IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	:	Chapter 11
Laboratory Partners, Inc., *et al.*,[1]	:	Case No. 13-12769 (PJW)
Debtors.	:	(Jointly Administered)
	:	**Re: D.I. 484, 596**

DECLARATION OF WILLIAM A. BRANDT, JR. IN SUPPORT OF CONFIRMATION OF THE DEBTORS' FIRST AMENDED JOINT CHAPTER 11 PLAN

I, William A. Brandt, Jr., hereby declare as follows:

1. I am the Chief Executive Officer, President and Secretary of each of Laboratory Partners, Inc. ("Laboratory Partners"), Terre Haute Medical Laboratory, Inc., Pathology Associates of Terre Haute, Inc., Kilbourne Medical Laboratories, Inc., MedLAB Ohio, Inc., Suburban Medical Laboratory, Inc., and Biological Technology Laboratory, Inc. (collectively, the "Debtors"). I have held my current position with Laboratory Partners since August 20, 2013. I have held my current positions with the other Debtors since October 15, 2013. As a result of my work for the Debtors, review of relevant documents and discussions with other members of the Debtors' management teams, I am familiar with the operations, business affairs, and books and records of the Debtors. In addition, as CEO of the Debtors, I oversaw the marketing, sales, and plan negotiation processes during these consolidated cases and directed the Debtors' advisors regarding such processes.

[1] The Debtors and the last four digits of their taxpayer identification numbers are as follows: Laboratory Partners, Inc. (3376), Kilbourne Medical Laboratories, Inc. (9849), MedLab Ohio, Inc. (9072), Suburban Medical Laboratory, Inc. (0859), Biological Technology Laboratory, Inc. (4370), Terre Haute Medical Laboratory, Inc. (1809), and Pathology Associates of Terre Haute, Inc. (6485). Certain of the Debtors do business as Medlab. The Debtors' mailing address for notice in these cases is: 671 Ohio Pike, Suite K, Cincinnati, OH 45245.

2. I am also the President and CEO of Development Specialists, Inc. ("DSI"). I have provided a full range of crisis management services throughout North America to under-performing companies, including interim management and debtor advisory work; bankruptcy preparation and management; litigation support; post-merger integration and debt restructuring and refinancing.

3. DSI is a financial consulting and management firm with offices throughout the United States, as well as an office in London. DSI provides consulting, liquidating, and management services to bankruptcy, insolvent, and reorganizing businesses. DSI operates, manages, and consults "troubled businesses" on behalf of lending institutions, other secured parties, bondholders, shareholder committees, court-approved fiduciaries, and business owners. The firm is experienced in all aspects of insolvency and bankruptcy consulting, and regularly serves as consultants to debtors or trustees in both chapter 7 and chapter 11 proceedings. The firm also frequently lends members of its staff to serve in the role of chapter 7 trustee, chapter 11 trustee, or examiner in a number of matters pending in bankruptcy courts in a variety of districts and jurisdictions throughout the United States. In the past thirty-five years, members of DSI have accepted appointments as chapter 7 and chapter 11 bankruptcy trustees and examiners and other fiduciary responsibilities in over 8,000 cases throughout the United States, Puerto Rico, Virgin Islands, Canada, and Europe.

4. I and members of DSI have been involved with some of the more celebrated financial restructuring cases in the nation's history, including Mercury Finance Company, Southeast Banking Corporation, Malden Mills, the Keck, Mahin & Cate law firm, the Coudert Brothers law firm, the Ohio "Coin Fund" scandal, and the Bernie Ebbers Settlement Trust.

BACKGROUND

5. On October 25, 2013 (the "Petition Date"), the Debtors commenced their bankruptcy cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases. The Debtors are operating their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On November 7, 2013, an Official Committee of Unsecured Creditors (the "Committee") was appointed in these cases (D.I. 80).

6. As of the Petition Date, the Debtors provided clinical laboratory and anatomic pathology services to (i) skilled nursing and long-term care facilities in Illinois, Indiana, Kentucky, Maryland, Michigan, Missouri, Ohio, Virginia and Washington DC (the "Long-Term Care Division"), (ii) physicians, physician offices and medical groups (the "Talon Division"), in Indiana and Illinois, and (iii) Union Hospital, Inc. in Terre Haute and Clinton, Indiana (the "Union Hospital Division").

