

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
TAYLOR-WHARTON INTERNATIONAL)	
LLC, <i>et al.</i> , ¹)	Case No. 09- 14089 (BLS)
)	
Debtors.)	
)	

**DECLARATION OF MARK BELANGER IN SUPPORT OF CONFIRMATION OF
FIRST AMENDED JOINT PLAN OF REORGANIZATION OF TAYLOR-WHARTON
INTERNATIONAL LLC AND AFFILIATED DEBTORS UNDER CHAPTER 11 OF THE
UNITED STATES BANKRUPTCY CODE**

I, Mark Belanger, hereby declare that the following is true to the best of my knowledge, information and belief:²

1. I am over the age of 18 and competent to testify. I am a Managing Director at Alvarez & Marsal Securities, LLC (“**A&M**”), a preeminent financial advisory firm that has been retained as financial advisor to Taylor-Wharton International LLC, as debtor-in-possession (together with its affiliated debtors-in-possession, the “**Debtors**”), in the above-captioned Chapter 11 Case under the United States Bankruptcy Code (the “Bankruptcy Code”). A&M has extensive experience working with financially troubled companies in complex financial restructurings, whether out-of-court or in chapter 11 proceedings, all as described more fully in the Debtors’ Application for an Order Authorizing the Retention and Employment of A&M as

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number are: Taylor-Wharton International LLC (1577); TWI-Holding LLC (8154); Taylor-Wharton Intermediate Holdings LLC (6890); Alpha One Inc. (1392); Beta Two Inc. (1408); Gamma Three Inc. (1367); Delta Four Inc. (1320); Epsilon Five Inc. (1344); TW Cryogenics LLC (1713); TW Cylinders LLC (1665); Sherwood Valve LLC (1781); American Welding & Tank LLC (1945); and TW Express LLC (6414). Each of the Debtors has a principal place of business at 4817 Old Gettysburg Road, Mechanicsburg, Pennsylvania 17055.

² Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Plan or the Plan Confirmation Memo (as such terms are defined below).

Financial Advisor to the Debtors filed with this Court on November 19, 2009 [D.I. 30]. I have worked with companies providing advice regarding restructurings, reorganizations, workouts and a wide variety of other transactions including private placements, mergers and acquisitions at A&M for the past three years and, prior to joining A&M, and for the prior 17 years at FTI Capital Advisors, Banc of America Securities, Credit Suisse First Boston, Toronto Dominion Securities and Merrill Lynch.

2. Through my role as a financial advisor to the Debtors, I am familiar with the Debtors' financial affairs and current capital structure. I am also familiar with the terms of the *First Amended Plan of Reorganization For Taylor-Wharton International LLC Under Chapter 11 of the Bankruptcy Code* (the "**Plan**"), and I am duly authorized to make and submit this declaration (the "**Declaration**") on behalf of A&M in support of the Debtors' *Memorandum of Law in Support of First Amended Plan of Reorganization For Taylor-Wharton International LLC Under Chapter 11 of the Bankruptcy Code* (the "**Plan Confirmation Memo**"), which will be filed prior to the Confirmation Hearing. Except as otherwise indicated, all statements in this Declaration are based upon: (a) my personal knowledge; (b) my review of the Debtors' business records and other relevant documents; (c) information that I have received from the Debtors' employees or advisors and/or employees of A&M working with me or under my supervision, direction or control; and/or (d) my opinion, based upon my experience and knowledge of the Debtors' business and financial condition as well as information supplied to me by others as described above. If I were called upon to testify, I would testify competently to the facts and opinions set forth herein. I am not being compensated specifically for this testimony other than payments received by A&M as a retained professional of the Debtors.

I. Background

3. In April, 2009, the Debtors retained A&M to, among other things, assess the Debtors' financing needs, explore various restructuring alternatives and assist with the Debtors' efforts to prepare for the commencement of this Chapter 11 Case. On January 6, 2010, the Debtors received Bankruptcy Court approval to retain A&M as its financial advisor in connection with its restructuring efforts. In providing such advisory services, I and certain other A&M professionals have worked closely with the Debtors' management and restructuring advisors and have become well acquainted with the Debtors' business, operations, finances, debt structure, creditors and related matters. As a result of my understanding of the Debtors' financial history and business operations, as well as my training and experience in the reorganization of troubled companies, I am uniquely qualified to testify regarding the statements made herein, including the feasibility of the Debtors' Plan and the "best interests" of creditors test.

4. As set forth in the Disclosure Statement, and as part of the Debtors' analysis to determine whether the Plan satisfies the "best interests" test, and also whether the Plan is feasible, the Debtors prepared the financial projections attached as Exhibit 4 to the Disclosure Statement (the "**Financial Projections**"). In connection with formulating the Plan and negotiating creditor recoveries thereunder, I and other A&M professionals under my supervision prepared the estimations of the reorganization value of the Reorganized Debtors annexed to the Disclosure Statement as Exhibit 6 (the "**Valuation Analysis**").

