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UNITED STATES BANKRUPTCY COURT

DISTRICT OF DELAWARE

Case No. 09-14089 (BLS)

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In the Matter of:

TAYLOR-WHARTON INTERNATIONAL, LLC, et al.,

Debtors.

- - - - -x

U.S. Bankruptcy Court

824 North Market Street

Wilmington, Delaware

MAY 12, 2010

12:16 PM

B E F O R E:

HON. BRENDAN L. SHANNON

U.S. BANKRUPTCY JUDGE

ECR OPERATOR: THERESA PULLAN

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HEARING Confirmation of Joint Chapter 11 Plan of Reorganization  
Dated as of December 4, 2009

MOTION of Debtors and Debtors in Possession for an order  
Pursuant to U.S.C. Sections 105(a) and 365(a) and Rule 6006 of  
The Federal Rules of Bankruptcy Procedure Authorizing the  
Rejection of Executory Contractual Agreements with Harsco  
Corporation and an Unexpired Lease of Non-Residential Real  
Property, Nucn Pro Tunc to the Date Hereof

MOTION of Harsco Corporation for an Order Temporarily Allowing  
Its Claims for Voting Purposes Pursuant to Rule 3018(a) of The  
Bankruptcy Rules

HEARING re Winford Charles Blasingame, Sandra Blasingame, Harry  
Franklin Brook and Terri Lynn Brook's Motion for Relief From  
the Automatic Stay

DEBTORS' motion for an Order Pursuant to 11 U.S.C. Sections  
105(a) and 365(a) Authorizing the Rejection of an Unexpired  
Non-Residential Real Property Lease with Harsco Corporation

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DEBTORS' Motion Pursuant to 11 U.S.C. Sections 105(a), 363, 365 and Fed.R.Bankr.P. 2002, 6004, 6006 for (i) Entry of an Order (a) Establishing Bidding and Auction Procedures Related to the Sale of the Debtors' Cylinders Business and Related Acquired Assets; (b) Approving Bid Protections; (c) Scheduling an Auction and Sale hearing for the Sale of the Debtors' Acquired Assets; (d) Establishing Certain Notice Procedures for Determining Cure Amounts; (e) Approving Form and manner of Notice of all Procedures, Protections, Schedules and Agreements, and (f) granting Certain Related Relief; and (ii) Entry of an Order (a) Approving the Sale of the Debtors' Cylinders Business and Related Acquired Assets Free and Clear of all Liens, Claims, Encumbrances and Interests, and (b) Authorizing the Assumption and Assignments of certain Executory Contracts and Unexpired Leases

Transcribed by: Sara Davis

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A P P E A R A N C E S :

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BY: SUSAN E. KAUFMAN, ESQ.

UNITED STEEL WORKERS

Attorneys for United Steel Workers

BY: DAVID JURY, ESQ.

RICHARDS, LAYTON & FINGER

Attorneys for GECC

BY: MARK D. COLLINS, ESQ.

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UNITED STATES DEPARTMENT OF JUSTICE

Office of the United States Trustee

BY: MARK S. KENNEY, ESQ.

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P R O C E E D I N G S

THE CLERK: All rise.

THE COURT: Please be seated. Mr. Rahl?

MR. RAHL: Good morning, Your Honor.

THE COURT: Good morning.

MR. RAHL: Andrew Rahl from Reed Smith on behalf of the debtors. At the outset, Your Honor, I would like to go through the agenda. There are a number of items that have been disposed of or otherwise --

THE COURT: Very good.

MR. RAHL: First item we'll come back to is confirmation of the debtors' plan. The second item is the motion of the debtors to reject executory contracts with Harsco Corporation and unexpired lease of real property. The shorthand for that is the asset purchase agreement with Harsco --

THE COURT: Right.

MR. RAHL: -- which is the motion to reject that. The debtors and Harsco have entered into a situation which --

THE COURT: Can you pull the microphones toward you, please, just to make sure we pick you up for the record. Thank you.

MR. RAHL: The debtors and Harsco Corporation entered into a stipulation which was just filed a few minutes ago and pursuant to that stipulation, they've agreed to continue this

1 motion until the next omnibus court hearing on June 7th.

