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11 **UNITED STATES BANKRUPTCY COURT**  
12 **SOUTHERN DISTRICT OF CALIFORNIA**

13 In re: ) Case No.: 06-00510-A11  
14 **SERACARE LIFE SCIENCES, INC.,** ) Chapter 11  
15 Debtor. ) **STATEMENT OF POSITION OF THE**  
16 ) **OFFICIAL COMMITTEE OF**  
17 ) **UNSECURED CREDITORS TO**  
18 ) **DEBTOR'S MOTION FOR ORDER (1)**  
19 ) **APPROVING BREAKUP FEE, (2)**  
20 ) **PAYMENT OF LEGAL FEES AND DUE**  
21 ) **DILIGENCE EXPENSES, AND (3)**  
22 ) **SETTING HEARING ON MOTION FOR**  
23 ) **APPROVAL OF SECURED FINANCING**  
24 ) **PURSUANT TO SECTION 364**  
25 ) Date: August 31, 2006  
26 ) Time: 3:00 p.m.  
27 ) Place: Courtroom 2  
28 ) Judge: Hon. Louise DeCarl Adler

24 The Official Committee of Unsecured Creditors (the "Committee") of SeraCare Life  
25 Sciences, Inc. (the "Debtor"), respectfully submits this statement of position with respect to the  
26 *Debtor's Motion for Order (1) Approving Breakup Fee, (2) Payment of Legal Fees and Due*  
27 *Diligence Expenses, and (3) Setting Hearing on Motion for Approval of Secured Financing Pursuant*  
28 *to Section 364* (the "Motion"). In support hereof, the Committee respectfully states as follows:

1           1.       As mentioned at the hearing on August 24, 2006, the Committee has been actively  
2 involved in negotiations with the Debtor and its chosen “stalking horse” bidder/lender (the  
3 “Allegiant Group”). Those negotiations have resulted in substantial “adjustments” on the part of the  
4 Allegiant Group, some of which were expressed on the record at the last hearing. As a result,  
5 provided that no “higher and better” bids are received prior to the hearing,<sup>1</sup> the Committee expects  
6 that it will be in a position to support the Motion and the Letter of Intent and accompanying Term  
7 Sheet (collectively, the “LOI”) with the Allegiant Group proposed by the Debtor *if* the following  
8 modifications are made to the LOI:

9           **a.       Unsecured, Administrative Priority Status for the Contemplated Financing.**

10                   The loans contemplated under the LOI must be made on an unsecured,  
11 administrative priority basis. (There should be no collateral or security interests granted in  
12 favor of the Allegiant Group by the Debtor).

13                   This modification would address a substantial concern of the Committee that a  
14 “hair trigger” default under a debtor-in-possession financing agreement could allow a lender  
15 to foreclose on the Debtor’s assets at the expense of unsecured creditors. As a result of this  
16 change, there would also be no need for a waiver of surcharge claims under section 506(c) of  
17 the Bankruptcy Code in favor of the Allegiant Group, which was one of the conditions to a  
18 funding under the original LOI.

19           **b.       Reduction in Break-Up Fee and Loan Commitment Required.**

20                   The break-up fee contemplated under the LOI will be reduced from \$1.25  
21 million to \$750,000 and should only be payable pursuant the terms of the LOI *from and after*  
22 the Allegiant Group’s unequivocal, legal and binding commitment to loan the Debtor the  
23 initial \$15 million contemplated under the LOI. (Stated another way, the break-up fee should  
24 only be payable if the Debtor decides to accept a superior proposal -- and such proposal  
25 actually closes -- after due diligence by the Allegiant Group is completed, definitive  
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27 <sup>1</sup> The Committee anticipates that competing bids will be submitted by (1) some or all of the members of the Ad Hoc  
28 Committee of Equityholders, and (2) Gateway Capital Management, LLC and Healthcare Finance Group, Inc. The  
Committee had not yet had an opportunity to evaluate any competing bids in detail or to confer with the Debtor about the  
terms thereof. The Committee reserves all rights with respect to any such bids.

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documentation with the Allegiant Group is signed and approved by the Court, and the Allegiant Group is unconditionally committed to loan).

The original LOI was unclear as to whether the Debtor was required to commit to a break-up fee before the Allegiant Group was obligated to lend. This issue must be clarified and the proposed break-up fee reduced. The Committee also requires an estimate of the legal fees and due diligence expenses incurred by the Allegiant Group to date, but the Committee understands that reimbursement of certain fees and expenses may be necessary under the unique circumstances of this case in order to keep things moving towards a prompt resolution.

**c. Commitment to Pay Unsecured Claims in Full, Plus Interest.**

The Debtor and the Allegiant Group must agree and confirm that they will only propose and support a plan (or plans) of reorganization that pays unsubordinated, prepetition general unsecured claims (the “Unsecured Claim”) in full, plus interest, on or soon after the effective date of the plan. The Allegiant Group must further understand and acknowledge that the funds it proposes to loan to the Debtor may be used for the purpose of satisfying Unsecured Claims.

This is obviously an important point for the Committee and provides comfort that one of the purposes of the proposed transaction with the Allegiant Group is to promptly pay Unsecured Claims in full, plus interest.

2. With the foregoing modifications and provided that no “higher and better” bids are received prior to the hearing, the Committee expects that it will support the Motion and approval of the LOI, as amended.

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Dated: August 28, 2006

PACHULSKI STANG ZIEHL YOUNG JONES  
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By /s/ Maxim B. Litvak  
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