5. In connection with A&M's analysis, A&M has not assumed any responsibility for independent verification of any of the information provided to A&M, publicly available to A&M or otherwise reviewed by A&M, and A&M, with the Debtors' consent, has relied on such information being complete and accurate in all material respects. A&M has further relied upon

the representations of the Debtors' senior management that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Financial Projections, A&M has assumed, at the Debtors' direction, that such Financial Projections have been reasonably prepared on a basis reflecting the best currently available estimates and judgment of the Debtors' senior management as to the future performance of the Debtors after giving effect to the reorganization as set provided in the Plan.

6. In addition, A&M has not evaluated the achievability of the Financial Projections or the reasonableness of the assumptions upon which they are based, has not contacted any of the Debtors' customers regarding the likelihood that such customers will continue to do business with the Reorganized Debtors and has not conducted a physical inspection of the Debtors' properties and facilities. Furthermore, A&M has not made any independent evaluation or appraisal of any of the Debtors' assets or liabilities (contingent or otherwise), nor has A&M been furnished with any such evaluation or appraisal.

II. Confirmation of the Plan

A. The Plan Satisfies the Best Interests of Creditors Test of Bankruptcy Code Section 1129(a)(7).

7. I understand that to satisfy the "best interests" test under section 1129(a)(7) of the Bankruptcy Code, Debtors must demonstrate that each holder of a claim or interest in an impaired class has either accepted the Plan or is receiving at least as much value under a proposed plan as they would receive in a hypothetical chapter 7 liquidation. To the best of my knowledge, information and belief, insofar as I have been able to ascertain after reasonable inquiry, I believe that the Debtors have satisfied this requirement.

8. I am familiar with and participated in the Debtors' efforts to conduct a hypothetical, reasonable and good-faith estimate of the proceeds that would be generated if the

Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code (the “**Liquidation Analysis**”). The Liquidation Analysis was completed by the Debtors and reviewed by A&M and includes a detailed description of the assumptions, analysis and result of a hypothetical chapter 7 liquidation of the Debtors. The Liquidation Analysis was set forth in the Debtors’ Disclosure Statement for the Plan [D.I. 150] (the “**Disclosure Statement**”) and a complete description of the process and the results of the Liquidation Analysis are set forth in Exhibit 5 to the Disclosure Statement.

9. I understand that the best interests test is not relevant for the Holders of (i) Other Secured Claims in Class 3, (ii) Other Priority Claims in Class 4 and (iii) Intercompany Claims in Class 8 because such Classes of Claims are Unimpaired under the Plan.

10. As stated in the Liquidation Analysis, the proceeds from a hypothetical Chapter 7 liquidation analysis would yield approximately \$57.3 million in net proceeds at the high end of the estimated range (after taking into account liquidation expenses). Thus, as set forth in the Liquidation Analysis, the proceeds from a hypothetical chapter 7 liquidation would provide the Class 1 Pre-Petition Secured Revolver Claims and Class 2 Pre-Petition Secured Term Loan claims with an estimated recovery of 78% and would provide no recoveries for any other claims. Based on the mid-point of the enterprise value of the Reorganized Debtors (after giving effect for the receipt of \$12 million of Investor PIK Notes) of \$91.0 million, the estimated recovery for Class 1 Pre-Petition Secured Revolver Claims and Class 2 Pre-Petition Secured Term Loan Claims under the Plan would be 100%, the estimated recovery for Class 5 Pre-Petition Subordinated Note Claims would be 0.5%, and the recovery for Class 6 General Unsecured claims would be \$100,000, all of which are more than the recoveries estimated in a hypothetical chapter 7 liquidation.

11. Based upon the Financial Projections, the Valuation Analysis and the assumptions described herein and therein, I believe that the Debtors' going-concern value substantially exceeds the liquidation value set forth in the Liquidation Analysis and, as a result, I believe that the Plan satisfies the best interests test requirement under section 1129(a)(7) of the Bankruptcy Code.

B. The Plan is Feasible Under Bankruptcy Code Section 1129(a)(11).

12. I understand that to satisfy the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code, the Debtors must demonstrate that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors. To the best of my knowledge, information and belief, insofar as I have been able to ascertain after reasonable inquiry, I believe that the Debtors have satisfied this requirement.

13. The Debtors developed the Financial Projections to generally assess the feasibility of the Plan. As stated in the Disclosure Statement, the Debtors believe that the Financial Projections indicate that the Reorganized Debtors should have sufficient cash flow to make the payments required under the Plan and to repay and service debt obligations and maintain operations on a going-forward basis, and the Debtors believe that confirmation of the Plan is not likely to be followed by the liquidation or the need for financial reorganization, of the Reorganized Debtors. See Disclosure Statement, Section 18.A, and Declaration of Leonard York in support of the First Amended Joint Plan of Reorganization of Taylor-Wharton International LLC and Affiliated Debtors under Chapter 11 of the United States Bankruptcy Code filed contemporaneously herewith (the "**York Declaration**").

