IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
DIAMOND GLASS, INC., *et al.*,[1]	)	Case No. 08-_____ (___)
Debtors.	)	(Joint Administration Requested)

DECLARATION OF WILLIAM COGSWELL IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, WILLIAM COGSWELL, do hereby declare, under penalty of perjury, that:

1. I am the President of both Diamond Glass, Inc. ("Diamond Glass") and DT Subsidiary Corp., a wholly-owned subsidiary of Diamond Glass ("DT Subsidiary, and together with Diamond Glass, the "Debtors"). I served as Senior Vice President of the Debtors between 2003 and April 2006, and joined the Debtors as President in December 2006.[2]

2. I submit this Declaration in connection with the Voluntary Chapter 11 Petitions, first-day applications and motions listed on Exhibit "A" hereto (collectively, the "First Day Motions").

3. Any capitalized term not expressly defined herein shall have the meaning ascribed to that term in the relevant first-day motion or application. All facts set forth in this Declaration are based on my personal knowledge, upon information supplied to me by people who report to me or are senior officers or employees with the Debtors, upon information

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[1] The Debtors in these proceedings are: Diamond Glass, Inc. (Tax ID No. XX-XXX8853); and DT Subsidiary Corp., a wholly owned subsidiary of Diamond Glass (Tax ID No. XX-XXX3494), each with a mailing address of 220 Division Street, Kingston, PA 18704. Diamond Glass, Inc. is formerly known as Diamond Glass Companies, Inc. and Diamond Triumph Auto Glass, Inc.

[2] I left the Company in April 2006 because I had fundamental disagreements with certain management and strategic decisions then being made. Until I was invited to return as President in December 2006 (and to oversee a process of undoing some of the strategic decisions which in fact proved detrimental to the Company's business), I worked as an advisor to my brothers' fire protection sprinkler business.

supplied to me by the Debtors' professionals and consultants, or upon my opinion based on my experience and knowledge with respect to the Debtors' operations, financial condition and related business issues. If I were called upon to testify, I could and would testify competently to the facts set forth herein, and I am authorized to submit this Declaration on behalf of the Debtors.

4. As the Debtors' President, I am one of the officers of the Debtors responsible for devising and implementing the Debtors' business plans and strategies, overseeing the Debtors' financial, operational and legal affairs, and supervising the maintenance of their books and records. In addition, in my capacities as the Debtors' President and director, I have been involved recently in the review, assessment, direction and oversight of various plans and strategies designed to achieve a successful restructuring of the Debtors' business (the "Restructuring Process"), including, inter alia, (i) participating in the development, negotiation and implementation of various strategic alternatives for restructuring, reducing or modifying the Debtors' indebtedness, (ii) managing professionals engaged by the Debtors in connection with the Restructuring Process, (iii) supervising the preparation of documentation needed to implement the Restructuring Process, and (iv) consulting on a regular basis with the Debtors' other officers and executives, and members of the Debtors' Boards of Directors or their equivalent, with respect to the foregoing.

5. On the date hereof (the "Petition Date"), the Debtors filed voluntary petitions (the "Petitions") for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), in an effort to preserve and maximize the value of their chapter 11 estates.

6. The Debtors intend to operate their business and to manage their properties as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code.

7. I am advised by counsel that this Court has jurisdiction over these chapter 11 cases pursuant to 28 U.S.C. §§ 157 and 1334 and venue is proper in the United States Bankruptcy Court for the District of Delaware pursuant to 28 U.S.C. §§ 1408 and 1409.

GENERAL BACKGROUND

8. On the date hereof (the "Petition Date"), the Debtors each commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of Title 11 of the United States Code (the "Bankruptcy Code").

9. No request for appointment of a chapter 11 trustee or examiner has been made and, as of the date hereof, no official committee has been appointed.

History and Operations

10. The Debtors collectively constitute one of the nation's oldest and leading providers of automotive glass replacement and repair services. Founded as a one-man shop by Avram Levine, a Russian immigrant in 1923, the "Diamond Glass Works" grew steadily as a family business throughout most of the twentieth century, adapting repeatedly to revolutionary transformations in automobile glass technology, including the introduction of laminated windshields, and tempered glass for back and side windows.

11. The Debtors rapidly expanded in the 1980s. They opened their first additional branch in 1982 in Monticello, New York. With the success of the Monticello facility, the Debtors began a successful campaign of expansion. Through the early to mid 1980s, the Debtors added approximately one to two new branches per year, reaching 10

branches in 1987. As the Debtors refined and standardized their store-opening model, they dramatically increased the number of new branch openings each year through the late 1980s and into the 1990s, reaching 140 stores in 1996.

12. While remaining true to their roots as a family enterprise, the Debtors recognized that the great increase in the scope of their operations required them to recruit professional leadership with a strong history of experience in the modern auto glass industry, as well as increased financial resources, and they acted accordingly. In 1998, the Debtors and Leonard Green Partners, LLP came together in a leveraged financing transaction that, together with the recruitment of new management with vast auto glass industry experience, gave the Debtors a much higher profile.

13. In the past decade, the Debtors have grown into a truly national network of auto glass stores with a coast-to-coast presence in most major markets throughout the United States. Headquartered in Kingston, Pennsylvania, this family-owned company has grown from a one-man shop into a network of 217 service centers and approximately 900 mobile installation vehicles in 42 states, serviced by three distribution facilities located in Kingston, Pennsylvania; Columbus, Ohio; and Atlanta, Georgia. The Debtors currently have approximately 1,620 full and part-time employees including field technicians, customer service representatives, sales associates, and corporate associates.

