THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.

A HEARING TO CONSIDER THE ADEQUACY OF THIS DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE BANKRUPTCY CODE HAS BEEN SCHEDULED BY THE BANKRUPTCY COURT FOR OCTOBER 13, 2009 AT 10:00 A.M. (PREVAILING EASTERN TIME). THE DEBTORS RESERVE THE RIGHT TO AMEND, SUPPLEMENT OR OTHERWISE MODIFY THIS DISCLOSURE STATEMENT, WITH THE CONSENT OF EACH CREDITORS COMMITTEE, PRIOR TO AND UP TO THE DATE OF SUCH HEARING.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re	)	Chapter 11
LandAmerica Financial Group, Inc., et al.,	)	Case No. 08-35994 (KRH)
Debtors.	)	(Jointly Administered)

DISCLOSURE STATEMENT WITH RESPECT TO THE JOINT CHAPTER 11 PLAN FOR LANDAMERICA FINANCIAL GROUP, INC. AND ITS AFFILIATED DEBTORS

Dated: Richmond, Virginia
October 2, 2009

McGUIREWOODS LLP
Co-Counsel for Debtors
and Debtors In Possession
One James Center
901 East Cary Street
Richmond, Virginia 23219
(804) 775-1000

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Co-Counsel for Debtors
and Debtors In Possession
787 Seventh Avenue
New York, New York 10019
(212) 728-8000

THIS DISCLOSURE STATEMENT AND ITS RELATED DOCUMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA, RICHMOND DIVISION (THE "BANKRUPTCY COURT") TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE JOINT CHAPTER 11 PLAN FOR LANDAMERICA FINANCIAL GROUP, INC. AND ITS AFFILIATED DEBTORS, DATED OCTOBER 2, 2009 (AS MAY BE AMENDED, THE "PLAN"). NO REPRESENTATIONS HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT CONCERNING THE DEBTORS (AS DEFINED HEREIN), THEIR BUSINESS OPERATIONS OR THE VALUE OF THEIR ASSETS, EXCEPT AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT OR SUCH RELATED DOCUMENTS.

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS **4:00 P.M. (PREVAILING EASTERN TIME) ON [NOVEMBER 11], 2009,** UNLESS EXTENDED BY THE DEBTORS (THE "**VOTING DEADLINE**"). TO BE COUNTED, BALLOTS (AS DEFINED HEREIN) MUST BE RECEIVED BY THE VOTING AGENT (AS DEFINED HEREIN) ON OR BEFORE THE VOTING DEADLINE.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT. THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED OR WAIVED.

HOLDERS OF CLAIMS AGAINST, AND HOLDERS OF INTERESTS IN, THE DEBTORS ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST, AND HOLDERS OF INTERESTS IN, THE DEBTORS (INCLUDING, WITHOUT LIMITATION, THOSE HOLDERS OF CLAIMS OR INTERESTS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

EXCEPT AS OTHERWISE SET FORTH HEREIN, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE BY THE DEBTORS AS OF THE DATE HEREOF, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED BY THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION OF VOTES WITH RESPECT TO THE PLAN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN AND THE EXHIBITS AND SCHEDULES ATTACHED TO OR INCORPORATED BY REFERENCE OR REFERRED TO IN THE DISCLOSURE STATEMENT AND/OR PLAN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTORS.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED AS AN ADMISSION OR STIPULATION, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN AND CERTAIN OF THE PLAN DOCUMENTS. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN OR THE APPLICABLE PLAN DOCUMENTS AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN OR THE APPLICABLE PLAN DOCUMENTS SHALL CONTROL. THE SUMMARIES OF THE PLAN AND THE PLAN DOCUMENTS IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE PLAN AND THE APPLICABLE PLAN DOCUMENTS. ALL HOLDERS OF CLAIMS AND INTERESTS ARE ENCOURAGED TO REVIEW THE FULL TEXT OF THE PLAN AND THE PLAN DOCUMENTS, AND TO READ CAREFULLY THIS DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS HERETO.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PERSON, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PERSON, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS WITH RESPECT TO ANY MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE PLAN, THE PLAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY.

FORWARD-LOOKING STATEMENTS

THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS BASED PRIMARILY ON THE CURRENT EXPECTATIONS OF THE DEBTORS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTORS. IN PARTICULAR, STATEMENTS USING WORDS SUCH AS “BELIEVE,” “MAY,” “ESTIMATE,” “CONTINUE,” “ANTICIPATE,” “INTEND,” “EXPECT” AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS, INCLUDING THOSE DESCRIBED BELOW UNDER ARTICLE XI. IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD-LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS DISCLOSURE STATEMENT MAY NOT OCCUR, AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS. CONSEQUENTLY, THE PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS CONTAINED HEREIN SHOULD NOT BE REGARDED AS REPRESENTATIONS BY ANY OF THE DEBTORS, THEIR ADVISORS, OR ANY OTHER PERSON THAT PROJECTED THE FINANCIAL CONDITIONS. EXCEPT AS OTHERWISE REQUIRED BY LAW, THE DEBTORS DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR REVISE PUBLICLY ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE FOLLOWING APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT.

UNLESS THE CONTEXT REQUIRES OTHERWISE, ALL CAPITALIZED TERMS IN THIS DISCLOSURE STATEMENT USED AND NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS ASCRIBED TO SUCH TERMS IN THE PLAN, WHICH IS ATTACHED AS EXHIBIT 1 TO THIS DISCLOSURE STATEMENT.

THE DEBTORS SUPPORT CONFIRMATION OF THE PLAN. THE DEBTORS URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.

THE OFFICIAL COMMITTEES OF UNSECURED CREDITORS FOR [LANDAMERICA FINANCIAL GROUP, INC. AND] LANDAMERICA 1031 EXCHANGE SERVICES, INC. SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.]

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ARTICLE I.

INTRODUCTION

1.1 *General.*

LandAmerica Financial Group, Inc. ("**LFG**") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**")[1] hereby transmit this disclosure statement (as may be amended, supplemented or otherwise modified from time to time, this "**Disclosure Statement**") pursuant to section 1125 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended (the "**Bankruptcy Code**"), in connection with the Debtors' solicitation of votes (the "**Solicitation**") to confirm the Joint Chapter 11 Plan for LandAmerica Financial Group, Inc. and Its Affiliated Debtors, dated as of October 2, 2009, a copy of which is attached as Exhibit 1 to this Disclosure Statement (as may be amended, the "**Plan**").[2]

Capitalized terms used and not defined herein have the meanings ascribed to such terms in the Plan unless the context requires otherwise.

The purpose of this Disclosure Statement is to set forth information: (i) regarding the history of the Debtors and their businesses; (ii) describing the Chapter 11 Cases; (iii) concerning the Plan and alternatives to the Plan; (iv) advising the holders of Claims and Interests of their rights under the Plan; and (v) assisting the holders of Claims entitled to vote on the Plan in making an informed judgment regarding whether they should vote to accept or reject the Plan.

On October [13], 2009, after notice and a hearing, the Bankruptcy Court entered an order: (i) approving this Disclosure Statement (the "**Disclosure Statement Order**") as containing "adequate information" to enable a hypothetical, reasonable investor typical of holders of Claims against or Interests in the Debtors to make an informed judgment as to whether to accept or reject the Plan; and (ii) authorizing the Debtors to use this Disclosure Statement in connection with the solicitation of votes to accept or reject the Plan. **The Disclosure Statement Order establishes [November 10], 2009 at 4:00 p.m. (prevailing Eastern Time) as the deadline for the return of ballots (the "Ballots") accepting or rejecting the Plan (the "Voting Deadline"). APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.**

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[1] As of the date hereof, the Debtors are comprised of the following entities: LandAmerica Financial Group, Inc.; LandAmerica 1031 Exchange Services, Inc.; LandAmerica Assessment Corporation; LandAmerica Title Company; Southland Title Corporation; Southland Title of Orange County; Southland Title of San Diego; and LandAmerica Credit Services, Inc. Each of the Debtors has a mailing address of 5600 Cox Road, Glen Allen, Virginia 23060.

[2] The Plan governs such additional debtors and debtors in possession who commence cases under chapter 11 of the Bankruptcy Code on or before the Voting Deadline and whose cases are jointly administered under Case No. 08-35994 (KRH), with such additional debtors to be identified in the supplemental appendix to the Plan, to be filed with the Bankruptcy Court and posted at http://chapter11.epiqsystems.com/landamerica no later than five (5) calendar days prior to the Voting Deadline.

The Disclosure Statement Order sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Plan, and for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. No solicitation of votes may be made except pursuant to this Disclosure Statement, section 1125 of the Bankruptcy Code and the Disclosure Statement Order. In voting on the Plan, holders of Claims entitled to vote should not rely on any information relating to the Debtors and their businesses other than the information contained in this Disclosure Statement, the Plan and all Exhibits hereto and thereto.

THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS IN CLASSES LES 3, LES 4, LES 5, LES 6, LES 7, LFG 3, LFG 4, LFG 5 AND SD 3 VOTE TO ACCEPT THE PLAN, AS THE PLAN PROVIDES THE BEST AVAILABLE RECOVERY TO CREDITORS IN SUCH CLASSES.

[THE LFG CREDITORS COMMITTEE RECOMMENDS THAT HOLDERS OF CLAIMS IN CLASSES LFG 3, LFG 4 AND LFG 5 VOTE TO ACCEPT THE PLAN, AS THE PLAN PROVIDES THE BEST AVAILABLE RECOVERY TO CREDITORS IN SUCH CLASSES. AS SET FORTH IN MORE DETAIL IN THE LETTER FROM THE LFG CREDITORS COMMITTEE, THE LFG CREDITORS COMMITTEE BELIEVES THAT THE PROPOSED PLAN REPRESENTS A FAIR, EQUITABLE AND EFFICIENT MANNER FOR LIQUIDATING AND DISTRIBUTING THE REMAINING ASSETS OF LFG.]

THE LES CREDITORS COMMITTEE RECOMMENDS THAT HOLDERS OF CLAIMS IN CLASSES LES 3, LES 4, LES 5, LES 6 AND LES 7 VOTE TO ACCEPT THE PLAN, AS THE PLAN PROVIDES FOR THE BEST AVAILABLE RECOVERY TO CREDITORS IN SUCH CLASSES. AS SET FORTH IN MORE DETAIL IN THE LETTER FROM THE LES CREDITORS COMMITTEE, THE LES CREDITORS COMMITTEE BELIEVES THAT THE PROPOSED PLAN REPRESENTS A FAIR, EQUITABLE AND EFFICIENT MANNER FOR LIQUIDATING AND DISTRIBUTING THE REMAINING ASSETS OF LES.

[THE CREDITORS COMMITTEES WOULD NOTE, HOWEVER, THAT THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTORS AND THEIR COUNSEL. AS SUCH, ALTHOUGH THE CREDITORS COMMITTEES HAVE NOTED SPECIFIC INSTANCES WHERE THEIR ASSERTED POSITIONS ARE MATERIALLY DIFFERENT THAN THAT OF THE DEBTORS, NOT ALL INSTANCES OF DISAGREEMENT HAVE BEEN IDENTIFIED HEREIN. THEREFORE, THE CREDITORS COMMITTEES WOULD ENCOURAGE CREDITORS TO ALSO CAREFULLY READ THE LETTERS FROM THE LES CREDITORS COMMITTEE AND THE LFG CREDITORS COMMITTEE ACCOMPANYING THIS DISCLOSURE STATEMENT.]

Additional copies of this Disclosure Statement (including the Exhibits hereto) are available upon request made to the office of the Debtors' co-counsel: (i) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attention: Paul V. Shalhoub, Esq. and Rachel C. Strickland, Esq., (212) 728-8000 (phone) or (212) 728-8111

(facsimile); and (ii) McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219, Attn: Dion W. Hayes, Esq. and John H. Maddock III, Esq., (804) 775-1000 (phone) or (804) 775-1061 (facsimile). Additional copies of this Disclosure Statement (including the Exhibits hereto) can also be accessed free of charge from the following website: http://chapter11.epiqsystems.com/landamerica.

In addition, a Ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement for the holders of Claims that are entitled to vote to accept or reject the Plan. If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please contact the Claims Agent: Epiq Bankruptcy Solutions, LLC at (866) 329-5543, via e-mail to LandAmerica@epiqsystems.com or send your written inquiry to:

LandAmerica Financial Group, Inc. Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017.

Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the other Exhibits attached hereto and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Interests for voting purposes and the tabulation of votes.

1.2 *The Confirmation Hearing.*

In accordance with the Disclosure Statement Order and section 1128 of the Bankruptcy Code, a hearing will be held before the Honorable Kevin R. Huennekens, United States Bankruptcy Judge for the Eastern District of Virginia, United States Bankruptcy Court, 701 East Broad Street, Suite 4000, Richmond, Virginia 23219, on **November [18], 2009, at [11]:00 [a.]m. (prevailing Eastern Time)**, to consider confirmation of the Plan. The Debtors will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code, and they have reserved the right, with the consent of each Creditors Committee, to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification. Objections, if any, to confirmation of the Plan must be served and filed so that they are received on or before **November [10], 2009, at 4:00 p.m. (prevailing Eastern Time)**, in the manner set forth in the Disclosure Statement Order. The hearing on confirmation of the Plan may be adjourned from time to time without further notice, except for the announcement of the adjourned date and time at the hearing on confirmation or any adjournment thereof.

1.3 *Classification of Claims and Interests.*

The following table designates the Classes of Claims against and Interests in the Debtors, and specifies which Classes are (i) impaired or unimpaired by the Plan, (ii) entitled to

vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, or (iii) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
LES			
Class LES 1	LES Priority Non-Tax Claims	No	No (Deemed to accept)
Class LES 2	LES Secured Claims	No	No (Deemed to accept)
Class LES 3	LES Escrow Exchange Claims	Yes	Yes
Class LES 4	Segregated Exchange Principal Claims	Yes	Yes
Class LES 5	Note Exchange Collectible Claims	Yes	Yes
Class LES 6	LES General Unsecured Claims	Yes	Yes
Class LES 7	LES Damages Claims	Yes	Yes
Class LES 8	LES Equity Interests	Yes	Yes
LFG			
Class LFG 1	LFG Priority Non-Tax Claims	No	No (Deemed to accept)
Class LFG 2	LFG Secured Claims	No	No (Deemed to accept)
Class LFG 3	LFG General Unsecured Claims	Yes	Yes
Class LFG 4	LFG Exchange Guarantee Claims	Yes	Yes
Class LFG 5	LFG Securities Law Claims	Yes	Yes
Class LFG 6	LFG Equity Interests	Yes	No (Deemed to reject)
Subsidiary Debtors			
Class SD 1	Subsidiary Priority Non-Tax Claims	No	No (Deemed to accept)
Class SD 2	Subsidiary Secured Claims	No	No (Deemed to accept)
Class SD 3	Subsidiary General Unsecured Claims	Yes	Yes
Class SD 4	Subsidiary Equity Interests	Yes	Yes

1.4 *Voting; Holders of Claims Entitled to Vote.*

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and not deemed to have rejected a plan are entitled to vote to accept or reject a plan. Generally, a claim or interest is impaired under a plan if the holder's legal, equitable or contractual rights are altered under such plan. Classes of claims or equity interests under a chapter 11 plan in which the holders of claims or equity interests are unimpaired are deemed to have accepted such plan and are not entitled to vote to accept or reject the proposed plan. In addition, classes of claims or equity interests in which the holders of claims or equity interests will not receive or retain any property on account of their claims or equity interests are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan.

In connection with the Plan:

- Claims in Classes LES 3, LES 4, LES 5, LES 6, LES 7, LES 8, LFG 3, LFG 4, LFG 5, SD 3 and SD 4 are impaired and the holders of such Claims will

receive distributions under the Plan. As a result, holders of those Claims are entitled to vote to accept or reject the Plan;[3]

- Claims in Classes LES 1, LES 2, LFG 1, LFG 2, SD 1 and SD 2 are unimpaired. As a result, holders of Claims in those Classes are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan; and

- Interests in Class LFG 6 are impaired and the holders of such Interests will not receive any distribution on account of such Interests. As a result, the holders of Interests in Class LFG 6 are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

Claims against Subsidiary Debtors have been classified together solely for purposes of describing treatment under the Plan. Each Class of Claims against or Interests in a Subsidiary Debtor shall be treated as being in a separate sub-Class for each Subsidiary Debtor for the purpose of receiving Plan Distributions.

Secured Claims have been classified together for each Debtor solely for purposes of describing treatment under the Plan. Each Secured Claim, to the extent secured by a Lien on Collateral different than that securing any other Secured Claim, shall be treated as being in a separate sub-Class for the purpose of receiving Plan Distributions.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims held by non-insiders that cast ballots for acceptance or rejection of the plan. **Your vote on the Plan is important.** The Bankruptcy Code requires as a condition to confirmation of a plan that each class that is impaired and entitled to vote under a plan vote to accept such plan, unless the provisions of section 1129(b) of the Bankruptcy Code are met.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtors, with the consent of each Creditors Committee, reserve the right to amend the Plan and/or to request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan notwithstanding the non-acceptance of a plan by one or more impaired classes of claims or equity interests, so long as at least one impaired class of claims or interests, excluding the votes of insiders, votes to accept the plan. Under that section, a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class.

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. This Disclosure Statement, the Exhibits attached hereto, the Plan

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[3] Holders of Interests in Classes SD 4 and LES 8 will not be solicited since such Interests are held by a Debtor or a non-Debtor Subsidiary. Such Classes shall be deemed to have voted to accept the Plan pursuant to Section 7.10 of the Plan and the Disclosure Statement Order.

and the related documents are the only materials the Debtors are providing to creditors for their use in determining whether to vote to accept or reject the Plan, and such materials may not be relied upon or used for any purpose other than to vote to accept or reject the Plan. If you believe that you are entitled to vote to accept or reject the Plan and you did not receive a Ballot, please consult with your counsel and/or contact the Debtors' claims and voting agent (the "**Voting Agent**") at (866) 329-5543 or either of the addresses listed below.

Please complete, execute and return your Ballot(s) to the Voting Agent at the address below:

Via first class:

LandAmerica Financial Group, Inc. Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
P.O. Box 5014, FDR Station
New York, NY 10150-5014

Via overnight/hand delivery:

LandAmerica Financial Group, Inc. Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017

TO BE COUNTED, YOUR ORIGINAL BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT NO LATER THAN **4:00 P.M., PREVAILING EASTERN TIME, ON NOVEMBER [10], 2009,** UNLESS THE DEADLINE IS EXTENDED BY THE DEBTORS. YOUR BALLOT MAY BE SENT VIA MAIL, OVERNIGHT COURIER OR MESSENGER. ALL BALLOTS MUST CONTAIN ORIGINAL SIGNATURES. THE VOTING AGENT WILL NOT ACCEPT BALLOTS BY EMAIL OR FACSIMILE.

The Ballots have been specifically designed for the purpose of soliciting votes on the Plan from the Classes entitled to vote with respect thereto. Accordingly, in voting on the Plan, please use only the Ballot(s) sent to you with this Disclosure Statement or provided by the Voting Agent. If you require an additional Ballot, please contact the Voting Agent and request a replacement and/or supplemental Ballot.

The Debtors have fixed **5:00 p.m. (prevailing Eastern Time) on October [13], 2009** (the "**Voting Record Date**"), as the time and date for the determination of Persons who are entitled to receive a copy of this Disclosure Statement and all of the related materials and to vote whether to accept or reject the Plan. Accordingly, only holders of record of Claims as of the Voting Record Date that are entitled to vote on the Plan, will receive a Ballot and may vote on the Plan.

All properly completed Ballots received prior to the Voting Deadline will be counted for purposes of determining whether a voting Class of impaired Claims has accepted the

Plan. The Voting Agent will prepare and file with the Bankruptcy Court a certification of the results of the balloting with respect to the Classes entitled to vote.

THE DEBTORS [AND THE CREDITORS COMMITTEES] BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF ALL HOLDERS OF CLAIMS AND RECOMMEND THAT ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

1.5 *Important Matters.*

This Disclosure Statement contains projected financial information and certain other forward-looking statements, all of which are based on various estimates and assumptions and will not be updated to reflect events occurring after the date hereof. Such information and statements are subject to inherent uncertainties and to a wide variety of significant business, economic and competitive risks, including, among others, those described herein. Consequently, actual events, circumstances, effects and results may vary significantly from those included in or contemplated by such projected financial information and such other forward-looking statements.

ARTICLE II.

SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS PURSUANT TO THE PLAN

The overall purpose of the Plan is to liquidate the Debtors' estates in a manner designed to efficiently maximize recovery to stakeholders. The following table sets forth a brief summary of the classification and treatment of Claims and Interests and the estimated recovery distributable to the holders of such Claims and Interests under the Plan. The table also identifies which Classes are entitled to vote on the Plan based on provisions of the Bankruptcy Code. The information set forth in the table is for convenience of reference only. Each holder of a Claim or Interest should refer to Articles IV and V of the Plan and the Liquidation Analysis annexed as Exhibit 4 hereto for a full understanding of the classification and treatment of Claims and Interests provided under the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, U.S. Trustee Fees, Fee Claims, and Priority Tax Claims have not been classified. Except as specifically noted therein, the Plan does not provide for payment of postpetition interest with respect to Allowed Claims. **THE ESTIMATES SET FORTH IN THE TABLE MAY DIFFER FROM ACTUAL DISTRIBUTIONS BY REASON OF, AMONG OTHER THINGS, VARIATIONS IN THE ASSERTED OR ESTIMATED AMOUNTS OF ALLOWED CLAIMS AND THE EXISTENCE OF DISPUTED CLAIMS. STATEMENTS REGARDING PROJECTED AMOUNTS OF CLAIMS OR DISTRIBUTIONS (OR THE VALUE OF SUCH DISTRIBUTIONS) ARE ESTIMATES BY THE DEBTORS BASED ON INFORMATION AS OF THE DATE HEREOF AND ARE NOT REPRESENTATIONS AS TO THE ACCURACY OF THESE AMOUNTS. THE FINAL AMOUNTS OF ALLOWED CLAIMS MAY VARY SIGNIFICANTLY FROM THESE ESTIMATES.** For an explanation of the basis for the

limitations and uncertainties regarding these calculations, see Article XI ("Certain Risk Factors to Be Considered"), below.

NOTE: THE FOLLOWING CHART ONLY REPRESENTS A PORTION OF THE RECOVERY ESTIMATED TO BE DISTRIBUTED TO CLASSES LES 4, LES 5, LES 6 AND LFG 3. INCREMENTAL RECOVERIES, WHICH ARE ANTICIPATED TO BE PAID FROM LITIGATION PROCEEDS, ARE DISCUSSED IN MORE DETAIL BELOW.

Class	***Description***	***Treatment***	***Entitled to Vote***	***Estimated Amount of Claims or Interests in Class ($000s)***	***Estimated Recovery***
Unclassified	Administrative Expense Claims	Each holder of an Allowed Administrative Expense Claim shall receive, unless such holder agrees to different treatment, Cash in an amount equal to such Allowed Claim.	No.	$15,684	100%
Unclassified	U.S. Trustee Fees	On the Effective Date or as soon as practicable thereafter, the Debtors shall pay all U.S. Trustee Fees that are due and owing on the Effective Date, including those statutory fees arising under 28 U.S.C. § 1930(a)(6) and accrued interest under 31 U.S.C. § 3717.	No.	$0	100%
Unclassified	Fee Claims	Each holder of an Allowed Fee Claim for which a Fee Application has been approved by the Bankruptcy Court shall receive Cash in an amount so approved.	No.	$3,000	100%
Unclassified	Priority Tax Claims	Each holder of an Allowed Priority Tax Claim shall receive either (a) Cash in an amount equal to the amount of such Claim, or (b) deferred Cash payments following the Effective Date, over a period ending not later than five (5) years after the Petition Date, in	No.	$13,500	100%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
		an aggregate amount equal to the Allowed amount of such Priority Tax Claim (plus any interest due in accordance with section 511 of the Bankruptcy Code).			
Class LES 1	LES Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from Post-Effective Date LES in an amount equal to such Claim.	No.	$0	N/A
Class LES 2	LES Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any related agreements, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class LES 3	LES Escrow Exchange Claims	Each holder of an Allowed Class LES 3 Claim shall receive Cash in an amount equal to ninety-seven percent (97%) of their Allowed LES Escrow Exchange Claim.	Yes.	$13,406	97%
Class LES 4	Segregated Exchange Principal Claims	Each holder of an Allowed Class LES 4 Claim shall receive: (i) payment in Cash of its Pro Rata Share of the Segregated Cash Distribution on or as soon as reasonably practicable after the Effective Date; and (ii) such holder's Pro Rata Share of Series [A] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of each (x) Segregated Waterfall Distribution, and (y) Segregated Remaining Assets Distribution, until such holder's Allowed Segregated Exchange Principal Claim is satisfied in full.	Yes.	$71,368	81.4%[4]
Class LES 5	Note Exchange Collectible Claims	Each holder of an Allowed Class LES 5 Claim shall receive: (i) payment in Cash of its Pro Rata Share of the Note Cash Distribution on or as soon as reasonably practicable after the Effective Date; and (ii) such holder's Pro Rata Share of Series [B] LES Trust Interests,	Yes.	$8,373	80.3%[4]

[4] The Estimated Recovery percentages reflected in this chart do not include projected recoveries from the ARS Litigation or the Other Litigation. All recoveries from such actions are estimated to yield incremental recoveries to creditors. As the amount of such proceeds cannot be estimated precisely at this time, the Debtors have included graphs (see infra) to illustrate estimated recovery improvements based upon proceeds to be realized from the ARS Litigation and the Other Litigation.

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
		which shall entitle such holder to its Pro Rata Share of each (x) Note Waterfall Distribution, and (y) Note Remaining Assets Distribution, until such holder's Allowed Note Exchange Collectible Claim is satisfied in full.			
Class LES 6	LES General Unsecured Claims	Each holder of an Allowed Class LES 6 Claim shall receive: (i) payment in Cash of its Pro Rata Share of the LES Unsecured Cash Distribution on or as soon as reasonably practicable after the Effective Date; and (ii) such holder's Pro Rata Share of Series [C] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of each (x) LES Unsecured Waterfall Distribution, (y) Subsequent Waterfall Distribution, and (z) LES Unsecured Remaining Assets Distribution, until such holder's Allowed LES General Unsecured Claim is satisfied in full.	Yes.	$195,271	37.1%[4]

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class LES 7	LES Damages Claims	Each holder of an Allowed Class LES 7 Claim shall receive such holder's Pro Rata Share of Series [D] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of each (a) LES Waterfall Distribution, and (b) LES Remaining Assets Distribution, which are made after all Allowed Segregated Exchange Principal Claims, all Allowed Note Exchange Collectible Claims and all Allowed LES General Unsecured Claims are satisfied in full, until such holder's Allowed LES Damages Claim is satisfied in full.	Yes.	TBD	0%
Class LES 8	LES Equity Interests	LES Equity Interests shall be cancelled and each holder of an Allowed Class LES 8 Interest shall receive such holder's Pro Rata Share of Series [E] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of (a) each Subsequent Waterfall Distribution and (b) each LES Remaining Assets Distribution once all Allowed Segregated Exchange Principal Claims, all Allowed Note Exchange Collectible Claims, all Allowed LES General Unsecured Claims and all Allowed LES Damages Claim are satisfied in full.	Yes.	N/A	0%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class LFG 1	LFG Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$500	100%
Class LFG 2	LFG Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class LFG 3	LFG General Unsecured Claims	Each holder of an Allowed Class LFG 3 Claim shall receive such holder's Pro Rata Share of Series A LFG Trust Interests which shall entitle such holders to its Pro Rata Share of the LFG Trust Distributions.	Yes.	$829,655	28.3%[4]
Class LFG 4	LFG Exchange Guarantee Claims	Each holder of an Allowed Class LFG 4 Claim may elect to either: (i) receive an LFG Guarantee Cash Distribution; provided that, such holder (x) assigns to the LFG Trust all rights, claims and Causes of Action such holder may have against third parties on account of its exchange, (y) votes in favor of the Plan and (z) does not object to confirmation of the Plan; or (ii) be deemed to be a holder of an LFG General Unsecured Claim, and receive a Pro Rata Share of Series A LFG Trust Interests pursuant to Section 5.9 of the Plan; in each case in full and final satisfaction of such holder's Allowed LFG Exchange Guarantee Claims.	Yes.	$14,600	31%
Class LFG 5	LFG Securities Law Claims	Each holder of an Allowed Class LFG 5 Claim shall receive such holder's Pro Rata Share of Series B LFG Trust Interests, which shall entitle such holder to its Pro Rata Share of the LFG Trust Distribution, once all Allowed LFG General Unsecured Claims are satisfied in full, until such holder's Allowed LFG Securities Law Claim is satisfied in full.	Yes.	TBD	0%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class LFG 6	LFG Equity Interests	The LFG Equity Interests shall be cancelled and holders of LFG Equity Interests shall not be entitled to any distribution under the Plan.	No.	N/A	0%
Class SD 1 **LandAmerica Credit Services**	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 2 **LandAmerica Credit Services**	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	$0	N/A
Class SD 3 **LandAmerica Credit Services**	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$15,158	16.7%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 4 **LandAmerica Credit Services**	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	0%
Class SD 1 **LandAmerica Assessment Corporation**	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 2 **LandAmerica Assessment Corporation**	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	$0	N/A
Class SD 3 **LandAmerica Assessment Corporation**	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$2,693	100%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 4 **LandAmerica Assessment Corporation**	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	$952
Class SD 1 **LandAmerica Title Company**	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 2 **LandAmerica Title Company**	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	$0	N/A
Class SD 3 **LandAmerica Title Company**	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$27,499	1.6%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 4 **LandAmerica Title Company**	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	0%
Class SD 1 **Southland Title Corporation**	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 2 **Southland Title Corporation**	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	$0	N/A
Class SD 3 **Southland Title Corporation**	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$11,557	14.4%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 4 **Southland Title Corporation**	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	0%
Class SD 1 **Southland Title of Orange County**	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 2 **Southland Title of Orange County**	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	$0	N/A
Class SD 3 **Southland Title of Orange County**	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$7,865	0.2%

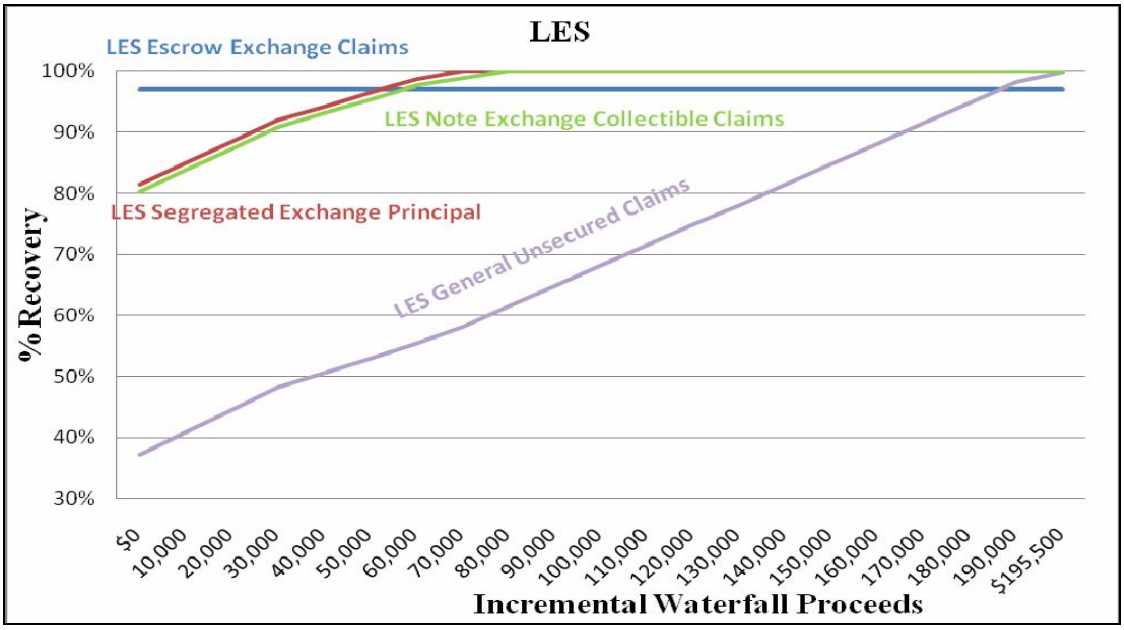
Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 4 **Southland Title of Orange County**	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	0%
Class SD 1 **Southland Title of San Diego**	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$0	N/A

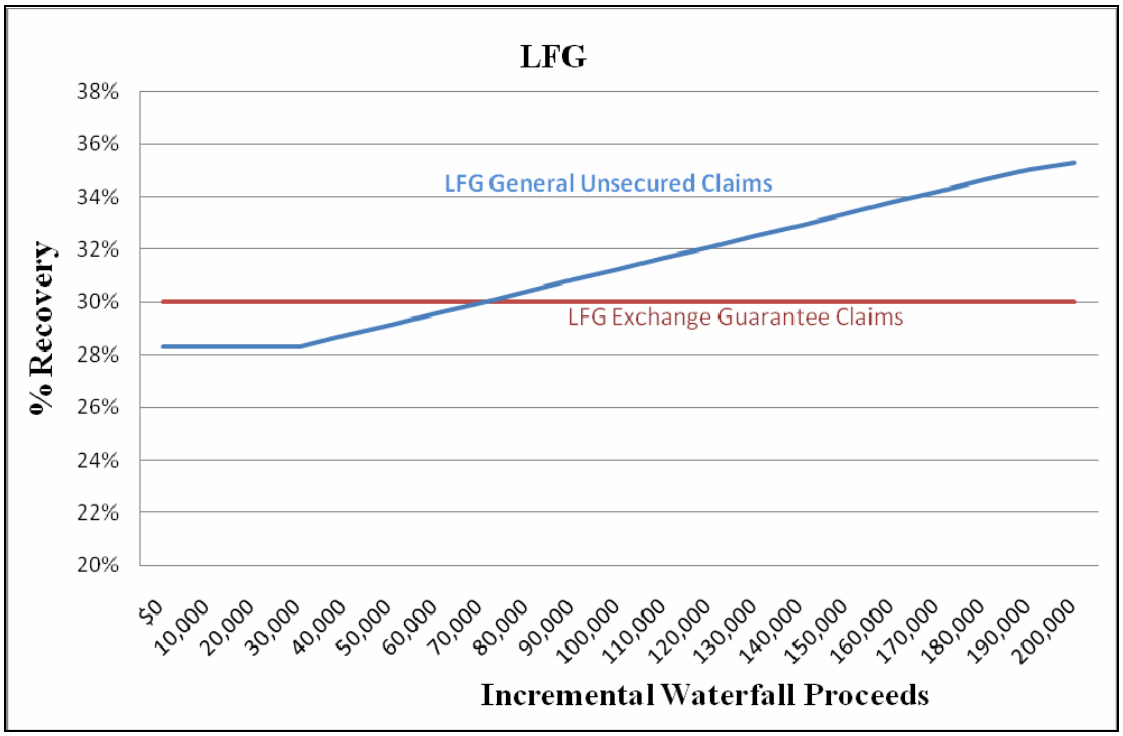
Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 2 **Southland Title of San Diego**	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	$0	N/A
Class SD 3 **Southland Title of San Diego**	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$15,105	10.9%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Class SD 4 **Southland Title of San Diego**	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	0%

The recoveries set forth above are estimates and are contingent upon approval of the Plan as proposed. In addition, such estimated recoveries do not include proceeds from the ARS Litigation or the Other Litigation due to the inherent uncertainty in estimating proceeds from litigation. See Exhibit 4 for a detailed explanation of the assumptions made when calculating the recovery estimates.

The below graphs display the recovery improvement to certain LFG and LES Claims for each additional $10 million of Waterfall Proceeds realized by the Other Litigation Sub-Trust and the ARS Litigation Sub-Trust, including recoveries from the ARS Litigation and the Other Litigation. This analysis is purely illustrative and is designed to provide an understanding of how the recoveries could improve under various scenarios.





* The LFG graph assumes that holders of the LFG Exchange Guarantee Claims elect to receive a one time cash payment of thirty percent (30%) of their Principal Claim.

ARTICLE III.

BUSINESS DESCRIPTION AND CIRCUMSTANCES THAT LED TO THESE CHAPTER 11 CASES

3.1 *The Debtors' Businesses.*

LFG is a holding company that operates through its various regulated and unregulated subsidiaries (collectively, "**LandAmerica**" or the "**Company**"). As of November 26, 2008 (the "**Initial Petition Date**"), LandAmerica's products and services facilitated the purchase, sale, transfer and financing of residential and commercial real estate, including the use of 1031 exchanges in connection with such real estate transactions. At its peak, the Company operated through approximately 700 offices and a network of more than 10,000 active agents, and conducted business in Mexico, Canada, the Caribbean, Latin America, Europe, and Asia. The Company's products and services were offered to a broad-based customer group, including residential and commercial real estate buyers and sellers, real estate agents and brokers, developers, attorneys, mortgage brokers and lenders, and title insurance agents. LandAmerica principally operated through four operating divisions: Agency Services, Residential Services, Commercial Services and Lender Services.

The Commercial Services division facilitated smooth and timely closings of single and multi-location transactions by assisting customers buying or selling real property. The

Commercial Services division provided title insurance and closing services, real property valuations, real property inspections, environmental assessments, survey coordination services and 1031 exchange facilitation services to support the transfer and financing of commercial real property. LFG's subsidiaries offering services in the Commercial Services division included: the Regulated Underwriters (as defined below) and their Subsidiaries listed below; LandAmerica Assessment Corporation, which sold substantially all of its assets to Partner Assessment Corporation on March 26, 2009; LandAmerica Valuation Corporation which was sold to BB Valuation, Inc. on April 1, 2009; LandAmerica 1031 Exchange Services, Inc.; LandAmerica International Holding Company B.V., which includes the Chisholm Nurser & Partners and LandAmerica Assessment Germany Gmbh subsidiaries; and LandAmerica Services, Inc., which includes the LandAmerica Services of Mexico, S.A. de C.V. subsidiary.

Through its Residential Services division, the Company maintained one of the largest branch office networks in the country offering customers title insurance, escrow services, closing services, home inspections and home warranties to support the sale and/or financing of residential real property throughout the United States. LFG's subsidiaries offering services in the Residential Services division included: the Regulated Underwriters and their Subsidiaries listed below; LandAmerica Home Warranty Company; LandAmerica Property Inspection Services, Inc.; Buyers Real Estate Services, Inc.; Residential Property Maintenance; County Title Holding Corp., the parent company of the Southland Entities; and Capital Title Group, Inc., the parent company of the Nations Holding Group and New Century Holding Company entities.

The Agency Services division distributed a full suite of high-quality residential and commercial real estate transaction products through a network of independent title agents throughout the United States. The independent title agents sold similar products and services to the same type of customer base as did the Residential and Commercial Services divisions. This division operated primarily through the Regulated Underwriters and their Subsidiaries as listed below and the LandAmerica Alliance Company joint ventures.

Finally, the Lenders Services division offered a variety of centralized, nationally coordinated real estate transaction services to lenders and mortgage servicers nationwide. The origination services offered by this division were designed to help large mortgage lenders facilitate the closing of residential refinance and home equity mortgages. The loan servicing products and services offered by the Lender Services division supported clients servicing mortgages. Subsidiaries offering services in the Lender Services channel include LandAmerica OneStop, Inc. (which is comprised of Tax & Flood, Origination, BackInTheBlack® and Default Services); LandAmerica Credit Services, Inc.; and LoanCare Servicing Center, Inc.[5]

(a) Regulated Underwriters and Their Subsidiaries.

Prior to the Initial Petition Date, LandAmerica was the third largest title insurance underwriting family in the United States. LandAmerica issued title insurance policies and

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[5] As discussed below, the assets of LandAmerica Credit Services, Inc. and LFG's ownership interest in LoanCare Servicing Center, Inc. and LC Insurance Agency, Inc. were sold on August 12, 2009 and June 3, 2009, respectively.

provided closing services primarily through two principal title underwriting subsidiaries: Commonwealth Land Title Insurance Company ("**Commonwealth NE**") and Lawyers Title Insurance Corporation ("**Lawyers Title**"). LFG also indirectly owned two other title insurance underwriters: Commonwealth Land Title Insurance Company of New Jersey ("**Commonwealth NJ**"); and United Capital Title Insurance Company ("**United Capital**", and together with Commonwealth NE, Lawyers Title and Commonwealth NJ, the "**Regulated Underwriters**"). Together, these operations represented approximately 85% to 90% of LandAmerica's annual revenue.

The title insurance subsidiaries are subject to regulation by the insurance authorities and enforcement of laws by certain governmental authorities of the states in which they do business. State regulatory authorities impose underwriting limits on title insurers based primarily on levels of available reserves, capital and surplus.

The title insurance businesses are closely linked to the overall level of residential and commercial real estate activity, which generally is affected by the relative strength or weakness of the United States economy. In addition, title insurance volumes fluctuate based on changes in interest rates and the availability of mortgage financing. Periods of increasing interest rates and reduced mortgage financing availability usually have an adverse effect on residential real estate activity. Commercial real estate volumes are less sensitive to changes in interest rates, but fluctuate based on local supply and demand conditions for space and mortgage financing availability.

LFG and its subsidiaries sold all of their respective shares, constituting 100% ownership, of Commonwealth NE, Lawyers Title, Commonwealth NJ and United Capital to Fidelity National Financial, Inc. on December 22, 2008. In connection with this sale, LFG received consideration of approximately $247 million.

(b) Unregulated Operations.[6]

In addition to underwriting title insurance, certain LFG subsidiaries provided, among other things, appraisals, home inspections, and warranties for residential real estate transactions. These subsidiaries also performed specialized services, primarily for LandAmerica's national and regional mortgage lending customers, such as real estate tax processing, flood zone determinations, consumer mortgage credit reporting, real property valuations, default management services, and mortgage loan subservicing.

1. LandAmerica 1031 Exchange Services, Inc.

LandAmerica 1031 Exchange Services, Inc. ("**LES**"), one of the Debtors, which filed for chapter 11 protection on the Initial Petition Date, is a direct subsidiary of LFG. Prior to the Initial Petition Date, LES operated as a "qualified intermediary" under section 1.1031(k)-1(g)(4) of the

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[6] Although not regulated by a state department of insurance, many of LandAmerica's "unregulated" subsidiaries were or are regulated by certain other types of state or federal agencies. For example, LandAmerica Home Warranty is regulated by the California Insurance Commissioner.

Treasury Regulations and Section 1031 of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"). Generally, the Tax Code imposes taxes when property is sold or transferred and a gain is realized. Pursuant to section 1031 of the Tax Code and applicable Treasury Regulations, if a taxpayer adheres to certain guidelines, then all or a portion of the gains from the disposition of business or investment property can be deferred or reinvested into a new replacement property. These deferred gains, as well as the gains from the new property, are not taxed unless and until the new property is transferred and fails to qualify for tax deferral. To qualify for such tax deferral, the taxpayer must structure the transaction as an exchange of one property for another "like kind" property and the taxpayer must meet certain specific deadlines, including identifying potential replacement property within 45 days and consummating the purchase transaction within 180 days after the date on which the taxpayer transferred the relinquished property. These exchanges are typically facilitated by a qualified intermediary, such as LES.

In the ordinary course of its business, LES entered into agreements with its customers (the "**Exchange Agreements**") whereby it received the net proceeds of the sales of relinquished properties (the "**Exchange Funds**") in order to facilitate like-kind exchanges in accordance with the requirements of the Tax Code. As set forth in the Exchange Agreements, LES took sole and exclusive possession, dominion, control, and use of all Exchange Funds, including interest, if any, earned on the Exchange Funds until the earlier of the consummation of a like-kind exchange or such other date or event as provided in the applicable Exchange Agreement and other related documents.

2. LandAmerica Assessment Corporation.

LandAmerica Assessment Corporation ("**LAC**"), one of the Debtors, which filed for chapter 11 protection on March 6, 2009, is also one of LFG's unregulated direct subsidiaries. LAC provided full-service property condition and environmental assessment services to customers throughout the United States, Mexico, Canada, the Caribbean, Latin America, and Europe with offices located in California, Illinois, Missouri, New Jersey, New York, North Carolina, Oregon and Texas. LAC specialized in property condition assessment, construction, project monitoring, construction cost analysis, cost segregation services and environmental assessments associated with commercial real estate acquisitions and finance.

Specifically, LAC acted as the vendor manager for a wide array of assessment services. Historically, its primary customers were originators of loans for commercial real estate transactions, as well as large real estate developers and financial institutions, which made construction loans or purchased bundles of real estate loans. Through its close working relationships with and utilization of over 1,200 vendors located throughout the United States, LAC provided customers with assessment reports identifying, locating, and quantifying significant defects, deferred maintenance, required upgrades and obvious code violations at real estate properties. LAC also provided environmental assessments for many commercial transactions to determine the environmental liability risk of a given property. LAC did not perform the actual property assessments; rather, its role in the process was hiring, coordinating, and working directly with the assessment service providers in order to (a) generate client reports, and (b) ensure that such reports met certain standards of quality and were produced in a uniform format regardless of the location in which the assessment was conducted. Typically, the contract

between LAC and its customers provided that LAC remained liable for the assessment reports provided to its customers.

LAC sold substantially all of its assets to Partner Assessment Corporation (d/b/a Partner Engineering and Science) on March 26, 2009, and is no longer an operating business. Pursuant to the terms of the asset purchase agreement between the parties, a purchase price of approximately $2 million was paid to LAC before deducting any transaction costs.

3. The Underwritten Title Companies.

Prior to ceasing operations on January 31, 2009, LandAmerica Title Company (f/k/a United Title Company) ("**LandAm Title**"), which filed for chapter 11 protection on March 27, 2009, Southland Title Corporation, Southland Title of Orange County, and Southland Title of San Diego (collectively, the "**Southland Entities**"), each of which filed for chapter 11 protection on March 31, 2009, each served as an underwritten title company ("**UTC**")[7] under the California Insurance Code and were licensed by the California Department of Insurance. LandAm Title and the Southland Entities provided title, escrow and other real estate-related products and services to (a) residential and commercial buyers and sellers, (b) real estate agents and brokers, (c) developers, (d) attorneys, and (e) mortgage brokers and lenders each primarily located in Southern California.

Specifically, LandAm Title and the Southland Entities acted (a) as title agents and assisted in the issuance of title insurance policies for title insurance companies in exchange for a portion of the title insurance premium, and (b) as intermediaries between insurance underwriters and customers. The intermediary prepared title searches, title examinations, title reports, certificates or abstracts of title, upon which a title insurer wrote title policies.

County Title Holding Corp., the parent company of the Southland Entities, expects to dissolve the majority of its remaining non-Debtor subsidiaries, including StoneRidge Escrow Corporation, San Diego County Holding Company, Docusign, Inc. and G&S Reconveyance Company, and to sell its interests in All Counties Courier, Inc..

4. LandAmerica Credit Services, Inc.

LandAmerica Credit Services, Inc. ("**LandAm Credit**"), one of the Debtors and an unregulated subsidiary of LFG, which filed for chapter 11 protection on July 17, 2009, provided consumer credit reports and income, tenant, and tax return verifications to national and regional mortgage lenders and brokers throughout the United States. Its main operations were located in Las Vegas, Nevada and its accounts receivable department was located in Omaha, Nebraska. LandAm Credit was one of only six credit reporting agencies with Tier 1 direct connectivity with Fannie Mae and Freddie Mac, giving LandAm Credit a competitive advantage over other credit

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[7] Section 12340.5 of the California Insurance Code defines an "underwritten title company" as: "any corporation engaged in the business of preparing title searches, title examinations, title reports, certificates or abstracts of title upon the basis of which a title insurer writes title policies."

service companies. Such access allowed LandAm Credit to provide credit reports for Fannie Mae and Freddie Mac loan submissions.

Specifically, LandAm Credit provided consolidated consumer mortgage credit reports consisting of data accessed from the three national credit bureau repositories. LandAm Credit employees reviewed credit reports, stripped them of duplicative entries, and provided a more user-friendly product to the customer. Further, LandAm Credit offered customers the opportunity to update and supplement the information on their consumer credit report. LandAm Credit's clients consisted of a diverse customer base in the mortgage industry including banks, thrifts, credit unions, mortgage companies, and mortgage brokers, as well as a limited number of mortgage servicers and subservicers, commercial lenders, and various businesses seeking consumer credit information.

LandAm Credit sold substantially all of its assets to LAMAT, LLC on August 12, 2009 and is no longer an operating business. Pursuant to the asset purchase agreement between the parties, LandAm Credit received a purchase price of approximately $3.5 million before any working capital adjustments or transaction costs.

5. LandAmerica Home Warranty Company, Residential Property Maintenance, Inc., LandAmerica Property Inspection Services, Inc., and Buyers Real Estate Services, Inc.

Several of LFG's subsidiaries provide buyers of residential real estate with home inspection services, home warranties, and natural hazard disclosure reports through four operating entities. LandAmerica Home Warranty Company ("**LAHW**") and Residential Property Maintenance, Inc. ("**RPM**") sell home warranties to owners of single-family homes, multiple unit buildings of up to four units, and mobile homes.[8] A standard one-year home warranty service contract protects a resale home buyer or current homeowner against the cost of unexpected repairs or replacement of major systems and appliances that become inoperable due to normal wear and tear during the term of a contract.[9] LandAmerica Property Inspection Services, Inc. ("**LAPIS**") provides home inspection services for residential real estate transactions. LAPIS utilizes a field of qualified inspectors, a central scheduling center, and customized technology to electronically dispatch work, deliver final reports to clients, and manage all service tracking and backroom processing for payroll and accounting. Buyers Real Estate Services, Inc. ("**BRES**," and together with LAHW, RPM, and LAPIS, "**Home Warranty**") provides natural hazard disclosure reports. All of the Home Warranty operating entities are wholly-owned subsidiaries of LFG and operate under a single management team to

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[8] In May 2008, RPM ceased issuing new warranty policies because its business overlapped with LAHW's existing operations in Arizona, and LFG determined that there was no need to continue both operations and pay for two state licenses.

[9] Home warranty contracts are regulated as service contracts in various states. In addition, certain states, including California, Texas and Arizona, required that LAHW maintain statutory financial requirements, including net worth, deposits for state licenses and/or reserve requirements to support reserves for future payments under the warranty contracts.

capitalize on synergies in operations, sales, and growth initiatives. Headquartered in Alpharetta, Georgia, Home Warranty also operated a west coast center in Burbank, California.

On May 13, 2009, LFG entered into an agreement with Buyers Protection Group, Inc., a Georgia corporation and the successful bidder at an auction held on May 12, 2009, whereby LFG will sell all of its shares, constituting 100% of the issued and outstanding common stock, in Home Warranty to Buyers Protection Group, Inc. The transaction is pending regulatory approval and expected to close in the fourth quarter of 2009. In connection with the sale, LFG anticipates it will receive a purchase price of $12.2 million prior to any working capital adjustments or transaction costs.

6. LoanCare Servicing Center, Inc. and LC Insurance Agency, Inc.

LoanCare Servicing Center, Inc. and LC Insurance Agency, Inc. (together, "**LoanCare**") are former LFG subsidiaries that provide a full range of loan administration services to clients nationwide. LFG acquired LoanCare in December 2004. LoanCare provided subservicing services to financial institutions and private investors that hold mortgage loan assets or mortgage servicing rights. Specifically, LoanCare has four lines of business: (a) traditional subservicing; (b) seller finance servicing; (c) loss mitigation; and (d) debt servicing. Through its services, LoanCare provides its customers with the ability to lower costs, reduce operating risk, and enhance customer/member services through its various subservicing programs.

As discussed below, LFG sold all of its shares of LoanCare to Fidelity National Financial, Inc., constituting 100% of the issued and outstanding common stock of both LoanCare Servicing Center, Inc. and LC Insurance Agency, Inc., on June 3, 2009. In connection with this sale, LFG received a purchase price of approximately $16.3 million prior to any working capital adjustments or transaction costs.

7. LandAmerica Valuation Corporation.

Based in Alpharetta, Georgia, LandAmerica Valuation Corporation ("**LVC**") is a former wholly-owned subsidiary of LFG that performed valuations on commercial real estate throughout the United States. Established in 2002, LVC was a commercial valuation company specializing in appraisal and consulting services associated with commercial real estate transactions. LVC maintained working relationships with more than 250 field professionals nationwide, who provided appraisal services for all property types, including office, retail, industrial, multi-family, special purpose, hotel, vacant land, and any non-residential 1-4 family property. The services LVC offers its clients include appraisal and consulting, market studies, feasibility studies, market research, cash flow analysis, lease abstractions, property inspections, third party review, portfolios and single asset assignments, and impacted property appraisals.

As discussed below, LFG sold all of its shares, constituting 100% of the issued and outstanding common stock, of LVC to BB Valuation, Inc. on April 1, 2009. Of the $825,000 purchase price for the shares of LVC, $675,000 was paid in the form of a secured promissory note. The note was paid in full on September 30, 2009, with additional interest of approximately $9,300.

8. Capital Title Group.

Another subsidiary of LFG, Capital Title Group, Inc. ("**CTG**"), is a holding company that, prior to the Initial Petition Date, operated through its various subsidiaries, including Nations Holding Group, Inc. ("**NHG**"), New Century Holding Company ("**NCHC**") and CTG Building Co. ("**CTGB**"). Prior to the Initial Petition Date, NHG, through its subsidiaries (which, with the exception of LandAm Title, have since been dissolved or sold, or in the case of AdvantageWare, Inc., are in the process of being dissolved), provided real estate settlement services in California and Nevada. NHG's subsidiaries primarily issued title insurance policies and performed other title-related services, such as escrow activities in connection with real estate transactions. Further, NCHC, through its subsidiary New Century Title Company ("**NCTC**"), provided escrow and title services to the real estate industry in select California counties prior to NCTC's dissolution in January 2008. NHG, a now defunct holding company, and NCHC, an entity in the process of being dissolved, have since ceased doing business.

9. LandAmerica Title Insurance Company of Mexico, S.A.

LandAmerica Title Insurance Company of Mexico, S.A. ("**LATIM**") is a licensed Mexican insurance company that is owned by LandAmerica Services Inc. ("**LSI**") (1% ownership) and by LSI's subsidiary, LandAmerica International Holding Company ("**LIHC**") (99%). LSI is a wholly-owned subsidiary of LFG.

Established in 2007 and based in San Miguel de Allende, Mexico, LATIM offered title-related products categorized within the general area of property and casualty insurance in Mexico. Specifically, LATIM sold title investigation services, commercial title insurance policies and offered escrow and disbursement services in both Mexico and the United States, and offered title investigations and commitments. LATIM was structured to operate in Mexico with a minimum amount of capital and historically assigned most of its risk to Lawyer's Title through reinsurance arrangements. LATIM's automatic reinsurance agreement with Lawyer's Title expired on May 14, 2009.

LFG has been, and in most instances continues to market the majority of LSI's subsidiaries, including LIHC, LIHC's subsidiaries, LATIM and Complete Closing Services, Incorporated. As of the date hereof, limited interest in LATIM has caused LFG to conclude that a dissolution of LATIM is in its best interest. The dissolution process has now commenced and it is expected to take at least three months to conclude. The remaining LSI subsidiary, LandAmerica Services of Mexico, S.A. de C.V., is jointly owned by LIHC (which holds a 99% interest), and is expected to be dissolved prior to the Effective Date.

10. LandAmerica Commercial Search Services.

LandAmerica Commercial Search Services ("**LandAm Commercial**") owned 20% of DataTrace Information Services LLC ("**DataTrace I**") and 20% of DataTrace Information Services II LLC ("**DataTrace II,**" and, together with DataTrace I, "**DataTrace**"). LandAm Commercial is a wholly-owned subsidiary of LFG. DataTrace was a joint venture with First American Corporation and/or its affiliates (collectively, "**First American**"), which owned

the remaining 80% and, upon the consummation of the sale of DataTrace, became the 100% owner.

Based in Santa Ana, California, DataTrace provides a title information delivery system which enables title insurance companies, title agencies, and independent title abstractors nationwide to connect to regional title databases and access them using a standard software interface. DataTrace's system delivers title information, property tax assessment and payment data, and property profiles for metropolitan areas across the United States. As a result, title companies with local and regional databases, whose content is managed by the DataTrace system, may secure access to national title information that allows them to expand their reach beyond the territory covered by their own data. Additionally, DataTrace helps customers determine the status of real estate taxes for properties in more than 240 counties nationwide. Further, DataTrace manages the world's largest network of title plants, with more than 150 markets.

On August 11, 2009, LandAm Commercial sold all of its membership interests in DataTrace, which was comprised of a 20% ownership interest in each of DataTrace I and DataTrace II, to Smart Title Solutions, LLC and First American Real Estate Solutions II, LLC. In consideration for the sale, LandAm Commercial received approximately $15 million. Upon closing of the sale, LandAm Commercial ceased being an operating business and is now a defunct holding company.

11. LandAmerica Alliance Company.

LandAmerica Alliance Company consisted of 72 joint ventures. Two joint ventures, Commonwealth Land Title Company of Puget Sound (50%), an affiliated/independent title insurance agency joint venture, and LandAmerica Production Center, LLC (80%), a production center, are currently active or scheduled to be sold. The remaining 70 joint ventures are inactive or have been sold, dissolved or are in the process of being dissolved.[10]

12. LandAmerica OneStop, Inc.

LandAmerica OneStop, Inc. ("**OneStop**"), based in Moon Township, Pennsylvania, is a wholly-owned subsidiary of LFG that is part of LFG's lender services business segment. OneStop is comprised of the following operating divisions: Origination Services (comprised of title services, settlement/closing services, and appraisal and valuation services), Tax and Flood Services, Default Services, and MSTD (which offers the BackInTheBlack® application, a web-based application that manages all aspects of the mortgage default process). Through its diverse operating segments, OneStop offers the national and regional mortgage lending communities a full range of integrated residential real estate services and the ability to manage the delivery of those services through a centralized source. OneStop provides mortgage originators and mortgage servicers with a single, convenient point of contact through which they can place all of their orders for real estate related services.

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[10] Due to a decline in sales and/or the partners' plans to discontinue referring business to the joint venture, certain joint ventures have been, and/or are targeted to be dissolved.

Specifically, transaction management services include the coordination and delivery of title insurance, flood zone determinations, property appraisal and valuation, property inspections, closing and escrow services, foreclosure services, property preservation services, lien monitoring services, and real estate tax processing services.

OneStop is presently engaged in discussions regarding the sale of all or substantially all of the assets in its various operating divisions. On September 23, 2009, OneStop sold substantially all of the assets of its Tax and Flood Services division to T&F Acquisition Group, LLC. In connection with this sale, OneStop received a purchase price in the amount of $6 million. In addition, OneStop entered into an agreement for the sale of substantially all of the assets of its Origination Services, Default Services and MSTD divisions on or about October 1, 2009. Depending on OneStop's ability to mitigate or eliminate residual liabilities, OneStop may determine to seek protection under chapter 11 of the Bankruptcy Code at a later date.

13. Centennial Bank.

LFG operates a California industrial bank through a wholly-owned subsidiary, Orange County Bancorp, and its subsidiary, Centennial Bank ("**Centennial**"), which together make up LFG's financial services segment. Centennial was acquired by LFG in November 2003. Centennial's primary business is the origination and bulk purchase of commercial real estate loans. It has a heavy concentration of loans in the Southern California, Arizona and Nevada markets. Deposits are solicited through the internet for both certificates of deposit and passbook savings accounts. As an industrial bank, Centennial does not accept demand deposits, such as checking accounts, that provide for payment to third parties. Centennial does not offer banking services such as credit cards or automated teller machines. Prior to the Initial Petition Date, LFG utilized Centennial to hold a portion of LFG's escrow deposits.

Centennial is subject to supervision and regulation by federal and state banking agencies. These authorities regulate Centennial's issuance of deposits, place limits on the size and nature of the loans that can be made, and specify the maintenance of minimum liquidity levels. In addition, Centennial is subject to various regulatory capital requirements administered by the federal and state banking agencies.

LFG has been actively marketing Centennial and Orange County Bancorp since before the Initial Petition Date. In connection with this sale process, LFG and its financial advisor, Sandler O'Neill & Partners ("**Sandler O'Neill**"), contacted 77 potential purchasers, consisting primarily of developmental stage banks, banks desiring to increase their geographic footprint and private equity firms operating financial services companies. Of those contacted, 46 purchasers signed confidentiality agreements with LFG and obtained access to the electronic data room containing information about Centennial. Only six potential purchasers submitted any written indication of interest to purchase Orange County Bancorp and Centennial, each indication was heavily qualified and, thus far, none of the indications received have met the bid procedures established by LFG and Sandler O'Neill.

If LFG does not sell or abandon its interests in Centennial or Orange County Bancorp prior to the Effective Date, LFG intends to temporarily retain such interests after the Effective Date until they can ultimately be sold, with any net proceeds to be transferred to the

LFG Trust.. If retaining interests in Centennial or Orange County Bancorp may result in the PBGC's assertion of a priority Claim against the Debtors or Post-Effective Date LFG, however, LFG may be forced to otherwise dispose of its interests to avoid materially diluting recoveries to its creditors. Prior to selling its interests in Centennial or Orange County Bancorp, LFG will seek a determination from the Bankruptcy Court that the PBGC does not have a priority Claim against one or more of the Debtors' estates. This determination may take the form of a Bankruptcy Court approved settlement with the PBGC or other Final Order.

14. LandAmerica International Holding Company B.V.

The two subsidiaries of LandAmerica International Holding Company B.V., LandAmerica Assessment Germany Gmbh and LandAmerica Company UK Limited either directly or through their own subsidiaries provide real property inspections, environmental reports and other real property due diligence services for purchasers and lenders throughout the UK and Europe. Regarding LandAmerica International's subsidiaries, LandAmerica Assessment Germany Gmbh was sold for 1 Euro as a better alternative to a dissolution because of speed, ability to mitigate claims and repatriate cash on the balance sheet. Chisholm Nurser & Partners, Limited is under administration in the United Kingdom and LandAmerica International will be dissolved.

15. LEISA of Connecticut, Inc.

LEISA was an environmental insurance agency that issued environmental insurance underwritten by a variety of third party insurance underwriters. This product line was offered to clients in the Commercial Services division and was sold by certain of the Commercial Services division sales representatives who were licensed to sell the product. Given that the former employees of the Commercial Services division were hired by Fidelity in connection with the Underwriter sale, LEISA can no longer operate and will be dissolved.

3.2 *Capital Structure.*

(a) LFG.

As of the Initial Petition Date, LFG had liabilities in excess of $650 million. Certain of the liabilities arose under long-term debt instruments, including (a) a revolving credit facility with $100 million in unsecured obligations outstanding (as amended, the "**Credit Facility**"), (b) two series of senior unsecured notes with a principal amount of approximately $150 million (the "**Senior Notes**"), and (c) two issues of convertible senior notes with a principal amount of approximately $225 million (the "**Convertible Senior Notes**"). All of the long-term debt is unsecured and, other than LFG, no LandAmerica entity is obligated to satisfy these obligations.

1. The Credit Facility.

The Credit Agreement, dated July 28, 2006 (the "**Credit Agreement**"), is by and among LFG and a syndicate of lenders led by SunTrust Bank, as Administrative Agent (each, a "**Lender**" and together, with all other lenders, the "**Lenders**"). The Credit Agreement, which was subsequently amended on November 30, 2007 and June 30, 2008, originally provided for a

revolving credit facility in the aggregate principal amount of up to $200 million. Among other things, the second amendment to the Credit Agreement reduced the Credit Facility from $200 million to $150 million. As of September 30, 2008, the amount outstanding under the Credit Agreement was $100 million. Because LFG was in default of certain covenants under the Credit Facility on the Initial Petition Date, LFG was not entitled to draw any additional funds under the Credit Facility.

The Credit Agreement provides that each Lender has the right to set off and apply against all deposits of LFG at any time held by such Lender, any and all amounts owing under the Credit Agreement (the "**Setoff Rights**"). On the Initial Petition Date, the Lenders held approximately $11.9 million in deposits of LFG. On November 26, 2008, LFG filed a motion with the Bankruptcy Court (Docket No. 5) seeking authority to use cash on deposit in bank accounts maintained with certain of the Lenders (the "**Bank Accounts**") as of the Initial Petition Date. The Lenders asserted that cash held in the Bank Accounts as of the Initial Petition Date was subject to the Setoff Rights and, as a result, was cash collateral securing LFG's obligations under the Credit Agreement. On December 2, 2008, the Bankruptcy Court entered an order (Docket No. 69) granting LFG's motion and prohibiting the Lenders from offsetting, freezing, affecting or otherwise impeding the use or transfer of, or access to, any funds of LFG (and to the extent other Debtors' funds were deposited in the Bank Accounts, the funds of such other Debtors) deposited in the Bank Accounts by reason of any claim arising before or by reason of the commencement of the Chapter 11 Cases. By order dated August 12, 2009 (the "**Setoff Order**"), the Bankruptcy Court authorized, among other things, the Lenders and SunTrust Bank, as Administrative Agent, to exercise Setoff Rights in an amount equal to approximately $11.9 million (Docket No. 1847). In addition, the Setoff Order preserved all rights, claims and causes of action the Debtors against any Lender, and, to the extent LFG obtains a right of payment from any Lender pursuant to a settlement or judgment, the Lenders agreed to disgorge any amounts received pursuant to the Setoff Order.

2. The Senior Notes.

On July 28, 2006, LFG entered into a Note Purchase and Master Shelf Agreement (the "**Note Purchase Agreement**") with Prudential Investment Management, Inc. ("**Prudential**"). Under the Note Purchase Agreement, LFG issued two series of senior notes (the "**Senior Notes**") with a face amount of $100 million and $50 million, respectively. Prior to the Initial Petition Date, LFG defaulted under the Senior Notes.

3. The Convertible Notes.

On November 26, 2003, LFG issued $115 million of 3.125% Convertible Senior Debentures due 2033 through a private placement. Subsequently, in October 2007, certain holders exercised their conversion rights for $16.5 million of the debentures. As of the Initial Petition Date, $98.5 million of the debentures were outstanding. On May 11, 2004, LFG issued $125 million in principal amount of 3.25% Convertible Senior Debentures due 2034 through a private placement. These amounts remained outstanding as of the Initial Petition Date.

(b) LES.

As of the Initial Petition Date, the Exchange Funds maintained by LES included funds acquired pursuant to separate Exchange Agreements with approximately 450 customers. Approximately 50 of the Exchange Agreements (each, a "**Segregated Exchange Agreement**") required that LES deposit the applicable Exchange Funds (the "**Segregated Exchange Funds**") in segregated accounts or sub-accounts that were associated with the applicable Exchange Customer's name or taxpayer identification number.

In addition, LES entered into several other Exchange Agreements that required LES to execute escrow agreements (each, an "**Escrow Exchange Agreement**") providing that the relevant exchange funds were to be deposited into an escrow account maintained by an escrow holder (the "**Escrow Exchange Funds**"). The remaining approximately 400 Exchange Agreements had no escrow or segregation requirement (the "**Commingled Customers**"). In the aggregate, Commingled Customers hold claims equal to approximately $191.7 million against LES.

Approximately $227.5 million in Segregated Exchange Funds were maintained in LES accounts primarily with Citibank, N.A. ("**Citibank**") and Centennial, as well as a few accounts at various banking institutions by special request (collectively, the "**Segregated Accounts**"). These funds equal or exceed the claims of customers that were a party to one or more of the Segregated Exchange Agreements.

In addition, as of the Initial Petition Date, LES had on hand approximately $46 million backed by investments in government treasury bonds and approximately $201.7 million (par value) in subordinated tranches of auction rate securities ("**ARS**"). With the exception of one Exchange Customer, to the best of the Debtors' knowledge, none of the Exchange Funds deposited with LES by any of the current creditors of LES were used to purchase ARS. When the ARS market froze, LES was unable to access these funds to close customers' exchanges. Accordingly, LES was forced to seek funds from alternative sources to close such transactions.

As of the Initial Petition Date, LES had no secured debt and minimal trade creditor debt.

(c) Cash Held by Other Debtors.

As of March 6, 2009, LAC had approximately $507,000 in cash which was held in one bank account maintained by LAC at Bank of America. As of March 27, 2009, LandAm Title had approximately $934,000 in cash which was held in one bank account maintained by LandAm Title at Bank of America. As of March 31, 2009, the Southland Entities had approximately $4,394,000 in cash which was held in three bank accounts maintained by the Southland Entities at Bank of America. As of July 17, 2009, LandAm Credit had approximately $91,283.25 in cash which was held in one bank account maintained by LandAm Credit at Bank of America.

3.3 ***Events Leading to the Chapter 11 Cases.***

Beginning in 2007 and continuing through 2008, there were significant declines in mortgage financing, property values, and the number of real estate transactions, which combined significantly and adversely affected the Company's primary business activities and liquidity. Residential mortgage originations in the United States, which exceeded $2.7 trillion in 2006, declined steadily over the course of 2007 and 2008 to about $1.8 trillion for 2008. The prospects for 2009 were even bleaker; mortgage originations were expected to shrink further to about $1.65 trillion for 2009. Housing values also showed an unprecedented decline and the number of residential mortgages in foreclosure had reached record rates. In addition, the Company faced increased claims against its title insurance policies. These stresses in the real estate markets reduced the Company's revenues by over 40% from the fourth quarter of 2006 to the third quarter of 2008.

The decline in mortgage financing mirrored a broader decline in global financial markets. In addition to the general adverse impact on the business resulting from the poor mortgage financing environment, LFG's liquidity had been significantly constrained as a result of difficulties faced by LES in the ARS market. As has been widely publicized, the ARS market froze in or about February 2008 and LES, with significant ARS holdings, was unable to liquidate the ARS previously purchased at any price near their par value. Although the aggregate amount of the cash and par value of the ARS' held by LES exceeded the value of all funds received from LES's customers, the illiquidity of the market, LES's inability to sell or borrow against these securities, left it unable to meet basic financial obligations or continue customer transactions.

Citibank and SunTrust Bank, operating through their brokerage arms, sold the ARS to LES. Based on their prior dealings and relationships with LFG, Citibank and SunTrust Bank knew that LFG and LES had strict requirements concerning, among other things, the funds that LES was required to hold in liquid investments. Citibank and SunTrust Bank actively marketed the ARS as being highly liquid, and, based on these recommendations and assurances, LES purchased the ARS as liquid investments. Because of liquidity requirements and customer commitments at LES, the illiquidity in the ARS market was particularly problematic for LES. Therefore, LFG provided additional cash resources to LES beginning in the third quarter 2008. By the end of 2008, given the severe liquidity constraints confronting LFG in the form of both stresses in the real estate market and prior advances made to LES, LFG was in no position to make further advancements to LES.

Further, claims against the Company's title insurance policies had risen dramatically from approximately 5.2% of operating revenue at year-end 2006 to approximately 21.1% of operating revenue by the third quarter of 2008. This dramatic rise was attributed to two primary factors: (a) during the course of the economic downturn, homeowners and foreclosing lenders were incentivized to claim title defects or mortgage fraud in an effort to recover the purchase price of their homes; and (b) the period of booming house prices and refinancing that occurred in previous years tended to allow inchoate title defects to pass and such defects were now the subject of claims.

Among other things, the collapse of the real estate market and the corresponding drop in the Company's share price to levels below book value required the Company to incur a

massive one-time charges associated with the write-down of its goodwill and the adjustment of a deferred tax asset valuation totaling approximately $462 million. Such events caused the Company to breach one or more of its financial debt covenants (including its debt-to-capitalization covenant) with its various Lenders as of September 30, 2008.

In response to the ongoing disruption and volatility in the global financial markets, the near-total freeze of the ARS market, stresses to the real estate market and the resulting severe liquidity concerns of both LES and LFG, the Company steadily reduced its staffing levels from over 14,200 at the end of 2006 to less than 9,000 at the end of September 2008. During that same period, the Company reduced the number of its offices by over 400 locations. By September 2008, however, it was clear to the Company's management and its Board of Directors (the "**Board**") that these belt-tightening measures to reduce operating costs would not, alone, be sufficient to enable the Company to weather the economic downturn.

(a) Exploration of Strategic Alternatives.

In light of the Company's declining performance, in September 2008, LFG's Board elected to pursue various strategic alternatives, including a sale of the Company. In connection with this effort, LFG retained JPMorgan Chase, Inc. ("**JPMorgan**") as financial advisor and investment banker, and Wachtell Lipton Rosen & Katz as mergers and acquisitions counsel, to assist LFG in its analysis, consideration and pursuit of potential strategic alternatives. To focus these efforts, LFG's Board also established a special committee (the "**Special Committee**") to review, evaluate and negotiate potential strategic transactions. In the two months prior to the Initial Petition Date, the Special Committee met on approximately 21 occasions and the Board met on approximately 13 occasions to review and discuss the Company's strategic alternatives. While the Company, with the guidance and advice of JPMorgan, was open to a variety of liquidity solutions, it was the Company's view that prevailing conditions in the marketplace effectively foreclosed the Company's ability to pursue any options other than a possible sale to, or combination with, a strategic partner.

With the assistance of JPMorgan, LFG reviewed and considered a large number of potential strategic and financial suitors that it believed might be interested in and capable of pursuing a transaction, and executed non-disclosure agreements with approximately five (5) potential strategic partners. LFG also provided and/or made available extensive due diligence materials to these potential strategic partners, established a comprehensive electronic data room containing over 2,700 documents and tens of thousands of pages of due diligence materials, made available on-site or at specified locations hundreds of additional documents, and conducted numerous management presentations.

In an effort to address the Company's growing liquidity problem, in September 2008, prior to the formation of the Special Committee, at the direction of the Board and with advice from JPMorgan, the Company's management initiated discussions with Old Republic International Corporation ("**Old Republic**"), regarding a possible strategic combination between the two companies. These discussions did not mature into any serious or credible expression of interest by Old Republic and did not progress even to the due diligence stage.

Toward the end of September 2008, at the direction of the Board and with advice from JPMorgan, management initiated formal discussions with a strategic partner ("**Strategic Partner A**") regarding a possible sale, combination, or equity investment. Discussions between the Company and Strategic Partner A continued into October, during which time Strategic Partner A continued its due diligence.

At the recommendation of JPMorgan, in order to engender a competitive auction process, in early October, the Company authorized and directed JPMorgan to initiate contact with Stewart Information Services Corporation ("**Stewart**") regarding a possible transaction with the Company. At the time, Stewart, which is based in Houston, Texas, was the fourth largest title insurance company in the United States. Discussions with Strategic Partner A continued simultaneously. By the middle of October, however, Strategic Partner A made clear that it had no serious interest in acquiring or merging with the Company. Meanwhile, at that same time, discussions and due diligence continued between the Company and Stewart with substantial investment in time and resources by each company in the process.

By late October 2008, management, the Board and various professional advisors began to be concerned that Stewart was moving too slowly and was unlikely to provide a timely liquidity solution for the Company. Ultimately, the Company and its advisors concluded that the Company could not proceed on Stewart's timetable.

Accordingly, in an effort to broaden the Company's search for a possible strategic partner, in late October, the Company directed JPMorgan to initiate contact with Fidelity National Financial, Inc. ("**FNF**"), the parent company of Fidelity National Title Insurance Company and Chicago Title Insurance Company (collectively, the "**Underwriter Buyers**," and together with FNF, "**Fidelity**"), and another major insurance company ("**Strategic Partner B**") and further authorized JPMorgan to initiate contact with other insurance companies for whom a combination with the Company might have certain synergies, as well as possible private equity investors. Unfortunately, with the exception of Strategic Partner B, Stewart and Fidelity, JPMorgan's efforts did not produce any serious interest or credible offers. Moreover, Strategic Partner B later made clear that it was not prepared to aggressively explore any possible transaction with the Company.

In late October, the Underwriter Buyers, and in early November, Stewart, indicated their interest in pursuing a transaction with the Company. Stewart's interest was communicated in the form of a non-binding Letter of Intent, which required the parties to enter into an exclusivity period to further discuss a transaction. The Letter of Intent was imposed several significant closing conditions. First, the closing of any transaction between Stewart and the Company would be conditioned on Stewart's ability to consummate a $175 million equity offering. Second, the closing of a transaction between Stewart and the Company would be made contingent on Stewart's ability to secure a $250 million bank credit facility for the combined LFG-Stewart entity that would be formed as a result of the transaction. Finally, Stewart's proposal was conditioned on regulatory approval to swap $100 million in par value of ARS from LES for $100 million of liquid assets held by LFG's underwriting subsidiaries.

These closing conditions and other terms indicated to the Company and its advisors that Stewart did not have the financial resources to consummate a transaction with the

Company. Rather, Stewart needed to raise significant equity and obtain financing (each in a very challenging market environment) before it would be in a position to close on a transaction with the Company.

In early November, the Underwriter Buyers communicated their proposal by offering $128 million in common stock of FNF for 100% of the common stock of LFG. Unlike the Stewart proposal, the Underwriter Buyers' proposal did not contain financing conditions. It was the assessment of the Company and its advisors that the Underwriter Buyers had both the existing wherewithal and the desire to expeditiously consummate a transaction with the Company. For that reason, the Company and its advisors determined that the Underwriter Buyers' proposal was superior to Stewart's Letter of Intent, and the Board, exercising its business judgment, opted to pursue the Underwriter Buyers' proposal.

(b) The Initial Merger Transaction.

On November 7, 2008, the Company executed a merger agreement with the Underwriter Buyers (the "**Initial Merger Agreement**"). Under the terms of the Initial Merger Agreement: (a) the Underwriter Buyers would acquire the Company as a whole, including all of its assets and liabilities, in exchange for 0.993 shares of FNF common stock for each share of the Company's stock issued and outstanding at the close of the merger; and (b) FNF would provide the Company with a $30 million line of credit. Additionally, the Initial Merger Agreement provided that the Nebraska Department of Insurance ("**NEDOI**"), the insurance regulatory agency governing Lawyers Title and Commonwealth NE, would consent to a swap of $60 million in liquid assets from the statutory surplus of the underwriting subsidiaries in exchange for approximately $75 million (par value) in ARS of LES. Although the Initial Merger Agreement was ultimately terminated, as discussed below, a portion of the asset transfer contemplated by the Initial Merger Agreement was nonetheless consummated.

In light of the macro-economic factors, on November 18, 2008, NEDOI informed Commonwealth NE and Lawyers Title that NEDOI believed their third quarter 2008 statutory financial filings with NEDOI evidenced that the insurers had reductions in statutory surplus that placed them in "hazardous financial condition" as that term is defined under Nebraska law. During the week of November 17, 2008, as the Underwriter Buyers' two-week diligence period was drawing to a close, NEDOI advised the Company that NEDOI would proceed expeditiously with either administrative supervision or rehabilitation of LFG's underwriting subsidiaries if the Company's financial condition worsened or the Initial Merger Agreement was terminated.

On November 21, 2008, FNF exercised its right to a "diligence out" and purported to terminate the Initial Merger Agreement in accordance with its terms.

On Monday, November 24, 2008, NEDOI filed a petition with the Court of Lancaster County, Nebraska to place Commonwealth NE and Lawyers Title in rehabilitation, which petition was sustained.

After the termination of the Initial Merger Agreement, LFG began active negotiations with the Underwriter Buyers to determine if an alternative agreement could be reached that would be satisfactory to both parties. The Company also solicited interest from

Stewart, given its earlier expressed interest. At that time, however, Stewart was unable to raise the funds necessary to consummate a transaction on the timetable necessitated by the Company's financial situation. The Company nevertheless remained receptive at all times to any credible offer from Stewart or any other counterparty.

Although these negotiations were fragile and complicated (given the overlay of regulatory oversight, described herein), on November 25, 2008, LFG and the Underwriter Buyers were ultimately successful in reaching an agreement on the terms and conditions of a stock purchase agreement (the "**Underwriter SPA**") for the sale of LFG's stock in its primary title insurance underwriting subsidiaries -- Commonwealth NE, Lawyers Title and United Capital, and their respective subsidiaries (collectively, the "**Underwriters**") to the Buyers.

(c) LFG and LES' Liquidity Crisis.

In addition to the general adverse impact on the Company's businesses resulting from the poor mortgage financing environment, LFG's liquidity was significantly constrained as a result of difficulties faced by LES. Since 2002, LES invested a significant portion of the Exchange Funds transferred to it in investment grade securities rated A or stronger at the time of the investment, including ARS[11] backed by federally guaranteed student loans.[12] By investing in ARS, LES was able to earn a higher rate of return than it was contractually obligated to pay to Exchange Customers. As discussed above, until early 2008, Citibank and SunTrust Bank, operating through their brokerage arms, marketed the ARS to LES as suitable liquid investments, and based on their recommendations and assurances, LES purchased the ARS.

When the ARS market froze in early 2008, LES was unable to liquidate the ARS previously purchased at any price near their par value. Indeed, although the aggregate amount of the cash and par value of the ARS held by LES on the Initial Petition Date exceeded the principal claims of all of the LES customers, LES' inability to sell, or borrow against, these securities coupled with the termination of the Initial Merger Agreement, ultimately precipitated its eventual decision to cease additional customer transactions and terminate operations.

Prior to making this determination, LES pursued numerous other liquidity options. In the approximately two months preceding the Initial Petition Date, LFG advanced $65 million to LES to enable LES to honor customer claims notwithstanding the illiquidity of the ARS investments.[13] Additionally, during this time LES demanded that Citibank and SunTrust

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[11] An ARS typically is a debt instrument with a long-term nominal maturity for which the interest rate is regularly reset through a dutch auction. Historically, dutch auctions were held on a weekly or bi-weekly basis. Accordingly, ARS were marketed to consumer and institutions as a safe opportunity to realize an interest rate that was higher than government issued bonds.

[12] Although the student loans securing the ARS are guaranteed by the United States government, payments due and owing to holders of the ARS are not guaranteed by the United States government.

[13] LFG made five transfers to LES between September 25 and October 31, 2008, totaling a net $65 million. LFG transferred $35 million to LES on September 25, 2008; LES transferred $15 million back to LFG on September 30, 2008; LFG transferred $10 million to LES on October 8, 2008, $10 million on October 14, 2008 and $25 million (via two transfers) on October 17, 2008.

Bank repurchase the ARS at par value or provide loans secured by the ARS.[14] These efforts were not successful. Consequently, by the end of 2008, given the severe liquidity constraints confronting LFG in the form of stresses in the real estate market and prior advances made to LES, LFG was unable to offer further advancements to LES. Moreover, LES was unable to procure a viable liquidity alternative allowing it to continue operations in the ordinary course. As a result, LFG and LES determined it was necessary to commence these Chapter 11 Cases in order to conduct an orderly wind-down of their businesses and equitable distribution of their property.

(d) LFG's subsidiaries.

Due to the financial uncertainty surrounding LFG's bankruptcy and fears about the ongoing viability of LFG's subsidiaries, customers and vendors ceased doing business with many of the Company's businesses. In most instances, the loss of key relationships permanently damaged the Company's businesses, causing a significant loss of value and irreparable harm to those entities. The drastic decline in business forced several of LFG's subsidiaries to cease operations. With no other options available, LFG began evaluating the Company's remaining businesses to determine the manner in which to best maximize value, including through one or more sales of the Company's remaining businesses and/or the prompt and orderly wind-down and liquidation of such businesses.

(e) Prepetition Litigation.

LFG and some of its subsidiaries are parties to litigation incidental to their businesses.

1. Scally Litigation.

LFG and the Southland Title Corporation are named as corporate defendants (the "**Scally Defendants**"), among others, in a lawsuit filed by Jason Scally ("**Scally**"), a former title insurance sales representative, pending in the Superior Court of the County of San Diego. Scally asserted claims against the Scally Defendants arising out of and related to Scally's employment including, but not limited to, claims for interference with prospective economic advantage, unfair competition, unjust enrichment, intentional infliction of emotional distress, and conspiracy. Since the Initial Petition Date, the Scally Defendants have engaged in settlement discussions with Scally. However, as of the date hereof, the parties have not reached a settlement of the claims.

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[14] The United States Securities and Exchange Commission, state securities regulators and attorneys general have brought enforcement actions against many ARS sellers alleging that the sellers misled their customers regarding the fundamental nature and risks associated with ARS. In general, to settle these actions, the sellers consented to orders requiring them to repurchase ARS at par from individuals (as opposed to institutional investors) and certain other customers.

2. Rodriguez Litigation.

LandAm Title (formerly known as, United Title Company) is named as a defendant in an action filed by Felix Rodriguez, Linda Rodriguez, Laura Willis, Rosario Villareal and Ruth Warren, on behalf of themselves individually and a settlement class (collectively, the "**Rodriguez Plaintiffs**") in the District Court for the Southern District of California on May 11, 2005 (the "**Rodriguez Action**"). The Rodriguez Action alleges that LandAm Title and the other defendants, including RE/MAX Associates, violated the Real Estate Settlement Procedures Act, among other federal and California statutes, by paying kickbacks and other compensation to real estate agents in exchange for the referral of business. Furthermore, the Rodriguez Plaintiffs allege that they were overcharged for the closing costs in their real estate transactions because they were not able to exercise their right to use lower-priced title insurance and escrow services. The Rodriguez Action survived several motions to dismiss and two amended complaints were filed with the District Court. The Rodriguez Plaintiffs engaged in negotiations of a potential global settlement of the putative class action with the defendants. Since the Initial Petition Date, LandAm Title has agreed to pay $200,000 into a proposed settlement fund in order to participate as a settling defendant. On August 26, 2009, the District Court granted the Rodriguez Plaintiffs' motion for preliminary approval of a proposed class settlement and final fairness hearing is scheduled for November 16, 2009.

3. Beau Street Litigation.

CTG is a defendant in an action captioned Beau Street Associates v. CTG Real Estate Information Services, Inc., Case No. 2009-1074, Pa. Ct. Com. Pl. (Wash. County 2009) (the "**Beau Street Case**"). In the Beau Street Case, plaintiffs Beau Street Associates, Inc. and JBP Holdings LLC filed a complaint against CTG and two of its affiliates, CTG Real Estate Information Services ("**CTG REIS**") and LandAmerica OneStop, Inc. (together with CTG and CTG REIS, the "**Beau Street Defendants**"), seeking injunctive relief and asserting causes of action for civil conspiracy, breach of contract, and fraudulent concealment with respect to two office leases in Washington County, Pennsylvania (the "**Beau Street Lease**" and the "**Millcraft Lease**"). The Beau Street Lease and the Millcraft Lease were entered into by CTG REIS, a former subsidiary of CTG that was dissolved in December 2007. CTG guaranteed CTG REIS's obligations under the Beau Street Lease. The Beau Street Defendants have engaged in settlement discussions with the plaintiffs in the Beau Street Case in an effort to achieve a global resolution of the plaintiffs' claims against the Beau Street Defendants. As of the date hereof, the plaintiffs have not responded to the settlement offer made by the Beau Street Defendants. Currently, the Beau Street Case is in discovery and a hearing on a motion for permanent injunction has been scheduled for January 2010.

4. California Enforcement Action.

On August 28, 2008, the Controller of the State of California (the "**Controller**") commenced an action (the "**Enforcement Action**") in California State Court against NHG and its subsidiary, LandAm Title, seeking to obtain approximately $9.1 million, plus interest, penalties and costs, relating to certain "unclaimed" property that allegedly escheated to the State of California under its Unclaimed Property Law. The Controller alleges that financial benefits accrued by NHG and LandAm Title through arbitrage arrangements with their banks were

subject to escheat on the theory that they constituted illegal interest under California Insurance Code §12413.5. The Controller also alleges that approximately $228,000 of the unclaimed property is comprised of escrow administration fees that should have been escheated to the State of California.

LandAm Title filed a motion requesting entry of an order from the Bankruptcy Court staying the Enforcement Action with respect to LandAm Title and NHG. However, by order dated August 31, 2009, the Bankruptcy Court denied the requested relief as to NHG. The non-stayed portion of the Enforcement Action is currently pending in the United States District Court of the Central District of California, having been removed to that court from the Superior Court of California by the defendants on June 2, 2009. NHG intends to seek transfer of the venue of the Enforcement Action to the United States District Court for the Eastern District of Virginia whereupon it can be referred to the Bankruptcy Court for adjudication on a consistent basis with the adjudication of the Controller's substantially identical claim against LandAm Title.

LandAm Title and NGH vigorously dispute the Controller's allegations and assert, among other defenses, that the Controller has no jurisdiction relative to the arbitrage agreements and that, in any event, the monies received do not constitute illegal interest under the Insurance Code. Rather, LandAm Title and NHG contend such funds are acceptable and permissible "financial benefits" consistent with the Federal Reserve Board's definition of "financial benefits" under Regulation Q and California state law. In further support of their defense, the defendants rely on the fact that, with respect to other title companies, the State of California has determined that similar arbitrage arrangements are permissible "financial benefits."

5. Lehr Litigation.

On July 1, 2009, Lehr Properties, LP ("**Lehr Properties**") filed suit against Golden Escrow, Inc., a wholly-owned subsidiary of County Title Holding Corp., among others in the Superior Court of the State of California for the County of Los Angeles alleging negligent misrepresentation, fraud, and gross negligence (the "**Lehr Litigation**"). In the Lehr Litigation, Lehr Properties alleges that Golden Escrow negligently and fraudulently directed Lehr Properties to LES with respect to a 1031 exchange. Golden Escrow must answer or otherwise respond to Lehr Properties' complaint on or before September 21, 2009.

(f) Department of Labor Audit

On January 23, 2009, the Department of Labor ("**DOL**") commenced an audit of the Company related to the LandAmerica Financial Group, Inc. Employee Savings and Stock Ownership Plan (the "**401(k) Plan**") and the LandAmerica Financial Group, Inc. Health Plan (the "**Health Plan**"). In connection with the audit, DOL requested production of various documents relating to the 401(k) Plan and the Health Plan. The DOL indicated that it was interested in the termination and/or reduction of certain retiree benefits. LFG produced documentation in response to the DOL audit, but has not been interviewed or asked to produce any additional documentation.

ARTICLE IV.

DESCRIPTION AND HISTORY OF THE DEBTORS' CHAPTER 11 CASES

4.1 *Continuation of the Businesses After the Petition Date.*

(a) General Case Background.

On November 26, 2008, LFG and LES (the "**Initial Debtors**") filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code. On March 6, 2009, March 27, 2009, March 31, 2009, and July 17, 2009, various LFG affiliates (LAC, LandAm Title, the Southland Entities and LandAm Credit) also commenced voluntary Chapter 11 Cases in this Court. Pursuant to orders of the Bankruptcy Court dated November 28, 2008, March 11, 2009, April 8, 2009, April 9, 2009, and July 22, 2009, the Chapter 11 Cases are jointly administered for procedural purposes under Case Number 08-35994. The Honorable Kevin R. Huennekens is presiding over the Chapter 11 Cases. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. As of the date hereof, no request has been made for the appointment of a trustee or examiner in these cases.

The following is a general summary of the Chapter 11 Cases, including, without limitation, the administration of the Chapter 11 Cases and the orderly wind-down of the Debtors' operations following the chapter 11 filings.

(b) Employment and Compensation of Professionals.

To assist them in carrying out their duties as debtors in possession, and to otherwise represent their interests in the Chapter 11 Cases, the Initial Debtors, on December 5, 2008, filed with the Bankruptcy Court applications seeking entry of orders authorizing the Debtors to retain: (a) Willkie Farr & Gallagher LLP ("**WF&G**") located at 787 Seventh Avenue, New York, New York 10019 as bankruptcy co-counsel (Docket No. 115); (b) McGuireWoods LLP located at One James Center, 901 East Cary Street, Richmond, Virginia 23219, as bankruptcy co-counsel (Docket No. 116); (c) Zolfo Cooper ("**Zolfo**") located at 1166 Sixth Avenue, 24th Floor, New York, New York 10036 to provide restructuring management services to LFG and Jonathan A. Mitchell as Chief Restructuring Officer ("**CRO**") of LFG (Docket No. 118, as amended on January 22, 2009 (Docket No. 726)); and (d) Epiq Bankruptcy Solutions, LLC located at 757 Third Avenue, 3rd Floor, New York, New York 10017 as the Initial Debtors' claims, noticing and balloting agent (Docket No. 119). On December 22, 23, and 29 2008, and February 27, 2009, the Bankruptcy Court entered orders (Docket Nos. 409, 410, 437, 476 and 1021) approving the applications.[15]

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[15] Pursuant to orders of the Bankruptcy Court dated March 11, 2009, April 8, 2009, April 9, 2009, and July 22, 2009, all relevant orders previously entered in LFG's case were made applicable to LAC, LandAm Title, the Southland Entities and LandAm Credit. Thus, the orders retaining LFG's professionals are also applicable to LAC, LandAm Title, the Southland Entities and LandAm Credit.

On May 4, 2009, the Debtors filed with the Bankruptcy Court a motion (Docket No. 1357) seeking authority to employ six professionals utilized in the ordinary course to assist the Debtors in their day-to-day business operations and to approve procedures for the retention of additional ordinary course professionals. On May 21, 2009, the Bankruptcy Court entered an order (Docket No. 1476) granting the motion. Since that time, the Debtors have filed supplemental notices for the retention of five (5) additional professional firms in the ordinary course.

In addition, LFG has received Bankruptcy Court approval to retain Williams Mullen as its special counsel, Deloitte Tax LLP as its tax consultants, Sandler O'Neill & Partners, L.P. as its financial advisors with respect to the sale of Orange County Bancorp and Centennial, and Jenner & Block LLP, as special litigation counsel.

On December 5, 2008, the Initial Debtors filed a motion (Docket No. 113) to establish procedures whereby certain retained professionals performing services directly related to the Chapter 11 Cases may receive a percentage of fees billed and expenses incurred for services performed upon proper application to the Bankruptcy Court. On December 22, 2008, the Bankruptcy Court entered an order (Docket No. 411, as amended on December 23, 2008, Docket No. 435) establishing procedures for the interim compensation and reimbursement of professionals during the Chapter 11 Cases.

(c) Customary "First Day" Orders.[16]

1. LFG Cash Management.

Prior to the Initial Petition Date, LFG acted as a disbursement agent for a majority of its subsidiaries in accordance with the Company's centralized cash management system. The Debtors believed it would have been disruptive to LFG and its non-debtor subsidiaries' operations if the Company was forced to significantly modify its cash management system upon the commencement of the Chapter 11 Cases. Accordingly, on November 26, 2008, LFG filed with the Bankruptcy Court a motion (Docket No. 5) seeking an order authorizing LFG to maintain the Company's centralized cash management system, as well as authority to use cash on deposit in its Bank Accounts. On December 2, 2008, the Bankruptcy Court entered an order (Docket No. 69) granting LFG's cash management motion (the "**LFG Cash Management Order**").

2. LES Cash Management.

Prior to the Initial Petition Date, LES was not a party to the Company's centralized cash management system maintained by LFG. Similar to LFG, LES believed that it would have been disruptive and costly if LES was forced to significantly modify its cash management system upon the commencement of the Chapter 11 Cases. Therefore, on November

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[16] Pursuant to orders of the Bankruptcy Court dated March 11, 2009, April 8, 2009, April 9, 2009, and July 22, 2009, all relevant "First Day" orders previously entered in LFG's case, were made applicable to LAC, LandAm Title, the Southland Entities and LandAm Credit.

26, 2008, LES filed with the Bankruptcy Court a motion (Docket No. 5) seeking entry of an order authorizing LES to maintain its cash management system. On November 28, 2008, the Bankruptcy Court entered an order (Docket No. 12) authorizing LES to maintain its current cash management system (the "**Original LES Cash Management Order**").

In relevant part, the Original LES Cash Management Order stated that LES "shall not expend, transfer, commingle or otherwise modify the location or characteristics of any funds, securities or other property maintained in the bank accounts as of the Initial Petition Date." See Original LES Cash Management Order at ¶ 13. Further, the Original LES Cash Management Order provided that the "Order shall be without prejudice to the rights of the Debtor or any party in interest . . . to apply to the Court for authority to modify the terms hereof on appropriate notice and motion." See Original LES Cash Management Order ¶ 15. By motion dated February 4, 2009, LES sought to modify the Original LES Cash Management Order in order to permit LES to use the Exchange Funds (the "**Commingled Exchange Funds**") received by LES pursuant to its Exchange Agreements with the Commingled Customers (the "**Commingled Exchange Agreements**") to pay reasonable and necessary expenses of the LES Estate, including, but not limited to, necessary fees and expenses for vendors and professionals. On March 9, 2009, the Bankruptcy Court entered an order modifying the Original LES Cash Management Order (Docket No. 1071).

Additionally, as noted above, pursuant to the Original LES Cash Management Order, LES was prohibited from transferring the funds held by LES on the Initial Petition Date. On the Initial Petition Date, the majority of the Segregated Exchange Funds were deposited in LES accounts with Citibank. When it became clear that there was a significant risk of Citibank's continued viability, on February 10, 2009, the LES Creditors Committee filed a motion to further modify the Original LES Cash Management Order to permit the Debtors to transfer any and all funds from Citibank to a bank that participated in the debtor in possession depository program of the United States Trustee for the Eastern District of Virginia (the "**U.S. Trustee**").[17] LES filed a response to the LES Creditors Committee's motion and sought authorization from the Bankruptcy Court to also transfer the Exchange Funds that were held at Centennial to an approved institution. The Bankruptcy Court entered an order on March 9, 2009, modifying the Original LES Cash Management Order and ordering LES to transfer funds held at Citibank and Centennial to a financial institution that is a depository authorized by the U.S. Trustee.

3. Utilities.

On November 26, 2008, LFG filed with the Bankruptcy Court a motion for interim and final orders: (a) approving LFG's adequate assurance of postpetition payment of the utility companies; (b) establishing procedures for resolving any subsequent requests for additional adequate assurance of payment by the utility companies; and (iii) scheduling a hearing on any additional adequate assurance requests (Docket No. 9). On November 28, 2008, the Bankruptcy Court entered an order (Docket No. 36) granting the motion.

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[17] Banks that participate in the U.S. Trustee's debtor in possession depository program have deposited assets and/or provided bonds for the benefit of the U.S. Trustee to ensure the return of debtor in possession funds. Citibank does not participate in the U.S. Trustee's debtor in possession depository program.

4. Wage Order.

In an effort to retain valued employees and ensure that the value of its subsidiaries was maximized and preserved, on November 26, 2008, LFG filed with the Bankruptcy Court a motion (Docket No. 10) for an order authorizing LFG to pay certain prepetition employee wage and benefits obligations. On November 28, 2008, the Bankruptcy Court entered an order (Docket No. 35) approving the motion. The approval and implementation of these wage and benefit programs were a critical first step to maintain employee morale which was critical to the successful marketing and sale of LFG's subsidiaries.

(d) Appointment of Creditors Committees.

Pursuant to section 1102(a)(1) of the Bankruptcy Code, on December 3, 2008, the U.S. Trustee appointed (a) an Official Committee of Unsecured Creditors in the case of LES (the "**LES Creditors Committee**") and (b) an Official Committee of Unsecured Creditors in the case of LFG (the "**LFG Creditors Committee**" and, together with the LES Creditors Committee, the "**Creditors Committees**"). On June 4, 2009, the U.S. Trustee filed his Amended Appointment of Unsecured Creditors' Committee, adding two (2) additional members to the LES Committee.

1. The LES Creditors Committee.

The LES Creditors Committee retained Akin Gump Strauss Hauer & Feld LLP and Tavenner & Beran, PLC as its legal advisors, and Proviti, Inc. as its financial advisor. The Bankruptcy Court has authorized the retention of each of the LES Creditors Committee's professionals. The current members of the LES Creditors Committee are set forth below:

1. Millmar Homes, Inc.
   Attn: John C. Miller

2. Endless Ocean, LLC
   Attn: Richard F. Giacomo

3. MB Venture, Ltd.
   Attn: Jay Miller and Howard Miller

4. Amarillo Tower Limited
   Attn: David L. Long

5. Petaluma Southpoint, LLC
   Attn: Kenneth C. Martin

6. The Mary and Fred Piro 1987 Trust
   Attn: Fred Piro

7. Gregory D. Schultz
   Attn: Paul Blauert

Since its formation, the LES Creditors Committee has played an active and important role in the Chapter 11 Cases. The Debtors have consulted with the LES Creditors Committee on a regular basis concerning all aspects of the Chapter 11 Cases. As described in additional detail in Section 4.4 herein, during these Chapter 11 Cases, the Debtors and the LES Creditors Committee have worked to (a) establish procedures to settle disputes relating to the ownership of the Exchange Funds through the designation of the Lead Cases (as defined below), (b) negotiate settlement agreements with Exchange Customers, (c) develop the mediation protocol resolving the LES related disputes, and (d) formulate the Plan. Indeed, the LES Creditors Committee has, together with the Initial Debtors' management and advisors, participated actively in the litigation of the Lead Cases. Additionally, the Initial Debtors have made documents available to the LES Creditors Committee and its advisors on a myriad of occasions in connection with the development of LES' strategy to litigate the Lead Cases, and to help facilitate the resolution of inter-estate issues and the negotiation of the Plan.

In addition to the LES Creditors Committee, certain customers with Commingled Exchange Agreements formed an Unofficial Ad Hoc Committee of Commingled Exchangers (the "**Commingled Exchanger Committee**").[18] On January 19, 2009, the Commingled Exchanger Committee filed a motion seeking the appointment of an Official Committee of LandAmerica 1031 Exchange Services, Inc. Commingled Exchange Participants (the "**Commingled Exchanger Committee's Fee Motion**"), in which it requested appointment as an official committee under section 1102 of the Bankruptcy Code.[19]

On January 21, 2009, the Bankruptcy Court held a hearing on the Commingled Exchanger 's Fee Motion. At the conclusion of the hearing, the Bankruptcy Court denied the

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[18] On information and belief, the customers who comprise the Commingled Exchanger Committee include, but are not limited to, Gregg and Hana Opsahl, DECEHC Investments LLC and R.E.H.A.M. 7, LLC, Five NS, LLC, Parviz Farahzad, H. Chris Christy, Vine Street Development, Katherine S. Unger, Porete Realty Corporation, Judith T. Clough, Brentwood Real Property I, LLC, Five NS, LLC, FSW, Inc., 1996 Souza Family Survivor's Trust, Truax Corporation, Paul & Anne Hoffman, Robert F. Oliver, W.M. Thompson, Jr. Revocable Trust, Prudential Properties, LLC, Pleasant Valley Ranch, LLC, CLA Real Estate Investments, LLC, Kendall Square, LLC, PC Real Estate Investors, LLC, Milton White Revocable Trust, Amen Patricia Cynthia White Revocable Trust, George H. Barnett, Patrick K. Burke and Glenda N. Burke, Iron Crown LLP, Alfonso Jones, Wayne R. Kidd and Kimberly R. Kidd, MNC Spring Shadows Place, LP, Brian Roach and Tracey Roach, Sessan Investments, Inc., Stockard Realty Partnership, Ltd., 135th Street Realty Corp., Early Lodging, LLC, Natram Associates, Pflumm, LLC, River Bend Real Estate, Inc., RFL Properties, Serena Hospitality Group, Inc., Ziegler Family Trust A, Sonia Rivera, Pension Company as managing member, Venkata Raju, Clayton Investment Company Ltd., Griffin Industries, Inc., H.S. Rental Properties, Inc., SED Development, LLC, Pear/Synergy Ltd., C&M Warehouse, Inc., Car-Mil Realty, LLC, Michael Graff, Kevin and Sandy Sheehan, Greenwich Village Renovation Co., LLC, Maria S. Limon, Gerald A. Puff, Stoutenberg Enterprises, LLC, William C. Detering, Lorinda J. Price, Phoenix Rising II, LLC, Alfredo Barraza, Harvey Family Limited Partnership, Meserve Properties, LLC, Frontier Pepper's Ferry, LLC, Howard Finkelstein, and Brentwood Real Property I, LLC.

[19] Alternatively, the Commingled Exchanger Committee's Fee Motion requested a prospective determination that the plaintiffs in the Lead Cases involving Commingled Exchange Agreements provide a substantial contribution to the estate such that their professionals' fees and expenses should be treated as administrative expenses under sections 503(b)(3) and 503(b)(4) of the Bankruptcy Code.

Commingled Exchanger Committee's request for official status and its request for priority administrative expense status for its professional fees.[20]

2. The LFG Creditors Committee.

The LFG Creditors Committee retained Bingham McCutchen LLP and LeClair Ryan, A Professional Corporation, as its legal advisors, McGrath North Mullin & Kratz, PC LLO, as its special legal advisors, and Alvarez & Marsal Dispute Analysis & Forensic Services, LLC and Alvarez & Marsal North America, LLC as its financial advisors. The Bankruptcy Court has authorized the retention of each of the LFG Creditors Committee's professionals. The current members of the LFG Creditors Committee are set forth below:

The Bank of New York Mellon, Indenture Trustee
Attn: Donna Parisi
101 Barclay Street
New York, NY 10286

The Prudential Insurance Company of America and related managed entities
Attn: Thomas E. Luther
Two Prudential Plaza, Suite 5600
180 N. Stetson Street
Chicago, IL 60601

Vangent, Inc.
Attn: Cynthia Hotsky
185 South Broad St.
Pawcatuck, CT 06379

Citadel Equity Fund, Ltd.
C/O Citadel Investment Group, LLC
Attn: Mark Steen
131 South Dearborn St.
Chicago, IL 60603

Since its formation, the Debtors have worked closely with the LFG Creditors Committee and its professionals to keep all parties fully informed of the legal, operational, financial and other issues affecting the LFG estate including, but not limited to (a) the wind-down of the Debtors' businesses, (b) evaluation, marketing, and sale, as applicable, of the remaining businesses of LFG's subsidiaries, (c) the negotiation of a settlement with the Pension Benefit Guaranty Corporation (the "**PBGC**"), (d) the implementation of a protocol to resolve both inter-estate disputes and LES related disputes, (e) the evaluation of litigation and potential

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[20] The Bankruptcy Court, however, granted the request for administrative expense treatment under section 503(b) of the Bankruptcy Code for one of the plaintiffs in connection with the litigation associated with the Lead Cases (as defined below) to promote the selection and identification of a Commingled Type A Case (as defined below) (Docket No. 846).

claims against the LFG estate, and (f) analyzing tax matters affecting the Debtors. In addition to discussing case issues and making documents available to the LFG Creditors Committee, the Debtors have prepared and made detailed presentations on key issues and concerns raised by the LFG Creditors Committee.

(e) The Fidelity Transaction.

As discussed above, despite the fragile and complicated negotiations between LFG and the Underwriter Buyers (given the overlay of regulatory oversight), the parties were ultimately successful in reaching an agreement on the terms and conditions of the Underwriter SPA, which was executed on November 25, 2008 by LFG and the Underwriter Buyers. Pursuant to the terms of the Underwriter SPA, the Underwriter Buyers agreed to acquire the stock of the Underwriters from LFG and its subsidiaries in exchange for: (a) approximately $298 million in cash; (b) the assumption of approximately $157 million in intercompany liabilities owing from LFG (on behalf of itself and certain of its direct and indirect subsidiaries) to the Underwriters (collectively, the "**Intercompany Receivable**");[21] and (c) the assumption of approximately $35 million in net deferred compensation and other employee related liabilities. Additionally, the Company agreed that it would, upon closing, apply a portion of the purchase price to eliminate any underfunding in the LandAmerica Cash Balance Plan (or alternatively, to permit the Underwriter Buyers to directly fund the payment of these underfunded plan obligations on behalf of LFG from the purchase price).

The Underwriter SPA further provided that the Underwriter Buyers' obligation to consummate the transaction was conditioned upon (a) the applicable regulatory authorities' agreement to continue to count the Intercompany Receivable as an "admitted asset," (b) the form of assumption agreement, which would dictate how such Intercompany Receivable must be treated upon the close of the transaction, being mutually agreeable to the parties (the "**I/C Condition**") and (c) a portion of the purchase price being used to eliminate any underfunding in the LandAmerica Cash Balance Plan. In a proposal communicated by the Underwriter Buyers to LFG and NEDOI, the Underwriter Buyers agreed that they would assume the Intercompany Receivable upon the closing of the transaction and that their parent, FNF, would issue a note to the Underwriters which would mature and be paid in full in five years (the "**FNF Note**").

On November 26, 2008, LFG filed with the Bankruptcy Court a motion requesting (a) the Bankruptcy Court to schedule a hearing on the sale of the Underwriters, and (b) approval of the sale of the Underwriters to the Underwriter Buyers (Docket No. 11).

1. Subsequent Events.

In early December 2008, NEDOI informed the Underwriter Buyers and the Company that the Underwriter Buyers' FNF Note proposal with regard to the Intercompany Receivable was not acceptable to NEDOI and would not be considered an admitted asset.

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[21] This Intercompany Receivable is among the "admitted assets" which make up the Underwriters' statutory surplus (i.e., excess assets that constitute the statutorily required reserves to cover the policies in force).

Instead, in order to properly capitalize the Underwriters, NEDOI required the Underwriter Buyers to satisfy the Intercompany Receivable, in cash, as of the closing of the transaction.

Upon hearing NEDOI's requirement, the Underwriter Buyers informed LFG that, since NEDOI was requiring the Underwriter Buyers to inject approximately $150 million of cash into the Underwriters at closing, LFG would need to accept a note with similar terms to the FNF Note in lieu of the intended $157 million in cash consideration. The Underwriter Buyers informed LFG that they would seek to terminate the agreement pursuant to the I/C Condition if LFG did not agree to amend the Underwriter SPA in this regard. This amendment, while a change in the form of consideration to be received by LFG, did not alter the Underwriter Buyers' obligation to pay approximately $298 million in total purchase consideration, now comprised of approximately $141 million in cash and a $157 million five-year unsecured note.