14. Based upon information available to me as of January 7, 2010, I believe the estimated total enterprise value of the Reorganized Debtors (after giving effect to the receipt of

\$12 million of proceeds from the Investor PIK Notes) is between approximately \$80.4 million and \$101.5 million, with a mid-point of approximately \$91 million. A&M estimates that the range of equity values, which takes into account the total enterprise value, less estimated net debt outstanding as of the Effective Date, is between approximately \$(5.5) million and \$15.6 million, with a mid point of approximately \$5.1 million.

15. As set forth in the Valuation Analysis, A&M determined these reorganization values through a combination of standard valuation methodologies typically employed by professionals in my field: discounted cash flow analysis and comparable company analysis. A&M made judgments as to the relative significance of each methodology in determining the Reorganized Debtors' indicated enterprise value range and, thus, the valuation must be considered as a whole. In formulating these valuation estimations, I and other employees of A&M: (a) reviewed certain historical financial information of the Debtors for recent years and interim periods; (b) reviewed certain internal financial and operating data of the Debtors and the Financial Projections (defined below) developed by management of the Debtors relating to their business and prospects; (c) met with certain members of senior management of the Debtors to discuss the Debtors' operations and future prospects; (d) reviewed publicly available financial data and considered the market values of public companies that A&M deemed generally comparable to those of the Debtors as a whole or a significant part of their operations; (e) reviewed the financial terms of acquisitions of companies that A&M believes to be generally comparable to those of the Debtors as a whole or a significant part of their operations; (f) considered certain economic and industry information relevant to the Debtors' operations; and (g) reviewed such other information and conducted such other analyses as A&M deemed appropriate.

16. The above-described reorganization value estimates are also based on certain assumptions which I believe to be reasonable in light of the latest available information to A&M, including, without limitation: (a) a successful reorganization of the Debtors' business and finances in a timely manner; (b) the implementation of the Reorganized Debtors' business plan; (c) the achievement of the forecasts reflected in the Debtors' Financial Projections, which were prepared and provided to A&M by the Debtors; (d) access to adequate exit financing; (e) continuity of a qualified management team; and (f) the Plan becoming effective in accordance with its terms and on a basis consistent with the estimates and other assumptions described in detail in Article XVIII and Exhibits 4 and 6 of the Disclosure Statement.

17. It is my opinion that, after giving effect to consummation of the Plan (and subject to the limitations and assumptions described in the Financial Projections and in the Disclosure Statement), and based upon the matters stated in Section 14 of the York Declaration, the Reorganized Debtors will have sufficient liquidity and capital resources to service their debt obligations as they become due and to fund their ongoing operations.

18. In particular, I believe the proceeds expected to be received from the issuance of \$12 million of Investor PIK Notes and amounts expected to be available under the \$25 million Revolving Credit Facility, when combined with the cancellation of approximately \$128.3 million of debt, will provide the Reorganized Debtors with sufficient liquidity and deleveraging to honor their obligations under the Plan while conducting their post-reorganization operations.

19. I believe that with this deleveraged capital structure, the Debtors will emerge from chapter 11 as a more financially sound enterprise with a solid financial platform and more reasonable and sustainable debt load based on current economic conditions that, in turn, will position the Reorganized Debtors to compete effectively in their businesses. Accordingly, I

believe that the Plan meets the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

20. While I understand that the Valuation Analysis, Liquidation Analysis and Financial Projections are based on a number of assumptions (as described in detail in the Disclosure Statement), based on my education, experience and the substantial work I have done for the Debtors, I believe these assumptions (and my reliance upon them) are reasonable under the circumstances. The Plan is Fair and Equitable to Holders of Class 7 Claims and Class 8 Equity Interests.

21. I have been informed that section 1129(a)(8) of the Bankruptcy Code requires that each class of impaired claims or interests accept the plan as follows:

With respect to each class of claims or interests -

- (A) such class has accepted the plan; or
- (B) such class is not impaired under the plan.

22. I understand that section 1129(b) of the Bankruptcy Code provides for confirmation of a plan of reorganization where the plan has not been accepted by all impaired classes of claims or equity interests (known colloquially as a “cram-down”). It is my understanding that the cram-down will only be applicable to Class 6 General Unsecured Claims since the Debtors expect that they will be the only Class that rejects the Plan.

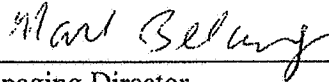
23. I believe that the Plan meets the cram-down requirements with respect to Class 6 General Unsecured Claims because the holder of any claim or interest that is junior to the claims of such class will not receive or retain any property under the Plan on account of such junior claim or interest. I believe the Plan likewise meets these requirements with respect to Class 7 Holdco PIK Note Claims and Class 9 Equity Interests in TWI-Holding because the holder of any

interest that is junior to the interests of either class will not receive or retain any property under the Plan on account of such junior interest. Moreover, I do not believe that any holder of a Claim senior to such Classes will receive more than full value on account of its Claim.

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

Dated: May 10, 2010

Respectfully submitted,



Managing Director
Alvarez & Marsal Securities, LLC