2 THE COURT: Okay.

3 MR. RAHL: The next item on the agenda was the motion  
4 of Harsco Corporation to have -- for an order to temporarily --  
5 allowing it claims for voting purposes. That motion has been  
6 settled and disposed of. The debtors have agreed to allow and  
7 accept for voting purposes, Harsco's claim in an amount of  
8 approximately twenty-three million dollars with the  
9 understanding that it will be classified as a class 6 general  
10 unsecured claim.

11 The next item on the agenda is a motion by Winford  
12 Charles Blasingame for relief from the automatic stay. And  
13 that motion has been resolved with some agreed upon amendments  
14 to the plan and the confirmation that we'll take up shortly.

15 THE COURT: Okay.

16 MR. RAHL: Item number 5 was the debtors' motion to  
17 reject the unexpired nonresidential real property lease with  
18 Harsco Corporation in Harrisburg, Pennsylvania. That motion  
19 has been settled and it has been agreed that Harsco will  
20 withdraw its objection to the rejection of the lease and Harsco  
21 has agreed that the effective date of the rejection of that  
22 lease can be October 1st, 2010.

23 THE COURT: Very good.

24 MR. RAHL: And then finally, last, Your Honor, we have  
25 a sale motion, a 363 sale motion which we would suggest that we

1 go forward, proceed with after the confirmation.

2 THE COURT: Okay. I think that sounds fine.

3 MR. RAHL: So that would bring us back to the  
4 confirmation hearing itself, Your Honor. For the debtors' case  
5 in chief, on confirmation, we have filed quite a number of  
6 things and I will just for the record list a couple of the key  
7 items and then proffer the declarations that were filed.

8 THE COURT: That will be just fine. I do note and I  
9 express my appreciation to the debtors for their efforts for  
10 providing in advance of the hearing to the Court the various  
11 documents you're about to run through, particularly those that  
12 go directly to the confirmation standards, your memorandum, the  
13 affidavits and the balloting affidavit as well from Mr. Stein.  
14 So if you want to run through them for purposes of the record,  
15 that would be fine.

16 MR. RAHL: Thank you, Your Honor. Starting with the  
17 balloting affidavit for Mr. Stein, he did certify that classes  
18 1, 3, 5 and 6 had all voted in favor of the plan. There would  
19 have been, but for the settlement with Harsco, an issue as to  
20 how Harsco had voted and why their vote was not counted. But  
21 Harsco has agreed to -- it's really a moot point now. For the  
22 record, if necessary, Harsco has agreed to change its vote. I  
23 don't propose to put on a motion for -- on behalf of Harsco to  
24 change its vote since technically it wasn't counted in the  
25 first place.

1 THE COURT: We'll deal with that on record if we need  
2 to.

3 MR. RAHL: Yeah. In any event, that would leave only  
4 classes 7 and 9 as rejecting the plan. They were presumed to  
5 have rejected the plan and I'll come back to that. Well, that  
6 is dealt with in the declarations.

7 The first of two declarations that we filed in support  
8 of confirmation, was the declaration of Mark Belanger of  
9 Alvarez and Marcel, the financial advisor to the debtors. And  
10 I would -- it was filed as item number 309 on the docket las --  
11 on Monday May 10th and I would proffer that Mr. Belanger's  
12 declaration in evidence. Mr. Belanger is here in the courtroom  
13 and available for questions from the Court and cross-  
14 examination from any interested party.

15 THE COURT: All right. Let me first note that parties  
16 at the appropriate time would certainly have the opportunity to  
17 cross-examine, but is there any opposition to admission of the  
18 affidavit in question? Very well. It's admitted and, again,  
19 should there be a request to do so, an opportunity will be  
20 afforded to cross-examine.

21 MR. RAHL: Thank you, Your Honor. The second  
22 declaration is that of Leonard York who is the chief financial  
23 officer of the debtors. His declaration, docket number 312,  
24 was also filed on Monday and I would proffer that declaration  
25 in evidence, Your Honor, as well.

1 THE COURT: Okay. With the same provision, I ask does  
2 anyone object to admission of that affidavit? Very well, it's  
3 admitted.

4 MR. RAHL: Finally, Your Honor, we did file our  
5 memorandum of law in support of confirmation where, hopefully,  
6 we dealt to your satisfaction with the legal issues that it  
7 addresses.