A. Sales Efforts in the Chapter 11 Cases

7. The Debtors engaged Duff & Phelps Securities, LLC ("D&P") as their investment banker to assist with postpetition marketing and sale efforts in these cases. During their engagement by the Debtors, D&P worked diligently to create as much interest as possible in the Debtors' assets. Specifically, D&P prepared marketing materials related to a potential sale of the Debtors' assets and the bid process in these cases. D&P provided these marketing materials to approximately 199 potential strategic and financial buyers that were most likely to express an interest in the Debtors' assets. In selecting the list of parties to contact, D&P focused on financial buyers that, among other things, have experience with buying distressed companies in bankruptcy proceedings as well as strategic buyers known to be in the industry by D&P.

Additionally, D&P, with the assistance of the Debtors' senior management, developed a comprehensive list of additional strategic parties that would also potentially have an interest in bidding for the Debtors' assets.

8. Following these initial canvassing efforts, D&P received positive responses from approximately forty-four (44) parties who were interested in some segment of the Debtors' businesses. These parties entered into confidentiality agreements with the Debtors and received a confidential information memorandum and access to an electronic data room.

9. As a culmination of these efforts, this Court has approved three sales encompassing substantially all of the Debtors assets.

10. On February 18, 2014, the Court entered an Order (D.I. 348) authorizing the Debtors to sell substantially all of their Talon Division Assets and certain of their Union Hospital Assets to Laboratory Corporation of America Holdings ("LabCorp"). Such sale included a purchase price of $10.5 million and the assumption and assignment of numerous executory contracts and leases. The sale to LabCorp closed on February 24, 2014.

11. On March 6, 2014, the Court entered an Order (D.I. 387) authorizing the Debtors to sell certain of their remaining Union Hospital Division assets to Union Hospital and such sale closed on March 21, 2014.

12. On June 11, 2014, the Court entered an Order (D.I. 552) approving the sale of substantially all of the Debtors' Long-Term Care Division Assets to Amerathon, LLC in exchange for a purchasing price consisting of a $5.5 million credit bid and assumption of certain liabilities. The sale is anticipated to close in three stages. The stage 1 closing occurred on June 12, 2014. It is anticipated that the stage 2 closing will occur on or prior to August 29, 2014 and that the stage 3 closing will occur on or prior to October 3, 2014. After giving effect to the credit

bid, the Prepetition Lenders' secured claim is over $14 million, with few remaining assets available to be applied to such claim.

B. The Plan

13. The Debtors seek to confirm the *Debtors' First Amended Joint Chapter 11 Plan* (as further amended, supplemented, and/or revised, the "Plan") (D.I. 596),[2] at the hearing currently scheduled for July 10, 2014 at 3:00 p.m. (the "Confirmation Hearing").

14. I submit this Declaration in support of confirmation of the Plan. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, my opinion, based upon my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would testify competently to the facts set forth herein.

CONFIRMATION REQUIREMENTS

A. The Debtors Have Complied With Bankruptcy Code Section 1129(a)(1)

15. I understand that section 1129(a)(1) of the Bankruptcy Code requires that a plan comply with the "applicable provisions" of the Bankruptcy Code. In determining whether the Plan complies with section 1129(a)(1), I understand that the Court must consider section 1123(a) of the Bankruptcy Code, which sets forth certain items that a plan must contain and section 1122 of the Bankruptcy Code, which governs classification of claims.

(i) Classification Of Claims Sections 1123(a)(1) and 1122

16. Except for Administrative Claims, Professional Fee Claims and Priority Tax Claims, which I understand are not required to be classified under the Plan, all Claims

[2] Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Plan or the Disclosure Statement, as applicable.

against or interests in the Debtors are classified in Article II of the Plan. Article II of the Plan designates classes of Claims and interests as follows:

(a) Class 1: Prepetition Lender Secured Claims

(b) Class 2: Capital Lease Claims

(c) Class 3: Secured Tax Claims

(d) Class 4: Other Secured Claims

(e) Class 5: Priority Claims

(f) Class 6: Noteholder Claims

(g) Class 7: General Unsecured Claims

(h) Class 8: Intercompany Claims

(i) Class 9: Interests

17. The Debtors consulted with their professionals, the Prepetition Lenders, the Committee, and other parties in interest and considered a number of factors in classifying Claims and Interests. For example, the Debtors considered: (a) whether Claims were secured or unsecured; (b) whether unsecured Claims were priority or non-priority; (c) whether the Claims were subject to any contractual, statutory or other subordination; and (d) other factors characterizing the relationship of the Claim to the property of the Debtors' Estates.

