated the Retiree Group Insurance Plan (as defined in the Wages and Benefits Motion) on July 19, 2020, and intend to cease providing most Retirement Benefits for which retirees have historically been eligible on August 31, 2020.

154. To operate their businesses efficiently, the Debtors also utilize the services of third party sales representatives, independent contractors, consultants, and temporary workers, to provide, among other things, product sales promotions and front line production and manufacturing work (the "**Supplemental Workforce**"). The Supplemental Workforce is an important component of the Debtors' businesses. The Supplemental Workforce is utilized for purposes such as fulfilling seasonal shifts to ramp up and ramp down manufacturing, which allows the Debtors greater flexibility to adjust to market demands, and may be necessary to stabilize the workforce in light of the recent reductions-in-force and planned future reductions. Furthermore, the Sales Representatives (as defined in the Wages and Benefits Motion) promote sales of the Debtors' products to dealers, thus contributing to the Debtors' overall revenues from sales. Accordingly, failure to pay timely the Supplemental Workforce obligations could endanger the Debtors' manufacturing capabilities and prospects of successful product sales, which could have negative effects on the Debtors' restructuring and asset sale process.

155. I believe that the relief sought in the Wages and Benefits Motion is critical and necessary to assuage fear and motivate the Debtors' workforce to help achieve the Debtors' chapter 11 objections. Failure to satisfy certain prepetition obligations will likely lead to significant attrition and jeopardize morale at a time when the support of Employees and the Supplemental Workforce is critical to preserving the value of the Debtors' business. The majority of the Employees and Supplemental Workforce rely exclusively on their compensation and benefits and the reimbursement of their expenses, as applicable, to satisfy their daily living expenses. The Employees and Supplemental Workforce may be exposed to significant financial difficulties and other distractions if the Debtors are not permitted to honor their obligations for unpaid compensation, benefits and reimbursable expenses. Furthermore, Employee and Supplemental Workforce attrition would cause the Debtors to incur additional expenses to find appropriate and experienced replacements, severely disrupting the Debtors' operations at a critical juncture. Accordingly, I believe that the relief requested in the Wages and Benefits Motion is in the best interests of the Debtors, their estates, and all parties in interest and should be approved.

(viii) *Motion of Debtors for Interim and Final Orders (I) Authorizing Assurance of Payment to Utility Providers, (II) Establishing Procedures Providing Adequate Assurance and Resolving Objections By Utility Providers, and (III) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Utility Service; (IV) Authorizing Debtors to Honor Obligations to Payment Processor in Ordinary Course of Business, and (V) Granting Related Relief* (the "**Utilities Motion**")

156. The Debtors request entry of interim and final orders (i) approving the Debtors' proposed form of adequate assurance of payment for postpetition Utility Services, (ii) establishing procedures for providing adequate assurance and resolving objections by Utility Providers (as defined below) relating to the adequacy of the proposed adequate assurance, (iii) prohibiting the Utility Providers from altering, refusing, or discontinuing service to, or

discriminating against, the Debtors because of the commencement of these chapter 11 cases or outstanding prepetition invoices for Utility Services rendered prior to the Petition Date, (iv) authorizing the Debtors to honor obligations to the Payment Processor (as defined in the Motion) in the ordinary course of business, and (v) granting related relief.

157. The relief requested will ensure that the Debtors' operations will not be disrupted, which would severely impact their business and prospects for a successful reorganization. The Debtors' business operations require them to maintain constant communications with their offices and manufacturing and distribution facilities, which require, among other things, uninterrupted electricity and telecommunications services. Any interruption in Utility Services—even for a brief period of time—would severely disrupt the Debtors' ability to continue operations and service their customers. Therefore, it is critical that Utility Services continue uninterrupted during the Chapter 11 Cases.

158. The Debtors intend to pay postpetition obligations to the Utility Providers in the ordinary course of business. The Debtors further intend to pay both prepetition and postpetition obligations owed to the Payment Processor in the ordinary course of business. The Debtors expect that cash flows from operations and the use of the Debtors' proposed DIP Financing will be sufficient to pay postpetition obligations related to the Utility Services in the ordinary course of business. Furthermore, the Debtors propose to deposit into a segregated bank account (the "**Adequate Assurance Account**") a sum equal to the cost of two weeks' worth of the average utility cost for each Utility Provider (less any amounts already on deposit with any such Utility Provider that exceed outstanding prepetition amounts owed to such Utility Provider), based on the Debtors' average usage of such Utility Provider (collectively, the "**Adequate Assurance Deposit**"). The Debtors estimate that the Adequate Assurance Deposit would total

approximately $907,505. Such Adequate Assurance Deposit will further assure the Utility Providers of payment for postpetition services.