8 THE COURT: I have had an opportunity to review the  
9 affidavit -- or the memorandum. Obviously, it's not evidence  
10 but I'm satisfied that it does address particularly those  
11 Section 1129 and 1123 provisions that are not in controversy,  
12 so unless there's a particular reason to do so, you don't need  
13 to address each of those confirmation requirements. Unless  
14 they're either contested or there are changes, so I just want  
15 to simply note for the record that I did receive and have  
16 reviewed the memorandum. Okay?

17 MR. RAHL: Thank you, Your Honor. I think that brings  
18 us to -- perhaps the best way to proceed is, if my partner Mr.  
19 Singer agrees -- and let me at this point just introduce -- I  
20 have two partners in the room who have not appeared in this  
21 case before, although I think they both may be known to you.  
22 First of all, my partner Mr. Mark Silverschotz --

23 THE COURT: Mr. Silverschotz, good to see you again,  
24 sir.

25 MR. SILVERSCHOTZ: Good afternoon, Your Honor.

1 MR. RAHL: -- from New York and my partner Mr. Paul  
2 Singer from --

3 MR. SINGER: Good afternoon, Your Honor.

4 THE COURT: Mr. Singer.

5 MR. RAHL: -- Pittsburgh.

6 MR. SINGER: Thank you.

7 MR. RAHL: Let me first address some of the other  
8 objections that we have -- I believe we've resolved --

9 THE COURT: Okay.

10 MR. RAHL: -- in fact I believe we've resolved them  
11 all with one qualified exception. Working down the agenda  
12 letter, the limited objection of Worthington Cylinder  
13 Corporation, we believe, was -- has been resolved with some  
14 changes that were made to the confirmation order. I don't know  
15 if anyone I sin court for Worthington.

16 THE COURT: Yes, we go through each of these if  
17 there's a party being identified that wishes to be heard,  
18 they're welcome to do so. Otherwise, I will certainly accept  
19 counsel's representations. All right?

20 MS. COBB: Your Honor, this is Tiffany Cobb on behalf  
21 of Worthington Cylinder. I am with the law firm of Vorys Sater  
22 Seymour & Pease and appreciate an opportunity to appear by  
23 phone today. I confirm the statements provided on the record  
24 by opposing counsel, but if you have any questions, Your Honor,  
25 I am on the phone.

1 THE COURT: Okay. Very well. Thank you very much and  
2 I have no questions. Next?

3 MR. RAHL: Your Honor, the next objection was filed by  
4 Steven Trigo who is a product liability plaintiff and that also  
5 has been settled, we believe, by modifications to the plan and  
6 the confirmation order.

7 THE COURT: Okay. Is Mr. Trigo present in the  
8 courtroom or anyone on his behalf? Mr. McDaniel, good  
9 afternoon.

10 MR. MCDANIEL: Good afternoon, Your Honor. Garvan  
11 McDaniel, Bifferato Gentilotti for Steven Trigo. That is  
12 correct. We've agreed on language in the plan and separate  
13 language in the confirmation order which I believe will be  
14 submitted under --

15 THE COURT: In due course.

16 MR. MCDANIEL: -- later.

17 THE COURT: Very good. Okay.

18 MR. MCDANIEL: And we'll confirm that language when  
19 it's fine with you.

20 THE COURT: Okay. Thank you, Mr. McDaniel. All  
21 right. U.S. Trustee? Mr. Kenney, good afternoon.

22 MR. KENNEY: Good afternoon, Your Honor. Your Honor,  
23 I think with the exception of one more version that they had to  
24 print out, we have resolved everything and I've seen the  
25 revisions. I think once they submit the final written version,

1 we're fully resolved.

2 THE COURT: Very good. Okay, thank you very much.

3 MR. RAHL: Your Honor, the objections of Harsco  
4 Corporation have been all resolved and withdrawn pursuant to  
5 the stipulation that was entered this morning and I --

6 THE COURT: Okay.

7 MR. RAHL: -- know Harsco's counsel is here.

8 THE COURT: Ms. Wolfe? Good afternoon, Ms. Wolfe.

9 MS. WOLFE: Thank you, Your Honor. Etta Wolfe with  
10 Potter Anderson & Corroon on behalf of Harsco. Mr. Rahl's  
11 representations are one hundred percent accurate, but I rise  
12 only to thank the debtors and the debtors' principals for their  
13 cooperation in getting these issues resolved. It hasn't been  
14 easy, but we have managed to get it done and we did file the  
15 stipulation on the docket this morning. I have an extra copy  
16 if Your Honor would like to see it.