18. All Claims or Interests within each Class are substantially similar to the other Claims or Interests in each such Class.

19. The Plan's classification structure recognizes the differing legal and equitable rights of creditors versus Interest Holders, secured versus unsecured Claims, and priority versus non-priority Claims.

(ii) Specification Of Unimpaired Classes Section 1123(a)(2)

20. Article II of the Plan specifies that Class 2 (Capital Lease Claims), Class 3 (Secured Tax Claims), Class 4 (Other Secured Claims) and Class 5 (Priority Claims) are unimpaired.

(iii) Treatment Of Impaired Classes Section 1123(a)(3)

21. Article II of the Plan specifies that Class 1 (Prepetition Lender Secured Claims), Class 6 (Noteholder Claims), Class 7 (General Unsecured Claims), Class 8 (Intercompany Claims), and Class 9 (Interests) are impaired under the Plan.

(iv) Equal Treatment Within Classes Section 1123(a)(4)

22. I am informed that in the context of chapter 11 of the Bankruptcy Code, "unfair discrimination" means that a plan proponent may not segregate similar claims or interests into separate classes and provide disparate treatment for those classes. The Plan provides that holders of similar Claims or Interests in all Classes will receive the same treatment within each such Class or such treatment as to which such Holder and the Debtors, Reorganized Debtors or LPI Plan Trustee, as appropriate, have agreed.

(v) Means For Implementation Section 1123(a)(5)

23. Article IV of the Plan provides adequate and proper means for implementation of the Plan. Such means for implementation include, among other things, (a) the substantive consolidation of the Debtors' Estates; (b) the formation of the LPI Plan Trust and appointment of the LPI Plan Trustee; (c) the methods and manner of Distributions under the Plan; (d) the retention by and vesting in the Reorganized Debtors of all assets of the Debtors and their Estates, other than Avoidance Actions; (e) following the LPI Plan Trust Effective Date, the

transfer to and vesting in the LPI Plan Trust of all the assets of the Reorganized Debtors; (f) the preservation of all Causes of Action; and (g) the dissolution of the Committee.

24. Article IV.N provides that neither the Reorganized Debtor not the LPI Plan Trust will prosecute Avoidance Actions. This provision was requested by the Committee and agreed to by the Debtors and the Prepetition Lenders. Prior to such agreement, the Debtors conducted a review of their records and determined that it is unlikely any significant Avoidance Actions exist or would be worth pursuing. The Debtors also reviewed their records with respect to Avoidance Actions against insiders and reached the same conclusion. As a result, the Debtors accommodated the Committee's request, with the consent of the Prepetition Lenders. Article II and the other provisions of the Plan provide clear means for implementation of the Plan, thereby satisfying the requirements of the Bankruptcy Code.

(vi) Substantive Consolidation

25. The Plan provides for the substantive consolidation of the Debtors' Estates and all debts of the Debtors for all purposes, including for Distributions to be made under the Plan such that: (a) all assets and liabilities of the Debtors shall be treated as though they were merged into a single economic unit, and all guarantees by any Debtor of the obligations of any other Debtor shall be considered eliminated so that any Claim and any guarantee thereof by any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be treated as one collective obligation of the Debtors; (b) no distribution shall be made under the Plan on account of any Claim held by any one of the Debtors against any of the other Debtors and such Intercompany Claims will be extinguished; (c) no distribution shall be made under the Plan on account of any Intercompany Interest held by any one of the Debtors in any of the other Debtors except to the extent necessary to effect the substantive consolidation

provided for herein; (d) all guaranties of any one of the Debtors of the obligations of any of the other Debtors shall be eliminated so that any Claim against any one of the Debtors, and any guaranty thereof executed by any of the other Debtors, shall be one obligation of the consolidated Debtors' Estates; and (e) every Claim that is timely filed or to be filed in the Chapter 11 Cases of any of the Debtors shall be deemed filed against the consolidated Estates and shall be one Claim against, and one obligation of, the Estates.

26. Creditors that are receiving distributions on account of unclassified Claims and Claims in Classes 1-5 are receiving payment in full, are otherwise unimpaired, or are consenting to their treatment under the Plan. Holders of Claims in Classes 6-9 are not receiving distributions of the Debtors' assets on account of their Claims or Interests because the Prepetition Secured Lenders are undersecured and are obligees of all of the Debtors. Consequently, substantive consolidation does not adversely affect any prepetition creditors. Based on the foregoing, I do not believe that the substantive consolidation as contemplated in the Plan negatively affects any of the Debtors' creditors and I believe that such consolidation is appropriate.