14. The United States auto glass replacement market is estimated to be approximately $3.0 to $3.5 billion annually. The Debtors' share of the market is approximately 7%. The Debtors' revenue today comes primarily from three sources: (a) insurance sales (work paid for by insurance companies in respect to auto glass replacement for covered policyholders), which comprises approximately 30% of the Debtors' dollar sales; (b)

commercial sales (work performed on behalf of local body shops, new and used car dealerships, rental car fleets, company fleets, or other business entities), which comprises approximately 43% of the Debtors' dollar sales; and (c) cash/retail (work performed directly for individual consumers who pay for auto glass replacement without involving an insurance company), which comprises approximately 27% of the Debtors' dollar sales.

15. The Debtors compete with local, regional and national service providers in a mature, highly fragmented market where it is estimated that more than 75% of participants operate fewer than three locations. Notwithstanding that the barriers of entry are low, the Debtors' size and distribution network has enabled them to leverage their buying power and provide low cost glass to their stores on a just-in-time basis, resulting in higher profit margins and lower store inventory levels. In addition, the Debtors have been able to develop long-standing customer relationships and significant brand recognition due to their longevity in the marketplace.

EXISTING INDEBTEDNESS

16. Diamond Glass, as Borrower,[3] is a party to that certain Credit Agreement dated January 12, 2007 (as amended, supplemented or otherwise modified, the "Existing Credit Agreement") with Guggenheim Corporate Funding, LLC (the "Guggenheim").[4] Pursuant to

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[3] Diamond Glass's predecessor, Diamond Triumph Auto Glass, Inc., is the borrower under the Existing Credit Agreement. Unless otherwise indicated, all references to "Diamond Glass" shall include "Diamond Triumph Auto Glass, Inc."

[4] Guggenheim is the agent for the financial institutions identified as lenders under the Existing Credit Agreement and the DIP Facility (as defined below) (including their respective successors and assigns) (the "Lenders"). Orpheus Holdings, LLC ("Holdings") is the predecessor in interest to Orpheus Funding, LLC, as the Lender under the Credit Agreement. Holdings also is the original proposed lender under the DIP Facility. The Stalking Horse Bidder, Diamond Glass Acquisition, LLC is a Delaware limited liability company, a wholly-owned subsidiary of Holdings, and the proposed acquisition vehicle through which Guggenheim, as agent, would acquire (or direct the acquisition of, on behalf of the Lenders) all or substantially all of the Debtors' business and assets in the transactions contemplated herein, including with respect to effecting any credit bid on account of the Lenders' claims against the Debtors at any auction or otherwise for the purchase and sale of the Debtors' business and related assets

the Existing Credit Agreement, Guggenheim provided the Debtors with a term loan and revolving loan in the aggregate principal amount of approximately $35 million (the "Prepetition Loans").

17. In connection with the Prepetition Loans, Diamond Glass and Guggenheim entered into a Security Agreement dated January 12, 2007, pursuant to which Diamond Glass and DT Subsidiary (as guarantor) granted Guggenheim a security interest in substantially all of their assets.[5]

18. As part of the Existing Credit Agreement, Security Agreement, and related credit documents (collectively, the "Prepetition Loan Documents"), Kenneth Levine (whose family founded the Debtors, and who until October 25, 2007 was the Debtors' Chief Executive Officer and remains its principal stockholder) executed a Pledge Agreement (the "Levine Pledge Agreement") and Guaranty (the "Levine Guaranty") to further secure the Secured Obligations of Diamond Glass under the Prepetition Loan Documents. Mr. Levine's obligations and liabilities under the Levine Guaranty are limited to his equity interests, cash collateral and the proceeds thereof in an aggregate amount of approximately ten million dollars ($10,000,000) pledged by Mr. Levine to Guggenheim pursuant to the Levine Pledge Agreement.

19. On or about May 2, 2007, Guggenheim and Diamond Glass entered into a First Amendment to the Existing Credit Agreement, pursuant to which Guggenheim agreed to decrease the minimum liquidity requirement from $5 million to $3 million, such that the Revolving Loan Commitment available for borrowing by Diamond Glass was increased by $2 million.

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[5] The Prepetition Loan Documents (defined above) contemplated that other guarantors might be added in the future.

20. On or about November 7, 2007, Guggenheim and Diamond Glass entered into a Second Amendment to the Existing Credit Agreement, pursuant to which Guggenheim agreed to (a) advance to the Debtors an additional $9,687,456.99, (b) extend the maturity date on the Prepetition Loans to February 29, 2008, and (c) limit the guarantee obligations of any Subsidiary Guarantor to an amount not to exceed $37 million.

21. On or about January 31, 2008, Guggenheim and Diamond Glass entered into a Third Amendment to the Existing Credit Agreement, pursuant to which Guggenheim agreed to extend the payment date for interest due under the Existing Credit Agreement from January 31, 2008 to February 29, 2008. Guggenheim subsequently agreed to successive grace periods for Diamond Glass to pay the Prepetition Loan through April 1, 2008.

22. As of the Petition Date, the Debtors estimate that the outstanding indebtedness on the Prepetition Loans is approximately $45 million.