17 THE COURT: That would be fine. I have not seen it.

18 MS. WOLFE: May I approach, Your Honor?

19 THE COURT: Please. Thank you. Okay.

20 MS. WOLFE: Thank you, Your Honor. And that  
21 stipulation does document everything that Mr. Rahl has set  
22 forth this morning about the different objections and the  
23 resolutions of those objections.

24 THE COURT: Very good.

25 MS. WOLFE: Thank you.

1 MR. RAHL: The next objection was by Winford Charles  
2 Blasingame, Sandra Blasingame, Henry Franklin Brook and Terri  
3 Lynn Brook. They filed in the form of a joinder to Steven  
4 Trigo's objection. The Blasingames and Brooks are also  
5 product liability plaintiffs and their objection was settled  
6 concurrently and in the same manner as Mr. Trigo's.

7 THE COURT: Okay. That's fine. Mr. Fallon?

8 MR. FALLON: Good afternoon, Your Honor. Brad Fallon  
9 for the Blasingames and the Brooks. And that is correct. We  
10 have settled it in concept and we're just distributing final  
11 versions of the language, so I think we should be resolved.

12 THE COURT: Very good.

13 MR. FALLON: Thank you.

14 MR. RAHL: The objection of the Michigan Department of  
15 treasury, similarly, was resolved with modifications to the  
16 plan.

17 THE COURT: Okay.

18 MR. RAHL: I don't know --

19 THE COURT: Is anyone present --

20 MR. RAHL: -- if there's anyone there.

21 THE COURT: -- for Michigan Department of Treasury?  
22 All right. I'll accept counsel's representations.

23 MR. RAHL: That brings us to a limited objection filed  
24 by the United Steel Workers, which is their correct name -- but  
25 if you'll forgive me. And that, in general, brings us to the

1 whole issue of the motion under 1113 of the Bankruptcy Code  
2 which the debtors filed last week --

3 THE COURT: Right.

4 MR. RAHL: -- and on those matters, I would like to  
5 yield to my partner, Paul Singer, if I may.

6 THE COURT: Okay. Mr. Singer?

7 PAUL SINGER: Thank you, Your Honor. Paul Singer from  
8 Reed Smith, for the record. I appreciate the opportunity to be  
9 heard. Your Honor, the 1113 motion was filed on May 7th. The  
10 motion implicated three of the companies represented bargaining  
11 and it's one at Sherwood Valve, one at American Welding and  
12 Tank Company, one at T-W Cylinders. The debtor had entered  
13 into negotiations with the bargaining representatives of those  
14 three units in January of this year and had reached a tentative  
15 agreement on restructured labor contracts that would have  
16 brought those and these, which have been losing money, back to  
17 profitability or near to profitability.

18 That agreement was reached around April 9th or 10th  
19 and it was sent to ratification. Unfortunately, it was not  
20 ratified so the company proceeded to file the 1113 motion. We  
21 have since had further discussions with the United Steel  
22 Workers, the representative of the employees in those  
23 bargaining units and we believe that we may, given sufficient  
24 time, be able to reverse the negative ratification and perhaps  
25 get a positive result here, a negotiated solution to the

1 restructuring of these contracts.

2           What we would like to do, with the Court's permission,  
3 is perhaps set a date for a hearing on the 1113, sometime  
4 during the week of May 24th. The view would be that if we are  
5 successful in receiving ratification of an amended proposal we  
6 will then pull the 1113 motion. If we're not successful, we'll  
7 have the option of going forward at that time. It is our view  
8 that we would like to have the record on confirmation closed so  
9 that the only remaining item open is the 1113 and whatever  
10 objections the union want to preserve in that connection, which  
11 would be heard in connection with the 1113 motion hopefully  
12 during the week of the 24th.