(vii) Releases

27. The release provision contained in Article VII.D of the Plan provides for a release by the Debtors and their successors of the Released Parties[3] of any and all Claims, liens, encumbrances, obligations, damages, demands, debts, suits, Causes of Action, judgments, liabilities or rights whatsoever (other than the rights of the Debtors or their successors to enforce

[3] The Released Parties are collectively, the Debtors, the Prepetition Agent, the Prepetition Arranger, the Prepetition Lenders, the DIP Agent, the DIP Lenders, the Committee and the individual members thereof in their capacity as such and all of the Representatives of each of the foregoing who served as such at any time during the Debtors' Chapter 11 Cases.

this Plan and contracts, instruments, releases, indentures, agreements and other documents delivered hereunder) from the beginning of the world to the Effective Date. The release, however, has no effect on Claims or Causes of Action, if any, against any current or former director, officer or other employee of the Debtors arising out of fraud, misappropriation or criminal conduct, in each case subject to determination of such by final order of a court of competent jurisdiction.

28. Article VII.E of the Plan provides for a release by Claim Holders who affirmatively vote for the Plan (i.e., only the Prepetition Lenders) of the Released Parties of any and all Claims, liens, encumbrances, obligations, damages, demands, debts, suits, Causes of Action, judgments, liabilities or rights whatsoever (other than the rights of the Debtors or their successors to enforce this Plan and contracts, instruments, releases, indentures, agreements and other documents delivered hereunder) related to acts, omissions, occurrences, etc. prior to the Effective Date related to the Plan, the Debtors or the Chapter 11 Cases, this release, however, has no effect upon liability of the Debtors' professionals to their clients or the estates or any Claims or Causes of Action, if any, arising out of fraud, misappropriation or criminal conduct, in each case subject to determination of such by final order of a court of competent jurisdiction.

29. There is a clear identity of interest between the Debtors and the Released Parties, all of whom were critical in formulating the Plan and made important contributions to the success of the Debtors' cases. I have been advised and I believe that many, if not all, of the Released Parties would not have been willing to contribute to the Plan process and certain of the Released Parties would not have been willing to forego certain rights and distributions under the Plan without the releases set forth in the Plan. If the Released Parties had been unwilling to

participate and make the concessions facilitated by the releases, distributions to creditors and the success of the Debtors' cases would have been negatively impacted.

30. These releases are appropriate because the beneficiaries of such releases have contributed substantially to the Debtors' cases and efforts to maximize value for the Debtors' creditors. In addition, the releases are appropriate because they are (a) integral to the terms, conditions, and settlements contained in the Plan, (b) fair, equitable, and reasonable, and in the best interests of the Debtors and their Estates, (c) the product of extensive arm's length negotiations among sophisticated parties represented by competent advisors, and (d) supported by fair consideration. To the best of my knowledge, there is no pending litigation that would be discontinued by the releases and the Debtors do not believe there is any basis for the assertion of any estate causes of action against the Debtors' directors and officers.

31. For these reasons, I believe the Debtors have exercised their fiduciary duties in proposing the releases to be provided by the Debtors and that such releases are reasonable. In light of the foregoing, I believe that the releases are appropriate.

(viii) Injunction and Discharge

32. Other than the exceptions set forth in the Plan and the Confirmation Order, Articles VII.A and IX.D of the Plan provide for a discharge and injunction that generally enjoins all entities who have held, hold, or may hold Claims against or Interests in the Debtors or the Estates that arose prior to the Effective Date from: (i) commencing or continuing in any manner, directly or indirectly, any action or other proceeding of any kind against the Debtors' Estates, the Reorganized Debtors, the LPI Plan Trust, the LPI Plan Trustee or any property of the Debtors' Estates, the LPI Plan Trust or the LPI Plan Trustee with respect to any such Claim or Interest; (ii) the enforcement, attachment, collection or recovery by any manner or means, directly or