23. In addition to the Prepetition Indebtedness, the Debtors' predecessor, Diamond Triumph Auto Glass, Inc., issued $100 million in unsecured 9 ¼% Senior Notes Due 2008 (the "Notes") in favor of various noteholders (the "Noteholders") pursuant to an Indenture dated March 31, 1998 (as amended) (the "Indenture"). The Debtors estimate that as of the Petition Date they owe approximately $45,215,000 in principal, and $2,091,193.75 in accrued interest to the Noteholders in connection with the Indenture. The Notes were scheduled to mature on April 1, 2008. The Noteholder claims are unsecured and *pari passu* with other unsecured claims.

24. In addition to the aforementioned institutional debt, as of the Petition Date, the Debtors estimate that they have approximately $13.1 million in unsecured trade debt outstanding.[6]

Events Leading to Commencement of Chapter 11 Cases

25. Until 2006, the Debtors never had a year in which they suffered operating and financial losses. Among other things, the insurance segment of the market, which historically has been the most profitable and most influential in driving revenues, has experienced a steady decline in revenue per unit over the past few years as insurance companies have attempted to align their prices more closely with prices paid by customers in other segments of the market. There has also been a reduction in automotive glass replacement insurance claims as insurance companies have increased their deductibles to enhance their price competitiveness in the market. At the same time, certain of the Debtors' decisions to improve performance regrettably and inadvertently had the opposite effect. Thus, the Debtors brought in a fresh management team, implemented new and aggressive steps to increase revenue and decrease costs, rehired local sales representatives, closed unprofitable stores, cut overhead, increased revenue per unit, and resolved pending litigation. This led to immediate improvements in performance which continue to date.

26. While the Debtors are confident that the measures employed by the current management will continue to yield positive results, the Debtors were faced with some insurmountable obstacles that necessitated the commencement of these chapter 11 cases. As set forth more fully above, the Debtors' Prepetition Loans with Guggenheim matured on April 1, 2008. In addition, the Debtors' indebtedness to the Noteholders pursuant to the Indenture

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[6] Nothing contained herein is intended to be (nor shall it be deemed to be) an admission regarding the existence or amount of any indebtedness.

was to mature on April 1, 2008. The likely inability to obtain further extensions in the maturity of the senior debt and the Notes, when combined with the recent deterioration in the nation's economy and, in particular, limited availability in the credit markets, made it practically impossible for the Debtors to satisfy or refinance their obligations. Thus, left with no viable alternative that would enable the Debtors to obtain continued financing to operate their business, the Debtors retained the investment banking firm of NatCity Investments, Inc. ("NatCity") and began a process of exploring strategic alternatives, including a potential sale or restructuring of the business.

27. The Debtors, in consultation with NatCity, their other professionals, and other interested parties, considered a number of potential sales and restructuring alternatives in order to develop a plan that would maximize value for their creditors and to ensure the long-term survival of their business. After considering their options and, in light of the aforementioned financial deadlines and restrictions, including a purchase offer from Guggenheim, the Debtors determined that the floor established by a purchase of all or substantially all of their assets by Guggenheim, subject to higher and better bids pursuant to a Bankruptcy Court approved in an open auction process pursuant to section 363 of the Bankruptcy Code, afforded them the best opportunity to maximize value for their creditors. Accordingly, concurrently with the filing of their bankruptcy petitions, the Debtors have filed a *Motion for Entry of an Order (1) Approving the Sale of Substantially All of the Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances; (2) Approving Assumption and Assignment and Sale of Certain Contracts and Leases; (3) Authorizing and Approving the Asset Purchase Agreement; and (4) Granting Related Relief.*

28. Had the Debtors not commenced these cases, their ability to finance, sell or restructure their business, maximize value and preserve and enhance the Debtors' financial health would likely have been severely compromised by litigation, either inside or outside of a bankruptcy proceeding, which would have risked serious interruption of the Debtors' business and significantly impacted the Debtors' going-concern value. The commencement of these cases and implementation of an orderly sale process under the supervision of this Court, with Guggenheim providing a floor against which interested parties may bid, will permit the Debtors to consummate a going-concern sale of all or substantially all of their assets and maximize value of their estates for all interested parties.

First Day Motions[7]

29. As a result of my first-hand experience, and through my review of various materials and information, discussions with other of the Debtors' executives, and discussions with the Debtors' outside advisors, I have formed opinions as to (a) the necessity of obtaining the relief sought by the Debtors in the First Day Motions, (b) the need for the Debtors to continue to operate effectively, (c) the deleterious effects upon the Debtors of not obtaining such relief, and (d) the immediate and irreparable harm to which the Debtors will be exposed immediately following the Petition Date unless the relief requested in the First Day Motions is granted without delay.

30. I submit this Declaration in support of the Debtors' petitions and First Day Motions filed with the Court in connection with the commencement of these cases and set forth on Exhibit A.

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[7] Capitalized terms used but not otherwise defined in the description of the various First Day Motions shall have the meanings ascribed to them in the respective First Day Motion described.

31. I participated in preparing and have reviewed each of the First Day Motions (including the exhibits and schedules attached thereto) and, to the best of my knowledge, believe that the facts set forth therein are true and correct. Such representation is based upon information and belief and through my review of various materials and information, as well as my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would, based on the foregoing, testify competently to the facts set forth in each of the First Day Motions.