LFG subsequently engaged in negotiations with the Underwriter Buyers over the form of consideration to be paid under an amended form of the stock purchase agreement. The Board was unwilling to accept the Underwriter Buyers' amended proposal to LFG which would have required it to accept a note with similar terms to the FNF Note in lieu of the intended $157 million in cash consideration. Instead, LFG continued to negotiate with the Underwriter Buyers regarding the form of consideration. As a result of those discussions, the Underwriter Buyers agreed to (a) limit the amount of non-cash consideration that would be substituted for cash consideration to $100 million, (b) provide LFG the option of accepting either a note or FNF stock as non-cash consideration, and (c) improve the terms of the FNF Note to include annual interest. Although not as favorable to the Company as the terms of the Underwriter SPA, LFG had little choice but to accept the revised terms that resulted from these additional negotiations, given the lack of alternatives available to it and the position of NEDOI.

Throughout early December 2008, LFG received several bids in connection with its efforts to sell the Underwriters. The Bankruptcy Court held an evidentiary hearing to consider the proposals of the competing bidders. On December 8, 2008, Old Republic submitted an offer to acquire all of the common stock of Lawyers Title only, which was subsequently withdrawn. On December 9, 2008, Stewart submitted a Form A Application, which contemplated the purchase of the stock of the Underwriters, the Southland Entities, and OneStop. Stewart ultimately filed an amendment to its Form A Application, increasing the proposed consideration.

2. The Revised Underwriter SPA.

On December 12, 2008, LFG and the Underwriter Buyers executed an amended and restated version of the Underwriter SPA, which was again amended and restated on December 21, 2008 (as amended, the "**Revised Underwriter SPA**"). The Revised Underwriter SPA anticipated the total purchase price for the stock of the Underwriters to be approximately $282 million. Under the terms of the Revised Underwriter SPA, the Underwriter Buyers were obligated to pay a total of approximately $135 million in cash to LFG. Additionally, FNF would pay LFG $147 million in consideration, consisting of (a) $47 million in cash (subject to dollar-for-dollar reduction if the Intercompany Receivable exceeds $157 million), (b) a $50 million subordinated note due in 2013, with interest at the 5-year treasury rate at closing plus 1 percent, and (c) approximately $50 million in common stock of FNF valued at the greater of the market

share price at closing and $14.00 per share. The Revised Underwriter SPA was subject to termination by the Underwriter Buyers if the closing of the transaction did not occur on or before December 22, 2008. Further, the Revised Underwriter SPA provided that Fidelity National Title Insurance Company would separately purchase United Capital for a sum equal to its statutory book value at closing.[22] The United Capital purchase was expected to close in the first quarter of 2009. The Revised Underwriter SPA removed the indemnification obligations of each of LFG and the Underwriter Buyers, except that LFG was still liable for the payment of certain taxes and related liabilities. Pursuant to the terms of the Revised Underwriter SPA, the Underwriter Buyers would be entitled to indemnification as a result of LFG's breach of certain tax obligations, but such indemnity would merely reduce the principal amount of the $50 million note issued by FNF and the maximum aggregate reduction in respect of any and all claims would be $10 million. The remainder of the provisions of the Revised Underwriter SPA were substantially similar to the terms and conditions of the Underwriter SPA.

3. The Bankruptcy Court Approval Process.

After a lengthy, contested evidentiary hearing on December 16, 2008, the sale to the Underwriter Buyers and the Revised Underwriter SPA were approved by the Bankruptcy Court (Docket No. 354). Shortly thereafter, the Underwriter Buyers attempted to withdraw from the sale by claiming (among other things) that a material adverse change had occurred with respect to the Underwriters' businesses. LFG immediately filed a motion with the Bankruptcy Court, seeking specific performance (Docket No. 446). After a hearing on Sunday December 21, 2008, the Bankruptcy Court approved a further amended version of the Underwriter SPA (the "**Final Underwriter SPA**") which was the result of a settlement between LFG and the Underwriter Buyers. The sale of the Underwriters to Underwriter Buyers closed on December 22, 2008. On or about December 22, 2008, LFG transferred $59 million in proceeds from the closing of the transactions into the LandAmerica Cash Balance Plan in accordance with the terms of the Underwriter SPA.

Pursuant to the terms of the Final Underwriter SPA, LFG realized the following for its estate: (a) approximately $135 million in cash (which amount includes $59 million transferred into the LandAmerica Cash Balance Plan referenced above), (b) 3,176,620 shares of FNF common stock (the "**FNF Common Stock**") equal to $50 million (as determined by the closing price of FNF common stock on December 19, 2008), and (c) a subordinated promissory note issued by FNF (the "**FNF Note**") in an initial principal amount equal to $50 million due in 2013 (the "**Fidelity Transaction**").

4. The Transition Services Agreement.

As part of the Fidelity Transaction, the Bankruptcy Court approved a transition services agreement (the "**Transition Services Agreement**") between LFG and Fidelity that requires LFG and Fidelity to provide substantial post-closing transition-related services to one another. LFG and its professionals have worked to separate LFG and its subsidiaries' operations from those of the Underwriters pursuant to the Transition Services Agreement. During the

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[22] As of September 30, 2008, United Capital's statutory book value was approximately $16 million.

transition, LFG operated material elements of the Underwriters businesses (e.g., accounting, information technologies, human resources, etc.). LFG and its professionals have spent a significant amount of time in their ongoing efforts to resolve issues associated with reimbursement for services provided by the parties pursuant to the Transition Services Agreement.

5. Sale of the FNF Stock.

Pursuant to the terms of the Final Underwriter SPA, among other consideration, FNF issued to LFG 3,176,620 shares of its common stock (the "**FNF Stock**"). In early January 2009, LFG discussed the option of selling the FNF Stock (at the time the FNF Stock was trading at prices in excess of $16 per share) with the LFG Creditors Committee. At that time, the members of the LFG Creditors Committee, who serve as representatives of the beneficiaries of the FNF Stock proceeds, notified LFG in writing that the LFG Creditors Committee did not want LFG to sell the FNF Stock at that time. While the decision to sell the FNF Stock rests with LFG's business judgment (with the approval of the Bankruptcy Court), the LFG Creditors Committee's view as to the timing and method of such disposition is a significant consideration in forming that judgment. Therefore, LFG informed the LFG Creditors Committee at that time that it would refrain from selling the FNF Stock and, assuming the absence of new developments, defer in large part to the judgment of the LFG Creditors Committee as to when and how the FNF Stock should be sold. Since that time, the LFG Creditors Committee has developed a protocol and formed a subcommittee to analyze the disposition of the FNF Stock.

On February 5, 2009, FNF filed a Registration Statement Under the Securities Act of 1933 (the "**Form S-3**") with the United States Securities and Exchange Commission (the "**SEC**"), registering the FNF Stock for resale by LFG. Pursuant to the Form S-3, LFG may offer and resell from time to time any or all of the FNF Stock. Shortly thereafter, LFG filed, and the Bankruptcy Court granted, a motion for an order pursuant to sections 105 and 363 of the Bankruptcy Code seeking authority to sell the FNF Stock (the "**FNF Stock Order**") (Docket No. 1017). Pursuant to the FNF Stock Order, among other things, LFG has the authority to sell all or a portion of the FNF Stock without further order of the Bankruptcy Court upon the prior written consent of the LFG Creditors Committee. LFG continues to communicate with the LFG Creditors Committee to determine the appropriate time to sell the FNF Stock. LFG may sell some or all of the FNF Stock prior to the Confirmation Hearing. To the extent that the FNF Stock is not sold in advance of the Effective Date, the FNF Stock will be transferred to the LFG Trust in accordance with the terms of the Plan.

(f) Insurance Programs.

In connection with the operation of its businesses, the Company maintains certain insurance programs, including, among others, Directors' and Officers' Liability Insurance ("**D&O**"); Errors and Omissions / Crime Liability Insurance ("**E&O**"); and Fiduciary Liability Insurance ("**Fiduciary**"). The D&O, E&O and Fiduciary policies require that the insureds

exhaust an applicable self-insured-retention ("**SIR**"), which varies under each line of coverage, prior to the insurer's reimbursement of loss under the policy.[23]

D&O insurance typically provides three separate insuring clauses, all of which draw on the same policy limits. First, "Side A" coverage provides direct reimbursement coverage by the insurer to the insured directors and officers for non-indemnifiable loss, e.g., derivative action settlements and judgments, and insolvency scenarios. Second, "Side B" coverage provides corporate indemnification reimbursement coverage, e.g., the insurer reimburses the insured entities for indemnification payments made to directors and officers. Lastly, "Side C" coverage provides reimbursement coverage by the insurer for losses incurred as a result of certain of the entity's own liabilities.

Side A difference-in-condition ("**DIC**") policies provide additional limits to directors and officers for non-indemnifiable losses and include broader coverage terms and conditions than the underlying Sides A, B, C policies. DIC coverage includes "drop-down" coverage, which provides that the Side A DIC policy will step into a "primary" insurance position in the event that (a) the underlying Sides A, B, C policies refuse, rightfully or wrongfully, to afford coverage to the directors and officers, (b) the underlying insurance contains more restrictive coverage terms than Side A DIC, or (c) the underlying insurance limits are exhausted.

The Company also maintains excess D&O policies, which provide limits of liability above any underlying or primary policies. Upon the exhaustion of a primary policy limit, each successive excess policy continues payment for covered loss in the scheduled sequence up to its stated limits until the program tower is fully exhausted.

The following charts summarize the policies available to cover claims relating to the Debtors:

LANDAMERICA 10/30/08-10/30/09 D&O INSURANCE PROGRAM TOWER

Policy	Insurer	Limit	Coverage
Primary	U.S. Specialty	$10m in excess of SIR	Sides A, B, C
1st Excess	Zurich	$10m in excess of $10m	Sides A, B, C
2nd Excess	CNA	$10m in excess of $20m	Sides A, B, C
3rd Excess	Allied World	$10m in excess of $30m	Sides A, B, C
4th Excess	Arch	$10m in excess of $40m	Sides A, B, C
5th Excess	AIG	$10m in excess of $50m	Sides A, B, C

[23] The Debtors maintain that allowance of a claim in favor of the applicable insurance carrier satisfies any SIR requirement, regardless of the amount of any distribution.

Policy	Insurer	Limit	Coverage
6th Excess	MaxBermuda	$10m in excess of $60m	Side A DIC
7th Excess	ArielRe	$5m in excess of $70m	Side A DIC
TOTAL LIMITS		$75m: $60m Sides A, B, C / $15m Side A DIC	

LANDAMERICA 12/31/07-12/31/08 E&O/CRIME INSURANCE PROGRAM TOWER

Policy	Insurer	Limit	Coverage
Primary	Ace	$20m in excess of SIR	Prof. Liability
1st Excess	Lloyd's	$20m in excess of $20m	Crime/Prof. Liability
2nd Excess	Lloyd's	$30m in excess of $20m / $40m	Crime/Prof. Liability
TOTAL LIMITS		$50m Crime / $70m Misc. Prof. Liability	

LANDAMERICA 12/31/07-12/31/08 FIDUCIARY INSURANCE PROGRAM TOWER

Policy	Insurer	Limit	Coverage
Primary	Arch	$5m in excess of SIR	Fiduciary Liability
1st Excess	RSUI	$5m in excess of $5m	Fiduciary Liability
TOTAL LIMITS		$10m	

To date, more than one hundred (100) adversary proceedings have been filed in the Bankruptcy Court against LFG and its subsidiaries. Multiple other lawsuits have been brought against certain insiders and employees, and various governmental inquiries have been commenced relating to the Debtors (collectively, the "**Insurance Claims**"). The Company's insurers have been placed on notice of these claims.

As of the date hereof, the primary D&O insurer has cited one or more exclusions in its policy and refused to advance defense costs incurred in connection with certain Insurance Claims. Consequently, the D&O Side A DIC insurer has begun providing coverage, albeit pursuant to a reservation of rights. The Debtors dispute the applicability of the exclusion cited by the D&O insurer. In the event the primary D&O insurer continues to refuse to acknowledge

coverage and the dispute cannot be resolved, one or more of the insureds may file a declaratory judgment action in the Bankruptcy Court against the primary D&O insurer to resolve this dispute.

LFG has made a claim against the E&O insurer for certain fees incurred relating to certain LES litigation and internal investigations. The E&O insurer has not responded substantively to LFG's claim.

(g) Pension Plan.

LFG sponsors the LFG Cash Balance Plan (the "**Cash Balance Plan**"), which is a defined benefit pension plan subject to Title IV of the Employee Retirement Income Security Act of 1974 ("**ERISA**") that is within the jurisdiction of the PBGC. The Cash Balance Plan was amended effective December 31, 2004 to cease future compensation credits to the retirement plan accounts of all Cash Balance Plan participants, to cause the accrued benefits of all participants to be fully vested, and to limit participation in the Cash Balance Plan to those individuals who were participants as of December 30, 2004. In 2005, the Cash Balance Plan was amended to cease additional benefit accruals by "Transition Employees" under prior pension plan formulas. The Cash Balance Plan had approximately 7400 participants as of January 1, 2009. SunTrust Bank is the trustee of the Cash Balance Plan.

On June 9, 2009, Mercer (US) Inc. ("**Mercer**"), the Cash Balance Plan's enrolled actuary, certified in writing that the Cash Balance Plan had an Adjusted Funding Target Attainment Percentage ("**AFTAP**") of 105.06% for the year beginning January 1, 2009. Based on this certification, LFG believes the Cash Balance Plan currently complies with funding standards for ongoing pension plans under federal law. However, additional assets may be needed to complete a standard, fully funded termination of the Cash Balance Plan or to pay claims of the PBGC in the event that the Cash Balance Plan is terminated and trusteed by the PBGC. The Debtors estimate that as of June 30, 2009, the assets of the Cash Balance Plan were approximately $226 million. As of June 4, 2009, Mercer calculated plan termination liability to be approximately $252.8 million, which is approximately $26.8 million more than the estimated value of Cash Balance Plan assets of June 30, 2009.

1. PBGC Claims.

The PBGC is a wholly-owned United States government corporation created under ERISA, as amended, 29 U.S.C. §§ 1301-1461 (2006), that administers the defined benefit pension plan termination insurance program under Title IV of ERISA. The PBGC guarantees the payment of certain pension benefits upon the termination of a single-employer pension plan covered by ERISA. To the extent a pension plan is underfunded at termination, the PBGC generally becomes the trustee of the plan and, subject to statutory limitations, pays the plan's unfunded benefits with its insurance funds.

Upon termination of an underfunded pension plan, which could be initiated by PBGC or LFG, all of the members of the ERISA controlled group of the plan sponsor (LFG) become jointly and severally liable for the Cash Balance Plan's underfunding. If PBGC makes a demand for payment against one or more members of the controlled group and payment is not

made, a lien in favor of PBGC automatically arises against all of the assets of that member of the controlled group, subject to the effect of the automatic stay or a plan injunction. The amount of the lien is equal to the lesser of the underfunding or 30% of the aggregate net worth of all of the members of the controlled group.

The PBGC has filed three unliquidated claims against each of LFG, LES and the other Debtors (collectively, the "**PBGC Claims**").[24] The PBGC Claims assert damages for (a) PBGC flat rate and variable premiums, (b) termination premiums (at the rate of $1250 per participant per year for three (3) years) under 29 U.S.C. §1306(a)(7), (c) unpaid minimum funding contributions, and (d) unfunded benefit liabilities estimated by the PBGC to be approximately $35.7 million if the Cash Balance Plan terminates. The PBGC Claims allege joint and several liability of LFG and each member of LFG's controlled group, including each of its direct and indirect subsidiaries.

The Debtors reserve the right to object to the PBGC Claims, and believe that there is no present liability for unpaid minimum contributions based on the funded status of the Cash Balance Plan. There is a risk of liability for termination premiums for LFG controlled group members if the Cash Balance Plan is terminated with unfunded benefit liabilities as discussed above. The Debtors believe that the PBGC's estimate of unfunded benefit liabilities overstates actual benefit liabilities on a termination basis.

2. PBGC Notice of Determination and PBGC Settlement Agreement.

On May 8, 2009, the PBGC issued a notice to LFG that PBGC had determined that: (a) the Cash Balance Plan will be unable to pay benefits when due and that the possible long-run loss of the PBGC with respect to the Cash Balance Plan may reasonably be expected to increase if the Cash Balance Plan is not terminated; (b) the Cash Balance Plan must be terminated in order to protect the interests of participants and to avoid any unreasonable increase in the liability of the PBGC insurance fund; and (c) May 11, 2009 was to be established as the date of termination of the Cash Balance Plan. On May 11, 2009, the PBGC issued a press release announcing its determination and stating that PBGC was taking responsibility for the Cash Balance Plan.

The PBGC's press release caused bidders to withdraw bids for Home Warranty and LoanCare, which were set to go to auction on May 11, 2009 and May 12, 2009, respectively, subject to satisfactory release from potential successor or control group liability to the PBGC under the Cash Balance Plan. The press release further indicated that the PBGC moved to assume the Cash Balance Plan in advance of the hearing on final approval of the sale of LFG's

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[24] On April 6, 2009, the PBGC filed identical claims against LFG and LES for unfunded benefit liability in the amount estimated at approximately $35.7 million. On May 18, 2009, the PBGC filed a claim against LAC, stating that the amount of unfunded benefit liability was unliquidated. On July 17, 2009, the PBGC filed claims against LandAm Title and the Southland Entities stating that the amount of unfunded benefit liability was unliquidated.

stock in Home Warranty and LoanCare, in an attempt to ensure that the subsidiaries would remain liable, after the sales, for the asserted unfunded benefit liabilities.

As a result of negotiations by and among LFG, the LFG Creditors Committee, and the PBGC, the parties reached a settlement (the "**PBGC Settlement**"), whereby LFG would escrow 30% of the net cash or cash equivalent proceeds actually received from the sale of Home Warranty and LoanCare for the benefit of funding a standard termination of the Cash Balance Plan or to satisfy allowed claims, if any, of the PBGC in exchange for the release of Home Warranty and LoanCare from any payment obligation relating to or in respect of the Cash Balance Plan. Further, the PBGC Settlement also provided that in the event that one or more of the Debtors sold any direct or indirect subsidiary after the date of the PBGC Settlement, such Debtor(s) could elect to apply the terms of the PBGC Settlement to the sold subsidiary and the related sale transactions. Additionally, the parties agreed to use their reasonable best efforts to (a) effectuate a standard termination of the Cash Balance Plan, and (b) expedite all appropriate judicial, administrative or other determinations with respect to all matters about which the parties may be in dispute, including, but not limited to, the termination of the Cash Balance Plan. Thus, the PBGC Settlement enabled the sales of LoanCare and Home Warranty to go forward, resulting in significant value for LFG's estate, and eliminated uncertainty for prospective sales of LFG's interest in other subsidiaries. On May 28, 2009, the Bankruptcy Court approved the terms of the PBGC Settlement (Docket No. 1503). Subsequent to the close of the sale of LoanCare, on July 30, 2009, LFG set aside approximately $4.6 million in accordance with the terms of the PBGC Settlement. As of the date hereof, the sale of Home Warranty has not closed and thus, no net proceeds have been set aside.

On May 14, 2009, the PBGC and LFG issued a joint statement (the "**Joint Statement**") announcing the PBGC Settlement, which stated that the Cash Balance Plan was currently administered by LFG and had not been taken over by the PBGC. The Joint Statement further stated that LFG believed the Cash Balance Plan currently complied with funding standards for ongoing pension plans under federal law, although the PBGC believed additional assets are needed to complete a standard, fully funded termination of the Cash Balance Plan or to pay claims to the PBGC in the event that the Cash Balance Plan is terminated and trusteed by the PBGC.

The Cash Balance Plan is currently administered by LFG, and PBGC has not moved to terminate or take responsibility for the Cash Balance Plan.

3. Standard Termination of Plan.

ERISA provides that a plan administrator may cause a standard termination of a pension plan if, among other things, the plan contains sufficient assets to pay all accrued benefit liabilities. The plan administrator is required to give affected parties 60 days' notice of its intent to terminate, following which the plan administrator must deliver certain specified additional information to the PBGC and to plan participants. If the PBGC does not send the plan administrator a notice of noncompliance within 60 days after receiving such information (or any longer period agreed to by the PBGC and the employer), the plan may be terminated. The date of termination will be the date identified as such in the notice of intent to terminate. A plan administrator effecting a standard termination must provide for the payment to plan participants

of all accrued benefits. Typically, an employer will use the assets of the plan to purchase annuities providing such benefits from an insurance company.

A standard termination of the Cash Balance Plan would satisfy all of the obligations of LFG and its controlled group members with respect to the Cash Balance Plan and would eliminate all of PBGC's claims with respect to the Cash Balance Plan. However, there can be no assurance that the Bankruptcy Court will approve a request to provide additional funding to the Cash Balance Plan or that such request shall be made, which is currently estimated to require approximately $26.8 million in additional assets to effect a standard termination. In addition, there can be no assurance that applicable governmental agencies charged with oversight of such plan terminations, including the PBGC and the IRS, will approve, if applicable, the termination of such plans, or that LFG will have the ability to obtain funding for accrued benefits on acceptable terms.

On July 10, 2009, LFG filed a motion approving the "**Cash Balance Plan Agreements**," comprised of: (a) an Administrative Services Agreement dated July 2, 2009 (the "**Administrative Services Agreement**") by and between LFG, the Cash Balance Plan and Mercer, (b) an Investment Management Agreement dated July 9, 2009 (the "**Investment Management Agreement**") by and between LFG, the Cash Balance Plan, and Mercer Global Investments, Inc. ("**MGI**"); and (c) a Fiduciary Agreement dated July 10, 2009 (the "**Fiduciary Agreement**") by and between LFG and Fiduciary Counselors Inc. ("**FCI**").

Pursuant to the Administrative Services Agreement, Mercer will provide certain administrative services to the Cash Balance Plan, including, but not limited to, processing claims and payments under the Cash Balance Plan, creating and managing a Cash Balance Plan participant database, and establishing a call center to support participant needs. Pursuant to the Investment Management Agreement, MGI will provide the Cash Balance Plan with certain investment management services, such as providing written reviews of investment performance; purchasing, selling, or otherwise dealing with any securities held by the Cash Balance Plan; and maintaining the assets in the Cash Balance Plan that are invested in short-term income-producing instruments for such periods of time as shall be deemed reasonable and prudent. Finally, pursuant to the terms of the Fiduciary Agreement, FCI will become the named fiduciary under the Cash Balance Plan and will monitor the performance of other fiduciaries and service providers of the Cash Balance Plan, including entities providing trustee, investment management, administrative, and other services (including Mercer and MGI), and taking necessary or appropriate action to instruct, direct, replace or appoint fiduciaries and service providers to the Cash Balance Plan for the proper administration of the Cash Balance Plan and payment of benefits during the continuation of the Cash Balance Plan. On July 22, 2009, the Bankruptcy Court entered an order (Docket No. 1765) approving the Cash Balance Plan Agreements.

4. Distress Termination of Plan.

If a standard termination of the Cash Balance Plan is not feasible, the Plan Administrator may initiate a "distress termination" of the Cash Balance Plan. An underfunded pension plan may be subject to distress termination by the plan administrator under ERISA

§4041(c). An underfunded plan may also be subject to involuntary termination by the PBGC under ERISA §4042.

In order for the plan to qualify for a distress termination under ERISA §4041(c), the plan administrator must demonstrate to the PBGC that each plan sponsor and all members of the controlled group satisfy one of the following financial distress tests:

(1) the sponsor is liquidating in a bankruptcy proceeding;

(2) the sponsor is reorganizing in bankruptcy and the bankruptcy court has determined that the reorganization cannot succeed unless the pension plan is terminated;

(3) the sponsor will be unable to pay its debts when they become due unless the pension plan is terminated; or

(4) pension costs have become unreasonably burdensome as a result of a declining workforce.

There is no assurance that the Cash Balance Plan will qualify for a distress termination.

5. Valuation of PBGC Claims.

(a) Claims for unfunded benefit liabilities.

A distress or involuntary termination results in an unfunded benefit liability and gives rise to liability to the PBGC for the amount by which the plan is underfunded. The PBGC has issued regulations governing the calculation of the amount of unfunded benefit liability in the event of a distress or involuntary pension plan termination. These regulations specify the interest rate and other actuarial assumptions for determining the present value of future benefits under terminated plans. In the event a distress or involuntary termination of the Cash Balance Plan occurs, the Debtors will seek Bankruptcy Court approval to reduce any unfunded benefit liability of the Cash Balance Plan. There is no assurance that the Bankruptcy Court will apply the "prudent investor interest rate" in valuing the PBGC's unfunded benefit liability claim.

(b) Termination Premiums.

In addition to claims for underfunding amounts, a distress or involuntary termination may result in liability to the PBGC for termination premiums. The PBGC regulations provide that controlled group members are jointly and severally liable for "termination premiums."

The PBGC has claims for termination premiums when a plan terminates with a funding deficiency. In this instance, termination premium claims are not subject to discharge in the bankruptcy cases. Controlled group non-debtor members are likewise jointly and severally obligated for the termination premiums.

The number of participants is measured as of the date of plan termination. Accordingly, if a distress termination or involuntary terminated occurred and there were 7,000 participants on the date of plan termination as determined by the court, termination premiums would equal approximately $8.75 million per year ($1,250 multiplied by 7,000 per year) for three (3) years.

(h) Performance Incentive Program.

On May 21, 2009, LFG filed a motion (Docket No. 1483) for an order approving the Performance Incentive Plan (the "**PIP**") designed to maximize assets available for distribution to creditors by providing incentives to 17 key employees (collectively, the "**Key Employees**"), to assist the Debtors with the completion of specific tasks critical to these Chapter 11 Cases. Such tasks include overseeing the consummation of sales of LFG's subsidiaries, assisting in the completion of an orderly wind-down of LFG's subsidiaries, ensuring compliance with the Transition Services Agreement, overseeing the rejection of real estate leases and related assets and leased equipment, transitioning the Company to a new operational platform for the purposes of the Company's operations after June 30, 2009, assisting with the preparation of the Plan and Disclosure Statement, completing the preparation of tax returns for the Company, assisting in the reconciliation of claims asserted against the Debtors, and transferring LFG records to a third party provider in compliance with document retention requests.

Pursuant to the PIP, the Key Employees are eligible to receive bonuses based on a percentage of their salary, if certain performance objectives are met by specified deadlines. The CRO of LFG may, in his sole discretion, (a) amend the performance objectives, (b) pay a bonus award or a pro rata portion of such award based on material performance of performance objections, and (c) upon the departure of a Key Employee, reallocate unpaid bonus awards to another employee of the Company. On June 22, 2009, the Bankruptcy Court entered an order (Docket No. 1639) approving the PIP.

(i) Fidelity Settlement Agreement.

In an effort to consensually resolve all claims asserted by and between LFG, LES, the Southland Entities, the Underwriters and FNF, in August 2009, the Debtors, the LFG Creditors Committee and representatives of FNF began negotiations for a global settlement between the parties. After weeks of extensive arm's length negotiations, the parties reached an agreement (the "**FNF Settlement**") whereby the Debtors and FNF agreed that: (a) FNF would pay LFG cash consideration in the amount of $5.225 million; (b) LFG would make a unified loss election under section 1.1502-36(d)(6) of the Treasury Regulations to reduce its tax basis in the stock of the Underwriters, which could provide potential value to FNF by allowing the Underwriters to preserve certain tax attributes that could offset taxable income in future periods; and (c) LFG, LES, the Southland Entities, the Underwriters and FNF would release all claims against one another and their respective affiliates, officers, directors, shareholders, partners, agents, contractors, employees, attorneys, predecessors, successors and assigns. Thus, the FNF Settlement resolved significant claims between the Debtors and FNF and provided a significant cash payment to the LFG estate. In the absence of the FNF Settlement, the Debtors and FNF would likely be mired in lengthy and costly litigation to resolve all claims among each other. On September 10, 2009, the Debtors filed a motion to approve the FNF Settlement pursuant to

Bankruptcy Rule 9019(a) (Docket No. 2000). On September 14, 2009, the Bankruptcy Court entered an order approving the FNF Settlement (Docket No. 2021).

4.2 *Sale of LFG's and Other Debtors' Assets.*

Since the sale of the Underwriters, LFG has been evaluating the Company's remaining businesses to determine the manner in which to best maximize value, including through one or more sales of the Company's remaining businesses and/or the prompt and orderly wind-down and liquidation of such businesses. As of the Initial Petition Date, LFG either owned as direct subsidiaries or held an interest in 29 legal entities. In addition, it either owned indirectly or held an interest in indirectly approximately 228 active and inactive legal entities. During the course of these Chapter 11 Cases, LFG, together with Zolfo and the assistance of WF&G attorneys, marketed, negotiated and pursued approximately 53 different transactions and, where necessary, sought and obtained Bankruptcy Court approval of such transactions. Certain of those transactions are described below.

(a) Sale of LFG's Stock in LVC.

With LVC's profitability declining after the commencement of these Chapter 11 Cases, in an effort to maximize value for the LFG estate, LFG decided to pursue a sale of its 100% interest in LVC (the "**LVC Sale**"). Beginning in December 2008, LFG, with the assistance of Zolfo, conducted a focused sale process, contacting approximately nine potential strategic and financial suitors that it believed would be most interested and capable of pursuing a transaction. One of the parties contacted was one of LVC's then current Officers, William Britain, who expressed an interest in continuing to run the business together with LVC's six client managers under the business name "Global Valuation, LLC" ("**GVL**"). LFG and Zolfo provided the potential purchasers with extensive due diligence materials regarding LVC. LFG and Zolfo's marketing efforts led to negotiation of that certain stock purchase agreement, dated February 27, 2009, by and between LFG and GVL (the "**GVL Agreement**").

Given the significant marketing process conducted prior to the execution of the GVL Agreement, LFG, in consultation with Zolfo, determined that selling its stock in LVC through a sale subject to better and higher offers, but without a formal auction, was the best way to maximize value and achieve certainty with respect to the sale of LFG's stock in LVC. On February 27, 2009, LFG filed a motion (Docket No. 1031) with the Bankruptcy Court seeking approval of the terms of the proposed sale to GVL.

On March 16, 2009, LFG received an offer from BB Valuation, Inc. ("**BBV**") that exceeded both the cash and other consideration provided for in the GVL Agreement and otherwise was identical to the terms offered by GVL. As a result, LFG determined it was appropriate to conduct an auction between GVL and BBV, and so informed both parties. GVL, however, informed LFG that it was not willing to increase its purchase price and therefore, LFG determined it was not necessary to conduct an auction. By order dated March 20, 2009, the Bankruptcy Court approved the LVC Sale to BBV (Docket No. 1140). The LVC Sale closed on April 1, 2009, resulting in a purchase price of approximately $825,000, of which $675,000 of the consideration was in the form of a note that remains outstanding.

(b) Sale of LAC's Assets.

As a result of LFG's filing for chapter 11 relief, the sale of the Underwriters, and the condition of the commercial real estate market, LAC's business had been significantly and negatively affected. In an effort to maximize value, LAC determined it was appropriate to sell all or substantially all of its principal assets (the "**LAC Sale**") and to commence a chapter 11 case in order to effectuate the LAC Sale and provide for a fair and equitable distribution of its estate to its stakeholders. Upon reaching such decision, LFG and Zolfo identified and marketed LAC's assets to approximately six potential strategic buyers that they believed would be most interested and capable of pursing a transaction. Further, LFG and Zolfo provided such potential purchasers with extensive due diligence materials regarding LAC's assets. LFG and Zolfo's marketing efforts led to negotiation of that certain asset purchase agreement dated March 6, 2009 (the "**LAC Agreement**"), by and between LAC and Partner Assessment Corporation d/b/a Partner Engineering and Science.

On March 6, 2009, LAC filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code and a motion requesting approval of the LAC Agreement (Docket Nos. 1 and 8). By order dated March 25, 2009, the Bankruptcy Court approved the LAC Sale (Docket No. 27). The LAC Sale closed on March 26, 2009, resulting in a sale price of approximately $2 million before transaction costs for LAC's estate.

(c) Sale of LFG's Stock in LoanCare.

Shortly after the chapter 11 filing of LFG, several rating agencies downgraded LoanCare's residential primary servicer ratings, causing some of LoanCare's clients to threaten to decrease or altogether halt the amount of new business they placed with LoanCare. In an effort to maximize value for the LFG estate, LFG decided to pursue a sale of its 100% interest in LoanCare (the "**LoanCare Sale**"). LFG, in consultation with Zolfo, determined that selling LFG's stock in LoanCare through a formal auction process was the best way to maximize value with respect to the sale of LoanCare. LFG and Zolfo identified and marketed LFG's stock in LoanCare to approximately sixty-five potential strategic and financial suitors that they believed may be interested and capable of pursuing a transaction. After extensive negotiations with multiple interested parties, LFG and Zolfo determined that Alpine Equity, L.P. ("**Alpine**") was the best available "stalking horse" bidder for LoanCare, based on purchase price and its willingness to enter into a non-contingent sale agreement. On March 13, 2009, LFG and Alpine entered into that certain stock purchase agreement to sell LFG's stock in LoanCare.

On March 20, 2009, LFG filed a motion for entry of orders establishing certain procedures regarding the auction and sale of LFG's stock in LoanCare and approving the LoanCare Sale itself. By order dated April 21, 2009, the Bankruptcy Court approved the bidding procedures (the "**LC Bidding Procedures**") (Docket No. 1295). Pursuant to the LC Bidding Procedures, bids were due on or before May 8, 2009. In addition to Alpine, Qualified Bids (as such term is defined in the LC Bidding Procedures) were received from: (i) FNF; (ii) Portfolio Recovery Associates, Inc.; and (iii) Titanium Holdings, Inc.

After an auction on May 12, 2009, LFG after consultation with Zolfo, selected the bid submitted by FNF in an amount of $16.3 million as the successful bid, and the sale to FNF

was approved by the Bankruptcy Court on May 21, 2009. The LoanCare Sale closed on June 3, 2009, resulting in approximately $16.3 million purchase price LFG's estate.

(d) Sale of LFG's Stock in Home Warranty.

Relationships with business partners, vendors, clients, and employees were adversely affected by speculation regarding Home Warranty's continued viability in light of LFG's bankruptcy filing. In an effort to maximize value for the LFG estate, LFG decided to pursue a sale of its 100% interest in Home Warranty (the "**Home Warranty Sale**"). LFG, in consultation with Zolfo, determined that selling LFG's stock in Home Warranty through a formal auction process was the best way to maximize value with respect to Home Warranty. After extensive negotiations with multiple interested parties, LFG and Zolfo determined that Buyers Protection Group, Inc. ("**BPG**") was the best available "stalking horse" bidder for Home Warranty, based on purchase price. On April 8, 2009, LFG and BPG entered into that certain stock purchase agreement to sell LFG's stock in Home Warranty.

On April 8, 2009, LFG filed a motion for entry of orders establishing certain procedures regarding the auction and sale of LFG's stock in Home Warranty (Docket No. 1221). By order dated April 16, 2009, the Bankruptcy Court entered an order approving bidding procedures for the auction (the "**HW Bidding Procedures**") (Docket No. 1295). In addition to the bid of BPG, one additional qualified bid was received from FNF.

LFG conducted an auction on May 11, 2009, which was continued until May 12, 2009. After consultation with the advisors of the LFG Creditors Committee, BPG's bid, in the amount of $12.2 million, was selected as the successful bid, and FNF's bid, in the amount of $12.6 million, was selected as the back-up bid.[25] By order dated May 21, 2009, the Bankruptcy Court approved the Home Warranty Sale to the BPG. The Home Warranty Sale is scheduled to close in September 2009, subject to regulatory approval. The purchase price is subject to adjustment for working capital and transaction costs.

(e) Sale of LFG's Stock in RealEC Technologies, Inc.

Based in Santa Ana, California, RealEC Technologies, Inc. ("**RealEC**") is a joint venture between LFG (as 22.05% owner), Stewart (as 22.05% owner) and LPS Asset Management Solutions, Inc. ("**LPS**") (as 55.9% owner). In an effort to maximize value for LFG's estate, LFG determined it was appropriate to sell its approximately 22% ownership interest in RealEC (the "**RealEC Sale**"). Beginning in January 2009, LFG began working with Zolfo to conduct a focused sale process for its interest in RealEC. Approximately thirteen potential strategic suitors were contacted, including Stewart and LPS, LFG's two joint venture partners in RealEC. Such potential purchasers were provided with extensive due diligence materials. Thereafter, marketing efforts led to negotiation of that certain stock purchase agreement dated June 12, 2009 (the "**LPS Agreement**"), by and between LAC and LPS. On

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[25] The back-up bid necessitated by the payment of a break-up fee and expense reimbursement to the "stalking horse" bidder. Accordingly, while the gross amount of such bid is higher, the net amount is lower than the winning bid.

June 19, 2009, LFG filed a motion requesting approval of the terms of the RealEC Agreement, subject to higher and better offers (Docket No. 1634).

On July 14, 2009, LFG received an offer from Old Republic that exceeded the cash consideration provided for in the LPS Agreement. Accordingly, on July 21, 2009, LFG conducted a telephonic auction in which LPS and Old Republic participated. After the auction, LFG determined that the bid submitted by LPS was the highest and best offer and the bid most likely to maximize the value of distributable proceeds to LFG's stakeholders. On July 21, 2009, LFG and LPS entered into an amended and restated stock purchase agreement.

By order dated July 24, 2009, the Bankruptcy Court approved the RealEC Sale to LPS (Docket No. 1769) for a purchase price of $2.6 million. The RealEC Sale closed the following day.

(f) Sale of LandAm Credit's Assets.

LandAm Credit's revenue decreased from $29 million in 2007 to $15 million in 2008 as a result of the general deterioration of the real estate market and the effect of the "sub-prime crisis" on sub-prime brokers, which comprise a large percentage of LandAm Credit's customers. In an effort to maximize value, LandAm Credit determined it was appropriate to sell all or substantially all of its principal assets (the "**LandAm Credit Sale**") and to commence a Chapter 11 Case in order to effectuate the LandAm Credit Sale and provide for a fair and equitable distribution of its estate to its stakeholders. The Debtors contacted approximately fifty potential strategic and financial suitors that might be interested and capable of pursuing a transaction. Potential purchasers were provided with extensive due diligence materials regarding LandAm Credit's assets. Marketing efforts led to negotiation of that certain asset purchase agreement dated July 17, 2009 (the "**LandAm Credit Agreement**"), by and between LandAm Credit and LAMAT, LLC ("**LAMAT**").

On July 17, 2009, LandAm Credit filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code, and a motion requesting approval of the terms of the LandAm Credit Agreement (Docket Nos. 1 and 6). By order dated August 3, 2009, the Bankruptcy Court approved the LandAm Credit Agreement (Docket No. 27). The LandAm Credit Sale closed on August 12, 2009, and the purchase price was approximately $3.5 million before any working capital adjustment or transaction expenses.

(g) Sale of DataTrace.

Based in Santa Ana, California, DataTrace, a joint venture between LandAm Commercial and First American, provides a title information delivery system which enables title insurance companies, title agencies, and independent title abstractors nationwide to connect to regional title databases and access them using a standard software interface. In an effort to maximize value for LFG's estate, LandAm Commercial determined it was appropriate to sell its 20% ownership interest in DataTrace I and DataTrace II. After reviewing the Joint Venture agreements including the rights held by the majority interest holder and providing information to twelve potential buyers, it was determined that a sale to its joint venture partner First American was the best means of maximizing value for the estate.

On August 11, 2009, LandAm Commercial sold all of its membership interests in DataTrace, which was comprised of a 20% ownership interest in each of DataTrace I and DataTrace II, to Smart Title Solutions, LLC and First American Real Estate Solutions II, LLC. In connection with the sale, LandAm Commercial received $15 million. Upon closing of the sale, LandAm Commercial ceased being an operating business and is now a holding company.

(h) Sale of Tax and Flood Division of OneStop.

OneStop, a wholly-owned subsidiary of LFG that is part of LFG's lender services business segment, is comprised of the following operating divisions: Origination Services, Tax and Flood Services, Default Services, and MSTD. OneStop's Tax Services business provides real estate tax services for residential and commercial loans through a "menu-oriented" approach. Customers define the service that best fits their needs, from standard tax services to full outsourcing. OneStop's Flood Services business provides flood zone determination reports, certifications, and Life-of-Loan services to lenders nationwide. Flood Services offers its customers a choice in levels of service, from simple delivery of flood zone determinations to complete portfolio tracking.

On September 3, 2009, OneStop entered into an agreement with T&F Acquisition Group, LLC, for the sale of its Tax and Flood Services division. By order dated September 18, 2009, the Bankruptcy Court approved the sale of Tax and Flood Services to T&F Acquisition Group, Inc. On September 23, 2009, OneStop sold substantially all of the assets of its Tax and Flood Services division to T&F Acquisition Group, LLC. In connection with this sale, OneStop received a purchase price in the amount of $6 million.

(i) Estimated Proceeds

As of the date hereof, LFG is pursuing the sale of two (2) subsidiaries or their assets and the interest it holds in a third legal entity. In addition, LFG has ownership interests in nine (9) real estate investment funds and various outstanding notes receivables (the "**Notes**"). The estimated recovery from the sale of the interests in the real estate investment funds ranges from $420,000 to $3.2 million. With respect to the Notes with open balances as of June 1, 2009, LFG estimates a recovery range between $2 million and $4.1 million on a total balance of $17.2 million.

As of the date hereof, the Debtors estimate that the asset recovery in a chapter 11 scenario from all unsold assets of the Debtors and their direct and indirect subsidiaries, including the sale of the aforementioned assets and the ARS, will range from $195.1 million to $281.3 million. Furthermore, the Debtors estimate that the projected value available to settle Unclassified and Classified Claims and Interests will range from $403.7 million to $490 million. Because of the difficulty in estimating a range of recoveries from the pursuit of the Causes of Action, an estimate of the proceeds from Causes of Action is not included in the above.

4.3 *The Wind-down of LFG and the Other Debtors' Assets.*

(a) Procedures for the Rejection of Unexpired Leases.

Prior to the Initial Petition Date, the Debtors had approximately 125 leases and over 6,200 contracts. Since the commencement of these Chapter 11 Cases, the Debtors have taken steps to wind down their businesses. While winding down their business operations, the Debtors identified certain unexpired nonresidential real property leases (the "**Leases**") and executory contracts (the "**Contracts**") that are no longer needed by the estates. Therefore, on March 9, 2009, LFG filed omnibus lease rejection motions seeking to reject certain burdensome Leases and Contracts, which were granted by the Bankruptcy Court (Docket Nos. 1078 and 1142). Further, as noted above, the Debtors intend to maximize the value of their estates through the sale of certain assets and/or their subsidiaries. To ensure that the estates' assets were maximized, the Debtors anticipated that they would seek to reject certain unfavorable Leases and Contracts which were not expected to be part of any sale and posed an administrative burden to the estates. On April 22, 2009, the Debtors requested that the Bankruptcy Court enter an order establishing procedures by which the Debtors could further reject Leases and Contracts on an expedited basis (Docket No. 1309).

On May 13, 2009, the Bankruptcy Court entered an order (Docket No. 1382) establishing procedures for the rejection of unexpired Leases and Contracts. Pursuant to the above referenced orders and the Court approved rejection procedures, the Debtors have rejected over fifty-five (55) Leases and Contracts, thus relieving themselves of significant postpetition obligations.

(b) Extensions of Time to Assume or Reject Leases of Nonresidential Real Property.

As of the Initial Petition Date, the Debtors were party to in excess of one hundred Leases. Since the Initial Petition Date, the Debtors focused their efforts on, among other things, disposing of these Leases.

Section 365(d)(4) of the Bankruptcy Code provides that any unexpired lease of nonresidential real property for which the debtor is a tenant shall be deemed rejected on the date that is 120 days after the petition date, unless such deadline is extended for cause. On March 20, 2009, the Bankruptcy Court entered an order (Docket No. 1141) extending the time for the Initial Debtors to assume or reject all of their Leases by 90 days, through and including June 24, 2009. On June 23, 2009, the Bankruptcy Court entered an order (Docket No. 1647) extending the time for LAC to assume or reject all of its Leases by 90 days, through and including October 5, 2009, for LandAm Title by 90 days through and including October 27, 2009, and for the Southland Entities by 90 days through and including October 27, 2009. LandAm Credit currently has until November 14, 2009, to assume or reject all of its Leases. On June 23, 2009, LFG and Capital One Services, Inc. entered into a stipulation and agreed order, whereby the period of time to assume or reject the prepetition nonresidential real property lease for the Debtors' corporate headquarters was extended until October 31, 2009 (Docket No. 1651).

(c) Procedures for Settling Certain Prepetition and Postpetition Claims.

On May 4, 2009 the Debtors filed a motion seeking authority to establish procedures (the "**Settlement Procedures**") to settle objection to certain prepetition and postpetition claims (Docket No. 1355). Pursuant to the Settlement Procedures, if the (a) amount mutually proposed by the Debtors and the claimant to resolve a disputed claim, or (b) the difference between the Debtors' estimate of the allowed claim as listed in the Schedules of Assets and Liabilities or the Debtors' books and records compared to the claimant's estimate of the allowed claim as asserted in the claimant's proof of claim or other demand on the Debtors is less than $500,000, then the settlement is deemed approved by the Bankruptcy Court upon written notice of the settlement to certain notice parties if no objection is received within 5 days. On May 21, 2009, the Bankruptcy Court entered an order approving such Settlement Procedures (Docket No. 1482) (the "**Settlement Procedures Order**"). Post-Effective Date of the Plan, procedures for resolving prepetition and postpetition claims will be governed by the Plan and the associated Trust Agreements.

1. Lease and Contract Related Settlements.

During the Chapter 11 Cases, the Debtors have mitigated prepetition and postpetition claims of certain landlords and counterparties to Contracts by entering into consensual termination agreements. During these Chapter 11 Cases, the Debtors have entered into lease termination agreements with Bascom Sub, LLC and Bascom I, LLC, Commercial Realty and Resources Corp., Wells Fargo Bank, NA, and Wachovia Financial Services, Inc. ("**Wachovia Financial**") in each case to terminate its leases covering certain real or personal property. With respect to its termination agreement with Wachovia Financial, LFG leased certain office furniture and equipment from Wachovia Financial for use at LFG's corporate headquarters. Pursuant to the termination agreement with Wachovia Financial, LFG paid Wachovia Financial a settlement payment in the amount of $398,897 in exchange for termination of the equipment lease and a release from all claims (including lease rejection damage claims). Despite termination of the equipment lease, the termination agreement grants LFG the right to continue using the leased property located on the first floor of LFG's corporate headquarters located at 5600 Cox Road, Glen Allen, Virginia 23060 until, at a minimum, October 31, 2009. LFG also entered into a license termination agreement with South Florida Stadium, LLC, pursuant to which it terminated its use of an executive suite at Dolphin Stadium (n/k/a LandShark Stadium). These termination agreements enabled the Debtors to reduce their administrative expenses and eliminate certain prepetition claims, as well as eliminate certain postpetition rent and other obligations.

4.4 *LES Litigation of the Lead Cases.*

Within weeks of the Initial Petition Date, the LES Chapter 11 Case was inundated with adversary proceedings brought by Exchange Customers asserting causes of action including breach of contract and fraud, and seeking, among other things, compensatory and punitive damages and injunctive relief. To date, more than one hundred (100) adversary proceedings

have been filed seeking, among other things, a determination that the funds held by LES associated with Exchange Agreements are not property of the LES Estate.

(a) Lead Cases Protocol.

As a method for dealing with the sheer number of adversary proceedings, on January 7, 2009, LES and the LES Creditors Committee filed a Joint Motion for Order Establishing Protocol For Adversary Proceedings ("**Protocol Motion**") seeking to establish a mechanism for the efficient administration of the large number of adversary proceedings (Docket No. 574). The Protocol Motion was designed to establish an expedient and cost-effective framework for resolution of the core issue in the adversary proceedings, namely whether the funds held by LES pursuant to the Exchange Agreements are assets of LES' Estate without unnecessarily draining estate assets.

On January 16, 2009, the Court entered its Order Establishing Scheduling Protocol for Adversary Proceedings (the "**Protocol Order**") (Docket No. 689). The Protocol Order provided that five adversary proceedings would proceed on an expedited, test-case basis (the "**Lead Cases**"), and all other adversary proceedings would be stayed pending resolution of the Lead Case litigation. The Protocol Order identified four of the Lead Cases: *HealthCare REIT, Inc. v. LandAmerica 1031 Exchange Services, Inc.,* Adv. Proc. No. 08-03149, *Millard Refrigerated Services, Inc. v. LandAmerica 1031 Exchange Services, Inc.*, Adv. Proc. No. 08-03147, *Frontier Pepper's Ferry LLC v. LandAmerica Exchange Services, Inc.*, Adv. Proc. No. 08-03148, and *Howard Finkelstein v. LandAmerica 1031 Exchange Services, Inc.*, Adv. Proc. No. 08-03171. The Fifth Lead Case, *Matthew B. Luxenberg v. v. LandAmerica 1031 Exchange Services, Inc.*, Adv. Proc. No. 09-03023, was later selected by Stipulation of the parties and the Ad Hoc Committee (Docket No. 808). The Lead Cases were selected because they provided a representative sampling of the different types of adversary proceedings that arose out of the Exchange Agreements.

The Lead Cases differed based on variations in contract language and the form of consideration received by LES pursuant to the Exchange Agreements. The Lead Case Plaintiffs had entered into Exchange Agreements with LES to undertake like-kind exchange transactions pursuant to Section 1031 of the Tax Code. The Exchange Agreements governed the transactions, including among other things, the manner in which Exchange Funds were held. Millard was party to a Segregated Exchange Agreement whereby Exchange Funds were deposited into separate bank sub-accounts associated with Millard's name and taxpayer identification number (the "**Segregated Lead Cases**"). While HCN was also party to a Segregated Exchange Agreement, contemporaneous to the execution of the Segregated Exchange Agreement, LES executed escrow agreements providing that the relevant Exchange Funds were to be deposited in an escrow account maintained by an escrow agent (the "**Escrow Cases**").[26]

[26] On February 23, 2009, the Bankruptcy Court approved a settlement agreement between HCN, LES, the LES Creditors Committee, and the LFG Creditors Committee regarding two Exchange Agreements entered into between HCN and LES (HCN Docket No. 40). In addition to settling HCN's case, the Bankruptcy Court approved a settlement agreement between RP One-DDD, LLC, LES, and the Creditors Committees.

Further, the Exchange Funds transferred by Lead Case Plaintiffs Frontier, Finkelstein, and Luxenberg were deposited in or transferred to an operating account maintained by LES in its own name at SunTrust Bank, which was also used by LES for the transactions of other exchange customers and for the daily operation of its business (the "**Commingled Lead Cases**").

While all of the Commingled Exchange Agreements provide for the transfer of funds to a SunTrust Bank account, the overwhelming majority of the Commingled Exchange Agreements involved in the adversary proceedings take two forms. The first form generally involves the wire transfer of Exchange Funds to an account at SunTrust Bank, and the relevant Exchange Agreement provides that "Taxpayer will receive interest on the Exchange Funds at . . . [accrual of interest at a certain rate] from the first business day following LES' receipt of funds via wire transfer to the LES account in Richmond, Virginia that it maintains at SunTrust Bank for the purposes of collecting taxpayers' exchange funds . . . ." (the "**Commingled Type A Cases**"). Luxenberg is representative of the Commingled Type A Cases.

The second form generally involves the deposit by LES of Exchange Funds into an account at SunTrust Bank, and the relevant Exchange Agreement provides that "LES will deposit the Exchange Funds in an account maintained at SunTrust Bank in Richmond, Virginia and guarantee Taxpayer will receive interest on the Exchange Funds . . . [accrual of interest at a certain rate] from the first business day following LES' receipt of funds via wire transfer at Richmond, Virginia, or from three days after receipt in Richmond, Virginia if sent by check to the day of withdrawal." (the "**Commingled Type B Cases**"). Frontier is representative of the Commingled Type B Cases.

Certain other Exchange Agreements fell within the Commingled Type B Cases with respect to the "Investment of Exchange Funds," except that, in addition to cash, consideration for the relinquished property transaction also included a note secured by a mortgage against the property relinquished pursuant to the transaction (a "**Note**"). For example, in connection with Lead Case Plaintiff Finkelstein's transaction, LES holds a separate Note in the amount of $2.1 million, which became due on January 30, 2009, in addition to cash consideration. There are eight customers whose transactions included Notes or similar debt instruments, representing an aggregate principal amount of approximately $11.2 million. As the existence of a Note potentially distinguishes those adversary proceedings from the cash-only Commingled Type B Cases, a fifth Lead Case was established (the "**Note Lead Cases**").

(b) Phase I - Express and Resulting Trust.

Immediately upon entry of the Protocol Order, the parties to the Lead Cases began an intensive expedited discovery process. During the six week discovery period, the parties exchanged over one hundred thousand (100,000) pages of documents, and took over twenty depositions, including depositions of three expert witnesses.

Therefore only two Escrow Cases remain. LES is currently negotiating with the plaintiffs in the two remaining Escrow Cases in an effort to consensually resolve such litigation.

On February 10, 2009, the Court entered an Order Granting Joint Motion of Frontier Pepper's Ferry LLC and Howard Finkelstein to Bifurcate Trials (the "**Bifurcation Order**") (Docket No. 879). The Bifurcation Order limited the initial phase of litigation under the Protocol Order to the following issues: (1) the tracing of the Exchange Funds; (2) contractual interpretation of the Exchange Agreements; (3) the existence of an express trust between LES and the Lead Case Plaintiffs; and (4) the existence of a resulting trust between LES and the Lead Case Plaintiffs. Thus, the Bifurcation Order limited the initial liability phase ("**Phase I**") to issues related to the ownership of all funds and/or other property.

(c) Summary Judgment.

Millard filed a Motion for Partial Summary Judgment on March 3, 2009 (Docket No. 44). In its motion, Millard asserted, inter alia, that the Exchange Funds associated with its 1031 exchange were held in an express or resulting trust and not property of LES' estate. Specifically, Millard argued that the exchange agreements' requirement that the funds be maintained in segregated accounts, among other things, demonstrated the parties' intent to create a trust. Alternatively, Millard argued that their exchange funds were held for its "benefit" pursuant to section 541(b)(1) of the Bankruptcy Code and/or that LES held the funds in a bailment.

The Creditors Committees filed cross motions for partial summary judgment on March 3, 2009 (Docket Nos. 40 and 44), and LES filed a Joinder to the Motion for Partial Summary Judgment of the LES Creditors Committee on March 6, 2009 (Docket No. 48). The Creditors Committees' motions asserted, inter alia, that Millard had failed to establish the elements of an express or resulting trust. To establish that an express trust, one must show that the parties to the alleged trust had an affirmative intention to create a trust. Such intent includes the intent for the trustee to have fiduciary duties to the beneficiary and for the beneficiary to maintain equitable ownership over the trust res. A resulting trust, like an express trust, also requires an intent to create a trust; however, the intent may be inferred from the circumstances surrounding the transaction. In the case of the Segregated Exchangers, LES and the Creditors Committees alleged that based on the plain reading of the Exchange Agreement, Millard (and the other Segregated Exchangers) are unable to establish that LES and Millard (or any other Segregated Exchanger) intended to create a trust relationship. The Creditors Committees also argued that the parties did not create a bailment and that Millards's Exchange Funds likewise could not be excluded from LES' estate pursuant to section 541(b)(1) of the Bankruptcy Code.

The Bankruptcy Court heard oral argument on the parties' cross motions for partial summary judgment on April 7, 2009. On April 15, 2009, the Bankruptcy Court issued an Order (the "**Millard Summary Judgment Order**") (Docket No. 77) and Memorandum Opinion (Docket No. 76) holding that Millard's Exchange Funds constitute property of LES' estate, denying Millard's Motion for Partial Summary Judgment and dismissing Millard's claims for (i) declaratory judgment under section 541 of the Bankruptcy Code that LES holds the Exchange Funds in trust for Millard; and (ii) an order under section 105 of the Bankruptcy Code enjoining LES from expending, transferring, commingling, adding to, or modifying the Exchange Funds and further directing LES to turn over the Exchange Funds to Millard.

On March 16, 2009, Frontier, Finkelstein, and Luxenberg filed Motions for Partial Summary Judgment. In their summary judgment motions, Frontier, Finkelstein, and Luxenberg likewise asserted that the Exchange Funds (and, in the case of Finkelstein, the Note) associated with their 1031 exchanges were held in express or resulting trusts and therefore not property of LES's estate. Luxenberg argued in the alternative that the funds associated with its exchange were held in escrow and/or that they should be excluded from LES's estate pursuant to federal common law.

LES and the Creditors Committees filed cross motions for partial summary judgment in each of the Commingled Lead Cases. Each of LES' and the Creditors Committees' partial summary judgment motions asserted that Frontier, Finkelstein, and Luxenberg had failed to establish the elements of an express or resulting trust. Again, to establish an express trust, the parties must establish an express or implied intention to create a trust. In the case of Frontier, Finkelstein, and Luxenberg (and the remaining Commingled Exchangers), LES and the Creditors Committees argued that the plaintiffs were not able to establish that the parties intended to create a trust relationship. LES and the Creditors Committees also argued that LES did not hold the funds associated with Luxenberg's exchange in an escrow and that those funds could not be excluded from LES' estate pursuant to federal common law. Furthermore, as a result of the extensive commingling of funds, the Commingled Exchangers were unable to trace their specific funds.

The Bankruptcy Court heard oral argument on the parties' cross motions for partial summary judgment on April 16, 2009. On May 7, 2009, the Bankruptcy Court denied Frontier's, Finkelstein's, and Luxenberg's Motions for Partial Summary Judgment and granted the motions of LES and the Creditors Committees to the extent that they sought "a determination that the Exchange Funds are not held by LES pursuant to a resulting trust or an express trust for the benefit of Plaintiff," and, therefore, held that Frontier's, Finkelstein's and Luxenberg's Exchange Funds and Notes are property of LES' bankruptcy estate under section 541 of the Bankruptcy Code (Docket Nos. 71, 63, and 76, respectively). The Bankruptcy Court likewise rejected the parties' alternative arguments for excluding the funds from LES's estate. Consistent with the Protocol and Bifurcation Orders, the Bankruptcy Court reserved ruling on whether the funds are held subject to a constructive trust, addressing only whether the Commingled Exchange Funds held by LES were property of its bankruptcy estate or excluded from the estate on the basis that they are held subject to an express or resulting trust.

(d) Phase II - Inter-Estate Litigation and Mediation.

On April 24, 2009, LES and LFG filed a motion (Docket No. 1320) seeking to establish a litigation protocol to resolve certain inter-estate issues ("**Inter-Estate Protocol Motion**") in an expedited fashion with limited discovery.[27] The substantive provisions of the

[27] The order approving the bifurcated Mediation Protocol (the "**Mediation Order**") was entered on May 21, 2009 (Docket No. 1480). During the six (6) weeks following the entry of the Mediation Order, LES, LFG and the Creditors Committees exchanged more than 210,080 pages of discovery and took three (3) depositions. Had the issues resolved pursuant to the Inter-Estate Mediation and the LES Mediation proceeded through the standard litigation path, there is little doubt that the parties would still be engaging

Inter-Estate Protocol Motion were negotiated by and among, LES, LFG and the Creditors Committees, and in consultation with counsel to the various Lead Case Plaintiffs. On May 4, 2009,[28] the Commingled Exchanger Committee filed an objection to the Inter-Estate Protocol Motion on the grounds that the motion sought to exclude them from participating in the resolution of the inter-estate issues and that the resolution of the inter-estate issues is not necessarily a predicate to confirming a plan in LES' bankruptcy case. As a result of further discussions between and among LES, LFG, the Creditors Committees, and the U.S.Trustee, on May 8, 2009, LES and LFG submitted a revised protocol (the "**Mediation Protocol**") providing for a two-step mediation of the inter-estate issues on the one hand (the "**Inter-Estate Mediation**") and issues relating to a compromise plan of liquidation involving a global resolution of, among other things, the pending Lead Cases (the "**LES Mediation**") on the other hand.

The first step of the Mediation Protocol was designed to address the validity, priority, characterization or allowance of certain inter-estate transfers and, to the extent that such transfers are Claims, the extent to which such Claims should be avoided under chapter 5 of the Bankruptcy Code as well as the estates' allocable share of liabilities associated with the Claims asserted by the IRS and PBGC. Among other things, the LES Creditors Committee asserted that the funds transferred from LFG to LES were an equity contribution and, therefore any claim arising from the transfer should not be repaid until after all LES general unsecured creditors have recovered their Allowed Claims in full. The LFG Creditors Committee asserted that the funds transferred from LFG to LES were a loan and, therefore, LFG should recover on account its claim on a pro rata basis with other LES general unsecured creditors, including the Exchange Customers.

LFG, LES and the Creditors Committees believed that the resolution of these inter-estate disputes would have a material impact on the recoveries of LFG's and LES' creditors and thus, needed to be addressed before a chapter 11 plan was filed. Counsel and representatives for LES, LFG, and each of the Creditors Committees participated in the two-day Inter-Estate Mediation. At the conclusion of the Inter-Estate Mediation, on July 3, 2009, the Creditors Committees reached a negotiated resolution for the treatment of the various inter-estate disputes, including LFG's advance of approximately $65 million to LES to enable LES to honor certain of its customers' exchange transactions. The resolution of the inter-estate disputes was memorialized in a term sheet signed by representatives of each of the Creditors Committees and has served as part of the framework for the Plan.

If the Inter-Estate Mediation had not been successful, the LES Creditors Committee would have likely sought leave from the Bankruptcy Court for standing to file a complaint seeking to recharacterize and/or subordinate the $65 million claim asserted by LFG against LES. In turn, the LFG Creditors Committee might similarly have sought to bring an

in discovery and litigation, and no proposed plan of liquidation would have yet been filed in the Chapter 11 Cases.

[28] The Commingled Exchanger Committee initially filed its Objection on May 4, 2009, and filed a substantially similar Amended Objection on May 5, 2009 (Docket Nos. 1344 and 1360, respectively).

action to, among other things, avoid the transfers to LES as a fraudulent transfer. Additionally, significant litigation would have likely occurred to determine whether and which estate's creditors were entitled to pursue various causes of action related to the ARS or against the common prepetition directors and officers and professionals.

The second step of the Mediation Protocol, the LES Mediation, was designed to serve as Phase II of the Lead Cases litigation by addressing a structure for a plan of liquidation encompassing a global resolution of, among other things, all of the Lead Cases. Such outstanding issues included, among other things, the resolution of whether certain customers were entitled to consequential damages and whether the Exchange Funds were held in constructive trusts. The Mediation Protocol imposed a stay of the Lead Cases to alleviate the litigation expense associated with the Lead Cases litigation and enable the parties to focus on the mediation. Counsel and representatives for LES, LFG, each of the Creditors Committees and each of the Lead Case Plaintiffs participated in the two-day LES Mediation. During the LES Mediation, which concluded on July 14, 2009, the Creditors Committees and Lead Case Plaintiffs agreed to a proposed resolution of many of the outstanding issues that were the subject of the LES Mediation. Together with the resolution of the Inter-Estate Mediation, the proposed resolution that resulted from the LES Mediation has served as the framework for the Plan.

If the LES Mediation had not been successful, it is highly likely that Segregated Exchangers and Commingled Exchangers would be forced to wait a significant period of time to receive any meaningful recovery and that such recoveries would have been further diminished by the administrative expenses associated with the Chapter 11 Cases.

(e) Settlements with Customers.

In addition to the settlements with HCN and RP One-DDD ("**RP One**"), during the Chapter 11 Cases, LES and the LES Creditors Committee negotiated settlements and obtained Bankruptcy Court approval of settlement agreements with two customers: IQC Properties, Inc. ("**IQC**") and Arboleda Corporation ("**Arboleda**"). These settlements resulted in over $3 million in value for LES' estate.

4.5 ***ARS Litigation.***

As discussed in more detail above, since 2002, LES invested a portion of the Exchange Funds in investment grade securities rated A or stronger at the time of the investment, including ARS. Until early 2008, banks pitched ARS to corporations and wealthy individuals as highly-liquid and safe alternatives to cash which satisfied LES' investment goals with respect to the Exchange Funds to maintain the full liquidity necessary to meet customer claims. Unfortunately, the ARS market froze in 2008 and, despite best efforts, LES has been unable to liquidate the ARS previously purchased at any price near their par value. As a result, among other things, both entities were forced to initiate these Chapter 11 Cases. Further, because of the financial uncertainty surrounding LFG's bankruptcy and fears about LFG's subsidiaries' ongoing viability, customers and vendors ceased doing business with many of the Company's businesses, essentially forcing sales and the wind-down of the Company's remaining businesses resulting in the liquidation of the Company's enterprise.

(a) Retention of Jenner & Block.

On August 11, 2009, the Debtors filed an application (Docket No. 1843) requesting authority to employ and retain Jenner & Block ("**Jenner**") to represent the Debtors in connection with the analysis, investigation and/or pursuit of claims arising from the sale, promotion and distribution of ARS' to the Debtors (the "**ARS Litigation**"). On August 27, 2009, the Bankruptcy Court entered an order approving the retention of Jenner (Docket No. 1938).

The Debtors believe that Jenner's joint representation of the Debtors in the ARS Litigation will not only preserve assets of the estates by minimizing legal fees, but will present a unified case in the ARS Litigation. Although the measure of damages suffered by each Debtor may be different, the acts and omissions of the parties (the "**Bank Defendants**") that sold the ARS' to LES and harmed the Debtors that serve as the basis for the Debtors' actions are the same.

Accordingly, Jenner's mandate is to investigate and analyze all potential claims against the Bank Defendants, prepare a report on same (which report will be shared on a confidential basis with the Creditors Committees) and ultimately prosecute all causes of action against the Bank Defendants. Upon consummation of the Plan, the ARS Litigation will be owned and controlled by the LES Trust. For the avoidance of doubt, any proceeds from the ARS Litigation will be distributed in accordance with the Plan.

4.6 ***Government Investigations.***

On November 25, 2008, LFG received an inquiry from the office of the United States Attorney for the Eastern District of Virginia (the "**US Attorney**") requesting information concerning the business operated by LES and related operations at the Company. Consequently, on December 5, 2008, LFG received a request from the SEC for similar information. On May 11, 2009, the SEC also subpoenaed certain related documents from LES. The Company has cooperated with these requests and produced responsive documents to both the US Attorney and the SEC. The Company has also previously responded to requests for information from the Oregon Department of Consumer and Business Services.

4.7 ***Case Administration.***

(a) Exclusivity.

Under the Bankruptcy Code, debtors have the exclusive right to file a plan or plans for an initial period of 120 days from the date on which the debtor filed its bankruptcy petition. If debtors file a plan within this exclusive period, then the debtors have the exclusive right for 180 days from the filing date to solicit acceptances to their plan. During these exclusive periods, no other party in interest may file a competing plan. A court may extend these periods upon request of a party in interest and "for cause."

LFG's and LES' initial exclusive filing period would have expired on March 26, 2009, and LFG's and LES' initial exclusive solicitation period would have expired on May 25, 2009. On March 6, 2009, LFG and LES filed a motion (Docket No. 1063) seeking to extend

their exclusivity periods for 120 days and, on March 23, 2009, the Bankruptcy Court entered an order (Docket No. 1147) granting LFG and LES an extension of their exclusive filing period through July 24, 2009, and their exclusive solicitation period through September 22 , 2009. On June 8, 2009, LAC filed a motion (Docket No. 1551) seeking to extend its exclusivity periods for 120 days and, on June 22, 2009, the Bankruptcy Court entered an order (Docket No. 1643) granting LAC an extension of its exclusive filing period through November 3, 2009 and its exclusive solicitation period through December 31, 2009. Further, on July 10, 2009, the Debtors filed a motion (Docket No. 1707) seeking to extend the exclusivity periods for LFG, LES, LandAm Title, and the Southland Entities through and including September 15, 2009, and, on July 22, 2009, the Bankruptcy Court entered an order (Docket No. 1766) granting the extension of the exclusive filing period through and including September 15, 2009, and their exclusive solicitation period through and including November 15, 2009. On August 31, 2009, the Debtors filed a motion (Docket No. 1953) seeking to further extend the exclusivity periods for LFG, LES, LandAm Title, and the Southland Entities. On September 18, 2009, the Bankruptcy Court entered an order (Docket No. 2036) granting the extension of their exclusive filing period through and including October 15, 2009 and their exclusive solicitation period through and including December 15, 2009, and granting authority to further extend each exclusive period for additional periods of thirty (30) days with the written consent of the Creditors Committees. LandAm Credit's initial exclusive filing period is set to expire on November 14, 2009, and LandAm Credit's initial exclusive solicitation period is set to expire on January 13, 2010.

(b) Schedules and Establishment of Bar Date.

By orders of the Bankruptcy Court dated November 28, 2008, March 12, 2009, April 8, 2009, and April 9, 2009 (Docket Nos. 38 (LFG), 11 (LES), 19 (LAC), 15 (LandAm Title), 12 and 13 (the Southland Entities); 15 (LandAm Credit)), the Debtors obtained extensions of the time to file their Schedules of Assets and Liabilities and Statements of Financial Affairs (collectively, the "**Schedules**"). On December 31, 2008, LES filed its Schedules. On February 9, 2009, LFG filed its Schedules. On April 16, 2009, LAC filed its Schedules. On May 11, 2009, LandAm Title and the Southland Entities filed their Schedules. LandAm Credit filed its Schedules on August 28, 2009.

By order of the Bankruptcy Court dated February 27, 2009 (the "**LFG/LES Bar Date Order**"), and pursuant to Bankruptcy Rule 3003(c)(3), the Bankruptcy Court established April 6, 2009 at 4:00 p.m. (Prevailing Eastern Time) (the "**LFG/LES General Bar Date**") as the deadline by which all persons and entities must file proofs of claim against the estates of LFG and LES (Docket No. 1030). The LFG/LES Bar Date Order also established May 26, 2009 as the deadline for all governmental units to file proofs of claim against the estates of LFG and LES (the "**LFG/LES Governmental Unit Bar Date**"). In accordance with the LFG/LES Bar Date Order, written notice of the LFG/LES General Bar Date and the LFG/LES Governmental Unit Bar Date was mailed to all known claimants.

By order of the Bankruptcy Court dated April 22, 2009 (the "**LAC Bar Date Order**"), and pursuant to Rule 3003(c)(3) of the Bankruptcy Rules, the Bankruptcy Court established May 18, 2009 at 4:00 p.m. (Prevailing Eastern Time) (the "**LAC General Bar Date**"), as the deadline by which all persons and entities must file proofs of claim against LAC's estate (Docket No. 1305). The LAC Bar Date Order also established September 3, 2009 as the

deadline for all governmental units to file proofs of claim against LAC's estate (the "**LAC Governmental Unit Bar Date**"). In accordance with the LAC Bar Date Order, written notice of the LAC General Bar Date and the LAC Governmental Unit Bar Date was mailed to all known claimants.

By order of the Bankruptcy Court dated June 22, 2009 (the "**UTC Bar Date Order**"), and pursuant to Rule 3003(c)(3) of the Bankruptcy Rules, the Bankruptcy Court established July 20, 2009 at 4:00 p.m. (Prevailing Eastern Time) (the "**UTC General Bar Date**") as the deadline by which all persons and entities must file proofs of claim against the estates of LandAm Title and the Southland Entities (Docket No. 1648). The UTC Bar Date Order also established September 23, 2009 as the deadline for all governmental units to file proofs of claim against the estates of LandAm Title and the Southland Entities (the "**UTC Governmental Unit Bar Date**"). In accordance with the UTC Bar Date Order, written notice of the UTC General Bar Date and the UTC Governmental Unit Bar Date was mailed to all known claimants.

By motion dated August 10, 2009 (as amended on August 11, 2009) (Docket No. 1842), LandAm Credit requested that the Bankruptcy Court establish September 30, 2009 as the deadline by which all persons and entities must file proofs of claim against its estate, and January 14, 2010 as the deadline for all governmental units to file proofs of claim against its estate (Docket Nos. 1839 and 1842). An order granting LandAm Credit's Motion was entered by the court on September 2, 2009 (Docket No. 1967).

Pursuant to Rule 3003(c)(2) of the Bankruptcy Rules, any creditor whose applicable claim was not scheduled, or was scheduled as disputed, contingent, or unliquidated, and who failed to file a proof of claim on or before the applicable bar date, will not be treated as a creditor with respect to the Plan or receive a distribution under the Plan.

(c) Claims.

As of October 1, 2009, approximately 2,600 Claims in excess of $2.3 billion plus unliquidated amounts have been asserted against the Debtors, which is in addition to approximately 280 undisputed Scheduled Claims by the Debtors in the amount of approximately $229 million dollars, including $68.3 million for Intercompany Claims. The Debtors dispute a vast majority of the dollar amount of the Claims asserted against them, and have settled or expunged, or have requested authority to expunge $450 million in Claims. The Debtors have estimated the approximate aggregated allowed amounts of Claims and have set forth such estimates in the table set forth in Article II hereof. THESE ESTIMATES ARE PRELIMINARY AND TENTATIVE GIVEN THE LIMITED REVIEW AND ANALYSIS UNDERTAKEN TO DATE. THESE AMOUNTS REPRESENT ESTIMATES BY THE DEBTORS BASED ON CURRENT INFORMATION ONLY. THE DEBTORS MAKE NO REPRESENTATION AS TO THE EXTENT THESE ESTIMATES ULTIMATELY PROVE ACCURATE IN LIGHT OF ACTUAL CLAIMS AND THE RESOLUTION OF CLAIMS DISPUTES. FOR INFORMATION REGARDING THE LIMITATIONS OF AND UNCERTAINTIES RELATING TO THESE ESTIMATES, SEE ARTICLE XI BELOW ("CERTAIN RISK FACTORS TO BE CONSIDERED").

The following chart reflects the Intercompany Claims:

(In thousands)

Lenders	LES	LFG	LandAm Credit.	LAC	LandAm Title	Southland Title Corporation	Southland Title of Orange County	Southland Title of San Diego
LES	$0	$0	$0	$0	$0	$0	$0	$0
LFG	$0[29]	$0	$13,918	$0	$4,968	$6,147	$1,052	$8,049
LandAm Credit	$0	$0	$0	$0	$0	$0	$0	$0
LAC	$0	$4,217	$0	$0	$0	$0	$0	$0
LandAm Title	$0	$0	$0	$0	$0	$0	$0	$0
Southland Title Corporation	$0	$0	$0	$0	$0	$0	$0	$0
Southland Title of Orange County	$0	$0	$0	$0	$0	$0	$0	$0
Southland Title of San Diego	$0	$0	$0	$0	$0	$0	$0	$0

ARTICLE V.

REASONS FOR THE SOLICITATION; RECOMMENDATION

Chapter 11 of the Bankruptcy Code provides that, unless the terms of section 1129(b) of the Bankruptcy Code are satisfied, for the Bankruptcy Court to confirm the Plan as a consensual plan, the holders of impaired Claims against the Debtors in each Class of impaired Claims must accept the Plan by the requisite majorities set forth in the Bankruptcy Code. An impaired Class of Claims shall have accepted the Plan if (a) the holders of at least two-thirds in amount of the Claims in such Class actually voting on the Plan have voted to accept it, and (b) more than one-half in number of the holders in such Class actually voting on the Plan have voted to accept it (such votes, the "**Requisite Acceptances**").

The Plan is based on two term sheets that were unanimously supported by each member of the Creditors Committees and the Lead Plaintiffs. The Debtors and the Creditors Committees recommend that all holders of Claims entitled to do so, vote to accept the Plan. The boards of directors of each of the Debtors (collectively, the "**Company Boards**"), the Company's officers and the Creditors Committees have reached this decision after considering available alternatives to the Plan and their likely effect on the Debtors' creditors, such as

[29] In addition, LFG and LES have agreed that LFG shall hold an Operating I/C Claim on account of management and operating expenses in an amount of $3.2 million.

liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The Debtors and the Creditors Committees determined, after consulting with their legal and financial advisors, that the Plan, if consummated, will maximize the value of these Debtors' estates for stakeholders, and such recovery will exceed any recovery under a hypothetical chapter 7. For all of these reasons, the Debtors' officers, the Company Boards and the Creditors Committees support the Plan and urge the holders of Claims entitled to vote on the Plan to accept and support it.

ARTICLE VI.

THE PLAN

6.1 *Overview of Chapter 11.*

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the Petition Date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan is the principal objective of a chapter 11 case. A plan sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan by the bankruptcy court makes the plan binding upon the debtor, any Person acquiring property under the plan and any creditor or equity interest holder of a debtor.

In general, a chapter 11 plan (a) divides claims and equity interests into separate classes, (b) specifies the property, if any, that each class is to receive under the plan, and (c) contains other provisions necessary to the reorganization or liquidation of the debtor and that are required or permitted by the Bankruptcy Code.

Pursuant to section 1125 of the Bankruptcy Code, acceptance or rejection of a plan may not be solicited after the commencement of the chapter 11 cases until such time as the court has approved a disclosure statement as containing adequate information. Pursuant to section 1125(a) of the Bankruptcy Code, "adequate information" is information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. To satisfy applicable disclosure requirements, the Debtors submit this Disclosure Statement to holders of Claims that are impaired and not deemed to have rejected the Plan.

6.2 *Overview of the Plan.*

(a) General.

THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT ELEMENTS OF THE PLAN. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED INFORMATION SET FORTH IN THE PLAN AND THE EXHIBITS AND SCHEDULES THERETO.

The Plan classifies Claims and Interests separately in accordance with the Bankruptcy Code and provides different treatment for different Classes of Claims and Interests.

Claims and Interests shall be included in a particular Class only to the extent such Claims or Interests qualify for inclusion within such Class. The Plan separates the various Claims (other than those that do not need to be classified) into 15 separate Classes and classifies the Interests into 3 Classes. These Classes take into account the differing nature and priority of Claims against, and Interests in, the Debtors. Unless otherwise indicated, the characteristics and amounts of the Claims or Interests in the following Classes are based on the books and records of the Debtors.

This section summarizes the treatment of each of the Classes of Claims and Interests under the Plan, and describes other provisions of the Plan. Only holders of Allowed Claims — Claims that are not in dispute, contingent, or unliquidated in amount and are not subject to an objection or an estimation request — are entitled to receive distributions under the Plan. For a more detailed description of the definition of "Allowed," see Article I of the Plan. Until a Disputed Claim becomes Allowed, no distribution of Cash, securities and/or other instruments or property otherwise available to the holder of such Claim will be made.

The Debtors believe that they and/or the parties appointed pursuant to the Plan will be able to perform their obligations under the Plan. Also, the Debtors believe that the Plan permits fair and equitable recoveries, while expediting the liquidation of the Debtors.

The Confirmation Date will be the date that the Confirmation Order is entered by the Clerk of the Bankruptcy Court. The Effective Date will be the first Business Day on which all conditions to the Effective Date set forth in Section 13.2 of the Plan have been satisfied or waived, and no stay of the Confirmation Order is in effect.

Other than as specifically provided in the Plan, the treatment under the Plan of each Claim and Interest will be in full satisfaction, settlement, release and discharge of all Claims or Interests. The Debtors and/or the LES Trustee and LFG Trustee will make all payments and other distributions to be made under the Plan unless otherwise specified.

All Claims and Interests, except Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims, are placed in the Classes set forth in Article IV of the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims have not been classified, and the holders thereof are not entitled to vote on the Plan. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

(b) Purpose and Effects of the Plan.

The primary purpose of the Plan is to sell substantially all of the Debtors' assets in an expeditious manner and to distribute the proceeds to creditors.

(c) No Substantive Consolidation.

The Plan is a non-substantively consolidated liquidating plan, which generally means that it will effectuate the liquidation of LFG and its Debtor subsidiaries, and that the

proceeds of the liquidation of each legal entity will be distributed to the creditors of that entity, rather than pooled together in one common fund for distribution to all creditors.

Except as specifically set forth in the Plan, nothing in the Plan or this Disclosure Statement shall constitute or be deemed to constitute an admission that any one of the Debtors is subject to or liable for any claim against any other Debtor. Additionally, claimants holding Claims against multiple Debtors, to the extent Allowed in each Debtor's Chapter 11 Case, will be treated as holding a separate claim against each Debtor's estate, provided, however, that no holder of an Allowed Claim shall be entitled to receive more than payment in full of such Allowed Claim (plus postpetition interest, if and to the extent provided in the Plan), and such Claims will be administered and treated in the manner provided in the Plan.

(d) The Trusts.

On the Effective Date, the stock of the Debtors will be cancelled. A liquidating trust for each Debtor will be created to prosecute the legal causes of action held by the Debtors, and to administer the liquidation and distribution of the assets of each Debtor, including the sale or dissolution of the non-Debtor subsidiaries of LFG. Between $2.5 million and $5 million in cash will be reserved from each of the estates of LFG and LES to fund the activities of their respective Trusts. The Trusts shall terminate once all of the assets that they are liquidating, including the claims and causes of action of the Debtors, are monetized, distributed or abandoned, but in no event later than the fifth anniversary of the Effective Date, unless an extension has been approved by the Bankruptcy Court.

1. The LES Trust.

The LES Trust will oversee the liquidation of LES and each of its non-Debtor subsidiaries, and will be charged with pursuing (a) the ARS Litigation against unaffiliated third parties relating to LES' purchase or sale of ARS, including suits against brokers, banks or other institutions involved in the underwriting, offering, marketing or sale of ARS to LES, (b) monetizing the ARS, and (c) any chapter 5 causes of action owned by LES including, without limitation, actions to recover funds related to exchanges that closed during the ninety (90) days immediately prior to the Initial Petition Date.[30] The LES Trust will be governed by the LES Trust Committee and administered by the LES Trustee. [The LES Creditors Committee, with the Debtors' consent, has selected Gerard A. McHale, Jr. to serve as the LES Trustee.] The Debtors have consented to the selection of any of the five candidates nominated by the LES Creditors Committee and disclosed to the Debtors in a memo dated August 26, 2009. The LES Trustee shall be a fiduciary of LES and LES' subsidiaries, and will be the Trustee for the Trusts established for any LES Subsidiary Debtors.

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[30] During the ninety (90) days immediately prior to the Initial Petition Date, LES closed approximately 529 exchanges in exchange for an aggregate payment of $378 million. Although the Plan, if confirmed, prohibits the LES Trust from pursuing avoidance actions against Exchanger Customers who were creditors of LES on the Initial Petition Date, who do not object to Confirmation of the Plan, and who vote to accept the Plan, it will not prohibit the LES Trust from pursuing avoidance actions against the Exchange Customers who transactions closed during the preference period who (a) objected to Confirmation of the Plan, (b) voted to reject the Plan, or (c) were not creditors of LES on the Initial Petition Date.

The LES Trust will be divided into two sub-trusts, the ARS Litigation Sub-Trust, which will be responsible for liquidating the ARS and pursuing the ARS Litigation, and the LES Remaining Assets Sub-Trust, which will be responsible for liquidating all of the remaining assets of LES. These sub-trusts will each be governed by separate committees selected by the LES Creditors Committee, whose members may also be members of the LES Trust Committee. The ARS Litigation Committee shall also include one representative selected by Matthew B. Luxenberg, one representative selected by Millard Refrigerated Services, Inc., and a non-voting *ex officio* member selected by the LFG Creditors Committee.

In accordance with the terms of the LES Trust Agreement, the LES Trustee shall seek the approval of both the oversight committee and the Bankruptcy Court before it resolves any litigation related to the ARS.

As set forth in more detail in the LES Trust Agreement, to the extent that the LES Trustee determines not to pursue one or more assets in the ARS Litigation Sub-Trust, the LFG Trustee shall have the option, but not the obligation, to pursue such litigation.

2. The LFG Trust.

The LFG Trust will oversee the liquidation or sale of LFG assets, other than Orange County Bancorp Interests, (including the FNF Common Stock and the FNF Note) and all LFG non-Debtor subsidiaries, other than LES and LES' direct subsidiaries. The LFG Trust will also be entitled to pursue the Other Litigation, which generally consists of any claims or causes of action that either LFG or LES have against (a) officers and directors of LES or LFG, (b) officers and directors of United Capital Title Insurance Company, Lawyers Title Insurance Corporation and Commonwealth Land Title Insurance Company, and (c) professionals that provided services to LFG and LES prior to the filing of the bankruptcy.[31]

The LFG Trust will be governed by the LFG Trust Committee and administered by the LFG Trustee. The LFG Creditors Committee, with the Debtors' consent, has selected Bruce H. Matson of LeClair Ryan, A Professional Corporation, to serve as the LFG Trustee. The LFG Trustee shall be a fiduciary of LFG and LFG's subsidiaries, and the Trustee for the Trusts established for LFG Subsidiary Debtors. The LFG Trust will also be divided into two sub-trusts, the Other Litigation Sub-Trust, which will be responsible for pursuing the Other Litigation, and the LFG Remaining Assets Sub-Trust, which will be responsible for liquidating all of the remaining assets of LFG. Each sub-trust will be governed by a separate committee selected by the LFG Creditors Committee, whose members may also be members of the LFG Trust Committee. The Other Litigation Committee shall include a non-voting ex officio member selected by the LES Creditors Committee.

In accordance with the terms of the LFG Trust Agreement, the LFG Trustee shall seek the approval of both the oversight committee and the Bankruptcy Court before it resolves any litigation related to the Other Litigation.

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[31] Pursuant to Section 8.11 of the Plan, the proceeds of the Other Litigation will be distributed pursuant to the Waterfall.

As set forth in more detail in the LFG Trust Agreement, to the extent that the LFG Trustee determines not to pursue one or more assets in the Other Litigation Sub-Trust, the LES Trustee shall have the option, but not the obligation, to pursue such litigation.

3. SD Trusts.

On the Effective Date, separate liquidating trusts will be established for each Subsidiary Debtor. Each SD Trust will be governed by a Trustee, which for LES Subsidiary Debtors will be the same as the LES Trustee, and for LFG Subsidiary Debtors, will be the same as the LFG Trustee. The SD Trusts will be responsible for liquidating the assets of the Subsidiary Debtors and distributing the net proceeds from those assets to the holders of Allowed Claims against and Interest in such Subsidiary Debtors in accordance with Article V of the Plan.

4. The Waterfall.

The proceeds, net of costs of collection and distribution, from the disposition of the ARS and the prosecution of the ARS Litigation and the Other Litigation will be distributed to the LES Trust and the LFG Trust in the following manner (the "**Waterfall**"): (a) the initial $8 million to the LFG Trust; (b) the next $65 million to the LES Trust; (c) the next $3 million to the LFG Trust; (d) 65% of the next $159 million to the LES Trust and the remaining 35% to the LFG Trust; and (e) any excess will be split evenly between the two Trusts. The proceeds from the sale or other disposition of all other assets of LES and LFG will also be distributed to the respective Trusts. As further discussed below, the net Cash held by LES on the Effective Date will be distributed to holders of Allowed Claims against LES in accordance with Article V of the Plan.

5. Trust Interests.

Holders of Allowed Impaired Claims against and Allowed Interests in the Debtors (other than holders of Interests in LFG) will receive beneficial interests in the Trusts (the "**Trust Interests**"), which will entitle such holders to the distributions described below. The distributions will be made from time to time by the Trustees when proceeds are available for distribution after the monetization of assets.

The Trust Interests will not be freely transferable. A holder of a Trust Interest may only transfer interests to a Permitted Transferee. A Permitted Transferee means (a) with respect to a holder of Trust Interests that is an individual (i) such holder's Family Members, (ii) a revocable trust created for the benefit of the holder, or any such holder's Family Members, or (iii) the estate, executor, administrator, personal representative, devisee, or legatee of such holder; (b) with respect to a holder of Trust Interests that is an entity (i) a transferee or successor by operation of law of such entity upon the merger, consolidation or other similar transaction involving the entity, or (ii) the holder of equity interests in such entity in a pro rata distribution; or (c) an entity that all of the equity interests of which are owned by the holder of the Trust Interests or the Permitted Transferee of such holder of Trust Interests, provided that such entity shall agree in writing that it shall be subject to the terms and conditions of the Trust Agreement and it shall reconvey such Trust Interests to the holder of Trust Interests prior to such time that it ceases to be a Permitted Transferee.

(e) Distributions.

As required by the Bankruptcy Code, the Plan divides the creditors and interest holders in the Debtors into separate "classes," and each class receives distinct treatment under the Plan. Class 1 for each Debtor consists of Claims, other than Administrative Expense Claims, Fee Claims and Priority Tax Claims, against each Debtor, which are entitled to priority in payment as specified in section 507(a) of the Bankruptcy Code. These creditors will be paid in full. Class 2 for each Debtor consists of Secured Claims against such creditors. These creditors will either receive (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code. Other classes of Claims against and Interests in the Debtors are described below. **For a more detailed description of the treatment of each Class of Claims and Interests, please refer to Article V of the Plan.**

1. Creditors and Equity Holders of LES.

The creditors and equity holders of LES are divided into six additional Classes of Claims and Interests which receive separate treatment under the Plan. Class LES 3, LES Escrow Exchange Claims, is comprised of claims of Exchange Customers whose Exchange Funds were held in escrow accounts. Such creditors will receive ninety-seven (97%) of the funds held in the escrow accounts on their behalf on or soon after the Effective Date.

Class LES 4, Segregated Exchange Principal Claims, is comprised of Claims of Exchange Customers whose Exchange Funds were held in accounts that were associated with the applicable Exchange Customers' name or taxpayer identification number. Such Exchange Customers will split the greater of (a) fifty-one percent (51%) or (b) $50 million of the Net LES Cash.[32] In addition, such Exchange Customers will receive twenty-five percent (25%) of the proceeds that are allocated to the LES Trust in the Waterfall, and twenty-five percent (25%) of the proceeds that the LES Trust receives from the sale or disposition of the other assets of LES, until such Claim is satisfied in full.

Class LES 5, Note Exchange Collectible Claims, is comprised Claims arising from a note or similar debt instrument made payable to LES by the purchaser of a relinquished property associated with an Exchange Agreement. These Exchange Customers will have a Claim against LES only up to the amount that is actually received by the LES Trust or LES on the note, net of costs associated with collection. Holders of Class LES 5 Claims will receive an

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[32] Net LES Cash means: (a) the aggregate amount of Cash or cash equivalents (including interest thereon) as of the Effective Date (excluding proceeds, if any, from the sale or other disposition of the Waterfall Assets, but including interest, if any, accrued on the Auction Rate Securities through and including the Effective Date) maintained by LES (which shall include any settlement monies received from Exchange Customers) minus, (i) the LES PBGC Claim, (ii) the LES IRS Claim, (iii) the LES Trust Initial Fund, (iv) Allowed Administrative Expense Claims against LES, (v) Allowed Fee Claims against LES, (vi) Allowed Priority Tax Claims against LES, (vii) Allowed LES Priority Non-Tax Claims, (viii) Allowed LES Secured Claims (if such Claims are to be satisfied in Cash), and (ix) the LES Escrow Exchange Distributions; (b) Cash, if any, received on behalf of the LES Government Administrative Expense Claim; and (c) the Third Party Note Funds.

initial cash distribution from the net proceeds of the note, which will equal the lesser of (a) the pro rata share of the Net LES Cash received by the holders of Class LES 4 Claims, or (b) seventy percent (70%) of the net proceeds from their note. In addition, holders of Class LES 5 Claims will receive distributions from the Waterfall and distributions from proceeds from LES' remaining assets, which equal to the same pro rata share recovery as the Waterfall and the remaining assets distributions received by holders of Class LES 4 Claims.

Class LES 6, LES General Unsecured Claims, is comprised of general unsecured creditors of LES, such as trade creditors, as well as so-called "Commingled" Exchange Customers, whose Exchange Agreements do not provide that the applicable Exchange Funds would be transferred to, deposited in, held in, or otherwise placed in a bank (or other financial institution) account or sub-account associated with the applicable Exchange Customer's name or taxpayer identification number. Holders of Class LES 6 Claims will receive the remainder of the Net LES Cash after cash distributions are made to members of Class LES 4 plus the remainder of the net proceeds collected by the LES Trust or LES on the Third Party Exchange Notes after a cash distribution of a maximum of seventy percent (70%) of the net proceeds from the notes are made to holders of Claims in Class LES 5. Holders of Class LES 6 Claims will also share 75% of the proceeds received by the LES Trust from the Waterfall and from the sale or disposition of other LES assets, with holders of Class LES 5 Claims. In addition, LFG holds the Operating I/C Claim, an Allowed Class LES 5 Claim, on account of management and operating expenses in an amount of $3.2 million.

Class LES 7, LES Damages Claims, is comprised of Claims asserted by Exchange Customers, for amounts above and beyond the Principal Claims held by such Exchange Customers. These Claims will only be quantified and paid if and when the Claims in Classes LES 1 through 6 are paid in full pursuant to provisions of Article XI of the Plan, described below.

Class LES 8, LES Equity Interests, is comprised of the equity interests in LES held by LFG. If there is value left after Classes LES 1 through 7 are paid in full, then any remaining value will be distributed to the LFG Trust on account of LFG's equity interests in LES.

2. Creditors and Equity Holders of LFG.

The creditors and equity holders of LFG are divided into four additional classes of Claims and Interests which receive separate treatment under the Plan. Class LFG 3, LFG General Unsecured Claims, consists of general unsecured claims against LFG, such as trade claims. Through their LFG Trust Interests, holders of Class LFG 3 Claims will share *pro rata* in the net proceeds of the sale or disposition of LFG's assets, including, but not limited to, the cash held by LFG on the Effective Date and the proceeds distributed to LFG under the Waterfall, after the payment of Administrative Expenses, Priority Tax Claims, Priority Non-Tax Claims, the LFG Guarantee Cash Distributions, the Fee Claims and the U.S. Trustee Claims against LFG.

Class LFG 4, LFG Guarantee Claims, consists of LES Exchange Customers whose exchange was guaranteed in writing by LFG.[33] Allowed Segregated Guarantee Claims, which shall consist of guarantee claims of Segregated Exchangers with written LFG guarantees, shall have Allowed General Unsecured Claims against LFG under the Plan equal to $8.2 million. Allowed Commingled Guarantee Claims, which shall consist of guarantee claims of Commingled Exchangers with written LFG guarantees, shall have Allowed General Unsecured Claims against LFG equal to $6.4 million. Such creditors may receive from LFG, at their option: (i) a one time cash payment of thirty percent (30%) of their Principal Claim if they vote in favor of and do not object to the Plan, and assign to the LFG Trust their rights to claims and causes of action against third parties on account of their exchange; or (ii) to be treated as a holder of a LFG General Unsecured Claim. In any case, such Exchange Customer may not receive more than one hundred percent (100%) on account of their Principal Claim when combined with the recovery they receive from LES. **If you are a holder of an LFG Guarantee Claim and you wish to receive a cash distribution from LFG of thirty percent (30%) of your Principal Claim in full satisfaction of your guarantee claim against LFG, please refer to the instructions for making such an election on the Ballot enclosed with this Disclosure Statement.**

Class LFG 5, LFG Securities Laws Claims, consists of Existing Securities Laws Claims against LFG, if any, (a) arising from rescission of a purchase or sale of any debt securities of any Debtor or an affiliate of any Debtor; (b) for damages arising from the purchase or sale of any such debt security; (c) for violations of the securities laws, misrepresentations, or any similar Claims, including, to the extent related to the foregoing or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, any attorneys' fees, other charges, or costs incurred on account of the foregoing Claims; or (d) except as otherwise provided for in the Plan, for reimbursement, contribution, or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim. Holders of Claims in Class LFG 5 will only be entitled to a recovery if holders of Claims in Classes LFG 1 through 4 are paid in full. In such a case, they will receive distributions from the LFG Trust on account of their Trust Interests in those Trusts.

Class LFG 6, LFG Equity Interests, consists of the equity interests in LFG, which will be cancelled on the Effective Date, and holders of such equity interests shall not be entitled to any distribution under the Plan.

Notwithstanding any provision contained in the Plan to the contrary, after the Effective Date, the Indenture Trustee for the $98,500,000 in principal amount of the 3.125% convertible senior debentures due 2033 and the $125,000,000 in principal amount of the 3.25% convertible senior debentures due 2034 issued by LFG Financial Group, Inc. (the "**Indenture Trustee**") shall retain its lien arising pursuant to Section 8.06 each of the Indentures, to the same extent and validity of such lien prior to the Effective Date. In addition, the Indenture Trustee, which on information and belief has incurred fees and expenses of approximately $350,000 to date and, based on that run rate, may incur additional fees exceeding $300,000 through the

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[33] As discussed in more detail in section 6.3(c) herein, except for LFG Exchange Guarantee Claims, which are claims against LFG of Exchange Customers with a written guarantee, all claims of Exchange Customers, in their capacity as such, against LFG shall be forever barred and disallowed under the Plan.

Effective Date, may seek administrative expense priority for such fees under section 503(b) of the Bankruptcy Code. The LFG Creditors Committee is anticipated to support this request.

3. Subsidiary Debtors.

The creditors and equity holders of all Debtors other than LFG and LES are divided into two additional classes for each Debtor: (a) Class SD 3 consists of holders of unsecured claims; and (b) Class SD 4 consists of holders of equity interest (*i.e.* such subsidiary's parent). The assets of the Subsidiary Debtors will be transferred to a separate SD Trust for each Subsidiary Debtor, and holders of Allowed Claims against and Interests in those Subsidiary Debtors will be issued SD Trust Interests. For each subsidiary Debtor, the net proceeds of such Debtor's assets, after the payment of administrative expenses and priority claims, will be divided among such Debtor's unsecured creditors. If for any Debtor there is enough value to pay such Debtor's unsecured creditors in full, any remaining value will be distributed to the parent of such Debtor on behalf of their equity interests.

(f) Settlement of Certain Inter-Creditor Issues.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all Claims or controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or any distribution to be made pursuant to the Plan on account of any Allowed Claim or Allowed Interest. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises or settlements are: (a) in the best interests (x) of the Debtors and their respective Estates and property, and (y) of the holders of Claims against and Interests in the Debtors; and (b) fair, equitable and reasonable.

(g) Intercompany Claims.

Except for Intercompany Claims between LES and LFG, which shall be treated as described in Sections 3.1, 8.11 and 14.7 of the Plan, all prepetition Intercompany Claims among the Debtors and/or between a Debtor and a non-Debtor Subsidiary shall be treated as Allowed General Unsecured Claims against the applicable Debtor.

The Plan provides that LES will contribute up to $500,000 towards Allowed Claims of the IRS against the Consolidated Tax Group, and the lesser of (a) $5 million, or (b) twenty-five percent (25%) of any amount paid either to the Cash Balance Plan to effectuate a termination, or to the PBGC as a Plan Distribution. To the extent LES pays amounts in excess of such amounts, LES will have an Administrative Expense Claim against LFG for the excess, pursuant to Section 3.1 of the Plan (the "**LES Government Administrative Expense Claims**").

As part of a comprehensive settlement between the Creditors Committees regarding the treatment of various inter-estate disputes between LFG and LES, including the $65 million advance by LFG to LES prior to the Initial Petition Date, proceeds resulting from the ARS, the ARS Litigation and the Other Litigation will be divided among the LFG Trust and the LES Trust pursuant to the Waterfall (defined below) as set for in Section 8.11 of the Plan. In

addition, LFG shall have the Operating I/C Claim, which is an Allowed LES 5 Claim, on account of prepetition management operating expenses in an amount equal to $3.2 million.

Finally, Section 14.7 of the Plan prohibits each of the Debtors from asserting any Claim against any other Debtor, including a claim arising under Chapter 5 of the Bankruptcy Code, unless otherwise expressly provided for by the terms of the Plan.

(h) Disputed Claims.

1. No Distributions or Payments Pending Allowance.

Except as provided in Section 10.3 of the Plan, Disputed Claims shall not be entitled to any Plan Distributions unless and until such Claims become Allowed Claims. For the avoidance of doubt to the extent that an exchanger has asserted a LES Damages Claim, such LES Damages Claim shall be treated as a separate claim from the LES Principal Claim and, accordingly, the failure to allow such LES Damages Claim shall not prohibit the exchanger from recovering on account of an Allowed LES Principal Claim.

2. Reserves of Plan Consideration for Disputed Claims.

On the Effective Date, the Trustees shall create separate reserves for each Class of Claims or Interests, other than LES Damages Claims, which include one or more Disputed Claims or Interests, as the case may be and in accordance with the Plan, funded with the Plan Consideration, including Trust Interests, if any, as to which such Disputed Claims or Interests would have been entitled if Allowed. Such reserved Plan Consideration will be transferred to the applicable Trustee to be held in such reserves for such holders of Disputed Claims and/or Interests, and the applicable Trustee will treat or make an election pursuant to U.S. Treasury Regulations Section 1.468B-9(c) to treat these reserves as one or more "disputed ownership funds" (each, a "**Disputed DOF**"). The Disputed DOF and not the holders of Disputed Claims and/or Interests or the Debtors will be treated as the owner of the Plan Consideration and any other assets reserved for Disputed Claims and/or Interests. The Disputed DOF will be treated for United States federal income tax purposes as a taxable entity separate from the holders of Disputed Claims and/or Interests or the Post-Effective Date Entities. The Disputed DOF will be responsible for the payment of any taxes imposed on the Disputed DOF (including by way of withholding) resulting from the transfer or holding of reserved Plan Consideration, but the only source of payment therefore will be such Plan Consideration and any funds transferred to the Disputed DOF by holders of the Disputed Claims and/or Interests.

3. Amount of Reserves of Plan Consideration.

The amount of Plan Consideration reserved for the benefit of a holder of a Disputed Claim, other than a LES Damages Claim, shall be in an amount equal to the Pro Rata Share of Plan Consideration which would have been distributed to the holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the asserted face amount of the Disputed Claim, (ii) the amount in which the Disputed Claim is estimated by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code for purposes of allowance, which amount, unless otherwise ordered by the Bankruptcy Court, shall constitute the maximum amount in which such Claim may ultimately become an Allowed Claim, or (iii) such other

amount as may be agreed upon by the holder of such Disputed Claim and the Debtors or the applicable Trustee, or determined by the Bankruptcy Court after notice to the affected holder of a Disputed Claim and a hearing. No Plan Consideration shall be reserved for holders of LES Damages Claims.

4. Plan Distributions to Holders of Subsequently Allowed Claims/Interests.

On each Distribution Date (or such earlier date as determined by the Post-Effective Date Entities or the Trustees in their sole discretion but subject to Section 10.3 of the Plan), the Trustees and/or the Trusts, as applicable, will make distributions or payments: (i) on account of any Disputed Claim that has become an Allowed Claim since the occurrence of the previous Distribution Date; and (ii) on account of previously Allowed Claims of property that would have been distributed or paid to the holders of such Claims or Interests on the dates distributions previously were made to holders of Allowed Claims or Interests in such Class had the Disputed Claims or Interests that have become Allowed Claims or Interests been Allowed on such dates. The Trustees and/or the Trusts shall distribute in respect of such newly Allowed Claims or Interests the Plan Consideration and/or Cash distributions from the Trusts as to which holders of such Claims or Interests would have been entitled under the Plan if such newly Allowed Claims or Interests were fully or partially Allowed, as the case may be, on the Effective Date, less direct and actual expenses, fees, or other direct costs of maintaining Plan Consideration on account of such Disputed Claims or Interests.

No holder of an Allowed Claim shall, on account of such Allowed Claim, receive a Plan Distribution in excess of the Allowed amount of such Claim plus postpetition interest on such Claim, to the extent interest is provided in Section 9.2 of the Plan. **In order to ensure that holders of Claims do not receive more than the full amount of their Claims, all holders of Claims are required to notify the applicable Trustee of any and all third party recoveries received on behalf of their Claims outside of the Plan.**

5. Distribution of Reserved Plan Consideration Upon Disallowance.

To the extent any Disputed Claim or Interest has become Disallowed in full or in part (in accordance with the procedures set forth in the Plan):

Any Plan Consideration held by the Trustees or the Post-Effective Date Entities on account of, or to pay, such Disputed Claim or Disputed Interest shall be distributed by the Trustees in accordance with the relative priorities as set forth in Article V of the Plan on the next Subsequent Distribution Date.

Any Cash held by the Trusts on account of Trust Interests reserved by the Trustee on account of a Disputed Claim or Interest that has become Disallowed in full or in part shall be redistributed to other Trust Beneficiaries in accordance with the terms of the Plan and the applicable Trust Agreement.

(i) Procedures For LES Damages Claims.

1. Timing of Allowance.

No LES Damages Claim shall be Allowed until (a) after the Principal Satisfaction Date, (b) such time as it is Allowed by Final Order of the Bankruptcy Court, and (c) pursuant to the procedures set forth in Article XI of the Plan. If the Principal Satisfaction Date does not occur prior to the termination of the LES Trust pursuant to Section 8.7 of the Plan, then all LES Damages Claims shall be deemed Disallowed and expunged in their entirety, and no Plan Distribution shall be made on account of LES Damages Claims.

2. Procedures for Allowance of LES Damages Claims.

Notice of the Principal Satisfaction Date shall be given by the LES Trustee, within five (5) Business Days of the Principal Satisfaction Date, to (i) the Notice Parties and (ii) all Persons who timely filed proofs of Claim asserting LES Damages Claims on or prior to the applicable Bar Date.

Within thirty (30) days after the mailing of a notification of the Principal Satisfaction Date, a Person who filed a proof of Claim asserting a LES Damages Claim prior to the applicable Bar Date must submit a Damages Claim Form to the Bankruptcy Court and the Notice Parties.

LES Damages Claims will be deemed Disallowed and expunged in their entirety, unless the holders of such Claims timely submit a Damages Claim Form.

Any Damages Claim Form that is timely submitted in accordance with the procedures in Article XI of the Plan shall be deemed to be a supplement to the proofs of Claim asserting LES Damages Claims.

Only the Post-Effective Date Entities, the Trustees or the Trusts may object to any Damages Claim Form, which objection must be filed by the Damages Claim Objection Deadline.

As soon as practicable after the Principal Satisfaction Date, the LES Trustee shall seek Bankruptcy Court approval of a protocol for determining whether the LES Damages Claims that are the subject of Damages Claim Forms shall be Allowed or Disallowed.

Only the holders of LES Damages Claims which are determined after a hearing to be Allowed Claims by Final Order shall receive Plan Distributions on account of LES Damages Claims.

3. Timing of Distributions.

As soon as reasonably practicable after all LES Damages Claims have been Allowed or Disallowed by Final Order, or Disallowed by not having filed a timely Damages Claim Motion or otherwise, the LES Trustee shall distribute the Plan Distribution allocated to the holders of Allowed LES Damages Claims in accordance with Section 5.6 of the Plan.

(j) Post-Effective Date LFG

If, prior to the Effective Date, LFG obtains a determination by the Bankruptcy Court, pursuant to a Final Order, a court-approved settlement or stipulation, or otherwise, that the retention of the Orange County Bancorp Interests by Post-Effective Date LFG shall not give rise to a priority Claim of the PBGC against the Debtors, then on the Effective Date, the Orange County Bancorp Interests shall vest in Post-Effective Date LFG free and clear of all Claims, Liens, encumbrances, charges and other Interests. Furthermore, all common stock of LFG shall be cancelled on the Effective Date. Post-Effective Date LFG shall commence dissolution proceedings promptly after the Effective Date. Post-Effective Date LFG shall be governed by the Dissolution Trustee, which shall be selected by the LFG Committee. The Dissolution Trustee shall not be the same person as the LFG Trustee.

6.3 ***Releases, Injunctions and Exculpation.***

(a) Release of Claims Between LES and LFG.

As discussed above, the Plan resolves certain inter-estate claims between LES and LFG through the Waterfall, the LES Government Administrative Expense Claim and the Operating I/C Claim. As part of such global resolution between the Estates, the Plan releases any other Claims between LFG and LES, including claims for preferences or fraudulent conveyance pursuant to chapter 5 of the Bankruptcy Code or analogous applicable state law. Resolving the inter-estate issues between LFG and LES through the Plan may avoid expensive and protracted litigation regarding the liabilities between the two entities, which litigation could dilute recoveries and delay the recoveries of creditors of LFG and LES.

(b) Release of Certain Avoidance Actions Against Exchange Customers.

Upon, and subject to, the Effective Date, any avoidance or recovery actions under sections 544, 547, 548, 549 and 550 of the Bankruptcy Code against an Exchange Customer who ultimately holds an Allowed Claim and who timely and properly voted to accept the Plan shall be released.

Pursuant to the Bankruptcy Code, a debtor may seek to recover, through adversary proceedings in the bankruptcy court, certain transfers of the debtor's property, including payments of cash, made while the debtor was insolvent during the ninety (90) days immediately prior to the commencement of the bankruptcy case (or, in the case of a transfer to or for the benefit of an "insider," one year prior to the commencement of the bankruptcy case) in respect of antecedent debts, to the extent the transferee received more than it would have received on account of such pre-existing debt had the debtor been liquidated under chapter 7 of the Bankruptcy Code. Such transfers include cash payments, pledges of security interests or other transfers of an interest in property. In order to be preferential, such payments must have been made while the debtor was insolvent; debtors are rebuttably presumed to have been insolvent during the 90-day preference period. The Bankruptcy Code's preference statute can be very broad in its application because it allows the debtor to recover transfers regardless of whether there was any impropriety in such transfers.

Under the Bankruptcy Code and under various state laws, a debtor may also recover or set aside certain transfers of property (fraudulent transfers), including grants of security interests in property, made while the debtor was insolvent or which rendered the debtor insolvent or undercapitalized, if the debtor received less than reasonably equivalent value for such transfer.