indirectly, of any judgment, award, decree or order against the Debtors' Estates, the Reorganized Debtors, the LPI Plan Trust, the LPI Plan Trustee, or any property of the Debtors' Estates, the Reorganized Debtors, the LPI Plan Trust or the LPI Plan Trustee with respect to any such Claim or Interest; (iii) creating, perfecting or enforcing, directly or indirectly, any lien or encumbrance of any kind against the Debtors' Estates, the Reorganized Debtors, the LPI Plan Trust, the LPI Plan Trustee or any property of the Debtors, the Reorganized Debtors, the LPI Plan Trust or the LPI Plan Trustee with respect to any such Claim or Interest; (iv) effecting, directly or indirectly, any setoff or recoupment of any kind against any obligation due to the Debtors' Estates, the Reorganized Debtors, the LPI Plan Trust, the LPI Plan Trustee or any property of the Debtors, the Reorganized Debtors, the LPI Plan Trust or the LPI Plan Trustee with respect to any such Claim or Interest, unless approved by the Bankruptcy Court; and (v) any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan with respect to such Claim or Interest. Notwithstanding the foregoing, all setoff and recoupment rights of the United States Government against the Debtors with respect to Medicare claims are reserved and shall survive Confirmation.

33. The injunction and discharge are (a) necessary to preserve and enforce the releases and exculpation in the Plan and are narrowly tailored to achieve this purpose and (b) in accordance with the discharge given to reorganizing debtors pursuant to section 1141 of the Bankruptcy Code. The discharge is also necessary because the Reorganized Debtors will continue to operate the Debtors' remaining operations pending the staggered closings of the LTC Sale. In light of the foregoing, I believe that the beneficiaries of the injunction have offered substantial consideration for such injunction and the discharge is appropriate.

(ix) Exculpation

34. The exculpation provision in Article VII.C of the Plan is consistent with public policy and section 1125(e) of the Bankruptcy Code. The exculpation provision applies to the parties that were critical to these cases and the negotiation and prosecution of the Plan and are appropriately limited to acts or omissions related to these cases and the Plan. In particular, the exculpated parties include the Prepetition Secured Lenders, DIP Lenders, and their agent (the DIP and Prepetition Agent are the same party).

35. The Prepetition Agent, the Prepetition Arranger, the Prepetition Lenders, the DIP Agent, and DIP Lender have supported the chapter 11 process in numerous ways with the goal of confirming a plan that will provide distributions to certain creditors that may not have otherwise received anything in these cases, namely administrative and priority claimants, including creditors with claims under section 503(b)(9) of the Bankruptcy Code.

36. In particular, the Prepetition Agent, the Prepetition Arranger, the Prepetition Lenders, the DIP Agent, and DIP Lender have, among other things, (i) provided post-petition financing and/or access to cash collateral for the Debtors to conduct sales process; (ii) provided post-petition financing and/or access to cash collateral for the Debtors to negotiate and prosecute the Plan; (iii) agreed to amendments to the Debtors' post-petition financing to permit the Debtors' sales process to continue despite the Debtors' inability to meet initial timing milestones; (iv) consented to revisions to the Debtors' sales processes that permitted the processes to continue and ultimately led to the preservation of hundreds of jobs, the assignment of numerous contracts and continued performance for many third parties; and (v) participated in the negotiation and drafting of the Plan and agreed to the terms of the Plan, which permits the Debtors to make distributions, complete the sales of their long-term care division, and exit

bankruptcy in a timely manner and without the need to convert the Debtors' cases to chapter 7 cases. In addition, following the initial failure of the long-term care division sale process and despite all parties' desire to sell the long-term care division to a third-party had one been available, the Prepetition Lenders formed an acquiring joint venture with a strategic counterparty to ensure a sale process by which contracts were assumed and jobs were preserved. This sale transaction was essential to the formulation and viability of the Plan.

37. In view of these contributions and concessions, the Prepetition Agent, the Prepetition Arranger, the Prepetition Lenders, the DIP Agent, and DIP Lender have earned the right to the Plan's narrowly tailored exculpation provision. Importantly, the third-party releases provided in the Plan are only provided by creditors that affirmatively voting for the Plan – meaning only the Prepetition Secured Lenders – and as a result, the exculpation provision is the only provision in the Plan providing the Prepetition Agent, the Prepetition Arranger, the Prepetition Lenders, the DIP Agent, and DIP Lender any release from third parties notwithstanding the substantial benefits to contract counterparties and holders of administrative and priority claims in these cases.

38. Further, the exculpation provisions are integral to the Plan as a whole, as well as to the numerous compromises embodied in the Plan that have facilitated the successful completion of these cases. By encouraging parties to participate actively and fully in chapter 11 cases, such provisions promote consensual resolutions. In carving out liability for willful misconduct (including fraud) or gross negligence, the exculpation applies to responsible participation, not mere participation, in the cases. Accordingly, the Plan's exculpation provision is necessary and appropriate in these cases.