13           THE COURT: Okay. I'd like to hear from the Steel  
14 Workers.

15           MR. LEVIN: Good afternoon, Your Honor. Bruce Levine,  
16 Cohen Weiss & Simon for the Steel Workers and I'm here with  
17 David Jury --

18           THE COURT: Mr. Jury, it's good to see you again, sir.

19           MR. LEVIN: -- from Pittsburgh and also Susan Kaufman,  
20 local counsel. Your Honor, we agree with what Mr. Singer has  
21 proposed. We reserve rights with respect to the 1113 and with  
22 respect to the limited objection; we believe they're  
23 intertwined. Just for the record, we can't represent that we  
24 will be able to shift the sentiment of the rank and the file,  
25 but the Steel Workers remain committed to negotiating a

1 resolution, if possible, with the debtors. And we hope to be  
2 able to report that to you, Your Honor.

3 THE COURT: Okay. Very good. Thank you. Does anyone  
4 else wish to be heard regarding the pending issue? Okay.

5 With respect to the request for scheduling, I'm  
6 prepared to accommodate that request. It seems to me that the  
7 debtors and the Steel Workers, in particular, but all parties  
8 have postured this as practical and I think it's productive a  
9 position as possible. And hopefully, the parties will be able  
10 to continue that dialogue and reach a consensual resolution,  
11 but if not, then the backstop would be scheduling of the 1113  
12 and essentially closure of the confirmation hearing as well.

13 You asked for a hearing in the week of the 24th of May  
14 and I'm prepared to hear you at 11:30 a.m. on the 25th of May.  
15 You can --

16 MR. RAHL: Thank you, Your Honor. That's acceptable  
17 to the debtor.

18 THE COURT: You can coordinate with interested parties  
19 with respect to an appropriate response and reply deadline --

20 MR. RAHL: We'll do that.

21 THE COURT: I will tell you that if the matter's going  
22 to go forward, I don't want to get -- I don't want to monkey  
23 with the dialogue, but if the matter is going to go forward,  
24 you do need to plan a reply. Local rules don't typically  
25 actually permit it absent leave of court; I'm granting leave of

1 court now. I've certainly seen these motions before but  
2 they're not a typical every day issue --

3 MR. RAHL: I understand, Your Honor.

4 THE COURT: -- and experience tells us that you filed  
5 the motion, they're goin -- if it's contested, we'll get a  
6 response --

7 MR. RAHL: Yes.

8 THE COURT: -- and you -- in order to fully join the  
9 issues, you'd need to reply. So, I leave it to you --

10 MR. RAHL: We'll work that through.

11 THE COURT: That would be just fine. And also, I  
12 think you need to tell us, well, not us, tell the Court by,  
13 preferably, the 21st but no later than the morning of the 24th,  
14 if you plan to go forward with the substantial contested  
15 hearing on the 25th. I'm fitting you in and I'm prepared to  
16 continue to do that. But if I do need a block of many hours,  
17 the earlier --

18 MR. RAHL: We'll let you know.

19 THE COURT: -- that I know that, the better off I am.  
20 Okay?

21 MR. RAHL: We'll do that.

22 THE COURT: All right. So we're prepared with the  
23 25th at 11:30 a.m. and that at least holds that issue then for  
24 further disposition. Okay?

25 MR. RAHL: Thank you.

1 THE COURT: Mr. Rahl?

2 MR. RAHL: Well, Your Honor, with that, I would -- I  
3 believe the debtor is prepared to rest on its --

4 THE COURT: Okay.

5 MR. RAHL: -- case for confirmation and move the Court  
6 to grant an order of confirmation.

7 THE COURT: Very good. The record does reflect that I  
8 have admitted the affidavits and I would ask, once again,  
9 subject to the full reservation of rights that's been accorded  
10 to the Steel Workers on their issues, does anyone wish to  
11 cross-examine the witnesses on the matters raised in the  
12 affidavits? Okay. Then they're admitted. Does anyone wish to  
13 raise an objection or address the Court with respect to the  
14 debtors' request for confirmation of their plan? All right.  
15 Again -- yes, sir?

16 MR. LEVY: Rich Levy from Latham & Watkins on behalf  
17 of GECC --

18 THE COURT: Yes, Mr. Levy.

19 MR. LEVY: -- the first -- the agent for the first  
20 term lenders. No problem with how we're proceeding. I just  
21 want to make sure the record is clear that -- how we're going  
22 to proceed going forward. Is that really for purposes of  
23 today, the confirmation hearing is concluded, no one can make  
24 any further objections, whatever objections have been made have  
25 been withdrawn or resolved, other than the union objection?