159. Based on the foregoing, I believe that the relief requested in the Utilities Motion is in the best interests of the Debtors, their estates, and all parties in interest and should be approved.

(ix) *Motion of Debtors for Entry of Orders Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Interests in and Claims Against the Debtors* (the "**NOL Motion**")

160. By the NOL Motion, the Debtors are seeking to establish procedures to protect the potential value of the Debtors' carryforwards of disallowed business interest expense, carryovers of unused general business credits (including research credits), consolidated federal net operating losses ("**NOLs**"), carryovers of unused foreign tax credits, and certain other tax benefits (including tax basis in excess of liabilities, so-called "**Built-In Losses**") (collectively, the "**Tax Attributes**") for use in connection with the reorganization of the Debtors and in future periods. It is my understanding that the Debtors possess certain Tax Attributes, including, as of the Petition Date, approximately $82 million in consolidated federal disallowed business interest expense carryforwards, approximately $28 million in unused general business credit carryovers, approximately $17 million in consolidated federal NOLs, and a significant amount of Built-In Losses. The Debtors seek to implement certain procedures to restrict trading of Briggs & Stratton Corporation stock (both directly and indirectly) that could result in an "ownership change" occurring before the effective date of a chapter 11 plan or any applicable Bankruptcy Court order. Such a restriction could protect the Debtors' ability to use the Tax Attributes during the pendency of these chapter 11 cases and in subsequent taxable periods. Absent such a restriction, the Debtors may lose some or all of these valuable Tax Attributes.

161. It is my understanding that, aside from preserving the value of the Tax Attributes, it also may be important for the Debtors to take steps to preserve the value of such Tax Attributes upon the effectiveness of the Debtors' chapter 11 plan, which may result in an "ownership change." I have been informed that, in such event, it is possible that the special relief afforded by section 382(l)(5) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), may be both available and beneficial to the Debtors. In such circumstances, and subject to further factual development and analysis, the Debtors may seek to qualify the restructuring for such relief, which may become unavailable to the Debtors if the trading and accumulation of certain claims prior to the effective date of a chapter 11 plan is left unrestricted. Accordingly, the Debtors seek to implement certain procedures to restrict trading of claims against the Debtors and, pursuant to subsequent court orders, require the sell-down of certain claims against the Debtor, in order to retain flexibility to comply with section 382(l)(5) of the Tax Code.

Conclusion

162. This Declaration illustrates the factors that have precipitated the commencement of the Chapter 11 Cases and the critical need for the Debtors to implement their restructuring.

163. I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

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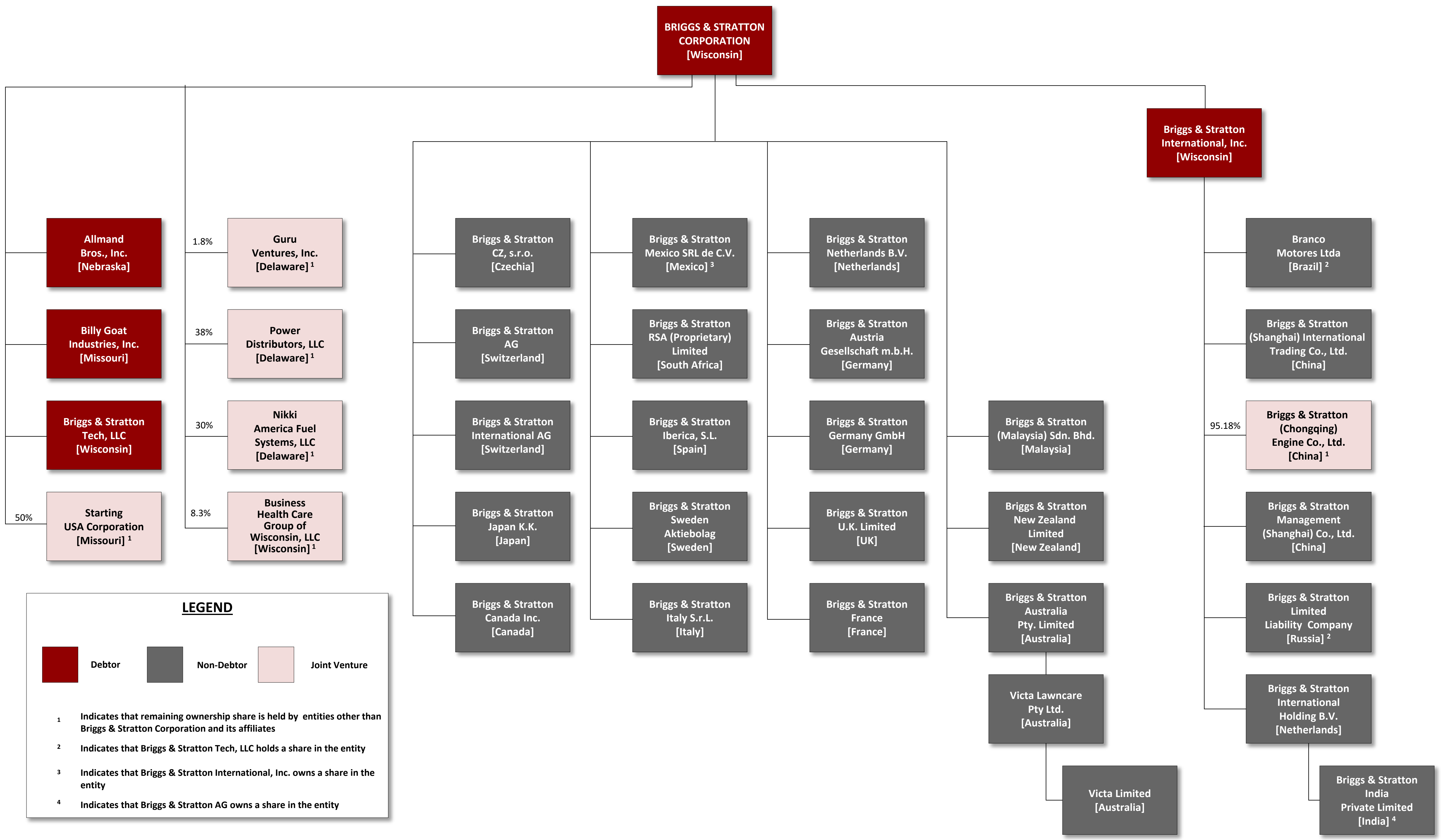
Executed this 20th day of July, 2020

