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2 Including Professional Corporations
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7 Attorneys for Union Bank of California, N.A.
and Brown Brothers Harriman & Co.

8 UNITED STATES BANKRUPTCY COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10
11 In re
12 SERACARE LIFE SCIENCES, INC., a
13 California Corporation (d/b/a)
(Therasource International; f/k/a The
14 Western States Group, Inc.; d/b/a
SeraCare, Inc.; Biomedical Resources, a
15 SeraCare Company; Simplicity
Diagnostics; d/b/a Genomics
16 Collaborative, a Division of SeraCare; and
f/k/a Southwest Biological Services
17 Western States Plasma Co., Inc.; d/b/a
Boston Biomedica, Inc.; d/b/a SeraCare
18 Bioservices; and d/b/a SeraCare
Diagnostics,
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20 Debtor and Debtor-in-
Possession.
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Case No. 06-00510-LA11
Chapter 11
SENIOR SECURED LENDERS'
RESERVATION OF RIGHTS IN
CONNECTION WITH DEBTOR'S
MOTION FOR ORDER (1) APPROVING
BREAKUP FEE, (2) PAYMENT OF
LEGAL FEES AND DUE DILIGENCE
EXPENSES, AND (3) SETTING
HEARING ON MOTION FOR
APPROVAL OF SECURED FINANCING
PURSUANT TO SECTION 364

Date: August 31, 2006
Time: 3:00 p.m.
Dept.: 2
Judge: Hon. Louise DeCarl Adler

1 TO THE HONORABLE LOUISE DECARL ADLER, THE DEBTOR, AND
2 ALL INTERESTED PARTIES:

3 Senior secured lenders Brown Brothers Harriman & Co. and Union Bank of
4 California, N.A. (together, the "Senior Secured Lenders") file this reservation of rights in
5 response to the motion (the "Motion") by the above-captioned debtor, SeraCare Life
6 Sciences, Inc. (the "Debtor") for an order: (1) approving a breakup fee, (2) authorizing
7 payment of certain legal fees and due diligence expenses, and (3) setting a hearing on
8 approval of secured financing under Section 364 of the Bankruptcy Code.

9 This chapter 11 case is in a state of flux. The Court recently terminated
10 exclusivity and at least two separate groups appear ready to move forward with competing
11 chapter 11 plans of reorganization. The Court's current order (the "Cash Collateral Order")
12 authorizing the use of cash collateral is set to expire at the end of September 2006.
13 Discussions regarding a further order are not underway.

14 The Senior Secured Lenders understand that the Debtor and potential
15 investors are working to satisfy the Senior Secured Lenders' claims in full prior to the
16 expiration of the Cash Collateral Order. Such payment in full would of course be
17 acceptable to the Senior Secured Lenders. In light of the most recent developments in this
18 case, however, and in the event such payment does not timely materialize, the Senior
19 Secured Lenders specifically reserve their rights with respect to the Motion in three
20 important regards:

21 1. Although the Senior Secured Lenders currently take no position with respect
22 to the Motion, they do not want to see this case devolve into a situation that becomes
23 chaotic or unmanageable. Accordingly, the Senior Secured Lenders reserve their right to
24 take a position at the hearing on the Motion (or any time after) should it become
25 appropriate to do so based on developments involving the Debtor's business.

26 2. The Senior Secured Lenders' decision not to take a position on the Motion
27 should not be construed as consent to the use of cash collateral beyond the expiration of
28 the current Cash Collateral Order. The Senior Secured Lenders remain deeply concerned

1 regarding this case. Those concerns will only be compounded if the current financing
2 proposals do not come to fruition prior to the end of September 2006. At the moment, the
3 Senior Secured Lenders do not consent to the Debtor's further use of cash collateral.

4 3. The Senior Secured Lenders intend to discuss the pending proposal with
5 various interested parties. The Senior Secured Lenders reserve their right to take a
6 position at the hearing on the Motion based on the outcome of any of those discussions.

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8 Dated: August 28, 2006

9 SHEPPARD MULLIN RICHTER & HAMPTON LLP

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11 By  _____
12 LAURA S. TAYLOR

13 Attorneys for Union Bank of California, N.A.

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