The release embodied in the Plan will ensure that the Trusts will not bring avoidance or recovery actions to recover Exchange Funds or other property which were transferred prior to the Initial Petition Date to Exchange Customers who vote in favor of the Plan. The Plan does not prohibit the Trusts from bringing avoidance or recovery actions to recover Exchange Funds or other property transferred out of the LES estate prior to the Initial Petition Date to closed exchanges of Exchange Customers who vote to reject the Plan or of Exchange Customers who were not creditors of LES on the Initial Petition Date. In accordance with section 502(h) of the Bankruptcy Code, if property is recovered from an Exchange Customer, then such Exchange Customer will have a Claim against LES, which will be treated in the same way that Claims held by Exchange Customers who were creditors of LES on the Initial Petition Date are treated. In addition, the Plan is a global settlement of contentious litigation which litigation would otherwise put an enormous drain on the monetary and other resources of the Debtors' estates. Accordingly, the parties to the Inter-Estate and LES Mediations believe that the release of certain avoidance or recovery actions is appropriate consideration for support for the Plan and the compromise embodied therein.

(c) Release of Claims of Exchange Customers Against LFG.

Except for LFG Exchange Guarantee Claims, which are claims against LFG of Exchange Customers with a written guarantee, all claims of Exchange Customers, in their capacity as such, against LFG shall be forever barred and disallowed under the Plan.

A Claim against LFG that arises from LES' performance under an Exchange Agreement is not legally valid absent a written guarantee executed by or on behalf of LFG. The Exchange Agreements are with LES, not LFG, which is a distinct legal entity, and accordingly, for any guarantees by LFG to be enforceable, LFG must have agreed to such guarantee in writing.

(d) Injunction.

Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors or the Estates are, with respect to any such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, the Post-Effective Date Entities, Post-Effective Date LFG, the Estates, the Trusts or any of their property (including insurance proceeds), or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment

attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors, the Post-Effective Date Entities, Post-Effective Date LFG, the Trusts, or the Estates or any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons, or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors, the Post-Effective Date Entities, Post-Effective Date LFG, the Trusts, or the Estates or any of their property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan to the full extent permitted by applicable law; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; provided, however, that nothing contained in the Plan shall preclude (x) such Persons from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of the Plan, including Section 1.55 of the Plan, or commencing, enforcing, collecting or otherwise recovering on any suit, action or other proceeding that is not an Enjoined Action against Persons other than Debtors, the Post-Effective Date Entities, Post-Effective Date LFG, the Estates, or the Trusts, or (y) the Trustees from pursuing Causes of Action pursuant to the terms of the Plan which may deplete proceeds of one or more of the Debtors' insurance policies.

Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors or the Estates, other than the Debtors, the Post-Effective Date Entities, or the Trustees and the Trusts on behalf of the Debtors or the Post-Effective Date Entities, are permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any Enjoined Action; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against any prepetition officer or director of any Debtor, solely in their capacity as such, or any property of any such transferee or successor, each solely in their capacity as such arising from an Enjoined Action[34]; and (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against any prepetition officer or director of any Debtor, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons, arising from an Enjoined Action.

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[34] An Enjoined Action is any suit, action, investigation or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative, or other forum) against a prepetition officer or director of a Debtor to the extent that prosecution of such suit, action, investigation or other proceeding may deplete any insurance policy owned or purchased by one or more of the Debtors (or their predecessors). Notwithstanding the foregoing, an Enjoined Action shall not include any suit, action, or other proceeding to the extent, but only to the extent, such suit, action, or other proceeding: (a) is the subject of either a (i) written agreement of both Trustees, or (ii) Bankruptcy Court order, and in each of (i) and (ii), which agreement or order states or determines that such suit, action or other proceeding will not deplete proceeds of an insurance policy which proceeds would otherwise be available to satisfy a judgment, settlement or other payment that could be made to the Trusts with respect to the Trust Causes of Action; or (b) is brought after the ARS Litigation and the Other Litigation have been fully and finally resolved.

Pursuant to Section 14.4(b) of the Plan, no suit, action, investigation or other proceeding of any kind may be brought against a prepetition officer or director of a Debtor to the extent that prosecution of such suit, action, investigation or other proceeding may deplete any insurance policy owned or purchased by one or more of the Debtors, other than suits or actions brought by the Trusts. The purpose of this provision is to ensure that any proceeds from the Debtors' insurance policies, under which policies the directors and officers are insureds, are not depleted by lawsuits brought by various individual creditors. By channeling lawsuits which may implicate the Debtors' insurance policies through the Trusts, the proceeds from the insurance policies will be distributed equitably among creditors, rather than to individual creditors who may obtain judgments or settlements. Moreover, as a result of claims against the policies that would be made by the named insureds for defense and other costs, absent the injunction, extensive decentralized litigation will further deplete the policies before the Trusts have pursued their Claims and Causes of Action for the benefit of all creditors.

(e) Exculpation.

As of the Effective Date, the following parties, entities and individuals (in each case, solely in their capacity as such) shall have no liability for any postpetition act taken or omitted to be taken in connection with, or related to the Chapter 11 Cases or formulating, negotiating, preparing, disseminating, implementing, administering, confirming or effecting the consummation of the Plan, the Disclosure Statement, or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases of the Debtors (other than liability determined by a Final Order of a court of competent jurisdiction for actions or failure to act or disclose amounting to gross negligence, willful misconduct, intentional fraud or criminal conduct): (i) the Debtors, their directors, officers and employees, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Debtors and their respective partners, owners and members; (ii) the Dissolution Trustee, and any agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Dissolution Trustee and their respective partners, owners and members; (iii) the Creditors Committees, the respective members thereof, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Creditors Committees and their respective partners, owners and members; (iv) the Trustees, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Trustees and their respective partners, owners and members; and (v) the Trust Committees, the respective members thereof, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Trust Committees and their respective partners, owners and members; provided, however, nothing in Section 14.5 of the Plan shall be deemed to release any act or omission that arose prior to the Petition Date.

In sum, the foregoing means that Debtors, the Creditors Committees, the Trustees, the Trust Committees, and each of their directors, officers and employees, professional advisors, are exculpated (or released) from any liability related to postpetition actions taken in connection with or related to the Chapter 11 Cases, the Plan, the Disclosure Statement, and any documents related to the Plan. Actions or failures to act that are determined to be gross negligence, willful misconduct, intentional fraud or criminal conduct are not included in this exculpation.

(f) Tolling Agreements.

Pursuant to Section 7.17 of the Plan and the Tolling Agreements executed by the directors and officers of LFG and LES which are listed on Schedule 1.211 of the Plan (the "**Tolling Parties**") and the Creditors Committees, on notice to applicable insurance providers, any statute of limitation relating to an Enjoined Action brought against a Tolling Party is tolled in accordance with the terms of the Tolling Agreements. Although the Debtors' directors and officers deny any liability in connection with the Enjoined Actions, the directors and officers that are Tolling Parties waive their rights to assert any statute of limitations as a defense to Enjoined Actions brought by any party that are brought within the tolled period. None of the parties to the Tolling Agreements waive or limit any rights, claims, causes of action or defenses, except as expressly stated in the Tolling Agreements.

Among other things, the Tolling Agreements provide that any changes to Sections 1.55 and 14.4(b) of the Plan, which govern Enjoined Actions, and Sections 14.5 and 14.6, which govern the exculpation of directors and officers of the Debtors for postpetition acts or omissions relating to the Chapter 11 Cases, require the consent of each Tolling Party, or the Tolling Agreement for each such Tolling Party will not be effective.

The Tolling Agreements are meant to ensure that parties who wish to bring Causes of Action against the Tolling Parties, but who are temporarily enjoined from doing so pursuant to Section 14.4(b) of the Plan, will be able bring such Enjoined Actions upon the expiration of the injunction under Section 14.4(b) of the Plan, even if the statute of limitations for bringing such Cause of Action would have otherwise expired.

(g) Claims Between and Against Other Debtors.

Pursuant to Section 14.7 of the Plan, except as otherwise set forth in the Plan, or to enforce the terms of the Plan, each of the Debtors is prohibited from asserting, and hereby agrees to release, any Claim against the other, including a Claim arising under Chapter 5 of the Bankruptcy Code. Section 14.7 of the Plan shall not be deemed a release of (a) joint tortfeasors, officers, directors, representatives, agents, successors and assigns of the Debtors, or any other third party, or (b) any Intercompany Claims preserved pursuant to Section 2.2 of the Plan.

6.4 ***Means for Implementation of the Plan.***

(a) Cancellation of Existing Securities and Agreements.

Except for the purpose of evidencing a right to distribution under the Plan, or an asserted defense against or equitable remedy in respect of any asserted Cause of Action, and except as otherwise set forth herein, on the Effective Date all of the Convertible Senior Debentures and any other agreements, instruments, and other or documents evidencing any Claim against or any Interest in a Debtor shall be deemed cancelled, discharged and of no further force or effect as to the Debtors.

As a condition to participation under the Plan, the holder of a note, debenture, equity security or other evidence of indebtedness of or equity interest in any of the Debtors (with the exception of holders of the Convertible Senior Debentures) that desires to receive the

property to be distributed on account of an Allowed Claim or Allowed Interest based on such note, debenture, equity security or other evidence of indebtedness or equity interest shall surrender such note, debenture, equity security or other evidence of indebtedness or equity interest to the respective Debtors or Post-Effective Date Entities, or their designee (unless such holder's Claim will be reinstated by the Plan, in which case such surrender shall not be required), and shall execute and deliver such other documents as are necessary to effectuate the Plan; provided, however, that if a claimant is a holder of an equity security, note, debenture or other evidence of indebtedness or equity interest for which no physical certificate was issued to the holder but which instead is held in book-entry form pursuant to a global security held by a securities depositary or custodian thereof, then the Debtors or the indenture trustee for such equity security, note, debenture or other evidence of indebtedness may waive the requirement of surrender. Except as otherwise provided in this section, if no surrender of a equity security, note, debenture or other evidence of indebtedness or equity interest occurs and a claimant or equity holder does not provide an affidavit and indemnification agreement, in form and substance satisfactory to the Debtors, the Trustees or Post-Effective Date Entities, as applicable, that such equity security, note, debenture or other evidence of indebtedness or equity interest was lost, then no distribution may be made to any claimant or equity interest holder whose Claim or Interest is based on such equity security, note, debenture or other evidence of indebtedness or equity interest thereof. Except in the case of the Convertible Senior Debentures which are held in book-entry form pursuant to a global security, the Trustees shall make subsequent distributions only to the Persons who surrender the securities for exchange (or their assignees) and the record holders of such securities shall be those holders of record as of the Effective Date.

All distributions in respect of the Convertible Senior Debentures pursuant to the Plan shall be made to the Indenture Trustee on the Effective Date, The Depository Trust Company shall surrender for cancellation to the Indenture Trustee the certificates for the Convertible Senior Debentures issued in the name of Cede and Co. and that are held by The Depository Trust Company. Notwithstanding the foregoing, the Convertible Senior Debentures shall continue in effect solely for the purpose of: (i) allowing beneficial holders of the Convertible Senior Debentures to receive distributions under the Plan and (ii) allowing and preserving the rights of the Indenture Trustee to make distributions in satisfaction of Allowed LFG General Unsecured Claims (Class LFG 3) to the beneficial owners of the Convertible Senior Debentures in respect thereof, but in all cases subject to the terms and conditions of the Indentures. Pursuant to Section 8.06 of the Indentures, (x) the Indenture Trustee shall be entitled to exercise its charging lien prior to that of the Convertible Senior Debentures upon all property and funds held or collected by the Indenture Trustee pursuant to the Plan, and (y) the Indenture Trustee may assert its charging lien against property and funds held or collected in respect of the Convertible Senior Debentures with respect to the LFG General Unsecured Claims before making distributions to the beneficial owners of the Convertible Senior Debentures.

(b) Vesting of Assets.

Except as otherwise provided in the Plan or in any agreement, instrument or other document relating thereto, on or after the Effective Date, all property of the Estates of the Debtors and any property acquired by any of the Debtors pursuant to the Plan shall not revest in the Debtors pursuant to section 1141(b) of the Bankruptcy Code, but instead shall remain vested in the applicable Post-Effective Date Estate, to be monetized and distributed by the applicable

Trustee, or transferred to the Trusts, as applicable, pursuant to the terms of the Plan and the Confirmation Order. As soon as practicable after all aspects of the Plan pertaining to each Post-Effective Date Estate have been completed, each Post-Effective Date Estate shall be dissolved and wound up.

Except as provided in Section 7.16 of the Plan, on the Effective Date, pursuant to section 1141(b) of the Bankruptcy Code, the Orange County Bancorp Interests shall vest in Post-Effective Date LFG, free and clear of all Claims, Liens, encumbrances, charges, and other Interests.

(c) Officers and Boards of Directors.

On the Effective Date, (a) the positions of the current directors, or in the case of a governing body created by a partnership agreement, limited liability company agreement or similar agreement, the members of such governing body (such persons and the corporate directors collectively, the "**Governors**") of each Debtor shall be eliminated, and each Governor shall be terminated (without the necessity of further action), and (b) to the fullest extent permitted by applicable law, the rights, powers, and duties of the Governors of (i) LFG shall vest in the Dissolution Trustee, (ii) each LFG Subsidiary Debtor that has a Governor shall vest in the LFG Trustee, and (iii) LES and each LES Subsidiary Debtor that has a Governor shall vest in the LES Trustee, and the applicable Trustee or its designee shall be the presiding officer and the sole Governor of each applicable Debtor. The applicable Trustee shall make all determinations with respect to employment of any other directors, officers, managers and employees of the Debtors on and after the Effective Date.

(d) Corporate Action.

The entry of the Confirmation Order shall constitute authorization for the Debtors, their Subsidiaries, the Trustees, or the Trust Committees, as applicable, to take or cause to be taken all corporate actions necessary or appropriate to implement all provisions of, and to consummate, the Plan and the Plan Documents prior to, on and after the Effective Date and, except as expressly provided in the Plan, all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation, including without limitation, any action required by the stockholders or directors of the Debtors and their Subsidiaries, including, among other things, (a) the adoption of new organizational documents for any Debtor, (b) the election and/or appointment of new officers and/or directors, (c) the termination and cancellation of any outstanding instrument, document or agreement evidencing Claims or Interests in the Debtors, (d) all transfers of Assets that are to occur pursuant to the Plan, (e) the incurrence of all obligations contemplated by the Plan and the making of all Plan Distributions, (f) the formation of the LES Trust, the qualification of the LES Trustee and the LES Trust Committee and the transfers to the LES Trust as contemplated by the Plan, (g) the formation of the LFG Trust, the qualification of the LFG Trustee and the LFG Trust Committee and the transfers to the LFG Trust as contemplated by the Plan, (h) the formation of and SD Trust for each Subsidiary Debtor, the qualification of the SD Trustees and the transfers to the SD Trusts as contemplated by the Plan, (i) the qualification or appointment of the Dissolution Trustee, (j) the implementation of all settlements and compromises as set forth in or contemplated by the Plan, (k) entering into any

and all transactions, contracts, or arrangements permitted by applicable law, order, rule or regulation, (l) the winding-up of any Debtor or the merger of any Debtor into another Debtor, and (m) any other action consistent with the terms of the Plan. The officers of the Debtors, the Trustees, the Trust Committees and the Sub-Trust Committees are authorized and empowered to do all things and to execute and deliver all agreements, documents, instruments, notices and certificates as are contemplated by the Plan and the Plan Documents and to take all necessary action required in connection therewith, in the name of and on behalf of the Debtors and Post-Effective Date Entities.

(e) Monetization of Assets of the Subsidiary Debtors.

The SD Trustees shall, in an expeditious but orderly manner, monetize and convert the Assets of the Subsidiary Debtors to Cash and make timely distributions to the holders of SD Trust Interests, and not unduly prolong the duration of the Post-Effective Date Estates of the Subsidiary Debtors. In so doing, the applicable SD Trustee shall exercise its reasonable business judgment in monetizing the Assets of the Subsidiary Debtors to maximize recoveries. The monetization of such Assets may be accomplished through the sale of such Assets (in whole or in combination) as the applicable SD Trustee may determine is in the best interests of the holders of Claims against and Interests in the Subsidiary Debtors. Subject to Section 8.15(b) of the Plan, the SD Trustees shall have no liability to any of the Debtors, their Estates, their creditors, the Creditors Committees, their members or any other party for the outcome of its decisions in this regard.

In connection with the monetization of a Subsidiary Debtor's Assets, the applicable SD Trustee shall maintain individual ledgers for each Subsidiary Debtor, which shall include a record of the purchase price for each sale of such Subsidiary Debtor's Assets and any costs or expenses associated with that sale. The net proceeds of such sales will be placed in an account for the periodic distribution to the SD Trust Beneficiaries.

If, at the end of five (5) years after the Effective Date, any of the Assets of the Subsidiary Debtors remain unsold (the "**Unsold Assets**"), the applicable SD Trustee shall submit a motion to the Bankruptcy Court, on notice to the Notice Parties, which shall set forth such SD Trustee's proposed treatment of the Unsold Assets. If any of the Notice Parties object, the Bankruptcy Court shall schedule a hearing with respect to the motion.

The LES Trustee shall owe fiduciary duties to LES, the LES Subsidiary Debtors, and their respective Estates and Post-Effective Date Entities. The LFG Trustee shall owe fiduciary duties to LFG, the LFG Subsidiary Debtors, and their respective Estates and Post-Effective Date Entities.

(f) Subordination of Indemnification Claims.

Notwithstanding anything to the contrary contained in the Plan, any Claim against LES or LFG held by a prepetition officer or director of LES or LFG, as applicable, for indemnification pursuant to: (a) any Debtor's certificate of incorporation, by-laws, or similar organizational document, or (b) any employment or other written agreement with any Debtor, or

(c) common law or otherwise, shall be subordinated to the payment in full of the LES General Unsecured Claims and LFG General Unsecured Claims, as applicable.

(g) Closing of the Debtors' Chapter 11 Cases.

When all Disputed Claims or Interests filed against a Debtor have become Allowed Claims or Interests or have been Disallowed by Final Order or otherwise pursuant to the Plan, and all appropriate Plan Distributions have been made pursuant to the Plan, the applicable Trustee shall seek authority from the Bankruptcy Court to close such Debtor's Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

6.5 ***Retention of Jurisdiction by the Bankruptcy Court.***

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, pursuant to 28 U.S.C. §§ 1334 and 157, over all matters arising in, arising under, or related to the Chapter 11 Cases for, among other things, the following purposes:

- To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the Cure Disputes resulting therefrom;

- To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date;

- To ensure that distributions to holders of Allowed Claims or Allowed Interests are accomplished as provided in the Plan;

- To consider Claims or Interests or the allowance, classification, priority, compromise, estimation, or payment of any Claim or Interest, including any Administrative Expense Claim;

- To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

- To issue and enforce injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

- To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

- To hear and determine all Fee Claims;
- To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;
- To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;
- To hear and determine Damages Claim Motions;
- To take any action and issue such orders, including any such action or orders as may be necessary after occurrence of the Effective Date and/or consummation of the Plan, as may be necessary to construe, enforce, implement, execute, and consummate the Plan, including any exculpation, release or injunction provisions set forth in the Plan, or to maintain the integrity of the Plan following consummation;
- To determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;
- To resolve any disputes concerning whether a Person or entity had sufficient notice of the Chapter 11 Cases, the Disclosure Statement Hearing, the Confirmation Hearing, any applicable Bar Date, or the deadline for responding or objecting to a Cure Amount, for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose;
- To recover all Assets of the Debtors and property of the Estates, wherever located;
- To determine the appropriate amount of Plan Consideration to reserve pursuant to Section 10.3(c) of the Plan, including a determination that a previously set reserve should be reduced;
- To hear and determine any matters relating to the Assets or dissolution of the Post-Effective Date LFG;
- To resolve any disputes concerning the Trusts or the Trust Agreements; and
- To enter a final decree closing each of the Chapter 11 Cases.

ARTICLE VII.

POST-EFFECTIVE DATE LITIGATION

7.1 *Avoidance Actions and Remaining Litigation*

Pursuant to the Bankruptcy Code, a debtor may seek to recover, through adversary proceedings in the bankruptcy court, certain transfers of the debtor's property, including payments of cash, made while the debtor was insolvent during the ninety (90) days immediately prior to the commencement of the bankruptcy case (or, in the case of a transfer to or for the benefit of an "insider," one year prior to the commencement of the bankruptcy case) in respect of antecedent debts, to the extent the transferee or intended beneficiary received more than it would have received on account of such pre-existing debt had the debtor been liquidated under chapter 7 of the Bankruptcy Code. Such transfers include cash payments, pledges of security interests or other transfers of an interest in property. In order to be preferential, such payments must have been made while the debtor was insolvent; debtors are rebuttably presumed to have been insolvent during the 90-day preference period. The Bankruptcy Code's preference statute can be very broad in its application because it allows the debtor to recover transfers regardless of whether there was any impropriety in such transfers.

Under the Bankruptcy Code and under various state laws, a debtor may also recover or set aside certain transfers of property (fraudulent transfers), including grants of security interests in property, made while the debtor was insolvent or which rendered the debtor insolvent or undercapitalized, if the debtor received less than reasonably equivalent value for such transfer.

Subject to the Effective Date, the LFG Trust will have the right to pursue preference and fraudulent conveyance actions on behalf of LFG for the benefit of LFG's creditors, and on behalf of the LFG Subsidiary Debtors for the benefit of the creditors of such Subsidiary Debtors. Similarly, the LES Trust shall have the right to pursue preference and fraudulent conveyance actions and any other action not included in LFG Chapter 5 Litigation on behalf of LES and the LES Subsidiary Debtors. However, the LES Trust shall not be authorized to pursue avoidance actions against Exchange Customers who vote in favor of the Plan.

7.2 *ARS Litigation*

Subject to the Effective Date, the LES Trust will be charged with, among other things, pursuing, where appropriate, the ARS Litigation against unaffiliated third parties involved in the underwriting, offering, marketing or sale of ARS to LES, including, but not limited to, Citibank and SunTrust Bank. Proceeds from the ARS Litigation, net of costs of collection and distribution, will be distributed to the LES Trust and the LFG Trust pursuant to the Waterfall. Holders of Claims against and Interests in LES and LFG will receive pro-rata beneficial interests in the Trusts, which will entitle such holders to distributions from the Waterfall. As of the Effective Date, Jenner, the firm employed as special litigation counsel, will be automatically deemed to be retained by the LES Trust and will act as lead counsel for the prosecution of the ARS litigation. Additionally, the LES Trust may, in accordance with discharging its duties, determine to hire additional special counsel.

7.3 *Other Litigation*

Subject to the Effective Date, the LFG Trust will be entitled to pursue any claims and causes of action (the "**Other Litigation**") that either LFG or LES have against (a) officers and directors of LES or LFG, (b) officers and directors of United Capital Title Insurance Company, Lawyers Title Insurance Corporation and Commonwealth Land Title Insurance Company, and (c) professionals that provided services to LFG and LES prior to the filing of the bankruptcy, including, but not limited to, attorneys, accountants, auditors, actuaries, tax, financial or valuation analysts or consultants that provided services to LFG or LES prior to the Petition Date. In addition, the LFG Trust will be able to enforce the rights of LFG or LES under any insurance policies issued to their officers and directors. Proceeds from the Other Litigation, net of costs of collection and distribution, will be distributed to the LFG Trust and the LES Trust pursuant to the Waterfall. Holders of Claims against and Interests in LFG and LES will receive pro-rata beneficial interests in the Trusts, which will entitle such holders to distributions from the Waterfall.

ARTICLE VIII.

CONFIRMATION OF THE PLAN OF LIQUIDATION

8.1 *Confirmation Hearing.*

Section 1128(a) of the Bankruptcy Code requires the bankruptcy court, after appropriate notice, hold a hearing on confirmation of a plan. The Bankruptcy Court has established November [18], 2009 at [11:00 a].m as the date and time of the Confirmation Hearing. The Confirmation Hearing may be adjourned or continued from time to time by the Debtors or the Bankruptcy Court without further notice except for an announcement of the adjourned or continued date made at the Confirmation Hearing or any subsequent adjourned or continued Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the particular Debtor or Debtors, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, with a copy to chambers, together with proof of service thereof, and served upon: (a) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Paul V. Shalhoub, Esq. and Rachel C. Strickland, Esq., co-counsel to the Debtors; (b) McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219, Attn: Dion W. Hayes, Esq. and John M. Maddock III Esq., co-counsel to the Debtors; (c) the Office of the United States Trustee, 701 East Broad Street, Richmond, Virginia 23219, Attn: Robert Van Arsdale, Esq.; (d) Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, TX 75201-4675, Attn: Charles R. Gibbs, Esq., co-counsel to the Official Committee of Unsecured Creditors of LandAmerica 1031 Exchange Services, Inc.; (e) Tavenner & Beran, PLC, 20 North Eighth Street, Second Floor, Richmond, Virginia 23219, Attn: Lynn Tavenner, Esq., co-counsel to the Official Committee of Unsecured Creditors of LandAmerica 1031 Exchange Services, Inc.; (f) Bingham McCutchen LLP, 399 Park Avenue, New York, NY

10022-4689, Attn: Jeffrey S. Sabin, Esq., co-counsel to the Official Committee of Unsecured Creditors of LandAmerica Financial Group, Inc.; and (g) LeClair Ryan, A Professional Corporation, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, VA 23218-2499, Attn: Bruce H. Matson, Esq., co-counsel to the Official Committee of Unsecured Creditors of LandAmerica Financial Group, Inc.

Bankruptcy Rule 9014 governs objections to confirmation of the Plan. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

8.2 *Confirmation.*

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129(a) of the Bankruptcy Code have been satisfied with respect to the Plan.

(a) Confirmation Requirements.

Confirmation of a plan under section 1129(a) of the Bankruptcy Code requires, among other things, that:

- the plan complies with the applicable provisions of the Bankruptcy Code;
- the proponent of the plan has complied with the applicable provisions of the Bankruptcy Code;
- the plan has been proposed in good faith and not by any means forbidden by law;
- any plan payment made or to be made by the proponent under the plan for services or for costs and expenses in, or in connection with, the chapter 11 case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable;
- the proponent has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in the plan with the debtor, or a successor to the debtor under the plan. The appointment to, or continuance in, such office by such individual must be consistent with the interests of creditors and equity security holders and with public policy and the proponent must have disclosed the identity of any insider that the debtor will employ or retain, and the nature of any compensation for such insider;
- with respect to each impaired class of claims or interests, either each holder of a claim or interest of such class has accepted the plan, or will receive or retain under the plan, on account of such claim or interest,

property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated on such date under chapter 7 of the Bankruptcy Code;

- each class of claims or interests has either accepted the plan or is not impaired under the plan;

- except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that allowed administrative expenses and priority claims will be paid in full on the effective date (except that if a class of certain types of priority claims has voted to accept the plan, holders of such claims may receive deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amounts of such claims and that holders of priority tax claims may receive on account of such claims, regular installment payments in cash (i) of a total value, as of the effective date, equal to the allowed amount of such claim, (ii) over a period not exceeding five (5) years after the petition date, or (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122 of the Bankruptcy Code);

- if a class of claims is impaired, at least one (1) impaired class of claims has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim in such class;

- confirmation 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; and

- all fees payable to the applicable United States Trustee's office, pursuant to section 1930 of title 28, have been paid or the plan provides for payment of such fees on the effective date of the plan.

Subject to satisfying the standard for any potential "cramdown" of Classes deemed to reject the Plan, the Debtors believe that:

- the Plan satisfies all of the statutory requirements of chapter 11 of the Bankruptcy Code;

- the Debtors have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and

- the Plan has been proposed in good faith.

Set forth below is a summary of the relevant statutory confirmation requirements.

1. Acceptance.

A class is "impaired" under a plan unless, with respect to each claim or interest of such class, the plan (i) leaves unaltered the legal, equitable and contractual rights to which the claim or interest entitles the holder of such claim or interest; or (ii) notwithstanding any contractual provision or applicable law which entitles the holder of such claim or interest to demand or receive accelerated payment on account of a default, cures any default, reinstates the original maturity of the obligation, compensates the holder for any damages incurred as a result of reasonable reliance on such provision or law and does not otherwise alter the legal, equitable or contractual rights of such holder based upon such claim or interest. A class that is not impaired under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required.

Classes LES 3, LES 4, LES 5, LES 6, LES 7, LES 8, LFG 3, LFG 4, LFG 5, SD 3 and SD 4 are impaired under the Plan and are entitled to vote to accept or reject the Plan.[35] Classes LES 1, LES 2, LFG 1, LFG 2, SD 1 and SD 2 are unimpaired and, therefore, are conclusively presumed to have voted to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code. Class LFG 6 is impaired and not receiving any property under the Plan, and thus is deemed to have rejected the Plan.

Because certain Classes are deemed to have rejected the Plan, the Debtors will request confirmation of the Plan under section 1129(b) of the Bankruptcy Code. The Debtors, with the consent of each Creditors Committee, reserve the right to alter, amend, modify, revoke or withdraw the Plan, any exhibit, or schedules thereto or any Plan Document in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary. The Debtors believe that the Plan will satisfy the "cramdown" requirements of section 1129(b) of the Bankruptcy Code with respect to Interests in Class LFG 6 that is deemed to reject the Plan.

2. Feasibility; Valuation.

The Bankruptcy Code permits a plan to be confirmed only if confirmation is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtors or any successor to the debtors unless such liquidation or reorganization is proposed in the plan. Indeed, section 1123(b)(4) of the Bankruptcy Court permits liquidation plans that "provide for the sale of all or substantially all or the property of the estate, and the distribution of the proceeds of such sale among holders of claims or interests" in chapter 11 proceedings and, thus, such a plan does not violate the requirements of section 1129(a) of the Bankruptcy Code. Moreover, when a liquidating plan is tested against section 1129(a)(11) of the Bankruptcy Code, the feasibility standard is greatly simplified. In the context of a liquidating plan, feasibility is established by demonstrating the debtor's ability to make the payments anticipated by the plan and specifying the timing of the debtor's liquidation. Notably, there is no requirement that such payments will be guaranteed.

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[35] Holders of Interests in Classes SD 4 and LES 8 will not be solicited since such Interests are held by a Debtor or a non-Debtor Subsidiary. Such Classes shall be deemed to have voted to accept the Plan pursuant to Section 7.10 of the Plan and the Disclosure Statement Order.

Under the terms of the Plan, the Allowed Claims potentially being paid in full in Cash are the Administrative Expense Claims, Fee Claims, U.S. Trustee Claims, Priority Tax Claims, Priority Non-Tax Claims and Secured Claims. The Debtors have estimated the total amount of such payments and expect more than sufficient liquidity from cash on hand and future liquidation of the Debtors' remaining assets to fund these payments. Additional Classes will receive Cash as a portion of their recovery, but only to the extent such Cash is available.

3. Best Interests Test.

The "best interests" test requires that the bankruptcy court find either that all members of each impaired class have accepted the plan or that each holder of an allowed claim or interest of each impaired class of claims or interests will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date. See the Liquidation Analysis (as defined below) annexed as Exhibit 4 hereto, which demonstrates that the Plan satisfies the "best interests" test.

To calculate what holders of Claims would receive if the Debtors were hypothetically liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the dollar amount that would be realized from the liquidation (the "**Liquidation Fund**") of each of the Debtors. The Liquidation Fund of each Debtor would consist of the net proceeds from the disposition of such Debtor's assets (after satisfaction of all valid liens) augmented by the Cash held by such Debtor and recoveries on actions against third parties, if any. The Liquidation Fund would then be reduced by the costs of the liquidation. The costs of liquidation under chapter 7 would include the fees and expenses of a trustee, as well as those of counsel and other professionals that might be retained by the trustee, selling expenses, any unpaid expenses incurred by the Debtors during their cases (such as fees for attorneys, financial advisors and accountants) which would be allowed in the chapter 7 proceeding, and all other administrative expenses incurred by the Debtors during the pendency of the cases. These claims would be paid in full out of the Liquidation Fund before the balance of the Liquidation Fund, if any, would be made available to holders of unsecured Claims. The present value of the distributions out of the Liquidation Fund (after deducting the amounts described above) is then compared with the present value of the property offered to each of the Classes of Claims and holders of Interests under the Plan to determine if the Plan is in the best interests of each holder of a Claim or Interest.

Zolfo, with the assistance of the Debtors, prepared a liquidation analysis which is annexed hereto as Exhibit 4 (the "**Liquidation Analysis**"). The information set forth in Exhibit 4 provides (a) a summary of the liquidation values of each of the Debtors' assets, assuming a chapter 7 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the assets of the Debtors' estates and (b) the expected recoveries of each of the Debtors' creditors and equity interest holders under the Plan. The estimated liquidation proceeds and recoveries reflected in the Liquidation Analysis represent midpoint recovery scenarios under a chapter 7 liquidation and under the Plan.

The Liquidation Analysis indicates that (a) holders of Claims in Classes LES 4, LES 5, LES 6, LFG 3 and SD 3 would receive a greater recovery under the Plan than in a chapter 7 liquidation scenario, and (b) holders of Claims in the remaining Classes would receive the same recovery under the Plan as they would in a chapter 7 liquidation scenario.

Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis also is based on assumptions with regard to liquidation decisions that are subject to change and significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the results of a chapter 7 liquidation of the Debtors. Accordingly, the values reflected might not be realized if the Debtors were, in fact, to be liquidated under chapter 7. All holders of Claims that are entitled to vote to accept or reject the Plan are urged to examine carefully all of the assumptions on which the Liquidation Analysis is based in connection with their evaluation of the Plan.

Based on the Liquidation Analysis, the Debtors believe that a chapter 7 liquidation of the Debtors' remaining assets would result in diminution in the value to be realized under the Plan by holders of Claims. That belief is based upon, among other factors: (a) the additional administrative expenses involved in the appointment of a trustee, attorneys, accountants, and other chapter 7 professionals; (b) the substantial time which would elapse before creditors would receive any distribution in respect of their Claims due to a trustee's need to become familiar with the Chapter 11 Cases and the Debtors' books and records, and his duty to conduct his own investigations; (c) the substantial cost and delay which can be avoided by a largely consensual Plan; and (d) the disruption related to a change in management and other personnel.

4. Classification of Claims and Interests.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or interest in a particular class only if such claim or interest is substantially similar to other claims or interests in such class. The Debtors believe that the Plan meets the classification requirements of the Bankruptcy Code.

(b) Cramdown.

THE DEBTORS RESERVE THE RIGHT TO CRAMDOWN THE PLAN ON HOLDERS OF IMPAIRED CLAIMS OR INTERESTS.

The Bankruptcy Code contains provisions for confirmation of a plan even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted the Plan. The "cramdown" provisions of the Bankruptcy Code are set forth in section 1129(b) of the Bankruptcy Code. Under the "cramdown" provisions, upon the request of a plan proponent, the bankruptcy court will confirm a plan despite the lack of acceptance by all impaired classes if the bankruptcy court finds that (i) the plan does not discriminate unfairly with

respect to each non-accepting impaired class, (ii) the plan is fair and equitable with respect to each non-accepting impaired class, and (iii) at least one impaired class has accepted the plan. These standards ensure that holders of junior interests cannot retain any interest in the debtor under a plan that has been rejected by a senior class of impaired claims or interests unless holders of such senior impaired claims or interests are paid in full.

As used by the Bankruptcy Code, the phrases "discriminate unfairly" and "fair and equitable" have narrow and specific meanings unique to bankruptcy law. A plan does not discriminate unfairly if claims or interests in different classes but with similar priorities and characteristics receive or retain property of similar value under a plan. By establishing separate Classes for the holders of each type of Claim and by treating each holder of a Claim in each Class identically, the Plan has been structured so as to satisfy the "no unfair discrimination" test of section 1129(b) of the Bankruptcy Code.

The Bankruptcy Code sets forth different standards for establishing that a plan is "fair and equitable" with respect to a dissenting class, depending on whether the class is comprised of secured or unsecured claims or interests. In general, section 1129(b) of the Bankruptcy Code permits confirmation, notwithstanding non-acceptance by an impaired class, if that class and all junior classes are treated in accordance with the "absolute priority" rule, which requires that the dissenting class be paid in full before a junior class may receive anything under the plan. Case law surrounding section 1129(b) of the Bankruptcy Code requires that no class senior to a non-accepting impaired class receives more than payment in full on its claims. This will not occur here.

The Debtors intend to seek "cramdown" of the Plan on Class LFG 6, which is deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code by virtue of receiving no Plan Distributions, and against any other impaired Class which does not accept the Plan. However, there can be no assurance that the Bankruptcy Court will determine that the Plan meets the requirements of section 1129(b) of the Bankruptcy Code.

8.3 ***Consummation.***

The Plan will be consummated once all conditions precedent to the Effective Date have been satisfied. For a more detailed discussion of such conditions precedent and the consequences of the failure to meet such conditions, see Article XI herein.

The Plan is to be implemented pursuant to its terms, consistent with the provisions of the Bankruptcy Code.

ARTICLE IX.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not consummated, the Debtors believe that much of the success reached by the parties in their negotiations and their long-standing efforts to reach consensual resolutions could very well be squandered. Accordingly, if the Plan is not confirmed and consummated, the alternatives include:

9.1 *Liquidation Under Chapter 7 of the Bankruptcy Code.*

The Debtors could be liquidated under chapter 7 of the Bankruptcy Code. A discussion of the effect a chapter 7 liquidation would have on the recoveries of the holders of Claims is set forth in Article VII of this Disclosure Statement. The Debtors believe that such a liquidation would result in lower aggregate distributions being made to creditors than those provided for in the Plan, which is demonstrated by the Liquidation Analysis set forth in Article VII and attached as Exhibit 4 to this Disclosure Statement.

9.2 *Alternative Plan(s) of Liquidation.*

The Debtors believe that failure to confirm the Plan will lead inevitably to even more expensive and protracted Chapter 11 Cases. In formulating and developing the Plan, the Debtors have explored numerous other alternatives and engaged in an extensive negotiating process with the Creditors Committees, including the Inter-Estate Mediation and the LES Mediation which resulted in the terms of the Global Settlement upon which the Plan is based.

The Debtors believe that not only does the Plan fairly adjust the rights of various Classes of Claims, but also that the Plan provides superior recoveries to Classes LES 4, LES 5, LES 6, LFG 3 and SD 3 over any alternative capable of rational consideration (such as a chapter 7 liquidation), thus enabling many stakeholders to maximize their returns. Rejection of the Plan in favor of some alternative method of reconciling the Claims and Interests will require, at the very least, an extensive and time consuming process (including the possibility of protracted and costly litigation) and will not result in a better recovery for any Class of Claims or Interests.

Further, as the Plan anticipates the Global Settlement of the Lead Cases, failure to enter into such settlement will result in additional administrative expenses associated with litigation, which can be curbed or eliminated in favor of more meaningful recoveries to creditors if the Plan is confirmed.

THE DEBTORS BELIEVE THAT CONFIRMATION OF THE PLAN IS PREFERABLE TO ANY ALTERNATIVE BECAUSE THE PLAN MAXIMIZES THE AMOUNT OF DISTRIBUTIONS TO ALL HOLDERS OF CLAIMS AND INTERESTS AND ANY ALTERNATIVE TO CONFIRMATION OF THE PLAN WILL RESULT IN SUBSTANTIAL DELAYS IN THE DISTRIBUTION OF ANY RECOVERIES AND ADDITIONAL ADMINISTRATIVE EXPENSES ASSOCIATED WITH LITIGATION. THEREFORE, THE DEBTORS RECOMMEND THAT ALL HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

ARTICLE X.

SUMMARY OF VOTING PROCEDURES

This Disclosure Statement, including all Exhibits hereto and the related materials included herewith, is being furnished to the holders of Claims in Classes LES 3, LES 4, LES 5, LES 6, LES 7, LFG 3, LFG 4, LFG 5 and SD 3, which are the only Classes entitled to vote on the Plan.

All votes to accept or reject the Plan must be cast by using the Ballot enclosed with this Disclosure Statement. No other votes will be counted. Consistent with the provisions of Bankruptcy Rule 3018, the Debtors have fixed [October 13], 2009 at 5:00 p.m. (prevailing Eastern Time) as the Voting Record Date. Ballots must be RECEIVED by the Voting Agent no later than 4:00 p.m. (prevailing Eastern Time) on [November 10], 2009, unless the Debtors, at any time, in their sole discretion, extend such date by oral or written notice to the Voting Agent, in which event the period during which Ballots will be accepted will terminate at 4:00 p.m. (prevailing Eastern Time) on such extended date.

Solely for purposes of voting to accept or reject the Plan and not for the purpose of the allowance of, or distribution on account of, a Claim, each holder of a Claim within a Class of Claims entitled to vote to accept or reject the Plan shall be entitled to vote the amount of such Claim as set forth on the Schedules or, if such holder has timely filed a proof of claim, the amount of such Claim as set forth in such proof of claim. The Indenture Trustee for each of the 3.125% Convertible Senior Debentures and the 3.25% Convertible Senior Debentures filed proofs of claim in respect thereof. The beneficial owners of each of the 3.125% Convertible Senior Debentures and the 3.25% Convertible Senior Debentures will be entitled to vote with respect to their LFG General Unsecured Claims with respect to the Convertible Senior Debentures.

If a Claim is listed on the Schedules as contingent, unliquidated, or disputed or in an amount equal to zero dollars and a proof of claim was not (i) filed by the applicable Bar Date for the filing of proofs of claim, or (ii) deemed timely filed by an order of the Court prior to the Voting Deadline, such Claim is disallowed for voting purposes and for purposes of allowance and distribution pursuant to Bankruptcy Rule 3003(c), unless the Debtors consent in writing. If a Claim for which a proof of Claim has been timely filed is, by its terms, contingent, unliquidated, or disputed, or if the Claim is deemed disputed under the Plan, such Claim is temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at $1.00.

If the Debtors have served an objection to a Claim at least twenty (20) days before the Voting Deadline, such Claim is temporarily disallowed for voting purposes only and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in such objection.

Any holder of a Claim who seeks to have its claim allowed for voting purposes in an amount different from that which is set forth in the Schedules, the Plan or the Disclosure Statement, must file a motion (a "**Claimant Voting Motion**") seeking a hearing to consider the estimation of such claim before ten (10) days prior to the Voting Deadline. Such Claimant Voting Motion must set forth with particularity the amount at which such claimant believes its claim should be allowed and the evidence in support thereof. If the Bankruptcy Court has not, on or before the Voting Deadline, temporarily or otherwise allowed all or a portion of a claim set forth in a Claimant Voting Motion for voting purposes, pursuant to Bankruptcy Rule 3018(a), such claim shall not be counted for voting purposes.

Ballots previously delivered may be withdrawn or revoked at any time prior to the Voting Deadline. Only the person or nominee who submits a Ballot can withdraw or revoke that

Ballot. A Ballot may be revoked or withdrawn either by submitting a superseding Ballot or by providing written notice to the Voting Agent.

Acceptances or rejections may be withdrawn or revoked prior to the Voting Deadline by delivering a written notice of withdrawal or revocation to the Voting Agent. To be effective, notice of revocation or withdrawal must: (a) be received on or before the Voting Deadline by the Voting Agent at its address specified on page 3 herein; (b) specify the name of the holder of the Claim whose vote on the Plan is being withdrawn or revoked; (c) contain the description of the Claim as to which a vote on the Plan is withdrawn or revoked; and (d) be signed by the holder of the Claim who executed the Ballot reflecting the vote being withdrawn or revoked, in the same manner as the original signature on the Ballot. The foregoing procedures should also be followed with respect to a Person entitled to vote on the Plan who wishes to change (rather than revoke or withdraw) its vote.

ARTICLE XI.

CERTAIN RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED HEREIN BY REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

11.1 *Certain Bankruptcy Considerations.*

(a) General.

If the Debtors are unable to obtain confirmation of the Plan on a timely basis because of a challenge to confirmation of the Plan or a failure to satisfy the conditions to consummation of the Plan, the probability and the magnitude of the potentially adverse effects described herein would be increased.

(b) Failure to Receive Requisite Acceptances.

Classes LES 3, LES 4, LES 5, LES 6, LES 7, LFG 3, LFG 4, LFG 5 and SD 3 are the only Classes that are entitled to vote to accept or reject the Plan. If the Requisite Acceptances for at least one impaired Class of each Debtor are not received, the Debtors may seek to accomplish a liquidation and obtain acceptances to an alternative plan of liquidation for one or more of the Debtors, or otherwise, which alternate plan may not have broad based support. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to the Debtors' creditors as those proposed in the Plan.

(c) Failure to Confirm the Plan.

Even if all Classes entitled to vote accept the Plan, the Plan might not be confirmed by the Bankruptcy Court. The Debtors believe that the Plan satisfies all of the requirements for confirmation of a plan under the Bankruptcy Code. There can be no assurance, however, that the Bankruptcy Court will also conclude that the requirements for confirmation of the Plan have been satisfied.

In addition, if one or more Impaired Classes of Claims or Equity Interests entitled to vote does not vote to accept the Plan, the Debtors, with the consent of the Creditors Committees, may choose to exclude the Debtor to which such Class relates from the Plan. If one or more Debtors are excluded from the Plan, none of the creditors of such Debtors would receive a distribution under the Plan. The exclusion of a Debtor could have a material adverse effect on the creditors of such Debtor, would prolong the Chapter 11 Case as it relates to such Debtor and would delay the distribution to such Debtor's creditors until an alternate liquidation plan could be confirmed as to that Debtor.

(d) Failure to Consummate the Plan.

One condition to consummation of the Plan is entry of the Confirmation Order by the Bankruptcy Court in form and substance acceptable to the Debtors and the Creditors Committees, and that there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto. As of the date of this Disclosure Statement, there can be no assurance that these or the other conditions to consummation will be satisfied or waived.

Additionally, although the Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to the timing of the Effective Date. If the conditions precedent to the Effective Date set forth in Article XIII of the Plan have not occurred and have not been waived, the Confirmation Order shall be vacated, in which event, no Plan Distributions will be made. The occurrence of the Effective Date is subject to, among other things, the Confirmation Order having become a Final Order, the Plan Documents being executed and delivered, any conditions contained therein having been satisfied or waived in accordance therewith, and the Trust Agreements having been fully executed, and receipt of all material governmental, regulatory and third party approvals. In addition, Section 6.5 of the Plan provides that the Plan shall not be deemed to have been confirmed unless and until the Plan has been confirmed as to each of the Debtors.[36] Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will ultimately be consummated.

(e) Objections to Classification of Claims.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of Claims and

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[36] The Debtors, with the consent of the Creditors Committees, may at any time waive Section 6.5 of the Plan with respect to the Chapter 11 Cases of one or more Debtors.

Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

In particular, the Plan provides that Principal Claims held by LES' Exchange Customers are treated differently depending on the terms their specific Exchange Agreement, and that the LES Damages Claims, which are Claims of Exchange Customers for amounts in excess of their Principal Claims, will not be paid until such Principal Claims are paid in full. If one or all of the Classes of Exchange Customers do not vote in favor of the Plan, in order to confirm the Plan, the Debtors will be required to prove pursuant to section 1129(b) of the Bankruptcy Code, *inter alia*, that the Plan does not "discriminate unfairly" against the dissenting Class(es). The Debtors believe that there is a reasonable basis for the differing treatment of the Exchange Customers on the grounds that different Exchange Agreements gave rise to different rights and different probabilities of success in the litigation with the Estates, which litigation is contemplated to be resolved pursuant to the global settlement embodied in the Plan. Such different treatment is proposed in good faith as part of the resolution of the LES Mediation, and the Debtors believe it is appropriate and in accordance with the provisions of the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

(f) Objections to Subordination of Indemnification Claims.

The Plan provides that the Indemnification Claims shall be subordinated to the LES General Unsecured Claims and LFG General Unsecured Claims, as applicable. Such subordination is based on claims contemplated to be brought by the LFG Trust, and on section 510(c) of the Bankruptcy Code and is a component of the comprehensive settlement of certain inter-estate disputes between LFG and LES. There can be no assurance that the Bankruptcy Court will determine this provision to be enforceable. The Bankruptcy Court could decline to confirm the Plan on the basis that the subordination of the Indemnification Claims is inequitable or unfairly discriminatory to the holders of such Indemnification Claims.

(g) Objections to Allowance of Intercompany Claims.

Section 2.2 of the Plan provides that Intercompany Claims among the Debtors and/or between a Debtor and a non-Debtor Subsidiary shall be treated as Allowed General Unsecured Claims against the applicable Debtor, except for Intercompany Claims between LES and LFG. Because certain Subsidiary Debtors may owe substantial Intercompany Claims to LFG or another Debtor, unaffiliated creditors of certain Subsidiary Debtors may object to this provision of the Plan. The Debtors believe that Section 2.2 of the Plan is appropriate since the Plan does not provide for the substantive consolidation of the Estates, and the Intercompany Claims evidence actual liabilities between and among LFG and its Subsidiaries. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

(h) Objections to the Scope of the Enjoined Actions.

Section 14.4(b) of the Plan provides that, until such time as the ARS Litigation and the Other Litigation have been fully and finally resolved, suits, actions, investigations or other proceedings against a prepetition officer or director of a Debtor are enjoined to the extent

that such action may deplete any insurance policy of the Debtors. The Debtors believe that the injunction in Section 14.4(b) of the Plan is appropriate as it is consistent with the principle of equitable distribution in the Bankruptcy Code and prevents individual creditors from diluting assets of the Estates, which will otherwise be equitably distributed to all creditors. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

11.2 *Actual recoveries may differ materially from the estimated recoveries set forth in this Disclosure Statement.*

The recoveries listed in this Disclosure Statement are estimates based on assumptions made by the Debtors. Such recoveries are dependent on a variety of factors, including the factors described below.

(a) Allowance of Unsecured Claims May Substantially Dilute the Recovery to Holders of Other Unsecured Claims under the Plan.

The Debtors currently are in the process of reviewing, analyzing and reconciling the scheduled and filed Claims. A number of objections have been filed and additional objections will be filed as the claims resolution process continues but the aggregate amount of Claims that will ultimately be Allowed is not determinable at present, and the Debtors expect that the claims resolution process will not be completed until after the Effective Date. The projected distributions and recoveries set forth in this Disclosure Statement and the Debtors' Liquidation Analysis are based on the Debtors' estimates of Allowed Claims. However, there can be no assurance that the Debtors' estimates will prove accurate. Plan Distributions to certain creditors may be affected by the ultimate amount of Allowed Claims and the amount of Cash the Debtors are able to realize from the sale or other liquidation of their remaining assets, as well as the costs of continuing to administer the Chapter 11 Cases and wind down the Debtors' businesses. Furthermore, Plan Distributions will be affected by the outcome of the Trust Causes of Action.

The Debtors reserve the right to object to the amount or classification of any Claim. Thus, the estimates set forth in this Disclosure Statement cannot be relied upon by any creditor whose Claim is subject to a successful objection. Any such creditor may not receive the estimated Plan Distributions set forth herein.

(b) Availability of Insurance

Pursuant to the Plan and after the occurrence of the Effective Date, the Trusts will pursue certain Claims and Causes of Action for the benefit of all creditors. To the extent such Claims or Causes of Action are successful and result in recoveries from the Debtors' insurance policies, such distributions will depend on the amount and availability of the Debtors' insurance coverage. To the extent available, proceeds from the Debtors' insurance policies will be distributed equitably among creditors. As a result, the Plan Distributions to certain creditors may ultimately be affected by the amount of insurance proceeds available under the Debtors' insurance policies.

(c) Risks Relating to Plan Reserves.

Pursuant to Section 10.3 of the Plan, the Trustees shall reserve an amount of Plan Consideration for the benefit of holders of Disputed Claims based on the asserted face amount of such the Disputed Claims or another amount estimated or otherwise determined by the Bankruptcy Court or set pursuant to an agreement with the holders of such Disputed Claims. This estimation process requires determinations as to the expected results of future actions of courts and third parties, and is thus inherently uncertain. As a result, it is possible that the amount of Claims ultimately Allowed against a Debtor and/or amounts to be retained in such Debtor's reserves, may be underestimated, which may therefore cause insufficient amounts of Plan Consideration to be deposited or held in the applicable reserve to cover distributions with respect to subsequently Allowed Claims. This may result in subsequently Allowed Claims receiving proportionately lower distributions than earlier Allowed Claims in their Class.

(d) Litigation Risks.

As noted in the Plan and this Disclosure Statement, the outcome of the ARS Litigation and the Other Litigation described in Article VII herein may enhance Plan Distributions if the Debtor plaintiffs are successful in asserting their Causes of Action. The estimate of recoveries to holders of claims against LES and LFG set forth in Article II herein contemplates a positive recovery from such Causes of Action. However, there can be no assurance that any such Causes of Action will produce recoveries that will enhance Plan Distributions or that such recoveries will equal the amounts estimated by the Debtors.

While the Plan provides that the Trusts will receive an initial amount in Cash from the LES and LFG Estates to, among other things, prosecute the ARS Litigation and the Other Litigation, due to the uncertainty of litigation, the ARS Litigation and the Other Litigation may take considerably more time, and cost materially more in fees and expenses than is currently anticipated by the Debtors, which may reduce the expected recoveries for creditors of LFG and LES.

(e) Uncertainties Relating to the Liquidation of the ARS.

The LES Trust will be responsible for liquidating the ARS after the Effective Date. The estimate of recoveries to holders of claims against LES and LFG set forth in Article II herein contemplates a positive recovery from the liquidation of the ARS. However, due to the current illiquid nature of the ARS, there can be no assurance that selling the ARS to a third party in the unproven secondary market for such sales will produce significant recoveries or that such recoveries will equal the amounts estimated by the Debtors. In addition, since the portfolio of ARS held by the LES Trust is comprised entirely of subordinate student loan ARS that are susceptible to higher chances of default than senior student loan ARS, the universe of subordinated buyers is greatly reduced in comparison to senior student loan ARS buyers, which may result in recoveries lower than the amounts estimated by the Debtors.

(f) Risks Relating to Claims of the IRS.

The IRS has asserted a Priority Tax Claim (the "**IRS Claim**")[37] against the Estates seeking more than $54 million based on taxes and interest allegedly owed for the 2003, 2005 and 2006 tax years.

The IRS Claim, as it relates to the 2003 tax year, arises out of a prepetition United States Tax Court proceeding in which LFG challenged an IRS notice of deficiency asserting more than $35,000,000 in tax and approximately $13,000,000 in interest owed for the 2003 tax year in respect of amounts earned by certain of the Underwriters.[38] The IRS asserts that LFG should have included in the Underwriters' 2003 taxable income an estimate of unreported premiums from title insurance policies sold by unaffiliated agencies of the Underwriters. The Debtors intend to object to this portion of the IRS Claim on the grounds, *inter alia*, that LFG properly computed the taxable income of the Underwriters under the method of accounting required by the Tax Code for title insurance companies. In the meantime, the Debtors have engaged in settlement negotiations with the IRS in an effort to materially reduce the amount of tax and interest asserted for the 2003 tax year. The Debtors cannot predict the outcome of any litigation as to this issue and there can be no guarantee that the Debtors will be successful in materially reducing the IRS Claim as it relates to the 2003 tax year or that the IRS will not ultimately assert and obtain a higher amount of tax and interest with respect to this issue. If the Debtors are not successful in materially reducing or disallowing the IRS Claim as it relates to the 2003 tax year, the IRS would be entitled to a priority claim under Section 507(a)(8) of the Bankruptcy Code, thereby reducing the funds available to distribute to non-priority unsecured creditors of the Debtors (subject to the effect of the cap on the exposure of LES on these claims contained in the Plan and referenced below).

The IRS Claim, as it relates to the 2005 and 2006 tax years, arises out an audit examination in which the IRS asserted a tax deficiency against LFG of $1,028,521 for the 2005 tax year and $3,777,235 for the 2006 tax year.[39] In contrast, the IRS Claim asserts against LFG a

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[37] On December 18, 2008, the IRS filed claim No. 154 against LFG alleging an unsecured priority tax claim of $53,278,912.87. On February 3, 2009, the IRS filed claim No. 368 against LFG, alleging a total unsecured claim of $54,116,726.08, and asserting that $54,091,696.08 of that amount is entitled to priority under 11 U.S.C. § 507(a)(8). Although the IRS did not check the box on the proof of claim form designating claim No. 368 as an amendment to a previously filed claim, in its Response to Debtors' Fifth Omnibus Objection to Claims, the IRS has agreed that claim No. 368 superseded claim No. 154.

[38] The referenced Underwriters include: (1) Commonwealth Land Title Insurance Company, (2) Lawyers Title Insurance Corporation; and (3) Transnation Title Insurance Company. On April 30, 2008, Transnation Title Insurance Company was merged into Lawyers Title Insurance Corporation.

[39] The IRS asserted these tax deficiencies in a Form 4549 dated January 16, 2009, which detailed the following increases in LFG's income: (i) for 2005, a positive adjustment to income of $2,772,325 (described on Substitute for Form 4549-B as "000004 Entertainment 5701-4") and $166,307 (described on Substitute For Form 4549-B as "000002 162(m) limitation-5701-2"); and (ii) for 2006, a positive adjustment to income of $3,963,230 (described on Substitute for Form 4549-B as "additional entertainment 5701-4") and $6,828,871 (described on Substitute for Form 4549-B as "000001 Prepaid Expenses 5701-1").

tax owed for the 2005 tax year of $1,697,264 (with interest to the Initial Petition Date of $365,572.87) and a tax owed for the 2006 tax year of $3,777,235 (with interest to the Initial Petition Date of $473,094.70). The Debtors have not to date disputed the 2005 and 2006 tax adjustments proposed by the IRS in the prepetition audit (along with the interest owed thereon up to the Initial Petition Date), although the Debtors reserve their rights to object to those amounts; however, the Debtors intend to object to the extent and validity of the additional amount (approximately $668,000) asserted by the IRS in the IRS Claim for the 2005 tax year. There can be no guarantee that the Debtors will be successful in materially reducing the IRS Claim as it relates to the 2005 tax year or that the IRS will not ultimately assert and obtain a higher allowed claim for tax and interest with respect to that or another open tax year. If the Debtors are not successful in materially reducing or disallowing the IRS Claim as it relates to the 2005 tax year, or if the IRS successfully asserts additional tax and interest against LFG for 2005 or another open tax year, the IRS would be entitled to a priority claim under Section 507(a)(8) of the Bankruptcy Code, thereby reducing the funds available to distribute to non-priority unsecured creditors of the Debtors (subject to the effect of the cap on the exposure of LES on these claims contained in the Plan and referenced below).

Under Treasury Regulation section 1.1502-6, the Debtors and certain non-Debtor parties, including the Underwriters, are severally liable for the tax liabilities asserted by the IRS. The Debtors are unable to predict to what extent or whether other non-Debtor members of the controlled group will contribute to satisfying the claims asserted by the IRS, or to what extent any contribution claims the Debtors may assert against those non-Debtor parties would be collectible.

Pursuant to, *inter alia*, Sections 1.96 of the Plan, the exposure of LES on account of the Priority Tax Claim filed by the IRS, as between the Debtors, is limited to $500,000.

(g) Risks Relating to the Cash Balance Plan.

Calculation of the Cash Balance Plan's assets and liabilities is complex and subject to considerable uncertainty. The valuations of the Cash Balance Plan's assets and liabilities change daily with fluctuation in markets and interest rates. Consequently, the Cash Balance Plan's surplus or deficit is volatile. Changes in interest rates and the value of assets can significantly and unpredictably alter the actual amount of funding surplus or deficit at any given time.

To carry out a standard termination of the Cash Balance Plan, it is necessary to purchase annuities to discharge completely the Cash Balance Plan's obligations to its participants. In calculating the estimate of termination liability, the Cash Balance Plan's actuary used quotes from several insurance companies obtained in early June 2009. However, the actual cost of annuities needed to terminate the Cash Balance Plan in a standard termination can only be determined by the annuity marketplace at the time the annuities are actually placed. Therefore, it is difficult to predict the amount of assets that would be needed to undertake a standard termination of the Cash Balance Plan.

Likewise, in the event of a distress or involuntary termination of the Cash Balance Plan, calculation of the unfunded benefit liability will be complex and subject to considerable

uncertainty. The date determined as the termination date cannot be predicted with certainty and will impact the valuation of Cash Balance Plan's assets and the interest rate used to calculate the present value of liabilities. It is therefore difficult to predict what the unfunded benefit liability would be in the event of distress or involuntary termination.

The PBGC has filed claims against each of LFG, LES and the other Debtors asserting joint and several liability for termination premiums (at the rate of $1,250 per participant per year for three (3) years, termination premiums, if applicable, could exceed $27 million) and unfunded benefit liabilities estimated by the PBGC to be $35.7 million. The PBGC Claims allege joint and several liability of LFG and each member of LFG's controlled group, including each of its direct and indirect subsidiaries.

(h) Risks Relating to Dissolved Subsidiaries.

In the event of the dissolution or similar proceeding of any LFG Subsidiary, LFG and its affiliates may be liable for Claims that would have otherwise been asserted against a dissolved Subsidiary by such Subsidiary's creditors, including trade and other payables. Such Claims may have the effect of reducing Plan Distributions or increasing the number of secured or unsecured creditors, as applicable.

(i) Risks Relating to Net LES Cash.

The estimate of recoveries to holders of claims against LES set forth in Article II herein contemplates that the Net LES Cash will be in the approximate amount of $105.6 million. However, if the Allowed Administrative Expense Claims against LES, the Allowed Fee Claims against LES, the Allowed Priority Tax Claims against LES, the Allowed LES Priority Non-Tax Claims, and the Allowed LES Secured Claims (if such Claims are to be satisfied in Cash) are materially higher than anticipated by the Debtors, then the Net LES Cash will be lower than the amounts reflected in the recoveries set forth in Article II.

11.3 ***Risks Relating to Tax and Accounting Consequences of the Plan.***

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors currently do not intend to seek any ruling from the IRS on the tax consequences of the Plan. Even if the Debtors decide to request a ruling, there would be no assurance that the IRS would rule favorably or that any ruling would be issued before the Effective Date. In addition, in such case, there would still be issues with significant uncertainties, which would not be the subject of any ruling request. **Thus, there can be no assurance that the IRS will not challenge the various positions the Debtors have taken, or intend to take, with respect to the tax treatment in the Plan, or that a court would not sustain such a challenge.**

11.4 *Risks Relating to Orange County Bancorp and Centennial*

(a) Operational, Regulatory and Economic Risks.

1. Regulatory considerations.

Centennial is regulated by the California Department of Financial Institutions ("**DFI**") and the Federal Deposit Insurance Corporation ("**FDIC**"). The DFI and FDIC regularly examine Centennial to evaluate the safety and soundness of Centennial's operations. These agencies are empowered to require Centennial to make changes and agree to limitations of its operations and activities if necessary. In the current economic environment, the DFI and FDIC are focused on asset quality, loss reserve allocations, capital and management. Perceived weaknesses in any of these areas could result in the imposition of regulatory enforcement actions. Additionally, Congress and the state legislatures as well as the banking regulatory agencies continually review laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory polices, including interpretation or implementation of statutes, regulations or policies, could affect Centennial in substantial and unpredictable ways, including limiting the types of financial services and products Centennial may offer and increasing the ability of non-banks to offer competing financial services and products. Any significant changes in the ownership structure of Centennial will require approval by the DFI and FDIC. There can be no assurance that such approvals will be granted.

2. Market Competition.

The financial services industry, including commercial banking, mortgage banking, consumer lending and home equity lending, is highly competitive, and Centennial encounters strong competition for deposits, loans and other financial services in its market. Centennial's principal competitors are commercial banks, savings banks, savings and loan associations and a variety of non-bank lenders with respect to its products and services. Many of Centennial's non-bank competitors are not subject to the same degree of regulation as Centennial and have advantages over Centennial in providing certain services. Many of Centennial's competitors are significantly larger and have greater access to capital and other resources, higher lending limits and larger branch networks than Centennial. These competitive factors may have a material adverse effect on the profitability of Centennial's lending and deposit operations.

3. Developments in the financial services industry and U.S. credit markets.

Negative developments in the credit and capital markets over the last eighteen months have created significant volatility in the financial markets and may result in higher unemployment and deterioration of the U.S. economy for the latter part of 2009 and into 2010. Loan portfolio performances have deteriorated at many institutions and the competition for deposits and quality loans has increased significantly. In addition, the values of real estate collateral supporting many loans have declined and may continue to decline. As a result, there is a potential for new federal or state laws and regulations regarding lending and funding practices and liquidity and capital standards, and bank regulatory agencies may be aggressive in responding to concerns and trends identified in examinations, including by issuing in certain

circumstances formal enforcement orders. Developments in the financial industry and the impact of new legislation in response to those developments could negatively impact Centennial's operations by restricting its business operations, including its ability to originate or sell loans, and adversely impact its financial performance. Continued deterioration of market values of real estate in Centennial's market area could significantly impact the quality of the collateral for its loans and could cause the asset quality of its loan portfolio to become impaired.

4. Loan losses.

Like all financial institutions, Centennial maintains an allowance for loan losses to provide for loans that its borrowers may not repay in their entirety. Centennial's allowance for loan losses may not be sufficient to cover actual loan losses, and future provisions for loan losses could materially and adversely affect operating results. The accounting measurements related to impairment and the loan loss allowance require significant estimates that are subject to uncertainty and changes relating to new information and changing circumstances. Because of the degree of uncertainty and susceptibility of these factors to change, actual losses may vary from its current estimates.

Centennial's regulators, as an integral part of their examination process, periodically review Centennial's allowance for loan losses and may require Centennial to increase its allowance for loan losses by recognizing additional provisions for loan losses charged to expense, or to decrease its allowance for loan losses by recognizing loan charge-offs, net of recoveries. Any such required additional provisions for loan losses or charge-offs could have a material adverse effect on Centennial's financial condition and results of operations.

5. Nonperforming assets.

Centennial's nonperforming assets adversely affect its net income in various ways. Until economic and market conditions improve, Centennial may incur additional losses relating to an increase in nonperforming loans. When Centennial receives collateral through foreclosures and similar proceedings, Centennial is required to mark the related loan to the then fair market value of the collateral less estimated selling costs, which may result in a loss. An increase in the level of nonperforming assets also increases Centennial's risk profile and may impact the capital levels regulators believe are appropriate in light of such risks. Decreases in the value of these problem assets, the underlying collateral, or in the borrowers' performance or financial condition, could adversely affect Centennial's business, results of operations and financial condition. In addition, the resolution of nonperforming assets requires significant commitments of time from management and staff, which can be detrimental to performance of their other responsibilities. There can be no assurance that Centennial will not experience increases in nonperforming loans in the future.

6. Fluctuating interest rates.

Centennial's profitability is dependent to a large extent upon net interest income, which is the difference (or "spread") between the interest earned on loans, securities and other interest earning assets and the interest paid on deposits, borrowings, and other interest bearing liabilities. Because of the differences in maturities and repricing characteristics of Centennial's

interest earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest income earned on interest-earning assets and interest paid on interest-bearing liabilities. Accordingly, fluctuations in interest rates could adversely affect Centennial's interest rate spread, and, in turn, its profitability.

7. Increase in FDIC deposit insurance premiums.

The FDIC recently adopted a final rule revising its risk-based assessment system, effective April 1, 2009. The changes to the assessment system involve adjustments to the risk based calculation of an institution's unsecured debt, secured liabilities and brokered deposits. The potential increase in FDIC deposit insurance premiums could have a significant impact on Centennial.

On May 22, 2009, the FDIC imposed a special deposit insurance assessment of 5 basis points on each insured institution's total assets less Tier 1 capital. This emergency assessment will be calculated based on the insured institution's assets at June 30, 2009, and collected on September 30, 2009. This special assessment is in addition to the regular quarterly risk based assessment. The FDIC has announced that an additional special assessment in 2009 of up to 5 basis points is probable.

The FDIC deposit insurance fund may suffer additional losses in the future due to bank failures. There can be no assurance that there will not be additional significant deposit insurance premium increases in order to restore the insurance fund's reserve ratio.

8. Federal legislation on U.S. economy and banking industry.

In October 2008, Congress enacted the Emergency Economic Stabilization Act of 2008 ("**EESA**"), which provided the Treasury with broad authority to implement action intended to help restore stability and liquidity to the U.S. financial markets. Pursuant to EESA, the Treasury has the ability to purchase or insure up to $700 billion in troubled assets held by financial institutions under the TARP. In October 2008, the Treasury announced it would initially purchase equity stakes in financial institutions under the CPP of up to $350 billion of the $700 billion authorized under the TARP legislation. Centennial is not participating in the CPP. The EESA also increased the amount of deposit account insurance from $100,000 to $250,000 effective until December 31, 2013.

In early 2009, the Treasury also announced the Financial Stability Plan which, among other things, provides a new capital program called the Capital Assistance Program, establishing a public-private investment fund for the purchase of troubled assets, and expands the Term Asset Backed Securities Loan Facility. The Treasury also recently announced plans to create a federal Consumer Financial Protection Agency. This legislation is in the early stages, and it is not possible to predict whether such legislation will be enacted. Due to the recessionary condition of the national economy, it is possible that additional legislation affecting the banking industry may be enacted in the near future. The full effect of legislation recently enacted and broad legislation that may be enacted in the near future on the national economy and financial institutions cannot now be predicted. There can be no assurance that these measures will successfully address the current recessionary conditions.

9. Governmental fiscal and monetary policy.

Centennial's business and earnings are affected by domestic and international fiscal and monetary policy. For example, the Federal Reserve Board regulates the supply of money and credit in the United States and its policies determine in large part Centennial's cost of funds for lending, investing and capital raising activities and the return Centennial earns on those loans and investments, both of which affect Centennial's net interest margin. The actions of the Federal Reserve Board also can materially affect the value of financial instruments Centennial holds and its policies also can affect Centennial's borrowers, potentially increasing the risk that they may fail to repay their loans.

10. Access to funding.

Centennial's business plan and strategy are based on continued access to funding from depositors. Because Centennial is an industrial loan company, it cannot accept demand deposits. If eligible deposits are not sufficient to fund Centennial's asset growth or operations, Centennial must look to outside sources such as advances from the Board of the Federal Home Loan Bank (the "**FHLB**"). The FHLB is a secured funding outlet. Centennial's ability to access advances from the FHLB will depend upon whether and to the extent it can provide adequate collateral.

Centennial may also look to brokered deposits as a source of liquidity. Depositors that invest in brokered deposits are generally interest rate sensitive and well-informed about alternative markets and investments. As a result, those types of deposits may not provide the same stability as traditional deposit relationships. In addition, Centennial's liquidity may be negatively affected if that funding source experiences supply difficulties due to loss of investor confidence or a flight to other investments. Finally, based on regulatory advice, the use of brokered deposits to provide liquidity may be limited.

11. Centennial's real estate lending markets.

Centennial's commercial real estate lending is concentrated in California, Arizona and Nevada, three of the states hit hardest by the recent economic downturn. Continued weakness in those markets could significantly impact the performance of Centennial's loan portfolio and the value of its real estate collateral.

12. Other operational risks.

The potential for operational risk exposure exists in Centennial's systems and organization. Integral to Centennial's performance is the continued efficacy of its technical systems, operational infrastructure and the relationships with third parties and key executives in Centennial's day-to-day and ongoing operations. Failure by any or all of these resources subjects Centennial to risks that may vary in size, scale and scope. This includes but is not limited to operational or technical failures, unlawful tampering with technical systems, terrorist activities, ineffectiveness or exposure due to interruption in third party support, as well as the loss of key individuals or failure on the part of the key individuals to perform properly.

(b) Risks Related to the Sale of Orange County Bancorp and Centennial.

Orange County Bancorp and Centennial have been on the market since before the Initial Petition Date. Both prepetition and after the Initial Petition Date, LFG retained Sandler O'Neill as its financial advisor to assist in the sale of Orange County Bancorp and Centennial. In connection with the sale process, LFG and Sandler O'Neill created an electronic data room containing financial and other information about Orange County Bancorp and Centennial and made the data room available to qualified prospective interested parties. Sandler O'Neill contacted 77 potential purchasers. The potential purchasers consisted primarily of developmental stage banks, bank desiring to increase their geographic footprint and private equity firms operating financial services companies. Of those contacted, 46 purchasers signed confidentiality agreements with LFG and obtained access to the electronic data room. Only 6 potential purchasers submitted any written indication of interest to purchase Orange County Bancorp and Centennial, each indication was heavily qualified and none of those indications met the bid procedures established by LFG and Sandler O'Neill.

1. Regulatory Restrictions on Purchase of Centennial.

State and federal law contain substantial restrictions on the nature and business activities of the owners of Orange County Bancorp and Centennial. California law provides that only persons or entities that have operations that are "financial in nature" may own an industrial loan company such as Centennial. The policies of the FDIC also limit the ability of persons or entities engaged in commercial activities to own Centennial. These restrictions severely limit the universe of parties that can purchase Centennial. Also, any potential purchaser must make application to the DFI and FDIC for approval to own Centennial and there can be no assurance that such an application will be approved.

2. Inherent Risks in Sale Process.

Because of the inherent uncertainties in any sale process, there can be no assurance that the Debtors will be able to sell Orange County Bancorp and Centennial in whole or in part, that the Debtors will receive an acceptable price if any sale is completed, or that such a sale can be completed in a timely manner. In addition, if LFG is unable to obtain a PBGC Determination, LFG may not be able to sell or otherwise dispose of Orange County Bancorp and Centennial for value. There can be no assurances as to the amount that Orange County Bancorp and/or Centennial will generate in any sale or other disposition.

3. Liability Relating to Capital Commitment.

In connection with its acquisition of Centennial in 2003, LFG submitted to the FDIC an application for Change in Control (the "**Application**"). In response to the FDIC's concerns that the projected capital levels of Centennial may not be sufficient to support the level of growth projected in the business plan submitted with the Application, LFG entered into a Capital Maintenance Commitment (the "**Capital Commitment**"). Pursuant to the Capital Commitment, LFG agreed to: (a) infuse Centennial with $2.5 million in capital; (b) maintain Centennial as a well capitalized institution, within the meaning of the FDIC Improvement Act (the "**Act**") and to maintain Centennial's Tier 1 leverage ratio at 8% for three years after the

Change in Control is consummated; (c) to infuse Centennial with additional capital as necessary to maintain the capital standards prior to placing additional escrow deposits; and (d) not draw dividends from Centennial for a period of three years from the date the Change of Control is consummated. To be considered "well-capitalized" within the meaning of the Act, Centennial must have a total risk-based capital ratio of at least 10%, a tier 1 risk-based capital ratio of at least 6% and a leverage ratio of at least 5%.

LFG has been informed that the FDIC has completed its field work for a regular examination of Centennial, which included inquiries into Centennial's capital, asset quality (including the calculation of loan loss reserves), management, earnings, liquidity and sensitivity to risk. Customarily, the FDIC submits a written report of its examination findings to the examined bank within sixty (60) days of the close of the examination.

Centennial's management has informed LFG that it cannot be certain what the FDIC's final report will say, but it is probable that Centennial will, at a minimum, be required to recognized additional downgrades of certain of its loans which will result in an immediate charge to its earnings. The FDIC may also enter an enforcement action against Centennial that would result in a cease and desist order. The entry of a cease and desist order could significantly and adversely affect Centennial's liquidity, among other things. It is also possible that Centennial's current circumstances could give rise to a demand by the FDIC for Centennial to raise additional capital, and/or for LFG to contribute additional capital to Centennial, if Centennial's capital ratios fall below Well Capitalized (as defined in the Act). There can be no assurance that Centennial will be capable of meeting any demands or requirements that may be imposed by the FDIC and, in light of LFG's bankruptcy, it is highly unlikely that LFG would be in a position to contribute any additional capital. Regulatory action could have a material adverse effect on the ability of Centennial to continue as a going concern.

The FDIC has not filed a timely claim with respect to the Capital Commitment. However, the Debtors cannot predict whether the FDIC will assert a claim against LFG relating to its obligations under the Capital Commitment or whether any such claim might be allowed or the amount thereof. If such a claim is asserted, the FDIC may also assert that such claim, if any, is entitled to priority in payment pursuant to section 507(a)(9) of the Bankruptcy Code.

LFG believes that the FDIC no longer has the right to require LFG to capitalize Centennial pursuant to the Capital Commitment and LFG would refute any assertion of liability with respect to the Capital Commitment. As an initial matter, LFG believes that any requirements to maintain Centennial's leverage ratio under the Capital Commitment ended in 2006, three years after the date of Change of Control was consummated. Furthermore, the Capital Commitment obligated LFG to maintain certain capital standards at Centennial in connection with escrow accounts, which are no longer maintained at Centennial. LFG reserves all of its rights to dispute the timeliness, amount, priority and validity of any claim that may be asserted by the FDIC. There can be no assurance that the Bankruptcy Court will agree with LFG's position.

ARTICLE XII.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes some of the more significant United States federal income tax consequences of the Plan to certain holders of Claims or Interests. The analysis contained herein is based upon the Tax Code, the Treasury Regulations promulgated and proposed thereunder (the "**Regulations**"), judicial decisions and published administrative rulings and pronouncements of the IRS as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations hereafter enacted or promulgated could alter or modify the analysis and conclusions set forth below. Any such changes or interpretations may be retroactive and could affect significantly the federal income tax consequences discussed below. The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. This summary does not generally address state, local or non-U.S. tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations and investors in pass-through entities). Accordingly, the following summary of certain federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a Claim or an Interest.

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS OR INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE LAW. NO RULING HAS BEEN APPLIED FOR OR OBTAINED FROM THE INTERNAL REVENUE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN REQUESTED OR OBTAINED WITH RESPECT THERETO. THIS DISCUSSION DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THERE CAN BE NO ASSURANCE THAT THE INTERNAL REVENUE SERVICE WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF THE PLAN.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE; (B) ANY SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE SOLICITATION OF VOTES IN FAVOR OF THE PLAN; AND (3) TAXPAYERS

SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

12.1 ***Federal Income Tax Consequences to the Debtors.***

(a) Sale of the Some of the Debtors' Assets.

The sales of the Debtors' assets in the Chapter 11 Cases are taxable transactions. Thus, the Debtors must recognize any gain or loss realized on each such sale. To determine the amount of gain or loss realized on any sale, the total consideration received in such sale must be allocated among the assets sold in accordance with their relative fair market values. The gain or loss realized with respect to each asset is then determined separately by subtracting the selling Debtor's tax basis in such asset from the amount of consideration received for such asset. To the extent that the Debtors recognize a net gain in any taxable year from the asset sales, such gain may be offset either by operating losses that accrue during the tax year of the sale or by the Debtors' net operating loss and/or capital loss carryforwards. The Debtors may, however, recognize some alternative minimum tax as a result of asset sales if the gain from the sale is offset by net operating loss and/or capital loss carryforwards, and not by operating losses from the same tax year as the year of the sale. The Debtors' ability to use certain losses (including loss carryforwards) to offset taxable gains and income may be subject to certain limitations under the consolidated return rules.

(b) Cancellation of Indebtedness and Reduction of Tax Attributes.

As a result of the consummation of the Plan, certain indebtedness of the Debtors will be discharged for U.S. federal income tax purposes. Generally, gross income includes the amount of any such cancellation of indebtedness ("**COD**") income. The amount of the COD income generally equals the amount by which the indebtedness discharged (reduced by any unamortized discount) exceeds any consideration given in exchange therefor, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD income (such as where the payment of the cancelled debt would have given rise to a tax deduction). Because the Debtors are in a Chapter 11 bankruptcy proceeding, however, the Debtors will not be required to recognize COD income, but must instead reduce certain tax attributes by the amount of unrecognized COD income in the manner prescribed by section 108(b) of the Tax Code. The tax attributes of the Debtors subject to reduction include net operating losses ("**NOLs**"), NOL carryforwards, capital losses and loss carryovers, certain tax credits and, subject to certain limitations, the tax basis of property (including stock of subsidiaries).

(c) Transfer of Assets to the Trusts.

In addition, under the Plan certain assets of the Debtors will be transferred to **the LES Trust and the LFG Trust, the ARS Litigation Sub-Trust, the Other Litigation Sub-Trust, the LES Remaining Assets Sub-Trust and the LFG Remaining Assets Sub-Trust** pursuant to the Plan. The transfer of these assets to the Trusts will result in the recognition by the Debtors of gain or loss based on the difference between the fair market value and tax basis of the assets being so transferred. To the extent that the Debtors recognize a net gain from the transfer of these assets, such gain may be offset either by operating losses that accrue during the

tax year of the transfer, or by the Debtors' net operating loss and/or capital loss carryforwards. The Debtors may, however, recognize some alternative minimum tax as a result of the transfer if the gain from the sale is offset by net operation loss and/or capital loss carryforwards, and not by operating losses from the same tax year as the year of the transfer. The Debtors' ability to use certain losses (including loss carryforwards) to offset taxable gains and income may be subject to certain limitations under the consolidated return rules.

(d) Alternative Minimum Tax.

The Tax Code provides that, for any taxable year, a corporation's federal income tax liability equals the greater of (i) the regular tax computed at the regular 35% corporate tax rate on taxable income and (ii) the alternative minimum tax ("**AMT**") computed at a lower tax rate (20%) but on a broader income base (alternative minimum taxable income ("**AMTI**")). For purposes of computing a corporation's regular federal income tax liability, all of the income recognized in a taxable year may be offset by available NOLs and other tax carryovers (to the extent permitted under, *inter alia*, sections 382 and 383 of the Tax Code). In contrast, for purposes of computing AMTI, NOLs (as determined for AMT purposes) and other tax carryovers generally are taken into account, but may not offset more than 90% of the pre-NOL AMTI. Thus, a corporation that is currently profitable for AMT purposes generally will be required to pay federal income tax at an effective rate of at least 2% of its pre-NOL AMTI (10% of the 20% AMT tax rate), regardless of the amount of its NOLs. As a result, even if the Debtors are otherwise able to fully shelter their income with NOLs, they will be subject to current taxation in any year in which they have positive net pre-NOL AMTI (including as a result of gain and income recognized in connection with the transactions contemplated by the Plan).

12.2 ***Federal Income Taxation of the Trusts.***

(a) Classification of the Trusts.

As of the Effective Date, certain assets of the Debtors will be transferred to the Trusts to be established pursuant to the Plan. The Debtors intend that (i) the Trusts qualify as "liquidating trusts," as defined in Treasury Regulation section 301.7701-4(d), and (ii) the Trusts be treated as "grantor trusts" and the holders of Claims or Interests entitled to receive Trust Interests be treated as the grantors of such Trusts. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan.

The following discussion assumes that the Trusts will be respected as grantor trusts for federal income tax purposes. To the extent possible, the Debtors will comply with the requirements and guidelines set forth in Revenue Procedure 94-45. However, the Debtors do not intend to request any advance ruling from the IRS regarding the tax characterization of the Trusts as liquidating trusts. There can be no assurance that the IRS will treat the Trusts as grantor trusts. If the IRS were to challenge successfully such classification, the federal income tax consequences to the Trusts, the Trust Beneficiaries, and the Debtors could be materially different than is discussed herein (including the potential for an entity level tax on any income of the Trusts and materially adverse tax effects to the holders of Claims).

(b) General Tax Reporting by the Trusts and Trust Beneficiaries.

The Plan requires all parties (including the Debtors, the trustees of the Trusts, and the Trust Beneficiaries) to treat the transfer of assets by the Debtors to the Trusts, for United States federal income tax purposes, as a transfer of such assets directly to the Trust Beneficiaries of such Trusts, followed by the transfer of such assets by the Trust Beneficiaries to the Trusts. The Plan also requires the Debtors, the Trustees and the Trust Beneficiaries to value the assets (and any assumed liabilities) consistently for United States federal and other income tax purposes, and to treat the Trusts as grantor trusts of which the Trust Beneficiaries are the owners and grantors. As a consequence, the Trust Beneficiaries (and any subsequent transferees of interests in one of the applicable Trusts) will be treated for United States federal income tax purposes as the direct owners of a specified undivided interest in the assets of the applicable Trust (which assets will have a tax basis equal to their fair market value on the date transferred to the Trust).

The United States federal income tax reporting obligation of a Trust Beneficiary is not dependent upon a Trust distributing any cash or other proceeds. Except as discussed below (in connection with the Disputed DOF), the Plan provides that each Trust will allocate items of income, gain, loss, expense and other tax items to its respective Trust Beneficiaries in accordance with their relative beneficial interest. Therefore, a Trust Beneficiary may incur an income tax liability with respect to its allocable share of the income of a Trust whether or not the Trust has made any concurrent distribution to the Trust Beneficiary.

The Plan requires each Trustee to file tax returns for each Trust as a "grantor trust" pursuant to Treasury Regulation section 1.671-4(a). The Trusts are expected to send each Trust Beneficiary a separate statement setting forth the Trust Beneficiary's share of items of income, gain, loss, deduction, or credit, and such Trust Beneficiary will be responsible for the payment of taxes on a current basis that result from such allocations.

TRUST BENEFICIARIES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPROPRIATE FEDERAL INCOME TAX REPORTING OF THE TRUSTS.

(c) Treatment of Disputed Ownership Fund.

On the Effective Date, the Trustees shall create separate reserves for each Class of Claims or Interests, other than LES Damages Claims, which include one or more Disputed Claims or Interests, as the case may be and in accordance with the Plan, funded with the Plan Consideration, including Trust Interests, if any, as to which such Disputed Claims or Interests would have been entitled if Allowed. Such reserved Plan Consideration will be transferred to the Trustees to be held in such reserves for such holders of Disputed Claims and/or Interests, and the Trustees will treat or make an election pursuant to U.S. Treasury Regulations Section 1.468B-9(c) to treat these reserves as one or more "disputed ownership funds" (each, a "**Disputed DOF**"). The Disputed DOF and not the holders of Disputed Claims and/or Interests or the Debtors will be treated as the owner of the Plan Consideration and any other assets reserved for Disputed Claims and/or Interests. The Disputed DOF will be treated for United States federal income tax purposes as a taxable entity separate from the holders of Disputed Claims and/or

Interests or the Post-Effective Date Entities. The Disputed DOF will be responsible for the payment of any taxes imposed on the Disputed DOF (including by way of withholding) resulting from the transfer or holding of reserved Plan Consideration, but the only source of payment therefore will be such Plan Consideration and any funds transferred to the Disputed DOF by holders of the Disputed Claims and/or Interests**.**

12.3 *Federal Income Tax Consequences to Holders of Claims and Interests*

(a) In General.

Generally, a holder of a Claim or Interest will recognize gain or loss equal to the difference between the "amount realized" by such holder in exchange for its Claim or Interest and such holder's adjusted tax basis in the Claim or Interest. The "amount realized" is equal to the sum of the cash and the fair market value of any other consideration received under the Plan in respect of a holder's Claim or Interest, including, in the case of the Trust Beneficiaries, the fair market value of each Trust Beneficiary's proportionate share of the assets transferred to the Trusts on the behalf of and for the benefit of such holder (to the extent that such cash or other property is not allocable to any portion of the Claim representing accrued but unpaid interest (see discussion below)). The tax basis of a holder in a Claim or Interest will generally be equal to the holder's cost therefore. The holding period of a Trust Beneficiary in its proportionate share of the assets held by the Trusts will begin on the day following their deemed distribution to the holder.

The character of any recognized gain or loss (*e.g.*, ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the holder, the nature of the Claim or Interest in the holder's hands, the purpose and circumstances of its acquisition, the holder's holding period of the Claim or Interest, and the extent to which the holder previously claimed a deduction for the worthlessness of all or a portion of the Claim or Interest. If the Claim or Interest is a capital asset in the holder's hands, any gain or loss realized will generally be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the holder has held such Claim or Interest for more than one year. There are limitations on the deduction of capital losses by both corporate and non-corporate taxpayers. In addition, since a Trust Beneficiary's share of the assets held in the Trusts may change depending upon the resolution of Disputed Claims, the holder may be prevented from recognizing any loss in connection with consummation of the Plan until the time that all such Disputed Claims have been resolved.

HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE RECOGNITION OF GAIN OR LOSS, FOR FEDERAL INCOME TAX PURPOSES, ON THE SATISFACTION OF THEIR CLAIMS AND INTERESTS.

(b) Allocation of Consideration to Accrued Interest.

A portion of the consideration received by a holder in satisfaction of a Claim pursuant to the Plan may be allocated to the portion of such Claim (if any) that represents accrued but unpaid interest. If any portion of the distribution were required to be allocated to accrued interest, such portion would be taxable to the holder as interest income, except to the

extent the holder has previously reported such interest as income. A holder will generally recognize a loss to the extent that any accrued interest was previously included in the holder's gross income and is not paid in full.

Pursuant to the Plan, all Plan Distributions in respect of any Claim will be allocated first to the principal amount of such Claim, as determined for U.S. federal income tax purposes, and then, to the extent the consideration exceeds such amount, to any portion of such Claim representing accrued but unpaid interest. However, there is no assurance that the IRS would respect such allocation for U.S. federal income tax purposes.

In the event that a portion of the consideration received by a holder of a Claim represents accrued but unpaid interest, only the balance of the distribution would be considered received by the holder in respect of the principal amount of the Claim. Such an allocation would reduce the amount of the gain, or increase the amount of loss, realized by the holder with respect to the Claim. If any such loss were a capital loss, it would not offset any amount of the distribution that was treated as ordinary interest income (except, in the case of individuals, to the limited extent that capital losses may be deducted against ordinary income).

To the extent that any portion of the distribution is treated as interest, holders may be required to provide certain tax information in order to avoid the withholding of taxes.

(c) Market Discount.

A holder that acquires a debt instrument at a market discount generally is required to treat any gain realized on the disposition of the instrument as ordinary income to the extent of accrued market discount not previously included in gross income by the holder.

(d) Information Reporting and Backup Withholding.

Each Debtor (or its paying agent) may be obligated to furnish information to the IRS regarding the consideration received by holders (other than corporations and other exempt holders) pursuant to the Plan.

Holders may be subject to backup withholding on the consideration received pursuant to the Plan. A holder that is not otherwise exempt generally may avoid backup withholding by furnishing to a Debtor (or its paying agent) its taxpayer identification number and certifying, under penalties of perjury, that the taxpayer identification number provided is correct and that the holder has not been notified by the IRS that it is subject to backup withholding.

Backup withholding is not an additional tax. Taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

ARTICLE XIII.

CONCLUSION

The Debtors and the Creditors Committees believe that confirmation and implementation of the Plan is preferable to any of the alternatives described herein because it will provide the greatest recovery to holders of Claims. Other alternatives would involve significant delay, uncertainty and substantial administrative costs and are likely to reduce any return to creditors who hold Claims. The Debtors urge the holders of impaired Claims in Classes LES 3, LES 4, LES 5, LES 6, LES 7, LFG 3, LFG 4, LFG 5, SD 3 and SD 4 who are entitled to vote on the Plan, to vote to accept the Plan and to evidence such acceptance by returning their Ballots to the Voting Agent so that they will be received not later than 4:00 p.m. (prevailing Eastern Time) on [November 11], 2009. Please be reminded that the Voting Agent must have original signatures on all Ballots; and that the Voting Agent will not accept Ballots delivered by email or facsimile.

Dated: [ ], 2009
Richmond, Virginia

Respectfully submitted,

LANDAMERICA FINANCIAL GROUP, INC.
on behalf of itself and its Affiliated Debtors

By: _____
G. William Evans
Executive Vice President and
Chief Financial Officer

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- and -

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EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re	)	Chapter 11
LandAmerica Financial Group, Inc., et al.,	)	Case No. 08-35994 (KRH)
Debtors.	)	Jointly Administered

JOINT CHAPTER 11 PLAN OF LANDAMERICA FINANCIAL GROUP, INC. AND ITS AFFILIATED DEBTORS

Nothing contained herein shall constitute an offer, acceptance or a legally binding obligation of the Debtors or any other party in interest and this Plan is subject to approval of the Bankruptcy Court and other customary conditions. This Plan is not an offer with respect to any securities. This is not a solicitation of acceptances or rejections of the Plan. Acceptances or rejections with respect to this Plan may not be solicited until a disclosure statement has been approved by the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division. Such a solicitation will only be made in compliance with applicable provisions of securities and/or bankruptcy laws. YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED IN, OR THE TERMS OF, THIS PLAN FOR ANY PURPOSE (INCLUDING IN CONNECTION WITH THE PURCHASE OR SALE OF THE DEBTORS' SECURITIES) PRIOR TO THE APPROVAL OF THIS PLAN BY THE BANKRUPTCY COURT.

Dated: Richmond, Virginia
October 2, 2009

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and Debtors In Possession
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INTRODUCTION

LandAmerica Financial Group, Inc. and the other debtors[1] and debtors in possession in the above-captioned cases, propose the following joint chapter 11 plan for the resolution of the Claims[2] against and Interests in the Debtors. Reference is made to the Disclosure Statement for a discussion of the Debtors' history, businesses, properties and operations, risk factors, a summary and analysis of this Plan, and certain related matters including, among other things, certain tax matters, and the securities and other consideration to be issued and/or distributed under this Plan. Subject to certain restrictions and requirements set forth in 11 U.S.C. § 1127, Fed. R. Bankr. P. 3019 and Sections 16.5 and 16.6 hereof, the Debtors reserve the right to alter, amend, modify, revoke or withdraw this Plan prior to its substantial consummation.

The Persons that are entitled to vote on this Plan are encouraged to read the Plan and the Disclosure Statement and their respective exhibits and schedules in their entirety before voting to accept or reject the Plan. No materials other than the Disclosure Statement, the Voting Procedures Order and their respective schedules and exhibits attached thereto and referenced

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[1] The last four digits of the taxpayer identification numbers of the debtors follow in parentheses: (i) LandAmerica Financial Group, Inc. (9611); (ii) LandAmerica 1031 Exchange Services, Inc. (9044); (iii) LandAmerica Assessment Corporation (9529); (iv) LandAmerica Title Company (4840); (v) Southland Title Corporation (0572); (vi) Southland Title of Orange County (4300); (vii) Southland Title of San Diego (2710); and (viii) LandAmerica Credit Services, Inc. (4378). Each of the Debtors has a mailing address of 5600 Cox Road, Glen Allen, Virginia 23060.

[2] All capitalized terms used but not defined herein have the meanings set forth in Article I herein.

therein have been authorized by the Bankruptcy Court for use in soliciting acceptances or rejections of the Plan.

ARTICLE I.

DEFINITIONS AND INTERPRETATION

A. *Definitions.*

The following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural):

1.1. ***3.125% Debentures*** means the 3.125% Convertible Senior Debentures due 2033 issued by LFG under the 2003 Indenture.

1.2. ***3.25% Debentures*** means the 3.25% Convertible Senior Debentures due 2034 issued by LFG under the 2004 Indenture.

1.3. ***2003 Indenture*** means that certain Indenture dated as of November 26, 2003, between LFG and The Bank of New York Mellon, as successor to JPMorgan Chase Bank, as Trustee as supplemented or amended, pursuant to which $98,500,000 in aggregate principal amount of the 3.125% Debentures were issued and outstanding on the LFG Petition Date.

1.4. ***2004 Indenture*** means that certain Indenture dated as of May 11, 2004, between LFG and The Bank of New York Mellon, as successor trustee to JPMorgan Chase Bank, as supplemented or amended, pursuant to which LFG issued $125,000,000 in aggregate principal amount of the 3.25% Debentures, were issued and outstanding on the LFG Petition Date.

1.5. ***2008 E&O Policy*** means the insurance policies with a policy period ending December 31, 2008, set forth on Schedule 1.5 to this Plan.

1.6. ***Administrative Expense Claim*** means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases of the kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to sections 363, 364(c)(1), 365, 503(b), 507(a)(2) or 507(b) of the Bankruptcy Code (other than a Fee Claim or U.S. Trustee Fees) for the period from the Petition Date to the Effective Date.

1.7. ***Aggregate PBGC Amount*** means the aggregate amount paid by LFG and the Subsidiaries to the PBGC with respect to the Cash Balance Plan in order to effectuate a termination or distribution on account of Allowed Claims of the PBGC.

1.8. ***Allowed Claim*** or Allowed "_____" Claim (with respect to a specific type of Claim, if specified) means: (a) any Claim (or a portion thereof) as to which no action to dispute, deny, equitably subordinate or otherwise limit recovery with respect thereto, or alter priority thereof, has been sought within the applicable period of limitation fixed by applicable law, except to the extent the Debtors, the Post-Effective Date Entities, or the Trustees, as applicable and as authorized pursuant to the Plan, object to the enforcement of such Claim or, if an action to dispute, deny, equitably subordinate or otherwise limit recovery with respect thereto, or alter

priority thereof, has been sought, to the extent such Claim has been allowed (whether in whole or in part) by a Final Order of a court of competent jurisdiction with respect to the subject matter; or (b) any Claim or portion thereof that is allowed (i) in any contract, instrument or other agreement entered into in connection with the Plan, (ii) pursuant to the terms of the Plan, (iii) by Final Order of the Bankruptcy Court, or (iv) with respect to an Administrative Expense Claim only (x) that was incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases to the extent due and owing without defense, offset, recoupment or counterclaim of any kind, and (y) that is not otherwise disputed.

1.9. ***ARS Litigation*** means all Claims and/or Causes of Action, including proceeds from the sale, settlement or other disposition of such Claims and/or Causes of Action, (a) against brokers, banks or other institutions or parties, including, but not limited to the Persons identified on Schedule 1.9 hereto, involved in the underwriting, offering, marketing, and/or sale of the Auction Rate Securities and/or (b) otherwise relating to the Auction Rate Securities' purchase, sale, transfer, value and/or liquidity. The ARS Litigation shall also include all Claims and/or Causes of Action against unaffiliated third parties, including, but not limited to, SunTrust Bank, that held or hold Exchange Funds, and proceeds from the sale or settlement of such Claims and/or Causes of Action against unaffiliated third parties. Notwithstanding the foregoing, the ARS Litigation shall not include Claims and Causes of Action against officers and directors of LES and LFG or the professionals described in the definition of Other Litigation.

1.10. ***ARS Litigation Committee*** means the committee to be appointed in accordance with, and to exercise the duties set forth in, the LES Trust Agreement, which duties shall be in the nature of and/or include advising with respect to the actions of the LES Trustee pertaining to the ARS Litigation Sub-Trust. The ARS Litigation Committee shall consist of [nine] members (who may be the same members as on the LES Remaining Assets Committee) to be identified in the LES Trust Agreement, or other filing with the Bankruptcy Court, which shall include (a) seven (7) representatives selected by the LES Creditors Committee; (b) a representative selected by Matthew B. Luxenberg; and (c) a representative selected by Millard Refrigerated Services, Inc. In addition, there shall be one (1) *ex officio* non-voting representative selected by the LFG Creditors Committee.

1.11. ***ARS Litigation Proceeds*** means proceeds of the ARS Litigation, net of costs and expenses (including legal fees).

1.12. ***ARS Litigation Sub-Trust*** means the sub-trust of the LES Trust to be created on the Effective Date for the purpose of (a) prosecuting and/or settling the ARS Litigation, (b) monetizing and distributing proceeds of the sale or other disposition of the Auction Rate Securities, and (c) holding for distribution any proceeds of the Auction Rate Securities that may exist prior to the Effective Date in accordance with the provisions of the Plan, the LES Trust Agreement and the Inter-Trust Agreement.

1.13. ***ARS Litigation Sub-Trust Assets*** means the (a) ARS Litigation, and (b) the Auction Rate Securities and/or the proceeds from the sale or other disposition of the Auction Rate Securities.

1.14. ***Articles of Dissolution*** means those articles required to be filed by the Dissolution Trustee for Post-Effective Date LFG in accordance with the laws of the Commonwealth of Virginia.

1.15. ***Asset Sale Escrow Account*** means an escrow or other account listed on Schedule 1.15 of this Plan, established for the benefit of the Subsidiaries in connection with the sale of Assets of LFG or a subsidiary thereof and funded with the net proceeds of such sale.

1.16. ***Asset Sale Escrow Cash*** means the aggregate amount of Cash held as of the Effective Date in the Asset Sale Escrow Accounts.

1.17. ***Assets*** means all of the right, title and interest of the Debtors in and to property of whatever type or nature (real, personal, mixed, intellectual, tangible or intangible).

1.18. ***Auction Rate Securities*** means the securities identified on Schedule 1.18 of this Plan.

1.19. ***Ballot*** means the form approved by the Bankruptcy Court and distributed to holders of impaired Claims and Interests entitled to vote on the Plan on which is to be indicated the acceptance or rejection of the Plan.

1.20. ***Bankruptcy Code*** means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

1.21. ***Bankruptcy Court*** means the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division, or any other court exercising competent jurisdiction over the Chapter 11 Cases or any proceeding therein.

1.22. ***Bankruptcy Rules*** means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, applicable to the Chapter 11 Cases, and the Local Rules of the United States Bankruptcy Court for the Eastern District of Virginia.

1.23. ***Bar Date*** means the deadline for filing proof of a Claim that arose on or prior to the applicable Petition Date, as established by an order of the Bankruptcy Court or the Plan, and as applicable to such Claim.

1.24. ***Business Day*** means any day other than a Saturday, Sunday, or a "legal holiday," as defined in Bankruptcy Rule 9006(a).

1.25. ***Cash*** means the legal currency of the United States and equivalents thereof.

1.26. ***Cash Balance Plan*** means the LandAmerica Cash Balance Plan, a defined benefit pension plan which is subject to Title IV of the Employee Retirement Income Security Act of 1974 and is within the jurisdiction of the PBGC.

1.27. ***Causes of Action*** means any and all actions, causes of action (including avoidance actions), suits, accounts, controversies, agreements, promises, rights to legal remedies,

rights to equitable remedies, rights to payment, and claims, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, and expressly including any defenses or equitable remedies necessary for the adjudication of such Causes of Action.

1.28. ***Chapter 11 Cases*** means the jointly-administered cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court and styled *LandAmerica Financial Group, Inc., et al.*, No. 08-35994 (KRH) (Jointly Administered).

1.29. ***Claim*** means any "claim" against any Debtor as defined in section 101(5) of the Bankruptcy Code.

1.30. ***Claims Agent*** means Epiq Bankruptcy Solutions, LLC, or any other entity approved by the Bankruptcy Court to act as the Debtors' claims and noticing agent pursuant to 28 U.S.C. §156(c).

1.31. ***Class*** means each category of Claims or Interests established under Article IV of the Plan pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

1.32. ***Collateral*** means any property or interest in property of the Debtors subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

1.33. ***Commingled Exchange Agreement*** means an Exchange Agreement which is not a Segregated Exchange Agreement or an Escrow Exchange Agreement.

1.34. ***Commingled Exchange Principal Claim*** means the Principal Claim arising from a Commingled Exchange Agreement, deemed Allowed in the amount set forth on Schedule 1.34 of this Plan.

1.35. ***Commingled Guarantee Claim*** means a Commingled Exchange Principal Claim against LFG, deemed Allowed in the amount set forth on Schedule 1.35 of this Plan, held by an Exchange Customer arising from a written guarantee executed by or on behalf of LFG of LES's performance under a Commingled Exchange Agreement.

1.36. ***Confirmation Date*** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

1.37. ***Confirmation Hearing*** means the first hearing to be held by the Bankruptcy Court regarding confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

1.38. ***Confirmation Order*** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

1.39. ***Consolidated Tax Group*** means the affiliated group within the meaning of Section 1504(a) of the Internal Revenue Code of 1986, as amended, or any similar group defined under a similar provision of state or local law, in each case of which LFG is the common parent.

1.40. ***Convertible Senior Debentures*** means collectively the 3.125% Debentures and the 3.25% Debentures.

1.41. ***Creditors Committees*** means the LFG Creditors Committee and the LES Creditors Committee.

1.42. ***Cure Amount*** has the meaning set forth in Section 12.4 of this Plan.

1.43. ***Cure Dispute*** has the meaning set forth in Section 12.4 of this Plan.

1.44. ***Cure Schedule*** has the meaning set forth in Section 12.4 of this Plan.

1.45. ***Damages Claim Form*** means a form setting forth, *inter alia*, the basis for alleged LES Damages Claims, including any statutory provisions or other legal authorities that support such Claim, submitted pursuant to Section 11.2 of this Plan by a Person who timely filed a proof of Claim asserting a LES Damages Claim, which form shall be filed as part of the Plan Supplement.

1.46. ***Damages Claim Objection Deadline*** means (a) the date that is ninety (90) days after the Principal Satisfaction Date, or (b) such later date or dates as may be established by the Bankruptcy Court, whether before or after the original Damages Claim Objection Deadline.

1.47. ***Debtor(s)*** means, individually or collectively, (a) each of the debtors and debtors in possession identified on Schedule 1.47 hereto, and (b) such additional debtors and debtors in possession who commence cases under chapter 11 of the Bankruptcy Code on or before the Voting Deadline and whose cases are jointly administered under Case No. 08-35994 (KRH), with such additional debtors to be identified in the Plan Supplement.

1.48. ***Disallowed*** means a finding of the Bankruptcy Court in a Final Order, or provision in the Plan providing, that a Disputed Claim shall not be an Allowed Claim.

1.49. ***Disclosure Statement*** means the disclosure statement that relates to this Plan, as such disclosure statement may be amended, modified, or supplemented (including all exhibits and schedules annexed thereto or referred to therein).

1.50. ***Disclosure Statement Hearing*** means a hearing held by the Bankruptcy Court to consider approval of the Disclosure Statement as containing adequate information as required by section 1125 of the Bankruptcy Code, as the same may be adjourned or continued from time to time.

1.51. ***Disputed Claim*** means, as of any relevant date, any Claim, or any portion thereof: (a) that is not an Allowed Claim or Disallowed Claim as of the relevant date; or (b) for which a proof of Claim or Interest has been timely filed with the Bankruptcy Court or a written request for payment has been made, to the extent the Debtors or any party in interest has interposed a

timely objection or request for estimation, which timely objection or request for estimation has not been withdrawn or determined by a Final Order as of the relevant date.

1.52. ***Disputed DOF*** has the meaning set forth in Section 10.3 of this Plan.

1.53. ***Dissolution Charter*** means the charter required to be filed by the Dissolution Trustee for Post-Effective Date LFG in accordance with the laws of the Commonwealth of Virginia.

1.54. ***Dissolution Governance Documents*** means the Articles of Dissolution and Dissolution Charter.

1.55. ***Dissolution Trustee*** means the Person, who shall not be the same Person as the LFG Trustee, identified in the Plan Supplement, or other filing with the Bankruptcy Court, and retained as of the Effective Date, as the sole governor of Post-Effective Date LFG, who shall be selected by the LFG Creditors Committee with the Debtors' consent, which consent will not be unreasonably withheld if the Debtors determine in their business judgment that such selection is in the best interest of LFG's Estate.

1.56. ***Distribution Date*** means (a) the Initial Distribution Date, or (b) any Subsequent Distribution Date.

1.57. ***Distribution Record Date*** means, with respect to all Classes, the Effective Date or such other date as shall be established by the Bankruptcy Court in the Confirmation Order.

1.58. ***Effective Date*** means the first Business Day on which all conditions to the Effective Date set forth in Section 13.2 hereof have been satisfied or waived, and no stay of the Confirmation Order is in effect.

1.59. ***Enjoined Action*** means any suit, action, investigation or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative, or other forum) against a prepetition officer or director of a Debtor to the extent that prosecution of such suit, action, investigation or other proceeding may deplete any insurance policy owned or purchased by one or more of the Debtors (or their predecessors). Notwithstanding the foregoing, an Enjoined Action shall not include any suit, action, or other proceeding to the extent, but only to the extent, such suit, action, or other proceeding: (a) is the subject of either a (i) written agreement of the LFG Trustee and the LES Trustee, or (ii) Bankruptcy Court order, and in each of (i) and (ii), which agreement or order states or determines that such suit, action or other proceeding will not deplete proceeds of an insurance policy which proceeds would otherwise be available to satisfy a judgment, settlement or other payment that could be made to the Trusts with respect to the Trust Causes of Action; or (b) is brought after the ARS Litigation and the Other Litigation have been fully and finally resolved.

1.60. ***Escrow Exchange Agreement*** means an Exchange Agreement set forth on Schedule 1.60 of this Plan.

1.61. ***Estate*** means each estate created with respect to each Debtor in the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code.

1.62. ***Exchange Agreements*** means agreements entered into by and between LES and Persons whereby LES, as a qualified intermediary, acquired the net Cash and/or other consideration from the sales of the Persons' relinquished properties.

1.63. ***Exchange Customer*** means a Person that entered into an Exchange Agreement with LES.

1.64. ***Exchange Funds*** means the net consideration from the sale of relinquished property acquired by LES pursuant to an Exchange Agreement.

1.65. ***Existing Securities Law Claim*** means any Claim, whether or not the subject of an existing lawsuit: (a) arising from rescission of a purchase or sale of any securities of any Debtor or an affiliate of any Debtor; (b) for damages arising from the purchase or sale of any such security; (c) for violations of the securities laws, misrepresentations, or any similar Claims, including, to the extent related to the foregoing or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, any attorneys' fees, other charges, or costs incurred on account of the foregoing Claims; or (d) except as otherwise provided for in this Plan, for reimbursement, contribution, or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim.

1.66. ***Extended Trust Termination Date*** shall have the meaning set forth in Section 8.7 of this Plan.

1.67. ***Family Members*** means, with respect to any individual, such Person's spouse, children, siblings, parents and all lineal descendants of such Person's parents (in each case, natural or adopted).

1.68. ***Fee Claims*** means (a) the Lead Case Fee Claim, and (b) any other Claims by a Professional Person for compensation, indemnification or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103(a) of the Bankruptcy Code in connection with the Chapter 11 Cases.