32. The relief sought in the First Day Motions will minimize the adverse effects of the instant chapter 11 cases on the Debtors and result in maximum creditor recoveries. I believe that the relief sought in each of the First Day Motions is necessary to enable the Debtors to operate effectively in chapter 11 as debtors in possession.

33. As described more fully below, the relief requested in the First Day Motions was carefully tailored by the Debtors, in consultation with their professionals, to ensure that the Debtors' immediate operational needs are met and that the Debtors suffer no immediate and irreparable harm. I personally participated in the analysis that led to the creation of each of the First Day Motions and assisted in the drafting and development of the relief requested therein. At all times the Debtors' management and professionals remained cognizant of the limitations imposed on debtors-in-possession and, in light of those limitations, the Debtors narrowed the relief requested at the outset of these cases to those issues that require urgent relief to sustain the Debtors' immediate operability.

a. Motion for Joint Administration

34. I believe that the motions, applications, hearings and orders that will arise in these chapter 11 cases will jointly affect each Debtor. Under these circumstances, I believe that the interest of the Debtors, their estates, their creditors and other parties in interest

would be best served by the joint administration of these chapter 11 cases for procedural purposes only. The Debtors further believe that joint administration of these chapter 11 cases will ease the administrative burden on the Court and all parties in interest and will protect creditors of the respective estates against potential conflicts of interest. For these reasons, the Debtors submit, and I believe, that the relief requested in this motion is in the best interest of the Debtors, their estates and their creditors, and therefore should be approved.

b. Application to Retain Garden City Group, Inc.

35. By this Motion, the Debtors seek entry of an order authorizing the Debtors to retain Garden City Group, Inc. ("GCG") as their claims, notice and balloting agent ("Agent"). Upon information and belief, GCG is an experienced Agent and is frequently used by debtors in large chapter 11 cases, and I believe GCG is well qualified to serve as Agent in these cases. The employment of GCG will also provide the Debtors with efficient management of the claims, noticing and balloting processes in these cases leaving the Debtors' management and professionals to focus on the Debtors reorganization efforts.

c. Motion for Interim Order Deeming Utilities Adequately Assured

36. By this motion, and to ensure continued provision of utility services (the "Utility Services") to the Debtors' various locations, the Debtors seek entry of an order prohibiting utility companies (the "Utility Companies") from terminating services on account of pre-petition invoices, deeming the Utility Companies to be adequately assured of future payment, and establishing procedures to determine additional adequate assurance. The Debtors propose to establish a segregated account into which the Debtors will deposit a sum equal to two weeks of the Debtors' estimated monthly costs for Utility Services (collectively, the "Utility Deposit") and, additionally, have proposed procedures to address any request made by the Utility Companies for additional adequate assurance.

37. Any disruption of Utility Services at the Debtors' business locations would cause irreparable harm to the Debtors' business operations and their estates. The successful operation of the Debtors' businesses requires that the Utility Services be provided on a continual and uninterrupted basis. The Debtors have hundreds of accounts with Utility Companies and have established a good payment history with virtually all of their Utility Companies. To the best of the Debtors' knowledge, they have no defaults or arrearages of any significance with respect to the Debtors' undisputed Utility Services invoices. However, any disruption of Utility Services could have a significant impact on the Debtors' business operation, revenues, customers and employees. Moreover, the Debtors, debtor-in-possession credit facility will afford the Debtors more than sufficient liquidity to pay for post-petition utility services.

38. For the foregoing reasons, the Debtors submit, and I believe, that the relief requested in this motion is in the best interest of the Debtors, their estates and their creditors, and therefore should be approved.

d. Motion for Authority to Pay Certain Pre-Petition Taxes

39. By this motion, the Debtors request authorization (but not direction) to pay certain Taxes and Fees to various U.S. taxing and licensing authorities (collectively, the "Authorities"). The Debtors seek authority to pay any Taxes that were accrued prepetition but were not in fact paid or processed prepetition, or were paid prepetition in an amount less than is actually owed, or to the extent any such payments made prepetition were rejected, lost or otherwise not received in full by any Authority. Further, there may be Taxes incurred or collected from sales and services provided prepetition that will come due shortly after the filing, which the Debtors seek authority to pay pursuant to this Motion. Finally, to the extent that any checks, drafts, deposits or transfers issued or initiated by the Debtors on account of

prepetition Taxes have not cleared as of the Petition Date, the Debtors also seek an order directing banks and other financial institutions to honor and process such payments.

40. The Debtors estimate that outstanding prepetition liabilities owing to the various Authorities for Taxes and Fees will not exceed approximately $700,000. Some, if not all, of the Authorities may initiate an audit of the Debtors if the Taxes are not paid on time. Such audits will unnecessarily divert the Debtors' attention away from the reorganization process and result in unnecessary expenses. Moreover, if the Debtors do not pay such amounts in a timely manner, the Authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay, seek payment from the Debtors' directors and officers and pursue other remedies that will materially and immediately harm the estates. Moreover, many of the outstanding tax liabilities are for trust fund taxes that the Debtors have collected and hold in trust for the benefit of the Authorities. Therefore, such funds do not constitute property of the estate and could not otherwise be used by the estates.