(x) Nonvoting Equity Securities Section 1123(a)(6)

39. I understand that section 1123(a)(6) of the Bankruptcy Code requires inclusion of provisions in charters of the entities described therein that (a) prohibit the issuance of nonvoting equity securities and (b) provide for an "appropriate distribution" of voting power. The Debtors are not issuing non-voting securities under the Plan. The Plan therefore satisfies section 1123(a)(6) of the Bankruptcy Code to the extent that it is applicable here.

(xi) Selection Of Officers And Directors Section 1123(a)(7)

40. I understand that section 1123(a)(7) of the Bankruptcy Code requires that the Plan's provisions with respect to the manner of selection of any director, officer or trustee, or any successor thereto, be "consistent with the interests of creditors and equity security holders and with public policy . . . ." The Plan satisfies this requirement.

41. The Plan and documents filed as a part of the Plan Supplement to be authorized by the Debtors' current board of directors provide that: (a) as of the Effective Date, the Reorganized Debtors' directors shall be Daniel M. Glosband, Elizabeth M. Lynch, and Mark Manski; (b) as of the Effective Date, the Reorganized Debtors' officers shall be William A. Brandt, Jr. and Thomas A. Kaylor; (c) as of the LPI Plan Trust Effective Date, I shall be the LPI Plan Trustee. The annual compensation payable to each of the officers of the Reorganized Debtors after the Effective Date is substantially similar to the annual compensation paid to such officers prior to the Effective Date. The LPI Plan Trustee shall be paid at a fixed rate of $25,000 per month, plus the reimbursement of reasonable out-of-pocket expenses.

42. These designations and representations satisfy section 1123(a)(7) of the Bankruptcy Code. This manner of selection is consistent with long-standing corporate law principles and is not contrary to public policy or the interests of creditors and equity security

holders. In addition, all designated individuals are highly qualified members of their respective fields. As a result, the Plan complies with Bankruptcy Code section 1123(a)(7).

(xii) Executory Contracts and Unexpired Leases

43. The Plan provides that, on the Effective Date, the Debtors shall reject all remaining Executory Contracts including those that (i) have not previously been assumed and assigned or rejected with the approval of the Bankruptcy Court, (ii) are not as of the Confirmation Date, the subject of a motion to assume or reject, (iii) have not expired by their own terms on or prior to the Confirmation Date, (iv) are not listed on either the LTC Contract Schedule or the Deferred Contract Schedule, or (v) are listed on the Rejection Schedule. The Debtors' determinations regarding the assumption or rejection of Executory Contracts are based upon and within the sound business judgment of the Debtors. I believe that the designated assumption or rejection of Executory Contracts under the Plan will aid in the implementation of the Plan and are in the best interests of the Debtors, their Estates, Claim Holders and other parties in interest in the Chapter 11 Cases.

B. The Debtors Have Complied With Bankruptcy Code Section 1129(a)(2)

44. The Debtors have operated as debtors-in-possession under sections 1107 and 1108 of the Bankruptcy Code since the Petition Date and, to the best of my knowledge, have complied in all material respects with the applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, unless otherwise permitted by orders of this Court.

45. To the best of my knowledge, the Debtors also have complied with applicable provisions of the Bankruptcy Code and Bankruptcy Rules and applicable non-bankruptcy law with respect to their postpetition disclosure and solicitation of acceptances with respect to the Plan.

46. The Plan was solicited pursuant to this Court's Disclosure Statement Approval Order, which, among other things, established certain procedures for soliciting votes on the Plan and providing notice of the Confirmation Hearing to the Debtors' creditors, equity holders and other interested parties in these cases.

47. I understand that notices of mailing demonstrating compliance with sections 105 and 1125 of the Bankruptcy Code, the Bankruptcy Rules, the local rules of the Bankruptcy Court and the Disclosure Statement Approval Order with respect to the transmittal of the Disclosure Statement (including the Plan) and related solicitation materials, have been filed with the Court. As a result, the Plan complies with Bankruptcy Code section 1129(a)(2).

C. Plan Proposed In Good Faith Section 1129(a)(3)

48. I understand that only a plan that has been proposed in good faith and not by any means forbidden by law may be confirmed. I understand that a plan is filed in "good faith" if it has a legitimate and honest purpose and presents a reasonable hope of success.