1.69. ***Final Order*** means an order, ruling or judgment of the Bankruptcy Court (or other court of competent jurisdiction) entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Cases (or by the clerk of such other court of competent jurisdiction on the docket of such court) that: (a) is in full force and effect; (b) is not stayed; and (c) is no longer subject to review, reversal, modification or amendment, by appeal or writ of certiorari; provided, however, that the possibility that a motion under Rule 50 or 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Civil Procedure or Bankruptcy Rules, may be filed relating to such order, ruling or judgment shall not cause such order, ruling or judgment not to be a Final Order.

1.70. ***Former Underwriting Subsidiaries*** means United Capital Title Insurance Company, Lawyers Title Insurance Corporation and Commonwealth Land Title Insurance Company.

1.71. ***General Unsecured Claim*** means any Claim other than: (a) an Existing Securities Law Claim; (b) a Secured Claim; (c) an Administrative Expense Claim; (d) a Fee Claim; (e) a

Priority Tax Claim; and (f) a Priority Non-Tax Claim, and shall not include Claims that are Disallowed or released, whether by operation of law or pursuant to order of the Bankruptcy Court, written release or settlement, the provisions of this Plan or otherwise.

1.72. ***Governors*** shall have the meaning set forth in Section 7.5 of this Plan.

1.73. ***Indemnification Claim*** means a Claim against LES or LFG held by a prepetition officer or director of LES or LFG, as applicable, for indemnification pursuant to: (a) any Debtor's certificate of incorporation, by-laws, or similar organizational document, or (b) any employment or other written agreement with any Debtor, or (c) common law or otherwise.

1.74. ***Indenture Trustee*** means The Bank of New York Mellon in its capacity as the indenture trustee for the 3.125% Debentures and the 3.25% Debentures issued by LFG.

1.75. ***Indentures*** means collectively, the 2003 Indenture and the 2004 Indenture.

1.76. ***Initial Distribution Date*** means the Effective Date or as soon as reasonably practicable thereafter as may be reasonably determined by each Trustee in accordance with the terms of the applicable Trust Agreement to make initial Plan Distributions.

1.77. ***Initial Trust Termination Date*** shall have the meaning set forth in Section 8.7 of this Plan.

1.78. ***Initial Waterfall Distribution*** means an LES Waterfall Distribution made prior to the full satisfaction of all Allowed Segregated Exchange Principal Claims and all Allowed Note Exchange Collectible Claims.

1.79. ***Intercompany Claim*** means any Claim (including an Administrative Expense Claim), Cause of Action, or remedy asserted by a (a) Debtor against another Debtor, or (b) non-Debtor that is an affiliate and/or Subsidiary of any Debtor against a Debtor.

1.80. ***Interest*** means the interest (whether legal, equitable, contractual or other rights) of any holders of equity securities of any of the Debtors represented by shares of common or preferred stock or other instruments evidencing an ownership interest in any of the Debtors, whether or not certificated, transferable, voting or denominated "stock" or a similar security, or any option, warrant or right, contractual or otherwise, to acquire any such interest, and any Existing Securities Law Claim arising out of any of the foregoing.

1.81. ***Inter-Trust Agreement*** means the agreement governing the relationship and transactions between the LES Trust and the LFG Trust, which shall be filed as part of the Plan Supplement and shall be in form and substance reasonably acceptable to both the LES Creditors Committee and the LFG Creditors Committee.

1.82. ***IRS*** means the Internal Revenue Service.

1.83. ***Lead Case Fee Claims*** means Allowed Claims for fees and expenses of counsel to the Lead Case Plaintiffs that vote in favor of the Plan, which fees and expenses shall consist of (a) up to $1.8 million to reimburse reasonable allowed professional expenses of Millard

Refrigerated Services, Inc., and (b) up to $1.2 million in the aggregate to reimburse unpaid reasonable allowed professional expenses of Howard Finkelstein, Frontier Pepper's Ferry LLC, and the Matthew B. Luxenberg Revocable Family Trust, and which fees and expenses have been Allowed by Final Order of the Bankruptcy Court after the filing of a fee application requesting approval of such fees and expenses.

1.84. ***Lead Case Plaintiffs*** means Howard Finkelstein, Frontier Pepper's Ferry, LLC, Matthew B. Luxenberg, as trustee of the Matthew B. Luxenberg Revocable Family Trust, and Millard Refrigerated Services, Inc.

1.85. ***LES*** means LandAmerica 1031 Exchange Services, Inc., one of the Debtors.

1.86. ***LES 2008 E&O Policy Actions*** means, subject to Section 12.2 of this Plan, any and all Causes of Action against the insurers that are a party to the 2008 E&O Policy to recover proceeds on claims relating to LES or to enforce the rights of LES under such 2008 E&O Policy. For the avoidance of doubt, LES 2008 E&O Policy Actions shall not include any Causes of Action against the insurers that are a party to the 2008 E&O Policy to recover proceeds on claims relating to Debtors other than LES or to enforce the rights of such Debtors under such 2008 E&O Policy**.**

1.87. ***LES Chapter 5 Litigation*** means all claims and/or Causes of Action of LES arising under chapter 5 of the Bankruptcy Code or analogous applicable state law.

1.88. ***LES Creditors Committee*** means the Official Committee of Unsecured Creditors appointed by the U.S. Trustee in the Chapter 11 Case of LES.

1.89. ***LES Damages Claim*** means a Claim held by an Exchange Customer, in its capacity as such, that is not a Principal Claim.

1.90. ***LES Escrow Exchange Claim*** means a Principal Claim arising from an Escrow Exchange Agreement.

1.91. ***LES Escrow Exchange Distribution*** means Cash in an amount equal to ninety-seven percent (97%) of an Allowed LES Escrow Exchange Claims.

1.92. ***LES Equity Interests*** means the Interests in LES outstanding prior to the Effective Date.

1.93. ***LES General Unsecured Claim*** means any General Unsecured Claim against LES other than a Segregated Exchange Principal Claim, a Note Exchange Collectible Claim or an LES Damages Claim.

1.94. ***LES Government Administrative Expense Claim*** means the Allowed Administrative Expense Claim of LES against LFG in an amount equal to: (a) the aggregate amount of all Allowed Claims of the PBGC against LES, minus, the LES PBGC Claim; plus, (b) the aggregate amount of all Allowed Claims of the IRS against LES, minus, the LES IRS Claim; minus, (c) any Subsidiary Escrow Claim held by LES.

1.95. ***LES IRS Claim*** means an amount not greater than $500,000 to the extent the IRS has an Allowed Claim against the Consolidated Tax Group.

1.96. ***LES Other Assets*** means all Assets of LES as of the Effective Date other than (a) the Cash held by LES as of the Effective Date, (b) the LES Trust Causes of Action, (c) the Auction Rate Securities and proceeds of the disposition of the Auction Rate Securities, and (d) the LES Government Administrative Expense Claim. For the avoidance of doubt, LES Other Assets does not include the Other Litigation.

1.97. ***LES PBGC Claim*** means an amount equal to the lesser of (a) $5 million or (b) twenty-five percent (25%) of any amount which shall include, but shall not be limited to amounts paid to the Cash Balance Plan in order to effectuate a termination or distribution on account of Allowed Claims of the PBGC.

1.98. ***LES Remaining Assets*** means all Assets of LES as of the Effective Date, after payment of the LES Remaining Assets Expenses, other than (a) the ARS Litigation, (b) the Other Litigation and (c) the Cash held by LES as of the Effective Date. For the avoidance of doubt, the LES Remaining Assets shall include, but shall not be limited to, (i) any LES Waterfall Distribution, (ii) the LES Remaining Assets Proceeds, (iii) the LES Chapter 5 Litigation, and (iv) the LES 2008 E&O Policy Actions.

1.99. ***LES Remaining Assets Committee*** means the committee to be appointed in accordance with, and to exercise the duties set forth in, the LES Trust Agreement, which duties shall be in the nature of and/or include advising with respect to the actions of the LES Trustee pertaining to the LES Remaining Assets Sub-Trust. The LES Remaining Assets Committee shall consist of [nine] (9) members (who may also be members of the LES Trust Committee and/or the ARS Litigation Committee) to be selected by the LES Creditors Committee and to be identified in the LES Trust Agreement, or other filing with the Bankruptcy Court.

1.100. ***LES Remaining Assets Distribution*** means a distribution of LES Remaining Assets Proceeds, which may occur from time to time as determined by the LES Trustee, pursuant to the LES Trust Agreement.

1.101. ***LES Remaining Assets Expenses*** means the applicable Plan Consideration paid to or reserved for holders of Allowed Administrative Expense Claims, Allowed Fee Claims, and Allowed Priority Tax Claims, each as asserted against LES, and Allowed Class LES 1 Claims and Allowed Class LES 2 Claims.

1.102. ***LES Remaining Assets Proceeds*** means proceeds of the LES Remaining Assets, net of costs and expenses incurred by the LES Trustee pertaining to the monetization or disposition of the LES Remaining Assets in accordance with the provisions of the LES Trust Agreement.

1.103. ***LES Remaining Assets Sub-Trust*** means the sub-trust of the LES Trust to be created on the Effective Date for the purpose of pursuing the LES Chapter 5 Litigation, the LES 2008 E&O Policy Action and monetizing the LES Other Assets in accordance with the provisions of the LES Trust Agreement.

1.104. ***LES Subsidiary Debtor*** means a Debtor of which at least the majority of the securities or other ownership interest is owned or controlled by LES and/or one or more subsidiaries of LES.

1.105. ***LES Trust*** means the trust, comprised of the ARS Litigation Sub-Trust and the LES Remaining Assets Sub-Trust, each to be created on the Effective Date for the purpose of (a) pursuing the LES Trust Causes of Action, (b) monetizing and distributing proceeds of the LES Other Assets and the Auction Rate Securities in accordance with the provisions of the LES Trust Agreement, and (c) the liquidation of and winding up of each LES Subsidiary Debtor.

1.106. ***LES Trust Agreement*** means the trust agreement, in form and substance acceptable to the Debtors and the LES Creditors Committee, to be filed as part of the Plan Supplement, which will, among other things: (a) establish and govern the LES Trust, including the ARS Litigation Sub-Trust and the LES Remaining Assets Sub-Trust; (b) set forth the respective powers, duties and responsibilities of the LES Trustee, the LES Trust Committee, the ARS Litigation Committee and the LES Remaining Assets Committee; and (c) provide for distribution of LES Trust Proceeds to the LES Trust Beneficiaries.

1.107. ***LES Trust Assets*** means (a) the ARS Litigation Sub-Trust Assets, (b) the LES Remaining Assets, and (c) the LES Trust Initial Fund.

1.108. ***LES Trust Beneficiaries*** means the holders of Allowed Class LES 4, LES 5, LES 6, LES 7, and LES 8 Claims or Interests.

1.109. ***LES Trust Causes of Action*** means the ARS Litigation and the LES Chapter 5 Litigation.

1.110. ***LES Trust Committee*** means the committee to be appointed in accordance with, and to exercise the duties set forth in, the LES Trust Agreement, which duties shall be in the nature of and/or include advising with respect to the actions of the LES Trustee pertaining to the LES Trust and its associated sub-trusts. The LES Trust Committee shall consist of [nine] (9) members (who may also be members of the ARS Litigation Committee and/or the LES Remaining Assets Committee) to be selected by the LES Creditors Committee and to be identified in the LES Trust Agreement, or other filing with the Bankruptcy Court.

1.111. ***LES Trust Distributions*** means distributions of LES Trust Proceeds pursuant to the LES Trust Agreement as may be authorized from time to time by the LES Trust Committee.

1.112. ***LES Trust Initial Fund*** means an amount in Cash, as determined by the LES Creditors Committee and the Debtors on or before the Effective Date, not to exceed $5 million in the aggregate, set aside from the Cash maintained by LES as of the Effective Date in order to fund the costs and expenses of the LES Trust, which amount the Debtors will be deemed to have consented to if it is greater than or equal to $2.5 million.

1.113. ***LES Trust Interests*** means the beneficial interests in the LES Trust that shall entitle the holder thereof to receive its Pro Rata Share of the LES Trust Proceeds, which interests shall be issued in five (5) series, to the holders of Allowed Class LES 4, LES 5, LES 6, LES 7, and LES 8 Claims.

1.114. ***LES Trust Proceeds*** means the LES Remaining Assets Proceeds and the ARS Litigation Proceeds.

1.115. ***LES Trustee*** means the Person identified in the Plan Supplement, or other filing with the Bankruptcy Court, and retained as of the Effective Date, as the employee or fiduciary responsible for implementing the applicable provisions of the Plan relating to the LES Trust in accordance with the LES Trust Agreement, who shall be selected by the LES Creditors Committee with the Debtors' consent, which consent will not be unreasonably withheld if the Debtors determine in their business judgment that such selection is in the best interest of the Estates of LES and the LES Subsidiary Debtors.

1.116. ***LES Unsecured Cash Distribution*** means: (a) the amount of Net LES Cash equal to the Net LES Cash, minus the Segregated Cash Distribution; plus, (b) the Remaining Note Cash.

1.117. ***LES Unsecured Remaining Assets Distribution*** means the amount of an LES Remaining Assets Distribution equal to the total LES Remaining Assets Distribution, minus the Segregated Remaining Assets Distribution, minus the Note Remaining Assets Distribution.

1.118. ***LES Unsecured Waterfall Distribution*** means the amount of an Initial Waterfall Distribution equal to such Initial Waterfall Distribution, minus the Segregated Waterfall Distribution, minus the Note Waterfall Distribution.

1.119. ***LES Waterfall Distribution*** means a Waterfall Distribution made to the LES Trust in accordance with Section 8.11 of the Plan.

1.120. ***LFG*** means LandAmerica Financial Group, Inc., one of the Debtors.

1.121. ***LFG Chapter 5 Litigation*** means all claims and/or Causes of Action of LFG arising under chapter 5 of the Bankruptcy Code or analogous applicable state law.

1.122. ***LFG Creditors Committee*** means the Official Committee of Unsecured Creditors appointed by the U.S. Trustee in the Chapter 11 Case of LFG.

1.123. ***LFG Equity Interests*** means the Interests in LFG outstanding prior to the Effective Date.

1.124. ***LFG Exchange Guarantee Claim*** means: (a) with respect to an Allowed Segregated Guarantee Claim, the lesser of (i) such Allowed Segregated Guarantee Claim, or (ii) the ratio that the amount of such Allowed Segregated Guarantee Claim bears to the aggregate amount of all Allowed Segregated Guarantee Claims, multiplied by $8.2 million; and (b) with respect to an Allowed Commingled Guarantee Claim, the lesser of (i) such Commingled Guarantee Claim, or (ii) the ratio that the amount of such Allowed Commingled Guarantee Claim bears to the aggregate amount of all Allowed Commingled Guarantee Claims, multiplied by $6.4 million.

1.125. ***LFG Guarantee Cash Distribution*** means, with respect to an Allowed LFG Exchange Guarantee Claim, Cash in an amount equal to thirty percent 30% of the Allowed amount of such LFG Exchange Guarantee Claim.

1.126. ***LFG Remaining Assets*** means all Assets of LFG as of the Effective Date, after payment of the LFG Remaining Assets Expenses, other than (a) the Post-Effective Date LFG Assets, (b) the Other Litigation, and (c) the ARS Litigation. For the avoidance of doubt, the LFG Remaining Assets shall include, but shall not be limited to, (i) any LFG Waterfall Distribution, (ii) the LFG Remaining Assets Proceeds, (iii) LFG Chapter 5 Litigation, and (iv) any Plan Distribution received by LFG in satisfaction of the Operating I/C Claim.

1.127. ***LFG Remaining Assets Committee*** means the committee to be appointed in accordance with, and to exercise the duties set forth in, the LFG Trust Agreement, which duties shall be in the nature of and/or include advising with respect to the actions of the LFG Trustee pertaining to the LFG Remaining Assets Sub-Trust. The LFG Remaining Assets Committee shall consist of three members (who may also be members of the LFG Trust Committee and/or the Other Litigation Committee) to be selected by the LFG Creditors Committee and to be identified in the LFG Trust Agreement, or other filing with the Bankruptcy Court.

1.128. ***LFG Remaining Assets Expenses*** means the LFG Guarantee Cash Distribution and applicable Plan Consideration paid to or reserved for holders of Allowed Administrative Expense Claims, Allowed Fee Claims, Allowed Priority Tax Claims, and Allowed Class LFG 1 and Allowed Class LFG 2 Claims against LFG.

1.129. ***LFG Remaining Assets Proceeds*** means proceeds of the LFG Remaining Assets, net of costs and expenses incurred by the LFG Trustee pertaining to the monetization or disposition of the LFG Remaining Assets in accordance with the provisions of the LFG Trust Agreement.

1.130. ***LFG Remaining Assets Sub-Trust*** means the sub-trust of the LFG Trust to be created on the Effective Date for the purpose of monetizing the LFG Remaining Assets in accordance with the provisions of the LFG Trust Agreement.

1.131. ***LFG Securities Law Claim*** means any Existing Securities Law Claim against LFG with respect to LFG General Unsecured Claims.

1.132. ***LFG Subsidiary Debtor*** means a Debtor, other than LFG, LES or an LES Subsidiary Debtor.

1.133. ***LFG Trust*** means the liquidating trust, comprised of the Other Litigation Sub-Trust and the LFG Remaining Assets Sub-Trust, to be created on the Effective Date in accordance with the provisions of the LFG Trust Agreement, which liquidating trust will be responsible for, *inter alia*, the liquidation of and winding up of each LFG Subsidiary Debtor.

1.134. ***LFG Trust Agreement*** means the trust agreement, in form and substance acceptable to the Debtors and the LFG Creditors Committee, to be filed as part of the Plan Supplement, which will, among other things: (a) establish and govern the LFG Trust; (b) set forth the respective powers, duties and responsibilities of the LFG Trustee, the LFG Trust

Committee, the LFG Remaining Assets Committee and the Other Litigation Committee; and (c) provide for distribution of LFG Trust Proceeds to the LFG Trust Beneficiaries.

1.135. ***LFG Trust Assets*** means the (a) LFG Remaining Assets, (b) the Other Litigation and (c) the LFG Trust Initial Fund.

1.136. ***LFG Trust Beneficiaries*** means holders of Allowed Class LFG 3 and LFG 5 Claims.

1.137. ***LFG Trust Committee*** means the committee to be appointed in accordance with, and to exercise the duties set forth in, the LFG Trust Agreement, which duties shall be in the nature of and/or include advising with respect to the actions of the LFG Trustee and administration of the LFG Trust and removal of the LFG Trustee. The LFG Trust Committee shall consist of three members to be selected by the LFG Creditors Committee and to be identified in the LFG Trust Agreement or other filing with the Bankruptcy Court.

1.138. ***LFG Trust Distributions*** means distributions of LFG Trust Proceeds pursuant to the LFG Trust Agreement as may be authorized from time to time by the LFG Trust Committee.

1.139. ***LFG Trust Initial Fund*** means an amount in Cash, as determined by the LFG Creditors Committee and the Debtors, on or before the Effective Date, not to exceed $[ ] million in the aggregate, set aside from the Cash maintained by LFG as of the Effective Date in order to fund the costs and expenses of the LFG Trust, which amount the Debtors will be deemed to have consented to if it is greater than or equal to $2.5 million.

1.140. ***LFG Trust Interests*** means the beneficial interests in the LFG Trust that shall entitle the holder thereof to receive its Pro Rata Share of the LFG Trust Proceeds, which interests shall be issued in two (2) series, to holders of Allowed Class LFG 3 and LFG 5 Claims.

1.141. ***LFG Trust Proceeds*** means the proceeds of the LFG Trust Assets, minus the reasonable costs of administration of the LFG Trust, including the reasonable fees and expenses of the LFG Trustee.

1.142. ***LFG Trustee*** means the Person identified in the Plan Supplement, or other filing with the Bankruptcy Court, and retained as of the Effective Date, as the employee or fiduciary responsible for implementing the applicable provisions of the Plan relating to the LFG Trust in accordance with the LFG Trust Agreement, who shall be selected by the LFG Creditors Committee with the Debtors' consent, which consent will not be unreasonably withheld if the Debtors determine in their business judgment that such selection is in the best interest of the Estates of LFG and the LFG Subsidiary Debtors.

1.143. ***LFG Trustee's Cooperation Agreement*** means the agreement governing the relationship and transactions between the Dissolution Trustee and the LFG Trustee, which shall be filed as part of the Plan Supplement and shall contain, among other things, provisions for the initial funding of Post-Effective Date LFG; the sharing of costs; access to data, information and documents; the preparation of tax returns; and the disposition of Post-Effective Date LFG Assets.

1.144. ***LFG Waterfall Distribution*** means a Waterfall Distribution made to the LFG Trust, other than in satisfaction of the Operating I/C Claim.

1.145. ***Lien*** has the meaning set forth in section 101(37) of the Bankruptcy Code.

1.146. ***Net LES Cash*** means: (a) the aggregate amount of Cash or cash equivalents (including interest thereon) as of the Effective Date (excluding Third Party Note Funds and proceeds, if any, from the sale or other disposition of the Waterfall Assets, but including interest, if any, accrued on the Auction Rate Securities through and including the Effective Date) maintained by LES (which shall include any settlement monies received from Exchange Customers) minus, (i) the LES PBGC Claim, (ii) the LES IRS Claim, (iii) the LES Trust Initial Fund, (iv) Allowed Administrative Expense Claims against LES, (v) Allowed Fee Claims against LES, (vi) Allowed Priority Tax Claims against LES, (vii) Allowed LES Priority Non-Tax Claims, (viii) Allowed LES Secured Claims (if such Claims are to be satisfied in Cash), and (ix) the LES Escrow Exchange Distributions; and (b) Cash, if any, received on behalf of the LES Government Administrative Expense Claim.

1.147. ***Net PBGC Amount*** means the amount paid by a Subsidiary to the PBGC, LFG or another Subsidiary with respect to the Cash Balance Plan in order to effectuate a termination or distribution on account of Allowed Claims of the PBGC, net of any contribution such Subsidiary receives from one or more of LFG or other Subsidiaries.

1.148. ***Note Cash Distribution*** means the amount of Third Party Note Funds equal to the lesser of: (a) the aggregate amount of Allowed Note Exchange Collectible Claims, multiplied by, the Segregated Cash Distribution, divided by, the aggregate amount of Allowed Segregated Exchange Principal Claims; and (b) seventy percent (70%) of the aggregate amount of the Allowed Note Exchange Collectible Claims.

1.149. ***Note Exchange Collectible Claim*** means a Principal Claim arising from a note or similar debt instrument that is set forth on Schedule 1.149 of this Plan made payable to LES by the purchaser of a relinquished property associated with an Exchange Agreement to the extent that such amounts are actually received by the LES Trust or LES, net of the costs associated with collection.

1.150. ***Note Remaining Assets Distribution*** means: (a) if the Segregated Exchange Principal Claims have not been satisfied in full, the amount of an LES Remaining Assets Distribution equal to the aggregate amount of Allowed Note Exchange Collectible Claims which remain unsatisfied as of the date of such distribution, multiplied by, the Segregated Remaining Assets Distribution, divided by, the aggregate amount of Allowed Segregated Exchange Principal Claims which remain unsatisfied as of the date of such distribution; or (b) if the Segregated Exchange Principal Claims have been satisfied in full, the amount of an LES Remaining Assets Distribution equal to twenty-five (25%) of such LES Remaining Assets Distribution.

1.151. ***Note Waterfall Distribution*** means: (a) if the Segregated Exchange Principal Claims have not been satisfied in full, an amount of an Initial Waterfall Distribution equal to the aggregate amount of Allowed Note Exchange Collectible Claims which remain unsatisfied as of

the date of such distribution, multiplied by, the Segregated Waterfall Distribution, divided by, the aggregate amount of Allowed Segregated Exchange Principal Claims which remain unsatisfied as of the date of such distribution; or (b) if the Segregated Exchange Principal Claims have been satisfied in full, the amount of an Initial Waterfall Distribution equal to twenty-five (25%) of such Initial Waterfall Distribution.

1.152. ***Notice Parties*** shall mean, except as may otherwise be specified in the Confirmation Order, (a) the U.S. Trustee, (b) the LES Trustee, (c) the LES Trust Committee, (d) the LFG Trustee, and (e) the LFG Trust Committee.

1.153. ***Operating I/C Claim*** means the Allowed Class LES 6 Claim of LFG against LES on account of management operating expenses, which claim shall equal $3.2 million.

1.154. ***Orange County Bancorp Interests*** means LFG's Interests in its non-Debtor Subsidiary, Orange County Bancorp.

1.155. ***Other Litigation*** shall mean all Claims and Causes of Action of LFG and/or LES against (a) officers and directors of LFG, LES or Former Underwriter Subsidiaries, in their capacity as such; and (b) professional services firms and/or their members, partners, owners, interest holders, or employees, including, but not limited to, attorneys, accountants, auditors, actuaries, and tax, financial or valuation analysts, professionals, or consultants, that provided services to LFG or LES prior to the Petition Date. Other Litigation shall expressly include any Causes of Action (other than the LES 2008 E&O Policy Actions) to enforce the rights of LFG or LES under any insurance policies issued to them. Notwithstanding the foregoing, the professionals identified in subsection (b) shall not include the Persons identified in subsection (a) of the definition of ARS Litigation.

1.156. ***Other Litigation Committee*** means the committee to be appointed in accordance with, and to exercise the duties set forth in, the LFG Trust Agreement, which duties shall be in the nature of and/or include advising with respect to the actions of the LFG Trustee pertaining to the Other Litigation Sub-Trust. The Other Litigation Committee shall consist of three members (who may also be members of the LFG Trust Committee and/or the LFG Remaining Assets Committee) to be selected by the LFG Creditors Committee, and one (1) *ex officio* non-voting member selected by the LES Creditor Committee, and identified in the LFG Trust Agreement, or other filing with the Bankruptcy Court.

1.157. ***Other Litigation Sub-Trust*** means the sub-trust of the LFG Trust to be created on the Effective Date for the purpose of pursuing the Other Litigation.

1.158. ***PBGC*** means the Pension Benefit Guaranty Corporation.

1.159. ***PBGC Determination*** means a determination by the Bankruptcy Court, pursuant to a Final Order, a court-approved settlement or stipulation, or otherwise, that the retention of the Orange County Bancorp Interests by Post-Effective Date LFG shall not give rise to a priority Claim of the PBGC against the Debtors.

1.160. ***Permitted Transferee*** shall mean: (a) with respect to a holder of Trust Interests that is an individual (i) such holder's Family Members, (ii) a revocable trust created for the

benefit of the holder, or any such holder's Family Members, or (iii) the estate, executor, administrator, personal representative, devisee, or legatee of such holder; (b) with respect to a holder of Trust Interests that is an entity, (i) a transferee or successor by operation of law of such entity upon the merger, consolidation or other similar transaction involving the entity, or (ii) the holder of equity interests in such entity in a pro rata distribution; or (c) an entity that all of the equity interests of which are owned by the holder of the Trust Interests or the Permitted Transferee of such holder of Trust Interests, provided that such entity shall agree in writing that it shall be subject to the terms and conditions of the Trust Agreement and it shall reconvey such Trust Interests to the holder of Trust Interests prior to such time that it ceases to be a Permitted Transferee.

1.161. ***Person*** means any individual, corporation, partnership, association, indenture trustee, limited liability company, organization, joint stock company, joint venture, estate, trust, governmental unit or any political subdivision thereof, Interest holder, or any other entity or organization.

1.162. ***Petition Date*** means (a) November 26, 2008, with respect to the Chapter 11 Cases of LFG and LES, (b) March 6, 2009, with respect to the Chapter 11 Case of LandAmerica Assessment Corporation, (c) March 27, 2009, with respect to the Chapter 11 Case of LandAmerica Title Company, (d) March 31, 2009, with respect to the Chapter 11 Cases of Southland Title Corporation, Southland Title of Orange County and Southland Title of San Diego, (e) July 17, 2009, with respect to the Chapter 11 Case of LandAmerica Credit Services, Inc., and (f) such other date on which a Debtor commenced or commences its Chapter 11 Case.

1.163. ***Plan*** means this joint chapter 11 plan proposed by the Debtors, including, without limitation, the exhibits, supplements, appendices and schedules hereto, either in its present form or as the same may be altered, amended or modified from time to time in accordance with the provisions of the Bankruptcy Code and the terms hereof or thereof.

1.164. ***Plan Consideration*** means, with respect to any Class of Claims or Interests entitled to a distribution under this Plan, Cash and/or one or more Trust Interests, as applicable.

1.165. ***Plan Distribution*** means the payment or distribution under the Plan of the Plan Consideration.

1.166. ***Plan Documents*** means the documents, other than this Plan, to be executed, delivered, assumed, and/or performed in connection with the consummation of this Plan, including, without limitation, the documents to be included in the Plan Supplement, and any and all exhibits to the Plan and the Disclosure Statement.

1.167. ***Plan Supplement*** means the supplemental appendix to this Plan, to be filed with the Bankruptcy Court and posted at http://chapter11.epiqsystems.com/landamerica no later than five (5) calendar days prior to the Voting Deadline, which will contain, among other things, draft forms or signed copies, as the case may be, of the LFG Trustee's Cooperation Agreement, the Damages Claim Form, the Tolling Agreements, Trust Agreements, and the Inter-Trust Agreement.

1.168. ***Post-Effective Date Entities*** means the Trusts and the Post-Effective Date Estates of the Subsidiary Debtors.

1.169. ***Post-Effective Date Estates*** means the Estates of the Debtors on or after the Effective Date, which Estates shall remain in existence after the Effective Date, pursuant to Section 7.3 of this Plan, for the purposes of liquidating and distributing the Assets of the Debtors, or transferring such Assets to the Trusts, as applicable.

1.170. ***Post-Effective Date LFG*** means LFG or any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date.

1.171. ***Post-Effective Date LFG Assets*** means and includes LFG's interests in Orange County Bancorp, LFG's interests in RQ Holdings, Inc. and those certain equity partnership interests set forth on Schedule 1.171 hereto.

1.172. ***Principal Claim*** means a Claim in the principal amount of the Exchange Funds received by LES from an Exchange Customer, including accrued interest, if any, if specifically provided for in the relevant Exchange Agreement.

1.173. ***Principal Satisfaction Date*** means the date when all Allowed Segregated Exchange Principal Claims, all Allowed Note Exchange Collectible Claims and all Allowed LES General Unsecured Claims are satisfied in full.

1.174. ***Priority Non-Tax Claim*** means any Claim, other than an Administrative Expense Claim, a Fee Claim and a Priority Tax Claim, entitled to priority in payment as specified in section 507(a) of the Bankruptcy Code.

1.175. ***Priority Tax Claim*** means any Claim of a governmental unit (as defined in section 101(27) of the Bankruptcy Code) of the kind entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.176. ***Pro Rata PBGC Ratio*** means for each Subsidiary, an amount equal to the ratio (expressed as a percentage) that the Net PBGC Amount of such Subsidiary bears to the Aggregate PBGC Amount.

1.177. ***Pro Rata Share*** means with respect to any distribution on account of any Allowed Claim or Interest, a distribution equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Claim or Interest bears to the aggregate amount of all Allowed Claims or Interests in its Class.

1.178. ***Professional Person(s)*** means counsel to the Lead Case Plaintiffs, and all Persons retained by order of the Bankruptcy Court in connection with the Chapter 11 Cases, pursuant to sections 327, 328, 330 or 1103 of the Bankruptcy Code, excluding any ordinary course professionals retained pursuant to order of the Bankruptcy Court.

1.179. ***Remaining Note Cash*** means the Third Party Note Funds, minus, the Note Cash Distribution.

1.180. ***Schedule of Assumed Contracts and Leases*** means a schedule of the contracts and leases to be assumed pursuant to section 365 of the Bankruptcy Code and Section 12.1 hereof, which shall (a) be filed by the Debtors at least ten (10) calendar days prior to the start of the Confirmation Hearing, as such schedule may be amended from time to time on or before the Confirmation Date, and (b) with respect to contracts assumed by the LES or LFG estate, be reasonably acceptable to the LES Creditors Committee or the LFG Creditors Committee, as applicable.

1.181. ***SD Trust*** means a liquidating trust, comprised of the applicable SD Trust Assets, to be created on the Effective Date in accordance with the provisions of the applicable SD Trust Agreement, which liquidating trust will be responsible for, *inter alia*, the liquidation of and winding up of such Subsidiary Debtor and its non-Debtor subsidiaries.

1.182. ***SD Trust Agreement*** means a trust agreement, the form of which will be filed as part of the Plan Supplement, which will, among other things: (a) establish and govern the applicable SD Trust; (b) set forth the respective powers, duties and responsibilities of the applicable SD Trustee, and the applicable SD Trust Committee; and (c) provide for distribution of SD Trust Proceeds to the SD Trust Beneficiaries.

1.183. ***SD Trust Assets*** means the Assets of a Subsidiary Debtor minus, the Plan Distributions made or to be made on account of Allowed (a) Administrative Expense Claims, (b) Fee Claims, (c) U.S. Trustee Claims, (d) Priority Tax Claims, (e) Priority Non-Tax Claims, and (f) Secured Claims against such Subsidiary Debtor.

1.184. ***SD Trust Beneficiaries*** means, for the applicable Subsidiary Debtor, the holders of Allowed Claims and Interests in Classes SD 3 and SD 4.

1.185. ***SD Trust Distributions*** means distributions of SD Trust Proceeds pursuant to the applicable SD Trust Agreement.

1.186. ***SD Trust Interests*** means the beneficial interests in the SD Trust.

1.187. ***SD Trust Proceeds*** means the proceeds of the SD Trust Assets, minus the reasonable costs of administration of the SD Trust, including the reasonable fees and expenses of the SD Trustee.

1.188. ***SD Trustee*** means (a) the LES Trustee for SD Trusts which hold Assets of LES Subsidiary Debtors, or (b) the LFG Trustee for SD Trusts which hold Assets of LFG Subsidiary Debtors.

1.189. ***Secured Claim*** means a Claim: (a) that is secured by a valid, perfected and enforceable Lien on Collateral, to the extent of the value of the Claim holder's interest in such Collateral as of the Confirmation Date; or (b) to the extent that the holder thereof has a valid right of setoff pursuant to section 553 of the Bankruptcy Code, or to the extent of the amount subject to setoff.

1.190. ***Segregated Cash Distribution*** means the greater of (a) 51% of the Net LES Cash, or (b) $50 million.

1.191. ***Segregated Exchange Agreement*** means an Exchange Agreement set forth on Schedule 1.191 of this Plan.

1.192. ***Segregated Exchange Principal Claim*** means the Principal Claim arising from a Segregated Exchange Agreement deemed Allowed in the amount set forth on Schedule 1.192 of this Plan.

1.193. ***Segregated Guarantee Claim*** means a Segregated Exchange Principal Claim, deemed Allowed in the amount set forth on Schedule 1.193 of this Plan, against LFG held by an Exchange Customer arising from a written guarantee executed by or on behalf of LFG of LES's performance under a Segregated Exchange Agreement

1.194. ***Segregated Remaining Assets Distribution*** means the amount of an LES Remaining Assets Distribution equal to twenty-five percent (25%) of such LES Remaining Assets Distribution.

1.195. ***Segregated Waterfall Distribution*** means the amount of an Initial Waterfall Distribution equal to twenty-five percent (25%) of such Initial Waterfall Distribution.

1.196. ***Subsequent Distribution Date*** means any date after the Initial Distribution Date on which a Trustee, in consultation with the applicable Trust Committee, as applicable, determines that a subsequent distribution should be made to holders of Allowed Claims or Allowed Interests in light of, inter alia, resolutions of Disputed Claims or Disputed Interests and the administrative costs of such a distribution, and proceeds received by the distributing Trust.

1.197. ***Subsequent Waterfall Distribution*** means an LES Waterfall Distribution made to holders of Allowed LES General Unsecured Claims after the full satisfaction of all Allowed Segregated Exchange Principal Claims and all Allowed Note Exchange Collectible Claims.

1.198. ***Subsidiary*** means any corporation, association or other business entity of which at least the majority of the securities or other ownership interest is owned or controlled by a Debtor and/or one or more subsidiaries of a Debtor.

1.199. ***Subsidiary Debtor*** means a Debtor other than LES and LFG.

1.200. ***Subsidiary Debtor Chapter 5 Litigation*** means all claims and/or Causes of Action of any Subsidiary Debtor arising under chapter 5 of the Bankruptcy Code or analogous applicable state law.

1.201. ***Subsidiary Equity Interest*** means an Interest in a Subsidiary Debtor.

1.202. ***Subsidiary Escrow Claim*** means an Allowed Administrative Expense Claim held by a Subsidiary against LFG in an amount equal to the lesser of such Subsidiary's (a) Pro Rata PBGC Ratio multiplied by the Asset Sale Escrow Cash, and (b) Net PBGC Amount.

1.203. ***Subsidiary General Unsecured Claim*** means a General Unsecured Claim against a Subsidiary Debtor.

1.204. ***Subsidiary Priority Non-Tax Claim*** means a Priority Non-Tax Claim against a Subsidiary Debtor.

1.205. ***Subsidiary Secured Claim*** means a Secured Claim against a Subsidiary Debtor.

1.206. ***Sub-Trust Committees*** means the ARS Litigation Committee, the Other Litigation Committee, the LES Remaining Assets Committee, and the LFG Remaining Assets Committee.

1.207. ***Sub-Trusts*** means ARS Litigation Sub-Trust, the Other Litigation Sub-Trust, the LES Remaining Assets Sub-Trust, and the LFG Remaining Assets Sub-Trust.

1.208. ***Third Party Exchange Note*** means the note or similar debt instrument associated with an Exchange Agreement payable to LES by the purchaser of a relinquished property.

1.209. ***Third Party Note Funds*** means the funds collected on Third Party Exchange Notes, net of the costs associated with collection.

1.210. ***Tolling Agreement*** means an agreement, substantially in the form set forth in the Plan Supplement, executed by a director or officer of LFG or LES to toll the statute of limitations with respect to Causes of Action, which are Enjoined Actions.

1.211. ***Tolling Parties*** means the LES and LFG directors and officers set forth on Schedule 1.211 of this Plan who are parties to Tolling Agreements.

1.212. ***Trust Agreements*** means the SD Trust Agreements, the LFG Trust Agreement and the LES Trust Agreement.

1.213. ***Trust Assets*** means the SD Trust Assets, the LFG Trust Assets and the LES Trust Assets.

1.214. ***Trust Beneficiaries*** means the LES Trust Beneficiaries, the LFG Trust Beneficiaries and the SD Trust Beneficiaries.

1.215. ***Trust Causes of Action*** means the ARS Litigation, the Other Litigation, the LES 2008 E&O Policy Action, the LES Chapter 5 Litigation, the LFG Chapter 5 Litigation and the Subsidiary Debtor Chapter 5 Litigation.

1.216. ***Trust Committees*** means the LES Trust Committee and the LFG Trust Committee.

1.217. ***Trustees*** means the LFG Trustee and the LES Trustee.

1.218. ***Trust Interests*** means the SD Trust Interests, the LFG Trust Interests and LES Trust Interests.

1.219. ***Trust Proceeds*** means the LFG Trust Proceeds and the LES Trust Proceeds.

1.220. ***Trusts*** means the SD Trusts, the LFG Trust and the LES Trust.

1.221. ***U.S. Trustee*** means the United States Trustee for the Eastern District of Virginia, Richmond Division.

1.222. ***U.S. Trustee Fees*** means fees arising under 28 U.S.C. § 1930(a)(6) and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

1.223. ***Unsold Assets*** shall have the meaning set forth in Section 7.7(c) of this Plan.

1.224. ***Voting Deadline*** means the date specified in the Disclosure Statement, the Ballots, the Voting Procedures Order or related solicitation documents approved by the Bankruptcy Court as the last date for holders of Claims or Interests entitled to vote on this Plan to submit their Ballots with respect to this Plan, as such date may be extended.

1.225. ***Voting Procedures Order*** means that certain order dated [ ], 2009, [Docket Number [ ]], which sets forth the deadlines, procedures and instructions for voting to accept or reject this Plan.

1.226. ***Waterfall Assets*** means (a) the Auction Rate Securities and/or the proceeds from the sale or other disposition of the Auction Rate Securities, (b) the ARS Litigation, and (c) the Other Litigation.

1.227. ***Waterfall Distribution*** means a distribution of Waterfall Proceeds to the LES Trust or the LFG Trust pursuant to Section 8.11 of this Plan.

1.228. ***Waterfall Proceeds*** means the proceeds of the Other Litigation Sub-Trust and the ARS Litigation Sub-Trust, net of the costs of recovery (including legal fees) and distribution of such proceeds.

B. *Interpretation; Application of Definitions and Rules of Construction.*

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein. Whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. Except for the rule of construction contained in section 102(5) of the Bankruptcy Code, which shall not apply, the rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. Any reference in this Plan to a contract, instrument, release, indenture, or other agreement or documents being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, and any reference in this Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented. Subject to the provisions of any contract, certificates or articles of incorporation, by-laws, instruments, releases, or other agreements or documents entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with,

federal law, including the Bankruptcy Code and Bankruptcy Rules. The captions and headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Any reference to an entity as a holder of a Claim or Interest includes that entity's successors and assigns.

C. *Appendices and Plan Documents.*

All Plan Documents and appendices to the Plan are incorporated into the Plan by reference and are a part of the Plan as if set forth in full herein. The documents contained in the exhibits and Plan Supplement shall be approved by the Bankruptcy Court pursuant to the Confirmation Order. Holders of Claims and Interests may inspect a copy of the Plan Documents, once filed, in the Office of the Clerk of the Bankruptcy Court during normal business hours, or at http://chapter11.epiqsystems.com/landamerica, or obtain a copy of the Plan Documents by a written request sent to the following address:

LandAmerica Financial Group, Inc.
c/o Epiq Bankruptcy Solutions, LLC
FDR Station, P.O. Box 5014
New York, NY 10150-5014
Telephone: (866) 329-5543
Electronic Mail: LandAmerica@epiqsystems.com

ARTICLE II.

RESOLUTION OF CERTAIN INTER-CREDITOR AND INTER-DEBTOR ISSUES

2.1. *Settlement of Certain Inter-Creditor Issues.*

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under this Plan, the provisions of this Plan will constitute a good faith compromise and settlement of all Claims or controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or any distribution to be made pursuant to this Plan on account of any Allowed Claim or Allowed Interest. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises or settlements are: (a) in the best interests (x) of the Debtors and their respective Estates and property, and (y) of the holders of Claims against and Interests in the Debtors; and (b) fair, equitable and reasonable.

2.2. *Intercompany Claims.*

All prepetition Intercompany Claims, as identified and in the amounts shown on Schedule 2.2 to this Plan, shall be treated as Allowed General Unsecured Claims against the applicable Debtor, except for Intercompany Claims between LES and LFG, which shall be treated as described in Sections 3.1, 8.11 and 14.7 of this Plan.

ARTICLE III.

ADMINISTRATIVE EXPENSE CLAIMS, FEE CLAIMS, U.S. TRUSTEE FEES AND PRIORITY TAX CLAIMS

This Plan constitutes a joint chapter 11 plan for each of the Debtors. All Claims and Interests, except Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims, are placed in the Classes set forth in Article IV below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims of the Debtors have not been classified, and the holders thereof are not entitled to vote on this Plan. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

A Claim or Interest also is placed in a particular Class for all purposes, including voting, confirmation and distribution under this Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. However, a Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to this Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date.

3.1. *Administrative Expense Claims.*

(a) Time for Filing Administrative Expense Claims.

The holder of an Administrative Expense Claim, other than the holder of:

(i) a Fee Claim;

(ii) an Administrative Expense Claim that has been Allowed on or before the Effective Date;

(iii) an Administrative Expense Claim for an expense or liability incurred and payable in the ordinary course of business by a Debtor;

(iv) an Administrative Expense Claim on account of fees and expenses incurred on or after the Petition Date by ordinary course professionals retained by the Debtors pursuant to an order of the Bankruptcy Court;

(v) an Administrative Expense Claim arising, in the ordinary course of business, out of the employment by one or more Debtors of an individual from and after the Petition Date, but only to the extent that such Administrative Expense Claim is solely for outstanding wages, commissions, accrued benefits, or reimbursement of business expenses;

(vi) a Subsidiary Escrow Claim;

(vii) the LES Government Administrative Expense Claim; or

(viii) an Intercompany Claim,

must file with the Bankruptcy Court and serve on the (a) Debtors or the Post-Effective Date Entities, as applicable; (b) the LES Creditors Committee or the LES Trustee, as applicable; (c) the LFG Creditors Committee or the LFG Trustee, as applicable; and (d) the Claims Agent, proof of such Administrative Expense Claim **within thirty (30) days after the Effective Date** (the "**Administrative Bar Date**"). Such proof of Administrative Expense Claim must include at a minimum: (i) the name of the applicable Debtor that is purported to be liable for the Administrative Expense Claim and if the Administrative Expense Claim is asserted against more than one Debtor, the exact amount asserted to be owed by each such Debtor; (ii) the name of the holder of the Administrative Expense Claim; (iii) the amount of the Administrative Expense Claim; (iv) the basis of the Administrative Expense Claim; and (v) supporting documentation for the Administrative Expense Claim. **FAILURE TO FILE AND SERVE SUCH PROOF OF ADMINISTRATIVE EXPENSE CLAIM TIMELY AND PROPERLY SHALL RESULT IN THE ADMINISTRATIVE EXPENSE CLAIM BEING FOREVER BARRED AND DISCHARGED.**

(b) Treatment of Administrative Expense Claims.

Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment, on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date an Administrative Expense Claim becomes an Allowed Claim, the holder of such Allowed Administrative Expense Claim shall receive from the applicable Post-Effective Date Entity Cash in an amount equal to such Allowed Claim; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors, as debtors in possession, shall be paid by the Debtors in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents relating to, such liabilities. For the avoidance of doubt, the LFG Trust shall pay to the LES Trust, an amount in Cash equal to the LES Government Administrative Expense Claim, if any, on the Effective Date, or as soon as reasonably practicable thereafter.

3.2. ***Fee Claims.***

(a) Time for Filing Fee Claims.

Any Professional Person seeking allowance by the Bankruptcy Court of a Fee Claim shall file its respective final application for allowance of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date no later than forty-five (45) days after the Effective Date. **FAILURE TO FILE AND SERVE SUCH FEE APPLICATION TIMELY AND PROPERLY SHALL RESULT IN THE FEE CLAIM BEING FOREVER BARRED AND DISCHARGED.**

Objections to such Fee Claims, if any, must be filed and served pursuant to the procedures set forth in the Confirmation Order no later than seventy-five (75) days after the Effective Date or such other date as established by the Bankruptcy Court.

Additionally, prior to the Confirmation Hearing, all Professional Persons shall provide the Debtors, the Creditors Committees and the U.S. Trustee with an estimate of unbilled Fees Claims through the Effective Date. On the Effective Date, the Debtors shall reserve the amount necessary to satisfy such estimated Fee Claims.

(b) Treatment of Fee Claims.

All Professional Persons seeking allowance by the Bankruptcy Court of a Fee Claim shall be paid in full in Cash in such amounts as are approved by the Bankruptcy Court: (i) upon the later of (x) the Effective Date, and (y) ten (10) calendar days after the date upon which the order relating to the allowance of any such Fee Claim is entered or (ii) upon such other terms as may be mutually agreed upon between the holder of such Fee Claim and the applicable Post-Effective Date Entity. On the Effective Date, to the extent known, the Debtors shall reserve and hold in a segregated account Cash in an amount equal to the accrued but unpaid Fee Claims as of the Effective Date, which Cash shall be disbursed solely to the holders of Allowed Fee Claims with the remainder to be reserved until all Allowed Fee Claims have been paid in full or all remaining Fee Claims have been Disallowed by Final Order, at which time any remaining Cash in the segregated account shall be distributed by the Trustees in accordance with the priorities established in Article V of this Plan.

3.3. ***U.S. Trustee Fees.***

The Trusts shall pay all outstanding U.S. Trustee Fees relating to the Chapter 11 Cases, in Cash, on an ongoing basis on the later of: (a) the Effective Date; and (b) the date such U.S. Trustee Fees become due, until such time as a final decree is entered closing the applicable Chapter 11 Case or the applicable Chapter 11 Case is converted or dismissed, or the Bankruptcy Court orders otherwise. For the avoidance of doubt, any post-Effective Date U.S. Trustee Fees relating to the Subsidiary Debtors shall be paid by the applicable Trustee from the Assets of the applicable Subsidiary Debtor.

3.4. ***Priority Tax Claims.***

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to different treatment, each holder of an Allowed Priority Tax Claim shall receive, in the Debtors' discretion, either: (a) on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date a Priority Tax Claim becomes an Allowed Claim, Cash in an amount equal to such Claim, or (b) deferred Cash payments following the Effective Date, over a period ending not later than five (5) years after the Petition Date, in an aggregate amount equal to the Allowed amount of such Priority Tax Claim (with any interest to which the holder of such Priority Tax Claim may be entitled calculated in accordance with section 511 of the Bankruptcy Code); provided, however, that all Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as they become due; further,

provided, that the Debtors shall consult with the applicable Creditors Committee before electing to make deferred Cash payments to the holder of an Allowed Priority Tax Claim against LES or LFG.

ARTICLE IV.

CLASSIFICATION OF CLAIMS AND INTERESTS

4.1. *Classification of Claims and Interests.*

The following table designates the Classes of Claims against and Interests in the Debtors, and specifies which Classes are: (i) impaired or unimpaired by this Plan; (ii) entitled to vote to accept or reject this Plan in accordance with section 1126 of the Bankruptcy Code; and (iii) deemed to accept or reject this Plan.

Class	Designation	Impairment	Entitled to Vote
LES			
Class LES 1	LES Priority Non-Tax Claims	No	No (Deemed to accept)
Class LES 2	LES Secured Claims	No	No (Deemed to accept)
Class LES 3	LES Escrow Exchange Claims	Yes	Yes
Class LES 4	Segregated Exchange Principal Claims	Yes	Yes
Class LES 5	Note Exchange Collectible Claims	Yes	Yes
Class LES 6	LES General Unsecured Claims	Yes	Yes
Class LES 7	LES Damages Claims	Yes	Yes
Class LES 8	LES Equity Interests	Yes	Yes
LFG			
Class LFG 1	LFG Priority Non-Tax Claims	No	No (Deemed to accept)
Class LFG 2	LFG Secured Claims	No	No (Deemed to accept)
Class LFG 3	LFG General Unsecured Claims	Yes	Yes
Class LFG 4	LFG Exchange Guarantee Claims	Yes	Yes
Class LFG 5	LFG Securities Law Claims	Yes	Yes
Class LFG 6	LFG Equity Interests	Yes	No (Deemed to reject)
Subsidiary Debtors			
Class SD 1	Subsidiary Priority Non-Tax Claims	No	No (Deemed to accept)
Class SD 2	Subsidiary Secured Claims	No	No (Deemed to accept)
Class SD 3	Subsidiary General Unsecured Claims	Yes	Yes
Class SD 4	Subsidiary Equity Interests	Yes	Yes

4.2. *Unimpaired Classes of Claims.*

The following Classes of Claims are unimpaired and, therefore, deemed to have accepted this Plan and are not entitled to vote on this Plan under section 1126(f) of the Bankruptcy Code:

(a) Class LES 1: LES Priority Non-Tax Claims.

(b) Class LES 2: LES Secured Claims.

(c) Class LFG 1: LFG Priority Non-Tax Claims.

(d) Class LFG 2: LFG Secured Claims.

(e) Class SD 1: Subsidiary Priority Non-Tax Claims.

(f) Class SD 2: Subsidiary Secured Claims.

4.3. ***Impaired Classes of Claims and Interests.***

(a) The following Classes of Claims are impaired and the holders of Claims in such Classes are entitled to vote on this Plan:

(i) Class LES 3: LES Escrow Exchange Claims.

(ii) Class LES 4: Segregated Exchange Principal Claims.

(iii) Class LES 5: Note Exchange Collectible Claims.

(iv) Class LES 6: LES General Unsecured Claims.

(v) Class LES 7: LES Damages Claims.

(vi) Class LES 8: LES Equity Interests.

(vii) Class LFG 3: LFG General Unsecured Claims.

(viii) Class LFG 4: LFG Exchange Guarantee Claims

(ix) Class LFG 5: LFG Securities Law Claims.

(x) Class LFG 6: LFG Equity Interests.

(xi) Class SD 3: Subsidiary General Unsecured Claims.

(xii) Class SD 4: Subsidiary Equity Interests.

(b) Class LFG 6: LFG Equity Interests are impaired and holders of such Interests are deemed to have rejected this Plan and, therefore, are not entitled to vote on this Plan under section 1126(g) of the Bankruptcy Code.

4.4. ***Separate Classification of Subsidiary Debtor Claims.***

Claims against Subsidiary Debtors have been classified together solely for purposes of describing treatment under the Plan. Each Class of Claims against or Interests in a Subsidiary Debtor shall be treated as being in a separate sub-Class for each Subsidiary Debtor for the purpose of receiving Plan Distributions.

4.5. ***Separate Classification of Secured Claims.***

Secured Claims have been classified together for each Debtor solely for purposes of describing treatment under the Plan. Each Secured Claim, to the extent secured by a Lien on Collateral different than that securing any other Secured Claim, shall be treated as being in a separate sub-Class for the purpose of receiving Plan Distributions.

ARTICLE V.

TREATMENT OF CLAIMS AND INTERESTS

5.1. ***Priority Non-Tax Claims (Classes LES 1, LFG 1 and SD 1).***

(a) Treatment: The legal, equitable and contractual rights of the holders of Class LES 1, Class LFG 1 and Class SD 1 Claims are unaltered by this Plan. Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to different treatment and after the date a Priority Non-Tax Claim becomes an Allowed Claim, on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the Initial Distribution Date, the holder of such Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.

(b) Voting: The Priority Non-Tax Claims are not impaired Claims. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Priority Non-Tax Claims are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Allowed Priority Non-Tax Claims.

5.2. ***Secured Claims (Classes LES 2, LFG 2 and SD 2).***

(a) Treatment: The legal, equitable and contractual rights of the holders of Allowed Class LES 2, Class LFG 2 and Class SD 2 Claims are unaltered by this Plan. Except to the extent that a holder of an Allowed Secured Claim agrees to different treatment and after the date a Secured Claim becomes an Allowed Claim, on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the Initial Distribution Date, each holder of such Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor, without further notice to or order of the Bankruptcy Court. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made as provided herein. On the full payment or other satisfaction of such Claims in accordance with the Plan, the Liens securing such Allowed Secured Claim shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person.

(b) Voting: The Secured Claims are not impaired Claims. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Secured Claims are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject the Plan, and the votes of such holders will not be solicited with respect to such Allowed Secured Claims.

(c) Deficiency Claims: To the extent that the value of the Collateral securing each Secured Claim is less than the amount of such Secured Claim, the undersecured portion of such Claim shall be treated for all purposes under this Plan as a General Unsecured Claim against the applicable Debtor and shall be classified as a General Unsecured Claim.

5.3. ***LES Escrow Exchange Claims (Class LES 3).***

(a) Treatment: Except to the extent that a holder of an Allowed Class LES 3 Claim agrees to different treatment, each holder of an Allowed Class LES 3 Claim shall receive, in full and final satisfaction of each Allowed LES Escrow Exchange Claim, such holders' LES Escrow Exchange Distribution.

(b) Voting: The LES Escrow Exchange Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan.

5.4. ***Segregated Exchange Principal Claims (Class LES 4).***

(a) Treatment: Except to the extent that a holder of an Allowed Class LES 4 Claim agrees to different treatment, the following treatment shall constitute full and final satisfaction of each Allowed Segregated Exchange Principal Claim:

(i) payment in Cash of its Pro Rata Share of the Segregated Cash Distribution on or as soon as reasonably practicable after the Effective Date; and

(ii) receipt of such holder's Pro Rata Share of Series [A] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of (x) each Segregated Waterfall Distribution, and (y) each Segregated Remaining Assets Distribution, until such holder's Allowed Segregated Exchange Principal Claim is satisfied in full.

(b) Voting: The Segregated Exchange Principal Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan.

5.5. ***Note Exchange Collectible Claims (Class LES 5).***

(a) Treatment: Except to the extent that a holder of an Allowed Class LES 5 Claim agrees to different treatment, the following treatment shall constitute full and final satisfaction of each Allowed Note Exchange Collectible Claim:

(i) payment in Cash of its Pro Rata Share of the Note Cash Distribution on or as soon as reasonably practicable after the Effective Date; and

(ii) receipt of such holder's Pro Rata Share of Series [B] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of (x) each Note Waterfall Distribution, and (y) each Note Remaining Assets Distribution, until such holder's Allowed Note Exchange Collectible Claim is satisfied in full.

(b) Voting: The Note Exchange Collectible Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan.

5.6. ***LES General Unsecured Claims (Class LES 6).***

(a) Treatment: Except to the extent that a holder of an Allowed Class LES 6 Claim agrees to different treatment, the following treatment shall constitute full and final satisfaction of each Allowed LES General Unsecured Claim:

(i) payment in Cash of its Pro Rata Share of the LES Unsecured Cash Distribution on or as soon as reasonably practicable after the Effective Date; and

(ii) receipt of such holder's Pro Rata Share of Series [C] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of (x) each LES Unsecured Waterfall Distribution, (y) each Subsequent Waterfall Distribution, and (z) each LES Unsecured Remaining Assets Distribution, until such holder's Allowed LES General Unsecured Claim is satisfied in full.

(b) Voting: The LES General Unsecured Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan.

5.7. ***LES Damages Claims (Class LES 7).***

(a) Treatment: Except to the extent that a holder of an Allowed Class LES 7 Claim agrees to different treatment, each holder of an Allowed Class LES 7 Claim shall receive, in full and final satisfaction of each Allowed LES Damages Claim, such holder's Pro Rata Share of Series [D] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of (a) each LES Waterfall Distribution, and (b) each LES Remaining Assets Distribution, which are made after all Allowed Segregated Exchange Principal Claims, all Allowed Note Exchange Collectible Claims and all Allowed LES General Unsecured Claims are satisfied in full, until such holder's Allowed LES Damages Claim is satisfied in full.

(b) Voting: The LES Damages Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan.

5.8. ***LES Equity Interests (Class LES 8).***

(a) Treatment: LES Equity Interests shall be cancelled and, except to the extent that a holder of an Allowed Class LES 8 Interest agrees to different treatment, each holder of an Allowed Class LES 8 Interest shall receive, in full and final satisfaction of such holder's

Allowed LES Equity Interests, such holder's Pro Rata Share of Series [E] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of (a) each Subsequent Waterfall Distribution and (b) each LES Remaining Assets Distribution once all Allowed Segregated Exchange Principal Claims, all Allowed Note Exchange Collectible Claims, all Allowed LES General Unsecured Claims and all Allowed LES Damages Claim are satisfied in full.

(b) Voting: The LES Equity Interests are impaired Interests, and, subject to Section 7.10 of this Plan, the holders of such Interests are entitled to vote to accept or reject the Plan.

5.9. ***LFG General Unsecured Claims (Class LFG 3).***

(a) Treatment: Except to the extent that a holder of an Allowed Class LFG 3 Claim agrees to different treatment, each holder of an Allowed Class LFG 3 Claim shall receive, in full and final satisfaction of such holder's Allowed LFG General Unsecured Claim, such holder's Pro Rata Share of Series A LFG Trust Interests, which shall entitle such holder to its Pro Rata Share of the LFG Trust Distributions until such holder's Allowed LFG General Unsecured Claim is satisfied in full.

(b) Voting: The LFG General Unsecured Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan.

5.10. ***LFG Exchange Guarantee Claims (Class LFG 4).***

(a) Treatment: Except to the extent that a holder of an Allowed Class LFG 4 Claim agrees to different treatment, such holder may elect to either

(i) receive an LFG Guarantee Cash Distribution; provided that, such holder (x) assigns to the LFG Trust all rights, claims and Causes of Action such holder may have against third parties on account of its exchange, (y) votes in favor of the Plan and (z) does not object to confirmation of the Plan; or

(ii) be deemed to be a holder of an LFG General Unsecured Claim, and receive a Pro Rata Share of Series A LFG Trust Interests pursuant to Section 5.9 of this Plan;

in each case in full and final satisfaction of such holder's Allowed LFG Exchange Guarantee Claims.

(b) Voting: The LFG Exchange Guarantee Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan.

5.11. ***LFG Securities Law Claims (Class LFG 5).***

(a) Treatment: Except to the extent that a holder of an Allowed Class LFG 5 Claim agrees to different treatment, each holder of an Allowed Class LFG 5 Claim shall receive, in full and final satisfaction of such holder's Allowed LFG Securities Law Claim such holder's

Pro Rata Share of Series B LFG Trust Interests, which shall entitle such holder to its Pro Rata Share of the LFG Trust Distributions, once all Allowed LFG General Unsecured Claims are satisfied in full, until such holder's Allowed LFG Securities Law Claim is satisfied in full.

(b) Voting: The LFG Securities Law Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan.

5.12. ***LFG Equity Interest (Class LFG 6).***

(a) Treatment: The LFG Equity Interests shall be cancelled and holders of LFG Equity Interests shall not be entitled to any distribution under the Plan.

(b) Voting: In accordance with section 1126(g) of the Bankruptcy Code, the holders of LFG Equity Interests are conclusively presumed to reject this Plan and are not entitled to vote to accept or reject the Plan.

5.13. ***Subsidiary General Unsecured Claims (Class SD 3).***

(a) Treatment: Except to the extent that a holder of an Allowed Class SD 3 Claim agrees to different treatment, each holder of an Allowed Class SD 3 Claim shall receive, in full and final satisfaction of such holder's Allowed Subsidiary General Unsecured Claim, such holder's Pro Rata Share of the applicable Series [A] SD Trust Interests, which shall entitle such holder to its Pro Rata Share of the applicable SD Trust Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.

(b) Voting: The Subsidiary General Unsecured Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan.

5.14. ***Subsidiary Equity Interests (Class SD 4).***

(a) Treatment: The Subsidiary Equity Interests shall be cancelled, and the holder of Allowed Class SD 4 Interests shall receive, in full and final satisfaction of such holder's Allowed Subsidiary Equity Interests, such holder's Pro Rata Share of the applicable Series [B] SD Trust Interests, which shall entitle such holder to its Pro Rata Share of the applicable SD Trust Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.

(b) Voting: The Subsidiary Equity Interests are impaired Interests, and, subject to Section 7.10 of this Plan, the holders of such Interests are entitled to vote to accept or reject the Plan.

ARTICLE VI.

ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS OR INTERESTS

6.1. ***Class Acceptance Requirement.***

A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount of the Allowed Claims in such Class and more than one-half (1/2) in number of holders of such Claims that have voted on the Plan. A Class of Interests shall have accepted the Plan if it is accepted by at least two-third (2/3) in amount of the Allowed Interests in such Class that have voted on the Plan. All votes on the Plan shall be tabulated on a non-consolidated basis by Class and by Debtor for the purpose of determining whether the Plan satisfies this Section 6.1.

6.2. ***Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code or "Cramdown."***

If one or more Classes of Claims or Interests vote to reject this Plan, the Debtors, with the prior written consent of each of the Creditors Committees, may request confirmation of this Plan, as it may be modified and amended from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors, with the prior written consent of each of the Creditors Committees, reserve the right to alter, amend, modify, revoke or withdraw this Plan or any Plan Document in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

6.3. ***Elimination of Vacant Classes.***

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

6.4. ***Voting Classes; Deemed Acceptance by Non-Voting Classes.***

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be deemed accepted by the holders of such Claims or Interests in such Class.

6.5. ***Confirmation of All Cases.***

Except as otherwise specified herein, the Plan shall not be deemed to have been confirmed unless and until the Plan has been confirmed as to each of the Debtors; provided, however, that the Debtors, with the prior written consent of each of the Creditors Committees, may at any time waive this Section 6.5 with respect to the Chapter 11 Cases of one or more Debtors.

ARTICLE VII.

MEANS FOR IMPLEMENTATION

7.1. *No Substantive Consolidation.*

The Plan is a joint plan that does not provide for substantive consolidation of the Debtors' estates, and on the Effective Date, the Debtors' estates shall not be deemed to be substantively consolidated for purposes hereof. Except as specifically set forth herein, nothing in this Plan or the Disclosure Statement shall constitute or be deemed to constitute an admission that any one of the Debtors is subject to or liable for any claim against any other Debtor. Additionally, claimants holding Claims against multiple Debtors, to the extent Allowed in each Debtor's Chapter 11 Case, will be treated as holding a separate claim against each Debtor's estate, provided, however, that no holder of an Allowed Claim shall be entitled to receive more than payment in full of such Allowed Claim (plus postpetition interest, if and to the extent provided in this Plan), and such Claims will be administered and treated in the manner provided in this Plan.

7.2. *Cancellation of Existing Securities and Agreements.*

(a) Except for the purpose of evidencing a right to distribution under this Plan, or an asserted defense against or equitable remedy in respect of any asserted Cause of Action, and except as otherwise set forth herein, on the Effective Date the Convertible Senior Debentures and any other agreements, instruments or documents evidencing any Claim against or any Interest in a Debtor shall be deemed cancelled, discharged and of no further force or effect as to the Debtors.

(b) As a condition to participation under this Plan, the holder of a note, debenture, equity security or other evidence of indebtedness of or equity interest in any of the Debtors (with the exception of holders of the Convertible Senior Debentures) that desires to receive the property to be distributed on account of an Allowed Claim or Allowed Interest based on such note, debenture, equity security or other evidence of indebtedness or equity interest shall surrender such note, debenture, equity security or other evidence of indebtedness or equity interest to the respective Debtors or Post-Effective Date Entities, or their designee (unless such holder's Claim will be reinstated by this Plan, in which case such surrender shall not be required), and shall execute and deliver such other documents as are necessary to effectuate this Plan; provided, however, that if a claimant is a holder of an equity security, note, debenture or other evidence of indebtedness or equity interest for which no physical certificate was issued to the holder but which instead is held in book-entry form pursuant to a global security held by a securities depositary or custodian thereof, then the Debtors or the indenture trustee for such equity security, note, debenture or other evidence of indebtedness may waive the requirement of surrender. Except as otherwise provided in this section, if no surrender of a equity security, note, debenture or other evidence of indebtedness or equity interest occurs and a claimant or equity holder does not provide an affidavit and indemnification agreement, in form and substance satisfactory to the Debtors, the Trustees or Post-Effective Date Entities, as applicable, that such equity security, note, debenture or other evidence of indebtedness or equity interest was lost, then no distribution may be made to any claimant or equity interest holder whose Claim or

Interest is based on such equity security, note, debenture or other evidence of indebtedness or equity interest thereof. Except in the case of the Convertible Senior Debentures which are held in book-entry form pursuant to a global security, the Trustees shall make subsequent distributions only to the Persons who surrender the securities for exchange (or their assignees) and the record holders of such securities shall be those holders of record as of the Effective Date.

(c) All distributions in respect of the Convertible Senior Debentures pursuant to the Plan shall be made to the Indenture Trustee on the Effective Date, The Depository Trust Company shall surrender for cancellation to the Indenture Trustee the certificates for the Convertible Senior Debentures issued in the name of Cede and Co. and that are held by The Depository Trust Company. Notwithstanding the foregoing, the Convertible Senior Debentures shall continue in effect solely for the purpose of: (i) allowing beneficial holders of the Convertible Senior Debentures to receive distributions under this Plan and (ii) allowing and preserving the rights of the Indenture Trustee to make distributions in satisfaction of Allowed LFG General Unsecured Claims (Class LFG 3) to the beneficial owners of the Convertible Senior Debentures in respect thereof, but in all cases subject to the terms and conditions of the Indentures. Pursuant to Section 8.06 of the Indentures, (x) the Indenture Trustee shall be entitled to exercise its charging lien prior to that of the Convertible Senior Debentures upon all property and funds held or collected by the Indenture Trustee pursuant to the Plan, and (y) the Indenture Trustee may assert its charging lien against property and funds held or collected in respect of the Convertible Senior Debentures with respect to the LFG General Unsecured Claims before making distributions to the beneficial owners of the Convertible Senior Debentures.

7.3. ***Vesting of Assets.***

(a) Except as otherwise provided herein or in any agreement, instrument or other document relating thereto, on or after the Effective Date, all property of the Estates of the Debtors, other than the Post-Effective Date LFG Assets, and any property acquired by any of the Debtors pursuant to this Plan shall not revest in the Debtors pursuant to section 1141(b) of the Bankruptcy Code, but instead shall remain vested in the applicable Post-Effective Date Estate, to be monetized and distributed by the applicable Trustee, or transferred to the Trusts, as applicable, pursuant to the terms of this Plan and the Confirmation Order. As soon as practicable after all aspects of the Plan pertaining to each Post-Effective Date Estate have been completed, each Post-Effective Date Estate shall be dissolved and wound up.

(b) Except as provided in Section 7.16 of this Plan, on the Effective Date, pursuant to sections 1141(b) of the Bankruptcy Code, the Orange County Bancorp Interests shall vest in Post-Effective Date LFG, free and clear of all Claims, Liens, encumbrances, charges, and other Interests, except as provided herein or in the Confirmation Order.

7.4. ***Cancellation of Certain Existing Security Interests.***

Upon the full payment or other satisfaction of an Allowed Secured Claim, or promptly thereafter, the holder of such Allowed Secured Claim shall deliver to the Debtors any Collateral or other property of either Debtor held by such holder, and any termination statements, instruments of satisfactions, or releases of all security interests with respect to its Allowed

Secured Claim that may be reasonably required in order to terminate any related financing statements, mortgages, mechanic's liens, or *lis pendens*.

7.5. *Officers and Boards of Directors.*

On the Effective Date, (a) the positions of the current directors, or in the case of a governing body created by a partnership agreement, limited liability company agreement or similar agreement, the members of such governing body (such persons and the corporate directors collectively, the "**Governors**") of each Debtor shall be eliminated, and each Governor shall be terminated (without the necessity of further action), and (b) to the fullest extent permitted by applicable law, the rights, powers, and duties of the Governors of (i) LFG shall vest in the Dissolution Trustee, (ii) each LFG Subsidiary Debtor that has a Governor shall vest in the LFG Trustee, and (iii) LES and each LES Subsidiary Debtor that has a Governor shall vest in the LES Trustee, and the applicable Trustee or its designee shall be the presiding officer and the sole Governor of each applicable Debtor. The applicable Trustee shall make all determinations with respect to employment of any other directors, officers, managers and employees of the Debtors on and after the Effective Date.

7.6. *Corporate Action.*

The entry of the Confirmation Order shall constitute authorization for the Debtors, their Subsidiaries, the Trustees, or the Trust Committees, as applicable, to take or cause to be taken all corporate actions necessary or appropriate to implement all provisions of, and to consummate, the Plan and the Plan Documents prior to, on and after the Effective Date and, except as expressly provided herein, all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation, including without limitation, any action required by the stockholders or directors of the Debtors and their Subsidiaries, including, among other things, (a) the adoption of new organizational documents for any Debtor, (b) the election and/or appointment of new officers and/or directors, (c) the termination and cancellation of any outstanding instrument, document or agreement evidencing Claims or Interests in the Debtors, (d) all transfers of Assets that are to occur pursuant to the Plan, (e) the incurrence of all obligations contemplated by the Plan and the making of all Plan Distributions, (f) the formation of the LES Trust, the qualification of the LES Trustee and the LES Trust Committee and the transfers to the LES Trust as contemplated by the Plan, (g) the formation of the LFG Trust, the qualification of the LFG Trustee and the LFG Trust Committee and the transfers to the LFG Trust as contemplated by the Plan, (h) the formation of an SD Trust for each Subsidiary Debtor, the qualification of the SD Trustees and the transfers to the SD Trusts as contemplated by the Plan, (i) the qualification or appointment of the Dissolution Trustee, (j) the implementation of all settlements and compromises as set forth in or contemplated by the Plan, (k) entering into any and all transactions, contracts, or arrangements permitted by applicable law, order, rule or regulation, (l) the winding-up of any Debtor or the merger of any Debtor into another Debtor, and (m) any other action consistent with the terms of the Plan. The officers of the Debtors, the Trustees, the Trust Committees and the Sub-Trust Committees are authorized and empowered to do all things and to execute and deliver all agreements, documents, instruments, notices and certificates as are contemplated by the Plan and the Plan Documents and to take all necessary

action required in connection therewith, in the name of and on behalf of the Debtors and Post-Effective Date Entities.

7.7. ***Monetization of Assets of the Subsidiary Debtors.***

(a) The SD Trustees shall, in an expeditious but orderly manner, monetize and convert the Assets of the Subsidiary Debtors to Cash and make timely distributions to the holders of SD Trust Interests, and not unduly prolong the duration of the Post-Effective Date Estates of the Subsidiary Debtors. In so doing, the applicable SD Trustee shall exercise its reasonable business judgment in monetizing the Assets of the Subsidiary Debtors to maximize recoveries. The monetization of such Assets may be accomplished through the sale of such Assets (in whole or in combination) as the applicable SD Trustee may determine is in the best interests of the holders of Claims against and Interests in the Subsidiary Debtors. Subject to Section 8.15(b) of this Plan, the SD Trustees shall have no liability to any of the Debtors, their Estates, their creditors, the Creditors Committees, their members or any other party for the outcome of its decisions in this regard.

(b) In connection with the monetization of a Subsidiary Debtor's Assets, the applicable SD Trustee shall maintain individual ledgers for each Subsidiary Debtor, which shall include a record of the purchase price for each sale of such Subsidiary Debtor's Assets and any costs or expenses associated with that sale. The net proceeds of such sales will be placed in an account for the periodic distribution to the SD Trust Beneficiaries.

(c) If, at the end of five (5) years after the Effective Date, any of the Assets of the Subsidiary Debtors remain unsold (the "**Unsold Assets**"), the applicable SD Trustee shall submit a motion to the Bankruptcy Court, on notice to the Notice Parties, which shall set forth such SD Trustee's proposed treatment of the Unsold Assets. If any of the Notice Parties object, the Bankruptcy Court shall schedule a hearing with respect to the motion.

7.8. ***Closing of the Debtors' Chapter 11 Cases.***

When all Disputed Claims or Interests filed against a Debtor have become Allowed Claims or Interests or have been Disallowed by Final Order or otherwise pursuant to this Plan, and all appropriate Plan Distributions have been made pursuant to the Plan, the applicable Trustee shall seek authority from the Bankruptcy Court to close such Debtor's Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

7.9. ***Subordination of Indemnification Claims.***

Notwithstanding anything to the contrary contained herein, on and as of the Effective Date, the Indemnification Claims shall be subordinated to the payment in full of the LES General Unsecured Claims and the LFG General Unsecured Claims, as applicable.

7.10. ***Solicitation of Debtors.***

Notwithstanding anything to the contrary herein, each Debtor that would otherwise be entitled to vote to accept or reject this Plan as a holder of a Claim against or Interest

in another Debtor shall not be solicited for voting purposes, and such Debtor will be deemed to have voted to accept this Plan.

7.11. ***Third Party Exchange Notes.***

(a) On the Effective Date, Third Party Exchange Notes will be transferred to the LES Trust. The LES Trust shall actively pursue collection of the Third Party Exchange Notes.

(b) On the next Subsequent Distribution Date after the collection of Third Party Note Funds, the LES Trust shall distribute the applicable Note Cash Distribution to each applicable holder of an Allowed Note Exchange Collectible Claim.

7.12. ***Lead Case Fee Claims.***

Any Plan Consideration held by the Post-Effective Date Entities, or Trusts on account of, or to pay, Lead Case Fee Claims shall be distributed to the LES Trust to be distributed in accordance with the relative priorities as set forth in Article V of this Plan on the next Subsequent Distribution Date, to the extent that such Plan Consideration is not utilized to satisfy Allowed Lead Case Fee Claims.

7.13. ***Asset Sale Escrow Cash.***

All Asset Sale Escrow Cash shall be disbursed to the LFG Trust on the Effective Date.

7.14. ***Escrow Exchange Agreement Cash.***

All Cash held in escrow accounts for the benefit of holders of LES Escrow Exchange Claims shall be disbursed to the LES Trust on the Effective Date.

7.15. ***Notice of Resolution of Litigation.***

Within thirty (30) days of an agreement by the Trustees that the ARS Litigation and the Other Litigation has been fully and finally resolved, the Trustees shall file a joint notice with the Bankruptcy Court stating that Section 14.4(b) of the Plan is no longer in effect, and shall serve such notice on holders of Allowed Claims against LES and LFG.

7.16. ***Post-Effective Date LFG.***

(a) To the extent that a PBGC Determination is made on or before the Effective Date, the Orange County Bancorp Interests shall vest in Post-Effective Date LFG.

(b) Promptly after the Effective Date, the Dissolution Trustee shall commence dissolution proceedings for Post-Effective Date LFG pursuant to the applicable laws of the Commonwealth of Virginia.

(c) The Dissolution Trustee shall conduct the affairs of Post Effective Date LFG in accordance with Dissolution Governance Documents. Prior to Orange County Bancorp exercising its shareholder rights to sell all or substantially all of Orange County Bancorp's assets, the Dissolution Trustee shall submit a motion to the Bankruptcy Court with notice to the Notice Parties, and the Bankruptcy Court shall schedule a hearing with respect to the motion. Prior to liquidating, selling, or abandoning any other Post-Effective Date LFG Asset, the Dissolution Trustee shall provide notice to the Notice Parties. If any of the Notice Parties object, the Dissolution Trustee shall submit a motion to the Bankruptcy Court, and the Bankruptcy Court shall schedule a hearing with respect to the motion. All net proceeds from the sale or liquidation of any Post-Effective Date LFG Asset and any remaining assets after dissolution of Post-Effective Date LFG shall be promptly delivered to the LFG Trustee for transfer into the LFG Trust.

(d) The Dissolution Trustee and LFG Trustee shall enter into the LFG Trustee's Cooperation Agreement, providing among other things initial funding from the LFG Trustee to the Dissolution Trustee of $2 million. In addition, the LFG Trust shall indemnify the Dissolution Trustee (solely in its capacity as such) and will pay or reimburse the Dissolution Trustee upon its request for all reasonable expenses, disbursements and advances reasonably incurred or made by the Dissolution Trustee in accordance with the provisions of this Plan (including the reasonable compensation and the expenses and disbursements of its counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, willful misconduct or bad faith.

(e) The Dissolution Trustee shall be responsible for filing any and all federal consolidated tax returns and any state, local or other tax returns required for LFG.

7.17. *Tolling Agreements.*

The statute of limitations for Enjoined Actions against the Tolling Parties are tolled subject to the terms and conditions of the Tolling Agreements.

ARTICLE VIII.

THE TRUSTS

8.1. *Generally.*

The powers, authority, responsibilities and duties of the Trusts, the Trustees and the Trust Committees are set forth in and shall be governed by the applicable Trust Agreement, the Inter-Trust Agreement and this Plan. In the event a Trustee is terminated or resigns for any reason, the designation of a successor shall be governed by the applicable Trust Agreement. The salient terms of the employment of the Trustees, including duties and compensation, to the extent not set forth in the Plan, shall be set forth in the applicable Trust Agreement or the Confirmation Order. The Trust Agreements shall contain provisions customary to trust agreements utilized in comparable circumstances. The Trusts, the Trustees and the Trust Committees shall be bound by the Plan and shall not challenge any provision of the Plan.

8.2. ***Creation and Funding of the Trusts.***

(a) On the Effective Date, each of the Trusts and their associated Sub-Trusts, including an SD Trust for each Subsidiary Debtor, shall be established as liquidating trusts for the primary purpose of monetizing and distributing the Trust Assets to holders of Trust Interests with no objective to continue or engage in the conduct of a trade or any other business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Trusts.

(b) Upon the transfer by LES or LFG, as applicable, of the Trust Assets to the Trusts, the Debtors or the Post-Effective Date Estates, as applicable, will have no reversionary or further interest in or with respect to the Trust Assets or the Trusts. Each such Trust is intended to qualify as a "grantor trust" for U.S. federal income tax purposes and shall be structured with the intention of complying with Revenue Procedure 94-45, 1994-2 C. B. 684, which sets forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. To the extent permitted by law, the Debtors, the Trusts and the Trust Beneficiaries, for all U.S. federal income tax purposes, will treat the Trust Assets as having been transferred by the Debtors to the Trust Beneficiaries pursuant to the Plan, followed by a contribution of such assets by the Trust Beneficiaries to the Trusts with the intention that the Trusts will be treated as grantor trusts and the Trust Beneficiaries will be treated as grantors and owners.

(c) On or immediately prior to the Effective Date, the Trustees shall execute the Trust Agreements and shall take all other steps necessary to establish the Trusts pursuant to the Trust Agreements and consistent with the Plan.

(d) On the Effective Date, and in accordance with and pursuant to the terms of the Plan, LES and LFG shall transfer, assign and deliver to the applicable Trust, all of their rights, title and interests in all of the Trust Assets notwithstanding any prohibition of assignability under non-bankruptcy law. In connection with the transfer of such assets, any attorney client privilege, work product privilege, or other privilege or immunity relating to any claim or Cause of Action and/or attaching to any documents or communications (whether written or oral) transferred to the Trusts shall vest in the applicable Trust and its representatives, and the Debtors and the Trusts are authorized to take all necessary actions to effectuate the transfer of such privileges. The Trusts shall agree to accept and hold the applicable Trust Assets in the Trusts for the benefit of the Trust Beneficiaries, subject to the terms of the Plan and the applicable Trust Agreement. All parties (including the Debtors and the Trustees) shall execute any documents or other instruments as necessary to cause title to the Trust Assets to be transferred to the Trusts.

(e) Membership, duties, responsibilities and powers of the Trust Committees and the Sub-Trust Committees shall be as set forth in the applicable Trust Agreement.

(f) In accordance with the terms of the applicable Trust Agreement, the Debtors, the Trustees, and the respective Trust Beneficiaries shall each value the Trust Assets and assumed liabilities consistently for United States federal and other income tax purposes.

8.3. ***Operations of the Trusts.***

(a) The Trusts shall, in an expeditious, but prudent, reasonable and orderly manner, prosecute and/or liquidate, as applicable, the Trust Assets, make timely distributions, if any, to Trust Beneficiaries pursuant to the Plan and the applicable Trust Agreement and not unduly prolong their duration. The Trusts shall not be deemed successors in interest of the Debtors for any purpose other than as specifically set forth herein or in the applicable Trust Agreement and/or the Inter-Trust Agreement.

(b) The Trust Causes of Action may only be prosecuted or settled by the applicable Trust, subject to the terms of the applicable Trust Agreement. The Post-Effective Date Estates may not prosecute or settle any Trust Causes of Action. Notwithstanding anything to the contrary herein, prior to effectuating a settlement of any of the Trust Causes of Action subsequent to the Effective Date, the applicable Trustee shall submit a motion to the Bankruptcy Court, on notice to the Notice Parties, requesting approval of such settlement.

(c) The LES Trustee may object to, seek to subordinate, compromise or settle any Claims against LES or the LES Subsidiary Debtors and Causes of Action of LES or the LES Subsidiary Debtors, other than the Other Litigation, that have not already been Allowed as of the Effective Date.

(d) The LFG Trustee may object to, seek to subordinate, compromise or settle any Claims against LFG or the LFG Subsidiary Debtors and Causes of Action of LFG or the LFG Subsidiary Debtors, other than the ARS Litigation, that have not already been Allowed as of the Effective Date.

(e) Trust Assets for which it is unfeasible or impractical to monetize in a timely manner, as determined by the applicable Trustee, in consultation with the applicable Trust Committee, may be abandoned or otherwise disposed of in accordance with the terms of the applicable Trust Agreement.

8.4. ***Distribution of Proceeds.***

(a) Each Trust is required to distribute at least annually to the applicable holders of Trust Interests, its net income and all net proceeds from the sale or other disposition of assets held by such Trust, other than an amount of net income or proceeds (a) required by the applicable Trust Agreement, any law, regulation, rule, ruling, directive, treaty or other governmental requirement, (b) reasonably necessary to maintain the value of the assets held by it or (c) reasonably necessary to meet claims and contingent liabilities of such Trust, provided, however, that the Trust Committees may authorize the Trusts to retain Trust Proceeds to fund additional litigation with respect to Trust Causes of Action.

(b) The LFG and LES Trust Agreements shall provide that, not less than ten (10) Business Days prior to a Waterfall Distribution, the distributing Trustee shall provide the non-distributing Trustee with notice of the proposed distribution. Such notice shall include, *inter alia*, information regarding collective Waterfall Distributions made by the Trustees and a proposed allocation between the LES Trust and the LFG Trust of such Waterfall Distribution. If the non-distributing Trustee disagrees with the proposed Waterfall Distribution and/or the

allocation between the LES Trust and the LFG Trust, the non-distributing Trustee shall provide the distributing Trustee with written notification of such dispute. Upon receipt of such notice, the Trustees shall work in good faith for not less than fifteen (15) days to resolve such dispute. If the Trustees are unable to resolve the dispute within fifteen days, either Trustee may seek an expedited hearing from the Bankruptcy Court to resolve the dispute.

(c) Distributions of Trust Proceeds of each Trust shall be made by the applicable Trustee in accordance with the series of Trust Interests described in this Plan and the Trust Agreements.

8.5. ***Fees and Expenses of the Trusts.***

All fees, expenses and costs of the Trusts, including, without limitation, fees and expenses incurred by professionals retained by the Trustees (in accordance with the terms and conditions set forth in the Trust Agreements) shall be paid by the applicable Trust, and none of the Trustees or the Post-Effective Date Estates shall be responsible for any fees, expenses and costs of the Trusts.

8.6. ***Inter-Trust Agreement.***

On or prior to the Effective Date, the Trustees, as applicable, shall enter into the Inter-Trust Agreement which shall, among other things, set forth the issues related to (a) a common interest agreement with respect to the sharing of privileged materials, and (b) post-Effective Date custody of the Debtors' books and records.

8.7. ***Termination of the Trusts.***

(a) Each Trust shall terminate upon the distribution or abandonment of all of its Trust Assets, but in no event later than the fifth anniversary of the Effective Date (the "**Initial Trust Termination Date**"); provided that, on or later than the date that is thirty (30) days before the Initial Trust Termination Date, the Bankruptcy Court, upon motion by a party in interest, may extend the term of a Trust for a finite period (any such extension an "**Extended Trust Termination Date**") if such an extension is necessary to complete any pending litigation or any distribution required under the applicable Trust Agreement.

(b) Notwithstanding the foregoing, multiple extensions may be obtained so long as Bankruptcy Court approval is obtained no more than thirty (30) days before the expiration of each Extended Trust Termination Date.

8.8. ***Transferability of Trust Interests.***

A holder of Trust Interests may only sell, assign or transfer all or any portion of such Trust Interests to a Permitted Transferee.

8.9. ***Tax Treatment of Holders of Trust Interests.***

The Debtors, the Trustees, and the Trust Beneficiaries shall treat the Trust Beneficiaries as the grantors of the trust that comprises the applicable Trust and each Trustee

will file tax returns for each Trust as a "grantor trust" pursuant to Section 1.671-4(a) of the U.S. Treasury Regulations. Items of income, gain, loss, expense, and other tax items will be allocated to those Trust Beneficiaries that would be entitled to receive such items if they constituted cash distributions or reductions therefrom, and such Trust Beneficiaries shall be responsible for the payment of taxes on a current basis that result from such allocations.

8.10. ***Nature of Trust Interests.***

The Trust Interests issued pursuant to the Plan shall be in the nature of equity interests, and not in the nature of notes, bonds, debentures or evidences of indebtedness. As such, all of the Trust Interests shall be junior in right of payment to all liabilities and obligations of the applicable Trust and payments with respect to Trust Interests shall be contingent upon recoveries of Trust Proceeds.

8.11. ***Distribution of Waterfall Proceeds.***

(a) Notwithstanding any other provision of this Plan, Waterfall Proceeds shall be distributed in the following order of priority:

(i) First, the initial $8 million of the Waterfall Proceeds shall be disbursed to the LFG Trust;

(ii) Second, the next $65 million of Waterfall Proceeds shall be distributed to the LES Trust;

(iii) Third, the next $3 million of Waterfall Proceeds shall be distributed to the LFG Trust;

(iv) Fourth, 65% of the next $159 million of Waterfall Proceeds shall be distributed to the LES Trust, and the remaining 35% of such proceeds shall be distributed to the LFG Trust; and

(v) Fifth, Waterfall Proceeds in excess of $235 million shall be split evenly (i.e., 50% each) between (i) the LFG Trust and (ii) the LES Trust.

(b) The Trustees shall be obligated, pursuant to the procedures contained in the Trust Agreement, to cause any court order entered granting judgment in respect of, or approving the settlement of, any Waterfall Asset, to provide that the portion of related Waterfall Proceeds, in the amounts required by this Section 8.11, be delivered directly to the appropriate Trustee.

8.12. ***LES Trust Proceeds.***

The LES Trust Proceeds shall be distributed by the LES Trustee to the LES Trust Beneficiaries in accordance with their respective LES Trust Interests and pursuant to Article V of this Plan and the LES Trust Agreement.

8.13. ***LFG Trust Proceeds.***

The LFG Trust Proceeds shall be distributed by the LFG Trustee to the LFG Trust Beneficiaries in accordance with their respective LFG Trust Interests and pursuant to Article V of this Plan and the LFG Trust Agreement.

8.14. ***SD Trust Proceeds.***

The SD Trust Proceeds shall be distributed by the applicable SD Trustee to the SD Trust Beneficiaries in accordance with the terms of this Plan and the applicable SD Trust Agreement.

8.15. ***Trustees – Appointment and Duties.***

(a) In the event that the Debtors and the applicable Creditors Committee are unable to agree on a mutually acceptable Trustee, the Creditors Committee may make a motion on ten days notice to seek Bankruptcy Court approval to appoint a Trustee over the objection of the Debtors.

(b) As set forth more fully in the Trust Agreements, (i) the LES Trustee shall owe fiduciary duties to LES, the LES Subsidiary Debtors, and their respective Estates and Post-Effective Date Estates, and (ii) the LFG Trustee shall owe fiduciary duties to LFG, the LFG Subsidiary Debtors, and their respective Estates and Post-Effective Date Estates.

ARTICLE IX.

DISTRIBUTIONS

9.1. ***Distributions.***

The Trustees will distribute the Plan Distributions to the appropriate holders of Allowed Claims and Allowed Interests in accordance with the terms of this Plan.

9.2. ***No Postpetition Interest on Claims.***

Unless otherwise specifically provided for in the Confirmation Order or other order of the Bankruptcy Court, or required by applicable bankruptcy or non-bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no holder of a Claim shall be entitled to interest accruing on such Claim on or after the Petition Date.

9.3. ***Date of Distributions.***

Unless otherwise provided herein, any Plan Distributions and deliveries to be made hereunder shall be made on the Initial Distribution Date, provided that the Trustees may utilize Subsequent Distribution Dates to the extent appropriate. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as

reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

9.4. ***Distribution Record Date.***

As of the close of business on the Distribution Record Date, the various lists of holders of Claims and Interests in each of the Classes, as maintained by the Debtors, or their agents, shall be deemed closed and there shall be no further changes in the record holders of any of the Claims or Interests except to the extent a Claim is timely filed by a governmental unit (as defined in Bankruptcy Code section 101(27)) after the Distribution Record Date. Neither the Debtors nor the Trustees shall have any obligation to recognize any transfer of Claims or Interests occurring after the close of business on the Distribution Record Date. Additionally, with respect to payment of any Cure Amounts or any Cure Disputes in connection with the assumption and/or assignment of the Debtors' executory contracts and leases, the Debtors shall have no obligation to recognize or deal with any party other than the non-Debtor party to the underlying executory contract or lease, even if such non-Debtor party has sold, assigned or otherwise transferred its Claim for a Cure Amount.

9.5. ***Delivery of Distribution.***

The Trustees will issue, or cause to be issued, and authenticate, as applicable, the Plan Consideration and subject to Bankruptcy Rule 9010, make all distributions or payments to any holder of an Allowed Claim or Interest as and when required by this Plan at: (i) the address of such holder on the books and records of the Debtors or their agents; or (ii) at the address in any written notice of address change delivered to the Debtors or the applicable Trustee, including any addresses included on any filed proofs of Claim or transfers of Claim filed pursuant to Bankruptcy Rule 3001. In the event that any distribution to any holder is returned as undeliverable, no distribution or payment to such holder shall be made unless and until the applicable Trustee has been notified of the then current address of such holder, at which time or as soon as reasonably practicable thereafter such distribution shall be made to such holder without interest, provided, however, such distributions or payments shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of the later of one year from: (i) the Effective Date; and (ii) the date such holder's Claim is first Allowed.

9.6. ***Unclaimed Property.***

One year from the later of: (i) the Effective Date, and (ii) the date a Claim is first Allowed, all unclaimed property or interests in property shall revert to the applicable Trust, Post-Effective Date Estate or the successor or assign of such Trust or Post-Effective Date Estate to be distributed pursuant to the terms of this Plan and any applicable Trust Agreement, and the Claim of any other holder to such property or interest in property shall be discharged and forever barred. Neither the Trusts, the Post-Effective Date Estates or the Trustees, as applicable, shall have an obligation to attempt to locate any holder of an Allowed Claim of Allowed Interest other than by reviewing the Debtors' books and records, or proofs of Claim filed against the Debtors.

9.7. ***Satisfaction of Claims.***

Unless otherwise provided herein, any distributions and deliveries to be made on account of Allowed Claims or Allowed Interests hereunder shall be in complete settlement, satisfaction and discharge of such Allowed Claims or Allowed Interests.

9.8. ***Manner of Payment Under Plan.***

Except as specifically provided herein, at the option of the applicable Trustee, any Cash payment to be made hereunder may be made by a check or wire transfer.

9.9. ***No Distribution in Excess of Amount of Allowed Claim.***

(a) Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall, on account of such Allowed Claim, receive a Plan Distribution in excess of the Allowed amount of such Claim plus postpetition interest on such Claim, to the extent interest is provided in Section 9.2 of this Plan.

(b) Pursuant to the terms of the applicable Trust Agreements, all holders of Claims shall notify the applicable Trustee of any and all third party recoveries received on behalf of their Claims.

9.10. ***Setoffs and Recoupments.***

Except to the extent set forth herein, each Post-Effective Date Entity, or such entity's designee as instructed by such Post-Effective Date Entity, may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off and/or recoup against any Allowed Claim, and the distributions to be made pursuant to this Plan on account of such Allowed Claim, any and all claims, rights and Causes of Action that a Post-Effective Date Entity or its successors may hold against the holder of such Allowed Claim after the Effective Date; provided, however, that neither the failure to effect a setoff or recoupment nor the allowance of any Claim hereunder will constitute a waiver or release by a Post-Effective Date Entity or its successor, including the Trusts, of any and all claims, rights and Causes of Action that a Post-Effective Date Entity or its successor may possess against such holder.

9.11. ***Withholding and Reporting Requirements.***

In connection with this Plan and all distributions thereunder, the Post-Effective Date Entities shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all Plan Distributions hereunder shall be subject to any such withholding and reporting requirements. The Trustees or Post-Effective Date Entities shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of any Plan Distribution to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors, Post-Effective Date Entities or the Trustees believe are reasonable and appropriate, including requiring a holder of a Claim or Interest to submit appropriate tax and withholding certifications. Notwithstanding any other provision of this Plan: (i) each holder of an Allowed Claim or Allowed Interest that is to receive

a distribution under this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations on account of such distribution; and (ii) no Plan Distributions shall be required to be made to or on behalf of such holder pursuant to this Plan unless and until such holder has made arrangements satisfactory to the Trustees for the payment and satisfaction of such tax obligations or has, to the Trustees' satisfaction, established an exemption therefrom.

9.12. ***Fractional Shares.***

No fractional Trust Interests shall be distributed. When any distribution would otherwise result in the issuance of a number of Trust Interests that is not a whole number, the Trust Interests subject to such distribution will be rounded to the next higher or lower whole number as follows: (a) fractions equal to or greater than ½ will be rounded to the next higher whole number; and (b) fractions less than ½ will be rounded to the next lower whole number. The total number of Trust Interests to be distributed on account of Allowed Claims or Allowed Interests will be adjusted as necessary to account for the rounding provided for in the Plan. No consideration will be provided in lieu of fractional shares that are rounded down. Neither the Trusts, the Trustees nor the Post-Effective Date Estates shall have any obligation to make a distribution that is less than one (1) Trust Interest or $10.00 in Cash.

9.13. ***LFG Guarantee Cash Distributions.***

Any holder of an Allowed LFG Exchange Guarantee Claim that elects to receive an LFG Guarantee Cash Distribution shall receive such distribution from the LFG Trustee upon the later of (a) the Initial Distribution Date, or (b) the date of the delivery to the LFG Trustee of (i) a properly executed assignment (in a form satisfactory to the LFG Trustee) of all rights, claims, and Causes of Action that such holder may have against third parties on account of its exchange to the LFG Trust, and (ii) evidence satisfactory to the LFG Trustee that such holder has otherwise satisfied the terms of Section 5.10(a)(i) of the Plan.

9.14. ***Hart-Scott Rodino Antitrust Improvements Act.***

Any Plan Distribution to be distributed under the Plan to an entity required to file a Premerger Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall not be distributed until the notification and waiting periods applicable under such Act to such entity shall have expired or been terminated. In the event any applicable notification and waiting periods do not expire without objection, the applicable Trustee shall, in its sole discretion, be entitled to sell such entity's Plan Distribution that was to be distributed under the Plan to such entity, and thereafter shall distribute the proceeds of the sale to such entity.

ARTICLE X.

PROCEDURES FOR RESOLVING CLAIMS

10.1. ***Objections to Claims.***

Other than with respect to Fee Claims, only the Post-Effective Date Entities or the Trustees shall be entitled to object to Claims or Interests after the Effective Date. Any objections to those Claims (other than Administrative Expense Claims), shall be served and filed on or before the later of: (i) one-hundred twenty (120) days after the Effective Date; and (ii) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (i) hereof. Any Claims filed after the Bar Date or Administrative Bar Date, as applicable, shall be deemed disallowed and expunged in their entirety without further order of the Bankruptcy Court or any action being required on the part of the Trustees, the Debtors or the Post-Effective Date Entities, unless the Person or entity wishing to file such untimely Claim has received prior Bankruptcy Court authority to do so. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the claimant if the objecting party effects service in any of the following manners: (i) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (ii) by first class mail, postage prepaid, on the signatory on the proof of claim as well as all other representatives identified in the proof of claim or any attachment thereto; or (iii) by first class mail, postage prepaid, on any counsel that has appeared on the claimant's behalf in the Chapter 11 Cases (so long as such appearance has not been subsequently withdrawn). From and after the Effective Date, and except as provided in the applicable Trust Agreements, the Trustees shall prosecute any objections to Claims pending at such time and may settle and/or compromise any Disputed Claim without approval of the Bankruptcy Court. To the extent an objection to Claims and/or other Cause of Action which was initiated by one or more of the Debtors is pending on the Effective Date, upon the filing of a notice (and without the need to for a motion and hearing) the applicable Trustee shall be substituted as the new party in interest.

10.2. ***Amendment to Claims.***

From and after the Effective Date, except as otherwise provided herein, no Claim may be filed to increase or assert additional claims not reflected in an already filed Claim (or Claim scheduled, unless superseded by a filed Claim, on the applicable Debtor's Schedules of Assets and Liabilities filed in the Chapter 11 Cases) asserted by such claimant and any such Claim shall be deemed disallowed and expunged in its entirety without further order of the Bankruptcy Court or any action being required on the part of the Debtors, the Trustees or the Post-Effective Date Entities unless the claimant has obtained prior Bankruptcy Court approval to file such amended or increased Claim.

10.3. ***Disputed Claims.***

(a) No Distributions or Payments Pending Allowance. Except as provided in this Section 10.3, Disputed Claims shall not be entitled to any Plan Distributions unless and until such Claims become Allowed Claims.

(b) Reserves of Plan Consideration for Disputed Claims. On the Effective Date, the Trustees shall create separate reserves for each Class of Claims or Interests, other than LES Damages Claims, which include one or more Disputed Claims or Interests, as the case may be and in accordance with this Plan, funded with the Plan Consideration, including Trust Interests, if any, as to which such Disputed Claims or Interests would have been entitled if Allowed. Such reserved Plan Consideration will be transferred to the applicable Trustee to be held in such reserves for such holders of Disputed Claims and/or Interests, and the applicable Trustee will treat or make an election pursuant to U.S. Treasury Regulations Section 1.468B-9(c) to treat these reserves as one or more "disputed ownership funds" (each, a "**Disputed DOF**"). The Disputed DOF and not the holders of Disputed Claims and/or Interests or the Debtors will be treated as the owner of the Plan Consideration and any other assets reserved for Disputed Claims and/or Interests. The Disputed DOF will be treated for United States federal income tax purposes as a taxable entity separate from the holders of Disputed Claims and/or Interests or the Post-Effective Date Entities. The Disputed DOF will be responsible for the payment of any taxes imposed on the Disputed DOF (including by way of withholding) resulting from the transfer or holding of reserved Plan Consideration, but the only source of payment therefore will be such Plan Consideration and any funds transferred to the Disputed DOF by holders of the Disputed Claims and/or Interests.

(c) Amount of Reserves of Plan Consideration. The amount of Plan Consideration reserved for the benefit of a holder of a Disputed Claim, other than a LES Damages Claim, shall be in an amount equal to the Pro Rata Share of Plan Consideration which would have been distributed to the holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the asserted face amount of the Disputed Claim, (ii) the amount determined by the Bankruptcy Court, if any, that must be reserved for a Disputed Claim prior to any Distribution upon the request of a Trustee as permitted by Section 10.4 of this Plan, or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Debtors or the applicable Trustee, or determined by the Bankruptcy Court after notice to the affected holder of a Disputed Claim and a hearing. No Plan Consideration shall be reserved for holders of LES Damages Claims.

(d) Plan Distributions to Holders of Subsequently Allowed Claims/Interests. On each Distribution Date (or such earlier date as determined by the Post-Effective Date Entities or the Trustees in their sole discretion but subject to this Section 10.3), the Trustees and/or the Trusts, as applicable, will make distributions or payments: (i) on account of any Disputed Claim that has become an Allowed Claim since the occurrence of the previous Distribution Date; and (ii) on account of previously Allowed Claims of property that would have been distributed or paid to the holders of such Claims or Interests on the dates distributions previously were made to holders of Allowed Claims or Interests in such Class had the Disputed Claims or Interests that have become Allowed Claims or Interests been Allowed on such dates. The Trustees and/or the Trusts shall distribute in respect of such newly Allowed Claims or Interests the Plan Consideration and/or Cash distributions from the Trusts as to which holders of such Claims or Interests would have been entitled under this Plan if such newly Allowed Claims or Interests were fully or partially Allowed, as the case may be, on the Effective Date, less direct and actual expenses, fees, or other direct costs of maintaining Plan Consideration on account of such Disputed Claims or Interests.

(e) Distribution of Reserved Plan Consideration Upon Disallowance.

To the extent any Disputed Claim or Interest has become Disallowed in full or in part (in accordance with the procedures set forth in the Plan):

(i) Any Plan Consideration held by the Trustees or the Post-Effective Date Entities on account of, or to pay, such Disputed Claim or Disputed Interest shall be distributed by the Trustees in accordance with the relative priorities as set forth in Article V of this Plan on the next Subsequent Distribution Date.

(ii) Any Cash held by the Trusts on account of Trust Interests reserved by the Trustee on account of a Disputed Claim or Interest that has become Disallowed in full or in part shall be redistributed to other Trust Beneficiaries in accordance with the terms of this Plan and the applicable Trust Agreement.

10.4. ***Estimation of Claims.***

The Trustees may request that the Bankruptcy Court estimate any Claim pursuant to section 502(c) of the Bankruptcy Code for purposes of determining the Allowed amount of such Claim regardless of whether any Person has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim for purposes of determining the allowed amount of such Claim at any time. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim for allowance purposes, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the objecting party may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, resolved or withdrawn by any mechanism approved by the Bankruptcy Court. The Trustees may also utilize these estimation procedures for purposes of establishing any reserves that may be necessary or appropriate to permit the Trustees to make interim distributions.

10.5. ***Expenses Incurred On or After the Effective Date.***

Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of the Post-Effective Date Entities, the amount of any reasonable fees and expenses incurred by any Professional Person (other than professionals representing the Lead Case Plaintiffs) or the Claims Agent on or after the Effective Date in connection with implementation of this Plan, including without limitation, reconciliation of, objection to, and settlement of Claims, shall be paid in Cash in the ordinary course of business by the Trustees or Post-Effective Date Entities.

10.6. ***Deemed Allowed Claims.***

The Claims listed on Schedules 1.34, 1.35, 1.191 and 1.192 to this Plan are deemed Allowed in the amounts and in such Class as set forth on such Schedules. Notwithstanding anything to the contrary herein, such deemed allowance is limited to the extent any such Claims are disallowed pursuant to section 502(d) of the Bankruptcy Code of any Claim of an entity from which property is recoverable under sections 542, 543, 550 or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under sections 544, 545, 547, 548 or 549 of the Bankruptcy Code, unless such entity or transferee has paid the amount, or turned over any such property for which such entity or transferee is liable under sections 542, 543, 550 or 553 of the Bankruptcy Code. In the event that a Claim set forth on Schedules 1.34, 1.35, 1.191 and 1.192 is disallowed pursuant to section 502(d) of the Bankruptcy Code, nothing herein shall prejudice the right of such entity from asserting a Claim pursuant to section 502(h) of the Bankruptcy Code.

ARTICLE XI.

PROCEDURES FOR LES DAMAGES CLAIMS

11.1. ***Timing of Allowance.***

Notwithstanding anything to the contrary herein, no LES Damages Claim shall be Allowed until (a) after the Principal Satisfaction Date, (b) such time as it is Allowed by Final Order of the Bankruptcy Court, and (c) pursuant to the procedures set forth in this Article XI. If the Principal Satisfaction Date does not occur prior to the termination of the LES Trust pursuant to Section 8.7 herein, then all LES Damages Claims shall be deemed Disallowed and expunged in their entirety, and no Plan Distribution shall be made on account of LES Damages Claims.

11.2. ***Procedures for Allowance of LES Damages Claims.***

(a) Notice of the Principal Satisfaction Date shall be given by the LES Trustee, within five (5) Business Days of the Principal Satisfaction Date, to (i) the Notice Parties and (ii) all Persons who timely filed proofs of Claim asserting LES Damages Claims on or prior to the applicable Bar Date.

(b) Within thirty (30) days after the mailing of a notification of the Principal Satisfaction Date, or at such earlier time specified by the LES Trustee pursuant to a notice filed with the Bankruptcy Court and served on the Persons specified in Section 11.2(a) of this Plan, a Person who filed a proof of Claim asserting a LES Damages Claim prior to the applicable Bar Date must submit a Damages Claim Form to the Bankruptcy Court and the Notice Parties.

(c) LES Damages Claims will be deemed Disallowed and expunged in their entirety, unless the holders of such Claims timely submit a Damages Claim Form.

(d) Any Damages Claim Form that is timely submitted in accordance with the procedures above shall be deemed to be a supplement to the proofs of Claim asserting LES Damages Claims.

(e) Only the Post-Effective Date Entities, the Trustees or the Trusts may object to any Damages Claim Form, which objection must be filed by the Damages Claim Objection Deadline.

(f) As soon as practicable after the Principal Satisfaction Date, the LES Trustee shall seek Bankruptcy Court approval of a protocol for determining whether the LES Damages Claims that are the subject of Damages Claim Forms shall be Allowed or Disallowed.

(g) Only the holders of LES Damages Claims which are determined after a hearing to be Allowed Claims by Final Order shall receive Plan Distributions on account of LES Damages Claims.

11.3. ***Timing of Distributions.***

As soon as reasonably practicable after all LES Damages Claims have been Allowed or Disallowed by Final Order, or Disallowed by not having filed a timely Damages Claim Motion or otherwise, the LES Trustee shall distribute the Plan Distribution allocated to the holders of Allowed LES Damages Claims in accordance with Section 5.7 of this Plan.

ARTICLE XII.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

12.1. ***General Treatment.***

As of and subject to the occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court on prior notice to the affected counterparty, or agreed to by a Debtor or Debtors and the counterparty to an executory contract or unexpired lease, all executory contracts and unexpired leases to which a Debtor is a party shall be deemed rejected, except for any executory contracts or unexpired leases that (a) previously have been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (b) are designated specifically or by category as a contract or lease to be assumed on the Schedule of Assumed Contracts and Leases, if any (which Schedule of Assumed Contracts and Leases shall be contained in the Plan Supplement, and which may be amended by the Debtors at any time prior to the Effective Date) or (c) are the subject of a separate motion to assume or reject under section 365 of the Bankruptcy Code pending on the Effective Date. As of and subject to the occurrence of the Effective Date, and subject to the payment of the applicable Cure Amount, all executory contracts and unexpired leases identified on the Schedule of Assumed Contracts and Leases shall be deemed assumed. Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to this Section 12.1 shall revest in and be fully enforceable by the applicable Post-Effective Date Entity in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law.

12.2. ***Insurance Policies.***

All insurance policies pursuant to which the Debtors have any obligations in effect as of the Confirmation Date shall be deemed and treated as executory contracts pursuant to the Plan and shall be assumed and assigned to the respective Trusts or Post-Effective Date Estates and shall continue in full force and effect. Nothing in this Plan shall be deemed to limit any insured from obtaining coverage under any of the Debtors' insurance policies, notwithstanding Section 7.9 of this Plan.

12.3. ***Claims Based on Rejection of Executory Contracts or Unexpired Leases.***

(a) All Claims arising from the rejection of executory contracts or unexpired leases, if any, will be treated as General Unsecured Claims. Upon receipt of their applicable Plan Distribution pursuant to Article V of the Plan, all such Claims shall be discharged on the Effective Date, and shall not be enforceable against the Debtors, the Post-Effective Date Entities, the Trusts or their respective properties or interests in property.

