

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

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In re : Chapter 11
:
Laboratory Partners, Inc., *et al.*,¹ : Case No. 13-12769 (PJW)
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Debtors. : (Jointly Administered)
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**DEBTORS’ MOTION FOR AN ORDER UNDER 11 U.S.C. § 102(1)
SHORTENING NOTICE RELATING TO DEBTORS’ MOTION
FOR ORDER APPROVING PROPOSED BID PROTECTIONS
FOR TALON STALKING HORSE BIDDER**

The debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”)² hereby file this *Motion for an Order Under 11 U.S.C. § 102(1) Shortening Notice Relating to Debtors’ Motion For Order Approving Proposed Bid Protections For Talon Stalking Horse Bidder* (the “Motion to Shorten”) and respectfully submit the following:

JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157. This Motion to Shorten is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).
2. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

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 Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Bid Protections Motion (defined below).

GENERAL BACKGROUND

1. 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. As of the date hereof, no trustee or examiner has been appointed in these cases.

2. On November 7, 2013, an Official Committee of Unsecured Creditors (the “Committee”) was appointed in these cases. D.I. 80. 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.

3. The Debtors provide clinical laboratory and anatomic pathology services to (i) skilled nursing 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 “PO Division”), in Indiana and Illinois, and (iii) Union Hospital, Inc. in Terre Haute and Clinton, Indiana (the “UH Division” and together with the PO Division, the “Talon Division”).

4. The events leading up to the Petition Date are set forth in the *Declaration of William A. Brandt, Jr. in Support of First Day Relief* (the “Brandt Declaration”).

5. On November 15, 2013, this Court entered the *Order: (I) Approving Bidding Procedures in Connection with Sale(s) of Substantially All of the Debtors’ Assets; (II) Scheduling Hearings to Consider Sales; (III) Approving Form and Manner of Notice Thereof; and (IV) Authorizing Entry into Stalking Horse Agreements Subject to Further Hearing* (the “Bidding Procedures Order”) (D.I. 100).

6. The Bidding Procedures Order, among other things and with the reasonable consent of the DIP Lender, Prepetition Lenders, and the Committee, (i) authorizes the

Debtors to enter into a stalking horse agreement with a bidder that submits a Qualified Bid with respect to a Purchased Asset, and (ii) provides that the stalking horse agreement may contain customary terms and conditions providing the stalking horse bidder with reasonable expense reimbursement, overbid protections, break-up fees or other bid protections. Bidding Procedures Order, ¶ 27. Such stalking horse agreement is required to be subject to higher and better offers at the applicable Auction.

7. The Bidding Procedures Order also provides that if the Debtors enter into a Stalking Horse Agreement, the agreement shall be placed on the Court's docket and the Court shall conduct a hearing on a date that is two (2) or more business days thereafter to consider approval of any proposed Bid Protections. *Id.* at ¶ 28. The hearing to consider proposed Bid Protections may be adjourned or rescheduled without notice other than as stated on the record in Court or in an appropriate agenda letter. *Id.*

8. As authorized under the Bidding Procedures Order, the Debtors have entered into a Stalking Horse Agreement with Laboratory Corporation of America Holdings ("LabCorp") for the purchase of substantially all of the Talon Division (the "Talon Stalking Horse Agreement"). Contemporaneously herewith, the Debtors are filing the Talon Stalking Horse Agreement under notice and a motion seeking approval of the bid protections contained in the Talon Stalking Horse Agreement (the "Bid Protections Motion"). The Bid Protections Motion is incorporated herein by reference and contains additional support for this Motion to Shorten.

9. By this Motion to Shorten, the Debtors request entry of an order scheduling a hearing and objection deadline with respect to the Bid Protections Motion.

RELIEF REQUESTED

10. Pursuant to sections 102(1) and 105 of the Bankruptcy Code, Rule 9006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors seek an order (i) shortening notice with respect to the Bid Protections Motion, (ii) scheduling a hearing on the Bid Protections Motion as soon as the Court’s calendar permits after January 30, 2014 (the “Hearing”); (iii) requiring objections to the Bid Protections Motion to be filed prior to or at the Hearing; and (iv) granting such other relief as may be just and proper.