49. The Plan was proposed to maximize the value of the Debtors' Estates, achieve maximum distributions to creditors, and appropriately conclude these cases. The Plan is the product of extensive, arm's length negotiations among the Debtors and the Prepetition Lender and is a good faith compromise and settlement of the significant disputes and controversies between and among them. Moreover, the principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933.

50. In these circumstances, I believe that the Debtors have demonstrated their good faith in proposing and pursuing confirmation of the Plan.

D. Payments For Services And Expenses Section 1129(a)(4)

51. It is my understanding and belief that any payment made, or to be made, by the Debtors for services or costs and expenses in, or in connection with the Plan and incident

to the Chapter 11 Cases, has been approved by, or is subject to the approval of the Court as reasonable. For example, I understand that fees incurred by Professionals in these cases and to be paid from estate assets are subject to Court approval under sections 330 and 331 of the Bankruptcy Code, and that the Plan provides a mechanism for Court approval of all Professional Fee Claims. Accordingly, it is my belief that the requirements of Bankruptcy Code section 1129(a)(4) have been satisfied.

E. Post-Confirmation Directors, Officers, And Insiders Section 1129(a)(5)

52. I understand that a plan must identify the individuals who will hold positions with the reorganized companies after confirmation of the plan. As set forth above, the Debtors disclosed the entities and individuals that will serve as the officers and directors of the Reorganized Debtors and as the LPI Plan Trustee. Accordingly, it is my belief that the requirements of Bankruptcy Code section 1129(a)(5) have been satisfied.

F. Rate Changes Section 1129(a)(6)

53. It is my understanding and belief that section 1129(a)(6) of the Bankruptcy Code is inapplicable in the instant case.

G. Best Interests Of Creditors Section 1129(a)(7)

54. Based upon my familiarity with the Plan's treatment of impaired Classes of Claims and Interests, I believe that each Holder of an impaired Claim or Interest that has not voted to accept the Plan will receive or retain property under the Plan of a value, as of the Effective Date, that is not less than the value of property such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on that date.

55. As described herein, during the course of these cases, the Debtors have conducted an extended marketing and auction processes. Based on this thorough market-testing

of the Debtors' assets and the remaining assets for distribution, I believe that Plan represents an appropriate distribution of value, and the Plan appropriately recognizes that there is no value available to Classes 6-9.

56. Based on the various marketing processes detailed above and the Liquidation Analysis that was filed as Exhibit B to the Disclosure Statement, I believe that a liquidation under chapter 7 would result in significantly diminished distributions to creditors as a whole as compared to distributions provided under the Plan. Based on my experience, it is my belief that the methodology used to prepare the Liquidation Analysis is appropriate and that the assumptions and conclusions set firth therein are fair and reasonable under the circumstances and represent a reasonable exercise of the Debtors' business judgment. The Liquidation Analysis was prepared under my supervision and is incorporated by reference herein. In summary, the Liquidation Analysis indicates that, using a reasonable set of assumptions, the distributions for creditors with unclassified Claims and Claims in Classes 2-5 that may be realized in a hypothetical chapter 7 scenario would be significantly reduced and there would not be any distributions to creditors in Classes 6-9. The Debtors further project that liquidation under chapter 7 would diminish creditors returns as a result of, among other things, trustee fees and the costs associated with replacement of professionals. For the foregoing reasons, I believe that the Plan is in the best interests of the Debtors' Creditors.

H. Acceptance By Impaired Classes Section 1129(a)(8)

57. Based upon my review of the voting report filed with the Court, it is my understanding that the impaired Class entitled to vote on the Plan (Class 1) has voted to accept the Plan. The Holders of Claims and Interests in Classes 6-9 will neither receive nor retain any property under the Plan and, therefore, are deemed to have rejected the Plan. Although Bankruptcy Code section 1129(a)(8) has not been satisfied with respect to the rejecting Classes,

it is my understanding that the Plan is nevertheless confirmable because it satisfies section 1129(b) of the Bankruptcy Code.

I. Treatment Of Certain Priority Claims Section 1129(a)(9)

58. I understand that section 1129(a)(9) of the Bankruptcy Code contains a number of requirements concerning the payment of priority claims. I understand that, based upon representations of the Debtors' counsel, Article II of the Plan satisfy the requirements of section 1129(a)(9) by providing for payment in full of Allowed Administrative Claims and Allowed Priority Tax Claims in accordance with the express terms of 1129(a)(9) or by providing such other treatment as to which the Reorganized Debtors or LPI Plan Trustee, as applicable, and Holders of such Claims have agreed.