(b) All proofs of Claim with respect to Claims arising from the rejection of executory contracts or unexpired leases, to the extent not subject to an earlier Bar Date set by order of the Bankruptcy Court, must be filed with the Bankruptcy Court within thirty (30) calendar days after the date of service of notice of entry of an order (which order may be the Confirmation Order) of the Bankruptcy Court approving such rejection, or such Claims shall be forever barred.

12.4. ***Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.***

(a) Except to the extent that less favorable treatment has been agreed to by the non-Debtor party or parties to each such executory contract or unexpired lease, any monetary defaults arising under each executory contract and unexpired lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the appropriate amount (the "**Cure Amount**") in Cash on the later of thirty (30) days after: (i) the Effective Date; or (ii) the date on which the Cure Amount has been resolved (either consensually or through judicial decision).

(b) No later than five (5) Business Days prior to the commencement of the Confirmation Hearing, the Debtors shall file a schedule (the "**Cure Schedule**") setting forth the Cure Amount, if any, for each executory contract or unexpired lease to be assumed pursuant to Section 12.1 of the Plan. Any party that fails to object to the applicable Cure Amount listed on the Cure Schedule within twenty (20) days of the filing thereof, shall be forever barred, estopped and enjoined from disputing the Cure Amount set forth on the Cure Schedule (including a Cure Amount of $0.00) and/or from asserting any Claim against the applicable Debtor arising under section 365(b)(1) of the Bankruptcy Code except as set forth on the Cure Schedule.

(c) In the event of a dispute (each, a "**Cure Dispute**") regarding: (i) the Cure Amount; (ii) the ability of the applicable Post-Effective Date Entity to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to the proposed assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be

made following the entry of a Final Order resolving such Cure Dispute and approving the assumption. To the extent a Cure Dispute relates solely to the Cure Amount, the applicable Debtor may assume and/or assume and assign the applicable contract or lease prior to the resolution of the Cure Dispute provided that such Debtor reserves Cash in an amount sufficient to pay the full amount asserted as cure payment by the non-Debtor party to such contract or lease (or such smaller amount as may be fixed or estimated by the Bankruptcy Court). To the extent the Cure Dispute is resolved or determined unfavorably to the applicable Debtor or Post-Effective Date Entity, as applicable, such Debtor or Post-Effective Date Entity, as applicable, may reject the applicable executory contract of unexpired lease after such determination.

12.5. ***Post-Petition Contracts and Leases.***

(a) All contracts, agreements and leases that were entered into by the Subsidiary Debtors or assumed by the Subsidiary Debtors after the Petition Date shall be deemed assigned by the Subsidiary Debtors to the respective Post-Effective Date Estates on the Effective Date.

(b) All contracts, agreements and leases that were entered into by LES or LFG or assumed by LES or LFG after the Petition Date shall be deemed assigned by LES or LFG to the respective Trust on the Effective Date. Notwithstanding the foregoing, as of the Effective Date, the engagement letter between the Debtors and Jenner & Block LLP shall be deemed assigned to the ARS Litigation Sub-Trust.

ARTICLE XIII.

CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

13.1. ***Conditions Precedent to Confirmation.***

Confirmation of this Plan is subject to entry of the Confirmation Order by the Bankruptcy Court in form and substance acceptable to the Debtors and the Creditors Committees, and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto. The Confirmation Order shall contain findings consistent with this Plan and provide for the implementation of the provisions hereof.

13.2. ***Conditions Precedent to the Effective Date.***

The occurrence of the Effective Date is subject to:

(a) the Confirmation Order having become a Final Order;

(b) the Plan Documents being executed and delivered, and any conditions (other than the occurrence of the Effective Date or certification by a Debtor that the Effective Date has occurred) contained therein having been satisfied or waived in accordance therewith;

(c) the Trust Agreements shall have been fully executed;

(d) all material governmental, regulatory and third party approvals, authorizations, certifications, rulings, no-action letters, opinions, waivers and/or consents in connection with the Plan, if any, having been obtained and remaining in full force and effect; and

(e) there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto.

13.3. ***Waiver of Conditions Precedent and Bankruptcy Rule 3020(e) Automatic Stay.***

(a) The Debtors, with the consent of the Creditors Committees, shall have the right to waive the conditions precedent set forth in Sections 13.2 of this Plan at any time without leave of or notice to the Bankruptcy Court and without formal action other than proceeding with consummation of the Plan. Further, the stay of the Confirmation Order, pursuant to Bankruptcy Rule 3020(e), shall be deemed waived by the Confirmation Order.

(b) If any condition precedent to the Effective Date is waived pursuant to this Section 13.3 and the Effective Date occurs, the waiver of such condition shall benefit from the "mootness doctrine," and the act of consummation of this Plan shall foreclose any ability to challenge this Plan in any court.

13.4. ***Effect of Failure of Conditions.***

If all of the conditions to effectiveness and the occurrence of the Effective Date have not been satisfied or duly waived (as provided in Section 13.3 above) on or before the first Business Day that is more than 60 days after the Confirmation Date, or by such later date as set forth by the Debtors in a notice filed with the Bankruptcy Court prior to the expiration of such period, then the Debtors may file a motion to vacate the Confirmation Order before all of the conditions have been satisfied or duly waived. It is further provided that notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if all of the conditions to consummation set forth in Section 13.2 hereof are either satisfied or duly waived before the Bankruptcy Court enters an order granting the relief requested in such motion. If the Confirmation Order is vacated pursuant to this Section 13.4, this Plan shall be null and void in all respects, the Confirmation Order shall be of no further force or effect, no distributions under this Plan shall be made, the Debtors and all holders of Claims and Interests in the Debtors shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred, and upon such occurrence, nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims against or Interests in the Debtors; (b) prejudice in any manner the rights of the holder of any Claim against or Interest in the Debtors; or (c) constitute an admission, acknowledgment, offer or undertaking by any Debtor or any other entity with respect to any matter set forth in the Plan.

ARTICLE XIV.

EFFECT OF CONFIRMATION

14.1. ***Binding Effect.***

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against, or Interest in, the Debtors and inure to the benefit of and be binding on such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is impaired under this Plan and whether or not such holder has accepted this Plan.

14.2. ***Term of Pre-Confirmation Injunctions or Stays.***

Unless otherwise provided herein, all injunctions or stays arising prior to the Confirmation Date in accordance with sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until all of the Trust Proceeds have been distributed, the Debtors have been dissolved, and the Cases have been closed.

14.3. ***Injunction Against Interference With Plan.***

Upon the entry of the Confirmation Order, all holders of Claims and Interests and other parties in interest, along with their respective present or former affiliates, employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of this Plan.

14.4. ***Injunction.***

(a) *Except as otherwise provided in this Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors or the Estates are, with respect to any such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, the Post-Effective Date Entities, Post-Effective Date LFG, the Estates, the Trusts or any of their property (including insurance proceeds), or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors, the Post-Effective Date Entities, Post-Effective Date LFG, the Trusts, or the Estates or any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons, or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors, the Post-Effective Date Entities, Post-Effective Date LFG, the Trusts,*

or the Estates or any of their property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan to the full extent permitted by applicable law; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan; provided, however, that nothing contained herein shall preclude (x) such Persons from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of this Plan, including Section 1.55 of the Plan, or commencing, enforcing, collecting or otherwise recovering on any suit, action or other proceeding that is not an Enjoined Action against Persons other than Debtors, the Post-Effective Date Entities, Post-Effective Date LFG, the Estates, or the Trusts, or (y) the Trustees from pursuing Causes of Action pursuant to the terms of this Plan which may deplete proceeds of one or more of the Debtors' insurance policies.

(b) *Except as otherwise provided in this Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors or the Estates, other than the Debtors, the Post-Effective Date Entities, or the Trustees and the Trusts on behalf of the Debtors or the Post-Effective Date Entities, are permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any Enjoined Action; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against any prepetition officer or director of any Debtor, solely in their capacity as such, or any property of any such transferee or successor, each solely in their capacity as such arising from an Enjoined Action; and (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against any prepetition officer or director of any Debtor, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons, arising from an Enjoined Action.*

(c) By accepting distributions pursuant to this Plan, each holder of an Allowed Claim or Interest will be deemed to have specifically consented to the Injunctions set forth in this Section.

14.5. ***Exculpation.***

As of the Effective Date, the following parties, entities and individuals (in each case, solely in their capacity as such) shall have no liability for any postpetition act taken or omitted to be taken in connection with, or related to the Chapter 11 Cases or formulating, negotiating, preparing, disseminating, implementing, administering, confirming or effecting the consummation of the Plan, the Disclosure Statement, or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases of the Debtors (other than liability determined by a Final Order of a court of competent jurisdiction for actions or failure to act or disclose amounting to gross negligence, willful misconduct, intentional fraud or criminal conduct): (i) the Debtors, their directors, officers and employees, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Debtors and their respective partners, owners and members; (ii) the Dissolution Trustee,

and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Dissolution Trustee and their respective partners, owners and members (iii) the Creditors Committees, the respective members thereof, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Creditors Committees and their respective partners, owners and members; (iv) the Trustees, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Trustees and their respective partners, owners and members; and (v) the Trust Committees, the respective members thereof, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Trust Committees and their respective partners, owners and members; provided, however, nothing in this Section 14.5 of the Plan shall be deemed to release any act or omission that arose prior to the Petition Date.

14.6. ***Injunction Related to Exculpation.***

The Confirmation Order shall permanently enjoin the commencement or prosecution by any Person or entity, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action or liabilities released pursuant to Section 14.5 of this Plan.

14.7. ***Claims Between and Against Other Debtors.***

Except as otherwise set forth herein, or to enforce the terms of this Plan, each of the Debtors is prohibited from asserting, and hereby agrees to release, any Claim against the other, including a Claim arising under Chapter 5 of the Bankruptcy Code. This Section 14.7 shall not be deemed a release of (a) joint tortfeasors, officers, directors, representatives, agents, successors and assigns of the Debtors, or any other third party, or (b) any Intercompany Claims preserved pursuant to Section 2.2 of this Plan.

14.8. ***LFG Guarantee Claims.***

Except for LFG Exchange Guarantee Claims, all claims of Exchange Customers, in their capacity as such, against LFG shall be forever barred and disallowed.

14.9. ***Release of Certain Avoidance Actions.***

Upon, and subject to, the Effective Date, any avoidance or recovery actions under sections 544, 547, 548, 549 and 550 of the Bankruptcy Code against an Exchange Customer who ultimately holds an Allowed Claim and who timely and properly voted to accept the Plan shall be released.

14.10. ***Retention of Causes of Action/Reservation of Rights.***

Subject to Sections 14.5, 14.7, and 14.9 of this Plan, nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights, claims or Causes of Action, rights of setoff, or other legal or equitable defenses that the Debtors had immediately prior to the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable non-bankruptcy law. The Post-Effective Date Estates and the Trusts, as applicable, shall have, retain, reserve, and be

entitled to assert all such claims, Causes of Action, rights of setoff, or other legal or equitable defenses as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and/or equitable rights respecting any Claim left unimpaired, may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced. Among the rights retained and reserved shall be the right to conduct examinations pursuant to Rule 2004 of the Bankruptcy Rules, which rights are transferred to the Trusts pursuant to the terms of this Plan and may be exercised by the Trustees notwithstanding entry of the Confirmation Order and/or the occurrence of the Effective Date.

14.11. ***Indenture Trustee Charging Lien.***

Notwithstanding any provision contained in this Plan to the contrary, after the Effective Date, the Indenture Trustee shall retain its charging lien arising pursuant to Section 8.06 of each of the Indentures, to the same extent and validity of such lien prior to the Effective Date.

ARTICLE XV.

RETENTION OF JURISDICTION

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, pursuant to 28 U.S.C. §§ 1334 and 157, over all matters arising in, arising under, or related to the Chapter 11 Cases for, among other things, the following purposes:

(a) To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the Cure Disputes resulting therefrom;

(b) To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date, including, without limitation, issuing any order pursuant to Bankruptcy Rule 2004;

(c) To ensure that distributions to holders of Allowed Claims or Allowed Interests are accomplished as provided herein;

(d) To consider Claims or Interests or the allowance, classification, priority, compromise, estimation, or payment of any Claim or Interest, including any Administrative Expense Claim;

(e) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(f) To issue and enforce injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of this Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(g) To hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(h) To hear and determine all Fee Claims;

(i) To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;

(j) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Plan, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;

(k) To hear and determine Damages Claim Motions;

(l) To take any action and issue such orders, including any such action or orders as may be necessary after occurrence of the Effective Date and/or consummation of the Plan, as may be necessary to construe, enforce, implement, execute, and consummate this Plan, including any exculpation, release or injunction provisions set forth herein, issue any order necessary or appropriate to determine (and/or to direct) the portion of any Waterfall Proceeds to be delivered to the appropriate Trustee(s) pursuant to Section 8.11(b), or to maintain the integrity of this Plan following consummation;

(m) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(n) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(o) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(p) To resolve any disputes concerning whether a Person or entity had sufficient notice of the Chapter 11 Cases, the Disclosure Statement Hearing, the Confirmation Hearing, any applicable Bar Date, or the deadline for responding or objecting to a Cure Amount, for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose;

(q) To recover all Assets of the Debtors and property of the Estates, wherever located;

(r) To determine the appropriate amount of Plan Consideration to reserve pursuant to Section 10.3(c) of this Plan, including a determination that a previously set reserve should be reduced;

(s) To hear and determine any matters relating to the Assets or dissolution of Post-Effective Date LFG;

(t) To resolve any disputes concerning the Trusts or the Trust Agreements; and

(u) To enter a final decree closing each of the Chapter 11 Cases.

ARTICLE XVI.

MISCELLANEOUS PROVISIONS

16.1. *Exemption from Certain Transfer Taxes.*

To the fullest extent permitted by applicable law, all sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Confirmation Date through and including the Effective Date, including the transfers effectuated under this Plan, the sale by the Debtors of any owned property pursuant to section 363(b) of the Bankruptcy Code, and any assumption, assignment, and/or sale by the Debtors of their interests in unexpired leases of non-residential real property or executory contracts pursuant to section 365(a) of the Bankruptcy Code, shall constitute a "transfer under a plan" within the purview of section 1146 of the Bankruptcy Code, and shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

16.2. *Dissolution of Creditors Committees.*

The Creditors Committees shall be automatically dissolved upon the Effective Date, and all members, employees or agents thereof shall be released and discharged from all rights and duties arising from, or related to, the Chapter 11 Cases.

16.3. *Termination of Professionals.*

On the Effective Date, the engagement of each Professional Person retained by the Debtors and the Creditors Committees, if any, shall be terminated without further order of the Bankruptcy Court or act of the parties; provided, however, such Professional Persons shall be entitled to prosecute their respective Fee Claims and represent their respective constituents with respect to applications for payment of such Fee Claims and the Post-Effective Date Entities shall be responsible for the fees, costs and expenses associated with the prosecution of such Fee Claims. Nothing herein shall preclude any Post-Effective Date Entity from engaging a Professional Person on and after the Effective Date in the same capacity as such Professional Person was engaged prior to the Effective Date.

16.4. *Access.*

From the Effective Date, the Post-Effective Date Entities shall cooperate with any Person that served as a director or officer of a Debtor at any time prior to the Effective Date, and make available to any such Person, subject to applicable confidentiality and privilege concerns, such documents, books, records or information relating to the Debtors' activities prior to the

Effective Date that such Person may reasonably require in connection with the defense or preparation for the defense of any claim against such Person relating to any action taken in connection with such Person's role as a director or officer of a Debtor.

16.5. ***Amendments.***

(a) Plan Modifications. This Plan may be amended, modified, or supplemented by the Debtors, with the consent of each Creditors Committee, which consent shall not be unreasonably withheld, in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of holders of Allowed Claims or Allowed Interests pursuant to this Plan, after notice to the Creditors Committees, the Debtors may remedy any defect or omission or reconcile any inconsistencies in this Plan, the Plan Documents and/or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of this Plan, and any holder of a Claim or Interest that has accepted this Plan shall be deemed to have accepted this Plan as amended, modified, or supplemented.

(b) Other Amendments. Prior to the Effective Date, the Debtors, with the consent of each Creditors Committee, may make appropriate technical adjustments and modifications to this Plan without further order or approval of the Bankruptcy Court; provided, however, that, such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims or Interests under the Plan or the rights and responsibilities of the Trustees.

16.6. ***Revocation or Withdrawal of this Plan.***

The Debtors reserve the right to revoke or withdraw this Plan prior to the Effective Date. If the Debtors revoke or withdraw this Plan prior to the Effective Date as to any or all of the Debtors, or if confirmation or consummation as to any or all of the Debtors does not occur, then, with respect to such Debtors: (a) this Plan shall be null and void in all respects; (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases affected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void; and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person. Notwithstanding anything to the contrary contained herein and except to the extent necessitated by the Debtors' fiduciary obligations, the Debtors shall not seek to withdraw or revoke this Plan without the consent of the Creditors Committees.

16.7. ***Allocation of Plan Distributions Between Principal and Interest.***

To the extent that any Allowed Claim entitled to a distribution under the Plan consists of indebtedness and other amounts (such as accrued but unpaid interest thereon), such

distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to such other amounts.

16.8. ***Severability.***

If, prior to the entry of the Confirmation Order, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each remaining term and provision of this Plan is valid and enforceable pursuant to its terms.

16.9. ***Governing Law.***

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent a Plan Document or exhibit or schedule to the Plan provide otherwise, the rights, duties, and obligations arising under this Plan and the Plan Documents shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Virginia, without giving effect to the principles of conflict of laws thereof.

16.10. ***Section 1125(e) of the Bankruptcy Code.***

The Debtors have, and upon confirmation of this Plan shall be deemed to have, solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and the Debtors (and their affiliates, agents, directors, officers, employees, advisors, and attorneys) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, and purchase of the securities offered and sold under this Plan, and therefore are not, and on account of such offer, issuance, sale, solicitation, and/or purchase will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or offer, issuance, sale, or purchase of the securities offered and sold under this Plan.

16.11. ***Inconsistency.***

In the event of any inconsistency among the Plan, the Disclosure Statement, the Plan Documents, any exhibit to the Plan or any other instrument or document created or executed pursuant to the Plan, the provisions of the Plan shall govern.

16.12. ***Time.***

In computing any period of time prescribed or allowed by this Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

16.13. ***Exhibits.***

All exhibits to this Plan are incorporated and are a part of this Plan as if set forth in full herein.

16.14. ***Notices.***

In order to be effective, all notices, requests, and demands to or upon the Debtors shall be in writing (including by facsimile transmission) and, unless otherwise provided herein, shall be deemed to have been duly given or made only when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors:

LandAmerica Financial Group, Inc.
5600 Cox Road
Glen Allen, Virginia 23060
Attn: G. William Evans

-and-

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019-6099
Attn: Paul V. Shalhoub, Esq.
Rachel C. Strickland, Esq.
Telephone: (212) 728-8000
Facsimile: (212) 728-8111

Co-Counsel to the Debtors

-and-

McGuireWoods LLP
One James Center
901 East Cary Street
Richmond, Virginia 23219-4030
Attn: Dion W. Hayes
John H. Maddock III

Co-Counsel to the Debtors

If to the LES Creditors Committee:

Akin Gump Strauss Hauer & Feld LLP
1700 Pacific Avenue, Suite 4100
Dallas, TX 75201-4675
Attn: Charles R. Gibbs, Esq.
Sarah Link Schultz, Esq.

-and-

Tavenner & Beran, PLC
20 North Eighth Street, Second Floor
Richmond, Virginia 23219
Attn: Lynn Tavenner, Esq.

If to the LFG Creditors Committee:

Bingham McCutchen LLP
399 Park Avenue
New York, NY 10022-4689
Attn: Jeffrey S. Sabin, Esq.

-and-

LeClair Ryan, A Professional Corporation
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, VA 23218-2499
Attn: Bruce H. Matson, Esq.

16.15. ***Filing of Additional Documents.***

On or before substantial consummation of the Plan, the Debtors shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any such agreements or other documents relating specifically to the terms and conditions of the Plan shall be in form and substance acceptable to the Debtors and the Creditors Committees.

16.16. ***Reservation of Rights.***

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of this Plan, any statement or provision contained herein, or the taking of any action by the Debtors with respect to this Plan shall be or shall be deemed to be, an admission or waiver of any rights of the Debtors with respect to any Claims or Interests prior to the Effective Date.

Dated: _____ __, 2009
Richmond, Virginia

Respectfully submitted,

LANDAMERICA FINANCIAL GROUP, INC.,
on behalf of itself and its affiliated Debtors

By: _____
G. William Evans
Executive Vice President and Chief
Financial Officer

Counsel:

WILLKIE FARR & GALLAGHER LLP

Paul V. Shalhoub, Esq.
Rachel C. Strickland, Esq.
787 Seventh Avenue
New York, NY 10019
(212) 728-8000
Co-Counsel for the Debtors
and Debtors in Possession

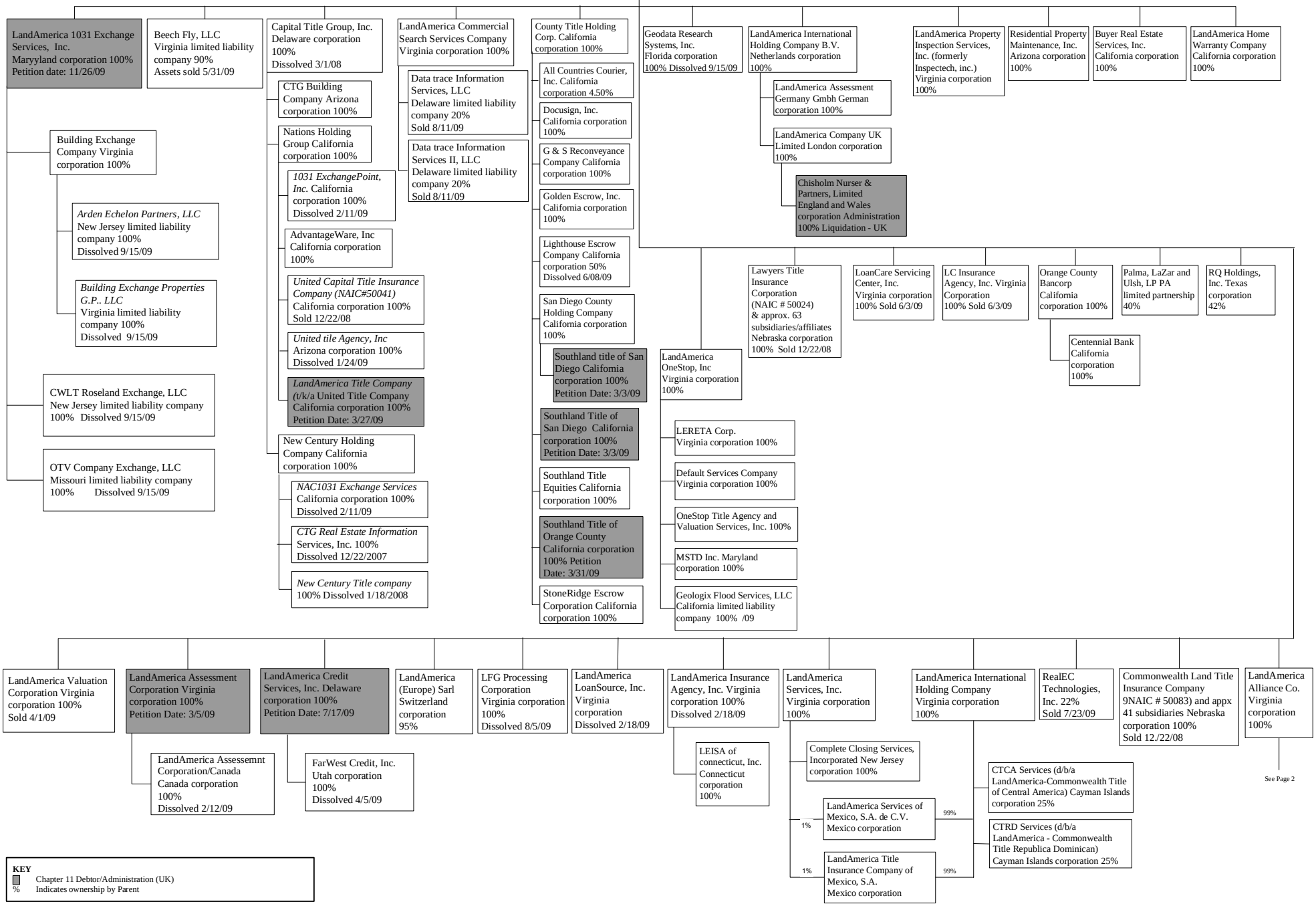
- and -

McGUIREWOODS LLP

Dion W. Hayes
John H. Maddock III
One James Center
901 East Cary Street
Richmond, Virginia 23219-4030
(804) 775-1000
Co-Counsel for Debtors
and Debtors In Possession

EXHIBIT 2

LandAmerica Financial Group, Inc.
Corporate Entity Organization Chart
(as of September 23, 2009)



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The Information contained in these charts is current as of September 23, 2009

LandAmerica
Corporate Entity Organization Chart

KEY
Chapter 11 Debtor/Administrator
(UK) % Indicates ownership by Parent

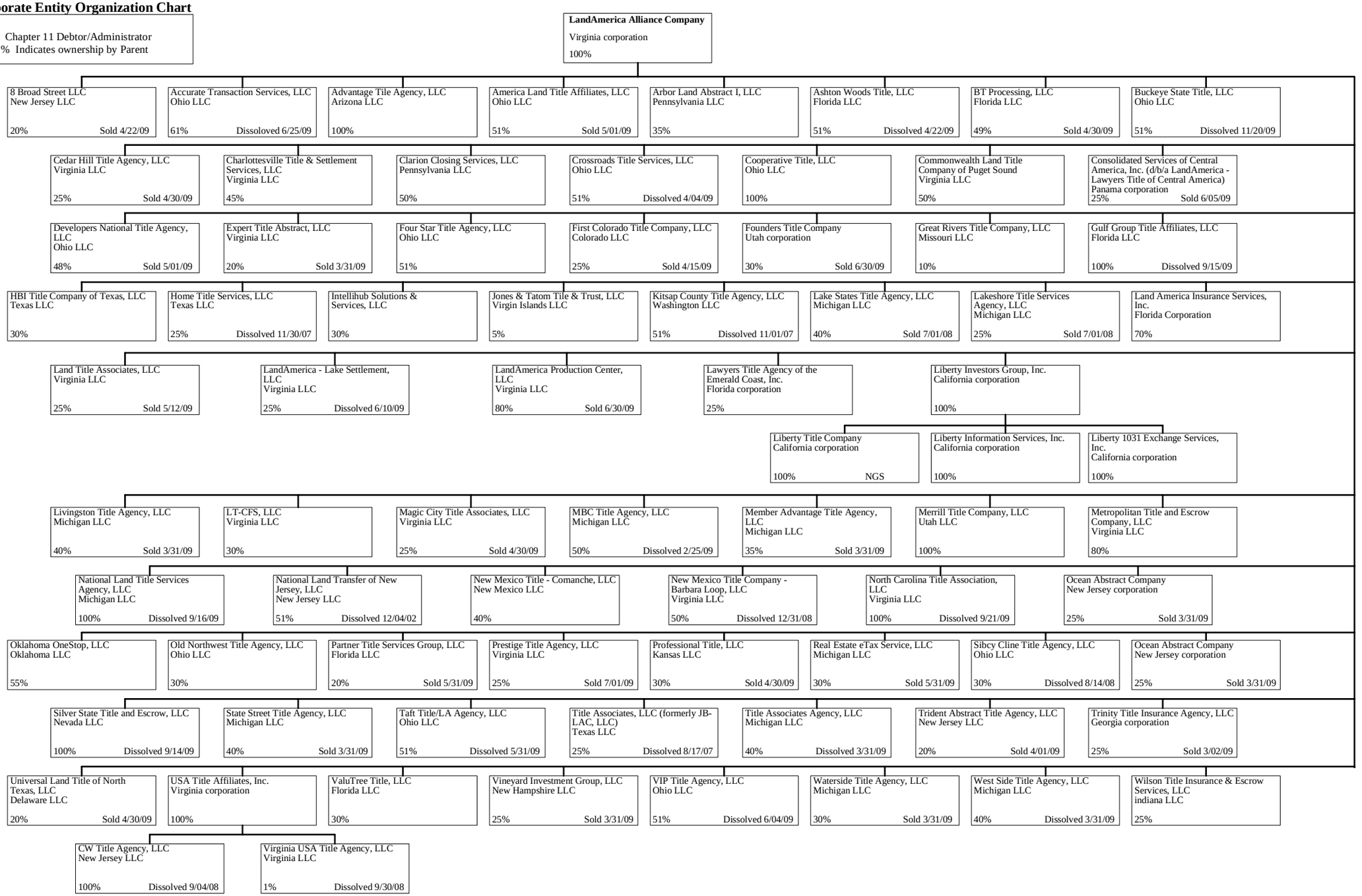

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EXHIBIT 3

LANDAMERICA FINANCIAL GROUP, INC. AND SUBSIDIARIES

INDEX

FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

LANDAMERICA FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions)

	September 30, 2008	December 31, 2007
	(Unaudited)	
ASSETS		
INVESTMENTS:		
Fixed maturities available-for-sale – at fair value (amortized cost: 2008 – $749.2; 2007 – $1,005.3)	$ 724.0	$ 1,019.1
Equity securities available-for-sale – at fair value (cost: 2008 – $77.4; 2007 – $85.6)	70.7	81.1
Fixed maturities trading – at fair value	107.5	124.5
Federal funds sold	118.8	59.6
Short-term investments	235.5	160.3
Total Investments	1,256.5	1,444.6
CASH	63.2	98.2
LOANS RECEIVABLE	720.8	638.4
ACCRUED INTEREST RECEIVABLE	12.4	16.8
NOTES AND ACCOUNTS RECEIVABLE;		
Notes (less allowance for doubtful accounts: 2008 – $2.9; 2007 – $1.8)	20.0	22.7
Trade accounts receivable (less allowance for doubtful accounts: 2008 – $12.7; 2007 – $11.1)	103.7	127.9
Total Notes and Accounts Receivable	123.7	150.6
INCOME TAXES RECEIVABLE	33.7	22.7
PROPERTY AND EQUIPMENT – at cost (less accumulated depreciation and amortization: 2008 – $247.4; 2007 – $233.6)	108.9	133.4
TITLE PLANTS	101.4	102.4
GOODWILL	614.6	809.9
INTANGIBLE ASSETS (less accumulated amortization: 2008 – $115.1; 2007 – $100.1)	59.4	94.4
DEFERRED INCOME TAXES	–	120.1
OTHER ASSETS	230.5	222.2
Total Assets	$ 3,325.1	$ 3,853.7

See Notes to Consolidated Financial Statements.

LANDAMERICA FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	September 30, 2008	December 31, 2007
	(Unaudited)	
LIABILITIES		
POLICY AND CONTRACT CLAIMS	$ 982.5	$ 876.5
DEPOSITS	707.9	564.5
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	309.2	365.3
NOTES PAYABLE	569.4	579.5
DEFERRED SERVICE ARRANGEMENTS	184.4	199.9
OTHER LIABILITIES	86.4	67.3
Total Liabilities	2,839.8	2,653.0
SHAREHOLDERS' EQUITY		
Common stock, no par value, 45,000,000 shares authorized, shares issued and outstanding: 2008 – 15,476,306; 2007 – 15,351,550	339.2	335.4
Accumulated other comprehensive loss	(61.6)	(26.2)
Retained earnings	207.7	891.5
Total Shareholders' Equity	485.3	1,200.7
Total Liabilities and Shareholders' Equity	$ 3,325.1	$ 3,853.7

See Notes to Consolidated Financial Statements.

LANDAMERICA FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
REVENUE				
Operating revenue	$ 630.1	$ 874.0	$ 1,974.1	$ 2,756.8
Investment and other income	20.9	26.6	77.9	89.0
Net realized investment (losses) gains	(19.2)	6.2	(21.4)	14.6
	631.8	906.8	2,030.6	2,860.4
EXPENSES				
Agents' commissions	277.3	357.4	825.1	1,062.4
Salaries and employee benefits	197.2	272.2	636.9	896.0
General, administrative and other	214.5	196.1	526.4	580.2
Provision for policy and contract claims	132.9	80.4	288.9	221.6
Depreciation and amortization	15.8	16.5	47.2	52.3
Interest expense	13.1	12.6	37.4	36.5
Impairment of intangible and long-lived assets	224.9	–	224.9	20.8
	1,075.7	935.2	2,586.8	2,869.8
LOSS BEFORE INCOME TAXES	(443.9)	(28.4)	(556.2)	(9.4)
INCOME TAX EXPENSE (BENEFIT)	155.7	(7.6)	117.6	(1.2)
NET LOSS	$ (599.6)	$ (20.8)	$ (673.8)	$ (8.2)
NET LOSS PER SHARE	$ (39.45)	$ (1.28)	$ (44.33)	$ (0.49)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	15.2	16.2	15.2	16.7
NET LOSS PER SHARE ASSUMING DILUTION	$ (39.45)	$ (1.28)	$ (44.33)	$ (0.49)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING ASSUMING DILUTION	15.2	16.2	15.2	16.7
CASH DIVIDENDS DECLARED PER SHARE	$ 0.05	$ 0.30	$ 0.65	$ 0.74

See Notes to Consolidated Financial Statements.

LANDAMERICA FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(In millions)
(Unaudited)

	2008	2007
Cash flows from operating activities:		
Net loss	$ (673.8)	$ (8.2)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	47.2	52.3
Amortization of bond premium	3.0	4.7
Impairment of intangible and long-lived assets	224.9	20.8
Net realized investment losses (gains)	21.4	(14.6)
Net change in fair value of trading securities	8.5	5.4
Deferred income tax (benefit)	193.0	(29.7)
Change in assets and liabilities, net of businesses acquired:		
Accounts and notes receivable	23.7	(6.2)
Income taxes receivable/payable	(83.8)	60.0
Accounts payable and accrued expenses	(47.4)	(57.0)
Pending trades of trading securities, net	(3.1)	(1.0)
Policy and contract claims	106.0	73.2
Deferred service arrangements	(15.5)	(14.1)
Other	24.4	(1.6)
Net cash (used in) provided by operating activities	(171.5)	84.0
Cash flows from investing activities:		
Purchases of title plant, property and equipment	(15.3)	(15.2)
Purchases of businesses, net of cash acquired	(3.7)	(27.1)
Change in short-term investments	(75.5)	237.1
Cost of investments acquired:		
Fixed maturities available-for-sale	(165.6)	(226.6)
Equity securities available-for-sale	(28.6)	(65.3)
Proceeds from investment sales or maturities:		
Fixed maturities available-for-sale	418.6	304.1
Equity securities available-for-sale	27.1	73.2
Net change in federal funds sold	(59.2)	46.6
Change in loans receivable	(83.1)	(71.5)
Other	(0.4)	(3.2)
Net cash provided by investing activities	14.3	252.1
Cash flows from financing activities:		
Net change in deposits	143.4	(120.3)
Proceeds from the exercise of stock options and incentive plans	–	2.8
Tax benefit of stock options exercised	–	1.8
Cost of shares repurchased	–	(126.7)
Dividends paid	(10.0)	(12.5)
Proceeds from issuance of notes payable	99.7	37.2
Payments on notes payable	(109.9)	(136.0)
Deferred financing costs	(1.0)	–
Net cash provided by (used in) financing activities	122.2	(353.7)
Net decrease in cash	(35.0)	(17.6)
Cash at beginning of period	98.2	82.5
Cash at end of period	$ 63.2	$ 64.9
Supplemental cash flow information:		
Non-cash investing activities – transfer of fixed maturities from available-for-sale to trading	$ –	$ 142.6

See Notes to Consolidated Financial Statements.

LANDAMERICA FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(In millions, except per share amounts)
(Unaudited)

	Common Stock Shares	Common Stock Amounts	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
BALANCE – December 31, 2006	17.6	$ 465.3	$ (32.2)	$ 962.7	$ 1,395.8
Comprehensive loss:					
Net loss	–	–	–	(8.2)	(8.2)
Other comprehensive (loss) income, net of tax:					
Net unrealized loss on securities	–	–	(11.9)	–	(11.9)
Postretirement benefits liability adjustment	–	–	5.4	–	5.4
					(14.7)
Common stock retired	(2.0)	(126.7)	–	–	(126.7)
Stock options and incentive plans	0.2	12.4	–	–	12.4
Common dividends ($0.74/share)	–	–	–	(12.5)	(12.5)
BALANCE – September 30, 2007	15.8	$ 351.0	$ (38.7)	$ 942.0	$ 1,254.3
BALANCE – December 31, 2007	15.3	$ 335.4	$ (26.2)	$ 891.5	$ 1,200.7
Comprehensive loss:					
Net loss	–	–	–	(673.8)	(673.8)
Other comprehensive (loss) income, net of tax:					
Net unrealized loss on securities	–	–	(41.8)	–	(41.8)
Postretirement benefits liability adjustment	–	–	8.4	–	8.4
Foreign currency translation	–	–	(2.0)	–	(2.0)
					(709.2)
Stock options and incentive plans	0.2	3.8	–	–	3.8
Common dividends ($0.65/share)	–	–	–	(10.0)	(10.0)
BALANCE – September 30, 2008	15.5	$ 339.2	$ (61.6)	$ 207.7	$ 485.3

See Notes to Consolidated Financial Statements.

LANDAMERICA FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. INTERIM FINANCIAL INFORMATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. These statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Annual Report on Form 10-K of LandAmerica Financial Group, Inc. for the year ended December 31, 2007. In the opinion of management, all adjustments (consisting of normal and recurring adjustments) considered necessary for a fair presentation of this information have been reflected. Due to the seasonal nature of our business, operating results for the interim periods are not necessarily indicative of results for a full year. Certain prior year amounts have been reclassified to conform to the current year presentation.

When used in these notes, the terms "LandAmerica," "we," "us" or "our" means LandAmerica Financial Group, Inc. and all entities included in our Consolidated Financial Statements.

Merger Agreement with Fidelity National Financial, Inc.

On November 7, 2008, we entered into a definitive merger agreement pursuant to which a wholly-owned subsidiary of Fidelity National Financial, Inc. ("Fidelity") will, subject to the terms and conditions of the agreement, merge with and into us.

Under the terms of the definitive agreement, which has been approved by the boards of directors of both companies, our shareholders will receive 0.993 shares of Fidelity common stock for each share of our common stock issued and outstanding at the closing of the merger. The exchange ratio will be reduced if our sale of Centennial Bank, which is a condition to closing the merger, results in net proceeds to us of less than $60.0 million. The merger transaction will be immediately preceded by a loan from certain of Fidelity's title insurance subsidiaries to us and/or Fidelity, and/or a dividend to Fidelity, in an amount equal to the book value, as of September 30, 2008, of the statutory surplus of Commonwealth Land Title Insurance Company and/or Lawyers Title Insurance Corporation. The proceeds from the loans and/or dividend will be used to repay outstanding indebtedness under our revolving credit facility, private placement senior notes and/or existing Fidelity debt.

The transaction is subject to certain closing conditions, including the approval of our shareholders, antitrust and state regulatory approvals, the sale of Centennial Bank, receipt of certain waivers under our revolving credit facility ("Credit Agreement") and our Note Purchase and Master Shelf Agreement with Prudential Investment Management, Inc. ("Note Purchase

Agreement") and the satisfaction of other closing conditions. The merger agreement also provides that Fidelity can terminate the agreement on or before November 21, 2008 if its remaining due diligence investigation causes it to determine, in its sole discretion, that it would be inadvisable to consummate the merger.

In connection with the execution of the merger agreement, a subsidiary of Fidelity also agreed to provide us with a $30.0 million stand-by credit facility for our 1031 exchange company secured by auction rate securities held for the benefit of customers of that subsidiary. The stand-by credit facility cannot be drawn upon until the expiration of Fidelity's due diligence contingency on November 21, 2008.

Basis of Operations

The severe downturn in the housing and mortgage markets and the general credit crisis has placed a significant strain on our liquidity and capital resources to the point that it has become increasingly difficult for us to remain an independent public company.

We conduct all of our operations through our operating subsidiaries and our ability to meet current and future obligations is dependent upon our ability to generate positive cash flows from operations and to upstream funds from our operating subsidiaries to our holding company. Revenues from operations declined in the third quarter primarily due to the reduction in the number of residential and commercial real estate transactions that occurred as a result of the depressed housing market and a severe tightening of available credit. Although we reduced costs aggressively in the third quarter to keep pace with the reduced demand for our services, overall cost levels in the third quarter continued to place a demand on cash resources. For the three and nine months ended September 30, 2008, net cash used in operating activities was $(73.2) million and $(171.5) million, respectively.

At September 30, 2008, there was approximately $69.4 million of cash and short-term investments at the holding company level available for general corporate purposes and to service our debt obligations. Our ability to upstream funds from our operating subsidiaries to our holding company is limited. Our title insurance subsidiaries, which generate approximately 85% of our operating revenues, are subject to laws and regulations that establish, among other things, limitations on their ability to declare dividends and upstream funds to our holding company, as well as financial condition standards regarding the adequacy of their reserves and their maintenance of minimum amounts of statutory surplus and paid-in capital. Our ability to upstream funds from our title insurance subsidiaries has been significantly inhibited as results of operations and surplus levels have declined. These laws and regulations are generally intended for the protection of policyholders and consumers rather than security holders. Depending on future market conditions and their impact on our results, our ability to upstream funds from our title insurance subsidiaries could be eliminated indefinitely and a state insurance regulator may require remedial action that could include limiting future operations of one or more of our title insurance subsidiaries.

In order to address the decline in revenues, we have taken a number of actions designed to bring our operating cash flows to a neutral level based on current market conditions. As of September 30, 2008 we reduced full-time equivalent ("FTE") counts by approximately 5,000 or 34.9%, since December 31, 2006 which reduced salary and employee benefit costs by 28.9% in the first nine months of 2008 from the comparable periods in 2007. As of November 7, 2008, we further reduced FTE counts by approximately 900 and closed an additional 22 offices bringing the total number of office closures to around 440 since December 31, 2006. Additionally, we have paused capital spending requirements related to our "Fusion" initiatives. Our Board of Directors also suspended the quarterly cash dividend to shareholders in November 2008 to preserve capital at the holding company in the event that lower transaction volumes and credit instability persist.

The lack of a normal market for auction rate securities also made it necessary for us to provide additional cash resources beginning in the third quarter 2008 to our 1031 exchange subsidiary to fulfill customer commitments. Through LandAmerica 1031 Exchange Services, Inc., our 1031 exchange subsidiary, we facilitate tax-deferred property exchanges ("like-kind exchanges") and hold the proceeds from sales transactions for customers until a qualified property acquisition occurs or until the termination date for such an acquisition. Consistent with industry practice, these like-kind exchange funds (that are not held on deposit at Centennial) are held by us for the benefit of our customers and are therefore not included as our assets in the accompanying consolidated balance sheets. However, our 1031 exchange company remains obligated for the return and availability of proceeds and any earnings from their temporary investment. Proceeds that are not held on deposit at our bank have been invested in money market funds, floating rate corporate bonds and auction rate securities. Approximately $290.5 million of such funds were invested in auction rate securities at September 30, 2008. As a result of the illiquidity of the auction rate securities, our holding company funded approximately $20.0 million of customer commitments for the 1031 exchange company prior to September 30, 2008 and has funded approximately $45.0 million of additional commitments after September 30, 2008.

While significant attention is currently being given to redemptions or other means of restoring liquidity to auction rate securities by the issuers of the securities, the financial markets and federal and state government officials, no assurance can be given as to the timing or amount of redemptions or the return of liquidity for these securities. In order to provide liquidity to the 1031 exchange company going forward, we have or will contribute approximately $88.8 million par value of auction rate securities to our title insurance subsidiaries (with the approval of the Nebraska Department of Insurance) in exchange for liquid assets with an approximate value of $70.0 million. The Nebraska Department of Insurance approved the contribution of an approximately $34.2 million par value of auction rate securities to our title insurance subsidiaries in exchange for liquid assets with an approximate value of $30.0 million upon the expiration of Fidelity's due diligence contingency. We have used the remainder of the auction rate securities as security for the $30.0 million stand-by credit facility with a subsidiary of Fidelity. As indicated above, our 1031 exchange company is obligated to its customers for the return and availability of proceeds of the like-kind exchange funds, and is committed to developing

additional sources of liquidity to fulfill these obligations. For additional information regarding our 1031 exchange company, see Note 7 “Commitments and Contingencies”.

The effects of the severe downturn in the housing and mortgage markets also caused us to violate the financial debt covenants of our Note Purchase Agreement and our Credit Agreement as of September 30, 2008. We do not have access to the undrawn $50.0 million commitment amount remaining under the Credit Agreement as long as an event of default has occurred and is continuing. In addition, based on current projections, we are likely to not be in compliance with the financial covenants of these agreements as of December 31, 2008. The covenant violations, unless waived by the lenders, constitute an event of default under the agreements, giving the lenders the right to declare all principal and accrued interest payable immediately, and exercise other rights and remedies granted under the agreements. A declaration for immediate payment under either of these agreements also would constitute an event of default under our convertible note obligations, enabling the holders of such indebtedness to require the immediate payment of such obligations.

We are currently in discussions with our lenders to obtain waivers and amendments to the Note Purchase Agreement and Credit Agreement. Any agreement reached with our lenders could result in new terms which are less favorable than current terms under our existing agreements and could involve a reduction in availability of funds, an increase in interest rates and shorter maturities, among other things. If we are not successful in securing waivers and amendments, we may need to seek new financing arrangements from other lenders. Such alternative financing arrangements may be unavailable to us or available on terms substantially less favorable than our existing credit facilities. For additional information regarding our debt arrangements, see Note 5 “Credit Arrangements”.

Although the transaction with Fidelity is structured to repay the Note Purchase Agreement and Credit Agreement and we have taken and continue to take actions to address the issues discussed above, there can be no assurances that we can negotiate an acceptable solution with our lenders or obtain alternative financing, that our liquidity and capital resources will be sufficient to meet our short-term and long-term needs or that we will be able to consummate the merger with Fidelity. If our efforts to address the above issues or to consummate the merger with Fidelity are unsuccessful, it could have a material adverse effect on our financial position and our ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to reflect the possible future effects on the recoverability of our assets or the amounts of our liabilities that might be necessary if we are unable to continue as a going concern.

Additional Information About the Proposed Merger

In connection with the proposed merger, Fidelity will file with the SEC a Registration Statement on Form S-4 that will include a proxy statement of LandAmerica that also constitutes a prospectus of Fidelity. LandAmerica will mail the proxy statement/prospectus to its shareholders. Fidelity and LandAmerica urge investors and security holders to read the proxy statement/prospectus regarding the proposed merger when it becomes available because it will

contain important information. You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website at www.sec.gov. You may also obtain these documents, free of charge, from Fidelity's website at www.fnf.com under the tab "Investor Relations" and then under the item "SEC Filings". You may also obtain these documents, free of charge, from LandAmerica's website at www.landam.com under the heading "Investor Information" and then under the tab "SEC Filings".

Fidelity, LandAmerica and their respective directors, executive officers and certain other members of management and employees may be soliciting proxies from LandAmerica's shareholders in favor of the merger. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of such shareholders in connection with the proposed merger will be set forth in the proxy statement/prospectus when it is filed with the SEC. You can find information about Fidelity's executive officers and directors in its definitive proxy statement filed with the SEC on April 15, 2008. You can find information about LandAmerica's executive officers and directors in its definitive proxy statement filed with the SEC on March 24, 2008. You can obtain free copies of these documents from Fidelity and LandAmerica using the contact information above.

Recently Adopted Accounting Standards

In March 2007, the Financial Accounting Standards Board ("FASB") ratified Emerging Issues Task Force ("EITF") Issue No. 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements* ("EITF No. 06-10"). EITF No. 06-10 requires an employer to recognize a liability for the post-retirement benefit related to a collateral assignment split-dollar life insurance arrangement in accordance with either Statement of Financial Accounting Standard ("SFAS") 106 or Accounting Principles Board ("APB") Opinion No. 12 if the employer has agreed to maintain a life insurance policy during the employee's retirement or provide the employee with a death benefit. EITF No. 06-10 also requires an employer to recognize and measure an asset based on the nature and substance of the collateral assignment split-dollar life insurance arrangement. We adopted EITF No. 06-10 as of January 1, 2008 which did not have a material effect on our financial statements.

In September 2006, FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. We adopted the provisions of SFAS 157 for financial assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis in the financial statements as of January 1, 2008. For further discussion see, Note 2, "Investments." In February 2008, FASB issued Staff Position No. 157-2, *Effective Date of FASB Statement No. 157* ("FSP 157-2"). FSP 157-2 delayed the effective date of SFAS 157 for all non financial assets and liabilities to January 1, 2009. As of September 30, 2008, the adoption of SFAS 157 did not have a material effect on our financial statements. We are evaluating the effect of adopting SFAS 157 on our financial statements for non financial assets and liabilities and financial assets fair valued on a recurring basis at year end.

Recently Issued Standards

In October 2008, FASB issued Staff Position ("FSP") No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* ("FSP 157-3"). FSP 157-3 clarifies the application of SFAS 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP 157-3 was effective for us on September 30, 2008 for all financial assets and liabilities recognized or disclosed at fair value in our Consolidated Financial Statements on a recurring basis (at least annually). We are evaluating the effect that FSP 157-3 will have on our remaining implementation of SFAS 157.

In June 2008, FASB issued FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities* ("FSP 03-6-1"). FSP 03-6-1 clarifies that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are to be included in the computation of earnings per share under the two-class method described in SFAS No. 128, *Earnings Per Share*. This FSP is effective for us on January 1, 2009 and requires all presented prior-period earnings per share data to be adjusted retrospectively. We do not expect FSP 03-6-1 to have a material effect on our Consolidated Financial Statements. For additional information about our share-based payment awards, refer to Note 11 of the Notes to Consolidated Financial Statements in our Form 10-K for the year ended December 31, 2007.

In May 2008, FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the United States. SFAS 162 is effective 60 days following the Security and Exchange Commission's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*. We do not expect SFAS 162 to have a material effect on our Consolidated Financial Statements.

In May 2008, FASB affirmed the consensus of FSP APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement*) ("FSP APB 14-1"), which applies to all convertible debt instruments that have a "net settlement feature," which means instruments that by their terms may be settled either wholly or partially in cash upon conversion. Under FSP APB 14-1, the liability and equity components of convertible debt instruments that may be settled wholly or partially in cash upon conversion must be accounted for separately in a manner reflective of their issuer's nonconvertible debt borrowing rate. Previous guidance provided for accounting for this type of convertible debt instrument entirely as debt. FSP APB 14-1 is effective for us on January 1, 2009. We are currently evaluating the effect adoption of FSP APB 14-1 may have on our consolidated financial statements.

In April 2008, FASB issued FSP No. 142-3, *Determination of the Useful Life of Intangible Assets* ("FSP 142-3"). FSP 142-3 amends the factors to be considered in developing renewal or extension assumptions used to determine the useful life of intangible assets under SFAS No. 142, *Goodwill and Other Intangible Assets*. Its intent is to improve the consistency between the useful life of an intangible asset and the period of expected cash flows used to measure its fair value. This FSP is effective prospectively for intangible assets acquired or renewed after January 1, 2009. We do not expect it to have a material effect on our Consolidated Financial Statements. For additional information about our intangible assets, refer to Note 6 of the Notes to Consolidated Financial Statements in our Form 10-K for the year ended December 31, 2007.

2. INVESTMENTS

In September 2006, FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements.

Under SFAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with SFAS 157, we have categorized our financial instruments, based on the quality and reliability of inputs to the valuation, into the following fair value hierarchy:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets

- Level 2 – inputs to the valuation methodology include observable market based inputs or unobservable inputs that are corroborated by market data (quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; market-corroborated inputs, etc)

- Level 3 – inputs to the valuation methodology are unobservable

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Changes in the observable or unobservable attributes of valuation inputs may result in a future reclassification between hierarchy levels.

Our financial instruments in Level 1 generally include U.S. treasuries and equities listed in active markets. Level 2 generally includes U.S. government corporations and agency bonds, municipal bonds, certain corporate debt, mandatory redeemable preferred stock and certain mortgage and asset-backed securities. Level 2 financial instruments are valued based on relevant factors, including dealer price quotations, price activity for equivalent instruments and valuation pricing models. Valuation pricing models are primarily industry-standard models that consider

various assumptions, including time value, yield curve, benchmark yields, volatility factors, prepayment speeds, default rates, loss severity, current market and contractual prices for the underlying or similar financial instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace or can be derived or supported by observable market data. We do not have any Level 3 financial instruments as of September 30, 2008.

The following table presents the fair value hierarchy for financial instruments measured at fair value on a recurring basis as of September 30, 2008.

	Total	Fair Value Measurements at September 30, 2008 Using Level 1	Level 2
		(In millions)	
Assets:			
Fixed maturities trading	$ 107.5	$ 1.0	$ 106.5
Available-for-sale securities			
Fixed maturities	724.0	40.6	683.4
Equity	70.7	70.7	–
Total	$ 902.2	$ 112.3	$ 789.9

Net realized investment (losses) gains are comprised of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
		(In millions)		
Realized gains on sales	$ 7.8	$ 4.3	$ 8.7	$ 13.9
Holding (losses) gains on trading fixed maturities	(5.7)	1.9	(8.8)	0.7
Other-than-temporary impairment	(21.3)	–	(21.3)	–
Total	$(19.2)	$ 6.2	$ (21.4)	$ 14.6

The total unrealized loss of $41.8 million relating to investments still held at September 30, 2008 is included in other comprehensive income.

Gross unrealized losses and fair value related to our available-for-sale securities and length of time that individual securities have been in a continuous unrealized loss position were as follows:

	September 30, 2008					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In millions)					
Fixed maturities :						
U.S. treasuries	$ 8.2	$ 0.1	$ –	$ –	$ 8.2	$ 0.1
U.S. government corporations and agencies	2.6	–	–	–	2.6	–
States and political subdivisions	62.1	3.5	8.4	0.6	70.5	4.1
Fixed maturities issued by foreign governments	9.5	0.7	0.8	0.2	10.3	0.9
Public utilities	19.6	1.0	2.6	0.6	22.2	1.6
Corporate securities	136.5	11.0	15.8	3.9	152.3	14.9
Mortgage-backed securities	119.4	5.3	19.9	2.1	139.3	7.4
Preferred stock	0.8	0.2	1.4	0.9	2.2	1.1
Equity securities	34.8	8.0	4.0	0.5	38.8	8.5
Total	$393.5	$29.8	$52.9	$8.8	$446.4	$38.6

	December 31, 2007					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In millions)					
Fixed maturities :						
U.S. treasuries	$ –	$ –	$ 0.8	$ –	$ 0.8	$ –
U.S. government corporations and agencies	0.5	–	2.0	–	2.5	–
States and political subdivisions	26.9	0.3	27.6	0.1	54.5	0.4
Fixed maturities issued by foreign governments	–	–	3.6	–	3.6	–
Public utilities	6.2	0.2	3.0	0.1	9.2	0.3
Corporate securities	43.8	1.2	45.8	1.1	89.6	2.3
Mortgage-backed securities	13.4	0.2	67.8	0.9	81.2	1.1
Preferred stock	4.4	1.1	–	–	4.4	1.1
Equity securities	37.5	8.6	2.2	1.0	39.7	9.6
Total	$132.7	$11.6	$152.8	$3.2	$ 285.5	$14.8

At September 30, 2008, we held 943 securities which were in an unrealized loss position with a total estimated fair value of $446.4 million and gross unrealized losses of $38.6 million. Of the 943 securities, 132 had been in a continuous unrealized loss position for greater than one year and had a total estimated fair value of $52.9 million and gross unrealized losses of $8.8 million. The 132 securities with unrealized losses in excess of twelve months were equity securities and investment grade debt which we had the intent and the ability to hold until recovery.

At December 31, 2007, we held 738 securities which were in an unrealized loss position with a total estimated fair value of $285.5 million and gross unrealized losses of $14.8 million. Of the 738 securities, 217 had been in a continuous unrealized loss position for greater than one year and had a total estimated fair value of $152.8 million and gross unrealized losses of $3.2 million. The 217 securities with unrealized losses in excess of twelve months were equity

securities and investment grade debt which we have the intent and the ability to hold until recovery.

We review the status of each security quarterly to determine whether an other-than-temporary impairment has occurred. In making our determination, we consider a number of factors including: (1) the significance of the decline, (2) whether the security is rated below investment grade, (3) how long the security has been in the unrealized loss position, and (4) our ability and intent to retain the investment for a sufficient period of time for it to recover. In third quarter 2008, we recognized a loss of $21.3 million as certain securities were deemed to be other-than-temporarily impaired or we no longer had the intent to hold certain fixed-maturity securities to recovery. We have concluded that none of the other available-for-sale securities with unrealized losses at September 30, 2008 has experienced an other-than-temporary impairment.

Transfers to Trading Portfolio

During first quarter 2007, we began actively trading $142.6 million of our fixed maturity securities previously classified as available-for-sale securities. We classify our fixed-maturity and equity investments as trading or available-for-sale. Trading investments are bought and held principally for the purpose of selling them in the near term. All fixed-maturity and equity investments not classified as trading are classified as available-for-sale.

Our investment portfolio is managed by professional investment advisors under guidelines that govern the types of permissible investments, investment quality, maturity, duration, and concentration of issuer to comply with the various state regulatory requirements while maximizing net after-tax yield. These guidelines and our investment strategies are established and periodically reexamined by the Investment Funds Committee of our Board of Directors. In first quarter 2007, we decided to modify our investment strategy and engage a new investment advisor for a portion of our investment portfolio with the intent to actively trade these securities for the purpose of profit taking and maximizing the total return of the portfolio. Although the market value of our trading securities may be similar to past statements, the individual securities may be significantly different from period to period. Because of the investment advisor's style of active and frequent trading, the securities under their management were reclassified from available-for-sale to trading. During first quarter 2007, we transferred $142.6 million of our fixed-maturity securities from available-for-sale securities to trading securities. Additionally $2.3 million of unrealized gains on these available-for-sale securities which were previously included in accumulated other comprehensive income (loss) were reclassified and recorded in the consolidated statement of operations caption "Net realized investment gains." We did not transfer any of our securities between investment categories during the remainder of 2007 or during the first nine months of 2008. For further details, see our Annual Report on Form 10-K for the year ended December 31, 2007.

3. INCOME TAXES

In accordance with SFAS No. 109, *Accounting for Income Taxes* ("SFAS 109"), we evaluate our deferred tax assets quarterly to determine if valuation allowances are required. SFAS 109 requires that companies assess whether valuation allowances should be established based on the consideration of all available evidence using a "more likely than not" standard. According to SFAS 109, a three-year cumulative loss is significant negative evidence in considering whether deferred tax assets are realizable. Based on projections developed during third quarter 2008, we determined that the 2008 net operating loss would exceed the cumulative income reported in the prior two years. As a result of those projections and other negative evidence, including the current industry conditions and the related uncertainty of future taxable income, we have recorded a valuation allowance against the entirety of our deferred tax assets of $272.7 million, through a non-cash charge to income tax expense of $260.7 million ($17.15 per share) and a charge to other comprehensive income of $12.0 million.

Income tax expense for the nine months ended September 30, 2008 differs from the amount of income tax determined by applying the U.S. statutory income tax rate to pre-tax income as a result of the following:

	(In millions)
Tax expense at federal statutory rate	$ (194.7)
State income tax benefit, net of federal cost	(7.0)
Nontaxable interest	(3.8)
Valuation allowance	260.7
Goodwill impairment	53.2
Meals and entertainment	3.3
FIN 48 reserve	3.9
Non-US income taxed at different rates	3.6
Other, net	(1.6)
Income tax expense	$ 117.6

As a result of an audit of the 2003 to 2004 tax years, the Internal Revenue Service ("IRS") has proposed certain adjustments relating to our tax treatment of agency revenue. Currently, revenue from title policies issued through independent agents is recognized when the policies are reported by the agent for book and tax purposes. The IRS believes we are required to estimate the income and commissions associated with the sale of policies by agents during the tax year. We are currently disputing the proposed adjustment as we continue to believe that our tax treatment of these transactions is correct and we believe we will prevail in any dispute with the IRS related to this matter. Accordingly, no interest or penalties have been accrued for this proposed IRS adjustment as of September 30, 2008. We expect to defend the matter vigorously through litigation. The amount of the proposed adjustment results in tax of $35 million. If it were to be reflected in our financial statements it would result in an increase in the current tax

liability and, because of the valuation allowance described above, a charge to income tax expense.

4. POLICY AND CONTRACT CLAIMS

A summary of our policy and contract claims, broken down into its components of known claims and incurred but not reported claims ("IBNR") follows:

	September 30, 2008		December 31, 2007	
	(Dollars in millions)			
Known claims	$ 184.7	18.8%	$ 165.8	18.9%
IBNR	797.8	81.2	710.7	81.1
Total policy and contract claims	$ 982.5	100.0%	$ 876.5	100.0%

We review our claims experience quarterly and evaluate the adequacy of our claims reserve. We consider factors such as historical timing of reported claims and historical timing of claims payments against actual experience by year of policy issue to determine the amount of claims liability required for each policy year. We also consider the impact of current trends in marketplace activity, including refinance activity (which may shorten the time period a policy is outstanding), bankruptcies and individual large claims attributable to any particular period in determining the expected liability associated with each year.

Based on our quarterly review of the underlying claims data and trends therein, we provided for claims losses using approximately 23.5% and 9.9% of operating revenue from the Title Operations segment for the third quarters of 2008 and 2007, respectively, and approximately 16.3% and 8.6% of operating revenue from the Title Operations segment for the first nine months of 2008 and 2007, respectively. The claims provision ratio included individual claims over $1 million ("large claims") incurred of approximately $5.1 million and $38.1 million in third quarter and the first nine months of 2008, respectively. Additionally, third quarter 2008 reflected an increase in the frequency of claims reported primarily for policy years 2005 through 2007 which resulted in upward development in the estimated provision for these policy years. Based on continued adverse trends for reported and paid claims over the last six quarters, we have more heavily weighted the more recent years' loss experience in the actuarial model and incorporated that data into the assumptions and factors that determine ultimate expected loss experience for all prior calendar years. This weighting further strengthened our reserves for policy and contract claims by approximately $90 million. Large claims incurred of approximately $8.2 million was reported in third quarter 2007 and $12.9 million in the first nine months of 2007. Since we are subject to liability on claims for an extended period of time, slight changes in current claims experience can have a significant effect on the amount of liability required for potential IBNR claims. We believe that we have reserved appropriately for all reported and IBNR claims at September 30, 2008 based on the results of our evaluation of claims data and current marketplace trends.

5. CREDIT ARRANGEMENTS

See Note 1 for third quarter status and subsequent event updates to our credit arrangements.

On June 30, 2008, we entered into an amendment ("Second Amendment to the Note Purchase Agreement") to our Note Purchase and Master Shelf Agreement ("the Note Purchase Agreement"). The material terms of the Second Amendment to the Note Purchase Agreement suspended the interest charges coverage ratio covenant through December 31, 2009 and during the suspension, the covenant was replaced with a covenant setting forth a fixed charge coverage ratio of 1.15:1.0 for the fiscal quarter ending June 30, 2008, 1.20:1.0 for the fiscal quarter ending September 30, 2008, and 1.50:1.0 for each fiscal quarter ending thereafter, with both covenants applicable after December 31, 2009; and increased the interest rate on the Series D and Series E notes by 50 basis points from 6.66% to 7.16% and 6.70% to 7.20%, respectively. In addition, the Second Amendment to the Note Purchase Agreement added, among other terms, certain covenants and defaults that were included in the revolving credit facility with SunTrust Bank and restrictions on dividends in the event our senior debt is downgraded to below investment grade. As of September 30, 2008, the amount outstanding under this agreement was $150.0 million.

On June 30, 2008, we entered into an amendment ("Second Amendment") to our revolving credit facility with SunTrust Bank ("Credit Agreement"). The material terms of the Second Amendment eliminated the consolidated net worth covenant; replaced the interest coverage ratio covenant with a covenant setting forth a fixed charge coverage ratio of 1.15:1.0 for the fiscal quarter ending June 30, 2008, 1.20:1.0 for the fiscal quarter ending September 30, 2008, and 1.50:1.0 for each fiscal quarter ending thereafter; reduced the principal amount available under the facility from $200 million to $150 million; added as an event of default a material insurance subsidiary of ours becoming subject to a regulatory prohibition that results in a loss of our ability to write or underwrite further business representing more than 10% of our total annual consolidated revenue; increased the interest rate pricing grid by 50 basis points; and provided for an interest rate increase of 50 basis points in the event our senior debt rating is downgraded to below investment grade. As of September 30, 2008, the amount outstanding under this agreement was $100.0 million.

6. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The following presents the estimated net pension expense recorded in the financial statements for the three and nine months ended September 30, 2008 and 2007.

The amounts are as follows:

	Three Months Ended September 30,			
	Pension Benefits		Other Benefits	
	2008	2007	2008	2007
	(In millions)			
Components of net pension expense (income):				
Service cost	$ –	$ –	$ 0.1	$ 0.3
Interest cost	3.4	3.2	0.5	0.8
Expected return on plan assets	(4.2)	(4.1)	–	–
Recognized prior service cost	–	–	(0.1)	–
Recognized loss	1.1	1.5	–	–
Gain or loss due to settlement or curtailment	1.2	1.1	–	–
Net pension expense (income)	$ 1.5	$ 1.7	$ 0.5	$ 1.1

	Nine Months Ended September 30,			
	Pension Benefits		Other Benefits	
	2008	2007	2008	2007
	(In millions)			
Components of net pension expense (income):				
Service cost	$ –	$ –	$ 0.5	$ 0.9
Interest cost	10.2	10.5	1.9	2.2
Expected return on plan assets	(12.7)	(13.5)	–	–
Recognized prior service cost	–	–	(0.1)	–
Recognized loss	3.3	4.4	–	–
Gain or loss due to settlement or curtailment	3.1	4.1	(2.3)	–
Net pension expense (income)	$ 3.9	$ 5.5	$ –	$ 3.1

On December 31, 2004, we froze the accumulation of benefits available under our principal pension plan.

7. COMMITMENTS AND CONTINGENCIES

General

We are involved in certain litigation arising in the ordinary course of our businesses. Although the ultimate outcome of these matters cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, based on current knowledge we believe

that the resolution of these matters will not have a material adverse effect on our financial position or results of operations.

We believe that the pending legal proceedings listed below are the only material ones we are involved in that depart from customary actions arising in the ordinary course of our business. Pending legal proceedings are subject to many uncertainties and complexities, including but not limited to: the underlying facts of each matter; variations between jurisdictions in which matters are being litigated; differences in applicable laws and judicial interpretations; the length of time before many of these matters might be resolved by settlement or through litigation; the timing and structure of their resolution relative to other similar cases brought against other companies; the fact that many of these matters are putative class actions in which a class is not clearly defined and has not been certified; the fact that many of these matters involve multi-state class actions in which the applicable laws for the claims at issue are in dispute and therefore unclear; and the current challenging legal environment faced by large corporations and insurance companies. For the reasons specified herein, at this stage of the litigation, the amount or range of loss that could result from an unfavorable outcome cannot be reasonably estimated, except with respect to a reserve of $10 million established during third quarter 2007 in connection with the "Henderson Suit" and the "Alberton Suit" (both as hereinafter defined).

Litigation Not in the Ordinary Course of Business

On January 25, 2002, Miles R. Henderson and Patricia A. Henderson ("Henderson Plaintiffs") filed a putative class action suit (the "Henderson Suit") against Lawyers Title Insurance Corporation ("Lawyers Title") in the Court of Common Pleas for Cuyahoga County, Ohio. Lawyers Title removed the case to the District Court for the Northern District of Ohio on March 6, 2002 and the Henderson Plaintiffs amended the complaint on March 8, 2002. On June 28, 2002, the District Court remanded the case to the Court of Common Pleas for Cuyahoga County, Ohio. A similar putative class action suit was filed against Commonwealth Land Title Insurance Company ("Commonwealth"), by Rodney P. Simon and Tracy L. Simon ("Simon Plaintiffs") in the Court of Common Pleas for Cuyahoga County, Ohio on March 5, 2003. Plaintiffs' allege in both suits that the defendants charged original rates for owners' title insurance policies instead of a lower reissue rates for which the customers were eligible. Both defendants moved to compel arbitration of the Plaintiffs' claims, but lost the motion in the trial court and on appeal to the Ohio Supreme Court. On remand to the trial court, the Henderson Plaintiffs moved to certify a class of all sellers and buyers of residential property in Ohio who paid the higher original rate from 1992 to the present. The Simon Plaintiffs asked for the certification of a class of all sellers of residential property in Ohio, who paid the original rate from 1993 to the present. Both complaints demand an unspecified amount of compensatory damages, declaratory and injunctive relief, punitive damages and attorneys' fees and costs. In December 2007, a voluntary mediation was held in the Henderson Suit that resulted in a settlement within the reserve established during third quarter 2007. The settlement was preliminarily approved by the court and a fairness hearing is set for March 10, 2009 after notice to the class. No hearing on the Simon Plaintiffs' Motion for Class Certification has been scheduled. Should further litigation prove necessary in either the Henderson Suit or the Simon Suit, defendants believe that they have meritorious defenses.

On September 20, 2004, Kenneth and Deete Higgins ("Higgins Plaintiffs") filed a putative class action suit ("Higgins Suit") against Commonwealth in the Circuit Court of Nassau County, Florida. On February 3, 2005 the Higgins Plaintiffs amended their complaint to allege that Commonwealth charged refinance borrowers higher basic rates for title insurance, rather than the lower reissue rates for which they qualified. The Higgins Suit also states that Commonwealth failed to disclose the potential availability of the lower rates to customers. The Higgins Plaintiffs seek to have the case certified as a class action on behalf of all Florida persons or entities that refinanced their mortgages or fee interest on the identical premises from July 1, 1999 to the present where there was no change in the fee ownership and who were charge a premium in excess of the reissue rate. The Higgins Plaintiffs demand an unspecified amount of compensatory damages, declaratory relief, attorney fees, costs and pre-judgment interest. Initial discovery was exchanged between the parties. Commonwealth objected to discovery requests made by the Higgins Plaintiffs as overly broad and burdensome. Commonwealth also objected to answering interrogatories and producing documents in the possession of its agents. The Higgins Plaintiffs moved to compel a response to this discovery, which motion was granted by the trial Court. Commonwealth filed a Petition for Writ of Certiorari to the First District Court of Appeal to overturn the trial court's ruling. On March 6, 2008, the appellate court vacated the trial court's order compelling discovery. It held that a defendant could not be required to produce such burdensome discovery prior to certification of a class. The appellate court remanded the case to the trial court to craft a less burdensome order. No motion for class certification has been filed to date and Commonwealth believes it has meritorious defenses.

On July 24, 2006, A.D. Alberton filed a putative class action suit ("Alberton Suit") against Commonwealth that is pending after removal in the United States District Court for the Eastern District of Pennsylvania. The Alberton Suit alleges that Commonwealth charged rates for title insurance in excess of statutorily mandated rates and/or failed to disclose to consumers that they were entitled to reduced title insurance premiums. Alberton seeks to represent a class of all consumers who paid premiums for title insurance on property located in Pennsylvania in excess of the statutorily mandated rates and/or failed to disclose to consumers that they were entitled to a discount during the period of January 2000 until August 2005. He demands an unspecified amount of compensatory damages, declaratory relief, triple damages, restitution, pre-judgment and post-judgment interest and expert fees, attorneys' fees and costs. On January 31, 2008, the court certified a class of all persons who from July 25, 2000 until August 1, 2005 paid premiums for title insurance from Commonwealth in connection with a refinance of a mortgage or fee interest on Pennsylvania properties that were insured by a prior title insurance policy within ten years of the refinance transaction and were not charged the applicable reissue rate or refinance rate discount on file with the Pennsylvania Insurance Commissioner. The court divided the class into two subclasses: one made up of individuals who had refinanced their mortgage within three years of purchasing title insurance; and a second subclass of individuals who had refinanced more than three years but less than ten years of their original purchase of title insurance. Alberton was named class representative of the subclass who had refinanced within three years and ordered to name a class representative for the second subclass. Thereafter, an amended complaint was filed naming Mark Kessler as the second subclass representative. Alberton and Kessler have submitted a preliminary class notice to the court,

which is pending approval. A similar putative class case was filed against Lawyers Title by Sharlee L. DeCooman ("DeCooman") in the Court of Common Pleas of Allegheny County, Pennsylvania on or about August 12, 2005. On November 1, 2005, DeCooman filed an amended complaint alleging that Lawyers Title charged the basic rate rather than a reissue or discounted rate to certain customers eligible for a lower rate. DeCooman seeks to represent a class of all owners of residential real estate in Pennsylvania who, at any time during the ten years prior to August 12, 2005 paid premiums for the purchase of title insurance from Lawyers Title, qualified for a reissue or other discounted rate and did not receive such rate. DeCooman demands an unspecified amount of compensatory damages, punitive damages, triple damages, prejudgment interest and attorneys' fees, litigation expenses and costs. A class certification hearing in DeCooman was held on October 9, 2007, but no decision has been issued. Commonwealth and Lawyers Title believe they have meritorious defenses to both of these lawsuits.

On May 11, 2005, Felix Rodriguez, Linda Rodriguez, Laura Willis, Rosario Villareal, Susan Villareal and Ruth Warren ("Plaintiffs") filed a complaint individually and on behalf of others similarly situated (the "Rodriguez Suit") against United Title Company ("United Title"), Mountain Pacific Financial, Inc., Last Dance, Inc., and Geoffrey F. Mountain (collectively, "Defendants") in the United States District Court for the Southern District of California. The Rodriguez Suit alleges that Defendants violated the Real Estate Procedures Act ("RESPA"), among other federal and California statutes, by paying kickbacks and other compensation to real estate agents in exchange for the referral of business. Plaintiffs demand judgment in an amount equal to three times the amount of fees which Plaintiffs paid to Defendants for settlement services related to the purchase of their homes; punitive and exemplary damages; and attorney fees. Thereafter, Plaintiffs amended their complaint to add Jason R. Hall, James Crestani and RE/MAX Associates as Defendants. According to the amended Rodriguez Suit, the RE/MAX Defendants received undisclosed referral fees or "kickbacks" for every client who used United Title's services. As a result, Plaintiffs allege that they were overcharged for the closing costs in their real estate transactions because they were not able to exercise their right to use lower-priced title insurance and escrow services. On July 11, 2005, Defendants moved to dismiss the Rodriguez Suit and argued that the RESPA claims had been brought outside of the statute of limitations, Plaintiffs had sustained no cognizable injury and had no standing to bring their claims. The Court granted the motion in part, denied it in part, and granted Plaintiffs leave to amend their complaint. On June 26, 2006, Plaintiffs filed a Second Amended Complaint, attempting to address the deficiencies of their prior pleading. Defendants again moved to dismiss the Rodriguez Suit. On March 24, 2008, the Court granted in part and denied in part Defendants' renewed motion to dismiss. It found that Plaintiffs' RESPA claims were subject to equitable tolling and not brought outside of the applicable statute of limitations. The decision allowed the claims for RESPA violations and unfair competition to survive, while dismissing counts related to constructive fraud. Following the Court's ruling on their renewed motion to dismiss, Defendants answered the Second Amended Complaint. The parties are conducting discovery related to class certification. United Title believes it has meritorious defenses.

On December 3, 2007, Chris Chaffin, a former title officer for Lawyers Title Company ("LTC") in California filed a putative class action suit against LTC and LandAmerica Financial Group, Inc. ("LFG") (together, "Defendants") in the Superior Court of California for Los

Angeles County. A similar putative class action was filed against Defendants by Bruce Hay, Sheree Barcello, and Elizabeth Gonzalez, all former LTC escrow officers in California, in the same court on December 12, 2007. Plaintiffs' complaints in both lawsuits allege failure to pay overtime and other related violations of the California Labor Code, as well as unfair business practices under the California Business and Professions Code § 17200 on behalf of all current and former California title and escrow officers. The underlying basis for both lawsuits is an alleged misclassification of title and escrow officers as "exempt" employees for purposes of the California Labor Code, which resulted in a failure to pay overtime and provide for required meal and rest breaks. Although such employees were reclassified as "non-exempt" beginning on January 1, 2006, the complaints allege similar violations of the California Labor Code even after that date for alleged "off-the-clock" work. Plaintiffs' complaints in both cases demand an unspecified amount of back wages, statutory penalties, declaratory and injunctive relief, punitive damages, interest, and attorneys' fees and costs. Plaintiffs have yet to file a motion for class certification, as the parties have agreed to mediation in November 2008. Should further litigation prove necessary following the mediation, Defendants believe they have meritorious defenses both to class certification and to liability.

We are defendants in a number of other purported class action cases pending in various states that include allegations that certain consumers were overcharged for title insurance and/or related services. The dollar amount of damages sought has generally not been specified in these cases except for jurisdictional limits. We intend to vigorously defend these actions.

Regulatory Proceedings

We have received certain information requests and subpoenas from various regulatory authorities relating to our business practices and those of the title insurance industry.

Various government entities are studying the title insurance product, market, pricing, business practices, and potential regulatory and legislative changes. On March 14, 2008, the Department of Housing and Urban Development published and then received public comments on proposed modifications to the Real Estate Settlement Procedure Act that could increase the title insurance industry's cost of doing business. Recent Congressional hearings critical of those proposed regulations may delay or cause further changes to those proposed regulations. Multiple states, including California, Florida, New Mexico, New York, Texas, and Washington, are examining pricing levels and/or title insurance regulations. If it is determined that prices are not justified, rate changes may be implemented, including potential rate reductions. Some of the pricing examinations, like those conducted in Texas and New Mexico, are conducted annually or biannually and usually result in adjustments to the prices we can charge.

Subsequent to a hearing of the New Mexico title rate case for 2006, which concluded on January 18, 2007, the New Mexico Superintendent of Insurance (the "Superintendent") issued an order on July 20, 2007 (the "Final Order") mandating a rate reduction of 6.36 percent and a change in the agent/underwriter split from 80/20 to 84.2/15.8 effective September 1, 2007. The New Mexico Land Title Association (the "NMLTA") filed a Motion for Reconsideration with the Superintendent on August 3, 2007. As a result of the Superintendent taking no action with

respect to that Motion, on August 20, 2007, the NMLTA filed a Request for Review of Superintendent's Final Order, a stay and hearing by the New Mexico Public Regulatory Commission (the "Commission"). Various underwriters also filed an appeal to the Commission. On August 28, 2007, the Superintendent issued an Order denying the NMLTA's Motion for Reconsideration and granting the stay request until the Commission completed its review of the case with a requirement that the rate differential be escrowed during the stay and a notice of potential refund be provided to consumers. The Commission upheld the Final Order and the NMLTA and various underwriters have appealed to the New Mexico district court, with further appellate review available up to the New Mexico Supreme Court. Prior to the notice of appeal, the Commission granted an order continuing the stay of the Final Order and the escrow of the rate differential. On March 5, 2008, the Superintendent issued an order on the completed rate case for 2007 which ordered a 3.1% decrease from the rates ordered in July 2006 and restored the agent/underwriter split to 80/20. Although an appeal of a portion of the order was filed, no appeal was filed to the rate decrease or the change in the split, which took effect July 1, 2008. The New Mexico Division of Insurance held a hearing on June 27, 2008 to consider expanding its statistical plan to gather additional information on title insurers and agents for rate-making purposes. On October 9, 2008, the Superintendent of Insurance issued an order which denied certain proposed revisions and held others in abeyance, resulting in no current change in the data call. A hearing of the New Mexico title rate case for 2008 has been noticed for November 17, 2008.

A hearing of the Texas title rate case for 2008 has been noticed for November 18, 2008.

The California Department of Insurance ("CA DOI") submitted to the Office of Administrative Law ("OAL") proposed regulations governing the rating of title insurance and related services that could impose future rate reductions and filing of mandated statistical plans that impose substantially higher costs on title insurance operations in California. On February 21, 2007, OAL disapproved the regulatory action for failure to comply with certain standards and requirements and on February 28, 2007 issued a written decision detailing the reasons for disapproval. On June 28, 2007, CA DOI submitted revised regulations to OAL which were approved by OAL on July 25, 2007 and subsequently released by the California Secretary of State. On June 18, 2008, CA DOI submitted new regulations to OAL intended to repeal and replace the previously approved regulations and addressing controlled business, financial data reporting, rebates and commissions. Hearings on the new regulations were held August 12-15, 2008. Industry has been meeting with the CA DOI subsequent to the hearings to negotiate details of the new proposed regulations. If adopted, the new regulations would repeal the interim rate reduction and the maximum rate formula that are contained in the current regulations.

Based on the information known to management at this time, it is not possible to predict the outcome of any of the currently pending governmental inquiries and investigations into the title insurance industry's market, business practices, pricing levels, and other matters, or the market's response thereto. However, any material change in our business practices, pricing levels, or regulatory environment may have an adverse effect on our business, operating results and financial condition.

Other Commitments and Guarantees

We had guarantees of indebtedness of others of approximately $2.7 million at September 30, 2008 and approximately $2.1 million at December 31, 2007.

Like-Kind Exchanges

LandAmerica 1031 Exchange Services, Inc. ("1031") facilitates tax-deferred property exchanges for customers pursuant to Section 1031 of the Internal Revenue Code ("like-kind exchanges"). As a facilitator and intermediary, we hold the proceeds from sales transactions until a qualified property acquisition occurs or until the termination date for such an acquisition. Consistent with industry practice, these like-kind exchange funds (that are not held on deposit at Centennial) are held by us for the benefit of our customers and are therefore not included as our assets in the accompanying consolidated balance sheets. However, 1031 remains obligated for the return and availability of proceeds and any earnings from their temporary investment. These proceeds totaled $400.7 million at September 30, 2008 and $863.2 million at December 31, 2007. The like-kind exchange funds are either invested in a commingled account ($290.5 million at September 30, 2008), or if requested by the taxpayer, in a separate account designated by the taxpayer ($110.2 million at September 30, 2008). Funds related to like-kind exchange transactions held on deposit at Centennial and included in the accompanying consolidated balance sheets were $93.0 million and $131.9 million at September 30, 2008 and December 31, 2007, respectively.

At September 30, 2008, like-kind exchange funds not held at Centennial were invested in money market funds, floating-rate corporate bonds and auction rate securities ("ARS") with a par value of $290.5 million. ARS are long-term securities that have typical maturities of at least 20 years. However, ARS were structured by their issuers to provide short-term liquidity through a periodic Dutch auction process that allowed existing investors to either rollover their holdings, whereby they would continue to own their respective securities, or liquidate their holdings by selling such securities at par. Historically, the fair value of auction rate securities approximated par value due to the frequent interest rate resets through the auction rate process. Beginning in February 2008, the auctions for ARS failed when sell orders exceeded buy orders as a result of liquidity issues in the global credit markets. The failure of these auctions has disrupted the expected liquidity of these investments, thereby resulting in depressed fair values of ARS.

The portfolio of ARS held by 1031 is comprised entirely of subordinate student loan ARS which were primarily "A" rated as of September 30, 2008. Payments of principal and interest owed to 1031 under these auction rate agreements are generally secured by the assets of a trust. The trust assets consist primarily of student loans made under a federal program that provides for a guarantee by the federal government. While underlying student loans purchased with the proceeds of the auction rate transactions are approximately 98% insured or reinsured by the federal government, holders of the subordinated tranches of ARS receive contractual payments after applicable payments are made on the senior tranches. As such, the subordinated securities we own bear greater risk of loss and the indirect federal guarantee of cash flows may be substantially less than 98%. We believe that the failures of these auctions do not affect the

value of the collateral underlying the ARS; however, there are certain increased risks associated with these failures that have led to a decline in the estimated fair value of these ARS held by the exchange funds. Because 1031 unconditionally obligated for the return and availability of like-kind exchange proceeds and related interest in commingled accounts to the taxpayer, our current inability to sell ARS at par value to satisfy these obligations required us for the first time in the third quarter of 2008 to perform under contingent obligation by providing liquidity to the commingled like-kind exchange fund accounts.

During the quarter ended September 30, 2008, we advanced $20.0 million of cash to the like-kind exchange funds. Subsequent to September 30, 2008, we advanced an additional $45 million of cash to the like-kind exchange funds. In order to provide liquidity to the 1031 exchange company going forward, we have or will contribute approximately $88.8 million par value of auction rate securities to our title insurance subsidiaries (with the approval of the Nebraska Department of Insurance) in exchange for liquid assets with an approximate value of $70.0 million. The Nebraska Department of Insurance approved the contribution of an approximately $34.2 million par value of auction rate securities to our title insurance subsidiaries in exchange for liquid assets with an approximate value of $30.0 million upon the expiration of Fidelity's due diligence contingency. In connection with the execution of the merger agreement, a subsidiary of Fidelity also agreed to provide us with a $30.0 million stand-by credit facility for our 1031 exchange company secured by auction rate securities held for the benefit of customers of that subsidiary. The stand-by credit facility cannot be drawn upon until the expiration of Fidelity's due diligence contingency on November 21, 2008.

While we cannot predict the timing or amounts of additional ARS we may need to acquire from the like-kind exchange funds, we believe that it is probable we will need to make such acquisitions or provide other forms of liquidity to the like-kind exchange funds to satisfy our contingent obligation. As a result, we have recorded at September 30, 2008 a contingent obligation and corresponding estimated loss of $60.5 million, which represents our estimate at September 30, 2008 of the probable loss we will incur to satisfy our contingent obligation to return or make available exchange funds and related interest to taxpayers. We estimated the probable loss based on the shortfall between the estimated fair value and the par value of the ARS held in the like-kind exchange funds at September 30, 2008.

The fair values of these securities were estimated using discounted cash flow analyses as of September 30, 2008. These analyses consider, among other items, the collateralization underlying the investments, the creditworthiness of the counterparty, the timing of expected future cash flows, and estimates of when these securities may be redeemed or converted. These securities were also compared, when possible, to other securities with similar characteristics. The loss resulting from this contingent obligation is reflected in "General, administrative and other" in our Consolidated Statements of Operations. Depending on the fair value of the ARS in the future and until such time that these securities may be redeemed or converted, we may incur additional losses related to our contingent obligation. For example, if 1031 is required to liquidate its current holdings of ARS with a par value of $234.9 million in disorderly transactions to meet its obligations, our losses resulting from our contingent obligation may be greater than currently anticipated. While significant attention is currently being given to

redemptions or other means of restoring liquidity to auction rate securities by the issuers of the securities, the financial markets and federal and state government officials, no assurance can be given as to the timing or amount of redemptions or the return of liquidity for these securities. Accordingly, our estimate of the liability resulting from our contingent obligation may increase in the near term, and the resulting losses could be significant.

In third quarter 2008, the U.S. Internal Revenue Service and Treasury Department issued federal regulations that clarify the income tax characterization of like-kind exchange funds held by qualified intermediaries. The new regulations are mandatory for like-kind exchanges commenced after October 7, 2008 with limited exceptions. Our affected like-kind exchange documents and products are in compliance with the new federal regulations as of the effective date. We do not expect this regulation will have a material affect on our accounting for like-kind exchanges.

8. IMPAIRMENT OF INTANGIBLE AND LONG-LIVED ASSETS

Goodwill

Goodwill is tested for impairment on an annual basis, and more frequently if indicators of potential impairment exist. In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, the first step of the impairment test requires we compare the estimated fair value of our reporting units to their carrying value. Where the carrying value of a reporting unit exceeds its estimated fair value, we must perform a second test to measure the amount of impairment loss, if any. The second test compares the carrying amount of the goodwill to its implied fair value. The implied fair value of the goodwill is based upon the excess of the fair value of recorded and unrecorded assets and liabilities over the fair value of the reporting unit.

In connection with our annual impairment test, several impairment indicators present as of September 30, 2008, caused us to accelerate the completion of that process. To determine the estimated fair value of our reporting units, we utilized a valuation technique known as the income approach or present value technique. Under the income approach, we first estimated the expected future cash flows generated from our reporting units, and then we discounted those cash flows to their estimated present value. To corroborate the results of reporting unit fair value determined under the income approach, we also considered market-based approaches, including the observable market enterprise value based on our publicly-traded stock price. We also considered the guideline company method, which focuses on comparing our risk profile and growth prospects to select reasonably similar/guideline publicly-traded companies.

The measurement of estimated fair value required the use of significant estimates and assumptions that management believes are appropriate. These estimates and assumptions primarily included, but are not limited to, discount rate, long-term revenue growth rates, strategic plans with regard to operations, business trends, prospects, as well as our interpretations of current economic indicators and market valuations. Our stock price is the primary factor in the observable market enterprise value. Our stock price can be affected by, among other things,

changes in industry and market conditions, changes in our results of operations, and changes in our forecasts or market expectations.

Due to the adverse conditions in the real estate market, we have experienced lower than expected operating profits and cash flows. The discount rate, which reflects our cost of capital plus the anticipated return on capital the marketplace would require, has increased significantly to reflect a premium for the estimated additional uncertainty associated with our future cash flows. Accordingly, our projected discounted cash flows have declined when compared to our prior period impairment tests. The fair value of our reporting units at September 30, 2008, as determined using present value techniques, indicated the likely impairment of recorded goodwill. A significant decline in our stock price and market capitalization also reflected the lower than expected results and the market's perception of the current economic environment.

Due to the timing of our goodwill impairment test and the complexity of the required second step of the impairment test, we were unable to complete our assessment prior to the issuance of our third quarter 2008 financial statements. Specifically, the second step of the goodwill impairment test requires us to allocate the estimated fair value of each reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit. However, based on our preliminary analyses, we recorded estimated goodwill impairment charges in the third quarter of $136.8 million in the Title Operations segment, $59.1 million in the Lender Services segment and $8.9 million in the Corporate and Other segment. The total impairment charge is presented in the "Impairment of intangible and long-lived assets" line of the Consolidated Statements of Operations. Additional adjustments to our estimated goodwill impairment charges may be required in the fourth quarter 2008 financial statements when the effects of the merger and the second step of the impairment test are finalized.

Goodwill balances by segment are as follows:

	Consolidated	Title Operations	Lender Services	Financial Services	Corporate And Other
			(In millions)		
Balance as of December 31, 2007	$ 809.9	$ 486.2	$ 270.3	$ 6.4	$ 47.0
Goodwill impairment	(204.8)	(136.8)	(59.1)	–	(8.9)
Acquisitions/purchase accounting and other adjustments	9.5	10.8	–	–	(1.3)
Balance as of September 30, 2008	$ 614.6	$ 360.2	$ 211.2	$ 6.4	$ 36.8

Intangible Assets Other Than Goodwill

The carrying values of certain finite-lived intangible assets were evaluated for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* In third quarter 2008, we recorded impairments of $13.9 million related to our customer relationship and other intangible assets in the Lender Services segment, $3.3 million related to our customer relationship and other intangible assets in the Corporate and Other category and $1.0 million related to a certain non-compete intangible asset of our Title Operations segment. Additionally, we recorded an impairment of $1.9 million related to technology software in the Lender Services segment in property and equipment in our Consolidated Balance Sheet.

The following table shows the change in the net carrying amount of intangible assets from December 31, 2007 to September 30, 2008:

	Total	Customer Relationships	Non-compete Agreements	Other
		(In millions)		
Net balance as of December 31, 2007	$ 94.4	$ 78.6	$ 10.2	$ 5.6
Acquisitions	0.7	–	0.6	0.1
Impairment charges and other write-offs	(19.9)	(17.9)	(1.3)	(0.7)
Foreign exchange	(0.5)	(0.6)	0.2	(0.1)
Amortization	(15.3)	(10.4)	(3.9)	(1.0)
Net balance as of September 30, 2008	$ 59.4	$ 49.7	$ 5.8	$ 3.9

In first quarter 2007, we became aware that one of our tax and flood processing customers, Fremont General Corporation, received a cease and desist order from the Federal Deposit Insurance Corporation relating to lending practices in its mortgage origination business. We recorded a customer relationship intangible impairment charge of $20.8 million in first quarter 2007 which was reflected in our results of operations. There were no impairments of intangible and long-lived assets for third quarter 2007.

9. SEGMENT INFORMATION

We are engaged in the business of providing title insurance as well as a broad array of real estate transaction services through our subsidiaries. We have three reporting segments that fall within three primary business segments: Title Operations, Lender Services and Financial Services. The remaining immaterial businesses have been combined into a category called Corporate and Other.

Title Operations includes residential (direct and agency operations) and commercial title insurance business, escrow and closing services, commercial real estate services and other real estate transaction management services.

Lender Services provides services to national and regional mortgage lenders consisting primarily of mortgage origination (e.g. real estate transaction management services, consumer mortgage credit reporting, flood zone determinations, residential appraisal and valuation services, etc.), loan servicing (e.g. real estate tax processing and default management) and loan subservicing.

Financial Services consists of Centennial, a California industrial bank.

Corporate and Other includes the following businesses: residential home warranty, residential property inspection, commercial property valuation and commercial assessment, as well as the unallocated portion of the corporate expenses related to our corporate offices in Glen Allen, Virginia and unallocated interest expense.

We provide title services through direct operations and agents throughout the United States. We also offer title insurance in Mexico, Europe, Canada, the Caribbean, Latin America and Asia. Tax related services and appraisal services are offered nationwide.

The following tables provide selected financial information about our operations by segment for the three and nine months ended September 30, 2008 and 2007:

	Three Months Ended September 30,				
	Operating Revenue	Personnel Cost	Depreciation and Amortization	Impairment of Intangible and Long-Lived Assets	Income (Loss) Before Taxes
			(In millions)		
2008					
Title Operations	$ 544.8	$ 151.1	$ 8.0	$ 137.8	$ (332.3)
Lender Services	61.0	22.3	3.0	74.9	(71.2)
Financial Services	0.8	0.9	0.1	–	4.6
Corporate and Other	23.5	22.9	4.7	12.2	(45.0)
Total	$ 630.1	$ 197.2	$ 15.8	$ 224.9	$ (443.9)
2007					
Title Operations	$ 770.9	$ 222.1	$ 10.1	$ –	$ 1.2
Lender Services	67.3	24.3	3.5	–	(2.7)
Financial Services	0.2	0.7	0.1	–	4.0
Corporate and Other	35.6	25.1	2.8	–	(30.9)
Total	$ 874.0	$ 272.2	$ 16.5	$ –	$ (28.4)

	Nine Months Ended September 30,				
	Operating Revenue	Personnel Cost	Depreciation and Amortization	Impairment of Intangible and Long-Lived Assets	Income (Loss) Before Taxes
			(In millions)		
2008					
Title Operations	$ 1,696.0	$ 490.1	$ 25.6	$ 137.8	$(412.8)
Lender Services	196.7	70.8	9.0	74.9	(57.7)
Financial Services	2.8	2.8	0.3	–	14.6
Corporate and Other	78.6	73.2	12.3	12.2	(100.3)
Total	$ 1,974.1	$ 636.9	$ 47.2	$ 224.9	$(556.2)
2007					
Title Operations	$ 2,425.6	$ 738.9	$ 29.7	$ –	$ 65.7
Lender Services	219.1	78.6	11.1	20.8	(9.7)
Financial Services	0.6	2.4	0.2	–	14.1
Corporate and Other	111.5	76.1	11.3	–	(79.5)
Total	$ 2,756.8	$ 896.0	$ 52.3	$ 20.8	$ (9.4)

The following table represents segment assets:

	September 30, 2008	December 31, 2007
	(In millions)	
Title Operations	$ 1,949.9	$ 2,383.4
Lender Services	228.1	380.3
Financial Services	869.9	734.6
Corporate and Other	277.2	355.4
Total	$ 3,325.1	$ 3,853.7

EXHIBIT 4

EXHIBIT 4
LIQUIDATION ANALYSIS[1]

Pursuant to section 1129(a)(7) of the Bankruptcy Code (often called the "Best Interests Test"), each holder of an impaired Claim or Equity Interest must either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Plan's Effective Date, that is not less than the value such non-accepting holder would receive or retain if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. In determining whether the Best Interests Test has been met, the first step is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors' assets under chapter 7 (the "Liquidation Analysis"). The gross amount of Cash available for distribution would be the sum of the proceeds from the disposition of the Debtors' assets plus the Cash held by the Debtors as of the Conversion Date (as defined below), reduced by the costs and expenses of the liquidation. The liquidation proceeds then would be applied to secured tax and other secured claims (to the extent of the value of the underlying Collateral) and amounts necessary to satisfy administrative expense, fees, priority tax and other priority claims that are senior to general unsecured claims. Any remaining Cash would be available for distribution to general unsecured creditors, subordinated creditors and equity holders in accordance with the priority established by section 726 of the Bankruptcy Code.

In preparing the Liquidation Analysis, the Debtors have projected an aggregate amount of Allowed Claims against each Debtor. Although the Liquidation Analysis was prepared after the deadline for filing Claims against the Debtors' estates, filed Claims have not been fully evaluated by the Debtors and no order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims used in the Liquidation Analysis. Accordingly, the estimate of the amount of Allowed Claims used in the Liquidation Analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan. The actual amount of Allowed Claims could be materially different than the amount estimated in the Liquidation Analysis.

Underlying the Liquidation Analysis are a number of estimates and assumptions regarding liquidation proceeds that, although developed and considered reasonable by the Debtors' management, are inherently subject to significant business, economic, and regulatory uncertainties and contingencies beyond the control of the Debtors and their management. The estimated liquidation proceeds and recoveries reflected in the Liquidation Analysis represent midpoint recovery scenarios under a chapter 7 liquidation and under the Plan. The Liquidation Analysis has not been examined or reviewed by independent accountants in accordance with standards promulgated by the American Institute of Certified Public Accountants. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS (TOGETHER WITH THE NON-DEBTOR SUBSIDIARIES) WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.

[1] All capitalized terms used but not defined herein have he meanings given such terms in the Plan.

The Liquidation Analysis was prepared by management of the Debtors, and assumes that the Debtors' cases would convert to chapter 7 as of November 30, 2009 (the "Conversion Date"). The Liquidation Analysis also assumes that the chapter 7 liquidation period would commence on the Conversion Date and be concluded six months thereafter. Under this process, an expedited marketing process would commence under the direction of court-appointed chapter 7 trustees at each of the Debtors and continue for three months, followed by a three month period to document and close the sale of the Debtors' assets, when the Cash proceeds, net of liquidation-related costs, would be received. An actual liquidation could occur in a longer or shorter period of time, resulting in potentially higher or lower costs associated with such liquidation than those assumed for purposes of this analysis.

The recoveries from the pursuit of any Causes of Action, including, but not limited to, potential avoidance actions, ARS Litigation, and Other Litigation, are expected to be the same in a chapter 11 and a chapter 7 liquidation. Because of the difficulty in estimating a range of recoveries from the pursuit of the Causes of Action, and since the impact to the creditors is expected to be the same in a chapter 11 and a chapter 7, an estimate of the proceeds from Causes of Action is not included in the Liquidation Analysis.

No assumption is made for the interest income that could be earned on liquidation proceeds being held prior to distribution. Such amounts would not alter materially the results of the Liquidation Analysis.

This Liquidation Analysis also includes projected recoveries for certain subsidiaries of LandAmerica Financial Group, which are not currently Debtors, but which may file petitions under chapter 11 of the Bankruptcy Code after the date hereof and seek to liquidate under the Plan.

The following Liquidation Analysis should be reviewed in conjunction with the accompanying notes.

IMPORTANT CONSIDERATIONS AND ASSUMPTIONS

1. Projected Value Available to settle Unclassified and Classified Claims and Interests

Cash - The Cash amounts represent the projected unaudited consolidated Cash balance as of the Conversion date for each Debtor.

Orange County Bancorp Interests - This Liquidation Analysis assumes that in a chapter 7 liquidation, the Federal Deposit Insurance Corporation would assume control of Centennial Bank, and therefore that there would be no recovery from the sale of Orange County Bancorp Interests in a chapter 7 liquidation. For purposes of computing proceeds under the Plan, this analysis assumes a $20.0 million recovery from the sale of Orange County Bancorp Interests, which represents the midpoint in the range of scenarios assumed under the Plan.

FNF Note - Proceeds from the FNF Note (as defined in Article IV of the Disclosure Statement) are projected net of the tax indemnity from LFG to FNF pursuant to the Underwriter SPA. For purposes of computing proceeds under hypothetical chapter 7 liquidation, this analysis assumes that the FNF Note would be sold at a discount prior to the final maturity date and will realize between $30.0 million and $40.0 million. This Liquidation Analysis assumes that the FNF Note will be held to maturity under the Plan and will realize between $40.0 million and $50.0 million.

FNF Stock - For the purposes of a chapter 7 liquidation, this analysis assumes that LFG will realize $13.28 per share or $42.2 million of proceeds from the sale of it stock held in FNF (described in Article IV of the Disclosure Statement). This takes into account a 10 percent discount from the market rate that will likely be received by selling the stock in a large block. For purposes of computing proceeds under the Plan, this analysis assumes that the FNF Stock will be sold over a longer period of time than in a chapter 7 liquidation, which would allow LFG to realize an estimated $14.75 per share or $46.9 million, which recovery is net of expected brokerage fees and represents the midpoint in the range of recovery scenarios assumed under the Plan. The FNF market price at September 30, 2009 was $15.08 per share.

Auction Rate Securities - ARS are assets of LES and subject to the Waterfall Distribution under the Plan. Under the Plan it is assumed that LES will realize between $25.0 million and $50.0 million on the ARS face value of $201.7 million. For purposes of computing proceeds under hypothetical chapter 7 liquidation, it is assumed that the realized liquidation values would reflect a discount from the values that would result from an orderly sale process. It is assumed the amount of sale proceeds in a chapter 7 liquidation would result in a 20 percent discount as those assumed in the Plan.

ARS Litigation and Other Litigation – As set forth above, as all litigation is subject to inherent uncertainties and the recoveries are likely to be the same in a chapter 7 as they are under the Plan, this Liquidation Analysis does not include any estimate for potential recoveries from litigation.

Tax Receivable - In the fourth quarter of 2009, LFG is expected to file Forms 1139 with the Internal Revenue Service, to carry back the 2008 ordinary and capital losses two years and three years, respectively, which are expected to result in a refund of approximately $20.5 million. This refund is expected to be the same under chapter 7 and chapter 11 liquidation.

All Other Assets – For purposes of computing proceeds under hypothetical chapter 7 liquidation, it is assumed that the realized liquidation values of all the other assets would reflect a discount from the values that would result from an orderly sale process. As a chapter 7 liquidation is more likely to resemble a forced sale, it is assumed the amount of sale proceeds in a chapter 7 liquidation would result in a 10 percent discount as compared to the Plan.

2. Unclassified Claims - Prior to determining what proceeds would be available for general unsecured creditors under the chapter 7 proceedings, cash and asset liquidation proceeds for each Debtor would be reduced in order to satisfy the chapter 7 Administrative Expenses, chapter 11 Administrative Expenses, Priority Tax Claims and chapter 7 trustee fees for each Debtor. Only if cash remains after satisfaction of these Claims, would holders of General Unsecured Claims and, thereafter, equity interests of each Debtor be entitled to a recovery in accordance with the priority established by section 726 of the Bankruptcy Code.

Chapter 7 Administrative Expense Claims - For purposes of this analysis, it is assumed that LFG and LES would each incur an additional $5.0 million of professional fees and the Debtor Subsidiaries in aggregate would incur an additional $0.6 million of professional fees to allow new professionals that may have no previous relationship to the Debtors to review and analyze the Debtors' assets, the Claims against the Debtors and the circumstances of these cases, as well as to perform additional post-conversion professional services, such as additional reconciliation of Claims and assisting the chapter 7 trustee with the consummation of asset sales.

Chapter 7 Trustee Fees - For purposes of this analysis, the Debtors have assumed the compensation to chapter 7 trustee fees will be the maximum amount allowed under section 326 of the Bankruptcy Code.

Chapter 11 Administrative Expense Claims – These claims represent the estimated accrued and unpaid Administrative Expenses as of the assumed Conversion Date.

Priority Tax Claims - These claims represent the estimated Allowed Priority Tax Claims against the Debtors.

PBGC Claim – PBGC has filed claims against each of the Debtors asserting: (a) an unliquidated claim for pension insurance premiums asserted variously as an administrative expense, a tax priority claim, and a general unsecured claim; (b) an unliquidated claim for minimum funding contributions asserted variously as an administrative expense, a priority unsecured claim, and a general unsecured claim; and (c) a claim in the amount of $35,700,000 for unfunded benefit liabilities asserted variously as a secured claim, an administrative expense, a priority tax claim, and a general unsecured claim (collectively, the "PBGC Claims"). The Cash Balance Plan has not been terminated and may not be required to be terminated under applicable law. LFG is current on all of its contribution obligations to the Cash Balance Plan and disputes in their entirety the PBGC Claims as to liability, amount, and priority or secured status. Accordingly, for purposes of both the recovery analysis under the Plan and liquidation analysis under a hypothetical chapter 7, the Debtors have assumed the PBGC Claims are disallowed and extinguished in their entirety. The actual treatment of the PBGC Claims may vary from that assumed herein, but the Debtors would not expect the amount and priority or secured status of the PBGC Claims to be different in a chapter 7 case from their treatment under the Plan, if any of such claims were to be allowed in any amount.

3. Classified Claims and Interests - For comparative purposes the Liquidation Analysis has maintained the same classification of claims and priority as the Plan.

> **LFG Exchange Guarantee Claims** – For the purposes of this analysis, in both a chapter 7 and chapter 11 scenario, the Debtors have assumed that holders of LFG Exchange Guarantee Claims will elect to receive a lump sum of 30% of their recovery from LFG pursuant to Section 5.10 of the Plan, rather than elect treatment as a holder of an LFG General Unsecured Claim.

4. Chapter 11 Settlement - For the purposes of the Liquidation Analysis, it is assumed that the chapter 7 trustee(s) for the Debtors would adopt the underlying settlements between certain of the Debtors' creditor constituencies pursuant to the Inter-Estate Mediation and the LES Mediation (each as defined in Article IV of the Disclosure Statement). In the event this settlement were not adopted, and there is no assurance that it would or could, the cost of a chapter 7 would likely be materially greater due to the inter-estate and third-party litigation that would ensue.

CONCLUSION

Best Interest - There is no circumstance where any creditor's recovery under a chapter 7 liquidation, as projected pursuant to the assumptions underlying this Liquidation Analysis, exceeds such creditor's recovery under the Plan, and therefore, the Plan meets the Best Interest Test.

LandAmerica Financial Group, Inc. and Debtor Subsidiaries
Recovery Analysis
Assumed Effective Date: November 30, 2009
($000s)

NOTE: THE FOLLOWING CHART ONLY REPRESENTS A PORTION OF THE RECOVERY ESTIMATED TO BE DISTRIBUTED TO CLASSES LES 4, LES 5, LES 6 AND LFG 3. INCREMENTAL RECOVERIES, WHICH ARE ANTICIPATED TO BE PAID FROM LITIGATION PROCEEDS, ARE DISCUSSED IN MORE DETAIL IN THE DISCLOSURE STATEMENT.