41. I believe that the Debtors' failure to pay the Taxes could have a material adverse impact on their ability to operate in the ordinary course of business and thus harm these reorganizations to the detriment of all constituents. Additionally, any attempts to collect the Taxes from the Debtors' officer and directors has the potential to divert the attention of those individuals away from the reorganization process. Therefore, I believe it is appropriate to pay, and the Debtors seek the authority to pay, in their sole discretion, the Trust Fund Taxes and the Business Taxes, including any penalties and interest thereon, if any, and any liability resulting from audits of prepetition Taxes, to the relevant Authorities in the ordinary course of business.

e. Motion to Approved Continued Use of Cash Management System

42. By this motion (the "Cash Management Motion"), the Debtors seek entry of an order (a) authorizing the continued use of their existing cash management system, (b) authorizing the continued use of their existing bank accounts and business forms, and (c) authorizing their deposit practices and waiving the requirements of section 345(b) in connection therewith on an interim basis. In connection with this relief, the Debtors respectfully request a waiver of certain of the operating guidelines established by the Office of the United States Trustee for the District of Delaware that require the Debtors to close all prepetition bank accounts, open new accounts designated as debtor-in-possession accounts, and provide new business forms and stationary.

43. As described in detail in the Motion, the Debtors maintain a cash management and disbursement system in the ordinary course of their operations (the "Cash Management System"). To lessen the disruption caused by the bankruptcy filings and maximize the value of their estates in these chapter 11 proceedings, it is vital to the Debtors that they maintain their Cash Management System.

44. The Debtors maintain current and accurate accounting records of daily cash transactions and submit that maintenance of this Cash Management System is vital to prevent undue disruption to the Debtors' business operations while protecting the Debtors' cash for the benefit of the estates. It is critical that the Debtors be able to consolidate management of cash and centrally coordinate transfers of funds to efficiently and effectively operate their large and complex business operations. Substantially disrupting their current cash management procedures would impair the Debtors' operations and ability to optimize their business performance.

f. Motion for Authority to Pay Employee Wage and Related Items

45. Pursuant to the Employee Wage Motion, the Debtors are seeking authority to honor and pay all pre-petition employee wages, salaries and other accrued compensation, and to continue to honor certain other policies, programs and benefits the Debtors provide to their employees in the ordinary course of business.

46. The Debtors have a current workforce of approximately 1,620 employees nationwide. I believe that if they are unable to honor all such obligations immediately, employee morale and loyalty will be jeopardized at a time when such support is critical.

47. The uninterrupted continuation of the Debtors' business is critically dependent upon a stable work force. I believe that any significant number of employee departures or deterioration in morale at this time will immediately and substantially adversely impact the Debtors' businesses and result in immediate and irreparable harm to the estates and their creditors. There is a real, immediate risk that if the Debtors are not authorized to continue to honor their pre-petition employee obligations in the ordinary course, the employees would no longer support and maintain the operations of the Debtors, thereby crippling the Debtors' business operations and instantly damaging the value of the Debtors materially. Consequently, the Debtors strongly believe that it is critical that they be permitted to pay their employees their pre-petition wages and continue with their ordinary course personnel policies, programs and procedures that were in effect prior to the Petition Date.

48. Employees also incur various expenses in the discharge of their ordinary duties, such as travel and meal expenses. These expenses are typically charged onto a corporate American Express credit card and Wright Express gas card, and paid directly by the Debtors' accounts payable department. Because these expenses are incurred as part of the employees' official duties and in furtherance of the Debtors' businesses, the Debtors reimburse

the Employees in full for these expenses (the "Expense Reimbursements") in the ordinary course of business, subject to the submission of proper documentation to the appropriate accounting department. A majority of Expense Reimbursements are travel-related expenses related to sales or client development. The Debtors reimburse expenses on a rolling basis, with a time lag of up to thirty (30) days between submission or the request for reimbursement and payment. Because American Express and/or Wright Express may take the position that the employees are co-obligors on the American Express and Wright Express cards, and such employees may be pursued directly in the event of the Debtors' prepetition default, it is imperative that the Debtors be authorized to not only pay directly American Express or Wright Express for any outstanding prepetition obligations in connection with use by the employees of those cards in the ordinary course of the Debtors' business, but to reimburse the employees for use of such cards to the extent that they have reimbursement claims. The failure to reimburse such expenses will negatively impact employee morale, and will present an undue hardship for employees and the Debtors' business.

g. Motion for Authority to Honor Customer Programs

49. Pursuant to the Customer Programs Motion, the Debtors seek authority to continue honoring their Customer Programs.

50. The Debtors' businesses are dependent upon the loyalty and confidence of their customers. The continued support of this constituency is absolutely essential to the Debtors' ability to preserve and maximize the value of their businesses for the benefit of their stakeholders. Any delay in honoring or paying various Customer Obligations will severely and irreparably impair the Debtors' customer relations at a time when the loyalty and support of their customers are extremely critical. Indeed, such failure to honor Customer Obligations could destroy goodwill built over decades with respect to many of the Debtors' longstanding

relationships. In addition, the failure to honor certain of the Customer Obligations would result in customers recovering these amounts in any event, or attempting to recover these amounts, through setoff or recoupment. By contrast, honoring these prepetition obligations will require a limited and reasonable expenditure of estate funds and will assist the Debtors in preserving their key customer relationships to the benefit of all stakeholders.