BASIS FOR RELIEF REQUESTED

11. Section 102(1) of the Bankruptcy Code explains that the phrase “after notice and a hearing” requires only such notice and opportunity for a hearing as may be appropriate under the circumstances. 11 U.S.C. § 102(1).

12. Section 105(a) of the Bankruptcy Code provides that the Court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions” of the Bankruptcy Code. 11 U.S.C. § 105(a).

13. Moreover, according to Federal Rule of Bankruptcy Procedure 9006(c), “the court for cause shown may in its discretion with or without motion or notice order the period reduced.” Fed. R. Bankr. P. 9006(c)(1). In exercising such discretion, the court should “consider the prejudice to parties entitled to notice and weigh this against the reasons for hearing the motion on an expedited basis.” *In re Philadelphia Newspapers, LLC*, 690 F.3d 161, 172 (3d Cir. 2012) (noting the commonality of such motions “given the accelerated time frame of bankruptcy proceedings”). *See also Hester v. NCNB Nat’l Bank (In re Hester)*, 899 F.2d 361,

364 n.3 (5th Cir. 1990) (“[M]otions for material reductions in the notice period are routinely granted by bankruptcy courts.”).

14. Furthermore, according to Local Rule 9006-1(e), the notice period may be shortened by order of the Court upon written motion “specifying the exigencies justifying shortened notice.”

15. The Debtors respectfully submit that allowing the relief requested in the Bid Protections Motion to be considered on an expedited basis is reasonable and appropriate under the circumstances. As set forth more fully in the Bid Protections Motion, the Debtors have successfully negotiated and entered into the Stalking Horse Agreement in accordance with the Bidding Procedures Order, and with the consent of the Committee, Prepetition Lenders and DIP Lender. The Stalking Horse Agreement sets a floor for bids on the Talon Division, thereby maximizing value for all estate constituents.

16. Additional bids on the Talon Division are due on February 5, 2014 and an auction is scheduled for February 10, 2014. Due to this schedule and to provide maximum notice to interested parties and estate constituents, the Debtors believe that the Bid Protections Motion should be heard on an expedited basis. Further, all parties have been on notice of the potential need for such an expedited hearing since entry of the Bid Procedures Order. Moreover, the Committee and Debtors’ lenders have reviewed and consented to the Stalking Horse Agreement.

17. For these reasons, the Debtors respectfully submit that allowing the Bid Procedures Motion to be considered on shortened notice is reasonable and appropriate under the circumstances.

NO PRIOR REQUEST

18. No prior request for the relief sought in this Motion to Shorten has been made to this Court in these Cases.

NOTICE

19. The Debtors will provide notice of this Motion to Shorten (and a copy of the Bid Protections Motion) to: (a) the Office of the United States Trustee for the District of Delaware; (b) all parties that have objected to the Bidding Procedures Motion; (c) counsel to the DIP Lender and the Prepetition Lenders; (d) the Internal Revenue Service; (e) all entities (or counsel therefor) known or reasonably believed to have asserted any lien, claim, encumbrance, right of first refusal, or other interest in or upon any portion of the Purchased Assets; (f) all parties that have requested, prior to the date hereof, or that are required to receive notice pursuant to Bankruptcy Rule 2002; (g) counsel to the Committee; and (h) all Potential Bidders. The Debtors submit that, under the circumstances, no other or further notice is required.

CONCLUSION

20. The Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, (i) shortening notice with respect to the Bid Protections Motion, (ii) scheduling a hearing on the Bid Protections Motion as soon as the Court's calendar permits after January 30, 2014 (the "Hearing"); (iii) requiring objections to the Bid Protections Motion to be filed prior to or at the Hearing; and (iv) granting such other relief as may be just and proper.

Dated: January 28, 2014
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

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