		Entitled to Vote	Estimated Amount of Allowed Claims or Interests in Class	Chapter 11 Estimated Recovery %	Chapter 7 Estimated Recovery %
The Estimated Recovery Analysis represents the mid-point of the projected Low and High recovery scenarios					
Unclassified	Administrative Expense Claims	No	$15,684	100.0%	100.0%
Unclassified	U.S. Trustee Fees	No	$0	100.0%	100.0%
Unclassified	Fee Claims	No	$3,000	100.0%	100.0%
Unclassified	Priority Tax Claims	No	$13,500	100.0%	100.0%
LandAmerica 1031 Exchange Services, Inc. ("LES")					
Class LES 1	LES Priority Non-Tax Claims	No	$0	n/a	n/a
Class LES 2	LES Secured Claims	No	$0	n/a	n/a
Class LES 3	LES Escrow Exchange Claims	Yes	$13,406	97.0%	97.0%
Class LES 4	Segregated Exchange Principal	Yes	$71,368	81.4%	77.8%
Class LES 5	Note Exchange Collectible Claims	Yes	$8,373	80.3%	77.7%
Class LES 6	LES General Unsecured Claims	Yes	$195,271	37.1%	29.9%
Class LES 7	LES Damages Claims	Yes	TBD	0.0%	0.0%
Class LES 8	LES Equity Interest	Yes	n/a	----	----
LandAmerica Financial Group, Inc. ("LFG")					
Class LFG 1	LFG Priority Non-Tax Claims	No	$500	100.0%	100.0%
Class LFG 2	LFG Secured Claims	No	$0	----	----
Class LFG 3	LFG General Unsecured Claims	Yes	$829,655	28.3%	22.4%
Class LFG 4	LFG Exchange Guarantee Claims	Yes	$14,600	31.0%	30.0%
Class LFG 5	LFG Securities Law Claims	Yes	TBD	0.0%	0.0%
Class LFG 6	LFG Equity Interests	Yes	n/a	----	----
LandAmerica Credit Services, Inc. ("LACS")					
Class LACS 1	LACS Priority Non-Tax Claims	No	$0	n/a	n/a
Class LACS 2	LACS Secured Claims	No	$0	n/a	n/a
Class LACS 3	LACS General Unsecured Claims	Yes	$15,158	16.7%	16.1%
Class LACS 4	LACS Equity Interests	Yes	n/a	----	----

LandAmerica Financial Group, Inc. and Debtor Subsidiaries
Recovery Analysis
Assumed Effective Date: November 30, 2009
($000s)

		Entitled to Vote	Estimated Amount of Allowed Claims or Interests in Class	Chapter 11 Estimated Recovery %	Chapter 7 Estimated Recovery %
LandAmerica Assessment Corporation ("LAC")					
Class LAC 1	LAC Priority Non-Tax Claims	No	$0	n/a	n/a
Class LAC 2	LAC Secured Claims	No	$0	n/a	n/a
Class LAC 3	LAC General Unsecured Claims	Yes	$2,693	100.0%	100.0%
Class LAC 4	LAC Equity Interests	Yes	n/a	$952	$588
LandAmerica Title Company ("LATC")					
Class LATC 1	LATC Priority Non-Tax Claims	No	$0	n/a	n/a
Class LATC 2	LATC Secured Claims	No	$0	n/a	n/a
Class LATC 3	LATC General Unsecured Claims	Yes	$27,499	1.6%	1.4%
Class LATC 4	LATC Equity Interests	Yes	n/a	----	----
Southland Title Corporation ("STC")					
Class STC 1	STC Priority Non-Tax Claims	No	$0	n/a	n/a
Class STC 2	STC Secured Claims	No	$0	n/a	n/a
Class STC 3	STC General Unsecured Claims	Yes	$11,557	14.4%	12.7%
Class STC 4	STC Equity Interests	Yes	n/a	----	----
Southland Title of Orange County ("ST-OC")					
Class ST-OC 1	ST-OC Priority Non-Tax Claims	No	$0	n/a	n/a
Class ST-OC 2	ST-OC Secured Claims	No	$0	n/a	n/a
Class ST-OC 3	ST-OC General Unsecured Claims	Yes	$7,865	0.2%	0.1%
Class ST-OC 4	ST-OC Equity Interests	Yes	n/a	----	----
Southland Title of San Diego ("ST-SD")					
Class ST-SD 1	ST-SD Priority Non-Tax Claims	No	$0	n/a	n/a
Class ST-SD 2	ST-SD Secured Claims	No	$0	n/a	n/a
Class ST-SD 3	ST-SD General Unsecured Claims	Yes	$15,105	10.9%	9.9%
Class ST-SD 4	ST-SD Equity Interests	Yes	n/a	----	----
Other Potential Debtors					
Class Other 1	Other Priority Non-Tax Claims	No	$0	n/a	n/a
Class Other 2	Other Secured Claims	No	$0	n/a	n/a
Class Other 3	Other General Unsecured Claims	Yes	$125,965	20.5%	19.8%
Class Other 4	Other Equity Interests	Yes	n/a	----	----

LandAmerica Financial Group, Inc. and Debtor Subsidiaries
Liquidation Analysis
Assumed Effective Date: November 30, 2009
($000s)

PROJECTED VALUE AVAILABLE TO SETTLE UNCLASSIFIED AND CLASSIFIED CLAIMS AND INTERESTS

	LES	LFG	Subsidiary Debtors	Total
Projected Cash Balance at November 30, 2009	**$123,468**	**$87,427**	**$10,136**	**$221,031**
Orange County Bancorp Interest	0	0	0	0
Subsidiary and Equity Distributions (see table below)	0	35,865	1,694	37,559
FNF Note	0	35,000	0	35,000
FNF Stock	0	42,170	0	42,170
Auction Rate Securities	30,000	0	0	30,000
ARS and Other Litigation	TBD	TBD	TBD	0
Tax Receivable	0	20,500	0	20,500
All Other Assets	7,536	5,796	199	13,530
Operating I/C Claim Distribution	0	956	0	956
LFG Waterfall Distribution	(8,000)	8,000	0	0
Total Projected Value Available to Settle Unclassified and Classified Claims and Interests	153,004	235,713	12,029	400,746
Unclassifed Claims:				
Chapter 7 Admin Expenses	(10,000)	(12,674)	(1,980)	(24,654)
Chapter 7 Trustee Fees	(4,366)	(7,071)	(378)	(11,815)
Chapter 11 Administrative Expense Claims	(2,460)	(12,624)	(600)	(15,684)
Fee Claim	(3,000)	0	0	(3,000)
Priority Tax Claims	(500)	(13,000)	0	(13,500)
PBGC Claim	0	0	0	0
Total Non-Classified Claims	(20,326)	(45,369)	(2,958)	(68,653)
Projected Value Available to Settle Classified Claims and Interests	**$132,677**	**$190,344**	**$9,071**	**$332,092**

LandAmerica Financial Group, Inc. and Debtor Subsidiaries
Liquidation Analysis
Assumed Effective Date: November 30, 2009
($000s)

DISTRIBUTIONS TO CLASSIFIED CLAIMS AND INTERESTS

	LES	LFG	Subsidiary Debtors	Total
Projected Value Available to Settle Classified Claims and Interests	$132,677	$190,344	$9,071	$332,092

Classified Claims and Interests

Claims Distribution	Estimated Claims	Distribution	Distribution %
LandAmerica 1031 Exchange Services, Inc. ("LES")			
LES 1 Priority Non-Tax Claims	$0	$0	n/a
LES 2 Secured Claims	0	0	n/a
LES 3 Escrow Exchange Claims	13,406	13,004	97.0%
LES 4 Segregated Exchange Principal Claims	71,368	55,500	77.8%
LES 5 Note Exchange Collectible Claims	7,536	5,856	77.7%
LES 6 General Unsecured Claims	195,271	58,320	29.9%
LES 7 LES Damages Claims	TBD	0	0.0%
LES 8 Equity Interest	n/a	0	----
Total	$287,580	$132,679	----

			Distribution	Distribution %
LandAmerica Financial Group, Inc. ("LFG")				
LFG 1 Priority Non-Tax Claims	$500		$500	100.0%
LFG 2 Secured Claims	0	(a)	0	----
LFG 3 General Unsecured Claims	829,655		185,464	22.4%
LFG 4 Exchange Guarantee Claims	14,600		4,380	30.0%
LFG 5 Secutrities Law Claims	TBD		0	----
LFG 6 Equity Interest	n/a		0	----
Total	$844,755		$190,344	----

Subsidiary Debtors		
SD 1 Priority Non-Tax Claims	$0	
SD 2 Secured Claims	0	See next page
SD 3 General Unsecured Claims	79,878	for distribution
SD 4 Equity Interest	n/a	by Subsidiary
Total	$79,878	

(a) Amount was paid on August 20, 2009, pursuant to the Stipulation and Order entered August 12, 2009, by and among SunTrust Bank, LFG, LFG Creditors' Committee and LES Creditors' Committee for Relief from the Automatic Stay. This payment is subject to disgorgement.

LandAmerica Financial Group, Inc. and Debtor Subsidiaries
Liquidation Analysis
Assumed Effective Date: November 30, 2009
($000s)

DISTRIBUTIONS TO CLASSIFIED CLAIMS AND INTERESTS

	Subsidiary Debtors	LandAmerica Credit Services, Inc. ("LACS")	LandAmerica Assessment Corporation ("LAC")	LandAmerica Title Company ("LATC")	Southland Title Corporation ("STC")	Southland Title of Orange County ("ST-OC")	Southland Title of San Diego ("ST-SD")	Other Potential Debtors
Projected Value Available to Settle Classified Claims and Interests	$9,071	$2,447	$3,281	$372	$1,470	$5	$1,496	$24,961
SD 1								
Priority Non-Tax Claims	$0	$0	$0	$0	$0	$0	$0	$0
Distribution	$0	$0	$0	$0	$0	$0	$0	$0
Distribution %	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SD 2								
Secured Claims	$0	$0	$0	$0	$0	$0	$0	$0
Distribution	$0	$0	$0	$0	$0	$0	$0	$0
Distribution %	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SD 3								
General Unsecured Claims	$79,878	$15,158	$2,693	$27,499	$11,557	$7,865	$15,105	$125,965
Distribution	$8,484	$2,447	$2,693	$372	$1,470	$5	$1,496	$24,961
Distribution %	10.6%	16.1%	100.0%	1.4%	12.7%	0.1%	9.9%	19.8%
SD 4								
Equity Interest	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Distribution	$588	$0	$588	$0	$0	$0	$0	$0
Distribution %	----	----	----	----	----	----	----	----

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.

A HEARING TO CONSIDER THE ADEQUACY OF THIS DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE BANKRUPTCY CODE HAS BEEN SCHEDULED BY THE BANKRUPTCY COURT FOR ~~[~~OCTOBER ~~13],~~13, 2009 AT ~~[_____]~~10:00 A.M. (PREVAILING EASTERN TIME). THE DEBTORS RESERVE THE RIGHT TO AMEND, SUPPLEMENT OR OTHERWISE MODIFY THIS DISCLOSURE STATEMENT, WITH THE CONSENT OF EACH CREDITORS COMMITTEE, PRIOR TO AND UP TO THE DATE OF SUCH HEARING.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re	)	Chapter 11
LandAmerica Financial Group, Inc., et al.,	)	Case No. 08-35994 (KRH)
Debtors.	)	(Jointly Administered)

DISCLOSURE STATEMENT WITH RESPECT TO THE JOINT CHAPTER 11 PLAN FOR LANDAMERICA FINANCIAL GROUP, INC. AND ITS AFFILIATED DEBTORS

Dated: Richmond, Virginia
~~September 9,~~October 2, 2009

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THIS DISCLOSURE STATEMENT AND ITS RELATED DOCUMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA, RICHMOND DIVISION (THE "BANKRUPTCY COURT") TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE JOINT CHAPTER 11 PLAN FOR LANDAMERICA FINANCIAL GROUP, INC. AND ITS AFFILIATED DEBTORS, DATED ~~SEPTEMBER [9],~~**OCTOBER 2,** 2009 (AS MAY BE AMENDED, THE "PLAN"). NO REPRESENTATIONS HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT CONCERNING THE DEBTORS (AS DEFINED HEREIN), THEIR BUSINESS OPERATIONS OR THE VALUE OF THEIR ASSETS, EXCEPT AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT OR SUCH RELATED DOCUMENTS.

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS **4:00 P.M. (PREVAILING EASTERN TIME) ON [NOVEMBER 11], 2009,** UNLESS EXTENDED BY THE DEBTORS (THE "**VOTING DEADLINE**"). TO BE COUNTED, BALLOTS (AS DEFINED HEREIN) MUST BE RECEIVED BY THE VOTING AGENT (AS DEFINED HEREIN) ON OR BEFORE THE VOTING DEADLINE.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT. THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED OR WAIVED.

HOLDERS OF CLAIMS AGAINST, AND HOLDERS OF INTERESTS IN, THE DEBTORS ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST, AND HOLDERS OF INTERESTS IN, THE DEBTORS (INCLUDING, WITHOUT LIMITATION, THOSE HOLDERS OF CLAIMS OR INTERESTS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

EXCEPT AS OTHERWISE SET FORTH HEREIN, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE BY THE DEBTORS AS OF THE DATE HEREOF, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED BY THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION OF VOTES WITH RESPECT TO THE PLAN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN AND THE EXHIBITS ~~[~~AND SCHEDULES~~]~~ ATTACHED TO OR INCORPORATED BY REFERENCE OR REFERRED TO IN THE DISCLOSURE STATEMENT AND/OR PLAN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTORS.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED AS

AN ADMISSION OR STIPULATION, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN AND CERTAIN OF THE PLAN DOCUMENTS. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN OR THE APPLICABLE PLAN DOCUMENTS AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN OR THE APPLICABLE PLAN DOCUMENTS SHALL CONTROL. THE SUMMARIES OF THE PLAN AND THE PLAN DOCUMENTS IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE PLAN AND THE APPLICABLE PLAN DOCUMENTS. ALL HOLDERS OF CLAIMS AND INTERESTS ARE ENCOURAGED TO REVIEW THE FULL TEXT OF THE PLAN AND THE PLAN DOCUMENTS, AND TO READ CAREFULLY THIS DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS HERETO.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PERSON, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PERSON, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS WITH RESPECT TO ANY MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE PLAN, THE PLAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY.

FORWARD-LOOKING STATEMENTS

THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS BASED PRIMARILY ON THE CURRENT EXPECTATIONS OF THE DEBTORS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTORS. IN PARTICULAR, STATEMENTS USING WORDS SUCH AS "BELIEVE," "MAY," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS, INCLUDING THOSE DESCRIBED BELOW UNDER ~~[~~ARTICLE XI~~]~~. IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD-LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS DISCLOSURE STATEMENT MAY NOT OCCUR, AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS. CONSEQUENTLY, THE PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS CONTAINED HEREIN SHOULD NOT BE REGARDED AS REPRESENTATIONS BY ANY OF THE DEBTORS, THEIR ADVISORS, OR ANY OTHER PERSON THAT PROJECTED THE FINANCIAL CONDITIONS. EXCEPT AS OTHERWISE REQUIRED BY LAW, THE DEBTORS DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR REVISE PUBLICLY ANY

FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE FOLLOWING APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT.

UNLESS THE CONTEXT REQUIRES OTHERWISE, ALL CAPITALIZED TERMS IN THIS DISCLOSURE STATEMENT USED AND NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS ASCRIBED TO SUCH TERMS IN THE PLAN, WHICH IS ATTACHED AS EXHIBIT 1 TO THIS DISCLOSURE STATEMENT.

THE DEBTORS SUPPORT CONFIRMATION OF THE PLAN. THE DEBTORS URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.

THE OFFICIAL COMMITTEES OF UNSECURED CREDITORS FOR [LANDAMERICA FINANCIAL GROUP, INC. AND] LANDAMERICA 1031 EXCHANGE SERVICES, INC. SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.[1]]

[1] ~~Please see disclaimer set forth in section 1.1 hereto.~~

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ARTICLE I.

INTRODUCTION

1.1 *General.*

LandAmerica Financial Group, Inc. ("**LFG**") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**")[21] hereby transmit this disclosure statement (as may be amended, supplemented or otherwise modified from time to time, this "**Disclosure Statement**") pursuant to section 1125 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended (the "**Bankruptcy Code**"), in connection with the Debtors' solicitation of votes (the "**Solicitation**") to confirm the Joint Chapter 11 Plan for LandAmerica Financial Group, Inc. and Its Affiliated Debtors, dated as of ~~September [9],~~October 2, 2009, a copy of which is attached as Exhibit 1 to this Disclosure Statement (as may be amended, the "**Plan**").[32]

Capitalized terms used and not defined herein have the meanings ascribed to such terms in the Plan unless the context requires otherwise.

The purpose of this Disclosure Statement is to set forth information: (i) regarding the history of the Debtors and their businesses; (ii) describing the Chapter 11 Cases; (iii) concerning the Plan and alternatives to the Plan; (iv) advising the holders of Claims and Interests of their rights under the Plan; and (v) assisting the holders of Claims entitled to vote on the Plan in making an informed judgment regarding whether they should vote to accept or reject the Plan.

On October [~~—~~13], 2009, after notice and a hearing, the Bankruptcy Court entered an order: (i) approving this Disclosure Statement (the "**Disclosure Statement Order**") as containing "adequate information" to enable a hypothetical, reasonable investor typical of holders of Claims against or Interests in the Debtors to make an informed judgment as to whether to accept or reject the Plan; and (ii) authorizing the Debtors to use this Disclosure Statement in connection with the solicitation of votes to accept or reject the Plan. **The Disclosure Statement Order establishes [November 10], 2009 at 4:00 p.m. (prevailing Eastern Time) as the deadline for the return of ballots (the "Ballots") accepting or rejecting the Plan (the "Voting Deadline"). APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.**

The Disclosure Statement Order sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Plan, and for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating Ballots. In

[21] As of the date hereof, the Debtors are comprised of the following entities: LandAmerica Financial Group, Inc.; LandAmerica 1031 Exchange Services, Inc.; LandAmerica Assessment Corporation; LandAmerica Title Company; Southland Title Corporation; Southland Title of Orange County; Southland Title of San Diego; and LandAmerica Credit Services, Inc. Each of the Debtors has a mailing address of 5600 Cox Road, Glen Allen, Virginia 23060.

[32] The Plan governs such additional debtors and debtors in possession who commence cases under chapter 11 of the Bankruptcy Code on or before the Voting Deadline and whose cases are jointly administered under Case No. 08-35994 (KRH), with such additional debtors to be identified in the supplemental appendix to ~~this~~the Plan, to be filed with the Bankruptcy Court and posted at http://chapter11.epiqsystems.com/landamerica no later than five (5) calendar days prior to the Voting Deadline.

addition, detailed voting instructions accompany each Ballot. No solicitation of votes may be made except pursuant to this Disclosure Statement, section 1125 of the Bankruptcy Code and the Disclosure Statement Order. In voting on the Plan, holders of Claims entitled to vote should not rely on any information relating to the Debtors and their businesses other than the information contained in this Disclosure Statement, the Plan and all Exhibits hereto and thereto.

THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS IN CLASSES [LES 3, LES 4, LES 5, LES 6, LES 7, LFG 3, LFG 4, LFG 5 AND SD 3] VOTE TO ACCEPT THE PLAN, AS THE PLAN PROVIDES THE BEST AVAILABLE RECOVERY TO CREDITORS IN SUCH CLASSES.

[THE LFG CREDITORS COMMITTEE RECOMMENDS THAT HOLDERS OF CLAIMS IN CLASSES [LFG 3, LFG 4 AND LFG 5] VOTE TO ACCEPT THE PLAN, AS THE PLAN PROVIDES THE BEST AVAILABLE RECOVERY TO CREDITORS IN SUCH CLASSES. AS SET FORTH IN MORE DETAIL IN THE LETTER FROM THE LFG CREDITORS COMMITTEE, THE LFG CREDITORS COMMITTEE BELIEVES THAT THE PROPOSED PLAN REPRESENTS A FAIR, EQUITABLE AND EFFICIENT MANNER FOR LIQUIDATING AND DISTRIBUTING THE REMAINING ASSETS OF LFG.]

THE LES CREDITORS COMMITTEE RECOMMENDS THAT HOLDERS OF CLAIMS IN CLASSES [LES 3, LES 4, LES 5, LES 6 AND LES 7] VOTE TO ACCEPT THE PLAN, AS THE PLAN PROVIDES FOR THE BEST AVAILABLE RECOVERY TO CREDITORS IN SUCH CLASSES. AS SET FORTH IN MORE DETAIL IN THE LETTER FROM THE LES CREDITORS COMMITTEE, THE LES CREDITORS COMMITTEE BELIEVES THAT THE PROPOSED PLAN REPRESENTS A FAIR, EQUITABLE AND EFFICIENT MANNER FOR LIQUIDATING AND DISTRIBUTING THE REMAINING ASSETS OF LES.

[THE CREDITORS COMMITTEES WOULD NOTE, HOWEVER, THAT THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTORS AND THEIR COUNSEL. AS SUCH, ALTHOUGH THE CREDITORS COMMITTEES HAVE NOTED SPECIFIC INSTANCES WHERE THEIR ASSERTED POSITIONS ARE MATERIALLY DIFFERENT THAN THAT OF THE DEBTORS, NOT ALL INSTANCES OF DISAGREEMENT HAVE BEEN IDENTIFIED HEREIN. THEREFORE, THE CREDITORS COMMITTEES WOULD ENCOURAGE CREDITORS TO ALSO CAREFULLY READ THE LETTERS FROM THE LES CREDITORS COMMITTEE AND THE LFG CREDITORS COMMITTEE ACCOMPANYING THIS DISCLOSURE STATEMENT.]

Additional copies of this Disclosure Statement (including the Exhibits hereto) are available upon request made to the office of the Debtors' co-counsel: (i) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attention: Paul V. Shalhoub, Esq. and Rachel C. Strickland, Esq., (212) 728-8000 (phone) or (212) 728-8111 (facsimile); and (ii) McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219, Attn: Dion W. Hayes, Esq. and John H. Maddock III, Esq., (804) 775-1000 (phone) or (804) 775-1061 (facsimile). Additional copies of this Disclosure Statement

(including the Exhibits hereto) can also be accessed free of charge from the following website: http://chapter11.epiqsystems.com/landamerica.

In addition, a Ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement for the holders of Claims that are entitled to vote to accept or reject the Plan. If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please contact the Claims Agent: Epiq Bankruptcy Solutions, LLC at (866) 329-5543, via e-mail to LandAmerica@epiqsystems.com or send your written inquiry to:

LandAmerica Financial Group, Inc. Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017.

Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the other Exhibits attached hereto and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Interests for voting purposes and the tabulation of votes.

1.2 *The Confirmation Hearing.*

In accordance with the Disclosure Statement Order and section 1128 of the Bankruptcy Code, a hearing will be held before the Honorable Kevin R. Huennekens, United States Bankruptcy Judge for the Eastern District of Virginia, United States Bankruptcy Court, 701 East Broad Street, Suite 4000, Richmond, Virginia 23219, on **November [~~—~~18], 2009, at [11]:00 [a.]m. (prevailing Eastern Time)**, to consider confirmation of the Plan. The Debtors will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code, and they have reserved the right, with the consent of each Creditors Committee, to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification. Objections, if any, to confirmation of the Plan must be served and filed so that they are received on or before **November [~~—~~10], 2009, at 4:00 p.m. (prevailing Eastern Time)**, in the manner set forth in the Disclosure Statement Order. The hearing on confirmation of the Plan may be adjourned from time to time without further notice, except for the announcement of the adjourned date and time at the hearing on confirmation or any adjournment thereof.

1.3 *Classification of Claims and Interests.*

The following table designates the Classes of Claims against and Interests in the Debtors, and specifies which Classes are (i) impaired or unimpaired by the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, or (iii) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
LES			
Class LES 1	LES Priority Non-Tax Claims	No	No (Deemed to accept)
Class LES 2	LES Secured Claims	No	No (Deemed to accept)
Class LES 3	LES Escrow Exchange Claims	Yes	Yes
Class LES 4	Segregated Exchange Principal Claims	Yes	Yes
Class LES 5	Note Exchange Collectible Claims	Yes	Yes
Class LES 6	LES General Unsecured Claims	Yes	Yes
Class LES 7	LES Damages Claims	Yes	Yes
Class LES 8	LES Equity Interests	Yes	Yes
LFG			
Class LFG 1	LFG Priority Non-Tax Claims	No	No (Deemed to accept)
Class LFG 2	LFG Secured Claims	No	No (Deemed to accept)
Class LFG 3	LFG General Unsecured Claims	Yes	Yes
Class LFG 4	LFG Exchange Guarantee Claims	Yes	Yes
Class LFG 5	LFG Securities Law Claims	Yes	Yes
Class LFG 6	LFG Equity Interests	Yes	No (Deemed to reject)
Subsidiary Debtors			
Class SD 1	Subsidiary Priority Non-Tax Claims	No	No (Deemed to accept)
Class SD 2	Subsidiary Secured Claims	No	No (Deemed to accept)
Class SD 3	Subsidiary General Unsecured Claims	Yes	Yes
Class SD 4	Subsidiary Equity Interests	Yes	Yes

1.4 *Voting; Holders of Claims Entitled to Vote.*

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and not deemed to have rejected a plan are entitled to vote to accept or reject a plan. Generally, a claim or interest is impaired under a plan if the holder's legal, equitable or contractual rights are altered under such plan. Classes of claims or equity interests under a chapter 11 plan in which the holders of claims or equity interests are unimpaired are deemed to have accepted such plan and are not entitled to vote to accept or reject the proposed plan. In addition, classes of claims or equity interests in which the holders of claims or equity interests will not receive or retain any property on account of their claims or equity interests are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan.

In connection with the Plan:

- Claims in Classes ~~[~~LES 3, LES 4, LES 5, LES 6, LES 7, LES 8, LFG 3, LFG 4, LFG 5, SD 3 and SD 4~~]~~ are impaired and the holders of such Claims will

receive distributions under the Plan. As a result, holders of those Claims are entitled to vote to accept or reject the Plan;[43]

- Claims in Classes ~~[~~LES 1, LES 2, LFG 1, LFG 2, SD 1 and SD 2~~]~~ are unimpaired. As a result, holders of Claims in those Classes are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan; and

- Interests in ~~[~~Class LFG 6~~]~~ are impaired and the holders of such Interests will not receive any distribution on account of such Interests. As a result, the holders of Interests in ~~[~~Class LFG 6~~]~~ are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

Claims against Subsidiary Debtors have been classified together solely for purposes of describing treatment under the Plan. Each Class of Claims against or Interests in a Subsidiary Debtor shall be treated as being in a separate sub-Class for each Subsidiary Debtor for the purpose of receiving Plan Distributions.

Secured Claims have been classified together for each Debtor solely for purposes of describing treatment under the Plan. Each Secured Claim, to the extent secured by a Lien on Collateral different than that securing any other Secured Claim, shall be treated as being in a separate sub-Class for the purpose of receiving Plan Distributions.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims held by non-insiders that cast ballots for acceptance or rejection of the plan. **Your vote on the Plan is important.** The Bankruptcy Code requires as a condition to confirmation of a plan that each class that is impaired and entitled to vote under a plan vote to accept such plan, unless the provisions of section 1129(b) of the Bankruptcy Code are met.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtors, with the consent of each Creditors Committee, reserve the right to amend the Plan and/or to request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan notwithstanding the non-acceptance of a plan by one or more impaired classes of claims or equity interests, so long as at least one impaired class of claims or interests, excluding the votes of insiders, votes to accept the plan. Under that section, a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class.

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. This Disclosure Statement, the Exhibits attached hereto, the Plan and the related documents are the only materials the Debtors are providing to creditors for their use in determining whether to vote to accept or reject the Plan, and such materials may not be

[43] Holders of Interests in Classes SD 4 and LES 8 will not be solicited since such Interests are held by a Debtor or a non-Debtor Subsidiary. Such Classes shall be deemed to have voted to accept the Plan pursuant to Section 7.10 of the Plan and the Disclosure Statement Order.

relied upon or used for any purpose other than to vote to accept or reject the Plan. If you believe that you are entitled to vote to accept or reject the Plan and you did not receive a Ballot, please consult with your counsel and/or contact the Debtors' claims and voting agent (the "**Voting Agent**") at (866) 329-5543 or either of the addresses listed below.

Please complete, execute and return your Ballot(s) to the Voting Agent at the address below:

Via first class:

LandAmerica Financial Group, Inc. Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
P.O. Box 5014, FDR Station
New York, NY 10150-5014

Via overnight/hand delivery:

LandAmerica Financial Group, Inc. Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017

TO BE COUNTED, YOUR ORIGINAL BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT NO LATER THAN **4:00 P.M., PREVAILING EASTERN TIME, ON ~~[~~NOVEMBER [10], 2009,** UNLESS THE DEADLINE IS EXTENDED BY THE DEBTORS. YOUR BALLOT MAY BE SENT VIA MAIL, OVERNIGHT COURIER OR MESSENGER. ALL BALLOTS MUST CONTAIN ORIGINAL SIGNATURES. THE VOTING AGENT WILL NOT ACCEPT BALLOTS BY EMAIL OR FACSIMILE.

The Ballots have been specifically designed for the purpose of soliciting votes on the Plan from the Classes entitled to vote with respect thereto. Accordingly, in voting on the Plan, please use only the Ballot(s) sent to you with this Disclosure Statement or provided by the Voting Agent. If you require an additional Ballot, please contact the Voting Agent and request a replacement and/or supplemental Ballot.

The Debtors have fixed **5:00 p.m. (prevailing Eastern Time) on ~~[~~October [13], 2009** (the "**Voting Record Date**"), as the time and date for the determination of Persons who are entitled to receive a copy of this Disclosure Statement and all of the related materials and to vote whether to accept or reject the Plan. Accordingly, only holders of record of Claims as of the Voting Record Date that are entitled to vote on the Plan, will receive a Ballot and may vote on the Plan.

All properly completed Ballots received prior to the Voting Deadline will be counted for purposes of determining whether a voting Class of impaired Claims has accepted the

Plan. The Voting Agent will prepare and file with the Bankruptcy Court a certification of the results of the balloting with respect to the Classes entitled to vote.

THE DEBTORS [AND THE CREDITORS COMMITTEES] BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF ALL HOLDERS OF CLAIMS AND RECOMMEND THAT ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

1.5 *Important Matters.*

This Disclosure Statement contains projected financial information and certain other forward-looking statements, all of which are based on various estimates and assumptions and will not be updated to reflect events occurring after the date hereof. Such information and statements are subject to inherent uncertainties and to a wide variety of significant business, economic and competitive risks, including, among others, those described herein. Consequently, actual events, circumstances, effects and results may vary significantly from those included in or contemplated by such projected financial information and such other forward-looking statements.

ARTICLE II.

SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS PURSUANT TO THE PLAN

The overall purpose of the Plan is to liquidate the Debtors' estates in a manner designed to efficiently maximize recovery to stakeholders. The following table sets forth a brief summary of the classification and treatment of Claims and Interests and the estimated recovery distributable to the holders of such Claims and Interests under the Plan. The table also identifies which Classes are entitled to vote on the Plan based on provisions of the Bankruptcy Code. The information set forth in the table is for convenience of reference only. Each holder of a Claim or Interest should refer to Articles ~~[~~IV and V~~]~~ of the Plan and the Liquidation Analysis annexed as Exhibit ~~[~~4~~]~~ hereto for a full understanding of the classification and treatment of Claims and Interests provided under the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, U.S. Trustee Fees, Fee Claims, and Priority Tax Claims have not been classified. Except as specifically noted therein, the Plan does not provide for payment of postpetition interest with respect to Allowed Claims. **THE ESTIMATES SET FORTH IN THE TABLE MAY DIFFER FROM ACTUAL DISTRIBUTIONS BY REASON OF, AMONG OTHER THINGS, VARIATIONS IN THE ASSERTED OR ESTIMATED AMOUNTS OF ALLOWED CLAIMS AND THE EXISTENCE OF DISPUTED CLAIMS. STATEMENTS REGARDING PROJECTED AMOUNTS OF CLAIMS OR DISTRIBUTIONS (OR THE VALUE OF SUCH DISTRIBUTIONS) ARE ESTIMATES BY THE DEBTORS BASED ON INFORMATION AS OF THE DATE HEREOF AND ARE NOT REPRESENTATIONS AS TO THE ACCURACY OF THESE AMOUNTS. THE FINAL AMOUNTS OF ALLOWED CLAIMS MAY VARY SIGNIFICANTLY FROM THESE ESTIMATES.** For an explanation of the basis for the

limitations and uncertainties regarding these calculations, see Article XI ("Certain Risk Factors to Be Considered"), below.

NOTE: THE FOLLOWING CHART ONLY REPRESENTS A PORTION OF THE RECOVERY ESTIMATED TO BE DISTRIBUTED TO CLASSES LES 4, LES 5, LES 6 AND LFG 3. INCREMENTAL RECOVERIES, WHICH ARE ANTICIPATED TO BE PAID FROM LITIGATION PROCEEDS, ARE DISCUSSED IN MORE DETAIL BELOW.

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Unclassified	Administrative Expense Claims	Each holder of an Allowed Administrative Expense Claim shall receive, unless such holder agrees to different treatment, Cash in an amount equal to such Allowed Claim.	No.	$15,684	100%
Unclassified	U.S. Trustee Fees	On the Effective Date or as soon as practicable thereafter, the Debtors shall pay all U.S. Trustee Fees that are due and owing on the Effective Date, including those statutory fees arising under 28 U.S.C. § 1930(a)(6) and accrued interest under 31 U.S.C. § 3717.	No.	$0	100%
Unclassified	Fee Claims	Each holder of an Allowed Fee Claim for which a Fee Application has been approved by the Bankruptcy Court shall receive Cash in an amount so approved.	No.	$3,000	100%
Unclassified	Priority Tax Claims	Each holder of an Allowed Priority Tax Claim shall receive either (a) Cash in an amount equal to the amount of such Claim, or (b) deferred Cash payments following the Effective Date, over a period ending not later than five (5) years after the Petition Date, in	No.	$13,500	100%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class* *($000s)*	*Estimated Recovery*
		an aggregate amount equal to the Allowed amount of such Priority Tax Claim (plus any interest due in accordance with section 511 of the Bankruptcy Code).			
Class LES 1	LES Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from Post-Effective Date LES in an amount equal to such Claim.	No.	$0	~~100%~~N/A
Class LES 2	LES Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any related agreements, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class* *($000s)*	*Estimated Recovery*
		extinguished.			
Class LES 3	LES Escrow Exchange Claims	Each holder of an Allowed Class LES 3 Claim shall receive Cash in an amount equal to ninety-seven percent (97%) of their Allowed LES Escrow Exchange Claim.	Yes.	**$13,406**	97%
Class LES 4	Segregated Exchange Principal Claims	Each holder of an Allowed Class LES 4 Claim shall receive: (i) payment in Cash of its Pro Rata Share of the Segregated Cash Distribution on or as soon as reasonably practicable after the Effective Date; and (ii) such holder's Pro Rata Share of Series [A] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of each (x) Segregated Waterfall Distribution, and (y) Segregated Remaining Assets Distribution, until such holder's Allowed Segregated Exchange Principal Claim is satisfied in full.	Yes.	**$71,368**	**81.4%**[4]
Class LES 5	Note Exchange Collectible Claims	Each holder of an Allowed Class LES 5 Claim shall receive: (i) payment in Cash of its Pro Rata Share of the Note Cash Distribution on or as soon as reasonably practicable after the Effective Date; and (ii) such holder's Pro Rata Share of Series [B] LES Trust Interests, which shall entitle such holder	Yes.	**$8,373**	**80.3%**[4]

[4] **The Estimated Recovery percentages reflected in this chart do not include projected recoveries from the ARS Litigation or the Other Litigation. All recoveries from such actions are estimated to yield incremental recoveries to creditors. As the amount of such proceeds cannot be estimated precisely at this time, the Debtors have included graphs (see infra) to illustrate estimated recovery improvements based upon proceeds to be realized from the ARS Litigation and the Other Litigation.**

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class* *($000s)*	*Estimated Recovery*
		to its Pro Rata Share of each (x) Note Waterfall Distribution, and (y) Note Remaining Assets Distribution, until such holder's Allowed Note Exchange Collectible Claim is satisfied in full.			
Class LES 6	LES General Unsecured Claims	Each holder of an Allowed Class LES 6 Claim shall receive: (i) payment in Cash of its Pro Rata Share of the LES Unsecured Cash Distribution on or as soon as reasonably practicable after the Effective Date; and (ii) such holder's Pro Rata Share of Series [C] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of each (x) LES Unsecured Waterfall Distribution, (y) Subsequent Waterfall Distribution, and (z) LES Unsecured Remaining Assets Distribution, until such holder's Allowed LES General Unsecured Claim is satisfied in full.	Yes.	**$195,271**	**37.1%[4]**
Class LES 7	LES Damages Claims	Each holder of an Allowed Class LES 7 Claim shall receive such holder's Pro Rata Share of Series [D] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of each (a) LES Waterfall Distribution, and (b) LES Remaining Assets Distribution, which are made after all Allowed Segregated Exchange Principal Claims, all Allowed Note Exchange Collectible Claims and all Allowed LES General	Yes.	**TBD**	~~[~~0~~]~~%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class* *($000s)*	*Estimated Recovery*
		Unsecured Claims are satisfied in full, until such holder's Allowed LES Damages Claim is satisfied in full.			
Class LES 8	LES Equity Interests	LES Equity Interests shall be cancelled and each holder of an Allowed Class LES 8 Interest shall receive such holder's Pro Rata Share of Series [E] LES Trust Interests, which shall entitle such holder to its Pro Rata Share of (a) each Subsequent Waterfall Distribution and (b) each LES Remaining Assets Distribution once all Allowed Segregated Exchange Principal Claims, all Allowed Note Exchange Collectible Claims, all Allowed LES General Unsecured Claims and all Allowed LES Damages Claim are satisfied in full.	Yes.	N/A	~~[~~0~~]~~%
Class LFG 1	LFG Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$500	100%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class* *($000s)*	*Estimated Recovery*
Class LFG 2	LFG Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	**$0**	**N/A**
Class LFG 3	LFG General Unsecured Claims	Each holder of an Allowed Class LFG 3 Claim shall receive such holder's Pro Rata Share of Series A LFG Trust Interests which shall entitle such holders to its Pro Rata Share of the LFG Trust Distributions.	Yes.	**$829,655**	**28.3%**[4]
Class LFG 4	LFG Exchange Guarantee Claims	Each holder of an Allowed Class LFG 4 Claim may elect to either: (i) receive an LFG Guarantee Cash Distribution;	Yes.	**$14,600**	**31%**

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class* *($000s)*	*Estimated Recovery*
		provided that, such holder (x) assigns to the LFG Trust all rights, claims and Causes of Action such holder may have against third parties on account of its exchange, (y) votes in favor of the Plan and (z) does not object to confirmation of the Plan; or (ii) be deemed to be a holder of an LFG General Unsecured Claim, and receive a Pro Rata Share of Series A LFG Trust Interests pursuant to Section 5.9 of the Plan; in each case in full and final satisfaction of such holder's Allowed LFG Exchange Guarantee Claims.			
Class LFG 5	LFG Securities Law Claims	Each holder of an Allowed Class LFG 5 Claim shall receive such holder's Pro Rata Share of Series B LFG Trust Interests, which shall entitle such holder to its Pro Rata Share of the LFG Trust Distribution, once all Allowed LFG General Unsecured Claims are satisfied in full, until such holder's Allowed LFG Securities Law Claim is satisfied in full.	Yes.	**TBD**	**0%**
Class LFG 6	LFG Equity Interests	The LFG Equity Interests shall be cancelled and holders of LFG Equity Interests shall not be entitled to any distribution under the Plan.	No.	**N/A**	0%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class* *($000s)*	*Estimated Recovery*
Class SD 1 **LandAmerica Credit Services**	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	**$0**	**N/A**
Class SD 2 **LandAmerica Credit Services**	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	**$0**	**N/A**
Class SD 3 **LandAmerica**	Subsidiary General Unsecured	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of	Yes.	**$15,158**	**16.7%**

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class* *($000s)*	*Estimated Recovery*
Credit Services	Claims	the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.			
Class SD 4 **LandAmerica Credit Services**	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	**N/A**	**0%**
Class SD 1 **LandAmerica Assessment Corporation**	**Subsidiary Priority Non-Tax Claims**	**Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.**	**No.**	**$0**	**N/A**
Class SD 2 **LandAmerica Assessment Corporation**	**Subsidiary Secured Claims**	**Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any**	**No.**	**$0**	**N/A**

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
		agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.			
Class SD 3 LandAmerica Assessment Corporation	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$2,693	100%
Class SD 4 LandAmerica Assessment Corporation	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	$952
Class SD 1 LandAmerica Title Company	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
		equal to such Claim.			
Class SD 2 LandAmerica Title Company	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.	No.	$0	N/A
Class SD 3 LandAmerica Title Company	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied	Yes.	$27,499	1.6%

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
		in full.			
Class SD 4 LandAmerica Title Company	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	0%
Class SD 1 Southland Title Corporation	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$0	N/A
Class SD 2 Southland Title Corporation	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
		holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.			
Class SD 3 Southland Title Corporation	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$11,557	14.4%
Class SD 4 Southland Title Corporation	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	0%
Class SD 1 Southland Title of Orange County	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$0	N/A
Class SD 2	Subsidiary Secured	Claims in this Class are not impaired. Each holder of an	No.	$0	N/A

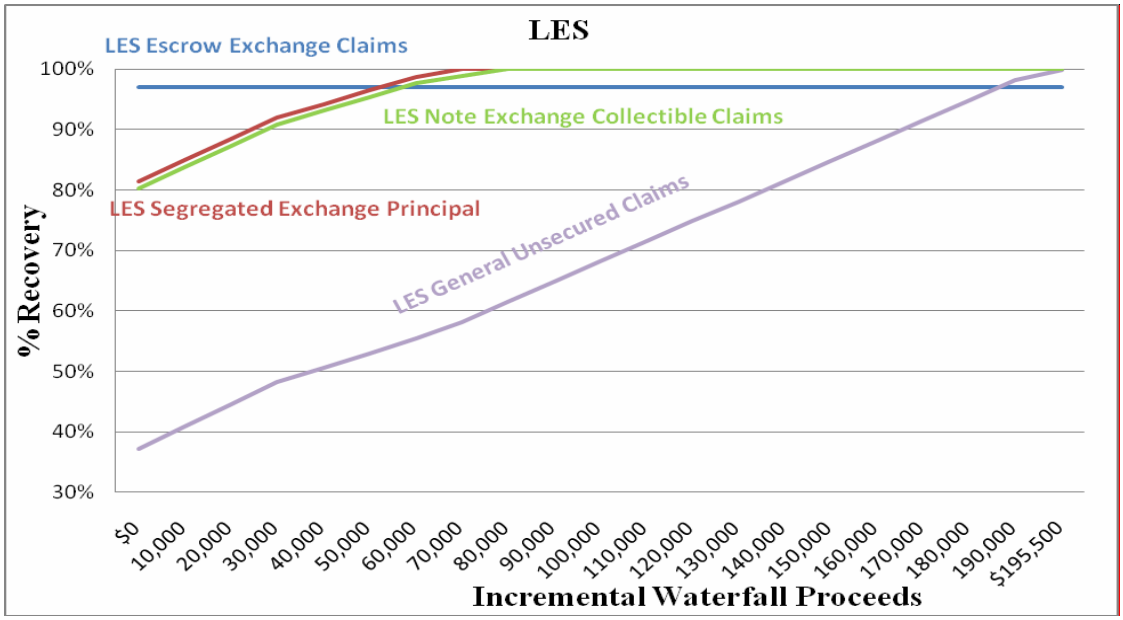
Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Southland Title of Orange County	Claims	Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.			
Class SD 3 Southland Title of Orange County	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$7,865	0.2%
Class SD 4 Southland	Subsidiary Equity	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed	Yes.	N/A	0%

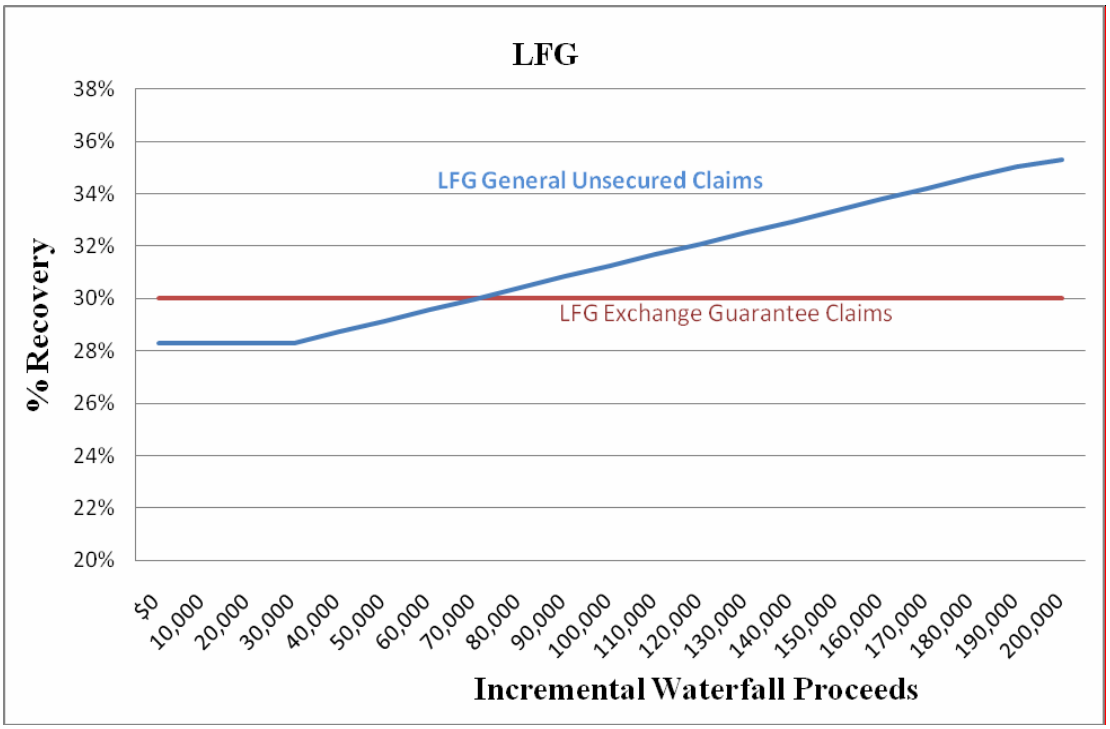
Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
Title of Orange County	Interests	Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.			
Class SD 1 Southland Title of San Diego	Subsidiary Priority Non-Tax Claims	Claims in this Class are not impaired. Each holder of an Allowed Priority Non-Tax Claim shall receive Cash from the applicable Post-Effective Date Entity in an amount equal to such Claim.	No.	$0	N/A
Class SD 2 Southland Title of San Diego	Subsidiary Secured Claims	Claims in this Class are not impaired. Each holder of an Allowed Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor. Each holder of an Allowed Secured Claim shall retain the Liens securing its Allowed Secured Claim as of the Effective Date until full and final payment of	No.	$0	N/A

Class	*Description*	*Treatment*	*Entitled to Vote*	*Estimated Amount of Claims or Interests in Class ($000s)*	*Estimated Recovery*
		such Allowed Secured Claim is made, at which point such Liens shall be deemed automatically released, terminated and extinguished.			
Class SD 3 Southland Title of San Diego	Subsidiary General Unsecured Claims	Each holder of an Allowed Class SD 3 Claim shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, until such holder's Allowed Subsidiary General Unsecured Claim is satisfied in full.	Yes.	$15,105	10.9%
Class SD 4 Southland Title of San Diego	Subsidiary Equity Interests	The Subsidiary Equity Interests shall be cancelled, and each holder of Allowed Class SD 4 Interests shall receive such holder's Pro Rata Share of the relevant Subsidiary Debtors' SD Net Proceeds, if any, after the satisfaction of all such Debtor's Allowed SD General Unsecured Claims.	Yes.	N/A	0%

The recoveries set forth above are estimates and are contingent upon approval of the Plan as proposed. In addition, such estimated recoveries do not include proceeds from the ARS Litigation or the Other Litigation due to the inherent uncertainty in estimating proceeds from litigation. See Exhibit 4 for a detailed explanation of the assumptions made when calculating the recovery estimates.

The below graphs display the recovery improvement to certain LFG and LES Claims for each additional $10 million of Waterfall Proceeds realized by the Other Litigation Sub-Trust and the ARS Litigation Sub-Trust, including recoveries from the ARS Litigation and the Other Litigation. This analysis is purely illustrative and is designed to provide an understanding of how the recoveries could improve under various scenarios.





*** The LFG graph assumes that holders of the LFG Exchange Guarantee Claims elect to receive a one time cash payment of thirty percent (30%) of their Principal Claim.**

ARTICLE III.

BUSINESS DESCRIPTION AND CIRCUMSTANCES THAT LED TO THESE CHAPTER 11 CASES

3.1 *The Debtors' Businesses.*

LFG is a holding company that operates through its various regulated and unregulated subsidiaries (collectively, "**LandAmerica**" or the "**Company**"). As of November 26, 2008 (the "**Initial Petition Date**"), LandAmerica's products and services facilitated the purchase, sale, transfer and financing of residential and commercial real estate, including the use of 1031 exchanges in connection with such real estate transactions. At its peak, the Company operated through approximately 700 offices and a network of more than 10,000 active agents, and conducted business in Mexico, Canada, the Caribbean, Latin America, Europe, and Asia. The Company's products and services were offered to a broad-based customer group, including residential and commercial real estate buyers and sellers, real estate agents and brokers, developers, attorneys, mortgage brokers and lenders, and title insurance agents. LandAmerica principally operated through four operating divisions: Agency Services, Residential Services, Commercial Services and Lender Services.

The Commercial Services division facilitated smooth and timely closings of single and multi-location transactions by assisting customers buying or selling real property. The Commercial Services division provided title insurance and closing services, real property valuations, real property inspections, environmental assessments, survey coordination services and 1031 exchange facilitation services to support the transfer and financing of commercial real property. LFG's subsidiaries offering services in the Commercial Services division included: the Regulated Underwriters (as defined below) and their Subsidiaries listed below; LandAmerica Assessment Corporation, which sold substantially all of its assets to Partner Assessment Corporation on March 26, 2009; LandAmerica Valuation Corporation which was sold to BB Valuation, Inc. on April 1, 2009; LandAmerica 1031 Exchange Services, Inc.; LandAmerica International Holding Company B.V., which includes the Chisholm Nurser & Partners and LandAmerica Assessment Germany Gmbh subsidiaries; and LandAmerica Services, Inc., which includes the LandAmerica Services of Mexico, S.A. de C.V. subsidiary.

Through its Residential Services division, the Company maintained one of the largest branch office networks in the country offering customers title insurance, escrow services, closing services, home inspections and home warranties to support the sale and/or financing of residential real property throughout the United States. LFG's subsidiaries offering services in the Residential Services division included: the Regulated Underwriters and their Subsidiaries listed below; LandAmerica Home Warranty Company; LandAmerica Property Inspection Services, Inc.; Buyers Real Estate Services, Inc.; Residential Property Maintenance; County Title Holding Corp., the parent company of the Southland Entities; and Capital Title Group, Inc., the parent company of the Nations Holding Group and New Century Holding Company entities.

The Agency Services division distributed a full suite of high-quality residential and commercial real estate transaction products through a network of independent title agents throughout the United States. The independent title agents sold similar products and services to

the same type of customer base as did the Residential and Commercial Services divisions. This division operated primarily through the Regulated Underwriters and their Subsidiaries as listed below and the LandAmerica Alliance Company joint ventures.

Finally, the Lenders Services division offered a variety of centralized, nationally coordinated real estate transaction services to lenders and mortgage servicers nationwide. The origination services offered by this division were designed to help large mortgage lenders facilitate the closing of residential refinance and home equity mortgages. The loan servicing products and services offered by the Lender Services division supported clients servicing mortgages. Subsidiaries offering services in the Lender Services channel include LandAmerica OneStop, Inc. (which is comprised of Tax & Flood, Origination, BackInTheBlack® and Default Services); LandAmerica Credit Services, Inc.; and LoanCare Servicing Center, Inc.[5]

(a) Regulated Underwriters and Their Subsidiaries.

Prior to the Initial Petition Date, LandAmerica was the third largest title insurance underwriting family in the United States. LandAmerica issued title insurance policies and provided closing services primarily through two principal title underwriting subsidiaries: Commonwealth Land Title Insurance Company ("**Commonwealth NE**") and Lawyers Title Insurance Corporation ("**Lawyers Title**"). LFG also indirectly owned two other title insurance underwriters: Commonwealth Land Title Insurance Company of New Jersey ("**Commonwealth NJ**"); and United Capital Title Insurance Company ("**United Capital**", and together with Commonwealth NE, Lawyers Title and Commonwealth NJ, the "**Regulated Underwriters**"). Together, these operations represented approximately 85% to 90% of LandAmerica's annual revenue.

The title insurance subsidiaries are subject to regulation by the insurance authorities and enforcement of laws by certain governmental authorities of the states in which they do business. State regulatory authorities impose underwriting limits on title insurers based primarily on levels of available reserves, capital and surplus.

The title insurance businesses are closely linked to the overall level of residential and commercial real estate activity, which generally is affected by the relative strength or weakness of the United States economy. In addition, title insurance volumes fluctuate based on changes in interest rates and the availability of mortgage financing. Periods of increasing interest rates and reduced mortgage financing availability usually have an adverse effect on residential real estate activity. Commercial real estate volumes are less sensitive to changes in interest rates, but fluctuate based on local supply and demand conditions for space and mortgage financing availability.

LFG and its subsidiaries sold all of their respective shares, constituting 100% ownership, of Commonwealth NE, Lawyers Title, Commonwealth NJ and United Capital to Fidelity National Financial, Inc. on December 22, 2008. In connection with this sale, LFG received consideration of approximately $247 million.

[5] As discussed below, the assets of LandAmerica Credit Services, Inc. and LFG's ownership interest in LoanCare Servicing Center, Inc. and LC Insurance Agency, Inc. were sold on August 12, 2009 and June 3, 2009, respectively.

(b) Unregulated Operations.[6]

In addition to underwriting title insurance, certain LFG subsidiaries provided, among other things, appraisals, home inspections, and warranties for residential real estate transactions. These subsidiaries also performed specialized services, primarily for LandAmerica's national and regional mortgage lending customers, such as real estate tax processing, flood zone determinations, consumer mortgage credit reporting, real property valuations, default management services, and mortgage loan subservicing.

1. LandAmerica 1031 Exchange Services, Inc.

LandAmerica 1031 Exchange Services, Inc. ("**LES**"), one of the Debtors, which filed for chapter 11 protection on the Initial Petition Date, is a direct subsidiary of LFG. Prior to the Initial Petition Date, LES operated as a "qualified intermediary" under section 1.1031(k)-1(g)(4) of the Treasury Regulations and Section 1031 of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"). Generally, the Tax Code imposes taxes when property is sold or transferred and a gain is realized. Pursuant to section 1031 of the Tax Code and applicable Treasury Regulations, if a taxpayer adheres to certain guidelines, then all or a portion of the gains from the disposition of business or investment property can be deferred or reinvested into a new replacement property. These deferred gains, as well as the gains from the new property, are not taxed unless and until the new property is transferred and fails to qualify for tax deferral. To qualify for such tax deferral, the taxpayer must structure the transaction as an exchange of one property for another "like kind" property and the taxpayer must meet certain specific deadlines, including identifying potential replacement property within 45 days and consummating the purchase transaction within 180 days after the date on which the taxpayer transferred the relinquished property. These exchanges are typically facilitated by a qualified intermediary, such as LES.

In the ordinary course of its business, LES entered into agreements with its customers (the "**Exchange Agreements**") whereby it ~~acquired~~**received** the net proceeds of the sales of relinquished properties (the "**Exchange Funds**") in order to facilitate like-kind exchanges in accordance with the requirements of the Tax Code. As set forth in the Exchange Agreements, LES took sole and exclusive possession, dominion, control, and use of all Exchange Funds, including interest, if any, earned on the Exchange Funds until the earlier of the consummation of a like-kind exchange or such other date or event as provided in the applicable Exchange Agreement and other related documents.

2. LandAmerica Assessment Corporation.

LandAmerica Assessment Corporation ("**LAC**"), one of the Debtors, which filed for chapter 11 protection on March 6, 2009, is also one of LFG's unregulated direct subsidiaries. LAC provided full-service property condition and environmental assessment services to customers throughout the United States, Mexico, Canada, the Caribbean, Latin America, and Europe with offices located in California, Illinois, Missouri, New Jersey, New York, North

[6] Although not regulated by a state department of insurance, many of LandAmerica's "unregulated" subsidiaries were or are regulated by certain other types of state or federal agencies. For example, LandAmerica Home Warranty is regulated by the California Insurance Commissioner.

Carolina, Oregon and Texas. LAC specialized in property condition assessment, construction, project monitoring, construction cost analysis, cost segregation services and environmental assessments associated with commercial real estate acquisitions and finance.

Specifically, LAC acted as the vendor manager for a wide array of assessment services. Historically, its primary customers were originators of loans for commercial real estate transactions, as well as large real estate developers and financial institutions, which made construction loans or purchased bundles of real estate loans. Through its close working relationships with and utilization of over 1,200 vendors located throughout the United States, LAC provided customers with assessment reports identifying, locating, and quantifying significant defects, deferred maintenance, required upgrades and obvious code violations at real estate properties. LAC also provided environmental assessments for many commercial transactions to determine the environmental liability risk of a given property. LAC did not perform the actual property assessments; rather, its role in the process was hiring, coordinating, and working directly with the assessment service providers in order to (a) generate client reports, and (b) ensure that such reports met certain standards of quality and were produced in a uniform format regardless of the location in which the assessment was conducted. Typically, the contract between LAC and its customers provided that LAC remained liable for the assessment reports provided to its customers.

LAC sold substantially all of its assets to Partner Assessment Corporation (d/b/a Partner Engineering and Science) on March 26, 2009, and is no longer an operating business. Pursuant to the terms of the asset purchase agreement between the parties, a purchase price of approximately $2 million was paid to LAC before deducting any transaction costs.

3. The Underwritten Title Companies.

Prior to ceasing operations on January 31, 2009, LandAmerica Title Company (f/k/a United Title Company) ("**LandAm Title**"), which filed for chapter 11 protection on March 27, 2009, Southland Title Corporation, Southland Title of Orange County, and Southland Title of San Diego (collectively, the "**Southland Entities**"), each of which filed for chapter 11 protection on March 31, 2009, each served as an underwritten title company ("**UTC**")[7] under the California Insurance Code and were licensed by the California Department of Insurance. LandAm Title and the Southland Entities provided title, escrow and other real estate-related products and services to (a) residential and commercial buyers and sellers, (b) real estate agents and brokers, (c) developers, (d) attorneys, and (e) mortgage brokers and lenders each primarily located in Southern California.

Specifically, LandAm Title and the Southland Entities acted (a) as title agents and assisted in the issuance of title insurance policies for title insurance companies in exchange for a portion of the title insurance premium, and (b) as intermediaries between insurance underwriters and customers. The intermediary prepared title searches, title examinations, title reports, certificates or abstracts of title, upon which a title insurer wrote title policies.

[7] Section 12340.5 of the California Insurance Code defines an "underwritten title company" as: "any corporation engaged in the business of preparing title searches, title examinations, title reports, certificates or abstracts of title upon the basis of which a title insurer writes title policies."

~~[~~County Title Holding Corp., the parent company of the Southland Entities, expects to dissolve ~~a~~**the** majority of its remaining non-Debtor subsidiaries~~.]~~**, including StoneRidge Escrow Corporation, San Diego County Holding Company, Docusign, Inc. and G&S Reconveyance Company, and to sell its interests in All Counties Courier, Inc..**

4. LandAmerica Credit Services, Inc.

LandAmerica Credit Services, Inc. ("**LandAm Credit**"), one of the Debtors and an unregulated subsidiary of LFG, which filed for chapter 11 protection on July 17, 2009, provided consumer credit reports and income, tenant, and tax return verifications to national and regional mortgage lenders and brokers throughout the United States. Its main operations were located in Las Vegas, Nevada and its accounts receivable department was located in Omaha, Nebraska. LandAm Credit was one of only six credit reporting agencies with Tier 1 direct connectivity with Fannie Mae and Freddie Mac, giving LandAm Credit a competitive advantage over other credit service companies. Such access allowed LandAm Credit to provide credit reports for Fannie Mae and Freddie Mac loan submissions.

Specifically, LandAm Credit provided consolidated consumer mortgage credit reports consisting of data accessed from the three national credit bureau repositories. LandAm Credit employees reviewed credit reports, stripped them of duplicative entries, and provided a more user-friendly product to the customer. Further, LandAm Credit offered customers the opportunity to update and supplement the information on their consumer credit report. LandAm Credit's clients consisted of a diverse customer base in the mortgage industry including banks, thrifts, credit unions, mortgage companies, and mortgage brokers, as well as a limited number of mortgage servicers and subservicers, commercial lenders, and various businesses seeking consumer credit information.

LandAm Credit sold substantially all of its assets to LAMAT, LLC on August 12, 2009 and is no longer an operating business. Pursuant to the asset purchase agreement between the parties, LandAm Credit received a purchase price of approximately $3.5 million before any working capital adjustments or transaction costs.

5. LandAmerica Home Warranty Company, Residential Property Maintenance, Inc., LandAmerica Property Inspection Services, Inc., and Buyers Real Estate Services, Inc.

Several of LFG's subsidiaries provide buyers of residential real estate with home inspection services, home warranties, and natural hazard disclosure reports through four operating entities. LandAmerica Home Warranty Company ("**LAHW**") and Residential Property Maintenance, Inc. ("**RPM**") sell home warranties to owners of single-family homes, multiple unit buildings of up to four units, and mobile homes.[8] A standard one-year home warranty service contract protects a resale home buyer or current homeowner against the cost of unexpected repairs or replacement of major systems and appliances that become inoperable due

[8] In May 2008, RPM ceased issuing new warranty policies because its business overlapped with LAHW's existing operations in Arizona, and LFG determined that there was no need to continue both operations and pay for two state licenses.

to normal wear and tear during the term of a contract.[9] LandAmerica Property Inspection Services, Inc. ("**LAPIS**") provides home inspection services for residential real estate transactions. LAPIS utilizes a field of qualified inspectors, a central scheduling center, and customized technology to electronically dispatch work, deliver final reports to clients, and manage all service tracking and backroom processing for payroll and accounting. Buyers Real Estate Services, Inc. ("**BRES**," and together with LAHW, RPM, and LAPIS, "**Home Warranty**") provides natural hazard disclosure reports. All of the Home Warranty operating entities are wholly-owned subsidiaries of LFG and operate under a single management team to capitalize on synergies in operations, sales, and growth initiatives. Headquartered in Alpharetta, Georgia, Home Warranty also operated a west coast center in Burbank, California.

On May 13, 2009, LFG entered into an agreement with Buyers Protection Group, Inc., a Georgia corporation and the successful bidder at an auction held on May 12, 2009, whereby LFG will sell all of its shares, constituting 100% of the issued and outstanding common stock, in Home Warranty to Buyers Protection Group, Inc. The transaction is pending regulatory approval and expected to close in the ~~[~~fourth quarter of ~~2009]~~.2009. In connection with the sale, LFG anticipates it will receive a purchase price of $12.2 million prior to any working capital adjustments or transaction costs.

6. LoanCare Servicing Center, Inc. and LC Insurance Agency, Inc.

LoanCare Servicing Center, Inc. and LC Insurance Agency, Inc. (together, "**LoanCare**") are former LFG subsidiaries that provide a full range of loan administration services to clients nationwide. LFG acquired LoanCare in December 2004. LoanCare provided subservicing services to financial institutions and private investors that hold mortgage loan assets or mortgage servicing rights. Specifically, LoanCare has four lines of business: (a) traditional subservicing; (b) seller finance servicing; (c) loss mitigation; and (d) debt servicing. Through its services, LoanCare provides its customers with the ability to lower costs, reduce operating risk, and enhance customer/member services through its various subservicing programs.

As discussed below, LFG sold all of its shares of LoanCare to Fidelity National Financial, Inc., constituting 100% of the issued and outstanding common stock of both LoanCare Servicing Center, Inc. and LC Insurance Agency, Inc., on June 3, 2009. In connection with this sale, LFG received a purchase price of approximately $16.3 million prior to any working capital adjustments or transaction costs.

7. LandAmerica Valuation Corporation.

Based in Alpharetta, Georgia, LandAmerica Valuation Corporation ("**LVC**") is a former wholly-owned subsidiary of LFG that performed valuations on commercial real estate throughout the United States. Established in 2002, LVC was a commercial valuation company specializing in appraisal and consulting services associated with commercial real estate

[9] Home warranty contracts are regulated as service contracts in various states. In addition, certain states, including California, Texas and Arizona, required that LAHW maintain statutory financial requirements, including net worth, deposits for state licenses and/or reserve requirements to support reserves for future payments under the warranty contracts.

transactions. LVC maintained working relationships with more than 250 field professionals nationwide, who provided appraisal services for all property types, including office, retail, industrial, multi-family, special purpose, hotel, vacant land, and any non-residential 1-4 family property. The services LVC offers its clients include appraisal and consulting, market studies, feasibility studies, market research, cash flow analysis, lease abstractions, property inspections, third party review, portfolios and single asset assignments, and impacted property appraisals.

As discussed below, LFG sold all of its shares, constituting 100% of the issued and outstanding common stock, of LVC to BB Valuation, Inc. on April 1, 2009. Of the $825,000 purchase price for the shares of LVC, $675,000 was paid in the form of a secured promissory note ~~that, as of the date hereof, remains outstanding.~~ **. The note was paid in full on September 30, 2009, with additional interest of approximately $9,300.**

8. Capital Title Group.

Another subsidiary of LFG, Capital Title Group, Inc. ("**CTG**"), is a holding company that, prior to the Initial Petition Date, operated through its various subsidiaries, including Nations Holding Group, Inc. ("**NHG**"), New Century Holding Company ("**NCHC**") and CTG Building Co. ("**CTGB**"). Prior to the Initial Petition Date, NHG, through its subsidiaries (which, with the exception of LandAm Title, have since been dissolved or sold, or in the case of AdvantageWare, Inc., are in the process of being dissolved), provided real estate settlement services in California and Nevada. NHG's subsidiaries primarily issued title insurance policies and performed other title-related services, such as escrow activities in connection with real estate transactions. Further, NCHC, through its subsidiary New Century Title Company ("**NCTC**"), provided escrow and title services to the real estate industry in select California counties prior to NCTC's dissolution in January 2008. NHG, a now defunct holding company, and NCHC, an entity in the process of being dissolved, have since ceased doing business.

9. LandAmerica Title Insurance Company of Mexico, S.A.

LandAmerica Title Insurance Company of Mexico, S.A. ("**LATIM**") is a licensed Mexican insurance company that is owned by LandAmerica Services Inc. ("**LSI**") (1% ownership) and by LSI's subsidiary, LandAmerica International Holding Company ("**LIHC**") (99%). LSI is a wholly-owned subsidiary of LFG.

Established in 2007 and based in San Miguel de Allende, Mexico, LATIM offered title-related products categorized within the general area of property and casualty insurance in Mexico. Specifically, LATIM sold title investigation services, commercial title insurance policies and offered escrow and disbursement services in both Mexico and the United States, and offered title investigations and commitments. LATIM was structured to operate in Mexico with a minimum amount of capital and historically assigned most of its risk to Lawyer's Title through reinsurance arrangements. LATIM's automatic reinsurance agreement with Lawyer's Title expired on May 14, 2009.

LFG has been, and in most instances continues to market the majority of LSI's subsidiaries, including LIHC, LIHC's subsidiaries, LATIM and Complete Closing Services,

Incorporated. As of the date hereof, limited interest in LATIM has caused LFG to conclude that a dissolution of LATIM is in its best interest. The dissolution process has now commenced and it is expected to take at least three months to conclude. The remaining LSI subsidiary, LandAmerica Services of Mexico, S.A. de C.V., is jointly owned by LIHC (which holds a 99% interest), and is expected to be dissolved ~~[~~prior to the Effective Date~~]~~.

10. LandAmerica Commercial Search Services.

LandAmerica Commercial Search Services ("**LandAm Commercial**") owned 20% of DataTrace Information Services LLC ("**DataTrace I**") and 20% of DataTrace Information Services II LLC ("**DataTrace II,**" and, together with DataTrace I, "**DataTrace**"). LandAm Commercial is a wholly-owned subsidiary of LFG. DataTrace was a joint venture with First American Corporation and/or its affiliates (collectively, "**First American**"), which owned the remaining 80% and, upon the consummation of the sale of DataTrace, became the 100% owner.

Based in Santa Ana, California, DataTrace provides a title information delivery system which enables title insurance companies, title agencies, and independent title abstractors nationwide to connect to regional title databases and access them using a standard software interface. DataTrace's system delivers title information, property tax assessment and payment data, and property profiles for metropolitan areas across the United States. As a result, title companies with local and regional databases, whose content is managed by the DataTrace system, may secure access to national title information that allows them to expand their reach beyond the territory covered by their own data. Additionally, DataTrace helps customers determine the status of real estate taxes for properties in more than 240 counties nationwide. Further, DataTrace manages the world's largest network of title plants, with more than 150 markets.

On August 11, 2009, LandAm Commercial sold all of its membership interests in DataTrace, which was comprised of a 20% ownership interest in each of DataTrace I and DataTrace II, to Smart Title Solutions, LLC and First American Real Estate Solutions II, LLC. In consideration for the sale, LandAm Commercial received approximately $15 million. Upon closing of the sale, LandAm Commercial ceased being an operating business and is now a defunct holding company.

11. LandAmerica Alliance Company.

LandAmerica Alliance Company consisted of 72 joint ventures. Two joint ventures, Commonwealth Land Title Company of Puget Sound (50%), an affiliated/independent title insurance agency joint venture, and LandAmerica Production Center, LLC (80%), a production center, are currently active or scheduled to be sold. The remaining 70 joint ventures are inactive or have been sold, dissolved or are in the process of being dissolved.[10]

[10] Due to a decline in sales and/or the partners' plans to discontinue referring business to the joint venture, certain joint ventures have been, and/or are targeted to be dissolved.

12. LandAmerica OneStop, Inc.

LandAmerica OneStop, Inc. ("**OneStop**"), based in Moon Township, Pennsylvania, is a wholly-owned subsidiary of LFG that is part of LFG's lender services business segment. OneStop is comprised of the following operating divisions: Origination Services (comprised of title services, settlement/closing services, and appraisal and valuation services), Tax and Flood Services, Default Services, and MSTD (which offers the BackInTheBlack® application, a web-based application that manages all aspects of the mortgage default process). Through its diverse operating segments, OneStop offers the national and regional mortgage lending communities a full range of integrated residential real estate services and the ability to manage the delivery of those services through a centralized source. OneStop provides mortgage originators and mortgage servicers with a single, convenient point of contact through which they can place all of their orders for real estate related services.

Specifically, transaction management services include the coordination and delivery of title insurance, flood zone determinations, property appraisal and valuation, property inspections, closing and escrow services, foreclosure services, property preservation services, lien monitoring services, and real estate tax processing services.

OneStop is presently engaged in discussions regarding the sale of all or substantially all of the assets in its various operating divisions. On September ~~3,~~**23,** 2009, OneStop ~~entered into an agreement with T&F Acquisition Group, LLC, for the sale of~~**sold** substantially all **of the** assets of its Tax and Flood Services division~~. The transaction is expected to close by September 30, 2009.~~ **to** *T&F Acquisition Group, LLC*. In connection with this sale, OneStop ~~expects to receive~~**received** a purchase price in the amount of ~~approximately~~ $6 million ~~prior to any working capital adjustments or transaction costs~~. In addition, OneStop ~~expects to enter~~*entered* into an agreement for the sale of substantially all **of the** assets of its Origination Services, Default Services and MSTD divisions ~~prior to September 21, 2009.~~**on or about October 1, 2009. Depending on OneStop's ability to mitigate or eliminate residual liabilities, OneStop may determine to seek protection under chapter 11 of the Bankruptcy Code at a later date.**

13. Centennial Bank.

LFG operates a California industrial bank through a wholly-owned subsidiary, Orange County Bancorp, and its subsidiary, Centennial Bank ("**Centennial**"), which together make up LFG's financial services segment. Centennial was acquired by LFG in November 2003. Centennial's primary business is the origination and bulk purchase of commercial real estate loans. It has a heavy concentration of loans in the Southern California, Arizona and Nevada markets. Deposits are solicited through the internet for both certificates of deposit and passbook savings accounts. As an industrial bank, Centennial does not accept demand deposits, such as checking accounts, that provide for payment to third parties. Centennial does not offer banking services such as credit cards or automated teller machines. Prior to the Initial Petition Date, LFG utilized Centennial to hold a portion of LFG's escrow deposits.

Centennial is subject to supervision and regulation by federal and state banking agencies. These authorities regulate Centennial's issuance of deposits, place limits on the size

and nature of the loans that can be made, and specify the maintenance of minimum liquidity levels. In addition, Centennial is subject to various regulatory capital requirements administered by the federal and state banking agencies.

LFG has been actively marketing Centennial and Orange County Bancorp since before the Initial Petition Date. In connection with this sale process, LFG and its financial advisor, Sandler O'Neill *& Partners ("**Sandler O'Neill**")***, contacted 77 potential purchasers, consisting primarily of developmental stage banks, banks desiring to increase their geographic footprint and private equity firms operating financial services companies. Of those contacted, 46 purchasers signed confidentiality agreements with LFG and obtained access to the electronic data room containing information about Centennial. Only six potential purchasers submitted any written indication of interest to purchase Orange County Bancorp and Centennial, each indication was heavily qualified and, thus far, none of the indications received have met the bid procedures established by LFG and Sandler O'Neill.**

If LFG ~~is unable to~~**does not** sell **or abandon** its interests in **Centennial or** Orange County Bancorp prior to the Effective Date, LFG intends to temporarily retain such interests after the Effective Date until they can ultimately be sold, with any net proceeds to be transferred to the LFG Trust.. If retaining interests in **Centennial or** Orange County Bancorp may result in the PBGC's assertion of a priority Claim against the Debtors or Post-Effective Date LFG, however, LFG may be forced to otherwise dispose of its interests to avoid materially diluting recoveries to its creditors. Prior to ~~disposing of~~**selling** its interests in **Centennial or** Orange County Bancorp, LFG will seek a determination from the Bankruptcy Court that the PBGC does not have a priority Claim against one or more of the Debtors' estates. This determination may take the form of a Bankruptcy Court approved settlement with the PBGC or other Final Order.

14. LandAmerica International Holding Company B.V.

The two subsidiaries of LandAmerica International Holding Company B.V., LandAmerica Assessment Germany Gmbh and LandAmerica Company UK Limited either directly or through their own subsidiaries provide real property inspections, environmental reports and other real property due diligence services for purchasers and lenders throughout the UK and Europe. Regarding LandAmerica International's subsidiaries, LandAmerica Assessment Germany Gmbh was sold for 1 Euro as a better alternative to a dissolution because of speed, ability to mitigate claims and repatriate cash on the balance sheet. Chisholm Nurser & Partners, Limited is under administration in the United Kingdom and LandAmerica International will be dissolved.

15. LEISA of Connecticut, Inc.

LEISA was an environmental insurance agency that issued environmental insurance underwritten by a variety of third party insurance underwriters. This product line was offered to clients in the Commercial Services division and was sold by certain of the Commercial Services division sales representatives who were licensed to sell the product. Given that the

former employees of the Commercial Services division were hired by Fidelity in connection with the Underwriter sale, LEISA can no longer operate and will be dissolved.

3.2 ***Capital Structure.***

(a) LFG.

As of the Initial Petition Date, LFG had liabilities in excess of $650 million. Certain of the liabilities arose under long-term debt instruments, including (a) a revolving credit facility with $100 million in unsecured obligations outstanding (as amended, the "**Credit Facility**"), (b) two series of senior unsecured notes with a principal amount of approximately $150 million (the "**Senior Notes**"), and (c) two issues of convertible senior notes with a principal amount of approximately $225 million (the "**Convertible Senior Notes**"). All of the long-term debt is unsecured and, other than LFG, no LandAmerica entity is obligated to satisfy these obligations.

1. The Credit Facility.

The Credit Agreement, dated July 28, 2006 (the "**Credit Agreement**"), is by and among LFG and a syndicate of lenders led by SunTrust Bank, as Administrative Agent (each, a "**Lender**" and together, with all other lenders, the "**Lenders**"). The Credit Agreement, which was subsequently amended on November 30, 2007 and June 30, 2008, originally provided for a revolving credit facility in the aggregate principal amount of up to $200 million. Among other things, the second amendment to the Credit Agreement reduced the Credit Facility from $200 million to $150 million. As of September 30, 2008, the amount outstanding under the Credit Agreement was $100 million. Because LFG was in default of certain covenants under the Credit Facility on the Initial Petition Date, LFG was not entitled to draw any additional funds under the Credit Facility.

The Credit Agreement provides that each Lender has the right to set off and apply against all deposits of LFG at any time held by such Lender, any and all amounts owing under the Credit Agreement (the "**Setoff Rights**"). On the Initial Petition Date, the Lenders held **approximately $11.9 million in** deposits of LFG~~, in the aggregate, in excess of $100 million~~. On November 26, 2008, LFG filed a motion with the Bankruptcy Court (Docket No. 5) seeking authority to use cash on deposit in bank accounts maintained with certain of the Lenders (the "**Bank Accounts**") as of the Initial Petition Date. The Lenders asserted that cash held in the Bank Accounts as of the Initial Petition Date was subject to the Setoff Rights and, as a result, was cash collateral securing LFG's obligations under the Credit Agreement. On December 2, 2008, the Bankruptcy Court entered an order (Docket No. 69) granting LFG's motion and prohibiting the Lenders from offsetting, freezing, affecting or otherwise impeding the use or transfer of, or access to, any funds of LFG (and to the extent other Debtors' funds were deposited in the Bank Accounts, the funds of such other Debtors) deposited in the Bank Accounts by reason of any claim arising before or by reason of the commencement of the Chapter 11 Cases. By order dated August 12, 2009 (the "**Setoff Order**"), the Bankruptcy Court authorized, among other things, the Lenders and SunTrust Bank, as Administrative Agent, to exercise Setoff Rights in an amount equal to approximately $11.9 million (Docket No. 1847). In addition, the Setoff Order preserved all rights, claims and causes of action the Debtors against any Lender, and, to

the extent LFG obtains a right of payment from any Lender pursuant to a settlement or judgment, the Lenders agreed to disgorge any amounts received pursuant to the Setoff Order.

2. The Senior Notes.

On July 28, 2006, LFG entered into a Note Purchase and Master Shelf Agreement (the "**Note Purchase Agreement**") with Prudential Investment Management, Inc. ("**Prudential**"). Under the Note Purchase Agreement, LFG issued two series of senior notes (the "**Senior Notes**") with a face amount of $100 million and $50 million, respectively. Prior to the Initial Petition Date, LFG defaulted under the Senior Notes.

3. The Convertible Notes.

On November 26, 2003, LFG issued $115 million of 3.125% Convertible Senior Debentures due 2033 through a private placement. Subsequently, in October 2007, certain holders exercised their conversion rights for $16.5 million of the debentures. As of the Initial Petition Date, $98.5 million of the debentures were outstanding. On May 11, 2004, LFG issued $125 million in principal amount of 3.25% Convertible Senior Debentures due 2034 through a private placement. These amounts remained outstanding as of the Initial Petition Date.

(b) LES.

As of the Initial Petition Date, the Exchange Funds maintained by LES included funds acquired pursuant to separate Exchange Agreements with approximately 450 customers. Approximately 50 of the Exchange Agreements (each, a "**Segregated Exchange Agreement**") required that LES deposit the applicable Exchange Funds (the "**Segregated Exchange Funds**") in segregated accounts or sub-accounts that were associated with the applicable Exchange Customer's name or taxpayer identification number.

In addition, LES entered into several other Exchange Agreements that required LES to execute escrow agreements (each, an "**Escrow Exchange Agreement**") providing that the relevant exchange funds were to be deposited into an escrow account maintained by an escrow holder (the "**Escrow Exchange Funds**"). The remaining approximately 400 Exchange Agreements had no escrow or segregation requirement (the "**Commingled Customers**"). In the aggregate, Commingled Customers hold claims equal to approximately $191.7 million against LES.

Approximately $227.5 million in Segregated Exchange Funds were maintained in LES accounts primarily with Citibank, N.A. ("**Citibank**") and Centennial, as well as a few accounts at various banking institutions by special request (collectively, the "**Segregated Accounts**"). These funds equal or exceed the claims of customers that were a party to one or more of the Segregated Exchange Agreements.

In addition, as of the Initial Petition Date, LES had on hand approximately $46 million backed by investments in government treasury bonds and approximately $201.7 million (par value) in subordinated tranches of auction rate securities ("**ARS**"). With the exception of one Exchange Customer, to the best of the Debtors' knowledge, none of the Exchange Funds

deposited with LES by any of the current creditors of LES were used to purchase ARS. When the ARS market froze, LES was unable to access these funds to close customers' exchanges. Accordingly, LES was forced to seek funds from alternative sources to close such transactions.

As of the Initial Petition Date, LES had no secured debt and minimal trade creditor debt.

(c) Cash Held by Other Debtors.

As of March 6, 2009, LAC had approximately $507,000 in cash which was held in one bank account maintained by LAC at Bank of America. As of March 27, 2009, LandAm Title had approximately $934,000 in cash which was held in one bank account maintained by LandAm Title at Bank of America. As of March 31, 2009, the Southland Entities had approximately $4,394,000 in cash which was held in three bank accounts maintained by the Southland Entities at Bank of America. As of July 17, 2009, LandAm Credit had approximately $91,283.25 in cash which was held in one bank account maintained by LandAm Credit at Bank of America.

3.3 ***Events Leading to the Chapter 11 Cases.***

Beginning in 2007 and continuing through 2008, there were significant declines in mortgage financing, property values, and the number of real estate transactions, which combined significantly and adversely affected the Company's primary business activities and liquidity. Residential mortgage originations in the United States, which exceeded $2.7 trillion in 2006, declined steadily over the course of 2007 and 2008 to about $1.8 trillion for 2008. The prospects for 2009 were even bleaker; mortgage originations were expected to shrink further to about $1.65 trillion for 2009. Housing values also showed an unprecedented decline and the number of residential mortgages in foreclosure had reached record rates. In addition, the Company faced increased claims against its title insurance policies. These stresses in the real estate markets reduced the Company's revenues by over 40% from the fourth quarter of 2006 to the third quarter of 2008.

The decline in mortgage financing mirrored a broader decline in global financial markets. In addition to the general adverse impact on the business resulting from the poor mortgage financing environment, LFG's liquidity had been significantly constrained as a result of difficulties faced by LES in the ARS market. As has been widely publicized, the ARS market froze in or about February 2008 and LES, with significant ARS holdings, was unable to liquidate the ARS previously purchased at any price near their par value. Although the aggregate amount of the cash and par value of the ARS' held by LES exceeded the value of all funds received from LES's customers, the illiquidity of the market, LES's inability to sell or borrow against these securities, left it unable to meet basic financial obligations or continue customer transactions.

Citibank and SunTrust Bank, operating through their brokerage arms, sold the ARS to LES. Based on their prior dealings and relationships with LFG, Citibank and SunTrust Bank knew that LFG and LES had strict requirements concerning, among other things, the funds that LES was required to hold in liquid investments. Citibank and SunTrust Bank actively marketed the ARS as being highly liquid, and, based on these recommendations and assurances,

LES purchased the ARS as liquid investments. Because of liquidity requirements and customer commitments at LES, the illiquidity in the ARS market was particularly problematic for LES. Therefore, LFG provided additional cash resources to LES beginning in the third quarter 2008. By the end of 2008, given the severe liquidity constraints confronting LFG in the form of both stresses in the real estate market and prior advances made to LES, LFG was in no position to make further advancements to LES.

Further, claims against the Company's title insurance policies had risen dramatically from approximately 5.2% of operating revenue at year-end 2006 to approximately 21.1% of operating revenue by the third quarter of 2008. This dramatic rise was attributed to two primary factors: (a) during the course of the economic downturn, homeowners and foreclosing lenders were incentivized to claim title defects or mortgage fraud in an effort to recover the purchase price of their homes; and (b) the period of booming house prices and refinancing that occurred in previous years tended to allow inchoate title defects to pass and such defects were now the subject of claims.

Among other things, the collapse of the real estate market and the corresponding drop in the Company's share price to levels below book value required the Company to incur a massive one-time charges associated with the write-down of its goodwill and the adjustment of a deferred tax asset valuation totaling approximately $462 million. Such events caused the Company to breach one or more of its financial debt covenants (including its debt-to-capitalization covenant) with its various Lenders as of September 30, 2008.

In response to the ongoing disruption and volatility in the global financial markets, the near-total freeze of the ARS market, stresses to the real estate market and the resulting severe liquidity concerns of both LES and LFG, the Company steadily reduced its staffing levels from over 14,200 at the end of 2006 to less than 9,000 at the end of September 2008. During that same period, the Company reduced the number of its offices by over 400 locations. By September 2008, however, it was clear to the Company's management and its Board of Directors (the "**Board**") that these belt-tightening measures to reduce operating costs would not, alone, be sufficient to enable the Company to weather the economic downturn.

(a) Exploration of Strategic Alternatives.

In light of the Company's declining performance, in September 2008, LFG's Board elected to pursue various strategic alternatives, including a sale of the Company. In connection with this effort, LFG retained JPMorgan Chase, Inc. ("**JPMorgan**") as financial advisor and investment banker, and Wachtell Lipton Rosen & Katz as mergers and acquisitions counsel, to assist LFG in its analysis, consideration and pursuit of potential strategic alternatives. To focus these efforts, LFG's Board also established a special committee (the "**Special Committee**") to review, evaluate and negotiate potential strategic transactions. In the two months prior to the Initial Petition Date, the Special Committee met on approximately 21 occasions and the Board met on approximately 13 occasions to review and discuss the Company's strategic alternatives. While the Company, with the guidance and advice of JPMorgan, was open to a variety of liquidity solutions, it was the Company's view that

prevailing conditions in the marketplace effectively foreclosed the Company's ability to pursue any options other than a possible sale to, or combination with, a strategic partner.

With the assistance of JPMorgan, LFG reviewed and considered a large number of potential strategic and financial suitors that it believed might be interested in and capable of pursuing a transaction, and executed non-disclosure agreements with approximately five (5) potential strategic partners. LFG also provided and/or made available extensive due diligence materials to these potential strategic partners, established a comprehensive electronic data room containing over 2,700 documents and tens of thousands of pages of due diligence materials, made available on-site or at specified locations hundreds of additional documents, and conducted numerous management presentations.

In an effort to address the Company's growing liquidity problem, in September 2008, prior to the formation of the Special Committee, at the direction of the Board and with advice from JPMorgan, the Company's management initiated discussions with Old Republic International Corporation ("**Old Republic**"), regarding a possible strategic combination between the two companies. These discussions did not mature into any serious or credible expression of interest by Old Republic and did not progress even to the due diligence stage.

Toward the end of September 2008, at the direction of the Board and with advice from JPMorgan, management initiated formal discussions with a strategic partner ("**Strategic Partner A**") regarding a possible sale, combination, or equity investment. Discussions between the Company and Strategic Partner A continued into October, during which time Strategic Partner A continued its due diligence.

At the recommendation of JPMorgan, in order to engender a competitive auction process, in early October, the Company authorized and directed JPMorgan to initiate contact with Stewart Information Services Corporation ("**Stewart**") regarding a possible transaction with the Company. At the time, Stewart, which is based in Houston, Texas, was the fourth largest title insurance company in the United States. Discussions with Strategic Partner A continued simultaneously. By the middle of October, however, Strategic Partner A made clear that it had no serious interest in acquiring or merging with the Company. Meanwhile, at that same time, discussions and due diligence continued between the Company and Stewart with substantial investment in time and resources by each company in the process.

By late October 2008, management, the Board and various professional advisors began to be concerned that Stewart was moving too slowly and was unlikely to provide a timely liquidity solution for the Company. Ultimately, the Company and its advisors concluded that the Company could not proceed on Stewart's timetable.

Accordingly, in an effort to broaden the Company's search for a possible strategic partner, in late October, the Company directed JPMorgan to initiate contact with Fidelity National Financial, Inc. ("**FNF**"), the parent company of Fidelity National Title Insurance

Company and Chicago Title Insurance Company (collectively, the "**Underwriter Buyers**," and together with FNF, "**Fidelity**"), and another major insurance company ("**Strategic Partner B**") and further authorized JPMorgan to initiate contact with other insurance companies for whom a combination with the Company might have certain synergies, as well as possible private equity investors. Unfortunately, with the exception of Strategic Partner B, Stewart and Fidelity, JPMorgan's efforts did not produce any serious interest or credible offers. Moreover, Strategic Partner B later made clear that it was not prepared to aggressively explore any possible transaction with the Company.

In late October, the Underwriter Buyers, and in early November, Stewart, indicated their interest in pursuing a transaction with the Company. Stewart's interest was communicated in the form of a non-binding Letter of Intent, which required the parties to enter into an exclusivity period to further discuss a transaction. The Letter of Intent was imposed several significant closing conditions. First, the closing of any transaction between Stewart and the Company would be conditioned on Stewart's ability to consummate a $175 million equity offering. Second, the closing of a transaction between Stewart and the Company would be made contingent on Stewart's ability to secure a $250 million bank credit facility for the combined LFG-Stewart entity that would be formed as a result of the transaction. Finally, Stewart's proposal was conditioned on regulatory approval to swap $100 million in par value of ARS from LES for $100 million of liquid assets held by LFG's underwriting subsidiaries.

These closing conditions and other terms indicated to the Company and its advisors that Stewart did not have the financial resources to consummate a transaction with the Company. Rather, Stewart needed to raise significant equity and obtain financing (each in a very challenging market environment) before it would be in a position to close on a transaction with the Company.

In early November, the Underwriter Buyers communicated their proposal by offering $128 million in common stock of FNF for 100% of the common stock of LFG. Unlike the Stewart proposal, the Underwriter Buyers' proposal did not contain financing conditions. It was the assessment of the Company and its advisors that the Underwriter Buyers had both the existing wherewithal and the desire to expeditiously consummate a transaction with the Company. For that reason, the Company and its advisors determined that the Underwriter Buyers' proposal was superior to Stewart's Letter of Intent, and the Board, exercising its business judgment, opted to pursue the Underwriter Buyers' proposal.

(b) The Initial Merger Transaction.

On November 7, 2008, the Company executed a merger agreement with the Underwriter Buyers (the "**Initial Merger Agreement**"). Under the terms of the Initial Merger Agreement: (a) the Underwriter Buyers would acquire the Company as a whole, including all of its assets and liabilities, in exchange for 0.993 shares of FNF common stock for each share of the Company's stock issued and outstanding at the close of the merger; and (b) FNF would provide the Company with a $30 million line of credit. Additionally, the Initial Merger Agreement provided that the Nebraska Department of Insurance ("**NEDOI**"), the insurance regulatory agency governing Lawyers Title and Commonwealth NE, would consent to a swap of $60

million in liquid assets from the statutory surplus of the underwriting subsidiaries in exchange for approximately $75 million (par value) in ARS of LES. Although the Initial Merger Agreement was ultimately terminated, as discussed below, a portion of the asset transfer contemplated by the Initial Merger Agreement was nonetheless consummated.

In light of the macro-economic factors, on November 18, 2008, NEDOI informed Commonwealth NE and Lawyers Title that NEDOI believed their third quarter 2008 statutory financial filings with NEDOI evidenced that the insurers had reductions in statutory surplus that placed them in "hazardous financial condition" as that term is defined under Nebraska law. During the week of November 17, 2008, as the Underwriter Buyers' two-week diligence period was drawing to a close, NEDOI advised the Company that NEDOI would proceed expeditiously with either administrative supervision or rehabilitation of LFG's underwriting subsidiaries if the Company's financial condition worsened or the Initial Merger Agreement was terminated.

On November 21, 2008, FNF exercised its right to a "diligence out" and purported to terminate the Initial Merger Agreement in accordance with its terms.

On Monday, November 24, 2008, NEDOI filed a petition with the Court of Lancaster County, Nebraska to place Commonwealth NE and Lawyers Title in rehabilitation, which petition was sustained.

After the termination of the Initial Merger Agreement, LFG began active negotiations with the Underwriter Buyers to determine if an alternative agreement could be reached that would be satisfactory to both parties. The Company also solicited interest from Stewart, given its earlier expressed interest. At that time, however, Stewart was unable to raise the funds necessary to consummate a transaction on the timetable necessitated by the Company's financial situation. The Company nevertheless remained receptive at all times to any credible offer from Stewart or any other counterparty.

Although these negotiations were fragile and complicated (given the overlay of regulatory oversight, described herein), on November 25, 2008, LFG and the Underwriter Buyers were ultimately successful in reaching an agreement on the terms and conditions of a stock purchase agreement (the "**Underwriter SPA**") for the sale of LFG's stock in its primary title insurance underwriting subsidiaries -- Commonwealth NE, Lawyers Title and United Capital, and their respective subsidiaries (collectively, the "**Underwriters**") to the Buyers.

(c) LFG and LES' Liquidity Crisis.

In addition to the general adverse impact on the Company's businesses resulting from the poor mortgage financing environment, LFG's liquidity was significantly constrained as a result of difficulties faced by LES. Since 2002, LES invested a significant portion of the Exchange Funds transferred to it in investment grade securities rated A or stronger at the time of

the investment, including ARS[11] backed by federally guaranteed student loans.[12]

By investing in ARS, LES was able to earn a higher rate of return than it was contractually obligated to pay to Exchange Customers. As discussed above, until early 2008, Citibank and SunTrust Bank, operating through their brokerage arms, marketed the ARS to LES as suitable liquid investments, and based on their recommendations and assurances, LES purchased the ARS.

When the ARS market froze in early 2008, LES was unable to liquidate the ARS previously purchased at any price near their par value. Indeed, although the aggregate amount of the cash and par value of the ARS held by LES on the Initial Petition Date exceeded the principal claims of all of the LES customers, LES' inability to sell, or borrow against, these securities coupled with the termination of the Initial Merger Agreement, ultimately precipitated its eventual decision to cease additional customer transactions and terminate operations.

Prior to making this determination, LES pursued numerous other liquidity options. In the approximately two months preceding the Initial Petition Date, LFG advanced $65 million to LES to enable LES to honor customer claims notwithstanding the illiquidity of the ARS investments.[13] Additionally, during this time LES demanded that Citibank and SunTrust Bank repurchase the ARS at par value or provide loans secured by the ARS.[14] These efforts were not successful. Consequently, by the end of 2008, given the severe liquidity constraints confronting LFG in the form of stresses in the real estate market and prior advances made to LES, LFG was unable to offer further advancements to LES. Moreover, LES was unable to procure a viable liquidity alternative allowing it to continue operations in the ordinary course. As a result, LFG and LES determined it was necessary to commence these Chapter 11 Cases in order to conduct an orderly wind-down of their businesses and equitable distribution of their property.

(d) LFG's subsidiaries.

Due to the financial uncertainty surrounding LFG's bankruptcy and fears about the ongoing viability of LFG's subsidiaries, customers and vendors ceased doing business with many of the Company's businesses. In most instances, the loss of key relationships permanently damaged the Company's businesses, causing a significant loss of value and irreparable harm to those entities. The drastic decline in business forced several of LFG's subsidiaries to cease operations. With no other options available, LFG began evaluating the Company's remaining

[11] An ARS typically is a debt instrument with a long-term nominal maturity for which the interest rate is regularly reset through a dutch auction. Historically, dutch auctions were held on a weekly or bi-weekly basis. Accordingly, ARS were marketed to consumer and institutions as a safe opportunity to realize an interest rate that was higher than government issued bonds.

[12] Although the student loans securing the ARS are guaranteed by the United States government, payments due and owing to holders of the ARS are not guaranteed by the United States government.

[13] LFG made five transfers to LES between September 25 and October 31, 2008, totaling a net $65 million. LFG transferred $35 million to LES on September 25, 2008; LES transferred $15 million back to LFG on September 30, 2008; LFG transferred $10 million to LES on October 8, 2008, $10 million on October 14, 2008 and $25 million (via two transfers) on October 17, 2008.

[14] The United States Securities and Exchange Commission, state securities regulators and attorneys general have brought enforcement actions against many ARS sellers alleging that the sellers misled their customers regarding the fundamental nature and risks associated with ARS. In general, to settle these actions, the sellers consented to orders requiring them to repurchase ARS at par from individuals (as opposed to institutional investors) and certain other customers.

businesses to determine the manner in which to best maximize value, including through one or more sales of the Company's remaining businesses and/or the prompt and orderly wind-down and liquidation of such businesses.

(e) Prepetition Litigation.

LFG and some of its subsidiaries are parties to litigation incidental to their businesses.

1. Scally Litigation.

LFG and the Southland Title Corporation are named as corporate defendants (the "**Scally Defendants**"), among others, in a lawsuit filed by Jason Scally ("**Scally**"), a former title insurance sales representative, pending in the Superior Court of the County of San Diego. Scally asserted claims against the Scally Defendants arising out of and related to Scally's employment including, but not limited to, claims for interference with prospective economic advantage, unfair competition, unjust enrichment, intentional infliction of emotional distress, and conspiracy. Since the Initial Petition Date, the Scally Defendants have engaged in settlement discussions with Scally. However, as of the date hereof, the parties have not reached a settlement of the claims.

2. Rodriguez Litigation.

LandAm Title (formerly known as, United Title Company) is named as a defendant in an action filed by Felix Rodriguez, Linda Rodriguez, Laura Willis, Rosario Villareal and Ruth Warren, on behalf of themselves individually and a settlement class (collectively, the "**Rodriguez Plaintiffs**") in the District Court for the Southern District of California on May 11, 2005 (the "**Rodriguez Action**"). The Rodriguez Action alleges that LandAm Title and the other defendants, including RE/MAX Associates, violated the Real Estate Settlement Procedures Act, among other federal and California statutes, by paying kickbacks and other compensation to real estate agents in exchange for the referral of business. Furthermore, the Rodriguez Plaintiffs allege that they were overcharged for the closing costs in their real estate transactions because they were not able to exercise their right to use lower-priced title insurance and escrow services. The Rodriguez Action survived several motions to dismiss and two amended complaints were filed with the District Court. The Rodriguez Plaintiffs engaged in negotiations of a potential global settlement of the putative class action with the defendants. Since the Initial Petition Date, LandAm Title has agreed to pay $200,000 into a proposed settlement fund in order to participate as a settling defendant. On August 26, 2009, the District Court granted the Rodriguez Plaintiffs' motion for preliminary approval of a proposed class settlement and final fairness hearing is scheduled for November 16, 2009.

3. Beau Street Litigation.

CTG is a defendant in an action captioned Beau Street Associates v. CTG Real Estate Information Services, Inc., Case No. 2009-1074, Pa. Ct. Com. Pl. (Wash. County 2009) (the "**Beau Street Case**"). In the Beau Street Case, plaintiffs Beau Street Associates, Inc. and JBP Holdings LLC filed a complaint against CTG and two of its affiliates, CTG Real Estate

Information Services ("**CTG REIS**") and LandAmerica OneStop, Inc. (together with CTG and CTG REIS, the "**Beau Street Defendants**"), seeking injunctive relief and asserting causes of action for civil conspiracy, breach of contract, and fraudulent concealment with respect to two office leases in Washington County, Pennsylvania (the "**Beau Street Lease**" and the "**Millcraft Lease**"). The Beau Street Lease and the Millcraft Lease were entered into by CTG REIS, a former subsidiary of CTG that was dissolved in December 2007. CTG guaranteed CTG REIS's obligations under the Beau Street Lease. The Beau Street Defendants have engaged in settlement discussions with the plaintiffs in the Beau Street Case in an effort to achieve a global resolution of the plaintiffs' claims against the Beau Street Defendants. As of the date hereof, the plaintiffs have not responded to the settlement offer made by the Beau Street Defendants. Currently, the Beau Street Case is in discovery and a hearing on a motion for permanent injunction has been scheduled for January 2010.

4. California Enforcement Action.

On August 28, 2008, the Controller of the State of California (the "**Controller**") commenced an action (the "**Enforcement Action**") in California State Court against NHG and its subsidiary, LandAm Title, seeking to obtain approximately $9.1 million, plus interest, penalties and costs, relating to certain "unclaimed" property that allegedly escheated to the State of California under its Unclaimed Property Law. The Controller alleges that financial benefits accrued by NHG and LandAm Title through arbitrage arrangements with their banks were subject to escheat on the theory that they constituted illegal interest under California Insurance Code §12413.5. The Controller also alleges that approximately $228,000 of the unclaimed property is comprised of escrow administration fees that should have been escheated to the State of California.

LandAm Title filed a motion requesting entry of an order from the Bankruptcy Court staying the Enforcement Action with respect to LandAm Title and NHG. However, by order dated August 31, 2009, the Bankruptcy Court denied the requested relief as to NHG. The non-stayed portion of the Enforcement Action is currently pending in the United States District Court of the Central District of California, having been removed to that court from the Superior Court of California by the defendants on June 2, 2009. NHG intends to seek transfer of the venue of the Enforcement Action to the United States District Court for the Eastern District of Virginia whereupon it can be referred to the Bankruptcy Court for adjudication on a consistent basis with the adjudication of the Controller's substantially identical claim against LandAm Title.

LandAm Title and NGH vigorously dispute the Controller's allegations and assert, among other defenses, that the Controller has no jurisdiction relative to the arbitrage agreements and that, in any event, the monies received do not constitute illegal interest under the Insurance Code. Rather, LandAm Title and NHG contend such funds are acceptable and permissible "financial benefits" consistent with the Federal Reserve Board's definition of "financial benefits" under Regulation Q and California state law. In further support of their defense, the defendants rely on the fact that, with respect to other title companies, the State of California has determined that similar arbitrage arrangements are permissible "financial benefits."

5. Lehr Litigation.

On July 1, 2009, Lehr Properties, LP ("**Lehr Properties**") filed suit against Golden Escrow, Inc., a wholly-owned subsidiary of County Title Holding Corp., among others in the Superior Court of the State of California for the County of Los Angeles alleging negligent misrepresentation, fraud, and gross negligence (the "**Lehr Litigation**"). In the Lehr Litigation, Lehr Properties alleges that Golden Escrow negligently and fraudulently directed Lehr Properties to LES with respect to a 1031 exchange. Golden Escrow must answer or otherwise respond to Lehr Properties' complaint on or before September 21, 2009.

(f) Department of Labor Audit

On January 23, 2009, the Department of Labor ("**DOL**") commenced an audit of the Company related to the LandAmerica Financial Group, Inc. Employee Savings and Stock Ownership Plan (the "**401(k) Plan**") and the LandAmerica Financial Group, Inc. Health Plan (the "**Health Plan**"). In connection with the audit, DOL requested production of various documents relating to the 401(k) Plan and the Health Plan. The DOL indicated that it was interested in the termination and/or reduction of certain retiree benefits. LFG produced documentation in response to the DOL audit, but has not been interviewed or asked to produce any additional documentation.

ARTICLE IV.

DESCRIPTION AND HISTORY OF THE DEBTORS' CHAPTER 11 CASES

4.1 ***Continuation of the Businesses After the Petition Date.***

(a) General Case Background.

On November 26, 2008, LFG and LES (the "**Initial Debtors**") filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code. On March 6, 2009, March 27, 2009, March 31, 2009, and July 17, 2009, various LFG affiliates (LAC, LandAm Title, the Southland Entities and LandAm Credit) also commenced voluntary Chapter 11 Cases in this Court. Pursuant to orders of the Bankruptcy Court dated November 28, 2008, March 11, 2009, April 8, 2009, April 9, 2009, and July 22, 2009, the Chapter 11 Cases are jointly administered for procedural purposes under Case Number 08-35994. The Honorable Kevin R. Huennekens is presiding over the Chapter 11 Cases. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. As of the date hereof, no request has been made for the appointment of a trustee or examiner in these cases.

The following is a general summary of the Chapter 11 Cases, including, without limitation, the administration of the Chapter 11 Cases and the orderly wind-down of the Debtors' operations following the chapter 11 filings.

(b) Employment and Compensation of Professionals.

To assist them in carrying out their duties as debtors in possession, and to otherwise represent their interests in the Chapter 11 Cases, the Initial Debtors, on December 5, 2008, filed with the Bankruptcy Court applications seeking entry of orders authorizing the Debtors to retain: (a) Willkie Farr & Gallagher LLP ("**WF&G**") located at 787 Seventh Avenue, New York, New York 10019 as bankruptcy co-counsel (Docket No. 115); (b) McGuireWoods LLP located at One James Center, 901 East Cary Street, Richmond, Virginia 23219, as bankruptcy co-counsel (Docket No. 116); (c) Zolfo Cooper ("**Zolfo**") located at 1166 Sixth Avenue, 24th Floor, New York, New York 10036 to provide restructuring management services to LFG and Jonathan A. Mitchell as Chief Restructuring Officer ("**CRO**") of LFG (Docket No. 118, as amended on January 22, 2009 (Docket No. 726)); and (d) Epiq Bankruptcy Solutions, LLC located at 757 Third Avenue, 3rd Floor, New York, New York 10017 as the Initial Debtors' claims, noticing and balloting agent (Docket No. 119). On December 22, 23, and 29 2008, and February 27, 2009, the Bankruptcy Court entered orders (Docket Nos. 409, 410, 437, 476 and 1021) approving the applications.[15]

On May 4, 2009, the Debtors filed with the Bankruptcy Court a motion (Docket No. 1357) seeking authority to employ six professionals utilized in the ordinary course to assist the Debtors in their day-to-day business operations and to approve procedures for the retention of additional ordinary course professionals. On May 21, 2009, the Bankruptcy Court entered an order (Docket No. 1476) granting the motion. Since that time, the Debtors have filed supplemental notices for the retention of ~~[~~five (5)~~]~~ additional professional firms in the ordinary course.

In addition, LFG has received Bankruptcy Court approval to retain Williams Mullen as its special counsel, Deloitte Tax LLP as its tax consultants, Sandler O'Neill & Partners, L.P. as its financial advisors with respect to the sale of Orange County Bancorp and Centennial, and Jenner & Block LLP, as special litigation counsel.

On December 5, 2008, the Initial Debtors filed a motion (Docket No. 113) to establish procedures whereby certain retained professionals performing services directly related to the Chapter 11 Cases may receive a percentage of fees billed and expenses incurred for services performed upon proper application to the Bankruptcy Court. On December 22, 2008, the Bankruptcy Court entered an order (Docket No. 411, as amended on December 23, 2008, Docket No. 435) establishing procedures for the interim compensation and reimbursement of professionals during the Chapter 11 Cases.

[15] Pursuant to orders of the Bankruptcy Court dated March 11, 2009, April 8, 2009, April 9, 2009, and July 22, 2009, all relevant orders previously entered in LFG's case were made applicable to LAC, LandAm Title, the Southland Entities and LandAm Credit. Thus, the orders retaining LFG's professionals are also applicable to LAC, LandAm Title, the Southland Entities and LandAm Credit.

(c) Customary "First Day" Orders.[16]

1. LFG Cash Management.

Prior to the Initial Petition Date, LFG acted as a disbursement agent for a majority of its subsidiaries in accordance with the Company's centralized cash management system. The Debtors believed it would have been disruptive to LFG and its non-debtor subsidiaries' operations if the Company was forced to significantly modify its cash management system upon the commencement of the Chapter 11 Cases. Accordingly, on November 26, 2008, LFG filed with the Bankruptcy Court a motion (Docket No. 5) seeking an order authorizing LFG to maintain the Company's centralized cash management system, as well as authority to use cash on deposit in its Bank Accounts. On December 2, 2008, the Bankruptcy Court entered an order (Docket No. 69) granting LFG's cash management motion (the "**LFG Cash Management Order**").

2. LES Cash Management.

Prior to the Initial Petition Date, LES was not a party to the Company's centralized cash management system maintained by LFG. Similar to LFG, LES believed that it would have been disruptive and costly if LES was forced to significantly modify its cash management system upon the commencement of the Chapter 11 Cases. Therefore, on November 26, 2008, LES filed with the Bankruptcy Court a motion (Docket No. 5) seeking entry of an order authorizing LES to maintain its cash management system. On November 28, 2008, the Bankruptcy Court entered an order (Docket No. 12) authorizing LES to maintain its current cash management system (the "**Original LES Cash Management Order**").

In relevant part, the Original LES Cash Management Order stated that LES "shall not expend, transfer, commingle or otherwise modify the location or characteristics of any funds, securities or other property maintained in the bank accounts as of the ~~[~~Initial~~]~~ Petition Date." See Original LES Cash Management Order at ¶ 13. Further, the Original LES Cash Management Order provided that the "Order shall be without prejudice to the rights of the Debtor or any party in interest . . . to apply to the Court for authority to modify the terms hereof on appropriate notice and motion." See Original LES Cash Management Order ¶ 15. By motion dated February 4, 2009, LES sought to modify the Original LES Cash Management Order in order to permit LES to use the Exchange Funds (the "**Commingled Exchange Funds**") received by LES pursuant to its Exchange Agreements with the Commingled Customers (the "**Commingled Exchange Agreements**") to pay reasonable and necessary expenses of the LES Estate, including, but not limited to, necessary fees and expenses for vendors and professionals. On March 9, 2009, the Bankruptcy Court entered an order modifying the Original LES Cash Management Order (Docket No. 1071).

Additionally, as noted above, pursuant to the Original LES Cash Management Order, LES was prohibited from transferring the funds held by LES on the Initial Petition Date. On the Initial Petition Date, the majority of the Segregated Exchange Funds were deposited in

[16] Pursuant to orders of the Bankruptcy Court dated March 11, 2009, April 8, 2009, April 9, 2009, and July 22, 2009, all relevant "First Day" orders previously entered in LFG's case, were made applicable to LAC, LandAm Title, the Southland Entities and LandAm Credit.

LES accounts with Citibank. When it became clear that there was a significant risk of Citibank's continued viability, on February 10, 2009, the LES Creditors Committee filed a motion to further modify the Original LES Cash Management Order to permit the Debtors to transfer any and all funds from Citibank to a bank that participated in the debtor in possession depository program of the United States Trustee for the Eastern District of Virginia (the "**U.S. Trustee**").[17] LES filed a response to the LES Creditors Committee's motion and sought authorization from the Bankruptcy Court to also transfer the Exchange Funds that were held at Centennial to an approved institution. The Bankruptcy Court entered an order on March 9, 2009, modifying the Original LES Cash Management Order and ordering LES to transfer funds held at Citibank and Centennial to a financial institution that is a depository authorized by the U.S. Trustee.

3. Utilities.

On November 26, 2008, LFG filed with the Bankruptcy Court a motion for interim and final orders: (a) approving LFG's adequate assurance of postpetition payment of the utility companies; (b) establishing procedures for resolving any subsequent requests for additional adequate assurance of payment by the utility companies; and (iii) scheduling a hearing on any additional adequate assurance requests (Docket No. 9). On November 28, 2008, the Bankruptcy Court entered an order (Docket No. 36) granting the motion.

4. Wage Order.

In an effort to retain valued employees and ensure that the value of its subsidiaries was maximized and preserved, on November 26, 2008, LFG filed with the Bankruptcy Court a motion (Docket No. 10) for an order authorizing LFG to pay certain prepetition employee wage and benefits obligations. On November 28, 2008, the Bankruptcy Court entered an order (Docket No. 35) approving the motion. The approval and implementation of these wage and benefit programs were a critical first step to maintain employee morale which was critical to the successful marketing and sale of LFG's subsidiaries.