51. Accordingly, to preserve the value of their estates, the Debtors must be permitted, in their sole discretion, to continue honoring or paying all Customer Obligations without interruption or modification. In addition, to provide necessary assurances to the Debtors' customers on a going-forward basis, the Debtors request authority, in their sole discretion, to continue honoring or paying all obligations to customers that arise from and after the Petition Date under the Customer Programs in the ordinary course of the Debtors' business.

h. Motion for Authority to Pay Certain Critical Vendors

52. I believe that immediate payment of the claims of the Critical Vendors is not only critical to the Debtors' reorganization efforts, but immediately necessary in light of the industry in which the Debtors operate. The Critical Vendors generally consist of the parties that supply auto glass and related components, and other necessary supplies and goods used by the Debtors in the operation of their businesses. As of the Petition Date, the Debtors own and operate approximately 217 service centers and 1004 mobile installation vehicles countrywide. In order to operate their businesses, the Debtors rely on regular deliveries of a variety of suppliers of auto glass and component parts, and related goods. As previously discussed, the Debtors provide "just-in-time" service to their customers. Accordingly, any delay or disruption in the flow of critical goods to the Debtors would materially impact the Debtors' ability to maintain its reputation in the marketplace with its customers, and therefore, would cause irreparable harm thus damaging the Debtors' ability to reorganize. Moreover,

such a delay or disruption would also cause an immediate erosion in creditor confidence which would be difficult, if not impossible, to restore. For these and the other reasons stated herein, I believe that the relief requested in the Critical Vendor motion is necessary to avoid immediate and irreparable harm.

53. The Critical Vendors are the suppliers of vital auto glass, component parts, and related products that are absolutely critical to the Debtors' ability to operate their businesses. I believe that the failure to pay the Critical Vendor Claims would, in the Debtors' business judgment, result in the Critical Vendors refusing to provide critical supplies to the Debtors postpetition which could have an immediately devastating effect on the Debtors' ability to operate their businesses. Moreover, the delay attendant to the Debtors changing from a Critical Vendor to another vendor of similar products (assuming one could be located) would very likely delay the Debtors' ability to operate their businesses, which would be devastating to the Debtors' operations.

54. The Debtors and their advisors have critically examined whether the payment of Critical Vendor Claims is necessary, will ameliorate immediate and irreparable harm to the Debtors' business operations and will ensure that the Debtors have access to adequate trade credit post-petition. Specifically, the Debtors have undertaken a thorough review of their accounts payable and their list of prepetition vendors to identify those vendors who are essential to the Debtors' operations. The Debtors have further developed certain procedures (for which they seek this Court's approval) that, when implemented, will ensure that the Debtors derive value for payments to Critical Vendors such that vendors receiving payment of Critical Vendor Claims will continue to supply trade credit necessary to the Debtors' operations on a post-petition basis.

55. It is also essential to the Debtors' continued viability and the success of their reorganization that they maintain the reliable and efficient flow of materials and goods and, thus, payment of the Freight Claims is necessary and appropriate. Even a minor delay could undermine the Debtors' ability to fulfill their customers' needs.

56. Unless the Debtors continue to receive goods and materials, the Debtors' relationship with their customers would be severely, and possibly irreparably, impaired, and their ability to reorganize would be jeopardized as a result. Supply interruptions caused by the Debtors' inability to receive products and materials from their Freight Carriers or to deliver such would only exacerbate the Debtors' already tenuous position with their vendors.

57. If the Debtors fail to pay the Freight Claims, I believe that many of the Freight Carriers may stop providing their essential services to the Debtors. Given the importance of moving goods quickly through the Debtors' distribution systems, even the slightest delay in receiving goods could substantially disrupt the Debtors' operations, potentially delaying shipments to customers, damaging the Debtors' business reputation and undermining the Debtors' ability to generate revenue. Even if suitable alternative freight carriers or storage facilities were available, the time necessary to identify these replacement providers and to integrate them into the Debtors' operations likely would cause a significant disruption to the Debtors' manufacturing and distribution operations.

58. Moreover, I believe that the Freight Carriers may argue that they are entitled to possessory or similar liens for the storage and/or transport of the goods in their possession as of the Petition Date and may refuse to deliver or release such goods before their claims have been satisfied and their liens redeemed. Accordingly, it is imperative that the Debtors be authorized to pay the Freight Claims to (a) ensure that the essential services

provided by the Freight Carriers are available to the Debtors without interruption and (b) preserve to the fullest extent possible the Debtors' relationships with their customers and, in turn, the value of the Debtors' businesses for the benefit of the Debtors, their estates and their creditors.

i. Motion for Authority to Pay Claims Arising Under 11 U.S.C. § 503(b)(9)

59. By this motion, and in order to obtain and ensure timely delivery from their suppliers and vendors of auto glass and other goods related to the installation and service thereof (collectively, the "Goods"), and to help ensure the Debtors have access to postpetition trade credit from the suppliers of these vital Goods, the Debtors seek entry of an order authorizing payment in the ordinary course of prepetition claims of suppliers and vendors entitled to administrative priority under Bankruptcy Code sections 503(b)(9) and 507(a)(2) (such suppliers and vendors together, the "Priority Vendors") for those undisputed obligations arising from Goods received by the Debtors from such Vendors in the ordinary course of business within 20 days before the Petition Date (such administrative expense claims, "Priority Vendor Claims").