J. Acceptance By At Least One Impaired Class Section 1129(a)(10)

59. Based upon my review of the voting report and other information supplied to me, I understand that Class 1 has voted to accept the Plan in the requisite majorities without including votes of insiders, thereby satisfying section 1129(a)(10) of the Bankruptcy Code.

K. Feasibility Section 1129(a)(11)

60. I understand that Bankruptcy Code section 1129(a)(11) allows confirmation of a plan if "[c]onfirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan." In my opinion, the Plan is feasible and can be implemented consistent with its terms. Following the sales processes in these cases, the Debtors have minimal remaining operations. Based on the budget provided for in connection with the Debtors' access to cash collateral, the proposed Administrative Fund for Post-Confirmation Expenses (to be funded in an amount sufficient to

wind down the Debtors' businesses and these cases), I believe that there will be sufficient funds to make the payments and distributions required by the Plan and otherwise to implement the Plan. Further, as the Plan expressly contemplates that the Reorganized Debtors will only continue to operate for a limited period of time and a liquidation will occur thereafter, further financial reorganization after confirmation is not a concern. The Plan therefore satisfies Bankruptcy Code section 1129(a)(11).

L. Payment Of Certain Fees Section 1129(a)(12)

61. To the best of my knowledge and belief, all fees payable under 28 U.S.C. § 1930 have been paid or will be paid on the Effective Date of the Plan and all such fees arising after the Effective Date but before closing, dismissal or conversion will be paid pursuant to the Articles II and IX.B of the Plan, and the Plan, therefore, satisfies Bankruptcy Code section 1129(a)(12).

M. Retiree Benefits; Domestic Support; Individual Debtor; Compliance with Nonbankruptcy Law Sections 1129(a)(13)-(16)

62. It is my understanding that section 1129(a)(13) of the Bankruptcy Code requires that a plan provide for the continuation of retiree benefits, at levels established pursuant to section 1114 of the Bankruptcy Code. It is also my understanding that section 1129(a)(14) of the Bankruptcy Code requires that a debtor has paid all domestic support obligations. The Debtors have no retiree or domestic support obligations. Further, it is my understanding that section 1129(a)(15) of the Bankruptcy Code contains certain requirements pertaining to individual debtors and section 1129(a)(16) of the Bankruptcy Code applies to nonprofit corporations. The Debtors are not individuals, but for-profit corporations. Accordingly, the requirements of section 1129(a)(13) through (16) of the Bankruptcy Code do not apply to the Plan.

N. Cramdown Is Appropriate For Non-Accepting Classes Section 1129(b)

63. As stated earlier, Classes 6-9 are deemed to have rejected the Plan. Accordingly, it is my understanding that the requirements of Bankruptcy Code subsection 1129(a)(8) are not satisfied with respect to Classes 6-9, and therefore that the Debtors must request confirmation of the Plan under Bankruptcy Code section 1129(b). It is my further understanding that section 1129(b) of the Bankruptcy Code will allow the Court to confirm the Plan over the deemed rejection by Classes 6-9 if the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to such holders of Interests.

64. The Plan Does Not Discriminate Unfairly. Classes 6-9 consist of Noteholder Claims, General Unsecured Claims, Intercompany Claims and Interests in or of the Debtors and Claims against the Debtors related to such interests or securities. No Claims in such Classes will receive a distribution under the Plan. Thus, there is no discrimination between Holders of any such Claims. Moreover, classifying unsecured claims and equity interests separately from secured and priority claims merely recognizes the fundamental differences in legal rights between equity holders, unsecured creditors, and secured or priority creditors. Therefore, I believe that there is a reasonable basis for separately classifying Classes 6-9 so that the Plan does not discriminate unfairly with respect to Classes 6-9.

65. The Plan Provides Fair and Equitable Treatment. I understand that what constitutes "fair and equitable treatment" is set forth in detail in section 1129(b)(2) of the Bankruptcy Code. It is my understanding and belief that because no Class of Claims or Interests junior to Classes 6-9 is receiving or retaining property under the Plan on account of its Claims or Interests, the Plan is both fair and equitable within the meaning of section 1129(b)(2) of the Bankruptcy Code.

CONCLUSION

66. Based upon the foregoing, I believe that the Plan satisfies the requirements for confirmation and is in the best interests of the Debtors, their creditors and all parties in interest, and should be approved in all respects.

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

Dated: July 7, 2014

William A. Brandt, Jr.

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