(d) Appointment of Creditors Committees.

Pursuant to section 1102(a)(1) of the Bankruptcy Code, on December 3, 2008, the U.S. Trustee appointed (a) an Official Committee of Unsecured Creditors in the case of LES (the "**LES Creditors Committee**") and (b) an Official Committee of Unsecured Creditors in the case of LFG (the "**LFG Creditors Committee**" and, together with the LES Creditors Committee, the "**Creditors Committees**"). On June 4, 2009, the U.S. Trustee filed his Amended Appointment of Unsecured Creditors' Committee, adding two (2) additional members to the LES Committee.

1. The LES Creditors Committee.

The LES Creditors Committee retained Akin Gump Strauss Hauer & Feld LLP and Tavenner & Beran, PLC as its legal advisors, and Proviti, Inc. as its financial advisor. The

[17] Banks that participate in the U.S. Trustee's debtor in possession depository program have deposited assets and/or provided bonds for the benefit of the U.S. Trustee to ensure the return of debtor in possession funds. Citibank does not participate in the U.S. Trustee's debtor in possession depository program.

Bankruptcy Court has authorized the retention of each of the LES Creditors Committee's professionals. The current members of the LES Creditors Committee are set forth below:

1. Millmar Homes, Inc.
   Attn: John C. Miller

2. Endless Ocean, LLC
   Attn: Richard F. Giacomo

3. MB Venture, Ltd.
   Attn: Jay Miller and Howard Miller

4. Amarillo Tower Limited
   Attn: David L. Long

5. Petaluma Southpoint, LLC
   Attn: Kenneth C. Martin

6. The Mary and Fred Piro 1987 Trust
   Attn: Fred Piro

7. Gregory D. Schultz
   Attn: Paul Blauert

Since its formation, the LES Creditors Committee has played an active and important role in the Chapter 11 Cases. The Debtors have consulted with the LES Creditors Committee on a regular basis concerning all aspects of the Chapter 11 Cases. As described in additional detail in ~~sections [_____]~~**Section 4.4** herein, during these Chapter 11 Cases, the Debtors and the LES Creditors Committee have worked to (a) establish procedures to settle disputes relating to the ownership of the Exchange Funds through the designation of the Lead Cases (as defined below), (b) negotiate settlement agreements with Exchange Customers, (c) develop the mediation protocol resolving the LES related disputes, and (d) formulate the Plan. Indeed, the LES Creditors Committee has, together with the Initial Debtors' management and advisors, participated actively in the litigation of the Lead Cases. Additionally, the Initial Debtors have made documents available to the LES Creditors Committee and its advisors on a myriad of occasions in connection with the development of LES' strategy to litigate the Lead Cases, and to help facilitate the resolution of inter-estate issues and the negotiation of the Plan.

In addition to the LES Creditors Committee, certain customers with Commingled Exchange Agreements formed an Unofficial Ad Hoc Committee of Commingled Exchangers

(the "**Commingled Exchanger Committee**").[18]

On January 19, 2009, the Commingled Exchanger Committee filed a motion seeking the appointment of an Official Committee of LandAmerica 1031 Exchange Services, Inc. Commingled Exchange Participants (the "**Commingled Exchanger Committee's Fee Motion**"), in which it requested appointment as an official committee under section 1102 of the Bankruptcy Code.[19]

On January 21, 2009, the Bankruptcy Court held a hearing on the Commingled Exchanger 's Fee Motion. At the conclusion of the hearing, the Bankruptcy Court denied the Commingled Exchanger Committee's request for official status and its request for priority administrative expense status for its professional fees.[20]

2. The LFG Creditors Committee.

The LFG Creditors Committee retained Bingham McCutchen LLP and LeClair Ryan, A Professional Corporation, as its legal advisors, McGrath North Mullin & Kratz, PC LLO, as its special legal advisors, and Alvarez & Marsal Dispute Analysis & Forensic Services, LLC and Alvarez & Marsal North America, LLC as its financial advisors. The Bankruptcy Court has authorized the retention of each of the LFG Creditors Committee's professionals. The current members of the LFG Creditors Committee are set forth below:

[18] On information and belief, the customers who comprise the Commingled Exchanger Committee include, but are not limited to, Gregg and Hana Opsahl, DECEHC Investments LLC and R.E.H.A.M. 7, LLC, Five NS, LLC, Parviz Farahzad, H. Chris Christy, Vine Street Development, Katherine S. Unger, Porete Realty Corporation, Judith T. Clough, Brentwood Real Property I, LLC, Five NS, LLC, FSW, Inc., 1996 Souza Family Survivor's Trust, Truax Corporation, Paul & Anne Hoffman, Robert F. Oliver, W.M. Thompson, Jr. Revocable Trust, Prudential Properties, LLC, Pleasant Valley Ranch, LLC, CLA Real Estate Investments, LLC, Kendall Square, LLC, PC Real Estate Investors, LLC, Milton White Revocable Trust, Amen Patricia Cynthia White Revocable Trust, George H. Barnett, Patrick K. Burke and Glenda N. Burke, Iron Crown LLP, Alfonso Jones, Wayne R. Kidd and Kimberly R. Kidd, MNC Spring Shadows Place, LP, Brian Roach and Tracey Roach, Sessan Investments, Inc., Stockard Realty Partnership, Ltd., 135th Street Realty Corp., Early Lodging, LLC, Natram Associates, Pflumm, LLC, River Bend Real Estate, Inc., RFL Properties, Serena Hospitality Group, Inc., Ziegler Family Trust A, Sonia Rivera, Pension Company as managing member, Venkata Raju, Clayton Investment Company Ltd., Griffin Industries, Inc., H.S. Rental Properties, Inc., SED Development, LLC, Pear/Synergy Ltd., C&M Warehouse, Inc., Car-Mil Realty, LLC, Michael Graff, Kevin and Sandy Sheehan, Greenwich Village Renovation Co., LLC, Maria S. Limon, Gerald A. Puff, Stoutenberg Enterprises, LLC, William C. Detering, Lorinda J. Price, Phoenix Rising II, LLC, Alfredo Barraza, Harvey Family Limited Partnership, Meserve Properties, LLC, Frontier Pepper's Ferry, LLC, Howard Finkelstein, and Brentwood Real Property I, LLC.

[19] Alternatively, the Commingled Exchanger Committee's Fee Motion requested a prospective determination that the plaintiffs in the Lead Cases involving Commingled Exchange Agreements provide a substantial contribution to the estate such that their professionals' fees and expenses should be treated as administrative expenses under sections 503(b)(3) and 503(b)(4) of the Bankruptcy Code.

[20] The Bankruptcy Court, however, granted the request for administrative expense treatment under section 503(b) of the Bankruptcy Code for one of the plaintiffs in connection with the litigation associated with the Lead Cases (as defined below) to promote the selection and identification of a Commingled Type A Case (as defined below) (Docket No. 846).

The Bank of New York Mellon, Indenture Trustee
Attn: Donna Parisi
101 Barclay Street
New York, NY 10286

The Prudential Insurance Company of America and related managed entities
Attn: Thomas E. Luther
Two Prudential Plaza, Suite 5600
180 N. Stetson Street
Chicago, IL 60601

Vangent, Inc.
Attn: Cynthia Hotsky
185 South Broad St.
Pawcatuck, CT 06379

Citadel Equity Fund, Ltd.
C/O Citadel Investment Group, LLC
Attn: Mark Steen
131 South Dearborn St.
Chicago, IL 60603

Since its formation, the Debtors have worked closely with the LFG Creditors Committee and its professionals to keep all parties fully informed of the legal, operational, financial and other issues affecting the LFG estate including, but not limited to (a) the wind-down of the Debtors' businesses, (b) evaluation, marketing, and sale, as applicable, of the remaining businesses of LFG's subsidiaries, (c) the negotiation of a settlement with the Pension Benefit Guaranty Corporation (the "**PBGC**"), (d) the implementation of a protocol to resolve both inter-estate disputes and LES related disputes, (e) the evaluation of litigation and potential claims against the LFG estate, and (f) analyzing tax matters affecting the Debtors. In addition to discussing case issues and making documents available to the LFG Creditors Committee, the Debtors have prepared and made detailed presentations on key issues and concerns raised by the LFG Creditors Committee.

(e) The Fidelity Transaction.

As discussed above, despite the fragile and complicated negotiations between LFG and the Underwriter Buyers (given the overlay of regulatory oversight), the parties were ultimately successful in reaching an agreement on the terms and conditions of the Underwriter SPA, which was executed on November 25, 2008 by LFG and the Underwriter Buyers. Pursuant to the terms of the Underwriter SPA, the Underwriter Buyers agreed to acquire the stock of the Underwriters from LFG and its subsidiaries in exchange for: (a) approximately $298 million in cash; (b) the assumption of approximately $157 million in intercompany liabilities owing from LFG (on behalf of itself and certain of its direct and indirect subsidiaries) to the Underwriters (collectively, the "**Intercompany Receivable**");[21] and (c) the assumption of approximately $35

[21] This Intercompany Receivable is among the "admitted assets" which make up the Underwriters' statutory surplus (i.e., excess assets that constitute the statutorily required reserves to cover the policies in force).

million in net deferred compensation and other employee related liabilities. Additionally, the Company agreed that it would, upon closing, apply a portion of the purchase price to eliminate any underfunding in the LandAmerica Cash Balance Plan (or alternatively, to permit the Underwriter Buyers to directly fund the payment of these underfunded plan obligations on behalf of LFG from the purchase price).

The Underwriter SPA further provided that the Underwriter Buyers' obligation to consummate the transaction was conditioned upon (a) the applicable regulatory authorities' agreement to continue to count the Intercompany Receivable as an "admitted asset," (b) the form of assumption agreement, which would dictate how such Intercompany Receivable must be treated upon the close of the transaction, being mutually agreeable to the parties (the "**I/C Condition**") and (c) a portion of the purchase price being used to eliminate any underfunding in the LandAmerica Cash Balance Plan. In a proposal communicated by the Underwriter Buyers to LFG and NEDOI, the Underwriter Buyers agreed that they would assume the Intercompany Receivable upon the closing of the transaction and that their parent, FNF, would issue a note to the Underwriters which would mature and be paid in full in five years (the "**FNF Note**").

On November 26, 2008, LFG filed with the Bankruptcy Court a motion requesting (a) the Bankruptcy Court to schedule a hearing on the sale of the Underwriters, and (b) approval of the sale of the Underwriters to the Underwriter Buyers (Docket No. 11).

1. Subsequent Events.

In early December 2008, NEDOI informed the Underwriter Buyers and the Company that the Underwriter Buyers' FNF Note proposal with regard to the Intercompany Receivable was not acceptable to NEDOI and would not be considered an admitted asset. Instead, in order to properly capitalize the Underwriters, NEDOI required the Underwriter Buyers to satisfy the Intercompany Receivable, in cash, as of the closing of the transaction.

Upon hearing NEDOI's requirement, the Underwriter Buyers informed LFG that, since NEDOI was requiring the Underwriter Buyers to inject approximately $150 million of cash into the Underwriters at closing, LFG would need to accept a note with similar terms to the FNF Note in lieu of the intended $157 million in cash consideration. The Underwriter Buyers informed LFG that they would seek to terminate the agreement pursuant to the I/C Condition if LFG did not agree to amend the Underwriter SPA in this regard. This amendment, while a change in the form of consideration to be received by LFG, did not alter the Underwriter Buyers' obligation to pay approximately $298 million in total purchase consideration, now comprised of approximately $141 million in cash and a $157 million five-year unsecured note.

LFG subsequently engaged in negotiations with the Underwriter Buyers over the form of consideration to be paid under an amended form of the stock purchase agreement. The Board was unwilling to accept the Underwriter Buyers' amended proposal to LFG which would have required it to accept a note with similar terms to the FNF Note in lieu of the intended $157 million in cash consideration. Instead, LFG continued to negotiate with the Underwriter Buyers regarding the form of consideration. As a result of those discussions, the Underwriter Buyers agreed to (a) limit the amount of non-cash consideration that would be substituted for cash consideration to $100 million, (b) provide LFG the option of accepting either a note or FNF

stock as non-cash consideration, and (c) improve the terms of the FNF Note to include annual interest. Although not as favorable to the Company as the terms of the Underwriter SPA, LFG had little choice but to accept the revised terms that resulted from these additional negotiations, given the lack of alternatives available to it and the position of NEDOI.

Throughout early December 2008, LFG received several bids in connection with its efforts to sell the Underwriters. The Bankruptcy Court held an evidentiary hearing to consider the proposals of the competing bidders. On December 8, 2008, Old Republic submitted an offer to acquire all of the common stock of Lawyers Title only, which was subsequently withdrawn. On December 9, 2008, Stewart submitted a Form A Application, which contemplated the purchase of the stock of the Underwriters, the Southland Entities, and OneStop. Stewart ultimately filed an amendment to its Form A Application, increasing the proposed consideration.

2. The Revised Underwriter SPA.

On December 12, 2008, LFG and the Underwriter Buyers executed an amended and restated version of the Underwriter SPA, which was again amended and restated on December 21, 2008 (as amended, the "**Revised Underwriter SPA**"). The Revised Underwriter SPA anticipated the total purchase price for the stock of the Underwriters to be approximately $282 million. Under the terms of the Revised Underwriter SPA, the Underwriter Buyers were obligated to pay a total of approximately $135 million in cash to LFG. Additionally, FNF would pay LFG $147 million in consideration, consisting of (a) $47 million in cash (subject to dollar-for-dollar reduction if the Intercompany Receivable exceeds $157 million), (b) a $50 million subordinated note due in 2013, with interest at the 5-year treasury rate at closing plus 1 percent, and (c) approximately $50 million in common stock of FNF valued at the greater of the market share price at closing and $14.00 per share. The Revised Underwriter SPA was subject to termination by the Underwriter Buyers if the closing of the transaction did not occur on or before December 22, 2008. Further, the Revised Underwriter SPA provided that Fidelity National Title Insurance Company would separately purchase United Capital for a sum equal to its statutory book value at closing.[22] The United Capital purchase was expected to close in the first quarter of 2009. The Revised Underwriter SPA removed the indemnification obligations of each of LFG and the Underwriter Buyers, except that LFG was still liable for the payment of certain taxes and related liabilities. Pursuant to the terms of the Revised Underwriter SPA, the Underwriter Buyers would be entitled to indemnification as a result of LFG's breach of certain tax obligations, but such indemnity would merely reduce the principal amount of the $50 million note issued by FNF and the maximum aggregate reduction in respect of any and all claims would be $10 million. The remainder of the provisions of the Revised Underwriter SPA were substantially similar to the terms and conditions of the Underwriter SPA.

[22] As of September 30, 2008, United Capital's statutory book value was approximately $16 million.

3. The Bankruptcy Court Approval Process.

After a lengthy, contested evidentiary hearing on December 16, 2008, the sale to the Underwriter Buyers and the Revised Underwriter SPA were approved by the Bankruptcy Court (Docket No. 354). Shortly thereafter, the Underwriter Buyers attempted to withdraw from the sale by claiming (among other things) that a material adverse change had occurred with respect to the Underwriters' businesses. LFG immediately filed a motion with the Bankruptcy Court, seeking specific performance (Docket No. 446). After a hearing on Sunday December 21, 2008, the Bankruptcy Court approved a further amended version of the Underwriter SPA (the "**Final Underwriter SPA**") which was the result of a settlement between LFG and the Underwriter Buyers. The sale of the Underwriters to Underwriter Buyers closed on December 22, 2008. On or about December 22, 2008, LFG transferred $59 million in proceeds from the closing of the transactions into the LandAmerica Cash Balance Plan in accordance with the terms of the Underwriter SPA.

Pursuant to the terms of the Final Underwriter SPA, LFG realized the following for its estate: (a) approximately $135 million in cash (which amount includes $59 million transferred into the LandAmerica Cash Balance Plan referenced above), (b) ~~[~~3,176,620~~]~~ shares of FNF common stock (the "**FNF Common Stock**") equal to $50 million (as determined by the closing price of FNF common stock on December 19, 2008), and (c) a subordinated promissory note issued by FNF (the "**FNF Note**") in an initial principal amount equal to $50 million due in 2013 (the "**Fidelity Transaction**").

4. The Transition Services Agreement.

As part of the Fidelity Transaction, the Bankruptcy Court approved a transition services agreement (the "**Transition Services Agreement**") between LFG and Fidelity that requires LFG and Fidelity to provide substantial post-closing transition-related services to one another. LFG and its professionals have worked to separate LFG and its subsidiaries' operations from those of the Underwriters pursuant to the Transition Services Agreement. During the transition, LFG operated material elements of the Underwriters businesses (e.g., accounting, information technologies, human resources, etc.). LFG and its professionals have spent a significant amount of time in their ongoing efforts to resolve issues associated with reimbursement for services provided by the parties pursuant to the Transition Services Agreement.

5. Sale of the FNF Stock.

Pursuant to the terms of the Final Underwriter SPA, among other consideration, FNF issued to LFG 3,176,620 shares of its common stock (the "**FNF Stock**"). In early January 2009, LFG discussed the option of selling the FNF Stock (at the time the FNF Stock was trading at prices in excess of $16 per share) with the LFG Creditors Committee. At that time, the members of the LFG Creditors Committee, who serve as representatives of the beneficiaries of the FNF Stock proceeds, notified LFG in writing that the LFG Creditors Committee did not want LFG to sell the FNF Stock at that time. While the decision to sell the FNF Stock rests with LFG's business judgment (with the approval of the Bankruptcy Court), the LFG Creditors

Committee's view as to the timing and method of such disposition is a significant consideration in forming that judgment. Therefore, LFG informed the LFG Creditors Committee at that time that it would refrain from selling the FNF Stock and, assuming the absence of new developments, defer in large part to the judgment of the LFG Creditors Committee as to when and how the FNF Stock should be sold. Since that time, the LFG Creditors Committee has developed a protocol and formed a subcommittee to analyze the disposition of the FNF Stock.

On February 5, 2009, FNF filed a Registration Statement Under the Securities Act of 1933 (the "**Form S-3**") with the United States Securities and Exchange Commission (the "**SEC**"), registering the FNF Stock for resale by LFG. Pursuant to the Form S-3, LFG may offer and resell from time to time any or all of the FNF Stock. Shortly thereafter, LFG filed, and the Bankruptcy Court granted, a motion for an order pursuant to sections 105 and 363 of the Bankruptcy Code seeking authority to sell the FNF Stock (the "**FNF Stock Order**") (Docket No. 1017). Pursuant to the FNF Stock Order, among other things, LFG has the authority to sell all or a portion of the FNF Stock without further order of the Bankruptcy Court upon the prior written consent of the LFG Creditors Committee. LFG continues to communicate with the LFG Creditors Committee to determine the appropriate time to sell the FNF Stock. **LFG may sell some or all of the FNF Stock prior to the Confirmation Hearing.** To the extent that the FNF Stock is not sold in advance of the Effective Date, the FNF Stock will be transferred to the LFG Trust in accordance with the terms of the Plan.

(f) Insurance Programs.

In connection with the operation of its businesses, the Company maintains certain insurance programs, including, among others, Directors' and Officers' Liability Insurance ("**D&O**"); Errors and Omissions / Crime Liability Insurance ("**E&O**"); and Fiduciary Liability Insurance ("**Fiduciary**"). The D&O, E&O and Fiduciary policies require that the insureds exhaust an applicable self-insured-retention ("**SIR**"), which varies under each line of coverage, prior to the insurer's reimbursement of loss under the policy.[23]

D&O insurance typically provides three separate insuring clauses, all of which draw on the same policy limits. First, "Side A" coverage provides direct reimbursement coverage by the insurer to the insured directors and officers for non-indemnifiable loss, e.g., derivative **action** settlements and judgments, and insolvency scenarios. Second, "Side B" coverage provides corporate indemnification reimbursement coverage, e.g., the insurer reimburses the insured entities for indemnification payments made to directors and officers. Lastly, "Side C" coverage provides reimbursement coverage by the insurer for losses incurred as a result of **certain of** the entity's own liabilities. ~~The~~

Side A difference-in-condition ("**DIC**") policies provide additional **limits to directors and officers for** non-indemnifiable ~~coverage limits to directors and officers~~**losses** and include broader coverage terms and conditions than the underlying Sides A, B, C policies. DIC coverage includes "drop-down" coverage, which provides that the Side A DIC policy will step into a "primary" insurance position in the event that (a) the underlying Sides A, B, C

[23] The Debtors maintain that allowance of a claim in favor of the applicable insurance carrier satisfies any SIR requirement, regardless of the amount of any distribution.

policies refuse, rightfully or wrongfully, to afford coverage to the directors and officers, (b) the underlying insurance contains more restrictive coverage terms than Side A DIC, or (c) the underlying insurance limits are exhausted.

~~In addition, the~~The Company also maintains excess D&O policies, which ~~generally adopt the primary policy's terms and conditions (unless stated otherwise) and provide coverage up to the cited limits, subsequent to the full payment of the underlying insurance limits for covered loss, e.g., the 1st Excess insurer pays covered loss from $10,000,001 through $20,000,000.~~ provide limits of liability above any underlying or primary policies. Upon the exhaustion of a primary policy limit, each successive excess policy continues payment for covered loss in the scheduled sequence up to its stated limits until the program tower is fully exhausted.

~~The following are summary charts for the insurance programs that LFG, on behalf of itself, its subsidiaries and their respective employees, directors and officers, has tendered notice to with respect to adversary proceedings brought by and on behalf of Exchange Customers:~~

The following charts summarize the policies available to cover claims relating to the Debtors:

LANDAMERICA 10/30/08-10/30/09 D&O INSURANCE PROGRAM TOWER

Policy	Insurer	Limit	Coverage
Primary	U.S. Specialty	$10m ~~xs~~in excess of SIR	Sides A, B, C
1st Excess	Zurich	$10m ~~xs~~in excess of $10m	Sides A, B, C
2nd Excess	CNA	$10m ~~xs~~in excess of $20m	Sides A, B, C
3rd Excess	Allied World	$10m ~~xs~~in excess of $30m	Sides A, B, C
4th Excess	Arch	$10m ~~xs~~in excess of $40m	Sides A, B, C
5th Excess	AIG	$10m ~~xs~~in excess of $50m	Sides A, B, C
6th Excess	MaxBermuda	$10m ~~xs~~in excess of $60m	Side A DIC
7th Excess	ArielRe	$5m ~~xs~~in excess of $70m	Side A DIC
TOTAL LIMITS		$75m: $60m Sides A, B, C / $15m Side A DIC	

LANDAMERICA 12/31/07-12/31/08 E&O/CRIME INSURANCE PROGRAM TOWER

Policy	Insurer	Limit	Coverage
Primary	Ace	$20m ~~xs~~in excess of SIR	~~Crime/~~Prof. Liability
1st Excess	Lloyd's	$20m ~~xs~~in excess of $20m	Crime/Prof. Liability
2nd Excess	Lloyd's	$30m ~~xs~~in excess of $20m / $40m	~~Misc.~~ Crime/Prof. Liability
TOTAL LIMITS		$50m Crime / $70m Misc. Prof. Liability	

LANDAMERICA 12/31/07-12/31/08 FIDUCIARY INSURANCE PROGRAM TOWER

Policy	Insurer	Limit	Coverage
Primary	Arch	$5m ~~xs~~in excess of SIR	Fiduciary Liability
1st Excess	~~Zurich~~RSUI	$5m ~~xs~~in excess of $5m	Fiduciary Liability
TOTAL LIMITS		$10m	

To date, more than one hundred (100) adversary proceedings have been filed in the Bankruptcy Court against LFG and its subsidiaries~~, multiple~~. Multiple other lawsuits have been brought against certain insiders and employees, and various governmental inquiries have been commenced relating to the Debtors (collectively, the "**Insurance Claims**"). The ~~D&O, E&O and Fiduciary policies are claims-made policies, requiring the insureds to tender notice to the insurer upon receipt of a monetary demand, notice of investigation or similar inquiry, and/or service of a complaint. The above-referenced policies were properly noticed and the insurers have acknowledged receipt of the Insurance Claims~~Company's insurers have been placed on notice of these claims.

As of the date hereof, the primary D&O insurer has cited one or more exclusions in ~~the~~its policy and refused to advance defense costs incurred in connection with certain Insurance Claims~~ and, therefore, the D&O Side A DIC policies are required to provide immediate coverage. The~~. Consequently, the D&O Side A DIC insurer has begun providing ~~immediate~~ coverage, albeit pursuant to a reservation of rights. The Debtors dispute the applicability of the exclusion cited by the D&O insurer. ~~The primary insurer's outside counsel, Drinker Biddle & Reath LLP, issued a letter on September 8, 2009 in response to~~

~~letters recently issued by counsel to the Debtors and counsel to the various directors and officers, which disputed the primary insurer's bases for denying coverage. The September 8 letter reiterates and supplements the previously cited bases for denying coverage.~~ In the event the primary D&O insurer continues to refuse to acknowledge coverage and the dispute cannot be resolved, one or more of the insureds may file a declaratory judgment action in the Bankruptcy Court against the primary D&O insurer to resolve this dispute. ~~In addition,~~

LFG has made a claim against the E&O insurer for certain fees incurred relating to certain LES litigation and internal investigations. The E&O insurer has not responded substantively to LFG's claim.

(g) Pension Plan.

LFG sponsors the LFG Cash Balance Plan (the "**Cash Balance Plan**"), which is a defined benefit pension plan subject to Title IV of the Employee Retirement Income Security Act of 1974 ("**ERISA**") that is within the jurisdiction of the PBGC. The Cash Balance Plan was amended effective December 31, 2004 to cease future compensation credits to the retirement plan accounts of all Cash Balance Plan participants, to cause the accrued benefits of all participants to be fully vested, and to limit participation in the Cash Balance Plan to those individuals who were participants as of December 30, 2004. In 2005, the Cash Balance Plan was amended to cease additional benefit accruals by "Transition Employees" under prior pension plan formulas. The Cash Balance Plan had approximately 7400 participants as of January 1, 2009. SunTrust Bank is the trustee of the Cash Balance Plan.

On June 9, 2009, Mercer (US) Inc. ("**Mercer**"), the Cash Balance Plan's enrolled actuary, certified in writing that the Cash Balance Plan had an Adjusted Funding Target Attainment Percentage ("**AFTAP**") of 105.06% for the year beginning January 1, 2009. Based on this certification, LFG believes the Cash Balance Plan currently complies with funding standards for ongoing pension plans under federal law. However, additional assets may be needed to complete a standard, fully funded termination of the Cash Balance Plan or to pay claims of the PBGC in the event that the Cash Balance Plan is terminated and trusteed by the PBGC. The Debtors estimate that as of June 30, 2009, the assets of the Cash Balance Plan were approximately $226 million. As of June 4, 2009, Mercer calculated plan termination liability to be approximately $252.8 million, which is approximately $26.8 million more than the estimated value of Cash Balance Plan assets of June 30, 2009.

1. PBGC Claims.

The PBGC is a wholly-owned United States government corporation created under ERISA, as amended, 29 U.S.C. §§ 1301-1461 (2006), that administers the defined benefit pension plan termination insurance program under Title IV of ERISA. The PBGC guarantees the payment of certain pension benefits upon the termination of a single-employer pension plan covered by ERISA. To the extent a pension plan is underfunded at termination, the PBGC generally becomes the trustee of the plan and, subject to statutory limitations, pays the plan's unfunded benefits with its insurance funds.

Upon termination of an underfunded pension plan, which could be initiated by PBGC or LFG, all of the members of the ERISA controlled group of the plan sponsor (LFG) become jointly and severally liable for the Cash Balance Plan's underfunding. If PBGC makes a demand for payment against one or more members of the controlled group and payment is not made, a lien in favor of PBGC automatically arises against all of the assets of that member of the controlled group, subject to the effect of the automatic stay or a plan injunction. The amount of the lien is equal to the lesser of the underfunding or 30% of the aggregate net worth of all of the members of the controlled group.

The PBGC has filed three unliquidated claims against each of LFG, LES and the other Debtors (collectively, the "**PBGC Claims**").[24] The PBGC Claims assert damages for (a) PBGC flat rate and variable premiums, (b) termination premiums (at the rate of $1250 per participant per year for three (3) years) under 29 U.S.C. §1306(a)(7), (c) unpaid minimum funding contributions, and (d) unfunded benefit liabilities estimated by the PBGC to be approximately $35.7 million if the Cash Balance Plan terminates. The PBGC Claims allege joint and several liability of LFG and each member of LFG's controlled group, including each of its direct and indirect subsidiaries.

The Debtors reserve the right to object to the PBGC Claims, and believe that there is no present liability for unpaid minimum contributions based on the funded status of the Cash Balance Plan. There is a risk of liability for termination premiums for LFG controlled group members if the Cash Balance Plan is terminated with unfunded benefit liabilities as discussed above. The Debtors believe that the PBGC's estimate of unfunded benefit liabilities overstates actual benefit liabilities on a termination basis.

2. PBGC Notice of Determination and PBGC Settlement Agreement.

On May 8, 2009, the PBGC issued a notice to LFG that PBGC had determined that: (a) the Cash Balance Plan will be unable to pay benefits when due and that the possible long-run loss of the PBGC with respect to the Cash Balance Plan may reasonably be expected to increase if the Cash Balance Plan is not terminated; (b) the Cash Balance Plan must be terminated in order to protect the interests of participants and to avoid any unreasonable increase in the liability of the PBGC insurance fund; and (c) May 11, 2009 was to be established as the date of termination of the Cash Balance Plan. On May 11, 2009, the PBGC issued a press release announcing its determination and stating that PBGC was taking responsibility for the Cash Balance Plan.

The PBGC's press release caused bidders to withdraw bids for Home Warranty and LoanCare, which were set to go to auction on May 11, 2009 and May 12, 2009, respectively, subject to satisfactory release from potential successor or control group liability to the PBGC under the Cash Balance Plan. The press release further indicated that the PBGC moved to assume the Cash Balance Plan in advance of the hearing on final approval of the sale of LFG's

[24] On April 6, 2009, the PBGC filed identical claims against LFG and LES for unfunded benefit liability in the amount estimated at approximately $35.7 million. On May 18, 2009, the PBGC filed a claim against LAC, stating that the amount of unfunded benefit liability was unliquidated. On July 17, 2009, the PBGC filed claims against LandAm Title and the Southland Entities stating that the amount of unfunded benefit liability was unliquidated.

stock in Home Warranty and LoanCare, in an attempt to ensure that the subsidiaries would remain liable, after the sales, for the asserted unfunded benefit liabilities.

As a result of negotiations by and among LFG, the LFG Creditors Committee, and the PBGC, the parties reached a settlement (the "**PBGC Settlement**"), whereby LFG would escrow 30% of the net cash or cash equivalent proceeds actually received from the sale of Home Warranty and LoanCare for the benefit of funding a standard termination of the Cash Balance Plan or to satisfy allowed claims, if any, of the PBGC in exchange for the release of Home Warranty and LoanCare from any payment obligation relating to or in respect of the Cash Balance Plan. Further, the PBGC Settlement also provided that in the event that one or more of the Debtors sold any direct or indirect subsidiary after the date of the PBGC Settlement, such Debtor(s) could elect to apply the terms of the PBGC Settlement to the sold subsidiary and the related sale transactions. Additionally, the parties agreed to use their reasonable best efforts to (a) effectuate a standard termination of the Cash Balance Plan, and (b) expedite all appropriate judicial, administrative or other determinations with respect to all matters about which the parties may be in dispute, including, but not limited to, the termination of the Cash Balance Plan. Thus, the PBGC Settlement enabled the sales of LoanCare and Home Warranty to go forward, resulting in significant value for LFG's estate, and eliminated uncertainty for prospective sales of LFG's interest in other subsidiaries. On May 28, 2009, the Bankruptcy Court approved the terms of the PBGC Settlement (Docket No. 1503). Subsequent to the close of the sale of LoanCare, on July 30, 2009, LFG set aside approximately $4.6 million in accordance with the terms of the PBGC Settlement. As of the date hereof, the sale of Home Warranty has not closed and thus, no net proceeds have been set aside.

On May 14, 2009, the PBGC and LFG issued a joint statement (the "**Joint Statement**") announcing the PBGC Settlement, which stated that the Cash Balance Plan was currently administered by LFG and had not been taken over by the PBGC. The Joint Statement further stated that LFG believed the Cash Balance Plan currently complied with funding standards for ongoing pension plans under federal law, although the PBGC believed additional assets are needed to complete a standard, fully funded termination of the Cash Balance Plan or to pay claims to the PBGC in the event that the Cash Balance Plan is terminated and trusteed by the PBGC.

The Cash Balance Plan is currently administered by LFG, and PBGC has not moved to terminate or take responsibility for the Cash Balance Plan.

3. Standard Termination of Plan.

ERISA provides that a plan administrator may cause a standard termination of a pension plan if, among other things, the plan contains sufficient assets to pay all accrued benefit liabilities. The plan administrator is required to give affected parties 60 days' notice of its intent to terminate, following which the plan administrator must deliver certain specified additional information to the PBGC and to plan participants. If the PBGC does not send the plan administrator a notice of noncompliance within 60 days after receiving such information (or any longer period agreed to by the PBGC and the employer), the plan may be terminated. The date of termination will be the date identified as such in the notice of intent to terminate. A plan administrator effecting a standard termination must provide for the payment to plan participants

of all accrued benefits. Typically, an employer will use the assets of the plan to purchase annuities providing such benefits from an insurance company.

A standard termination of the Cash Balance Plan would satisfy all of the obligations of LFG and its controlled group members with respect to the Cash Balance Plan and would eliminate all of PBGC's claims with respect to the Cash Balance Plan. However, there can be no assurance that the Bankruptcy Court will approve a request to provide additional funding to the Cash Balance Plan or that such request shall be made, which is currently estimated to require approximately $26.8 million in additional assets to effect a standard termination. In addition, there can be no assurance that applicable governmental agencies charged with oversight of such plan terminations, including the PBGC and the IRS, will approve, if applicable, the termination of such plans, or that LFG will have the ability to obtain funding for accrued benefits on acceptable terms.

On July 10, 2009, LFG filed a motion approving the "**Cash Balance Plan Agreements**," comprised of: (a) an Administrative Services Agreement dated July 2, 2009 (the "**Administrative Services Agreement**") by and between LFG, the Cash Balance Plan and Mercer, (b) an Investment Management Agreement dated July 9, 2009 (the "**Investment Management Agreement**") by and between LFG, the Cash Balance Plan, and Mercer Global Investments, Inc. ("**MGI**"); and (c) a Fiduciary Agreement dated July 10, 2009 (the "**Fiduciary Agreement**") by and between LFG and Fiduciary Counselors Inc. ("**FCI**").

Pursuant to the Administrative Services Agreement, Mercer will provide certain administrative services to the Cash Balance Plan, including, but not limited to, processing claims and payments under the Cash Balance Plan, creating and managing a Cash Balance Plan participant database, and establishing a call center to support participant needs. Pursuant to the Investment Management Agreement, MGI will provide the Cash Balance Plan with certain investment management services, such as providing written reviews of investment performance; purchasing, selling, or otherwise dealing with any securities held by the Cash Balance Plan; and maintaining the assets in the Cash Balance Plan that are invested in short-term income-producing instruments for such periods of time as shall be deemed reasonable and prudent. Finally, pursuant to the terms of the Fiduciary Agreement, FCI will become the named fiduciary under the Cash Balance Plan and will monitor the performance of other fiduciaries and service providers of the Cash Balance Plan, including entities providing trustee, investment management, administrative, and other services (including Mercer and MGI), and taking necessary or appropriate action to instruct, direct, replace or appoint fiduciaries and service providers to the Cash Balance Plan for the proper administration of the Cash Balance Plan and payment of benefits during the continuation of the Cash Balance Plan. On July 22, 2009, the Bankruptcy Court entered an order (Docket No. 1765) approving the Cash Balance Plan Agreements.

4. Distress Termination of Plan.

If a standard termination of the Cash Balance Plan is not feasible, the Plan Administrator may initiate a "distress termination" of the Cash Balance Plan. An underfunded pension plan may be subject to distress termination by the plan administrator under ERISA

§4041(c). An underfunded plan may also be subject to involuntary termination by the PBGC under ERISA §4042.

In order for the plan to qualify for a distress termination under ERISA §4041(c), the plan administrator must demonstrate to the PBGC that each plan sponsor and all members of the controlled group satisfy one of the following financial distress tests:

(1) the sponsor is liquidating in a bankruptcy proceeding;

(2) the sponsor is reorganizing in bankruptcy and the bankruptcy court has determined that the reorganization cannot succeed unless the pension plan is terminated;

(3) the sponsor will be unable to pay its debts when they become due unless the pension plan is terminated; or

(4) pension costs have become unreasonably burdensome as a result of a declining workforce.

There is no assurance that the Cash Balance Plan will qualify for a distress termination.

5. Valuation of PBGC Claims.

(a) Claims for unfunded benefit liabilities.

A distress or involuntary termination results in an unfunded benefit liability and gives rise to liability to the PBGC for the amount by which the plan is underfunded. The PBGC has issued regulations governing the calculation of the amount of unfunded benefit liability in the event of a distress or involuntary pension plan termination. These regulations specify the interest rate and other actuarial assumptions for determining the present value of future benefits under terminated plans. In the event a distress or involuntary termination of the Cash Balance Plan occurs, the Debtors will seek Bankruptcy Court approval to reduce any unfunded benefit liability of the Cash Balance Plan. There is no assurance that the Bankruptcy Court will apply the "prudent investor interest rate" in valuing the PBGC's unfunded benefit liability claim.

(b) Termination Premiums.

In addition to claims for underfunding amounts, a distress or involuntary termination may result in liability to the PBGC for termination premiums. The PBGC regulations provide that controlled group members are jointly and severally liable for "termination premiums."

The PBGC has claims for termination premiums when a plan terminates with a funding deficiency. In this instance, termination premium claims are not subject to discharge in the bankruptcy cases. Controlled group non-debtor members are likewise jointly and severally obligated for the termination premiums.

The number of participants is measured as of the date of plan termination. Accordingly, if a distress termination or involuntary terminated occurred and there were 7,000 participants on the date of plan termination as determined by the court, termination premiums would equal approximately $8.75 million per year ($1,250 multiplied by 7,000 per year) for three (3) years.

(h) Performance Incentive Program.

On May 21, 2009, LFG filed a motion (Docket No. 1483) for an order approving the Performance Incentive Plan (the "**PIP**") designed to maximize assets available for distribution to creditors by providing incentives to 17 key employees (collectively, the "**Key Employees**"), to assist the Debtors with the completion of specific tasks critical to these Chapter 11 Cases. Such tasks include overseeing the consummation of sales of LFG's subsidiaries, assisting in the completion of an orderly wind-down of LFG's subsidiaries, ensuring compliance with the Transition Services Agreement, overseeing the rejection of real estate leases and related assets and leased equipment, transitioning the Company to a new operational platform for the purposes of the Company's operations after June 30, 2009, assisting with the preparation of the Plan and Disclosure Statement, completing the preparation of tax returns for the Company, assisting in the reconciliation of claims asserted against the Debtors, and transferring LFG records to a third party provider in compliance with document retention requests.

Pursuant to the PIP, the Key Employees are eligible to receive bonuses based on a percentage of their salary, if certain performance objectives are met by specified deadlines. The CRO of LFG may, in his sole discretion, (a) amend the performance objectives, (b) pay a bonus award or a pro rata portion of such award based on material performance of performance objections, and (c) upon the departure of a Key Employee, reallocate unpaid bonus awards to another employee of the Company. On June 22, 2009, the Bankruptcy Court entered an order (Docket No. 1639) approving the PIP.

(i) Fidelity Settlement Agreement.

In an effort to consensually resolve all claims asserted by and between LFG, LES, the Southland Entities, the Underwriters and FNF, in August 2009, the Debtors, the LFG Creditors Committee and representatives of FNF began negotiations for a global settlement between the parties. After weeks of extensive arm's length negotiations, the parties reached an agreement (the "FNF Settlement") whereby the Debtors and FNF agreed that: (a) FNF would pay LFG cash consideration in the amount of $5.225 million; (b) LFG would make a unified loss election under section 1.1502-36(d)(6) of the Treasury Regulations to reduce its tax basis in the stock of the Underwriters, which could provide potential value to FNF by allowing the Underwriters to preserve certain tax attributes that could offset taxable income in future periods; and (c) LFG, LES, the Southland Entities, the Underwriters and FNF would release all claims against one another and their respective affiliates, officers, directors, shareholders, partners, agents, contractors, employees, attorneys, predecessors, successors and assigns. Thus, the FNF Settlement resolved significant claims between the Debtors and FNF and provided a significant cash payment to the LFG estate. In the absence of the FNF Settlement, the Debtors and FNF would likely be mired in lengthy and costly litigation to resolve all claims among each

other. On September 10, 2009, the Debtors filed a motion to approve the FNF Settlement pursuant to Bankruptcy Rule 9019(a) (Docket No. 2000). On September 14, 2009, the Bankruptcy Court entered an order approving the FNF Settlement (Docket No. 2021).

4.2 *Sale of LFG's and Other Debtors' Assets.*

Since the sale of the Underwriters, LFG has been evaluating the Company's remaining businesses to determine the manner in which to best maximize value, including through one or more sales of the Company's remaining businesses and/or the prompt and orderly wind-down and liquidation of such businesses. As of the Initial Petition Date, LFG either owned as direct subsidiaries or held an interest in 29 legal entities. In addition, it either owned indirectly or held an interest in indirectly approximately 228 active and inactive legal entities. During the course of these Chapter 11 Cases, LFG, together with Zolfo and the assistance of WF&G attorneys, marketed, negotiated and pursued approximately 53 different transactions and, where necessary, sought and obtained Bankruptcy Court approval of such transactions. Certain of those transactions are described below.

(a) Sale of LFG's Stock in LVC.

With LVC's profitability declining after the commencement of these Chapter 11 Cases, in an effort to maximize value for the LFG estate, LFG decided to pursue a sale of its 100% interest in LVC (the "**LVC Sale**"). Beginning in December 2008, LFG, with the assistance of Zolfo, conducted a focused sale process, contacting approximately nine potential strategic and financial suitors that it believed would be most interested and capable of pursuing a transaction. One of the parties contacted was one of LVC's then current Officers, William Britain, who expressed an interest in continuing to run the business together with LVC's six client managers under the business name "Global Valuation, LLC" ("**GVL**"). LFG and Zolfo provided the potential purchasers with extensive due diligence materials regarding LVC. LFG and Zolfo's marketing efforts led to negotiation of that certain stock purchase agreement, dated February 27, 2009, by and between LFG and GVL (the "**GVL Agreement**").

Given the significant marketing process conducted prior to the execution of the GVL Agreement, LFG, in consultation with Zolfo, determined that selling its stock in LVC through a sale subject to better and higher offers, but without a formal auction, was the best way to maximize value and achieve certainty with respect to the sale of LFG's stock in LVC. On February 27, 2009, LFG filed a motion (Docket No. 1031) with the Bankruptcy Court seeking approval of the terms of the proposed sale to GVL.

On March 16, 2009, LFG received an offer from BB Valuation, Inc. ("**BBV**") that exceeded both the cash and other consideration provided for in the GVL Agreement and otherwise was identical to the terms offered by GVL. As a result, LFG determined it was appropriate to conduct an auction between GVL and BBV, and so informed both parties. GVL, however, informed LFG that it was not willing to increase its purchase price and therefore, LFG determined it was not necessary to conduct an auction. By order dated March 20, 2009, the Bankruptcy Court approved the LVC Sale to BBV (Docket No. 1140). The LVC Sale closed on

April 1, 2009, resulting in a purchase price of approximately $825,000, of which $675,000 of the consideration was in the form of a note that remains outstanding.

(b) Sale of LAC's Assets.

As a result of LFG's filing for chapter 11 relief, the sale of the Underwriters, and the condition of the commercial real estate market, LAC's business had been significantly and negatively affected. In an effort to maximize value, LAC determined it was appropriate to sell all or substantially all of its principal assets (the "**LAC Sale**") and to commence a chapter 11 case in order to effectuate the LAC Sale and provide for a fair and equitable distribution of its estate to its stakeholders. Upon reaching such decision, LFG and Zolfo identified and marketed LAC's assets to approximately six potential strategic buyers that they believed would be most interested and capable of pursing a transaction. Further, LFG and Zolfo provided such potential purchasers with extensive due diligence materials regarding LAC's assets. LFG and Zolfo's marketing efforts led to negotiation of that certain asset purchase agreement dated March 6, 2009 (the "**LAC Agreement**"), by and between LAC and Partner Assessment Corporation d/b/a Partner Engineering and Science.

On March 6, 2009, LAC filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code and a motion requesting approval of the LAC Agreement (Docket Nos. 1 and 8). By order dated March 25, 2009, the Bankruptcy Court approved the LAC Sale (Docket No. 27). The LAC Sale closed on March 26, 2009, resulting in a sale price of approximately $2 million before transaction costs for LAC's estate.

(c) Sale of LFG's Stock in LoanCare.

Shortly after the chapter 11 filing of LFG, several rating agencies downgraded LoanCare's residential primary servicer ratings, causing some of LoanCare's clients to threaten to decrease or altogether halt the amount of new business they placed with LoanCare. In an effort to maximize value for the LFG estate, LFG decided to pursue a sale of its 100% interest in LoanCare (the "**LoanCare Sale**"). LFG, in consultation with Zolfo, determined that selling LFG's stock in LoanCare through a formal auction process was the best way to maximize value with respect to the sale of LoanCare. LFG and Zolfo identified and marketed LFG's stock in LoanCare to approximately sixty-five potential strategic and financial suitors that they believed may be interested and capable of pursuing a transaction. After extensive negotiations with multiple interested parties, LFG and Zolfo determined that Alpine Equity, L.P. ("**Alpine**") was the best available "stalking horse" bidder for LoanCare, based on purchase price and its willingness to enter into a non-contingent sale agreement. On March 13, 2009, LFG and Alpine entered into that certain stock purchase agreement to sell LFG's stock in LoanCare.

On March 20, 2009, LFG filed a motion for entry of orders establishing certain procedures regarding the auction and sale of LFG's stock in LoanCare and approving the LoanCare Sale itself. By order dated April 21, 2009, the Bankruptcy Court approved the bidding procedures (the "**LC Bidding Procedures**") (Docket No. 1295). Pursuant to the LC Bidding Procedures, bids were due on or before May 8, 2009. In addition to Alpine, Qualified Bids (as

such term is defined in the LC Bidding Procedures) were received from: (i) FNF; (ii) Portfolio Recovery Associates, Inc.; and (iii) Titanium Holdings, Inc.

After an auction on May 12, 2009, LFG after consultation with Zolfo, selected the bid submitted by FNF in an amount of $16.3 million as the successful bid, and the sale to FNF was approved by the Bankruptcy Court on May 21, 2009. The LoanCare Sale closed on June 3, 2009, resulting in approximately $16.3 million purchase price LFG's estate.

(d) Sale of LFG's Stock in Home Warranty.

Relationships with business partners, vendors, clients, and employees were adversely affected by speculation regarding Home Warranty's continued viability in light of LFG's bankruptcy filing. In an effort to maximize value for the LFG estate, LFG decided to pursue a sale of its 100% interest in Home Warranty (the "**Home Warranty Sale**"). LFG, in consultation with Zolfo, determined that selling LFG's stock in Home Warranty through a formal auction process was the best way to maximize value with respect to Home Warranty. After extensive negotiations with multiple interested parties, LFG and Zolfo determined that Buyers Protection Group, Inc. ("**BPG**") was the best available "stalking horse" bidder for Home Warranty, based on purchase price. On April 8, 2009, LFG and BPG entered into that certain stock purchase agreement to sell LFG's stock in Home Warranty.

On April 8, 2009, LFG filed a motion for entry of orders establishing certain procedures regarding the auction and sale of LFG's stock in Home Warranty (Docket No. 1221). By order dated April 16, 2009, the Bankruptcy Court entered an order approving bidding procedures for the auction (the "**HW Bidding Procedures**") (Docket No. 1295). In addition to the bid of BPG, one additional qualified bid was received from FNF.

LFG conducted an auction on May 11, 2009, which was continued until May 12, 2009. After consultation with the advisors of the LFG Creditors Committee, BPG's bid, in the amount of $12.2 million, was selected as the successful bid, and FNF's bid, in the amount of $12.6 million, was selected as the back-up bid.[25] By order dated May 21, 2009, the Bankruptcy Court approved the Home Warranty Sale to the BPG. The Home Warranty Sale is scheduled to close in September 2009, subject to regulatory approval. The purchase price is subject to adjustment for working capital and transaction costs.

(e) Sale of LFG's Stock in RealEC Technologies, Inc.

Based in Santa Ana, California, RealEC Technologies, Inc. ("**RealEC**") is a joint venture between LFG (as 22.05% owner), Stewart (as 22.05% owner) and LPS Asset Management Solutions, Inc. ("**LPS**") (as 55.9% owner). In an effort to maximize value for LFG's estate, LFG determined it was appropriate to sell its approximately 22% ownership interest in RealEC (the "**RealEC Sale**"). Beginning in January 2009, LFG began working with Zolfo to conduct a focused sale process for its interest in RealEC. Approximately thirteen potential strategic suitors were contacted, including Stewart and LPS, LFG's two joint venture partners in RealEC. Such potential purchasers were provided with extensive due diligence

[25] The back-up bid necessitated by the payment of a break-up fee and expense reimbursement to the "stalking horse" bidder. Accordingly, while the gross amount of such bid is higher, the net amount is lower than the winning bid.

materials. Thereafter, marketing efforts led to negotiation of that certain stock purchase agreement dated June 12, 2009 (the "**LPS Agreement**"), by and between LAC and LPS. On June 19, 2009, LFG filed a motion requesting approval of the terms of the RealEC Agreement, subject to higher and better offers (Docket No. 1634).

On July 14, 2009, LFG received an offer from Old Republic that exceeded the cash consideration provided for in the LPS Agreement. Accordingly, on July 21, 2009, LFG conducted a telephonic auction in which LPS and Old Republic participated. After the auction, LFG determined that the bid submitted by LPS was the highest and best offer and the bid most likely to maximize the value of distributable proceeds to LFG's stakeholders. On July 21, 2009, LFG and LPS entered into an amended and restated stock purchase agreement.

By order dated July 24, 2009, the Bankruptcy Court approved the RealEC Sale to LPS (Docket No. 1769) for a purchase price of $2.6 million. The RealEC Sale closed the following day.

(f) Sale of LandAm Credit's Assets.

LandAm Credit's revenue decreased from $29 million in 2007 to $15 million in 2008 as a result of the general deterioration of the real estate market and the effect of the "sub-prime crisis" on sub-prime brokers, which comprise a large percentage of LandAm Credit's customers. In an effort to maximize value, LandAm Credit determined it was appropriate to sell all or substantially all of its principal assets (the "**LandAm Credit Sale**") and to commence a Chapter 11 Case in order to effectuate the LandAm Credit Sale and provide for a fair and equitable distribution of its estate to its stakeholders. The Debtors contacted approximately fifty potential strategic and financial suitors that might be interested and capable of pursuing a transaction. Potential purchasers were provided with extensive due diligence materials regarding LandAm Credit's assets. Marketing efforts led to negotiation of that certain asset purchase agreement dated July 17, 2009 (the "**LandAm Credit Agreement**"), by and between LandAm Credit and LAMAT, LLC ("**LAMAT**").

On July 17, 2009, LandAm Credit filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code, and a motion requesting approval of the terms of the LandAm Credit Agreement (Docket Nos. 1 and 6). By order dated August 3, 2009, the Bankruptcy Court approved the LandAm Credit Agreement (Docket No. 27). The LandAm Credit Sale closed on August 12, 2009, and the purchase price was approximately $3.5 million before any working capital adjustment or transaction expenses.

(g) Sale of DataTrace.

Based in Santa Ana, California, DataTrace, a joint venture between LandAm Commercial and First American, provides a title information delivery system which enables title insurance companies, title agencies, and independent title abstractors nationwide to connect to regional title databases and access them using a standard software interface. In an effort to maximize value for LFG's estate, LandAm Commercial determined it was appropriate to sell its 20% ownership interest in DataTrace I and DataTrace II. After reviewing the Joint Venture agreements including the rights held by the majority interest holder and providing information to

twelve potential buyers, it was determined that a sale to its joint venture partner First American was the best means of maximizing value for the estate.

On August 11, 2009, LandAm Commercial sold all of its membership interests in DataTrace, which was comprised of a 20% ownership interest in each of DataTrace I and DataTrace II, to Smart Title Solutions, LLC and First American Real Estate Solutions II, LLC. In connection with the sale, LandAm Commercial received $15 million. Upon closing of the sale, LandAm Commercial ceased being an operating business and is now a holding company.

(h) Sale of Tax and Flood Division of OneStop.

OneStop, a wholly-owned subsidiary of LFG that is part of LFG's lender services business segment, is comprised of the following operating divisions: Origination Services, Tax and Flood Services, Default Services, and MSTD. OneStop's Tax Services business provides real estate tax services for residential and commercial loans through a "menu-oriented" approach. Customers define the service that best fits their needs, from standard tax services to full outsourcing. OneStop's Flood Services business provides flood zone determination reports, certifications, and Life-of-Loan services to lenders nationwide. Flood Services offers its customers a choice in levels of service, from simple delivery of flood zone determinations to complete portfolio tracking.

On September 3, 2009, OneStop entered into an agreement with T&F Acquisition Group, LLC, for the sale of its Tax and Flood Services division. ~~The transaction is expected to close by September 30, 2009.~~**By order dated September 18, 2009, the Bankruptcy Court approved the sale of Tax and Flood Services to T&F Acquisition Group, Inc. On September 23, 2009, OneStop sold substantially all of the assets of its Tax and Flood Services division to T&F Acquisition Group, LLC.** In connection with this sale, OneStop ~~expects to receive~~**received** a purchase price **in the amount** of ~~approximately~~ $6 million ~~prior to any working capital adjustment or transaction costs.~~

~~(i) Sale of Origination, Default and MSTD (BackInTheBlack®) Divisions of OneStop~~.

(i) ~~(j)~~ **Estimated Proceeds**

As of ~~September 1, 2009,~~**the date hereof,** LFG is pursuing the sale of ~~three~~**two** (~~3~~**2**) subsidiaries or their assets and the interest it holds in a ~~fourth legal entity. The projected purchase prices from the sale of these subsidiaries, interests and/or their assets range from a cumulative total of $6.2 million to $58.3 million (with approximately $40 million attributable to a potential sale of Centennial). In addition, LFG expects to recover between $14.5 million and $15.7 million upon the pending closing of the Home Warranty Sale and resolving outstanding net working capital adjustments on the sale of LandAm Credit (inclusive of consideration already received in connection with the sale of LandAm Credit on August 12, 2009).~~ **third legal entity.** In addition, LFG has ownership interests in nine (9) real estate investment funds and various outstanding notes receivables (the "**Notes**"). The estimated recovery from the sale of the interests in the real estate investment funds ranges from $420,000 to $3.2 million. With respect to the Notes with open balances as of June 1, 2009, LFG

estimates a recovery range between $2 million and $~~4~~4.1 million on a total balance of $17.2 million.

~~LFG estimates that the total recovery in connection with all unsold assets expected to be monetized is approximately $[___].~~

As of the date hereof, the Debtors estimate that the asset recovery in a chapter 11 scenario from all unsold assets of the Debtors and their direct and indirect subsidiaries, including the sale of the aforementioned assets and the ARS, will range from $195.1 million to $281.3 million. Furthermore, the Debtors estimate that the projected value available to settle Unclassified and Classified Claims and Interests will range from $403.7 million to $490 million. Because of the difficulty in estimating a range of recoveries from the pursuit of the Causes of Action, an estimate of the proceeds from Causes of Action is not included in the above.

4.3 ***The Wind-down of LFG and the Other Debtors' Assets.***

(a) Procedures for the Rejection of Unexpired Leases.

Prior to the Initial Petition Date, the Debtors had approximately ~~[100] Leases~~125 leases and over ~~[5,800] Contracts~~6,200 contracts. Since the commencement of these Chapter 11 Cases, the Debtors have taken steps to wind down their businesses. While winding down their business operations, the Debtors identified certain unexpired nonresidential real property leases (the "**Leases**") and executory contracts (the "**Contracts**") that are no longer needed by the estates. Therefore, on March 9, 2009, LFG filed omnibus lease rejection motions seeking to reject certain burdensome Leases and Contracts, which were granted by the Bankruptcy Court (Docket Nos. 1078 and 1142). Further, as noted above, the Debtors intend to maximize the value of their estates through the sale of certain assets and/or their subsidiaries. To ensure that the estates' assets were maximized, the Debtors anticipated that they would seek to reject certain unfavorable Leases and Contracts which were not expected to be part of any sale and posed an administrative burden to the estates. On April 22, 2009, the Debtors requested that the Bankruptcy Court enter an order establishing procedures by which the Debtors could further reject Leases and Contracts on an expedited basis (Docket No. 1309).

On May 13, 2009, the Bankruptcy Court entered an order (Docket No. 1382) establishing procedures for the rejection of unexpired Leases and Contracts. Pursuant to the above referenced orders and the Court approved rejection procedures, the Debtors have rejected over fifty-five (55) Leases and Contracts, thus relieving themselves of significant postpetition obligations.

(b) Extensions of Time to Assume or Reject Leases of Nonresidential Real Property.

As of the Initial Petition Date, the Debtors were party to in excess of one hundred Leases. Since the Initial Petition Date, the Debtors focused their efforts on, among other things, disposing of these Leases.

Section 365(d)(4) of the Bankruptcy Code provides that any unexpired lease of nonresidential real property for which the debtor is a tenant shall be deemed rejected on the date that is 120 days after the petition date, unless such deadline is extended for cause. On March 20, 2009, the Bankruptcy Court entered an order (Docket No. 1141) extending the time for the Initial Debtors to assume or reject all of their Leases by 90 days, through and including June 24, 2009. On June 23, 2009, the Bankruptcy Court entered an order (Docket No. 1647) extending the time for LAC to assume or reject all of its Leases by 90 days, through and including October 5, 2009, for LandAm Title by 90 days through and including October 27, 2009, and for the Southland Entities by 90 days through and including October 27, 2009. LandAm Credit currently has until November 14, 2009, to assume or reject all of its Leases. On June 23, 2009, LFG and Capital One Services, Inc. entered into a stipulation and agreed order, whereby the period of time to assume or reject the prepetition nonresidential real property lease for the Debtors' corporate headquarters was extended until October 31, 2009 (Docket No. 1651).

(c) Procedures for Settling Certain Prepetition and Postpetition Claims.

On May 4, 2009 the Debtors filed a motion seeking authority to establish procedures (the "**Settlement Procedures**") to settle objection to certain prepetition and postpetition claims (Docket No. 1355). Pursuant to the Settlement Procedures, if the (a) amount mutually proposed by the Debtors and the claimant to resolve a disputed claim, or (b) the difference between the Debtors' estimate of the allowed claim as listed in the Schedules of Assets and Liabilities or the Debtors' books and records compared to the claimant's estimate of the allowed claim as asserted in the claimant's proof of claim or other demand on the Debtors is less than $500,000, then the settlement is deemed approved by the Bankruptcy Court upon written notice of the settlement to certain notice parties if no objection is received within 5 days. On May 21, 2009, the Bankruptcy Court entered an order approving such Settlement Procedures (Docket No. 1482) (the "**Settlement Procedures Order**"). Post-Effective Date of the Plan, procedures for resolving prepetition and postpetition claims will be governed by the Plan and the associated Trust Agreements.

1. Lease and Contract Related Settlements.

During the Chapter 11 Cases, the Debtors have mitigated prepetition and postpetition claims of certain landlords and counterparties to Contracts by entering into consensual termination agreements. During these Chapter 11 Cases, the Debtors have entered into lease termination agreements with Bascom Sub, LLC and Bascom I, LLC, Commercial Realty and Resources Corp., Wells Fargo Bank, NA, and Wachovia Financial Services, Inc. ("**Wachovia Financial**") in each case to terminate its leases covering certain real or personal

property. With respect to its termination agreement with Wachovia Financial, LFG leased certain office furniture and equipment from Wachovia Financial for use at LFG's corporate headquarters. Pursuant to the termination agreement with Wachovia Financial, LFG paid Wachovia Financial a settlement payment in the amount of $398,897 in exchange for termination of the equipment lease and a release from all claims (including lease rejection damage claims). Despite termination of the equipment lease, the termination agreement grants LFG the right to continue using the leased property located on the first floor of LFG's corporate headquarters located at 5600 Cox Road, Glen Allen, Virginia 23060 until, at a minimum, October 31, 2009. LFG also entered into a license termination agreement with South Florida Stadium, LLC, pursuant to which it terminated its use of an executive suite at Dolphin Stadium (n/k/a LandShark Stadium). These termination agreements enabled the Debtors to reduce their administrative expenses and eliminate certain prepetition claims, as well as eliminate certain postpetition rent and other obligations.

4.4 *LES Litigation of the Lead Cases.*

Within weeks of the Initial Petition Date, the LES Chapter 11 Case was inundated with adversary proceedings brought by Exchange Customers asserting causes of action including breach of contract and fraud, and seeking, among other things, compensatory and punitive damages and injunctive relief. To date, more than one hundred (100) adversary proceedings have been filed seeking, among other things, a determination that the funds held by LES associated with Exchange Agreements are not property of the LES Estate.

(a) Lead Cases Protocol.

As a method for dealing with the sheer number of adversary proceedings, on January 7, 2009, LES and the LES Creditors Committee filed a Joint Motion for Order Establishing Protocol For Adversary Proceedings ("**Protocol Motion**") seeking to establish a mechanism for the efficient administration of the large number of adversary proceedings (Docket No. 574). The Protocol Motion was designed to establish an expedient and cost-effective framework for resolution of the core issue in the adversary proceedings, namely whether the funds held by LES pursuant to the Exchange Agreements are assets of LES' Estate without unnecessarily draining estate assets.

On January 16, 2009, the Court entered its Order Establishing Scheduling Protocol for Adversary Proceedings (the "**Protocol Order**") (Docket No. 689). The Protocol Order provided that five adversary proceedings would proceed on an expedited, test-case basis (the "**Lead Cases**"), and all other adversary proceedings would be stayed pending resolution of the Lead Case litigation. The Protocol Order identified four of the Lead Cases: *HealthCare REIT, Inc. v. LandAmerica 1031 Exchange Services, Inc.*, Adv. Proc. No. 08-03149, *Millard Refrigerated Services, Inc. v. LandAmerica 1031 Exchange Services, Inc.*, Adv. Proc. No. 08-03147, *Frontier Pepper's Ferry LLC v. LandAmerica Exchange Services, Inc.*, Adv. Proc. No. 08-03148, and *Howard Finkelstein v. LandAmerica 1031 Exchange Services, Inc.*, Adv. Proc.

No. 08-03171. The Fifth Lead Case, *Matthew B. Luxenberg v. v. LandAmerica 1031 Exchange Services, Inc.*, Adv. Proc. No. 09-03023, was later selected by Stipulation of the parties and the Ad Hoc Committee (Docket No. 808). The Lead Cases were selected because they provided a representative sampling of the different types of adversary proceedings that arose out of the Exchange Agreements.

The Lead Cases differed based on variations in contract language and the form of consideration received by LES pursuant to the Exchange Agreements. The Lead Case Plaintiffs had entered into Exchange Agreements with LES to undertake like-kind exchange transactions pursuant to Section 1031 of the Tax Code. The Exchange Agreements governed the transactions, including among other things, the manner in which Exchange Funds were held. Millard was party to a Segregated Exchange Agreement whereby Exchange Funds were deposited into separate bank sub-accounts associated with Millard's name and taxpayer identification number (the "**Segregated Lead Cases**"). While HCN was also party to a Segregated Exchange Agreement, contemporaneous to the execution of the Segregated Exchange Agreement, LES executed escrow agreements providing that the relevant Exchange Funds were to be deposited in an escrow account maintained by an escrow agent (the "**Escrow Cases**").[26]

Further, the Exchange Funds transferred by Lead Case Plaintiffs Frontier, Finkelstein, and Luxenberg were deposited in or transferred to an operating account maintained by LES in its own name at SunTrust Bank, which was also used by LES for the transactions of other exchange customers and for the daily operation of its business (the "**Commingled Lead Cases**").

While all of the Commingled Exchange Agreements provide for the transfer of funds to a SunTrust Bank account, the overwhelming majority of the Commingled Exchange Agreements involved in the adversary proceedings take two forms. The first form generally involves the wire transfer of Exchange Funds to an account at SunTrust Bank, and the relevant Exchange Agreement provides that "Taxpayer will receive interest on the Exchange Funds at . . . [accrual of interest at a certain rate] from the first business day following LES' receipt of funds via wire transfer to the LES account in Richmond, Virginia that it maintains at SunTrust Bank for the purposes of collecting taxpayers' exchange funds . . . ." (the "**Commingled Type A Cases**"). Luxenberg is representative of the Commingled Type A Cases.

The second form generally involves the deposit by LES of Exchange Funds into an account at SunTrust Bank, and the relevant Exchange Agreement provides that "LES will deposit the Exchange Funds in an account maintained at SunTrust Bank in Richmond, Virginia and guarantee Taxpayer will receive interest on the Exchange Funds . . . [accrual of interest at a

[26] On February 23, 2009, the Bankruptcy Court approved a settlement agreement between HCN, LES, the LES Creditors Committee, and the LFG Creditors Committee regarding two Exchange Agreements entered into between HCN and LES (HCN Docket No. 40). In addition to settling HCN's case, the Bankruptcy Court approved a settlement agreement between RP One-DDD, LLC, LES, and the Creditors Committees. Therefore only two Escrow Cases remain. LES is currently negotiating with the plaintiffs in the two remaining Escrow Cases in an effort to consensually resolve such litigation.

certain rate] from the first business day following LES' receipt of funds via wire transfer at Richmond, Virginia, or from three days after receipt in Richmond, Virginia if sent by check to the day of withdrawal." (the "**Commingled Type B Cases**"). Frontier is representative of the Commingled Type B Cases.

Certain other Exchange Agreements fell within the Commingled Type B Cases with respect to the "Investment of Exchange Funds," except that, in addition to cash, consideration for the relinquished property transaction also included a note secured by a mortgage against the property relinquished pursuant to the transaction (a "**Note**"). For example, in connection with Lead Case Plaintiff Finkelstein's transaction, LES holds a separate Note in the amount of $2.1 million, which became due on January 30, 2009, in addition to cash consideration. There are eight customers whose transactions included Notes or similar debt instruments, representing an aggregate principal amount of approximately $11.2 million. As the existence of a Note potentially distinguishes those adversary proceedings from the cash-only Commingled Type B Cases, a fifth Lead Case was established (the "**Note Lead Cases**").

(b) Phase I - Express and Resulting Trust.

Immediately upon entry of the Protocol Order, the parties to the Lead Cases began an intensive expedited discovery process. During the six week discovery period, the parties exchanged over one hundred thousand (100,000) pages of documents, and took over twenty depositions, including depositions of three expert witnesses.

On February 10, 2009, the Court entered an Order Granting Joint Motion of Frontier Pepper's Ferry LLC and Howard Finkelstein to Bifurcate Trials (the "**Bifurcation Order**") (Docket No. 879). The Bifurcation Order limited the initial phase of litigation under the Protocol Order to the following issues: (1) the tracing of the Exchange Funds; (2) contractual interpretation of the Exchange Agreements; (3) the existence of an express trust between LES and the Lead Case Plaintiffs; and (4) the existence of a resulting trust between LES and the Lead Case Plaintiffs. Thus, the Bifurcation Order limited the initial liability phase ("**Phase I**") to issues related to the ownership of all funds and/or other property.

(c) Summary Judgment.

Millard filed a Motion for Partial Summary Judgment on March 3, 2009 (Docket No. 44). In its motion, Millard asserted, inter alia, that the Exchange Funds associated with its 1031 exchange were held in an express or resulting trust and not property of LES' estate. Specifically, Millard argued that the exchange agreements' requirement that the funds be maintained in segregated accounts, among other things, demonstrated the parties' intent to create a trust. Alternatively, Millard argued that their exchange funds were held for its "benefit" pursuant to section 541(b)(1) of the Bankruptcy Code and/or that LES held the funds in a bailment.

The Creditors Committees filed cross motions for partial summary judgment on March 3, 2009 (Docket Nos. 40 and 44), and LES filed a Joinder to the Motion for Partial Summary Judgment of the LES Creditors Committee on March 6, 2009 (Docket No. 48). The

Creditors Committees' motions asserted, inter alia, that Millard had failed to establish the elements of an express or resulting trust. To establish that an express trust, one must show that the parties to the alleged trust had an affirmative intention to create a trust. Such intent includes the intent for the trustee to have fiduciary duties to the beneficiary and for the beneficiary to maintain equitable ownership over the trust res. A resulting trust, like an express trust, also requires an intent to create a trust; however, the intent may be inferred from the circumstances surrounding the transaction. In the case of the Segregated Exchangers, LES and the Creditors Committees alleged that based on the plain reading of the Exchange Agreement, Millard (and the other Segregated Exchangers) are unable to establish that LES and Millard (or any other Segregated Exchanger) intended to create a trust relationship. The Creditors Committees also argued that the parties did not create a bailment and that Millards's Exchange Funds likewise could not be excluded from LES' estate pursuant to section 541(b)(1) of the Bankruptcy Code.

The Bankruptcy Court heard oral argument on the parties' cross motions for partial summary judgment on April 7, 2009. On April 15, 2009, the Bankruptcy Court issued an Order (the "**Millard Summary Judgment Order**") (Docket No. 77) and Memorandum Opinion (Docket No. 76) holding that Millard's Exchange Funds constitute property of LES' estate, denying Millard's Motion for Partial Summary Judgment and dismissing Millard's claims for (i) declaratory judgment under section 541 of the Bankruptcy Code that LES holds the Exchange Funds in trust for Millard; and (ii) an order under section 105 of the Bankruptcy Code enjoining LES from expending, transferring, commingling, adding to, or modifying the Exchange Funds and further directing LES to turn over the Exchange Funds to Millard.

On March 16, 2009, Frontier, Finkelstein, and Luxenberg filed Motions for Partial Summary Judgment. In their summary judgment motions, Frontier, Finkelstein, and Luxenberg likewise asserted that the Exchange Funds (and, in the case of Finkelstein, the Note) associated with their 1031 exchanges were held in express or resulting trusts and therefore not property of LES's estate. Luxenberg argued in the alternative that the funds associated with its exchange were held in escrow and/or that they should be excluded from LES's estate pursuant to federal common law.

LES and the Creditors Committees filed cross motions for partial summary judgment in each of the Commingled Lead Cases. Each of LES' and the Creditors Committees' partial summary judgment motions asserted that Frontier, Finkelstein, and Luxenberg had failed to establish the elements of an express or resulting trust. Again, to establish an express trust, the parties must establish an express or implied intention to create a trust. In the case of Frontier, Finkelstein, and Luxenberg (and the remaining Commingled Exchangers), LES and the Creditors Committees argued that the plaintiffs were not able to establish that the parties intended to create a trust relationship. LES and the Creditors Committees also argued that LES did not hold the funds associated with Luxenberg's exchange in an escrow and that those funds could not be excluded from LES' estate pursuant to federal common law. Furthermore, as a result of the extensive commingling of funds, the Commingled Exchangers were unable to trace their specific funds.

The Bankruptcy Court heard oral argument on the parties' cross motions for partial summary judgment on April 16, 2009. On May 7, 2009, the Bankruptcy Court denied Frontier's, Finkelstein's, and Luxenberg's Motions for Partial Summary Judgment and granted

the motions of LES and the Creditors Committees to the extent that they sought "a determination that the Exchange Funds are not held by LES pursuant to a resulting trust or an express trust for the benefit of Plaintiff," and, therefore, held that Frontier's, Finkelstein's and Luxenberg's Exchange Funds and Notes are property of LES' bankruptcy estate under section 541 of the Bankruptcy Code (Docket ~~No. —~~**Nos. 71, 63, and 76, respectively**). The Bankruptcy Court likewise rejected the parties' alternative arguments for excluding the funds from LES's estate. Consistent with the Protocol and Bifurcation Orders, the Bankruptcy Court reserved ruling on whether the funds are held subject to a constructive trust, addressing only whether the Commingled Exchange Funds held by LES were property of its bankruptcy estate or excluded from the estate on the basis that they are held subject to an express or resulting trust.

(d) Phase II - Inter-Estate Litigation and Mediation.

On April 24, 2009, LES and LFG filed a motion (Docket No. 1320) seeking to establish a litigation protocol to resolve certain inter-estate issues ("**Inter-Estate Protocol Motion**") in an expedited fashion with limited discovery.[27]

The substantive provisions of the Inter-Estate Protocol Motion were negotiated by and among, LES, LFG and the Creditors Committees, and in consultation with counsel to the various Lead Case Plaintiffs. On May 4, 2009,[28] the Commingled Exchanger Committee filed an objection to the Inter-Estate Protocol Motion on the grounds that the motion sought to exclude them from participating in the resolution of the inter-estate issues and that the resolution of the inter-estate issues is not necessarily a predicate to confirming a plan in LES' bankruptcy case. As a result of further discussions between and among LES, LFG, the Creditors Committees, and the U.S.Trustee, on May 8, 2009, LES and LFG submitted a revised protocol (the "**Mediation Protocol**") providing for a two-step mediation of the inter-estate issues on the one hand (the "**Inter-Estate Mediation**") and issues relating to a compromise plan of liquidation involving a global resolution of, among other things, the pending Lead Cases (the "**LES Mediation**") on the other hand.

The first step of the Mediation Protocol was designed to address the validity, priority, characterization or allowance of certain inter-estate transfers and, to the extent that such transfers are Claims, the extent to which such Claims should be avoided under chapter 5 of the Bankruptcy Code as well as the estates' allocable share of liabilities associated with the Claims asserted by the IRS and PBGC. Among other things, the LES Creditors Committee asserted that the funds transferred from LFG to LES were an equity contribution and, therefore any claim arising from the transfer should not be repaid until after all LES general unsecured creditors have recovered their Allowed Claims in full. The LFG Creditors Committee asserted that the funds transferred from LFG to LES were a loan and, therefore, LFG should recover on account its

[27] The order approving the bifurcated Mediation Protocol (the "**Mediation Order**") was entered on May 21, 2009 (Docket No. 1480). During the ~~[8]~~**six (6)** weeks following the entry of the Mediation Order, LES, LFG and the Creditors Committees exchanged more than ~~[____]~~**210,080** pages of discovery and took ~~[____]~~**three (3)** depositions. Had the issues resolved pursuant to the Inter-Estate Mediation and the LES Mediation proceeded through the standard litigation path, there is little doubt that the parties would still be engaging in discovery and litigation, and no proposed plan of liquidation would have yet been filed in the Chapter 11 Cases.

[28] The Commingled Exchanger Committee initially filed its Objection on May 4, 2009, and filed a substantially similar Amended Objection on May 5, 2009 (Docket Nos. 1344 and 1360, respectively).

claim on a pro rata basis with other LES general unsecured creditors, including the Exchange Customers.

LFG, LES and the Creditors Committees believed that the resolution of these inter-estate disputes would have a material impact on the recoveries of LFG's and LES' creditors and thus, needed to be addressed before a chapter 11 plan was filed. Counsel and representatives for LES, LFG, and each of the Creditors Committees participated in the two-day Inter-Estate Mediation. At the conclusion of the Inter-Estate Mediation, on July 3, 2009, the Creditors Committees reached a negotiated resolution for the treatment of the various inter-estate disputes, including LFG's advance of approximately $65 million to LES to enable LES to honor certain of its customers' exchange transactions. The resolution of the inter-estate disputes was memorialized in a term sheet signed by representatives of each of the Creditors Committees and has served as part of the framework for the Plan.

If the Inter-Estate Mediation had not been successful, the LES Creditors Committee would have likely sought leave from the Bankruptcy Court for standing to file a complaint seeking to recharacterize and/or subordinate the $65 million claim asserted by LFG against LES. In turn, the LFG Creditors Committee might similarly have sought to bring an action to, among other things, avoid the transfers to LES as a fraudulent transfer. Additionally, significant litigation would have likely occurred to determine whether and which estate's creditors were entitled to pursue various causes of action related to the ARS or against the common prepetition directors and officers and professionals.

The second step of the Mediation Protocol, the LES Mediation, was designed to serve as Phase II of the Lead Cases litigation by addressing a structure for a plan of liquidation encompassing a global resolution of, among other things, all of the Lead Cases. Such outstanding issues included, among other things, the resolution of whether certain customers were entitled to consequential damages and whether the Exchange Funds were held in constructive trusts. The Mediation Protocol imposed a stay of the Lead Cases to alleviate the litigation expense associated with the Lead Cases litigation and enable the parties to focus on the mediation. Counsel and representatives for LES, LFG, each of the Creditors Committees and each of the Lead Case Plaintiffs participated in the two-day LES Mediation. During the LES Mediation, which concluded on July 14, 2009, the Creditors Committees and Lead Case Plaintiffs agreed to a proposed resolution of many of the outstanding issues that were the subject of the LES Mediation. Together with the resolution of the Inter-Estate Mediation, the proposed resolution that resulted from the LES Mediation has served as the framework for the Plan.

If the LES Mediation had not been successful, it is highly likely that Segregated Exchangers and Commingled Exchangers would be forced to wait a significant period of time to receive any meaningful recovery and that such recoveries would have been further diminished by the administrative expenses associated with the Chapter 11 Cases.

(e) Settlements with Customers.

In addition to the settlements with HCN and RP One-DDD ("**RP One**"), during the Chapter 11 Cases, LES and the LES Creditors Committee negotiated settlements and

obtained Bankruptcy Court approval of settlement agreements with two customers: IQC Properties, Inc. ("**IQC**") and Arboleda Corporation ("**Arboleda**"). These settlements resulted in over $3 million in value for LES' estate.

4.5 *ARS Litigation.*

As discussed in more detail above, since 2002, LES invested a portion of the Exchange Funds in investment grade securities rated A or stronger at the time of the investment, including ARS. Until early 2008, banks pitched ARS to corporations and wealthy individuals as highly-liquid and safe alternatives to cash which satisfied LES' investment goals with respect to the Exchange Funds to maintain the full liquidity necessary to meet customer claims. Unfortunately, the ARS market froze in 2008 and, despite best efforts, LES has been unable to liquidate the ARS previously purchased at any price near their par value. As a result, among other things, both entities were forced to initiate these Chapter 11 Cases. Further, because of the financial uncertainty surrounding LFG's bankruptcy and fears about LFG's subsidiaries' ongoing viability, customers and vendors ceased doing business with many of the Company's businesses, essentially forcing sales and the wind-down of the Company's remaining businesses resulting in the liquidation of the Company's enterprise.

(a) Retention of Jenner & Block.

On August 11, 2009, the Debtors filed an application (Docket No. 1843) requesting authority to employ and retain Jenner & Block ("**Jenner**") to represent the Debtors in connection with the analysis, investigation and/or pursuit of claims arising from the sale, promotion and distribution of ARS' to the Debtors (the "**ARS Litigation**"). On August 27, 2009, the Bankruptcy Court entered an order approving the retention of Jenner (Docket No. 1938).

The Debtors believe that Jenner's joint representation of the Debtors in the ARS Litigation will not only preserve assets of the estates by minimizing legal fees, but will present a unified case in the ARS Litigation. Although the measure of damages suffered by each Debtor may be different, the acts and omissions of the parties (the "**Bank Defendants**") that sold the ARS' to LES and harmed the Debtors that serve as the basis for the Debtors' actions are the same.

Accordingly, Jenner's mandate is to investigate and analyze all potential claims against the Bank Defendants, prepare a report on same (which report will be shared on a confidential basis with the Creditors Committees) and ultimately prosecute all causes of action against the Bank Defendants. Upon consummation of the Plan, the ARS Litigation will be owned and controlled by the LES Trust. For the avoidance of doubt, any proceeds from the ARS Litigation will be distributed in accordance with the Plan.

4.6 ***Government Investigations.***

On November 25, 2008, LFG received an inquiry from the office of the United States Attorney for the Eastern District of Virginia (the "**US Attorney**") requesting information concerning the business operated by LES and related operations at the Company. Consequently, on December 5, 2008, LFG received a request from the SEC for similar information. On May 11, 2009, the SEC also subpoenaed certain related documents from LES. The Company has cooperated with these requests and produced responsive documents to both the US Attorney and the SEC. The Company has also previously responded to requests for information from the Oregon Department of Consumer and Business Services.

4.7 ***Case Administration.***

(a) Exclusivity.

Under the Bankruptcy Code, debtors have the exclusive right to file a plan or plans for an initial period of 120 days from the date on which the debtor filed its bankruptcy petition. If debtors file a plan within this exclusive period, then the debtors have the exclusive right for 180 days from the filing date to solicit acceptances to their plan. During these exclusive periods, no other party in interest may file a competing plan. A court may extend these periods upon request of a party in interest and "for cause."

LFG's and LES' initial exclusive filing period would have expired on March 26, 2009, and LFG's and LES' initial exclusive solicitation period would have expired on May 25, 2009. On March 6, 2009, LFG and LES filed a motion (Docket No. 1063) seeking to extend their exclusivity periods for 120 days and, on March 23, 2009, the Bankruptcy Court entered an order (Docket No. 1147) granting LFG and LES an extension of their exclusive filing period through July 24, 2009, and their exclusive solicitation period through September 22 , 2009. On June 8, 2009, LAC filed a motion (Docket No. 1551) seeking to extend its exclusivity periods for 120 days and, on June 22, 2009, the Bankruptcy Court entered an order (Docket No. 1643) granting LAC an extension of its exclusive filing period through November 3, 2009 and its exclusive solicitation period through December 31, 2009. Further, on July 10, 2009, the Debtors filed a motion (Docket No. 1707) seeking to extend the exclusivity periods for LFG, LES, LandAm Title, and the Southland Entities through and including September 15, 2009, and, on July 22, 2009, the Bankruptcy Court entered an order (Docket No. 1766) granting the extension of the exclusive filing period through and including September 15, 2009, and their exclusive solicitation period through and including November 15, 2009. On August 31, 2009, the Debtors filed a motion (Docket No. 1953) seeking to further extend the exclusivity periods for LFG, LES, LandAm Title, and the Southland Entities. On ~~[_____]~~**September 18,** 2009, the Bankruptcy Court entered an order (Docket No. ~~[_____]~~**2036**) granting the extension of their exclusive filing period through and including October 15, 2009 and their exclusive solicitation period through and including December 15, 2009, and granting authority to further extend each exclusive period for additional periods of thirty (30) days with the written consent of the Creditors Committees. LandAm Credit's initial exclusive filing period is set to expire on

November 14, 2009, and LandAm Credit's initial exclusive solicitation period is set to expire on January 13, 2010.

(b) Schedules and Establishment of Bar Date.

By orders of the Bankruptcy Court dated November 28, 2008, March 12, 2009, April 8, 2009, and April 9, 2009 (Docket Nos. 38 (LFG), 11 (LES), 19 (LAC), 15 (LandAm Title), 12 and 13 (the Southland Entities); 15 (LandAm Credit)), the Debtors obtained extensions of the time to file their Schedules of Assets and Liabilities and Statements of Financial Affairs (collectively, the "**Schedules**"). On December 31, 2008, LES filed its Schedules. On February 9, 2009, LFG filed its Schedules. On April 16, 2009, LAC filed its Schedules. On May 11, 2009, LandAm Title and the Southland Entities filed their Schedules. LandAm Credit filed its Schedules on August 28, 2009.

By order of the Bankruptcy Court dated February 27, 2009 (the "**LFG/LES Bar Date Order**"), and pursuant to Bankruptcy Rule 3003(c)(3), the Bankruptcy Court established April 6, 2009 at 4:00 p.m. (Prevailing Eastern Time) (the "**LFG/LES General Bar Date**") as the deadline by which all persons and entities must file proofs of claim against the estates of LFG and LES (Docket No. 1030). The LFG/LES Bar Date Order also established May 26, 2009 as the deadline for all governmental units to file proofs of claim against the estates of LFG and LES (the "**LFG/LES Governmental Unit Bar Date**"). In accordance with the LFG/LES Bar Date Order, written notice of the LFG/LES General Bar Date and the LFG/LES Governmental Unit Bar Date was mailed to all known claimants.

By order of the Bankruptcy Court dated April 22, 2009 (the "**LAC Bar Date Order**"), and pursuant to Rule 3003(c)(3) of the Bankruptcy Rules, the Bankruptcy Court established May 18, 2009 at 4:00 p.m. (Prevailing Eastern Time) (the "**LAC General Bar Date**"), as the deadline by which all persons and entities must file proofs of claim against LAC's estate (Docket No. 1305). The LAC Bar Date Order also established September 3, 2009 as the deadline for all governmental units to file proofs of claim against LAC's estate (the "**LAC Governmental Unit Bar Date**"). In accordance with the LAC Bar Date Order, written notice of the LAC General Bar Date and the LAC Governmental Unit Bar Date was mailed to all known claimants.

By order of the Bankruptcy Court dated June 22, 2009 (the "**UTC Bar Date Order**"), and pursuant to Rule 3003(c)(3) of the Bankruptcy Rules, the Bankruptcy Court established July 20, 2009 at 4:00 p.m. (Prevailing Eastern Time) (the "**UTC General Bar Date**") as the deadline by which all persons and entities must file proofs of claim against the estates of LandAm Title and the Southland Entities (Docket No. 1648). The UTC Bar Date Order also established September 23, 2009 as the deadline for all governmental units to file proofs of claim against the estates of LandAm Title and the Southland Entities (the "**UTC Governmental Unit Bar Date**"). In accordance with the UTC Bar Date Order, written notice of the UTC General Bar Date and the UTC Governmental Unit Bar Date was mailed to all known claimants.

By motion dated August 10, 2009 (as amended on August 11, 2009) (Docket No. 1842), LandAm Credit requested that the Bankruptcy Court establish September 30, 2009 as the deadline by which all persons and entities must file proofs of claim against its estate, and

January 14, 2010 as the deadline for all governmental units to file proofs of claim against its estate (Docket Nos. 1839 and 1842). An order granting LandAm Credit's Motion was entered by the court on September 2, 2009 (Docket No. 1967).

Pursuant to Rule 3003(c)(2) of the Bankruptcy Rules, any creditor whose applicable claim was not scheduled, or was scheduled as disputed, contingent, or unliquidated, and who failed to file a proof of claim on or before the applicable bar date, will not be treated as a creditor with respect to the Plan or receive a distribution under the Plan.

(c) Claims.

As of ~~August~~October 1, 2009, approximately 2,600 Claims in excess of $~~2.2~~2.3 billion plus unliquidated amounts have been asserted against the Debtors, which is in addition to approximately 280 undisputed Scheduled Claims by the Debtors in the amount of approximately $229 million dollars, including $68.3 million for Intercompany Claims. The Debtors dispute a vast majority of the dollar amount of the Claims asserted against them, and have settled or expunged, or have requested authority to expunge $~~260~~450 million in Claims. The Debtors have estimated the approximate aggregated allowed amounts of Claims and have set forth such estimates in the table set forth in Article II hereof. THESE ESTIMATES ARE PRELIMINARY AND TENTATIVE GIVEN THE LIMITED REVIEW AND ANALYSIS UNDERTAKEN TO DATE. THESE AMOUNTS REPRESENT ESTIMATES BY THE DEBTORS BASED ON CURRENT INFORMATION ONLY. THE DEBTORS MAKE NO REPRESENTATION AS TO THE EXTENT THESE ESTIMATES ULTIMATELY PROVE ACCURATE IN LIGHT OF ACTUAL CLAIMS AND THE RESOLUTION OF CLAIMS DISPUTES. FOR INFORMATION REGARDING THE LIMITATIONS OF AND UNCERTAINTIES RELATING TO THESE ESTIMATES, SEE ~~[~~ARTICLE XI~~]~~ BELOW ("CERTAIN RISK FACTORS TO BE CONSIDERED").

The following chart reflects the Intercompany Claims:

(In thousands)

Lenders	~~**Borrowers**~~										
Lenders	LES	LFG	LandAm Credit.	LAC	~~OneStop~~ LandAm Title	~~CTG~~	~~NHG~~	~~LandAm Title~~	Southland Title Corporation	Southland Title of Orange County	Southland Title of San Diego
LES	$0	$0	$0	$0	$0	~~$0~~	~~$0~~	~~$0~~	$0	$0	$0
LFG	$0[29]	$0	$13,918	$0	$~~89,979~~4,968	~~$15,944~~	~~$13,989~~	~~$4,968~~	$6,147	$1,052	$8,049
LandAm Credit	$0	$0	$0	$0	$0	~~$0~~	~~$0~~	~~$0~~	$0	$0	$0

[29] In addition, LFG and LES have agreed that LFG shall hold an Operating I/C Claim on account of management and operating expenses in an amount of $3.2 million.

LAC	$0	$4,217	$0	$0	$0	~~$0~~	~~$0~~	~~$0~~	$0	$0	$0
~~**OneStop**~~	~~$0~~	~~$0~~	~~$99~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~**CTG**~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$55~~	~~$0~~	~~$0~~	~~$489~~	~~$0~~	~~$0~~	~~$0~~
~~**HNG**~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
LandAm Title	$0	$0	$0	$0	$0	~~$0~~	~~$0~~	~~$0~~	$0	$0	$0
Southland Title Corporation	$0	$0	$0	$0	$0	~~$0~~	~~$0~~	~~$0~~	$0	$0	$0
Southland Title of Orange County	$0	$0	$0	$0	$0	~~$0~~	~~$0~~	~~$0~~	$0	$0	$0
Southland Title of San Diego	$0	$0	$0	$0	$0	~~$0~~	~~$0~~	~~$0~~	$0	$0	$0

ARTICLE V.

REASONS FOR THE SOLICITATION; RECOMMENDATION

Chapter 11 of the Bankruptcy Code provides that, unless the terms of section 1129(b) of the Bankruptcy Code are satisfied, for the Bankruptcy Court to confirm the Plan as a consensual plan, the holders of impaired Claims against the Debtors in each Class of impaired Claims must accept the Plan by the requisite majorities set forth in the Bankruptcy Code. An impaired Class of Claims shall have accepted the Plan if (a) the holders of at least two-thirds in amount of the Claims in such Class actually voting on the Plan have voted to accept it, and (b) more than one-half in number of the holders in such Class actually voting on the Plan have voted to accept it (such votes, the "**Requisite Acceptances**").

~~[~~The Plan is based on two term sheets that were unanimously supported by each member of the Creditors Committees and the Lead Plaintiffs.~~]~~ The Debtors and the Creditors Committees recommend that all holders of Claims entitled to do so, vote to accept the Plan. The boards of directors of each of the Debtors (collectively, the "**Company Boards**"), the Company's officers and the Creditors Committees have reached this decision after considering available alternatives to the Plan and their likely effect on the Debtors' creditors, such as liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The Debtors and the Creditors Committees determined, after consulting with their legal and financial advisors, that the Plan, if consummated, will maximize the value of these Debtors' estates for stakeholders, and such recovery will exceed any recovery under a hypothetical chapter 7. For all of these reasons, the Debtors' officers, the Company Boards and the Creditors Committees support the Plan and urge the holders of Claims entitled to vote on the Plan to accept and support it.

ARTICLE VI.

THE PLAN

6.1 *Overview of Chapter 11.*

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the Petition Date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan is the principal objective of a chapter 11 case. A plan sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan by the bankruptcy court makes the plan binding upon the debtor, any Person acquiring property under the plan and any creditor or equity interest holder of a debtor.

In general, a chapter 11 plan (a) divides claims and equity interests into separate classes, (b) specifies the property, if any, that each class is to receive under the plan, and (c) contains other provisions necessary to the reorganization or liquidation of the debtor and that are required or permitted by the Bankruptcy Code.

Pursuant to section 1125 of the Bankruptcy Code, acceptance or rejection of a plan may not be solicited after the commencement of the chapter 11 cases until such time as the court has approved a disclosure statement as containing adequate information. Pursuant to section 1125(a) of the Bankruptcy Code, "adequate information" is information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. To satisfy applicable disclosure requirements, the Debtors submit this Disclosure Statement to holders of Claims that are impaired and not deemed to have rejected the Plan.

6.2 *Overview of the Plan.*

(a) General.

THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT ELEMENTS OF THE PLAN. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED INFORMATION SET FORTH IN THE PLAN AND THE EXHIBITS AND SCHEDULES THERETO.

The Plan classifies Claims and Interests separately in accordance with the Bankruptcy Code and provides different treatment for different Classes of Claims and Interests. Claims and Interests shall be included in a particular Class only to the extent such Claims or Interests qualify for inclusion within such Class. The Plan separates the various Claims (other than those that do not need to be classified) into 15 separate Classes and classifies the Interests into 3 Classes. These Classes take into account the differing nature and priority of Claims against, and Interests in, the Debtors. Unless otherwise indicated, the characteristics and

amounts of the Claims or Interests in the following Classes are based on the books and records of the Debtors.

This section summarizes the treatment of each of the Classes of Claims and Interests under the Plan, and describes other provisions of the Plan. Only holders of Allowed Claims — Claims that are not in dispute, contingent, or unliquidated in amount and are not subject to an objection or an estimation request — are entitled to receive distributions under the Plan. For a more detailed description of the definition of "Allowed," see Article I of the Plan. Until a Disputed Claim becomes Allowed, no distribution of Cash, securities and/or other instruments or property otherwise available to the holder of such Claim will be made.

The Debtors believe that they and/or the parties appointed pursuant to the Plan will be able to perform their obligations under the Plan. Also, the Debtors believe that the Plan permits fair and equitable recoveries, while expediting the liquidation of the Debtors.

The Confirmation Date will be the date that the Confirmation Order is entered by the Clerk of the Bankruptcy Court. The Effective Date will be the first Business Day on which all conditions to the Effective Date set forth in Section ~~[~~13.2~~]~~ of the Plan have been satisfied or waived, and no stay of the Confirmation Order is in effect.

Other than as specifically provided in the Plan, the treatment under the Plan of each Claim and Interest will be in full satisfaction, settlement, release and discharge of all Claims or Interests. The Debtors and/or the LES Trustee and LFG Trustee will make all payments and other distributions to be made under the Plan unless otherwise specified.

All Claims and Interests, except Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims, are placed in the Classes set forth in Article ~~[~~IV~~]~~ of the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims have not been classified, and the holders thereof are not entitled to vote on the Plan. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

(b) Purpose and Effects of the Plan.

The primary purpose of the Plan is to sell substantially all of the Debtors' assets in an expeditious manner and to distribute the proceeds to creditors.

(c) No Substantive Consolidation.

The Plan is a non-substantively consolidated liquidating plan, which generally means that it will effectuate the liquidation of LFG and its Debtor subsidiaries, and that the proceeds of the liquidation of each legal entity will be distributed to the creditors of that entity, rather than pooled together in one common fund for distribution to all creditors.

Except as specifically set forth in the Plan, nothing in the Plan or this Disclosure Statement shall constitute or be deemed to constitute an admission that any one of the Debtors is

subject to or liable for any claim against any other Debtor. Additionally, claimants holding Claims against multiple Debtors, to the extent Allowed in each Debtor's Chapter 11 Case, will be treated as holding a separate claim against each Debtor's estate, provided, however, that no holder of an Allowed Claim shall be entitled to receive more than payment in full of such Allowed Claim (plus postpetition interest, if and to the extent provided in the Plan), and such Claims will be administered and treated in the manner provided in the Plan.

(d) The Trusts.

On the Effective Date, the stock of the Debtors will be cancelled. A liquidating trust for each Debtor will be created to prosecute the legal causes of action held by the Debtors, and to administer the liquidation and distribution of the assets of each Debtor, including the sale or dissolution of the non-Debtor subsidiaries of LFG. Between $2.5 million and $5 million in cash will be reserved from each of the estates of LFG and LES to fund the activities of their respective Trusts. The Trusts shall terminate once all of the assets that they are liquidating, including the claims and causes of action of the Debtors, are monetized, distributed or abandoned, but in no event later than the fifth anniversary of the Effective Date, unless an extension has been approved by the Bankruptcy Court.

1. The LES Trust.

The LES Trust will oversee the liquidation of LES and each of its non-Debtor subsidiaries, and will be charged with pursuing (a) the ARS Litigation against unaffiliated third parties relating to LES' purchase or sale of ARS, including suits against brokers, banks or other institutions involved in the underwriting, offering, marketing or sale of ARS to LES, (b) monetizing the ARS, and (c) any chapter 5 causes of action owned by LES including, without limitation, actions to recover funds related to exchanges that closed during the ninety (90) days immediately prior to the Initial Petition Date.[~~29~~30]

The LES Trust will be governed by the LES Trust Committee and administered by the LES Trustee~~, who will be selected by the~~**. [The** LES Creditors Committee**,** with the Debtors' consent~~.~~**, has selected Gerard A. McHale, Jr. to serve as the LES Trustee.]** The Debtors have consented to the selection of any of the five candidates nominated by the LES Creditors Committee and disclosed to the Debtors in a memo dated August 26, 2009. The LES Trustee shall be a fiduciary of LES and LES' subsidiaries, and will be the Trustee for the Trusts established for any LES Subsidiary Debtors.

The LES Trust will be divided into two sub-trusts, the ARS Litigation Sub-Trust, which will be responsible for liquidating the ARS and pursuing the ARS Litigation, and the LES Remaining Assets Sub-Trust, which will be responsible for liquidating all of the remaining assets of LES. These sub-trusts will each be governed by separate committees selected by the LES Creditors Committee, whose members may also be members of the LES Trust Committee. The

[~~29~~30] During the ninety (90) days immediately prior to the Initial Petition Date, LES closed approximately ~~[ ]~~**529** exchanges ~~with~~**in exchange for** an aggregate ~~value~~**payment** of $~~[ ]~~**378** million. Although the Plan, if confirmed, prohibits the LES Trust from pursuing avoidance actions against Exchanger Customers who were creditors of LES on the Initial Petition Date, who do not object to Confirmation of the Plan, and who vote to accept the Plan, it will not prohibit the LES Trust from pursuing avoidance actions against the Exchange Customers who transactions closed during the preference period who (a) objected to Confirmation of the Plan, (b) voted to reject the Plan, or (c) were not creditors of LES on the Initial Petition Date.

ARS Litigation Committee shall also include one representative selected by Matthew B. Luxenberg, one representative selected by Millard Refrigerated Services, Inc., and a non-voting *ex officio* member selected by the LFG Creditors Committee.

In accordance with the terms of the LES Trust Agreement, the LES Trustee shall seek the approval of both the oversight committee and the Bankruptcy Court before it resolves any litigation related to the ARS.

As set forth in more detail in the LES Trust Agreement, to the extent that the LES Trustee determines not to pursue one or more assets in the ARS Litigation Sub-Trust, the LFG Trustee shall have the option, but not the obligation, to pursue such litigation.

2. The LFG Trust.

The LFG Trust will oversee the liquidation or sale of LFG assets, other than Orange County Bancorp Interests, (including the FNF Common Stock and the FNF Note) and all LFG non-Debtor subsidiaries, other than LES and LES' direct subsidiaries. The LFG Trust will also be entitled to pursue the Other Litigation, which generally consists of any claims or causes of action that either LFG or LES have against (a) officers and directors of LES or LFG, (b) officers and directors of United Capital Title Insurance Company, Lawyers Title Insurance Corporation and Commonwealth Land Title Insurance Company, and (c) professionals that provided services to LFG and LES prior to the filing of the bankruptcy.[~~30~~31]

The LFG Trust will be governed by the LFG Trust Committee and administered by the LFG Trustee~~, which will be selected by the~~**. The** LFG Creditors Committee**,** with the Debtors' consent**, has selected Bruce H. Matson of LeClair Ryan, A Professional Corporation, to serve as the LFG Trustee**. The LFG Trustee shall be a fiduciary of LFG and LFG's subsidiaries, and the Trustee for the Trusts established for LFG Subsidiary Debtors. The LFG Trust will also be divided into two sub-trusts, the Other Litigation Sub-Trust, which will be responsible for pursuing the Other Litigation, and the LFG Remaining Assets Sub-Trust, which will be responsible for liquidating all of the remaining assets of LFG. Each sub-trust will be governed by a separate committee selected by the LFG Creditors Committee, whose members may also be members of the LFG Trust Committee. The Other Litigation Committee shall include a non-voting ex officio member selected by the LES Creditors Committee.

In accordance with the terms of the LFG Trust Agreement, the LFG Trustee shall seek the approval of both the oversight committee and the Bankruptcy Court before it resolves any litigation related to the Other Litigation.

As set forth in more detail in the LFG Trust Agreement, to the extent that the LFG Trustee determines not to pursue one or more assets in the Other Litigation Sub-Trust, the LES Trustee shall have the option, but not the obligation, to pursue such litigation.

[~~30~~31] Pursuant to Section 8.11 of the Plan, the proceeds of the Other Litigation will be distributed pursuant to the Waterfall.

3. SD Trusts.

On the Effective Date, separate liquidating trusts will be established for each Subsidiary Debtor. Each SD Trust will be governed by a Trustee, which for LES Subsidiary Debtors will be the same as the LES Trustee, and for LFG Subsidiary Debtors, will be the same as the LFG Trustee. The SD Trusts will be responsible for liquidating the assets of the Subsidiary Debtors and distributing the net proceeds from those assets to the holders of Allowed Claims against and Interest in such Subsidiary Debtors in accordance with Article V of the Plan.

4. The Waterfall.

The proceeds, net of costs of collection and distribution, from the disposition of the ARS and the prosecution of the ARS Litigation and the Other Litigation will be distributed to the LES Trust and the LFG Trust in the following manner (the "**Waterfall**"): (a) the initial $8 million to the LFG Trust; (b) the next $65 million to the LES Trust; (c) the next $3 million to the LFG Trust; (d) 65% of the next $159 million to the LES Trust and the remaining 35% to the LFG Trust; and (e) any excess will be split evenly between the two Trusts. The proceeds from the sale or other disposition of all other assets of LES and LFG will also be distributed to the respective Trusts. As further discussed below, the net Cash held by LES on the Effective Date will be distributed to holders of Allowed Claims against LES in accordance with Article V of the Plan.

5. Trust Interests.

Holders of Allowed Impaired Claims against and Allowed Interests in the Debtors (other than holders of Interests in LFG) will receive beneficial interests in the Trusts (the "**Trust Interests**"), which will entitle such holders to the distributions described below. The distributions will be made from time to time by the Trustees when proceeds are available for distribution after the monetization of assets.

The Trust Interests will not be freely transferable. A holder of a Trust Interest may only transfer interests to a Permitted Transferee. A Permitted Transferee means (a) with respect to a holder of Trust Interests that is an individual (i) such holder's Family Members, (ii) a revocable trust created for the benefit of the holder, or any such holder's Family Members, or (iii) the estate, executor, administrator, personal representative, devisee, or legatee of such holder; (b) with respect to a holder of Trust Interests that is an entity (i) a transferee or successor by operation of law of such entity upon the merger, consolidation or other similar transaction involving the entity, or (ii) the holder of equity interests in such entity in a pro rata distribution; or (c) an entity that all of the equity interests of which are owned by the holder of the Trust Interests or the Permitted Transferee of such holder of Trust Interests, provided that such entity shall agree in writing that it shall be subject to the terms and conditions of the Trust Agreement and it shall reconvey such Trust Interests to the holder of Trust Interests prior to such time that it ceases to be a Permitted Transferee.

(e) Distributions.

As required by the Bankruptcy Code, the Plan divides the creditors and interest holders in the Debtors into separate "classes," and each class receives distinct treatment under the Plan. Class 1 for each Debtor consists of Claims, other than Administrative Expense Claims, Fee Claims and Priority Tax Claims, against each Debtor, which are entitled to priority in payment as specified in section 507(a) of the Bankruptcy Code. These creditors will be paid in full. Class 2 for each Debtor consists of Secured Claims against such creditors. These creditors will either receive (i) Cash in an amount equal to such Allowed Claim; or (ii) such other treatment that will render the Secured Claim unimpaired pursuant to section 1124 of the Bankruptcy Code. Other classes of Claims against and Interests in the Debtors are described below. **For a more detailed description of the treatment of each Class of Claims and Interests, please refer to Article ~~[~~V~~]~~ of the Plan.**

1. Creditors and Equity Holders of LES.

The creditors and equity holders of LES are divided into six additional Classes of Claims and Interests which receive separate treatment under the Plan. Class LES 3, LES Escrow Exchange Claims, is comprised of claims of Exchange Customers whose Exchange Funds were held in escrow accounts. Such creditors will receive ninety-seven (97%) of the funds held in the escrow accounts on their behalf on or soon after the Effective Date.

Class LES 4, Segregated Exchange Principal Claims, is comprised of Claims of Exchange Customers whose Exchange Funds were held in accounts that were associated with the applicable Exchange Customers' name or taxpayer identification number. Such Exchange Customers will split the greater of (a) fifty-one percent (51%) or (b) $50 million of the Net LES Cash.~~31~~32

In addition, such Exchange Customers will receive twenty-five percent (25%) of the proceeds that are allocated to the LES Trust in the Waterfall, and twenty-five percent (25%) of the proceeds that the LES Trust receives from the sale or disposition of the other assets of LES, until such Claim is satisfied in full.

Class LES 5, Note Exchange Collectible Claims, is comprised Claims arising from a note or similar debt instrument made payable to LES by the purchaser of a relinquished property associated with an Exchange Agreement. These Exchange Customers will have a Claim against LES only up to the amount that is actually received by the LES Trust or LES on the note, net of costs associated with collection. ~~**Such Claims will receive distributions**~~**Holders of Class LES 5 Claims will receive an initial cash distribution from the net proceeds of the note, which will equal the lesser of (a) the pro rata share of the Net**

~~31~~32 Net LES Cash means: (a) the aggregate amount of Cash or cash equivalents (including interest thereon) as of the Effective Date (excluding proceeds, if any, from the sale or other disposition of the Waterfall Assets, but including interest, if any, accrued on the Auction Rate Securities through and including the Effective Date) maintained by LES (which shall include any settlement monies received from Exchange Customers) minus, (i) the LES PBGC Claim, (ii) the LES IRS Claim, (iii) the LES Trust Initial Fund, (iv) Allowed Administrative Expense Claims against LES, (v) Allowed Fee Claims against LES, (vi) Allowed Priority Tax Claims against LES, (vii) Allowed LES Priority Non-Tax Claims, (viii) Allowed LES Secured Claims (if such Claims are to be satisfied in Cash), and (ix) the LES Escrow Exchange Distributions; (b) Cash, if any, received on behalf of the LES Government Administrative Expense Claim; and (c) the Third Party Note Funds.

LES Cash received by the holders of Class LES 4 Claims, or (b) seventy percent (70%) of the net proceeds from their note. In addition, holders of Class LES 5 Claims will receive distributions from the Waterfall and distributions from proceeds from LES' remaining assets, which equal to the same pro rata share ~~of~~ recovery as the **Waterfall and the remaining assets distributions received by holders of** Class LES 4 Claims.

Class LES 6, LES General Unsecured Claims, is comprised of general unsecured creditors of LES, such as trade creditors, as well as **so-called "Commingled"** Exchange Customers**,** whose Exchange Agreements do not provide that the applicable Exchange Funds would be transferred to, deposited in, held in, or otherwise placed in a bank (or other financial institution) account or sub-account associated with the applicable Exchange Customer's name or taxpayer identification number. Holders of Class LES 6 Claims will receive the remainder of the Net LES Cash after ~~payments are made to members of Classes LES 4 and 5. They~~**cash distributions are made to members of Class LES 4 plus the remainder of the net proceeds collected by the LES Trust or LES on the Third Party Exchange Notes after a cash distribution of a maximum of seventy percent (70%) of the net proceeds from the notes are made to holders of Claims in Class LES 5. Holders of Class LES 6 Claims** will also share 75% of the proceeds received by the LES Trust from the Waterfall and from the sale or disposition of other LES assets, with holders of Class LES 5 Claims. In addition, LFG holds the Operating I/C Claim, an Allowed Class LES 5 Claim**,** on account of management and operating expenses in an amount of $~~[ ]~~**3.2 million**.

Class LES 7, LES Damages Claims, is comprised of Claims asserted by Exchange Customers, for amounts above and beyond the Principal Claims held by such Exchange Customers. These Claims will only be quantified and paid if and when the Claims in Classes LES 1 through 6 are paid in full pursuant to provisions of Article ~~[~~XI~~]~~ of the Plan, described below.

Class LES 8, LES Equity Interests, is comprised of the equity interests in LES held by LFG. If there is value left after Classes LES 1 through 7 are paid in full, then any remaining value will be distributed to the LFG Trust on account of LFG's equity interests in LES.

2. Creditors and Equity Holders of LFG.

The creditors and equity holders of LFG are divided into four additional classes of Claims and Interests which receive separate treatment under the Plan. Class LFG 3, LFG General Unsecured Claims, consists of general unsecured claims against LFG, such as trade claims. Through their LFG Trust Interests, holders of Class LFG 3 Claims will share *pro rata* in the net proceeds of the sale or disposition of LFG's assets, including, but not limited to, the cash held by LFG on the Effective Date and the proceeds distributed to LFG under the Waterfall, after the payment of Administrative Expenses, Priority Tax Claims, Priority Non-Tax Claims, the LFG Guarantee Cash Distributions, the Fee Claims and the U.S. Trustee Claims against LFG.