60. In the ordinary course of the Debtors' business, numerous Priority Vendors provide the Debtors with Goods that will be essential to the sustained operations of the Debtors both in the short term and during the reorganization period. If the Priority Vendors are not paid in the ordinary course on account of their Priority Vendor Claims, such Priority Vendors are unlikely to provide the Debtors with post-petition trade credit and may refuse to continue providing the Debtors with Goods after the Petition Date. Because the Debtors operate approximately 217 service centers and 1004 mobile installation vehicles, and provide customer service that rely on necessary deliveries from the Priority Vendors of auto glass and

related goods on nearly a daily basis, any delay or disruption in the continuous flow of Goods to the Debtors could result in an immediate shut down of the Debtors' business.

61. Absent the relief requested in this Motion, the Debtors would face the very real possibility that Priority Vendors would cease delivery of Goods, causing a significant disruption to, if not cessation of, the Debtors' business. An order of this Court confirming that all obligations of the Debtors arising from Goods delivered in the ordinary course of the Debtors' business in the 20 days prior to the Petition Date may be paid by the Debtors in the ordinary course pursuant to Bankruptcy Code sections 503(b)(9) and 507(a)(2) will help ensure continuous delivery of Goods to the Debtors. Accordingly, the relief requested should be granted because it is critical to the Debtors' continued operation and, consequently, is in the best interests of creditors and the estates.

62. As explained above, it is critical to the survival of the Debtors that they continue to receive the Goods from the Priority Vendors in the immediate future on an uninterrupted basis as well as throughout the reorganization process. I believe that without the relief requested herein, many Priority Vendors may cease delivering Goods to the Debtors, which could have devastating consequences for the Debtors. In addition, by reserving the right to require, as a condition to any payment to a Priority Vendor, that the Priority Vendor enter into a Trade Agreement by which it must agree to deal with the Debtors on Customary Trade Terms, the Debtors anticipate they will be able to enhance their liquidity during these chapter 11 cases to the benefit of their estates and creditors.

j. Motion Confirming Administrative Expense Status for Certain Vendors

63. By this motion, the Debtors seek entry of an order confirming that merchandise, equipment, supplies, products and related items (collectively, the "Goods") delivered post-petition or services (the "Services") provided post-petition are granted

administrative status. Certain of the Debtors' vendors and suppliers (collectively, the "Vendors") may be concerned that delivery of Goods or provision of Services post-petition pursuant to outstanding purchase orders will render such Vendors unsecured creditors of the Debtors' estates. Accordingly, the Debtors request that the Court enter an order confirming the administrative priority status of the Goods and Services delivered post-petition. In the absence of the relief requested, the Vendors may require the Debtors to reissue outstanding purchase orders before delivering Goods and providing Services post-petition. Granting the relief requested in the motion will provide the necessary assurances to the Vendors and avoid the administrative burden on the Debtors of having to reissue or resubmit thousands of purchase orders.

k. The DIP Financing and Cash Collateral Motion

64. The Debtors have determined, with the assistance of their professionals, that they require post-petition financing. More specifically, the Debtors do not have any unencumbered cash with which to operate their businesses and have an immediate need for the use of cash collateral. However, the use of cash collateral alone is insufficient to operate the Debtors' businesses successfully. Therefore, the Debtors have also an immediate need for additional liquidity, which could only be obtained through an additional secured debtor-in-possession financing facility.

65. Without additional liquidity in the form of post-petition financing, the Debtors' would be vulnerable to seasonal and cyclical effects on cash flow, as well as from potential impacts on cash flow caused by the chapter 11 filings. This could significantly impair the value of the debtors' assets to the detriment of all creditor constituencies. Furthermore, by obtaining post-petition financing, the Debtors will be in a position to preserve the value of their assets for the benefit of all creditors.

66. With this in mind, pre-petition, the Debtors surveyed various sources of post-petition financing, including financing from the Pre-Petition Secured Parties and third parties. In exploring those options, the Debtors recognized that the obligations owed to the Pre-Petition Secured Parties are secured by virtually all of the Debtors' property, such that either (i) the liens of the Pre-Petition Secured Parties would have to be primed to obtain post-petition financing; (ii) the post-petition lender would be required to refinance the obligations of the Pre-Petition Secured Parties in full and provide additional loan availability; or (iii) the Debtors would have to find a post-petition lender willing to extend credit that would be junior to the Pre-Petition Secured Parties' liens. Because the Pre-Petition Secured Parties advised the Debtors' representatives that they would not consent to be primed by another lender group, borrowing from another post-petition lender or lending group that required liens and claims senior to that of the Pre-Petition Secured Parties likely could only be accomplished through an extended, contested hearing to determine compliance with the requirements of section 364(d) of the Bankruptcy Code.

67. In view of these circumstances, Guggenheim (the "DIP Agent"), together with certain other lenders (the "DIP Lenders" and together with the DIP Agent, the "DIP Secured Parties"), agreed to extend post-petition financing to the Debtors.

68. After consultation with their advisors, the Debtors have determined, in the exercise of their sound business judgment, that the proposed debtor-in-possession financing facility (the "DIP Facility") with the DIP Secured Parties is the best financing option available to the Debtors under the circumstances. The proposed terms of the DIP Facility are fair, reasonable, and adequate under the circumstances. First and foremost, the Debtors, with the assistance of their advisors, have made a concerted, good-faith effort to obtain credit on the

most favorable terms that are available. However, as discussed above, no potential lender was willing to provide an adequate stand alone financing facility unless the Pre-Petition Secured Parties consented to the priming of their liens, which they would not do, or provide financing sufficient to repay obligations under the Pre-Petition Credit Agreement in full and provide additional adequate liquidity sufficient for the Debtors to pursue their restructuring.

