

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

In re:

TAYLOR-WHARTON
INTERNATIONAL LLC¹, et al.,

Debtors.

Chapter 11

Case No. 09-14089 (BLS)
Jointly Administered

Re: Docket No. 303

**WITHDRAWAL OF MOTION FOR AN ORDER UNDER 11
U.S.C. §1113(c) AUTHORIZING REJECTION OF CERTAIN
COLLECTIVE BARGAINING AGREEMENTS AND REQUEST
THAT THE DEBTORS' PLAN OF REORGANIZATION BE CONFIRMED**

Taylor-Wharton International LLC (“TWI”), together with its affiliated debtors and debtors in possession (collectively, the “Debtors”), by and through their undersigned counsel, respectfully hereby withdraw the *Motion for Order Under 11 U.S.C. §1113(c) Authorizing Rejection of Collective Bargaining Agreements* filed on May 7, 2010 at Doc. No. 303 (the “Section 1113 Motion”) and request that an Order be entered confirming the Debtors’ Plan of Reorganization. In support of this Motion, the Debtors state as follows:

A. LABOR ISSUES

1. In the Section 1113 Motion the Debtors requested authority to reject three collective bargaining agreements with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO (the “USW”), namely, the Sherwood Agreement, covering the terms and conditions of employment at Sherwood Valve LLC’s Washington, Pa. Facility, the AWT Agreement, covering the terms and conditions of employment at American Welding & Tank LLC’s Fremont, Ohio

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).

Facility, and the Cylinders Agreement, covering the terms and conditions of employment at TW Cylinders LLC's Harrisburg, Pa. Facility (collectively the "Labor Agreements").²

2. Subsequent to filing the Section 1113 Motion, the Debtors continued to negotiate with the USW regarding all three Labor Agreements. As a result of those negotiations, the Debtors and the USW agreed to the terms of a closing agreement for Cylinders' Harrisburg Facility, and also agreed to modifications to the AWT Agreement. The modifications to the AWT Agreement, which include new provisions regarding capital expenditures and joint Company/Union cooperation added on May 13th and 14th, were ratified by the employees at the Fremont Facility on May 17, 2010.

3. As a result of the agreements described in paragraph 2, on May 20, 2010, the Debtors filed with the Court a *Notice of Partial Withdrawal of Relief Requested in Motion for An Order Under §1113(c) Authorizing Rejection of Certain Collective Bargaining Agreements* (Docket No 347)(the "Notice of Partial Withdrawal"). In the Notice of Partial Withdrawal, the Debtors withdrew their request to reject the AWT Agreement and Cylinders Agreement.³

4. In the Notice of Partial Withdrawal, the Debtors stated their intention to continue to prosecute the Section 1113 Motion with respect to the Sherwood Agreement in order to reject that Agreement.

5. Since the filing of the Notice of Partial Withdrawal, the Debtors have continued discussions with the USW regarding the Sherwood Agreement. Based upon those discussions, and after providing the USW and the employees at Sherwood's Washington Facility with every opportunity to restructure the Sherwood Agreement, including on May 13th and 14th proposing to

² All terms not otherwise defined herein shall have the same meaning ascribed in the Section 1113 Motion.

³ The withdrawal was without prejudice until such time as the Court enters an order authorizing the Debtors to enter into the agreed upon modifications to the TWI Agreement and approves the Harrisburg closing agreement.

eliminate certain provisions of the Tentative Agreement reached with the USW on April 9, 2010 that the Debtors were advised were objectionable to the Sherwood Washington Facility employees and after adding additional provisions regarding capital expenditures and joint Company/Union cooperation at that Facility, the Debtors have concluded that Sherwood's Washington employees will never accept a realistic proposal that will help ensure a return of that Facility to profitability.⁴

6. Accordingly, after exhausting all options for achieving a consensual deal to restructure the Sherwood Agreement, the Debtors have determined that it is in their best interest to allow the Sherwood Agreement to expire by its terms on April 2, 2011 and to begin the process of transferring work performed in the past at Sherwood's Washington Facility to other TWI locations.

B. CONFIRMATION ORDER

7. On December 4, 2009, the Debtors filed a Joint Plan of Reorganization of Taylor-Wharton International LLC and its Affiliated Debtors Under Chapter 11 of the United States Bankruptcy Code (the "Plan" or "Plan of Reorganization").

8. The terms of the Debtors' Plan provide for the investment of \$12 million of new capital and the cancellation of an aggregate of \$120 million in debt in the following manner: (i) the Senior Debt will be restructured into a \$20 million revolving credit facility, a \$30 million Senior Term A Facility (collectively, "Term A Debt"), and a \$39 million Term B Facility ("Term B Debt"); (ii) the \$12 million of new capital will be invested as payment-in-kind debt (the

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Since the Tentative Agreement was reached between the Debtors and the USW Bargaining Committee on April 9, 2010, the Washington employees have voted on three occasions to reject the necessary changes to the Sherwood Agreement. These three negative votes included a rejection of the Debtors' most recent proposal on May 13th and 14th in which the Debtors struck language from the Tentative Agreement dealing with overtime issues and job classifications which the Debtors were advised were objectionable to the Sherwood rank and file.

“Investor PIK Debt”), which will be subordinate to the Term A Debt and pari passu with the Term B Debt; (iii) all of the Mezzanine Debt and Unsecured Notes will be cancelled; (iv) the holders of the Mezzanine Debt will receive the right to purchase not less than one-half of the principal amount of the Investor PIK Debt; and (v) 7% of the Debtors’ reorganized equity also will be issued pro rata to the holders of the Mezzanine Debt and the balance will be issued pro rata to the purchasers of the Investor PIK Debt, to be allocated as agreed among them.

9. Voting on the Plan was solicited pursuant to a Disclosure Statement approved by the Court on January 11, 2010. (Docket No 152.) The holders of the Senior Debt and Mezzanine Debt voted to accept the terms of the Plan.

10. On May 12, 2010, this Court held a hearing on confirmation of the Debtors’ Plan. At the conclusion of the hearing the Court, at the request of the Debtors’, and with the USW’s consent, continued the confirmation hearing until May 25, 2010, in order to allow the Debtors’ Section 1113 Motion to be heard. In its remarks at the end of the hearing the Court closed the evidentiary record other than to hear the Section 1113 Motion and stated that the Debtors had met all of the statutory requirements under Section 1129 and 1123 of the Bankruptcy Code for confirmation of the Debtors’ Plan.

11. Inasmuch as the Debtors are withdrawing the Section 1113 Motion because of agreements reached with the USW on closure of Cylinders’ Harrisburg Facility and necessary modifications to the TWI Agreement, and because of the Debtors’ decision to allow the Sherwood Agreement to remain in place to term while transferring future work to other TWI plants, all matters relating to confirmation of the Debtor’s Plan of Reorganization have now concluded.

12. Because the confirmation process is now complete and because the Debtors have met the confirmation standards set forth in Bankruptcy Code Sections 1129 and 1123, the Debtors respectfully request the Court to enter the proposed Confirmation Order, a new version of which, together with a blackline showing changes from the originally-filed version, will be filed under certification of counsel.

WHEREFORE, the Debtors respectfully request this Honorable Court (i) enter the proposed order confirming the Debtors' plan, and (ii) provide such of the relief as is just and proper.

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Dated: May 25, 2010
Wilmington, Delaware

Respectfully submitted,

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