Class LFG 4, LFG Guarantee Claims, consists of LES Exchange Customers whose exchange was guaranteed in writing by LFG.[~~32~~33] Allowed Segregated Guarantee Claims, which shall consist of guarantee claims of Segregated Exchangers with written LFG guarantees, shall have Allowed General Unsecured Claims against LFG under the Plan equal to $8.2 million. Allowed Commingled Guarantee Claims, which shall consist of guarantee claims of Commingled Exchangers with written LFG guarantees, shall have Allowed General Unsecured Claims against LFG equal to $6.4 million. Such creditors may receive from LFG, at their option: (i) a one time cash payment of thirty percent (30%) of their Principal Claim if they vote in favor of and do not object to the Plan, and assign to the LFG Trust their rights to claims and causes of action against third parties on account of their exchange; or (ii) to be treated as a holder of a LFG General Unsecured Claim. In any case, such Exchange Customer may not receive more than one hundred percent (100%) on account of their Principal Claim when combined with the recovery they receive from LES. **If you are a holder of an LFG Guarantee Claim and you wish to receive a cash distribution from LFG of thirty percent (30%) of your Principal Claim in full satisfaction of your guarantee claim against LFG, please refer to the instructions for making such an election on the Ballot enclosed with this Disclosure Statement.**

Class LFG 5, LFG Securities Laws Claims, consists of Existing Securities Laws Claims against LFG, if any, (a) arising from rescission of a purchase or sale of any debt securities of any Debtor or an affiliate of any Debtor; (b) for damages arising from the purchase or sale of any such debt security; (c) for violations of the securities laws, misrepresentations, or any similar Claims, including, to the extent related to the foregoing or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, any attorneys' fees, other charges, or costs incurred on account of the foregoing Claims; or (d) except as otherwise provided for in the Plan, for reimbursement, contribution, or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim. Holders of Claims in Class LFG 5 will only be entitled to a recovery if holders of Claims in Classes LFG 1 through 4 are paid in full. In such a case, they will receive distributions from the LFG Trust on account of their Trust Interests in those Trusts.

Class LFG 6, LFG Equity Interests, consists of the equity interests in LFG, which will be cancelled on the Effective Date, and holders of such equity interests shall not be entitled to any distribution under the Plan.

Notwithstanding any provision contained in ~~this~~the Plan to the contrary, after the Effective Date, the Indenture Trustee for the $98,500,000 in principal amount of the 3.125% convertible senior debentures due 2033 and the $125,000,000 in principal amount of the 3.25% convertible senior debentures due 2034 issued by LFG Financial Group, Inc. (the "**Indenture Trustee**") shall retain its lien arising pursuant to Section 8.06 each of the Indentures, to the same extent and validity of such lien prior to the Effective Date. In addition, the Indenture Trustee, which on information and belief has incurred fees and expenses of approximately $~~[____] and which expects to~~350,000 to date and, based on that run rate, may incur additional fees ~~and expenses~~exceeding $300,000 through the Effective Date, may seek administrative expense

[~~32~~33] As discussed in more detail in section 6.3(c) herein, except for LFG Exchange Guarantee Claims, which are claims against LFG of Exchange Customers with a written guarantee, all claims of Exchange Customers, in their capacity as such, against LFG shall be forever barred and disallowed under the Plan.

priority for such fees under section 503(b) of the Bankruptcy Code. The LFG Creditors Committee is ~~supportive of~~**anticipated to support** this request.

3. Subsidiary Debtors.

The creditors and equity holders of all Debtors other than LFG and LES are divided into two additional classes for each Debtor: (a) Class SD 3 consists of holders of unsecured claims; and (b) Class SD 4 consists of holders of equity interest (*i.e.* such subsidiary's parent). The assets of the Subsidiary Debtors will be transferred to a separate SD Trust for each Subsidiary Debtor, and holders of Allowed Claims against and Interests in those Subsidiary Debtors will be issued SD Trust Interests. For each subsidiary Debtor, the net proceeds of such Debtor's assets, after the payment of administrative expenses and priority claims, will be divided among such Debtor's unsecured creditors. If for any Debtor there is enough value to pay such Debtor's unsecured creditors in full, any remaining value will be distributed to the parent of such Debtor on behalf of their equity interests.

(f) Settlement of Certain Inter-Creditor Issues.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all Claims or controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or any distribution to be made pursuant to the Plan on account of any Allowed Claim or Allowed Interest. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises or settlements are: (a) in the best interests (x) of the Debtors and their respective Estates and property, and (y) of the holders of Claims against and Interests in the Debtors; and (b) fair, equitable and reasonable.

(g) Intercompany Claims.

Except for Intercompany Claims between LES and LFG, which shall be treated as described in Sections ~~[~~3.1, 8.11 and 14.7~~]~~ of the Plan, all prepetition Intercompany Claims among the Debtors and/or between a Debtor and a non-Debtor Subsidiary shall be treated as Allowed General Unsecured Claims against the applicable Debtor.

The Plan provides that LES will contribute up to $500,000 towards Allowed Claims of the IRS against the Consolidated Tax Group, and the lesser of (a) $5 million, or (b) twenty-five percent (25%) of any amount paid either to the Cash Balance Plan to effectuate a termination, or to the PBGC as a Plan Distribution. To the extent LES pays amounts in excess of such amounts, LES will have an Administrative Expense Claim against LFG for the excess, pursuant to Section ~~[~~3.1~~]~~ of the Plan (the "**LES Government Administrative Expense Claims**").

As part of a comprehensive settlement between the Creditors Committees regarding the treatment of various inter-estate disputes between LFG and LES, including the $65 million advance by LFG to LES prior to the Initial Petition Date, proceeds resulting from the

ARS, the ARS Litigation and the Other Litigation will be divided among the LFG Trust and the LES Trust pursuant to the Waterfall (defined below) as set for in Section ~~[~~8.11~~]~~ of the Plan. In addition, LFG shall have **the Operating I/C Claim, which is** an Allowed LES ~~**General Unsecured**~~**5** Claim ~~**against LES, in an amount equal to $[ ]**~~, on account of prepetition management operating expenses ~~**(the "Operating I/C Claims")**~~**in an amount equal to $3.2 million**.

Finally, Section ~~[~~14.7~~]~~ of the Plan prohibits each of the Debtors from asserting any Claim against any other Debtor, including a claim arising under Chapter 5 of the Bankruptcy Code, unless otherwise expressly provided for by the terms of the Plan.

(h) Disputed Claims.

1. No Distributions or Payments Pending Allowance.

Except as provided in Section ~~[~~10.3~~]~~ of the Plan, Disputed Claims shall not be entitled to any Plan Distributions unless and until such Claims become Allowed Claims. For the avoidance of doubt to the extent that an exchanger has asserted a LES Damages Claim, such LES Damages Claim shall be treated as a separate claim from the LES Principal Claim and, accordingly, the failure to allow such LES Damages Claim shall not prohibit the exchanger from recovering on account of an Allowed LES Principal Claim.

2. Reserves of Plan Consideration for Disputed Claims.

On the Effective Date, the Trustees shall create separate reserves for each Class of Claims or Interests, other than LES Damages Claims, which include one or more Disputed Claims or Interests, as the case may be and in accordance with the Plan, funded with the Plan Consideration, including Trust Interests, if any, as to which such Disputed Claims or Interests would have been entitled if Allowed. Such reserved Plan Consideration will be transferred to the applicable Trustee to be held in such reserves for such holders of Disputed Claims and/or Interests, and the applicable Trustee will treat or make an election pursuant to U.S. Treasury Regulations Section 1.468B-9(c) to treat these reserves as one or more "disputed ownership funds" (each, a "**Disputed DOF**"). The Disputed DOF and not the holders of Disputed Claims and/or Interests or the Debtors will be treated as the owner of the Plan Consideration and any other assets reserved for Disputed Claims and/or Interests. The Disputed DOF will be treated for United States federal income tax purposes as a taxable entity separate from the holders of Disputed Claims and/or Interests or the Post-Effective Date Entities. The Disputed DOF will be responsible for the payment of any taxes imposed on the Disputed DOF (including by way of withholding) resulting from the transfer or holding of reserved Plan Consideration, but the only source of payment therefore will be such Plan Consideration and any funds transferred to the Disputed DOF by holders of the Disputed Claims and/or Interests.

3. Amount of Reserves of Plan Consideration.

The amount of Plan Consideration reserved for the benefit of a holder of a Disputed Claim, other than a LES Damages Claim, shall be in an amount equal to the Pro Rata Share of Plan Consideration which would have been distributed to the holder of such Disputed

Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the asserted face amount of the Disputed Claim, (ii) the amount in which the Disputed Claim is estimated by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code for purposes of allowance, which amount, unless otherwise ordered by the Bankruptcy Court, shall constitute the maximum amount in which such Claim may ultimately become an Allowed Claim, or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Debtors or the applicable Trustee, or determined by the Bankruptcy Court after notice to the affected holder of a Disputed Claim and a hearing. No Plan Consideration shall be reserved for holders of LES Damages Claims.

4. Plan Distributions to Holders of Subsequently Allowed Claims/Interests.

On each Distribution Date (or such earlier date as determined by the Post-Effective Date Entities or the Trustees in their sole discretion but subject to Section 10.3 of the Plan), the Trustees and/or the Trusts, as applicable, will make distributions or payments: (i) on account of any Disputed Claim that has become an Allowed Claim since the occurrence of the previous Distribution Date; and (ii) on account of previously Allowed Claims of property that would have been distributed or paid to the holders of such Claims or Interests on the dates distributions previously were made to holders of Allowed Claims or Interests in such Class had the Disputed Claims or Interests that have become Allowed Claims or Interests been Allowed on such dates. The Trustees and/or the Trusts shall distribute in respect of such newly Allowed Claims or Interests the Plan Consideration and/or Cash distributions from the Trusts as to which holders of such Claims or Interests would have been entitled under the Plan if such newly Allowed Claims or Interests were fully or partially Allowed, as the case may be, on the Effective Date, less direct and actual expenses, fees, or other direct costs of maintaining Plan Consideration on account of such Disputed Claims or Interests.

No holder of an Allowed Claim shall, on account of such Allowed Claim, receive a Plan Distribution in excess of the Allowed amount of such Claim plus postpetition interest on such Claim, to the extent interest is provided in Section 9.2 of the Plan. **In order to ensure that holders of Claims do not receive more than the full amount of their Claims, all holders of Claims are required to notify the applicable Trustee of any and all third party recoveries received on behalf of their Claims outside of the Plan.**

5. Distribution of Reserved Plan Consideration Upon Disallowance.

To the extent any Disputed Claim or Interest has become Disallowed in full or in part (in accordance with the procedures set forth in the Plan):

Any Plan Consideration held by the Trustees or the Post-Effective Date Entities on account of, or to pay, such Disputed Claim or Disputed Interest shall be distributed by the Trustees in accordance with the relative priorities as set forth in Article V of the Plan on the next Subsequent Distribution Date.

Any Cash held by the Trusts on account of Trust Interests reserved by the Trustee on account of a Disputed Claim or Interest that has become Disallowed in full or in part shall be redistributed to other Trust Beneficiaries in accordance with the terms of the Plan and the applicable Trust Agreement.

(i) Procedures For LES Damages Claims.

1. Timing of Allowance.

No LES Damages Claim shall be Allowed until (a) after the Principal Satisfaction Date, (b) such time as it is Allowed by Final Order of the Bankruptcy Court, and (c) pursuant to the procedures set forth in Article ~~[~~XI~~]~~ of the Plan. If the Principal Satisfaction Date does not occur prior to the termination of the LES Trust pursuant to Section ~~[~~8.7~~]~~ of the Plan, then all LES Damages Claims shall be deemed Disallowed and expunged in their entirety, and no Plan Distribution shall be made on account of LES Damages Claims.

2. Procedures for Allowance of LES Damages Claims.

Notice of the Principal Satisfaction Date shall be given by the LES Trustee, within five (5) Business Days of the Principal Satisfaction Date, to (i) the Notice Parties and (ii) all Persons who timely filed proofs of Claim asserting LES Damages Claims on or prior to the applicable Bar Date.

Within thirty (30) days after the mailing of a notification of the Principal Satisfaction Date, a Person who filed a proof of Claim asserting a LES Damages Claim prior to the applicable Bar Date must submit a Damages Claim Form to the Bankruptcy Court and the Notice Parties.

LES Damages Claims will be deemed Disallowed and expunged in their entirety, unless the holders of such Claims timely submit a Damages Claim Form.

Any Damages Claim Form that is timely submitted in accordance with the procedures in Article ~~[~~XI~~]~~ of the Plan shall be deemed to be a supplement to the proofs of Claim asserting LES Damages Claims.

Only the Post-Effective Date Entities, the Trustees or the Trusts may object to any Damages Claim Form, which objection must be filed by the Damages Claim Objection Deadline.

As soon as practicable after the Principal Satisfaction Date, the LES Trustee shall seek Bankruptcy Court approval of a protocol for determining whether the LES Damages Claims that are the subject of Damages Claim Forms shall be Allowed or Disallowed.

Only the holders of LES Damages Claims which are determined after a hearing to be Allowed Claims by Final Order shall receive Plan Distributions on account of LES Damages Claims.

3. Timing of Distributions.

As soon as reasonably practicable after all LES Damages Claims have been Allowed or Disallowed by Final Order, or Disallowed by not having filed a timely Damages Claim Motion or otherwise, the LES Trustee shall distribute the Plan Distribution allocated to the holders of Allowed LES Damages Claims in accordance with Section ~~[~~5.6~~]~~ of the Plan.

(j) Post-Effective Date LFG

If, prior to the Effective Date, LFG obtains a determination by the Bankruptcy Court, pursuant to a Final Order, a court-approved settlement or stipulation, or otherwise, that the retention of the Orange County Bancorp Interests by Post-Effective Date LFG shall not give rise to a priority Claim of the PBGC against the Debtors, then on the Effective Date, the Orange County Bancorp Interests shall vest in Post-Effective Date LFG free and clear of all Claims, Liens, encumbrances, charges and other Interests. Furthermore, all common stock of LFG shall be cancelled on the Effective Date. Post-Effective Date LFG shall commence dissolution proceedings promptly after the Effective Date. Post-Effective Date LFG shall be governed by the ~~LFG Governor~~**Dissolution Trustee**, which shall be selected by the LFG Committee. The ~~LFG Governor~~**Dissolution Trustee** shall not be the same person as the LFG Trustee.

6.3 ***Releases, Injunctions and Exculpation.***

(a) Release of Claims Between LES and LFG.

As discussed above, the Plan resolves certain inter-estate claims between LES and LFG through the Waterfall, the LES Government Administrative Expense Claim and the Operating I/C Claim. As part of such global resolution between the Estates, the Plan releases any other Claims between LFG and LES, including claims for preferences or fraudulent conveyance pursuant to chapter 5 of the Bankruptcy Code or analogous applicable state law. Resolving the inter-estate issues between LFG and LES through the Plan may avoid expensive and protracted litigation regarding the liabilities between the two entities, which litigation could dilute recoveries and delay the recoveries of creditors of LFG and LES.

(b) Release of Certain Avoidance Actions Against Exchange Customers.

Upon, and subject to, the Effective Date, any avoidance or recovery actions under sections 544, 547, 548, 549 and 550 of the Bankruptcy Code against an Exchange Customer who ultimately holds an Allowed Claim and who timely and properly voted to accept the Plan shall be released.

Pursuant to the Bankruptcy Code, a debtor may seek to recover, through adversary proceedings in the bankruptcy court, certain transfers of the debtor's property, including payments of cash, made while the debtor was insolvent during the ninety (90) days immediately prior to the commencement of the bankruptcy case (or, in the case of a transfer to or for the benefit of an "insider," one year prior to the commencement of the bankruptcy case) in respect of antecedent debts, to the extent the transferee received more than it would have received on account of such pre-existing debt had the debtor been liquidated under chapter 7 of the Bankruptcy Code. Such transfers include cash payments, pledges of security interests or

other transfers of an interest in property. In order to be preferential, such payments must have been made while the debtor was insolvent; debtors are rebuttably presumed to have been insolvent during the 90-day preference period. The Bankruptcy Code's preference statute can be very broad in its application because it allows the debtor to recover transfers regardless of whether there was any impropriety in such transfers.

Under the Bankruptcy Code and under various state laws, a debtor may also recover or set aside certain transfers of property (fraudulent transfers), including grants of security interests in property, made while the debtor was insolvent or which rendered the debtor insolvent or undercapitalized, if the debtor received less than reasonably equivalent value for such transfer.

The release embodied in the Plan will ensure that the Trusts will not bring avoidance or recovery actions to recover Exchange Funds or other property which were transferred prior to the Initial Petition Date to Exchange Customers who vote in favor of the Plan. The Plan does not prohibit the Trusts from bringing avoidance or recovery actions to recover Exchange Funds or other property transferred out of the LES estate prior to the Initial Petition Date to closed exchanges of Exchange Customers who vote to reject the Plan or of Exchange Customers who were not creditors of LES on the Initial Petition Date. In accordance with section 502(h) of the Bankruptcy Code, if property is recovered from an Exchange Customer, then such Exchange Customer will have a Claim against LES, which will be treated in the same way that Claims held by Exchange Customers who were creditors of LES on the Initial Petition Date are treated. In addition, the Plan is a global settlement of contentious litigation which litigation would otherwise put an enormous drain on the monetary and other resources of the Debtors' estates. Accordingly, the parties to the Inter-Estate and LES Mediations believe that the release of certain avoidance or recovery actions is appropriate consideration for support for the Plan and the compromise embodied therein.

(c) Release of Claims of Exchange Customers Against LFG.

Except for LFG Exchange Guarantee Claims, which are claims against LFG of Exchange Customers with a written guarantee, all claims of Exchange Customers, in their capacity as such, against LFG shall be forever barred and disallowed under the Plan.

A Claim against LFG that arises from LES' performance under an Exchange Agreement is not legally valid absent a written guarantee executed by or on behalf of LFG. The Exchange Agreements are with LES, not LFG, which is a distinct legal entity, and accordingly, for any guarantees by LFG to be enforceable, LFG must have agreed to such guarantee in writing.

(d) Injunction.

Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors or the Estates are, with respect to any such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or

*other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, the Post-Effective Date Entities, **Post-Effective Date LFG,** the Estates, the Trusts or any of their property (including insurance proceeds), or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors, the Post-Effective Date Entities, **Post-Effective Date LFG,** the Trusts, or the Estates or any of their property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons, or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors, the Post-Effective Date Entities**, Post-Effective Date LFG**, the Trusts, or the Estates or any of their property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan to the full extent permitted by applicable law; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; provided, however, that nothing contained in the Plan shall preclude **(x)** such Persons from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of the Plan, including Section ~~**1.59**~~**1.55** of the Plan, or commencing, enforcing, collecting or otherwise recovering on any suit, action or other proceeding that is not an Enjoined Action against Persons other than Debtors, the Post-Effective Date Entities, **Post-Effective Date LFG,** the Estates, or the Trusts**, or (y) the Trustees from pursuing Causes of Action pursuant to the terms of the Plan which may deplete proceeds of one or more of the Debtors' insurance policies**.*

*Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors or the Estates, other than the Debtors, the Post-Effective Date Entities, or the Trustees and the Trusts on behalf of the Debtors or the Post-Effective Date Entities, are permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any Enjoined Action; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against any prepetition officer or director of any Debtor, solely in their capacity as such, ~~**arising from an Enjoined Action,**~~ or any property of any such transferee or successor, each solely in their capacity as such arising from an*

Enjoined Action[33][34]
; and (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against any prepetition officer or director of any Debtor, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons, arising from an Enjoined Action.

Pursuant to Section ~~[~~14.4(b)~~]~~ of the Plan, no suit, action, investigation or other proceeding of any kind may be brought against a prepetition officer or director of a Debtor to the extent that prosecution of such suit, action, investigation or other proceeding may deplete any insurance policy owned or purchased by one or more of the Debtors, other than suits or actions brought by the Trusts. The purpose of this provision is to ensure that any proceeds from the Debtors' insurance policies, under which policies the directors and officers are insureds, are not depleted by lawsuits brought by various individual creditors. By channeling lawsuits which may implicate the Debtors' insurance policies through the Trusts, the proceeds from the insurance policies will be distributed equitably among creditors, rather than to individual creditors who may obtain judgments or settlements. Moreover, as a result of claims against the policies that would be made by the named insureds for defense and other costs, absent the injunction, extensive decentralized litigation will further deplete the policies before the Trusts have pursued their Claims and Causes of Action for the benefit of all creditors.

(e) Exculpation.

As of the Effective Date, the following parties, entities and individuals (in each case, solely in their capacity as such) shall have no liability for any postpetition act taken or omitted to be taken in connection with, or related to the Chapter 11 Cases or formulating, negotiating, preparing, disseminating, implementing, administering, confirming or effecting the consummation of the Plan, the Disclosure Statement, or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases of the Debtors (other than liability determined by a Final Order of a court of competent jurisdiction for actions or failure to act or disclose amounting to gross negligence, willful misconduct, intentional fraud or criminal conduct): (i) the Debtors, their directors, officers and employees, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Debtors and their respective partners, owners and members; (ii) the ~~*LFG Governor*~~ ***Dissolution Trustee****, and any agents, financial advisors, investment bankers, professionals, accountants and attorneys of the* ~~*LFG Governor*~~ ***Dissolution Trustee*** *and their respective partners, owners and members; (iii) the Creditors Committees, the respective members thereof, and the agents, financial advisors, investment bankers, professionals,*

[33][34] An Enjoined Action is any suit, action, investigation or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative, or other forum) against a prepetition officer or director of a Debtor to the extent that prosecution of such suit, action, investigation or other proceeding may deplete any insurance policy owned or purchased by one or more of the Debtors (or their predecessors). Notwithstanding the foregoing, an Enjoined Action shall not include any suit, action, or other proceeding to the extent, but only to the extent, such suit, action, or other proceeding: (a) is the subject of either a (i) written agreement of both Trustees, or (ii) Bankruptcy Court order, and in each of (i) and (ii), which agreement or order states or determines that such suit, action or other proceeding will not deplete proceeds of an insurance policy which proceeds would otherwise be available to satisfy a judgment, settlement or other payment that could be made to the Trusts with respect to the Trust Causes of Action; or (b) is brought after the ARS Litigation and the Other Litigation have been fully and finally resolved.

accountants and attorneys of the Creditors Committees and their respective partners, owners and members; (iv) the Trustees, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Trustees and their respective partners, owners and members; and (v) the Trust Committees, the respective members thereof, and the agents, financial advisors, investment bankers, professionals, accountants and attorneys of the Trust Committees and their respective partners, owners and members; provided, however, nothing in Section 14.5 of the Plan shall be deemed to release any act or omission that arose prior to the Petition Date.

In sum, the foregoing means that Debtors, the Creditors Committees, the Trustees, the Trust Committees, and each of their directors, officers and employees, professional advisors, are exculpated (or released) from any liability related to postpetition actions taken in connection with or related to the Chapter 11 Cases, the Plan, the Disclosure Statement, and any documents related to the Plan. Actions or failures to act that are determined to be gross negligence, willful misconduct, intentional fraud or criminal conduct are not included in this exculpation.

(f) Tolling Agreements.

Pursuant to Section 7.17 of the Plan and the Tolling Agreements executed by the directors and officers of LFG and LES which are listed on Schedule 1.211 of the Plan (the "Tolling Parties") and the Creditors Committees, on notice to applicable insurance providers, any statute of limitation relating to an Enjoined Action brought against a Tolling Party is tolled in accordance with the terms of the Tolling Agreements. Although the Debtors' directors and officers deny any liability in connection with the Enjoined Actions, the directors and officers that are Tolling Parties waive their rights to assert any statute of limitations as a defense to Enjoined Actions brought by any party that are brought within the tolled period. None of the parties to the Tolling Agreements waive or limit any rights, claims, causes of action or defenses, except as expressly stated in the Tolling Agreements.

Among other things, the Tolling Agreements provide that any changes to Sections 1.55 and 14.4(b) of the Plan, which govern Enjoined Actions, and Sections 14.5 and 14.6, which govern the exculpation of directors and officers of the Debtors for postpetition acts or omissions relating to the Chapter 11 Cases, require the consent of each Tolling Party, or the Tolling Agreement for each such Tolling Party will not be effective.

The Tolling Agreements are meant to ensure that parties who wish to bring Causes of Action against the Tolling Parties, but who are temporarily enjoined from doing so pursuant to Section 14.4(b) of the Plan, will be able bring such Enjoined Actions upon the expiration of the injunction under Section 14.4(b) of the Plan, even if the statute of limitations for bringing such Cause of Action would have otherwise expired.

(g) ~~(f)~~ Claims Between and Against Other Debtors.

Pursuant to Section ~~[~~14.7~~]~~ of the Plan, except as otherwise set forth in the Plan, or to enforce the terms of the Plan, each of the Debtors is prohibited from asserting, and hereby agrees to release, any Claim against the other, including a Claim arising under Chapter 5 of the

Bankruptcy Code. Section ~~[~~14.7~~]~~ of the Plan shall not be deemed a release of (a) joint tortfeasors, officers, directors, representatives, agents, successors and assigns of the Debtors, or any other third party, or (b) any Intercompany Claims preserved pursuant to Section 2.2 of the Plan.

6.4 ***Means for Implementation of the Plan.***

(a) Cancellation of Existing Securities and Agreements.

Except for the purpose of evidencing a right to distribution under ~~this~~the Plan, or an asserted defense against or equitable remedy in respect of any asserted Cause of Action, and except as otherwise set forth herein, on the Effective Date all of the Convertible Senior Debentures and any other agreements, instruments, and other or documents evidencing any Claim against or any Interest in a Debtor shall be deemed cancelled, discharged and of no further force or effect as to the Debtors.

As a condition to participation under the Plan, the holder of a note, debenture, equity security or other evidence of indebtedness of or equity interest in any of the Debtors (with the exception of holders of the Convertible Senior Debentures) that desires to receive the property to be distributed on account of an Allowed Claim or Allowed Interest based on such note, debenture, equity security or other evidence of indebtedness or equity interest shall surrender such note, debenture, equity security or other evidence of indebtedness or equity interest to the respective Debtors or Post-Effective Date Entities, or their designee (unless such holder's Claim will be reinstated by the Plan, in which case such surrender shall not be required), and shall execute and deliver such other documents as are necessary to effectuate the Plan; provided, however, that if a claimant is a holder of an equity security, note, debenture or other evidence of indebtedness or equity interest for which no physical certificate was issued to the holder but which instead is held in book-entry form pursuant to a global security held by a securities depositary or custodian thereof, then the Debtors or the indenture trustee for such equity security, note, debenture or other evidence of indebtedness may waive the requirement of surrender. Except as otherwise provided in this section, if no surrender of a equity security, note, debenture or other evidence of indebtedness or equity interest occurs and a claimant or equity holder does not provide an affidavit and indemnification agreement, in form and substance satisfactory to the Debtors, the Trustees or Post-Effective Date Entities, as applicable, that such equity security, note, debenture or other evidence of indebtedness or equity interest was lost, then no distribution may be made to any claimant or equity interest holder whose Claim or Interest is based on such equity security, note, debenture or other evidence of indebtedness or equity interest thereof. Except in the case of the Convertible Senior Debentures which are held in book-entry form pursuant to a global security, the Trustees shall make subsequent distributions only to the Persons who surrender the securities for exchange (or their assignees) and the record holders of such securities shall be those holders of record as of the Effective Date.

All distributions in respect of the Convertible Senior Debentures pursuant to the Plan shall be made to the Indenture Trustee on the Effective Date, The Depository Trust Company shall surrender for cancellation to the Indenture Trustee the certificates for the Convertible Senior Debentures issued in the name of Cede and Co. and that are held by The Depository Trust Company. Notwithstanding the foregoing, the Convertible Senior Debentures

shall continue in effect solely for the purpose of: (i) allowing beneficial holders of the Convertible Senior Debentures to receive distributions under the Plan and (ii) allowing and preserving the rights of the Indenture Trustee to make distributions in satisfaction of Allowed LFG General Unsecured Claims (Class LFG 3) to the beneficial owners of the Convertible Senior Debentures in respect thereof, but in all cases subject to the terms and conditions of the Indentures. Pursuant to Section 8.06 of the Indentures, (x) the Indenture Trustee shall be entitled to exercise its charging lien prior to that of the Convertible Senior Debentures upon all property and funds held or collected by the Indenture Trustee pursuant to the Plan, and (y) the Indenture Trustee may assert its charging lien against property and funds held or collected in respect of the Convertible Senior Debentures with respect to the LFG General Unsecured Claims before making distributions to the beneficial owners of the Convertible Senior Debentures.

(b) Vesting of Assets.

Except as otherwise provided in the Plan or in any agreement, instrument or other document relating thereto, on or after the Effective Date, all property of the Estates of the Debtors and any property acquired by any of the Debtors pursuant to the Plan shall not revest in the Debtors pursuant to section 1141(b) of the Bankruptcy Code, but instead shall remain vested in the applicable Post-Effective Date Estate, to be monetized and distributed by the applicable Trustee, or transferred to the Trusts, as applicable, pursuant to the terms of the Plan and the Confirmation Order. As soon as practicable after all aspects of the Plan pertaining to each Post-Effective Date Estate have been completed, each Post-Effective Date Estate shall be dissolved and wound up.

Except as provided in Section 7.16 of the Plan, on the Effective Date, pursuant to section 1141(b) of the Bankruptcy Code, the Orange County Bancorp Interests shall vest in Post-Effective Date LFG, free and clear of all Claims, Liens, encumbrances, charges, and other Interests.

(c) Officers and Boards of Directors.

On the Effective Date, (a) the positions of the current directors, or in the case of a governing body created by a partnership agreement, limited liability company agreement or similar agreement, the members of such governing body (such persons and the corporate directors collectively, the "**Governors**") of each Debtor shall be eliminated, and each Governor shall be terminated (without the necessity of further action), and (b) to the fullest extent permitted by applicable law, the rights, powers, and duties of the Governors of (i) LFG shall vest in the ~~LFG Governor~~Dissolution Trustee, (ii) each LFG Subsidiary Debtor that has a Governor shall vest in the LFG Trustee, and (iii) LES and each LES Subsidiary Debtor that has a Governor shall vest in the LES Trustee, and the applicable Trustee or its designee shall be the presiding officer and the sole Governor of each applicable Debtor. The applicable Trustee shall make all determinations with respect to employment of any other directors, officers, managers and employees of the Debtors on and after the Effective Date.

(d) Corporate Action.

The entry of the Confirmation Order shall constitute authorization for the Debtors, their Subsidiaries, the Trustees, or the Trust Committees, as applicable, to take or cause to be taken all corporate actions necessary or appropriate to implement all provisions of, and to consummate, the Plan and the Plan Documents prior to, on and after the Effective Date and, except as expressly provided in the Plan, all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation, including without limitation, any action required by the stockholders or directors of the Debtors and their Subsidiaries, including, among other things, (a) the adoption of new organizational documents for any Debtor, (b) the election and/or appointment of new officers and/or directors, (c) the termination and cancellation of any outstanding instrument, document or agreement evidencing Claims or Interests in the Debtors, (d) all transfers of Assets that are to occur pursuant to the Plan, (e) the incurrence of all obligations contemplated by the Plan and the making of all Plan Distributions, (f) the formation of the LES Trust, the qualification of the LES Trustee and the LES Trust Committee and the transfers to the LES Trust as contemplated by the Plan, (g) the formation of the LFG Trust, the qualification of the LFG Trustee and the LFG Trust Committee and the transfers to the LFG Trust as contemplated by the Plan, (h) the formation of and SD Trust for each Subsidiary Debtor, the qualification of the SD Trustees and the transfers to the SD Trusts as contemplated by the Plan, (i) the qualification or appointment of the ~~LFG Governor~~**Dissolution Trustee**, (j) the implementation of all settlements and compromises as set forth in or contemplated by the Plan, (k) entering into any and all transactions, contracts, or arrangements permitted by applicable law, order, rule or regulation, (l) the winding-up of any Debtor or the merger of any Debtor into another Debtor, and (m) any other action consistent with the terms of the Plan. The officers of the Debtors, the Trustees, the Trust Committees and the Sub-Trust Committees are authorized and empowered to do all things and to execute and deliver all agreements, documents, instruments, notices and certificates as are contemplated by the Plan and the Plan Documents and to take all necessary action required in connection therewith, in the name of and on behalf of the Debtors and Post-Effective Date Entities.

(e) Monetization of Assets of the Subsidiary Debtors.

The SD Trustees shall, in an expeditious but orderly manner, monetize and convert the Assets of the Subsidiary Debtors to Cash and make timely distributions to the holders of SD Trust Interests, and not unduly prolong the duration of the Post-Effective Date Estates of the Subsidiary Debtors. In so doing, the applicable SD Trustee shall exercise its reasonable business judgment in monetizing the Assets of the Subsidiary Debtors to maximize recoveries. The monetization of such Assets may be accomplished through the sale of such Assets (in whole or in combination) as the applicable SD Trustee may determine is in the best interests of the holders of Claims against and Interests in the Subsidiary Debtors. Subject to Section 8.15(b) of the Plan, the SD Trustees shall have no liability to any of the Debtors, their Estates, their creditors, the Creditors Committees, their members or any other party for the outcome of its decisions in this regard.

In connection with the monetization of a Subsidiary Debtor's Assets, the applicable SD Trustee shall maintain individual ledgers for each Subsidiary Debtor, which shall include a record of the purchase price for each sale of such Subsidiary Debtor's Assets and any costs or expenses associated with that sale. The net proceeds of such sales will be placed in an account for the periodic distribution to the SD Trust Beneficiaries.

If, at the end of ~~[~~five (5)~~]~~ years after the Effective Date, any of the Assets of the Subsidiary Debtors remain unsold (the "**Unsold Assets**"), the applicable SD Trustee shall submit a motion to the Bankruptcy Court, on notice to the Notice Parties, which shall set forth such SD Trustee's proposed treatment of the Unsold Assets. If any of the Notice Parties object, the Bankruptcy Court shall schedule a hearing with respect to the motion.

The LES Trustee shall owe fiduciary duties to LES, the LES Subsidiary Debtors, and their respective Estates and Post-Effective Date Entities. The LFG Trustee shall owe fiduciary duties to LFG, the LFG Subsidiary Debtors, and their respective Estates and Post-Effective Date Entities.

(f) Subordination of Indemnification Claims.

Notwithstanding anything to the contrary contained in the Plan, any Claim against LES or LFG held by a prepetition officer or director of LES or LFG, as applicable, for indemnification pursuant to: (a) any Debtor's certificate of incorporation, by-laws, or similar organizational document, or (b) any employment or other written agreement with any Debtor, or (c) common law or otherwise, shall be subordinated to the payment in full of the LES General Unsecured Claims and LFG General Unsecured Claims, as applicable.

(g) Closing of the Debtors' Chapter 11 Cases.

When all Disputed Claims or Interests filed against a Debtor have become Allowed Claims or Interests or have been Disallowed by Final Order or otherwise pursuant to the Plan, and all appropriate Plan Distributions have been made pursuant to the Plan, the applicable Trustee shall seek authority from the Bankruptcy Court to close such Debtor's Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

6.5 ***Retention of Jurisdiction by the Bankruptcy Court.***

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, pursuant to 28 U.S.C. §§ 1334 and 157, over all matters arising in, arising under, or related to the Chapter 11 Cases for, among other things, the following purposes:

- To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the Cure Disputes resulting therefrom;

- To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date;

- To ensure that distributions to holders of Allowed Claims or Allowed Interests are accomplished as provided in the Plan;

- To consider Claims or Interests or the allowance, classification, priority, compromise, estimation, or payment of any Claim or Interest, including any Administrative Expense Claim;

- To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

- To issue and enforce injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

- To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

- To hear and determine all Fee Claims;

- To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;

- To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;

- To hear and determine Damages Claim Motions;

- To take any action and issue such orders, including any such action or orders as may be necessary after occurrence of the Effective Date and/or consummation of the Plan, as may be necessary to construe, enforce, implement, execute, and consummate the Plan, including any exculpation, release or injunction provisions set forth in the Plan, or to maintain the integrity of the Plan following consummation;

- To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

- To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

- To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

- To resolve any disputes concerning whether a Person or entity had sufficient notice of the Chapter 11 Cases, the Disclosure Statement Hearing, the Confirmation Hearing, any applicable Bar Date, or the deadline for responding or objecting to a Cure Amount, for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose;

- To recover all Assets of the Debtors and property of the Estates, wherever located;

- To determine the appropriate amount of Plan Consideration to reserve pursuant to Section ~~[~~10.3(c)~~]~~ of the Plan, including a determination that a previously set reserve should be reduced;

- To hear and determine any matters relating to the Assets or dissolution of the Post-Effective Date LFG;

- To resolve any disputes concerning the Trusts or the Trust Agreements; and

- To enter a final decree closing each of the Chapter 11 Cases.

ARTICLE VII.

POST-EFFECTIVE DATE LITIGATION

7.1 ~~*Preferences and Fraudulent Conveyances*~~*Avoidance Actions and Remaining Litigation*

Pursuant to the Bankruptcy Code, a debtor may seek to recover, through adversary proceedings in the bankruptcy court, certain transfers of the debtor's property, including payments of cash, made while the debtor was insolvent during the ninety (90) days immediately prior to the commencement of the bankruptcy case (or, in the case of a transfer to or for the benefit of an "insider," one year prior to the commencement of the bankruptcy case) in respect of antecedent debts, to the extent the transferee or intended beneficiary received more than it would have received on account of such pre-existing debt had the debtor been liquidated under chapter 7 of the Bankruptcy Code. Such transfers include cash payments, pledges of security interests or other transfers of an interest in property. In order to be preferential, such payments must have been made while the debtor was insolvent; debtors are rebuttably presumed to have been insolvent during the 90-day preference period. The Bankruptcy Code's preference statute can be very broad in its application because it allows the debtor to recover transfers regardless of whether there was any impropriety in such transfers.

Under the Bankruptcy Code and under various state laws, a debtor may also recover or set aside certain transfers of property (fraudulent transfers), including grants of security interests in property, made while the debtor was insolvent or which rendered the debtor insolvent or undercapitalized, if the debtor received less than reasonably equivalent value for such transfer.

Subject to the Effective Date, the LFG Trust will have the right to pursue preference and fraudulent conveyance actions on behalf of LFG for the benefit of LFG's creditors, and on behalf of the LFG Subsidiary Debtors for the benefit of the creditors of such Subsidiary Debtors. Similarly, the LES Trust shall have the right to pursue preference and fraudulent conveyance actions **and any other action not included in LFG Chapter 5 Litigation** on behalf of LES and the LES Subsidiary Debtors. However, the LES Trust shall not be authorized to pursue avoidance actions against Exchange Customers who vote in favor of the Plan.

7.2 *ARS Litigation*

Subject to the Effective Date, the LES Trust will be charged with, among other things, pursuing, where appropriate, the ARS Litigation against unaffiliated third parties involved in the underwriting, offering, marketing or sale of ARS to LES, including, but not limited to, Citibank and SunTrust Bank. Proceeds from the ARS Litigation, net of costs of collection and distribution, will be distributed to the LES Trust and the LFG Trust pursuant to the Waterfall. Holders of Claims against and Interests in LES and LFG will receive pro-rata beneficial interests in the Trusts, which will entitle such holders to distributions from the Waterfall. As of the Effective Date, Jenner, the firm employed as special litigation counsel, will be automatically deemed to be retained by the LES Trust and will act as lead counsel for the

prosecution of the ARS litigation. Additionally, the LES Trust may, in accordance with discharging its duties, determine to hire additional special counsel.

7.3 *Other Litigation*

Subject to the Effective Date, the LFG Trust will be entitled to pursue any claims and causes of action (the "**Other Litigation**") that either LFG or LES have against (a) officers and directors of LES or LFG, (b) officers and directors of United Capital Title Insurance Company, Lawyers Title Insurance Corporation and Commonwealth Land Title Insurance Company, and (c) professionals that provided services to LFG and LES prior to the filing of the bankruptcy, including, but not limited to, attorneys, accountants, auditors, actuaries, tax, financial or valuation analysts or consultants that provided services to LFG or LES prior to the Petition Date. In addition, the LFG Trust will be able to enforce the rights of LFG or LES under any insurance policies issued to their officers and directors. Proceeds from the Other Litigation, net of costs of collection and distribution, will be distributed to the LFG Trust and the LES Trust pursuant to the Waterfall. Holders of Claims against and Interests in LFG and LES will receive pro-rata beneficial interests in the Trusts, which will entitle such holders to distributions from the Waterfall.

ARTICLE VIII.

CONFIRMATION OF THE PLAN OF LIQUIDATION

8.1 *Confirmation Hearing.*

Section 1128(a) of the Bankruptcy Code requires the bankruptcy court, after appropriate notice, hold a hearing on confirmation of a plan. The Bankruptcy Court has established ~~[~~ ~~]~~ **November [18**], 2009 at [~~ ~~**11:00 a**].m as the date and time of the Confirmation Hearing. The Confirmation Hearing may be adjourned or continued from time to time by the Debtors or the Bankruptcy Court without further notice except for an announcement of the adjourned or continued date made at the Confirmation Hearing or any subsequent adjourned or continued Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the particular Debtor or Debtors, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, with a copy to chambers, together with proof of service thereof, and served upon: (a) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Paul V. Shalhoub, Esq. and Rachel C. Strickland, Esq., co-counsel to the Debtors; (b) McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219, Attn: Dion W. Hayes, Esq. and John M. Maddock III Esq., co-counsel to the Debtors; (c) the Office of the United States Trustee, 701 East Broad Street, Richmond, Virginia 23219, Attn: Robert Van Arsdale, Esq.; (d) Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, TX 75201-4675, Attn: Charles R. Gibbs, Esq., co-counsel to the Official Committee of Unsecured Creditors of LandAmerica 1031 Exchange Services, Inc.; (e) Tavenner & Beran,

PLC, 20 North Eighth Street, Second Floor, Richmond, Virginia 23219, Attn: Lynn Tavenner, Esq., co-counsel to the Official Committee of Unsecured Creditors of LandAmerica 1031 Exchange Services, Inc.; (f) Bingham McCutchen LLP, 399 Park Avenue, New York, NY 10022-4689, Attn: Jeffrey S. Sabin, Esq., co-counsel to the Official Committee of Unsecured Creditors of LandAmerica Financial Group, Inc.; and (g) LeClair Ryan, A Professional Corporation, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, VA 23218-2499, Attn: Bruce H. Matson, Esq., co-counsel to the Official Committee of Unsecured Creditors of LandAmerica Financial Group, Inc.

Bankruptcy Rule 9014 governs objections to confirmation of the Plan. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

8.2 ***Confirmation.***

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129(a) of the Bankruptcy Code have been satisfied with respect to the Plan.

(a) Confirmation Requirements.

Confirmation of a plan under section 1129(a) of the Bankruptcy Code requires, among other things, that:

- the plan complies with the applicable provisions of the Bankruptcy Code;
- the proponent of the plan has complied with the applicable provisions of the Bankruptcy Code;
- the plan has been proposed in good faith and not by any means forbidden by law;
- any plan payment made or to be made by the proponent under the plan for services or for costs and expenses in, or in connection with, the chapter 11 case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable;
- the proponent has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in the plan with the debtor, or a successor to the debtor under the plan. The appointment to, or continuance in, such office by such individual must be consistent with the interests of creditors and equity security holders and with public policy and the proponent must have disclosed the identity of any insider that the debtor will employ or retain, and the nature of any compensation for such insider;

- with respect to each impaired class of claims or interests, either each holder of a claim or interest of such class has accepted the plan, or will receive or retain under the plan, on account of such claim or interest, property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated on such date under chapter 7 of the Bankruptcy Code;

- each class of claims or interests has either accepted the plan or is not impaired under the plan;

- except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that allowed administrative expenses and priority claims will be paid in full on the effective date (except that if a class of certain types of priority claims has voted to accept the plan, holders of such claims may receive deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amounts of such claims and that holders of priority tax claims may receive on account of such claims, regular installment payments in cash (i) of a total value, as of the effective date, equal to the allowed amount of such claim, (ii) over a period not exceeding five (5) years after the petition date, or (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122 of the Bankruptcy Code);

- if a class of claims is impaired, at least one (1) impaired class of claims has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim in such class;

- confirmation 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; and

- all fees payable to the applicable United States Trustee's office, pursuant to section 1930 of title 28, have been paid or the plan provides for payment of such fees on the effective date of the plan.

Subject to satisfying the standard for any potential "cramdown" of Classes deemed to reject the Plan, the Debtors believe that:

- the Plan satisfies all of the statutory requirements of chapter 11 of the Bankruptcy Code;

- the Debtors have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and

- the Plan has been proposed in good faith.

Set forth below is a summary of the relevant statutory confirmation requirements.

1. Acceptance.

A class is "impaired" under a plan unless, with respect to each claim or interest of such class, the plan (i) leaves unaltered the legal, equitable and contractual rights to which the claim or interest entitles the holder of such claim or interest; or (ii) notwithstanding any contractual provision or applicable law which entitles the holder of such claim or interest to demand or receive accelerated payment on account of a default, cures any default, reinstates the original maturity of the obligation, compensates the holder for any damages incurred as a result of reasonable reliance on such provision or law and does not otherwise alter the legal, equitable or contractual rights of such holder based upon such claim or interest. A class that is not impaired under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required.

Classes ~~[~~LES 3, LES 4, LES 5, LES 6, LES 7, LES 8, LFG 3, LFG 4, LFG 5, SD 3 and SD 4~~]~~ are impaired under the Plan and are entitled to vote to accept or reject the Plan.~~34~~[35] Classes ~~[~~LES 1, LES 2, LFG 1, LFG 2, SD 1 and SD 2~~]~~ are unimpaired and, therefore, are conclusively presumed to have voted to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code. Class ~~[~~LFG 6~~]~~ is impaired and not receiving any property under the Plan, and thus is deemed to have rejected the Plan.

Because certain Classes are deemed to have rejected the Plan, the Debtors will request confirmation of the Plan under section 1129(b) of the Bankruptcy Code. The Debtors, with the consent of each Creditors Committee, reserve the right to alter, amend, modify, revoke or withdraw the Plan, any exhibit, or schedules thereto or any Plan Document in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary. The Debtors believe that the Plan will satisfy the "cramdown" requirements of section 1129(b) of the Bankruptcy Code with respect to Interests in Class LFG 6 that is deemed to reject the Plan.

2. Feasibility; Valuation.

The Bankruptcy Code permits a plan to be confirmed only if confirmation is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtors or any successor to the debtors unless such liquidation or reorganization is proposed in the plan. Indeed, section 1123(b)(4) of the Bankruptcy Court permits liquidation plans that "provide for the sale of all or substantially all or the property of the estate, and the distribution of the proceeds of such sale among holders of claims or interests" in chapter 11 proceedings and, thus, such a plan does not violate the requirements of section 1129(a) of the Bankruptcy Code. Moreover, when a liquidating plan is tested against section 1129(a)(11) of the Bankruptcy Code, the feasibility standard is greatly simplified. In the context of a liquidating plan, feasibility is established by demonstrating the debtor's ability to make the payments anticipated by the plan

~~34~~[35] Holders of Interests in Classes SD 4 and LES 8 will not be solicited since such Interests are held by a Debtor or a non-Debtor Subsidiary. Such Classes shall be deemed to have voted to accept the Plan pursuant to Section 7.10 of the Plan and the Disclosure Statement Order.

and specifying the timing of the debtor's liquidation. Notably, there is no requirement that such payments will be guaranteed.

Under the terms of the Plan, the Allowed Claims potentially being paid in full in Cash are the Administrative Expense Claims, Fee Claims, U.S. Trustee Claims, Priority Tax Claims, Priority Non-Tax Claims and Secured Claims. The Debtors have estimated the total amount of such payments and expect more than sufficient liquidity from cash on hand and future liquidation of the Debtors' remaining assets to fund these payments. Additional Classes will receive Cash as a portion of their recovery, but only to the extent such Cash is available.

3. Best Interests Test.

The "best interests" test requires that the bankruptcy court find either that all members of each impaired class have accepted the plan or that each holder of an allowed claim or interest of each impaired class of claims or interests will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date. See the Liquidation Analysis (as defined below) annexed as Exhibit ~~[~~4~~]~~ hereto, which demonstrates that the Plan satisfies the "best interests" test.

To calculate what holders of Claims would receive if the Debtors were hypothetically liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the dollar amount that would be realized from the liquidation (the "**Liquidation Fund**") of each of the Debtors. The Liquidation Fund of each Debtor would consist of the net proceeds from the disposition of such Debtor's assets (after satisfaction of all valid liens) augmented by the Cash held by such Debtor and recoveries on actions against third parties, if any. The Liquidation Fund would then be reduced by the costs of the liquidation. The costs of liquidation under chapter 7 would include the fees and expenses of a trustee, as well as those of counsel and other professionals that might be retained by the trustee, selling expenses, any unpaid expenses incurred by the Debtors during their cases (such as fees for attorneys, financial advisors and accountants) which would be allowed in the chapter 7 proceeding, ~~interest and claims~~**and all other administrative expenses** incurred by the Debtors during the pendency of the cases. These claims would be paid in full out of the Liquidation Fund before the balance of the Liquidation Fund, if any, would be made available to holders of unsecured Claims. The present value of the distributions out of the Liquidation Fund (after deducting the amounts described above) is then compared with the present value of the property offered to each of the Classes of Claims and holders of Interests under the Plan to determine if the Plan is in the best interests of each holder of a Claim or Interest.

Zolfo, with the assistance of the Debtors, prepared a liquidation analysis which is annexed hereto as Exhibit ~~[~~4~~]~~ (the "**Liquidation Analysis**"). The information set forth in Exhibit ~~[~~4~~]~~ provides (a) a summary of the liquidation values of each of the Debtors' assets, assuming a chapter 7 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the assets of the Debtors' estates and (b) the expected recoveries of each of the Debtors' creditors and equity interest holders under the Plan.~~[INSERT SUMMARY OF LIQUIDATION ANALYSIS].~~ **The estimated liquidation proceeds and recoveries reflected**

in the Liquidation Analysis represent midpoint recovery scenarios under a chapter 7 liquidation and under the Plan.

The Liquidation Analysis indicates that (a) holders of Claims in Classes LES 4, LES 5, LES 6, LFG 3 and SD 3 would receive a greater recovery under the Plan than in a chapter 7 liquidation scenario, and (b) holders of Claims in the remaining Classes would receive the same recovery under the Plan as they would in a chapter 7 liquidation scenario.

Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis also is based on assumptions with regard to liquidation decisions that are subject to change and significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the results of a chapter 7 liquidation of the Debtors. Accordingly, the values reflected might not be realized if the Debtors were, in fact, to be liquidated under chapter 7. All holders of Claims that are entitled to vote to accept or reject the Plan are urged to examine carefully all of the assumptions on which the Liquidation Analysis is based in connection with their evaluation of the Plan.

Based on the Liquidation Analysis, the Debtors believe that a chapter 7 liquidation of the Debtors' remaining assets would result in diminution in the value to be realized under the Plan by holders of Claims. That belief is based upon, among other factors: (a) the additional administrative expenses involved in the appointment of a trustee, attorneys, accountants, and other chapter 7 professionals; (b) the substantial time which would elapse before creditors would receive any distribution in respect of their Claims due to a trustee's need to become familiar with the Chapter 11 Cases and the Debtors' books and records, and his duty to conduct his own investigations; (c) the substantial cost and delay which can be avoided by a largely consensual Plan; and (d) the disruption related to a change in management and other personnel.

4. Classification of Claims and Interests.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or interest in a particular class only if such claim or interest is substantially similar to other claims or interests in such class. The Debtors believe that the Plan meets the classification requirements of the Bankruptcy Code.

(b) Cramdown.

THE DEBTORS RESERVE THE RIGHT TO CRAMDOWN THE PLAN ON HOLDERS OF IMPAIRED CLAIMS OR INTERESTS.

The Bankruptcy Code contains provisions for confirmation of a plan even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted the Plan. The "cramdown" provisions of the Bankruptcy Code are set forth in section 1129(b) of the Bankruptcy Code. Under the "cramdown" provisions, upon the request of a plan

proponent, the bankruptcy court will confirm a plan despite the lack of acceptance by all impaired classes if the bankruptcy court finds that (i) the plan does not discriminate unfairly with respect to each non-accepting impaired class, (ii) the plan is fair and equitable with respect to each non-accepting impaired class, and (iii) at least one impaired class has accepted the plan. These standards ensure that holders of junior interests cannot retain any interest in the debtor under a plan that has been rejected by a senior class of impaired claims or interests unless holders of such senior impaired claims or interests are paid in full.

As used by the Bankruptcy Code, the phrases "discriminate unfairly" and "fair and equitable" have narrow and specific meanings unique to bankruptcy law. A plan does not discriminate unfairly if claims or interests in different classes but with similar priorities and characteristics receive or retain property of similar value under a plan. By establishing separate Classes for the holders of each type of Claim and by treating each holder of a Claim in each Class identically, the Plan has been structured so as to satisfy the "no unfair discrimination" test of section 1129(b) of the Bankruptcy Code.

The Bankruptcy Code sets forth different standards for establishing that a plan is "fair and equitable" with respect to a dissenting class, depending on whether the class is comprised of secured or unsecured claims or interests. In general, section 1129(b) of the Bankruptcy Code permits confirmation, notwithstanding non-acceptance by an impaired class, if that class and all junior classes are treated in accordance with the "absolute priority" rule, which requires that the dissenting class be paid in full before a junior class may receive anything under the plan. Case law surrounding section 1129(b) of the Bankruptcy Code requires that no class senior to a non-accepting impaired class receives more than payment in full on its claims. This will not occur here.

The Debtors intend to seek "cramdown" of the Plan on Class LFG 6, which is deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code by virtue of receiving no Plan Distributions, and against any other impaired Class which does not accept the Plan. However, there can be no assurance that the Bankruptcy Court will determine that the Plan meets the requirements of section 1129(b) of the Bankruptcy Code.

8.3 *Consummation.*

The Plan will be consummated once all conditions precedent to the Effective Date have been satisfied. For a more detailed discussion of such conditions precedent and the consequences of the failure to meet such conditions, see Article ~~[~~XI~~]~~ herein.

The Plan is to be implemented pursuant to its terms, consistent with the provisions of the Bankruptcy Code.

ARTICLE IX.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not consummated, the Debtors believe that much of the success reached by the parties in their negotiations and their long-standing efforts to reach consensual

resolutions could very well be squandered. Accordingly, if the Plan is not confirmed and consummated, the alternatives include:

9.1 ***Liquidation Under Chapter 7 of the Bankruptcy Code.***

The Debtors could be liquidated under chapter 7 of the Bankruptcy Code. A discussion of the effect a chapter 7 liquidation would have on the recoveries of the holders of Claims is set forth in Article VII of this Disclosure Statement. The Debtors believe that such a liquidation would result in lower aggregate distributions being made to creditors than those provided for in the Plan, which is demonstrated by the Liquidation Analysis set forth in Article ~~[~~VII~~]~~ and attached as Exhibit ~~[~~4~~]~~ to this Disclosure Statement.

9.2 ***Alternative Plan(s) of Liquidation.***

The Debtors believe that failure to confirm the Plan will lead inevitably to even more expensive and protracted Chapter 11 Cases. In formulating and developing the Plan, the Debtors have explored numerous other alternatives and engaged in an extensive negotiating process with the Creditors Committees, including the Inter-Estate Mediation and the LES Mediation which resulted in the terms of the Global Settlement upon which the Plan is based.

The Debtors believe that not only does the Plan fairly adjust the rights of various Classes of Claims, but also that the Plan provides superior recoveries to Classes ~~[~~ ~~]~~**LES 4, LES 5, LES 6, LFG 3 and SD 3** over any alternative capable of rational consideration (such as a chapter 7 liquidation), thus enabling many stakeholders to maximize their returns. Rejection of the Plan in favor of some alternative method of reconciling the Claims and Interests will require, at the very least, an extensive and time consuming process (including the possibility of protracted and costly litigation) and will not result in a better recovery for any Class of Claims or Interests.

Further, as the Plan anticipates the Global Settlement of the Lead Cases, failure to enter into such settlement will result in additional administrative expenses associated with litigation, which can be curbed or eliminated in favor of more meaningful recoveries to creditors if the Plan is confirmed.

THE DEBTORS BELIEVE THAT CONFIRMATION OF THE PLAN IS PREFERABLE TO ANY ALTERNATIVE BECAUSE THE PLAN MAXIMIZES THE AMOUNT OF DISTRIBUTIONS TO ALL HOLDERS OF CLAIMS AND INTERESTS AND ANY ALTERNATIVE TO CONFIRMATION OF THE PLAN WILL RESULT IN SUBSTANTIAL DELAYS IN THE DISTRIBUTION OF ANY RECOVERIES AND ADDITIONAL ADMINISTRATIVE EXPENSES ASSOCIATED WITH LITIGATION. THEREFORE, THE DEBTORS RECOMMEND THAT ALL HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

ARTICLE X.

SUMMARY OF VOTING PROCEDURES

This Disclosure Statement, including all Exhibits hereto and the related materials included herewith, is being furnished to the holders of Claims in Classes ~~[~~LES 3, LES 4, LES 5, LES 6, LES 7, LFG 3, LFG 4, LFG ~~5, SD 3~~5 and SD ~~4],~~3, which are the only Classes entitled to vote on the Plan.

All votes to accept or reject the Plan must be cast by using the Ballot enclosed with this Disclosure Statement. No other votes will be counted. Consistent with the provisions of Bankruptcy Rule 3018, the Debtors have fixed [**October 13**], 2009 at 5:00 p.m. (prevailing Eastern Time) as the Voting Record Date. Ballots must be RECEIVED by the Voting Agent no later than 4:00 p.m. (prevailing Eastern Time) on [**November 10**], 2009, unless the Debtors, at any time, in their sole discretion, extend such date by oral or written notice to the Voting Agent, in which event the period during which Ballots will be accepted will terminate at 4:00 p.m. (prevailing Eastern Time) on such extended date.

Solely for purposes of voting to accept or reject the Plan and not for the purpose of the allowance of, or distribution on account of, a Claim, each holder of a Claim within a Class of Claims entitled to vote to accept or reject the Plan shall be entitled to vote the amount of such Claim as set forth on the Schedules or, if such holder has timely filed a proof of claim, the amount of such Claim as set forth in such proof of claim. The Indenture Trustee for each of the 3.125% Convertible Senior Debentures and the 3.25% Convertible Senior Debentures filed proofs of claim in respect thereof. The beneficial owners of each of the 3.125% Convertible Senior Debentures and the 3.25% Convertible Senior Debentures will be entitled to vote with respect to their LFG General Unsecured Claims with respect to the Convertible Senior Debentures.

If a Claim is listed on the Schedules as contingent, unliquidated, or disputed or in an amount equal to zero dollars and a proof of claim was not (i) filed by the applicable Bar Date for the filing of proofs of claim, or (ii) deemed timely filed by an order of the Court prior to the Voting Deadline, such Claim is disallowed for voting purposes and for purposes of allowance and distribution pursuant to Bankruptcy Rule 3003(c), unless the Debtors consent in writing. If a Claim for which a proof of Claim has been timely filed is, by its terms, contingent, unliquidated, or disputed, or if the Claim is deemed disputed under the Plan, such Claim is temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at $1.00.

If the Debtors have served an objection to a Claim at least twenty (20) days before the Voting Deadline, such Claim is temporarily disallowed for voting purposes only and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in such objection.

Any holder of a Claim who seeks to have its claim allowed for voting purposes in an amount different from that which is set forth in the Schedules, the Plan or the Disclosure Statement, must file a motion (a "**Claimant Voting Motion**") seeking a hearing to consider the estimation of such claim before ten (10) days prior to the Voting Deadline. Such Claimant

Voting Motion must set forth with particularity the amount at which such claimant believes its claim should be allowed and the evidence in support thereof. If the Bankruptcy Court has not, on or before the Voting Deadline, temporarily or otherwise allowed all or a portion of a claim set forth in a Claimant Voting Motion for voting purposes, pursuant to Bankruptcy Rule 3018(a), such claim shall not be counted for voting purposes.

Ballots previously delivered may be withdrawn or revoked at any time prior to the Voting Deadline. Only the person or nominee who submits a Ballot can withdraw or revoke that Ballot. A Ballot may be revoked or withdrawn either by submitting a superseding Ballot or by providing written notice to the Voting Agent.

Acceptances or rejections may be withdrawn or revoked prior to the Voting Deadline by delivering a written notice of withdrawal or revocation to the Voting Agent. To be effective, notice of revocation or withdrawal must: (a) be received on or before the Voting Deadline by the Voting Agent at its address specified on page ~~[~~ ~~]~~3 herein; (b) specify the name of the holder of the Claim whose vote on the Plan is being withdrawn or revoked; (c) contain the description of the Claim as to which a vote on the Plan is withdrawn or revoked; and (d) be signed by the holder of the Claim who executed the Ballot reflecting the vote being withdrawn or revoked, in the same manner as the original signature on the Ballot. The foregoing procedures should also be followed with respect to a Person entitled to vote on the Plan who wishes to change (rather than revoke or withdraw) its vote.

ARTICLE XI.

CERTAIN RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED HEREIN BY REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

11.1 *Certain Bankruptcy Considerations.*

(a) General.

If the Debtors are unable to obtain confirmation of the Plan on a timely basis because of a challenge to confirmation of the Plan or a failure to satisfy the conditions to consummation of the Plan, the probability and the magnitude of the potentially adverse effects described herein would be increased.

(b) Failure to Receive Requisite Acceptances.

Classes ~~[~~LES 3, LES 4, LES 5, LES 6, LES 7, LFG 3, LFG 4, LFG ~~5,~~5 and SD 3~~ and SD 4]~~ are the only Classes that are entitled to vote to accept or reject the Plan. If the

Requisite Acceptances for at least one impaired Class of each Debtor are not received, the Debtors may seek to accomplish a liquidation and obtain acceptances to an alternative plan of liquidation for one or more of the Debtors, or otherwise, which alternate plan may not have broad based support. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to the Debtors' creditors as those proposed in the Plan.

(c) Failure to Confirm the Plan.

Even if all Classes entitled to vote accept the Plan, the Plan might not be confirmed by the Bankruptcy Court. The Debtors believe that the Plan satisfies all of the requirements for confirmation of a plan under the Bankruptcy Code. There can be no assurance, however, that the Bankruptcy Court will also conclude that the requirements for confirmation of the Plan have been satisfied.

In addition, if one or more Impaired Classes of Claims or Equity Interests entitled to vote does not vote to accept the Plan, the Debtors, with the consent of the Creditors Committees, may choose to exclude the Debtor to which such Class relates from the Plan. If one or more Debtors are excluded from the Plan, none of the creditors of such Debtors would receive a distribution under the Plan. The exclusion of a Debtor could have a material adverse effect on the creditors of such Debtor, would prolong the Chapter 11 Case as it relates to such Debtor and would delay the distribution to such Debtor's creditors until an alternate liquidation plan could be confirmed as to that Debtor.

(d) Failure to Consummate the Plan.

One condition to consummation of the Plan is entry of the Confirmation Order by the Bankruptcy Court in form and substance acceptable to the Debtors and the Creditors Committees, and that there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto. As of the date of this Disclosure Statement, there can be no assurance that these or the other conditions to consummation will be satisfied or waived.

Additionally, although the Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to the timing of the Effective Date. If the conditions precedent to the Effective Date set forth in ~~[~~Article XIII~~]~~ of the Plan have not occurred and have not been waived, the Confirmation Order shall be vacated, in which event, no Plan Distributions will be made. The occurrence of the Effective Date is subject to, among other things, the Confirmation Order having become a Final Order, the Plan Documents being executed and delivered, any conditions contained therein having been satisfied or waived in accordance therewith, and the Trust Agreements having been fully executed, and receipt of all material governmental, regulatory and third party approvals. In addition, Section 6.5 of the Plan provides that the Plan shall not be deemed to have been confirmed unless and until the Plan has been confirmed as to each of the Debtors.[~~35~~36] Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will ultimately be consummated.

[~~35~~36] The Debtors, with the consent of the Creditors Committees, may at any time waive Section 6.5 of the Plan with respect to the Chapter 11 Cases of one or more Debtors.

(e) Objections to Classification of Claims.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

In particular, the Plan provides that Principal Claims held by LES' Exchange Customers are treated differently depending on the terms their specific Exchange Agreement, and that the LES Damages Claims, which are Claims of Exchange Customers for amounts in excess of their Principal Claims, will not be paid until such Principal Claims are paid in full. If one or all of the Classes of Exchange Customers do not vote in favor of the Plan, in order to confirm the Plan, the Debtors will be required to prove pursuant to section 1129(b) of the Bankruptcy Code, *inter alia*, that the Plan does not "discriminate unfairly" against the dissenting Class(es). The Debtors believe that there is a reasonable basis for the differing treatment of the Exchange Customers on the grounds that different Exchange Agreements gave rise to different rights and different probabilities of success in the litigation with the Estates, which litigation is contemplated to be resolved pursuant to the global settlement embodied in the Plan. Such different treatment is proposed in good faith as part of the resolution of the LES Mediation, and the Debtors believe it is appropriate and in accordance with the provisions of the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

(f) Objections to Subordination of Indemnification Claims.

The Plan provides that the Indemnification Claims shall be subordinated to the LES General Unsecured Claims and LFG General Unsecured Claims, as applicable. Such subordination is based on claims contemplated to be brought by the LFG Trust, and on section 510(c) of the Bankruptcy Code and is a component of the comprehensive settlement of certain inter-estate disputes between LFG and LES. There can be no assurance that the Bankruptcy Court will determine this provision to be enforceable. The Bankruptcy Court could decline to confirm the Plan on the basis that the subordination of the Indemnification Claims is inequitable or unfairly discriminatory to the holders of such Indemnification Claims.

(g) Objections to Allowance of Intercompany Claims.

Section 2.2 of the Plan provides that Intercompany Claims among the Debtors and/or between a Debtor and a non-Debtor Subsidiary shall be treated as Allowed General Unsecured Claims against the applicable Debtor, except for Intercompany Claims between LES and LFG. Because certain Subsidiary Debtors may owe substantial Intercompany Claims to LFG or another Debtor, unaffiliated creditors of certain Subsidiary Debtors may object to this provision of the Plan. The Debtors believe that Section 2.2 of the Plan is appropriate since the Plan does not provide for the substantive consolidation of the Estates, and the Intercompany Claims evidence actual liabilities between and among LFG and its Subsidiaries. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

(h) Objections to the Scope of the Enjoined Actions.

Section ~~[~~14.4(b)~~]~~ of the Plan provides that, until such time as the ARS Litigation and the Other Litigation have been fully and finally resolved, suits, actions, investigations or other proceedings against a prepetition officer or director of a Debtor are enjoined to the extent that such action may deplete any insurance policy of the Debtors. The Debtors believe that the injunction in Section ~~[~~14.4(b)~~]~~ of the Plan is appropriate as it is consistent with the principle of equitable distribution in the Bankruptcy Code and prevents individual creditors from diluting assets of the Estates, which will otherwise be equitably distributed to all creditors. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

11.2 ***Actual recoveries may differ materially from the estimated recoveries set forth in this Disclosure Statement.***

The recoveries listed in this Disclosure Statement are estimates based on assumptions made by the Debtors. Such recoveries are dependent on a variety of factors, including the factors described below.

(a) Allowance of Unsecured Claims May Substantially Dilute the Recovery to Holders of Other Unsecured Claims under the Plan.

The Debtors currently are in the process of reviewing, analyzing and reconciling the scheduled and filed Claims. A number of objections have been filed and additional objections will be filed as the claims resolution process continues but the aggregate amount of Claims that will ultimately be Allowed is not determinable at present, and the Debtors expect that the claims resolution process will not be completed until after the Effective Date. The projected distributions and recoveries set forth in this Disclosure Statement and the Debtors' Liquidation Analysis are based on the Debtors' estimates of Allowed Claims. However, there can be no assurance that the Debtors' estimates will prove accurate. Plan Distributions to certain creditors may be affected by the ultimate amount of Allowed Claims and the amount of Cash the Debtors are able to realize from the sale or other liquidation of their remaining assets, as well as the costs of continuing to administer the Chapter 11 Cases and wind down the Debtors' businesses. Furthermore, Plan Distributions will be affected by the outcome of the Trust Causes of Action.

The Debtors reserve the right to object to the amount or classification of any Claim. Thus, the estimates set forth in this Disclosure Statement cannot be relied upon by any creditor whose Claim is subject to a successful objection. Any such creditor may not receive the estimated Plan Distributions set forth herein.

(b) Availability of Insurance

~~**[TO FOLLOW]**~~

Pursuant to the Plan and after the occurrence of the Effective Date, the Trusts will pursue certain Claims and Causes of Action for the benefit of all creditors. To the extent such Claims or Causes of Action are successful and result in recoveries from the Debtors' insurance policies, such distributions will depend on the amount and availability

of the Debtors' insurance coverage. To the extent available, proceeds from the Debtors' insurance policies will be distributed equitably among creditors. As a result, the Plan Distributions to certain creditors may ultimately be affected by the amount of insurance proceeds available under the Debtors' insurance policies.

(c) Risks Relating to Plan Reserves.

Pursuant to Section 10.3 of the Plan, the Trustees shall reserve an amount of Plan Consideration for the benefit of holders of Disputed Claims based on the asserted face amount of such the Disputed Claims or another amount estimated or otherwise determined by the Bankruptcy Court or set pursuant to an agreement with the holders of such Disputed Claims. This estimation process requires determinations as to the expected results of future actions of courts and third parties, and is thus inherently uncertain. As a result, it is possible that the amount of Claims ultimately Allowed against a Debtor and/or amounts to be retained in such Debtor's reserves, may be underestimated, which may therefore cause insufficient amounts of Plan Consideration to be deposited or held in the applicable reserve to cover distributions with respect to subsequently Allowed Claims. This may result in subsequently Allowed Claims receiving proportionately lower distributions than earlier Allowed Claims in their Class.

(d) Litigation Risks.

As noted in the Plan and this Disclosure Statement, the outcome of the ARS Litigation and the Other Litigation described in ~~[~~Article ~~IV]~~**VII herein** may enhance Plan Distributions if the Debtor plaintiffs are successful in asserting their Causes of Action. ~~[~~The estimate of recoveries to holders of claims against LES and LFG set forth in Article II herein contemplates a positive recovery from such Causes of Action.~~]~~ However, there can be no assurance that any such Causes of Action will produce recoveries that will enhance Plan Distributions or that such recoveries will equal the amounts estimated by the Debtors.

While the Plan provides that the Trusts will receive an initial amount in Cash from the LES and LFG Estates to, among other things, prosecute the ARS Litigation and the Other Litigation, due to the uncertainty of litigation, the ARS Litigation and the Other Litigation may take considerably more time, and cost materially more in fees and expenses than is currently anticipated by the Debtors, which may reduce the expected recoveries for creditors of LFG and LES.

(e) Uncertainties Relating to the Liquidation of the ARS.

The LES Trust will be responsible for liquidating the ARS after the Effective Date. The estimate of recoveries to holders of claims against LES and LFG set forth in Article II herein contemplates a positive recovery from the liquidation of the ARS. However, due to the current illiquid nature of the ARS, there can be no assurance that selling the ARS to a third party in the unproven secondary market for such sales will produce significant recoveries or that such recoveries will equal the amounts estimated by the Debtors. In addition, since the portfolio of ARS held by the LES Trust is comprised entirely of subordinate student loan ARS that are susceptible to higher chances of default than senior student loan ARS, the universe of

subordinated buyers is greatly reduced in comparison to senior student loan ARS buyers, which may result in recoveries lower than the amounts estimated by the Debtors.

(f) Risks Relating to Claims of the IRS.

The IRS has asserted a Priority Tax Claim (the "**IRS Claim**")[~~36~~37] against the Estates seeking more than $54 million based on taxes and interest allegedly owed for the 2003, 2005 and 2006 tax years.

The IRS Claim, as it relates to the 2003 tax year, arises out of a prepetition United States Tax Court proceeding in which LFG challenged an IRS notice of deficiency asserting more than $35,000,000 in tax and approximately $13,000,000 in interest owed for the 2003 tax year in respect of amounts earned by certain of the Underwriters.[~~37~~38] The IRS asserts that LFG should have included in the Underwriters' 2003 taxable income an estimate of unreported premiums from title insurance policies sold by unaffiliated agencies of the Underwriters. The Debtors intend to object to this portion of the IRS Claim on the grounds, *inter alia*, that LFG properly computed the taxable income of the Underwriters under the method of accounting required by the Tax Code for title insurance companies. In the meantime, the Debtors have engaged in settlement negotiations with the IRS in an effort to materially reduce the amount of tax and interest asserted for the 2003 tax year. The Debtors cannot predict the outcome of any litigation as to this issue and there can be no guarantee that the Debtors will be successful in materially reducing the IRS Claim as it relates to the 2003 tax year or that the IRS will not ultimately assert and obtain a higher amount of tax and interest with respect to this issue. If the Debtors are not successful in materially reducing or disallowing the IRS Claim as it relates to the 2003 tax year, the IRS would be entitled to a priority claim under Section 507(a)(8) of the Bankruptcy Code, thereby reducing the funds available to distribute to non-priority unsecured creditors of the Debtors (subject to the effect of the cap on the exposure of LES on these claims contained in the Plan and referenced below).

The IRS Claim, as it relates to the 2005 and 2006 tax years, arises out an audit examination in which the IRS asserted a tax deficiency against LFG of $1,028,521 for the 2005 tax year and $3,777,235 for the 2006 tax year.[~~38~~39]
In contrast, the IRS Claim asserts against LFG a tax owed for the 2005 tax year of $1,697,264 (with interest to the Initial Petition Date of $365,572.87) and a tax owed for the 2006 tax year of

[~~36~~37] On December 18, 2008, the IRS filed claim No. 154 against LFG alleging an unsecured priority tax claim of $53,278,912.87. On February 3, 2009, the IRS filed claim No. 368 against LFG, alleging a total unsecured claim of $54,116,726.08, and asserting that $54,091,696.08 of that amount is entitled to priority under 11 U.S.C. § 507(a)(8). Although the IRS did not check the box on the proof of claim form designating claim No. 368 as an amendment to a previously filed claim, in its Response to Debtors' Fifth Omnibus Objection to Claims, the IRS has agreed that claim No. 368 superseded claim No. 154.

[~~37~~38] The referenced Underwriters include: (1) Commonwealth Land Title Insurance Company, (2) Lawyers Title Insurance Corporation; and (3) Transnation Title Insurance Company. On April 30, 2008, Transnation Title Insurance Company was merged into Lawyers Title Insurance Corporation.

[~~38~~39] The IRS asserted these tax deficiencies in a Form 4549 dated January 16, 2009, which detailed the following increases in LFG's income: (i) for 2005, a positive adjustment to income of $2,772,325 (described on Substitute for Form 4549-B as "000004 Entertainment 5701-4") and $166,307 (described on Substitute For Form 4549-B as "000002 162(m) limitation-5701-2"); and (ii) for 2006, a positive adjustment to income of $3,963,230 (described on Substitute for Form 4549-B as "additional entertainment 5701-4") and $6,828,871 (described on Substitute for Form 4549-B as "000001 Prepaid Expenses 5701-1").

$3,777,235 (with interest to the Initial Petition Date of $473,094.70). The Debtors have not to date disputed the 2005 and 2006 tax adjustments proposed by the IRS in the prepetition audit (along with the interest owed thereon up to the Initial Petition Date), although the Debtors reserve their rights to object to those amounts; however, the Debtors intend to object to the extent and validity of the additional amount (approximately $668,000) asserted by the IRS in the IRS Claim for the 2005 tax year. There can be no guarantee that the Debtors will be successful in materially reducing the IRS Claim as it relates to the 2005 tax year or that the IRS will not ultimately assert and obtain a higher allowed claim for tax and interest with respect to that or another open tax year. If the Debtors are not successful in materially reducing or disallowing the IRS Claim as it relates to the 2005 tax year, or if the IRS successfully asserts additional tax and interest against LFG for 2005 or another open tax year, the IRS would be entitled to a priority claim under Section 507(a)(8) of the Bankruptcy Code, thereby reducing the funds available to distribute to non-priority unsecured creditors of the Debtors (subject to the effect of the cap on the exposure of LES on these claims contained in the Plan and referenced below).

Under Treasury Regulation section 1.1502-6, the Debtors and certain non-Debtor parties, including the Underwriters, are severally liable for the tax liabilities asserted by the IRS. The Debtors are unable to predict to what extent or whether other non-Debtor members of the controlled group will contribute to satisfying the claims asserted by the IRS, or to what extent any contribution claims the Debtors may assert against those non-Debtor parties would be collectible.

Pursuant to, *inter alia*, Sections 1.96 of the Plan, the exposure of LES on account of the Priority Tax Claim filed by the IRS, as between the Debtors, is limited to $500,000.

(g) Risks Relating to the Cash Balance Plan.

Calculation of the Cash Balance Plan's assets and liabilities is complex and subject to considerable uncertainty. The valuations of the Cash Balance Plan's assets and liabilities change daily with fluctuation in markets and interest rates. Consequently, the Cash Balance Plan's surplus or deficit is volatile. Changes in interest rates and the value of assets can significantly and unpredictably alter the actual amount of funding surplus or deficit at any given time.

To carry out a standard termination of the Cash Balance Plan, it is necessary to purchase annuities to discharge completely the Cash Balance Plan's obligations to its participants. In calculating the estimate of termination liability, the Cash Balance Plan's actuary used quotes from several insurance companies obtained in early June 2009. However, the actual cost of annuities needed to terminate the Cash Balance Plan in a standard termination can only be determined by the annuity marketplace at the time the annuities are actually placed. Therefore, it is difficult to predict the amount of assets that would be needed to undertake a standard termination of the Cash Balance Plan.

Likewise, in the event of a distress or involuntary termination of the Cash Balance Plan, calculation of the unfunded benefit liability will be complex and subject to considerable uncertainty. The date determined as the termination date cannot be predicted with certainty and will impact the valuation of Cash Balance Plan's assets and the interest rate used to calculate the

present value of liabilities. It is therefore difficult to predict what the unfunded benefit liability would be in the event of distress or involuntary termination.

The PBGC has filed claims against each of LFG, LES and the other Debtors asserting joint and several liability for termination premiums (at the rate of $1,250 per participant per year for three (3) years, termination premiums, if applicable, could exceed $27 million) and unfunded benefit liabilities estimated by the PBGC to be $35.7 million. The PBGC Claims allege joint and several liability of LFG and each member of LFG's controlled group, including each of its direct and indirect subsidiaries.

(h) Risks Relating to Dissolved Subsidiaries.

In the event of the dissolution or similar proceeding of any LFG Subsidiary, LFG and its affiliates may be liable for Claims that would have otherwise been asserted against a dissolved Subsidiary by such Subsidiary's creditors, including trade and other payables. Such Claims may have the effect of reducing Plan Distributions or increasing the number of secured or unsecured creditors, as applicable.

(i) Risks Relating to Net LES Cash.

The estimate of recoveries to holders of claims against LES set forth in Article II herein contemplates that the Net LES Cash will be in the approximate amount of $~~[ ]~~**105.6** million. However, if the Allowed Administrative Expense Claims against LES, the Allowed Fee Claims against LES, the Allowed Priority Tax Claims against LES, the Allowed LES Priority Non-Tax Claims, and the Allowed LES Secured Claims (if such Claims are to be satisfied in Cash) are materially higher than anticipated by the Debtors, then the Net LES Cash will be lower than the amounts reflected in the recoveries set forth in Article II.

11.3 ***Risks Relating to Tax and Accounting Consequences of the Plan.***

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors currently do not intend to seek any ruling from the IRS on the tax consequences of the Plan. Even if the Debtors decide to request a ruling, there would be no assurance that the IRS would rule favorably or that any ruling would be issued before the Effective Date. In addition, in such case, there would still be issues with significant uncertainties, which would not be the subject of any ruling request. **Thus, there can be no assurance that the IRS will not challenge the various positions the Debtors have taken, or intend to take, with respect to the tax treatment in the Plan, or that a court would not sustain such a challenge.**

11.4 ***Risks Relating to Orange County Bancorp and Centennial***

(a) Operational, Regulatory and Economic Risks.

1. Regulatory considerations.

Centennial is regulated by the California Department of Financial Institutions ("**DFI**") and the Federal Deposit Insurance Corporation ("**FDIC**"). The DFI and FDIC regularly

examine Centennial to evaluate the safety and soundness of Centennial's operations. These agencies are empowered to require Centennial to make changes and agree to limitations of its operations and activities if necessary. In the current economic environment, the DFI and FDIC are focused on asset quality, loss reserve allocations, capital and management. Perceived weaknesses in any of these areas could result in the imposition of regulatory enforcement actions. Additionally, Congress and the state legislatures as well as the banking regulatory agencies continually review laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory polices, including interpretation or implementation of statutes, regulations or policies, could affect Centennial in substantial and unpredictable ways, including limiting the types of financial services and products Centennial may offer and increasing the ability of non-banks to offer competing financial services and products. Any significant changes in the ownership structure of Centennial will require approval by the DFI and FDIC. There can be no assurance that such approvals will be granted.

2. Market Competition.

The financial services industry, including commercial banking, mortgage banking, consumer lending and home equity lending, is highly competitive, and Centennial encounters strong competition for deposits, loans and other financial services in its market. Centennial's principal competitors are commercial banks, savings banks, savings and loan associations and a variety of non-bank lenders with respect to its products and services. Many of Centennial's non-bank competitors are not subject to the same degree of regulation as Centennial and have advantages over Centennial in providing certain services. Many of Centennial's competitors are significantly larger and have greater access to capital and other resources, higher lending limits and larger branch networks than Centennial. These competitive factors may have a material adverse effect on the profitability of Centennial's lending and deposit operations.

3. Developments in the financial services industry and U.S. credit markets.

Negative developments in the credit and capital markets over the last eighteen months have created significant volatility in the financial markets and may result in higher unemployment and deterioration of the U.S. economy for the latter part of 2009 and into 2010. Loan portfolio performances have deteriorated at many institutions and the competition for deposits and quality loans has increased significantly. In addition, the values of real estate collateral supporting many loans have declined and may continue to decline. As a result, there is a potential for new federal or state laws and regulations regarding lending and funding practices and liquidity and capital standards, and bank regulatory agencies may be aggressive in responding to concerns and trends identified in examinations, including by issuing in certain circumstances formal enforcement orders. Developments in the financial industry and the impact of new legislation in response to those developments could negatively impact Centennial's operations by restricting its business operations, including its ability to originate or sell loans, and adversely impact its financial performance. Continued deterioration of market values of real estate in Centennial's market area could significantly impact the quality of the collateral for its loans and could cause the asset quality of its loan portfolio to become impaired.

4. Loan losses.

Like all financial institutions, Centennial maintains an allowance for loan losses to provide for loans that its borrowers may not repay in their entirety. Centennial's allowance for loan losses may not be sufficient to cover actual loan losses, and future provisions for loan losses could materially and adversely affect operating results. The accounting measurements related to impairment and the loan loss allowance require significant estimates that are subject to uncertainty and changes relating to new information and changing circumstances. Because of the degree of uncertainty and susceptibility of these factors to change, actual losses may vary from its current estimates.

Centennial's regulators, as an integral part of their examination process, periodically review Centennial's allowance for loan losses and may require Centennial to increase its allowance for loan losses by recognizing additional provisions for loan losses charged to expense, or to decrease its allowance for loan losses by recognizing loan charge-offs, net of recoveries. Any such required additional provisions for loan losses or charge-offs could have a material adverse effect on Centennial's financial condition and results of operations.

5. Nonperforming assets.

Centennial's nonperforming assets adversely affect its net income in various ways. Until economic and market conditions improve, Centennial may incur additional losses relating to an increase in nonperforming loans. When Centennial receives collateral through foreclosures and similar proceedings, Centennial is required to mark the related loan to the then fair market value of the collateral less estimated selling costs, which may result in a loss. An increase in the level of nonperforming assets also increases Centennial's risk profile and may impact the capital levels regulators believe are appropriate in light of such risks. Decreases in the value of these problem assets, the underlying collateral, or in the borrowers' performance or financial condition, could adversely affect Centennial's business, results of operations and financial condition. In addition, the resolution of nonperforming assets requires significant commitments of time from management and staff, which can be detrimental to performance of their other responsibilities. There can be no assurance that Centennial will not experience increases in nonperforming loans in the future.

6. Fluctuating interest rates.

Centennial's profitability is dependent to a large extent upon net interest income, which is the difference (or "spread") between the interest earned on loans, securities and other interest earning assets and the interest paid on deposits, borrowings, and other interest bearing liabilities. Because of the differences in maturities and repricing characteristics of Centennial's interest earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest income earned on interest-earning assets and interest paid on interest-bearing liabilities. Accordingly, fluctuations in interest rates could adversely affect Centennial's interest rate spread, and, in turn, its profitability.

7. Increase in FDIC deposit insurance premiums.

The FDIC recently adopted a final rule revising its risk-based assessment system, effective April 1, 2009. The changes to the assessment system involve adjustments to the risk based calculation of an institution's unsecured debt, secured liabilities and brokered deposits. The potential increase in FDIC deposit insurance premiums could have a significant impact on Centennial.

On May 22, 2009, the FDIC imposed a special deposit insurance assessment of 5 basis points on each insured institution's total assets less Tier 1 capital. This emergency assessment will be calculated based on the insured institution's assets at June 30, 2009, and collected on September 30, 2009. This special assessment is in addition to the regular quarterly risk based assessment. The FDIC has announced that an additional special assessment in 2009 of up to 5 basis points is probable.

The FDIC deposit insurance fund may suffer additional losses in the future due to bank failures. There can be no assurance that there will not be additional significant deposit insurance premium increases in order to restore the insurance fund's reserve ratio.

8. Federal legislation on U.S. economy and banking industry.

In October 2008, Congress enacted the Emergency Economic Stabilization Act of 2008 ("**EESA**"), which provided the Treasury with broad authority to implement action intended to help restore stability and liquidity to the U.S. financial markets. Pursuant to EESA, the Treasury has the ability to purchase or insure up to $700 billion in troubled assets held by financial institutions under the TARP. In October 2008, the Treasury announced it would initially purchase equity stakes in financial institutions under the CPP of up to $350 billion of the $700 billion authorized under the TARP legislation. Centennial is not participating in the CPP. The EESA also increased the amount of deposit account insurance from $100,000 to $250,000 effective until December 31, 2013.

In early 2009, the Treasury also announced the Financial Stability Plan which, among other things, provides a new capital program called the Capital Assistance Program, establishing a public-private investment fund for the purchase of troubled assets, and expands the Term Asset Backed Securities Loan Facility. The Treasury also recently announced plans to create a federal Consumer Financial Protection Agency. This legislation is in the early stages, and it is not possible to predict whether such legislation will be enacted. Due to the recessionary condition of the national economy, it is possible that additional legislation affecting the banking industry may be enacted in the near future. The full effect of legislation recently enacted and broad legislation that may be enacted in the near future on the national economy and financial institutions cannot now be predicted. There can be no assurance that these measures will successfully address the current recessionary conditions.

9. Governmental fiscal and monetary policy.

Centennial's business and earnings are affected by domestic and international fiscal and monetary policy. For example, the Federal Reserve Board regulates the supply of money and credit in the United States and its policies determine in large part Centennial's cost of funds for lending, investing and capital raising activities and the return Centennial earns on those

loans and investments, both of which affect Centennial's net interest margin. The actions of the Federal Reserve Board also can materially affect the value of financial instruments Centennial holds and its policies also can affect Centennial's borrowers, potentially increasing the risk that they may fail to repay their loans.

10. Access to funding.

~~**[In October 2008 the FDIC announced the temporary Transaction Account Guarantee Program by which the FDIC provided unlimited coverage for transaction accounts, including NOW accounts that pay less than 0.05% per annum. This program was set to expire on December 31, 2009 but has subsequently been extended to June 30, 2010. If this program is allowed to expire it could impact Centennial's access to deposit funds.]**~~

Centennial's business plan and strategy are based on continued access to funding from depositors. Because Centennial is an industrial loan company, it cannot accept demand deposits. If eligible deposits are not sufficient to fund Centennial's asset growth or operations, Centennial must look to outside sources such as advances from the Board of the Federal Home Loan Bank (the "**FHLB**"). The FHLB is a secured funding outlet. Centennial's ability to access advances from the FHLB will depend upon whether and to the extent it can provide adequate collateral.

~~[~~Centennial may also look to brokered deposits as a source of liquidity. Depositors that invest in brokered deposits are generally interest rate sensitive and well-informed about alternative markets and investments. As a result, those types of deposits may not provide the same stability as traditional deposit relationships. In addition, Centennial's liquidity may be negatively affected if that funding source experiences supply difficulties due to loss of investor confidence or a flight to other investments. Finally, based on regulatory advice, the use of brokered deposits to provide liquidity may be limited.~~]~~

11. Centennial's real estate lending markets.

Centennial's commercial real estate lending is concentrated in California, Arizona and Nevada, three of the states hit hardest by the recent economic downturn. Continued weakness in those markets could significantly impact the performance of Centennial's loan portfolio and the value of its real estate collateral.

12. Other operational risks.

The potential for operational risk exposure exists in Centennial's systems and organization. Integral to Centennial's performance is the continued efficacy of its technical systems, operational infrastructure and the relationships with third parties and key executives in Centennial's day-to-day and ongoing operations. Failure by any or all of these resources subjects Centennial to risks that may vary in size, scale and scope. This includes but is not limited to operational or technical failures, unlawful tampering with technical systems, terrorist activities, ineffectiveness or exposure due to interruption in third party support, as well as the loss of key individuals or failure on the part of the key individuals to perform properly.

(b) Risks Related to the Sale of Orange County Bancorp and Centennial.

Orange County Bancorp and Centennial have been on the market since before the Initial Petition Date. Both prepetition and after the Initial Petition Date, LFG retained Sandler O'Neill ~~& Partners ("**Sandler O'Neill**")~~ as its financial advisor to assist in the sale of Orange County Bancorp and Centennial. In connection with the sale process, LFG and Sandler O'Neill created an electronic data room containing financial and other information about Orange County Bancorp and Centennial and made the data room available to qualified prospective interested parties. Sandler O'Neill contacted 77 potential purchasers. The potential purchasers consisted primarily of developmental stage banks, bank desiring to increase their geographic footprint and private equity firms operating financial services companies. Of those contacted, 46 purchasers signed confidentiality agreements with LFG and obtained access to the electronic data room. Only 6 potential purchasers submitted any written indication of interest to purchase Orange County Bancorp and Centennial, each indication was heavily qualified and none of those indications met the bid procedures established by LFG and Sandler O'Neill.

1. Regulatory Restrictions on Purchase of Centennial.

State and federal law contain substantial restrictions on the nature and business activities of the owners of Orange County Bancorp and Centennial. California law provides that only persons or entities that have operations that are "financial in nature" may own an industrial loan company such as Centennial. The policies of the FDIC also limit the ability of persons or entities engaged in commercial activities to own Centennial. These restrictions severely limit the universe of parties that can purchase Centennial. Also, any potential purchaser must make application to the DFI and FDIC for approval to own Centennial and there can be no assurance that such an application will be approved.

2. Inherent Risks in Sale Process.

Because of the inherent uncertainties in any sale process, there can be no assurance that the Debtors will be able to sell Orange County Bancorp and Centennial in whole or in part, that the Debtors will receive an acceptable price if any sale is completed, or that such a sale can be completed in a timely manner. In addition, if LFG is unable to obtain a PBGC Determination, LFG may not be able to sell or otherwise dispose of Orange County Bancorp and Centennial for value. There can be no assurances as to the amount that Orange County Bancorp and/or Centennial will generate in any sale or other disposition.

3. Liability Relating to Capital Commitment.

In connection with its acquisition of Centennial in 2003, LFG submitted to the FDIC an application for Change in Control (the "Application"). In response to the FDIC's concerns that the projected capital levels of Centennial may not be sufficient to support the level of growth projected in the business plan submitted with the Application, LFG entered into a Capital Maintenance Commitment (the "Capital Commitment"). Pursuant to the Capital Commitment, LFG agreed to: (a) infuse Centennial with $2.5 million in capital; (b) maintain Centennial as a well capitalized institution, within the meaning of the FDIC Improvement Act (the "Act") and to maintain Centennial's Tier 1

leverage ratio at 8% for three years after the Change in Control is consummated; (c) to infuse Centennial with additional capital as necessary to maintain the capital standards prior to placing additional escrow deposits; and (d) not draw dividends from Centennial for a period of three years from the date the Change of Control is consummated. To be considered "well-capitalized" within the meaning of the Act, Centennial must have a total risk-based capital ratio of at least 10%, a tier 1 risk-based capital ratio of at least 6% and a leverage ratio of at least 5%.

LFG has been informed that the FDIC has completed its field work for a regular examination of Centennial, which included inquiries into Centennial's capital, asset quality (including the calculation of loan loss reserves), management, earnings, liquidity and sensitivity to risk. Customarily, the FDIC submits a written report of its examination findings to the examined bank within sixty (60) days of the close of the examination.

Centennial's management has informed LFG that it cannot be certain what the FDIC's final report will say, but it is probable that Centennial will, at a minimum, be required to recognized additional downgrades of certain of its loans which will result in an immediate charge to its earnings. The FDIC may also enter an enforcement action against Centennial that would result in a cease and desist order. The entry of a cease and desist order could significantly and adversely affect Centennial's liquidity, among other things. It is also possible that Centennial's current circumstances could give rise to a demand by the FDIC for Centennial to raise additional capital, and/or for LFG to contribute additional capital to Centennial, if Centennial's capital ratios fall below Well Capitalized (as defined in the Act). There can be no assurance that Centennial will be capable of meeting any demands or requirements that may be imposed by the FDIC and, in light of LFG's bankruptcy, it is highly unlikely that LFG would be in a position to contribute any additional capital. Regulatory action could have a material adverse effect on the ability of Centennial to continue as a going concern.

The FDIC has not filed a timely claim with respect to the Capital Commitment. However, the Debtors cannot predict whether the FDIC will assert a claim against LFG relating to its obligations under the Capital Commitment or whether any such claim might be allowed or the amount thereof. If such a claim is asserted, the FDIC may also assert that such claim, if any, is entitled to priority in payment pursuant to section 507(a)(9) of the Bankruptcy Code.

LFG believes that the FDIC no longer has the right to require LFG to capitalize Centennial pursuant to the Capital Commitment and LFG would refute any assertion of liability with respect to the Capital Commitment. As an initial matter, LFG believes that any requirements to maintain Centennial's leverage ratio under the Capital Commitment ended in 2006, three years after the date of Change of Control was consummated. Furthermore, the Capital Commitment obligated LFG to maintain certain capital standards at Centennial in connection with escrow accounts, which are no longer maintained at Centennial. LFG reserves all of its rights to dispute the timeliness, amount, priority and validity of any claim that may be asserted by the FDIC. There can be no assurance that the Bankruptcy Court will agree with LFG's position.

ARTICLE XII.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes some of the more significant United States federal income tax consequences of the Plan to certain holders of Claims or Interests. The analysis contained herein is based upon the Tax Code, the Treasury Regulations promulgated and proposed thereunder (the "**Regulations**"), judicial decisions and published administrative rulings and pronouncements of the IRS as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations hereafter enacted or promulgated could alter or modify the analysis and conclusions set forth below. Any such changes or interpretations may be retroactive and could affect significantly the federal income tax consequences discussed below. The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. This summary does not generally address state, local or non-U.S. tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations and investors in pass-through entities). Accordingly, the following summary of certain federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a Claim or an Interest.

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS OR INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE LAW. NO RULING HAS BEEN APPLIED FOR OR OBTAINED FROM THE INTERNAL REVENUE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN REQUESTED OR OBTAINED WITH RESPECT THERETO. THIS DISCUSSION DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THERE CAN BE NO ASSURANCE THAT THE INTERNAL REVENUE SERVICE WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF THE PLAN.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE; (B) ANY SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE SOLICITATION OF VOTES IN FAVOR OF THE PLAN; AND (3) TAXPAYERS

SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

12.1 ***Federal Income Tax Consequences to the Debtors.***

(a) Sale of the Some of the Debtors' Assets.

The sales of the Debtors' assets in the Chapter 11 Cases are taxable transactions. Thus, the Debtors must recognize any gain or loss realized on each such sale. To determine the amount of gain or loss realized on any sale, the total consideration received in such sale must be allocated among the assets sold in accordance with their relative fair market values. The gain or loss realized with respect to each asset is then determined separately by subtracting the selling Debtor's tax basis in such asset from the amount of consideration received for such asset. To the extent that the Debtors recognize a net gain in any taxable year from the asset sales, such gain may be offset either by operating losses that accrue during the tax year of the sale or by the Debtors' net operating loss and/or capital loss carryforwards. The Debtors may, however, recognize some alternative minimum tax as a result of asset sales if the gain from the sale is offset by net operating loss and/or capital loss carryforwards, and not by operating losses from the same tax year as the year of the sale. The Debtors' ability to use certain losses (including loss carryforwards) to offset taxable gains and income may be subject to certain limitations under the consolidated return rules.

(b) Cancellation of Indebtedness and Reduction of Tax Attributes.

As a result of the consummation of the Plan, certain indebtedness of the Debtors will be discharged for U.S. federal income tax purposes. Generally, gross income includes the amount of any such cancellation of indebtedness ("**COD**") income. The amount of the COD income generally equals the amount by which the indebtedness discharged (reduced by any unamortized discount) exceeds any consideration given in exchange therefor, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD income (such as where the payment of the cancelled debt would have given rise to a tax deduction). Because the Debtors are in a Chapter 11 bankruptcy proceeding, however, the Debtors will not be required to recognize COD income, but must instead reduce certain tax attributes by the amount of unrecognized COD income in the manner prescribed by section 108(b) of the Tax Code. The tax attributes of the Debtors subject to reduction include net operating losses ("**NOLs**"), NOL carryforwards, capital losses and loss carryovers, certain tax credits and, subject to certain limitations, the tax basis of property (including stock of subsidiaries).

(c) Transfer of Assets to the Trusts.

In addition, under the Plan certain assets of the Debtors will be transferred to ~~[~~**the LES Trust and the LFG Trust, the ARS Litigation Sub-Trust, the Other Litigation Sub-Trust, the LES Remaining Assets Sub-Trust and the LFG Remaining Assets Sub-Trust** ~~[still under discussion]] (the "Trusts")~~ pursuant to the Plan. The transfer of these assets to the Trusts will result in the recognition by the Debtors of gain or loss based on the difference between the fair market value and tax basis of the assets being so transferred. To the extent that the Debtors recognize a net gain from the transfer of these assets, such gain may be offset either

by operating losses that accrue during the tax year of the transfer, or by the Debtors' net operating loss and/or capital loss carryforwards. The Debtors may, however, recognize some alternative minimum tax as a result of the transfer if the gain from the sale is offset by net operation loss and/or capital loss carryforwards, and not by operating losses from the same tax year as the year of the transfer. The Debtors' ability to use certain losses (including loss carryforwards) to offset taxable gains and income may be subject to certain limitations under the consolidated return rules.

(d) Alternative Minimum Tax.

The Tax Code provides that, for any taxable year, a corporation's federal income tax liability equals the greater of (i) the regular tax computed at the regular 35% corporate tax rate on taxable income and (ii) the alternative minimum tax ("**AMT**") computed at a lower tax rate (20%) but on a broader income base (alternative minimum taxable income ("**AMTI**")). For purposes of computing a corporation's regular federal income tax liability, all of the income recognized in a taxable year may be offset by available NOLs and other tax carryovers (to the extent permitted under, *inter alia*, sections 382 and 383 of the Tax Code). In contrast, for purposes of computing AMTI, NOLs (as determined for AMT purposes) and other tax carryovers generally are taken into account, but may not offset more than 90% of the pre-NOL AMTI. Thus, a corporation that is currently profitable for AMT purposes generally will be required to pay federal income tax at an effective rate of at least 2% of its pre-NOL AMTI (10% of the 20% AMT tax rate), regardless of the amount of its NOLs. As a result, even if the Debtors are otherwise able to fully shelter their income with NOLs, they will be subject to current taxation in any year in which they have positive net pre-NOL AMTI (including as a result of gain and income recognized in connection with the transactions contemplated by the Plan).

12.2 ***Federal Income Taxation of the Trusts.***

(a) Classification of the Trusts.

As of the Effective Date, certain assets of the Debtors will be transferred to the Trusts to be established pursuant to the Plan. The Debtors intend that (i) the Trusts qualify as "liquidating trusts," as defined in Treasury Regulation section 301.7701-4(d), and (ii) the Trusts be treated as "grantor trusts" and the holders of Claims or Interests entitled to receive Trust Interests ~~("Beneficiaries")~~ be treated as the grantors of such Trusts. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan.

The following discussion assumes that the Trusts will be respected as grantor trusts for federal income tax purposes. To the extent possible, the Debtors will comply with the requirements and guidelines set forth in Revenue Procedure 94-45. However, the Debtors do not intend to request any advance ruling from the IRS regarding the tax characterization of the Trusts as liquidating trusts. There can be no assurance that the IRS will treat the Trusts as grantor trusts. If the IRS were to challenge successfully such classification, the federal income tax consequences to the Trusts, the **Trust** Beneficiaries, and the Debtors could be materially

different than is discussed herein (including the potential for an entity level tax on any income of the Trusts and materially adverse tax effects to the holders of Claims).

(b) General Tax Reporting by the Trusts and Trust Beneficiaries.

The Plan requires all parties (including the Debtors, the trustees of the Trusts, and the **Trust** Beneficiaries) to treat the transfer of assets by the Debtors to the Trusts, for United States federal income tax purposes, as a transfer of such assets directly to the **Trust** Beneficiaries of such Trusts, followed by the transfer of such assets by the **Trust** Beneficiaries to the Trusts. The Plan also requires the Debtors, the Trustees and the **Trust** Beneficiaries to value the assets (and any assumed liabilities) consistently for United States federal and other income tax purposes, and to treat the Trusts as grantor trusts of which the **Trust** Beneficiaries are the owners and grantors. As a consequence, the **Trust** Beneficiaries (and any subsequent transferees of interests in one of the applicable Trusts) will be treated for United States federal income tax purposes as the direct owners of a specified undivided interest in the assets of the applicable Trust (which assets will have a tax basis equal to their fair market value on the date transferred to the Trust).

The United States federal income tax reporting obligation of a **Trust** Beneficiary is not dependent upon a Trust distributing any cash or other proceeds. Except as discussed below (in connection with the Disputed DOF), the Plan provides that each Trust will allocate items of income, gain, loss, expense and other tax items to its respective **Trust** Beneficiaries in accordance with their relative beneficial interest. Therefore, a **Trust** Beneficiary may incur an income tax liability with respect to its allocable share of the income of a Trust whether or not the Trust has made any concurrent distribution to the **Trust** Beneficiary.

The Plan requires each Trustee to file tax returns for each Trust as a "grantor trust" pursuant to Treasury Regulation section 1.671-4(a). The Trusts are expected to send each **Trust** Beneficiary a separate statement setting forth the **Trust** Beneficiary's share of items of income, gain, loss, deduction, or credit, and such **Trust** Beneficiary will be responsible for the payment of taxes on a current basis that result from such allocations.

TRUST BENEFICIARIES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPROPRIATE FEDERAL INCOME TAX REPORTING OF THE TRUSTS.

(c) Treatment of Disputed Ownership Fund.

On the Effective Date, the Trustees shall create separate reserves for each Class of Claims or Interests, other than LES Damages Claims, which include one or more Disputed Claims or Interests, as the case may be and in accordance with ~~this~~**the** Plan, funded with the Plan Consideration, including Trust Interests, if any, as to which such Disputed Claims or Interests would have been entitled if Allowed. Such reserved Plan Consideration will be transferred to the Trustees to be held in such reserves for such holders of Disputed Claims and/or Interests, and the Trustees will treat or make an election pursuant to U.S. Treasury Regulations Section 1.468B-9(c) to treat these reserves as one or more "disputed ownership funds" (each, a "**Disputed DOF**"). The Disputed DOF and not the holders of Disputed Claims and/or Interests

or the Debtors will be treated as the owner of the Plan Consideration and any other assets reserved for Disputed Claims and/or Interests. The Disputed DOF will be treated for United States federal income tax purposes as a taxable entity separate from the holders of Disputed Claims and/or Interests or the Post-Effective Date Entities. The Disputed DOF will be responsible for the payment of any taxes imposed on the Disputed DOF (including by way of withholding) resulting from the transfer or holding of reserved Plan Consideration, but the only source of payment therefore will be such Plan Consideration and any funds transferred to the Disputed DOF by holders of the Disputed Claims and/or Interests**.**

12.3 *Federal Income Tax Consequences to Holders of Claims and Interests*

(a) In General.

Generally, a holder of a Claim or Interest will recognize gain or loss equal to the difference between the "amount realized" by such holder in exchange for its Claim or Interest and such holder's adjusted tax basis in the Claim or Interest. The "amount realized" is equal to the sum of the cash and the fair market value of any other consideration received under the Plan in respect of a holder's Claim or Interest, including, in the case of the **Trust** Beneficiaries, the fair market value of each **Trust** Beneficiary's proportionate share of the assets transferred to the Trusts on the behalf of and for the benefit of such holder (to the extent that such cash or other property is not allocable to any portion of the Claim representing accrued but unpaid interest (see discussion below)). The tax basis of a holder in a Claim or Interest will generally be equal to the holder's cost therefore. The holding period of a **Trust** Beneficiary in its proportionate share of the assets held by the Trusts will begin on the day following their deemed distribution to the holder.

The character of any recognized gain or loss (*e.g.*, ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the holder, the nature of the Claim or Interest in the holder's hands, the purpose and circumstances of its acquisition, the holder's holding period of the Claim or Interest, and the extent to which the holder previously claimed a deduction for the worthlessness of all or a portion of the Claim or Interest. If the Claim or Interest is a capital asset in the holder's hands, any gain or loss realized will generally be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the holder has held such Claim or Interest for more than one year. There are limitations on the deduction of capital losses by both corporate and non-corporate taxpayers. In addition, since a **Trust** Beneficiary's share of the assets held in the Trusts may change depending upon the resolution of Disputed Claims, the holder may be prevented from recognizing any loss in connection with consummation of the Plan until the time that all such Disputed Claims have been resolved.

HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE RECOGNITION OF GAIN OR LOSS, FOR FEDERAL INCOME TAX PURPOSES, ON THE SATISFACTION OF THEIR CLAIMS AND INTERESTS.

(b) Allocation of Consideration to Accrued Interest.

A portion of the consideration received by a holder in satisfaction of a Claim pursuant to the Plan may be allocated to the portion of such Claim (if any) that represents accrued but unpaid interest. If any portion of the distribution were required to be allocated to accrued interest, such portion would be taxable to the holder as interest income, except to the extent the holder has previously reported such interest as income. A holder will generally recognize a loss to the extent that any accrued interest was previously included in the holder's gross income and is not paid in full.

Pursuant to the Plan, all Plan Distributions in respect of any Claim will be allocated first to the principal amount of such Claim, as determined for U.S. federal income tax purposes, and then, to the extent the consideration exceeds such amount, to any portion of such Claim representing accrued but unpaid interest. However, there is no assurance that the IRS would respect such allocation for U.S. federal income tax purposes.

In the event that a portion of the consideration received by a holder of a Claim represents accrued but unpaid interest, only the balance of the distribution would be considered received by the holder in respect of the principal amount of the Claim. Such an allocation would reduce the amount of the gain, or increase the amount of loss, realized by the holder with respect to the Claim. If any such loss were a capital loss, it would not offset any amount of the distribution that was treated as ordinary interest income (except, in the case of individuals, to the limited extent that capital losses may be deducted against ordinary income).

To the extent that any portion of the distribution is treated as interest, holders may be required to provide certain tax information in order to avoid the withholding of taxes.

(c) Market Discount.

A holder that acquires a debt instrument at a market discount generally is required to treat any gain realized on the disposition of the instrument as ordinary income to the extent of accrued market discount not previously included in gross income by the holder.

(d) Information Reporting and Backup Withholding.

Each Debtor (or its paying agent) may be obligated to furnish information to the IRS regarding the consideration received by holders (other than corporations and other exempt holders) pursuant to the Plan.

Holders may be subject to backup withholding on the consideration received pursuant to the Plan. A holder that is not otherwise exempt generally may avoid backup withholding by furnishing to a Debtor (or its paying agent) its taxpayer identification number and certifying, under penalties of perjury, that the taxpayer identification number provided is correct and that the holder has not been notified by the IRS that it is subject to backup withholding.

Backup withholding is not an additional tax. Taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

ARTICLE XIII.

CONCLUSION

The Debtors and the Creditors Committees believe that confirmation and implementation of the Plan is preferable to any of the alternatives described herein because it will provide the greatest recovery to holders of Claims. Other alternatives would involve significant delay, uncertainty and substantial administrative costs and are likely to reduce any return to creditors who hold Claims. The Debtors urge the holders of impaired Claims in Classes ~~[~~LES 3, LES 4, LES 5, LES 6, LES 7, LFG 3, LFG 4, LFG 5, SD 3 and SD 4~~]~~ who are entitled to vote on the Plan, to vote to accept the Plan and to evidence such acceptance by returning their Ballots to the Voting Agent so that they will be received not later than 4:00 p.m. (prevailing Eastern Time) on [**November 11**], 2009. Please be reminded that the Voting Agent must have original signatures on all Ballots; and that the Voting Agent will not accept Ballots delivered by email or facsimile.

Dated: [ ], 2009
Richmond, Virginia

Respectfully submitted,

LANDAMERICA FINANCIAL GROUP, INC.
on behalf of itself and its Affiliated Debtors

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