1 THE COURT: Precisely.

2 MR. LEVY: Okay. Thank you.

3 THE COURT: Okay. All right, does anyone else wish to  
4 be heard? Okay. I want to note and make sure that, and  
5 essentially to echo Mr. Levy, that procedurally where we are  
6 right now is that I do treat the confirmation record as closed,  
7 subject to the reservation of rights, limited to the Steel  
8 Workers. And my understanding or expectation is that, for  
9 reasons I will state, I am prepared to confirm the plan but  
10 that the confirmation order will be held in abeyance, pending  
11 further disposition with the Steel Workers. If it's  
12 satisfactorily resolved, I'll expect to hear about that in one  
13 form or another. If it's not, then we'll conduct the hearing  
14 on the 25th.

15 But subject to those reservations or provisions, I am  
16 prepared to find and rules based upon the record before me that  
17 the debtors have carried their burden under Bankruptcy Code  
18 Section 1129 and, to the extent implicated, Section 1123. As  
19 noted, the debtors have submitted a substantial memorandum in  
20 support of their request for plan confirmation and rather than  
21 go through each of those and otherwise burden the record on  
22 what is a largely consensual record today, I will simply note  
23 that the memorandum addresses each of the 1129 factors.

24 Resolution of the objections means that, with the sole  
25 issue of the Steel workers out there, that there are no

1 objections to the debtors' satisfaction of each of those  
2 Section 1129 and 1123 factors. And, again, I'm prepared to  
3 state that based upon the legal argument set forth in the  
4 memorandum and, more importantly, based upon the evidentiary  
5 record contained in the affidavits submitted, that the debtors  
6 have carried their burden and the confirmation of the plan is  
7 appropriate.

8 In so ruling, I also rely upon and have admitted the  
9 declaration of Jeffrey Stein of Garden City Group, the Court-  
10 appointed balloting agent and I note that the debtors balloting  
11 and solicitation efforts have, by virtue of that declaration,  
12 obtained sufficient acceptances to the plan to win and obtain  
13 confirmation of the plan under the applicable provisions of the  
14 Bankruptcy Code and Rules. So, based upon the full record  
15 before me, I am satisfied that confirmation of the plan is  
16 appropriate and I will look for a form of order at the  
17 appropriate time.

18 MR. RAHL: Thank you very much, Your Honor. And I'd  
19 like to thank all the other counsel in the courtroom, too.

20 THE COURT: Okay.

21 MR. RAHL: One always tries to make it look as easy as  
22 possible and get to a hearing like this --

23 THE COURT: You know, I wanted -- I did want to state.  
24 We called over to counsel as we often do in advance of this  
25 morning's hearing because this was a pretty intimidating

1 docket. And I want to state my appreciation; it's not lost  
2 upon me at all the amount of time, effort and energy that goes  
3 into resolving both large and small objections and so, to that  
4 extent, I commend counsel for the debtors and for all parties.  
5 I appreciate your efforts and, obviously, I do hope that your  
6 efforts with the Steel Workers are successful. And that a  
7 satisfactory and productive resolution is achieved.

8 In the absence of that, we'll be prepared to deal with  
9 it on the 25th. But based upon that, I believe that concludes  
10 the items that are before the Court. Is that correct?

11 MR. RAHL: That's correct.

12 THE COURT: Very well. We will stand in recess, thank  
13 you very much --

14 MR. RAHL: Your Honor, I'm sorry. We have one more  
15 matter, however, though, on the agenda, which is -- which is  
16 the 263 sale motion for the debtors' --

17 THE COURT: Right.

18 MR. RAHL: -- Huntsville, Alabama property on which  
19 they conduct their cylinders business. I am pleased to report  
20 that it would appear to be an uncontested motion, Your  
21 Honor.

22 THE COURT: It does.

23 MR. RAHL: So, hopefully, this will be very brief.  
24 The sale price is eleven million dollars, the proposal is to  
25 put it up for auction on June 3rd, with qualifying bids being

1 due on June 1st and we would hope to have a sale hearing before  
2 the Court at the Omnibus hearing date of June 7th.

3 THE COURT: Okay.

4 MR. RAHL: And we have -- there was one informal  
5 comment from the United States Trustee from the break fee  
6 arrangements, which I believe we've addressed.