69. Against this backdrop, the Debtors, with the assistance of their advisors, carefully evaluated the proposed financing structure from the DIP Secured Parties, engaged in extensive arms' length negotiations with the DIP Secured Parties regarding the proposed terms, and worked with their various advisors to obtain the best possible terms from the DIP Secured Parties. Eventually, the Debtors determined in their business judgment that the DIP Secured Parties' proposal was the best, fairest, and at the present time only proposal suited to the Debtors' needs and agreed to the terms of the DIP Facility. In particular, the Debtors concluded that adequate alternative financing on terms more favorable than those being provided by the DIP Secured Parties under the DIP Facility is currently unavailable. Moreover, the Debtors concluded that the DIP Secured Parties' proposal was fair and desirable because, among other things, it permits the Debtors to secure necessary post-petition financing to continue operations and avoid an extended, contested hearing under section 364(d) of the Bankruptcy Code.

70. Finally, the terms and conditions of the DIP Facility were negotiated by the Debtors and the DIP Secured Parties in good faith and at arm's length, and were instituted for the purpose of enabling the Debtors to meet ongoing operational expenses and implement a financial restructuring. Importantly, under the DIP Facility, the Debtors may draw immediately (on an interim basis) to meet their administrative and operational obligations

during the early stages of these chapter 11 cases, a very critical period for preserving going concern values. Additionally, the Debtors and the DIP Secured Parties have also agreed upon a budget (the "Budget") projecting cash flow for thirteen weeks. The Debtors believe that the Budget is achievable and will allow them to operate and pay their post-petition obligations as they mature.

CONCLUSION

71. In conclusion, for the reasons stated herein and in each of the First Day Motions filed concurrently or in connection with the commencement of these cases, I respectfully request that each of the First Day Motions be granted in its entirety, together with such other and further relief as this Court deems just and proper.

I certify under penalty of perjury that, based upon my knowledge, information and belief as set forth in this Declaration, the foregoing is true and correct.

William Cogswell
Dated: April 1, 2008

EXHIBIT A
LIST OF FIRST DAY PAPERS

1. Debtors' Motion for Order Pursuant to Rule 1015(b) of The Federal Rules of Bankruptcy Procedures Directing Joint Administration of Cases;

2. Debtors' Application for Order Pursuant to 28 U.S.C. §156(c) and Bankruptcy Rule 2002 Authorizing Employment and Retention of the Garden City Group, Inc. as Claims, Noticing, and Balloting Agent;

3. Debtors' Motion for Interim And Final Order Pursuant To Sections 366 And 105 of the Bankruptcy Code (i) Prohibiting Utilities from Altering, Refusing, or Discontinuing Service to the Debtors and (ii) Establishing Certain Procedures to Determine Requests for Adequate Assurance of Payment;

4. Motion of the Debtors for an Order (i) Approving Cash Management System, (ii) Authorizing Use of Prepetition Bank Accounts and Business Forms, and (iii) Waiving the Requirements of 11 U.S.C. § 345(b) on an Interim Basis;

5. Debtors' Motion for Order Pursuant to Sections 105(a), 363(b), 541 and 507(a)(8) of the Bankruptcy Code Authorizing (i) Payment of Pre-Petition Sales, Use and Franchise Taxes and Certain Other Government Charges and (ii) Financial Institutions to Process and Cash Related Checks and Transfers;

6. Debtors' Motion for Entry of Order Pursuant to Sections 507(a), 363(b), and 105(a) of the Bankruptcy Code Authorizing (i) Payment of Wages, Compensation, and Employee Benefits and (ii) Financial Institutions to Honor And Process Checks and Transfers Related Thereto;

7. Debtors' Motion Pursuant to Sections 105(a) and 363(c) of the Bankruptcy Code for Order Authorizing Debtors to Honor or Pay Prepetition Obligations to Their Customers and for Related Relief;

8. Debtors' Motion for Order Confirming Grant of Administrative Expense Status to Obligations Arising from Postpetition Delivery of Goods or Delivery of Services;

9. Debtors' Motion for Order Pursuant to Sections 105(a), 503(b) and 507(a) of the Bankruptcy Code Authorizing Debtors to Pay Certain Prepetition Claims of Suppliers and Critical Vendors of Goods Entitled to Administrative Priority;

10. Debtors' Motion for an Order Pursuant to Sections 105, 363, 506(b) of the Bankruptcy Code for an Order Authorizing the Payment of Certain Prepetition Claims of Certain Critical Vendors and Freight Carriers;

11. Debtors' Emergency Motion for Interim and Final Orders Pursuant to Sections 105, 361, 362, 363 and 364 of the Bankruptcy Code (I)(A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Authorizing the Debtors to Use

Cash Collateral, (C) Granting Adequate Protection to the Prepetition Secured Lenders, (D) Granting Security Interests and Superpriority Administrative Expense Status to the DIP Lender, (E) Authorizing the Rollover of Certain Prepetition Secured Debt into Postpetition Debt and (F) Authorizing the Debtors to Guarantee Postpetition Financing Obligations; (II) Scheduling a Final Hearing; (III) Granting Related Relief.