/s/ *Jeffrey Ficks*
Jeffrey Ficks
on Behalf of the Debtors and Debtors-in-Possession

Exhibit A

Organizational Chart


BRIGGS & STRATTON CORPORATION [Wisconsin]
Briggs & Stratton International, Inc. [Wisconsin]
Allmand Bros., Inc. [Nebraska]
Billy Goat Industries, Inc. [Missouri]
Briggs & Stratton Tech, LLC [Wisconsin]
50%
Starting USA Corporation [Missouri] 1
1.8%
Guru Ventures, Inc. [Delaware] 1
38%
Power Distributors, LLC [Delaware] 1
30%
Nikki America Fuel Systems, LLC [Delaware] 1
8.3%
Business Health Care Group of Wisconsin, LLC [Wisconsin] 1
Briggs & Stratton CZ, s.r.o. [Czechia]
Briggs & Stratton AG [Switzerland]
Briggs & Stratton International AG [Switzerland]
Briggs & Stratton Japan K.K. [Japan]
Briggs & Stratton Canada Inc. [Canada]
Briggs & Stratton Mexico SRL de C.V. [Mexico] 3
Briggs & Stratton RSA (Proprietary) Limited [South Africa]
Briggs & Stratton Iberica, S.L. [Spain]
Briggs & Stratton Sweden Aktiebolag [Sweden]
Briggs & Stratton Italy S.r.L. [Italy]
Briggs & Stratton Netherlands B.V. [Netherlands]
Briggs & Stratton Austria Gesellschaft m.b.H. [Germany]
Briggs & Stratton Germany GmbH [Germany]
Briggs & Stratton U.K. Limited [UK]
Briggs & Stratton France [France]
Briggs & Stratton (Malaysia) Sdn. Bhd. [Malaysia]
Briggs & Stratton New Zealand Limited [New Zealand]
Briggs & Stratton Australia Pty. Limited [Australia]
Victa Lawncare Pty Ltd. [Australia]
Victa Limited [Australia]
Branco Motores Ltda [Brazil] 2
Briggs & Stratton (Shanghai) International Trading Co., Ltd. [China]
95.18%
Briggs & Stratton (Chongqing) Engine Co., Ltd. [China] 1
Briggs & Stratton Management (Shanghai) Co., Ltd. [China]
Briggs & Stratton Limited Liability Company [Russia] 2
Briggs & Stratton International Holding B.V. [Netherlands]
Briggs & Stratton India Private Limited [India] 4
LEGEND
Debtor
Non-Debtor
Joint Venture
1 Indicates that remaining ownership share is held by entities other than Briggs & Stratton Corporation and its affiliates
2 Indicates that Briggs & Stratton Tech, LLC holds a share in the entity
3 Indicates that Briggs & Stratton International, Inc. owns a share in the entity
4 Indicates that Briggs & Stratton AG owns a share in the entity