7 THE COURT: What is the current amount of the breakup  
8 fee?

9 MR. RAHL: 352,000 dollars. There's also an expense  
10 reimbursement of 250,000 dollars, but they are payable in the  
11 alternative; they are not payable cumulatively. It's one or  
12 the other, depending on various circumstances.

13 THE COURT: Okay.

14 MR. RAHL: And against a purchase price of eleven  
15 million dollars --

16 THE COURT: Sure.

17 MR. RAHL: -- we think that's quite reasonable.

18 THE COURT: Agreed.

19 MR. RAHL: The bid increments are approximately a  
20 million dollars for the first increment and 100,000 --

21 THE COURT: Right.

22 MR. RAHL: -- above that.

23 THE COURT: Right, the initial overbid is a million to  
24 capture --

25 MR. RAHL: Correct.

1 THE COURT: -- okay.

2 MR. RAHL: Correct, Your Honor. This -- I'll just add  
3 one more bit of background. This property has been shopped  
4 since last -- since before the debtors filed --

5 THE COURT: Right.

6 MR. RAHL: -- their Chapter 11 case and so the debtors  
7 believe that there's been more than enough of a shopping  
8 effort, there's ample time for other bidders to come in. We're  
9 aware of two or three other, at least, potential --

10 THE COURT: Um-hum.

11 MR. RAHL: -- theoretical possibilities and the  
12 debtors are satisfied that they will maximize value if they go  
13 forward with this.

14 THE COURT: Okay.

15 MR. RAHL: And with that, Your Honor, unless anyone  
16 has any other objections or comments, I would ask that you  
17 approve the motion.

18 THE COURT: The procedures -- okay. Does anyone else  
19 wish to be heard regarding agenda item number 6? Okay. I am  
20 satisfied, again, the record reflects that this has been out  
21 there, sufficient notice has been provided and the Court is  
22 prepared to allow the bidding and sale process to move forward,  
23 noting that the state fiduciaries and other parties and  
24 interests are either on board or at least not vocally opposed  
25 to the exercise. And I'm similarly satisfied that the

1 mechanics of the bid procedures as well as the breakup fee and  
2 the expense reimbursement were within ranges that this Court  
3 has traditionally and previously approved and I'll be prepared  
4 to enter the order. Do you have a form of order?

5 MR. RAHL: I do.

6 PAUL SINGER: Yes.

7 MR. RAHL: May I approach, Your Honor?

8 THE COURT: Sure. Thanks. Okay, I've had an  
9 opportunity to review the redline and I, for the reasons  
10 stated, am prepared to enter the order.

11 Mr. Rahl, do you -- the Exhibit A is actually not  
12 attached to this order, the bidding procedures themselves.  
13 Should I get that?

14 MR. RAHL: Sorry, Your Honor, they were -- it's right  
15 here.

16 THE COURT: Okay. Thanks, I'll attach it. Okay. I  
17 will -- I have signed the order and will have this on the  
18 docket today. And do we have anything further, Mr. Rahl?

19 MR. RAHL: No, I don't believe we do, Your Honor.  
20 Thank you so much.

21 THE COURT: Very well. We'll stand in recess. Thank  
22 you very much, counsel.

23 MR. RAHL: Thank you.

24 (Proceedings concluded at 12:42 PM)

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I N D E X

RULINGS

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C E R T I F I C A T I O N

I, Sara Davis, certify that the foregoing transcript is a true and accurate record of the proceedings.

**Sara Davis** Digitally signed by Sara Davis  
DN: cn=Sara Davis, c=US, o=Veritext  
Reason: I am the author of this document  
Date: 2010.07.14 11:56:30 -04'00'

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Sara Davis  
  
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Date: July 14, 2010

**UNITED STATES BANKRUPTCY COURT**  
**District of Delaware**

**In Re:**

Taylor-Wharton International LLC  
4718 Old Gettysburg Road  
Suite 300  
Mechanicsburg, PA 17055  
EIN: 26-1411577

**Chapter: 11**

*Case No.:* 09-14089-BLS

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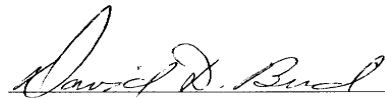
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Clerk of Court

Date: 7/19/10

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