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MILBANK SECURES TRIAL VICTORY FOR TENNENBAUM CAPITAL PARTNERS LLC

*Milbank Represents Defendant in Case Arising
from the Radnor Holdings Corporation Bankruptcy*

LOS ANGELES, November 22, 2006 – In an adversary proceeding arising from the bankruptcy case of Radnor Holdings Corporation, the international law firm Milbank, Tweed, Hadley & McCloy LLP announced today that the firm won a trial on behalf of the defendant Tennenbaum Capital Partners, LLC.

Commenting on the decision Milbank of counsel Kenneth Ostrow noted, “This case highlights the difficulty of achieving the best possible outcome for all of the parties involved in a Chapter 11 bankruptcy proceeding. The divergent interests of the parties involved make a workout inherently complex. The outcome of this trial is a complete vindication for Tennenbaum Capital Partners, proving their actions were legal and made in good faith.”

Milbank represented Tennenbaum Capital Partners, LLC and one of its individual partners, José Feliciano (collectively “TCP”). The Milbank trial team was led by Los Angeles-based Of Counsel Kenneth Ostrow with Los Angeles associates Fred Neufeld and Derrick Talerico and Washington, DC associate Donna Mulvihill. The bankruptcy case itself was headed by Los Angeles-based partner Greg Bray, who provided strategic advice throughout the trial.

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Case background:

The adversary proceeding, arising from the bankruptcy case of Radnor Holdings Corporation and various of its subsidiaries (“Radnor” or the “Debtors”), was brought against TCP by Radnor’s Official Committee of Unsecured Creditors (“OCC”). As of the August 21, 2006, petition date, TCP was the Debtors’ single largest secured creditor, with claims in excess of \$120 million. In conjunction with the filing of the Chapter 11 petition, Debtors and TCP executed an Asset Purchase Agreement (“APA”) under which TCP agreed to be a “stalking horse bidder” in a contemplated auction and sale of the Debtors’ assets, provided, among other things, that TCP was permitted to credit bid at auction a substantial portion of its secured debt. The purchase price under the APA, including the amount of TCP’s credit bid plus cash for the assumption of other debt and payment of administrative and other expenses, was estimated at \$224 million as of the petition date.

Prior to trial, the parties engaged in expedited discovery in response to an investigation by a Special Committee of the Debtors’ Board of Directors as to whether the Debtors should file an objection to TCP’s claims in bankruptcy. The OCC was permitted to conduct discovery on a parallel track with the Debtors’ Special Committee. On October 25, 2006, United States Bankruptcy Judge Peter Walsh of the United States Bankruptcy Court for the District of Delaware granted the OCC’s motion for standing to bring adversary claims against TCP (including derivative claims arguably belonging to the Debtors), but refused the OCC’s request to postpone the bidding deadline, auction date or sale hearing – scheduled for November 16, 20 and 21, 2006, respectively.

The OCC filed a 16-count adversary complaint against TCP, which included claims for recharacterization, equitable subordination, breach of fiduciary duties of care and loyalty, aiding and abetting breaches of fiduciary duty, avoidance of fraudulent transfers, disallowance of TCP’s proofs of claim and avoidance of TCP’s liens and preferential transfers. The theme of the OCC’s complaint was that, from the time of TCP’s first infusion of equity capital in October 2005 through its final debt transaction in April 2006, TCP “schemed” to acquire Radnor through a “loan-to-own” strategy, slowly acquiring and exercising more “control” over Radnor until it had no choice but to file for bankruptcy and agree to sell its assets to TCP at a “fire sale” price. According to the complaint, this

scheme was intended to benefit TCP (the largest secured creditor) at the expense of the unsecured creditors, who would receive nothing if the proposed sale to TCP were consummated.

After a two week trial, which included the testimony of 14 witnesses and more than 350 exhibits admitted into evidence, and during which TCP successfully excluded one of the OCC's two expert witnesses, Judge Walsh announced his decision on Thursday, November 16, 2006. The Court entered judgment in TCP's favor on all counts, adopting in large part TCP's 40-page proposed findings of fact and conclusions of law. The sale hearing is scheduled for November 21, 2006, shortly after which it is anticipated that TCP will be permitted to consummate its acquisition of the Debtors' assets.

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About Milbank

Milbank, Tweed, Hadley & McCloy LLP is a preeminent global law firm that for more than 140 years has provided innovative legal solutions in many of the world's largest, most complex, "first-ever" corporate transactions and litigation. Our transactional expertise includes capital markets, corporate finance and transactions, project finance, acquisition finance, and other major fields of law practice. Milbank litigation teams resolve disputes involving mergers and acquisitions, proxy battles, financings and securities offerings, intellectual property, white collar crime, and corporate restructurings, among others. Our clients range from prominent multinational financial, industrial and commercial enterprises to governments, institutions and individuals. The Firm is headquartered in New York, with offices in Los Angeles, Washington, DC, London, Frankfurt, Munich, Tokyo, Hong Kong, Singapore and Beijing.

To learn more about Milbank and its attorneys, go to www.milbank.com.

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