

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
BLITZ U.S.A., Inc., et al., ¹	Case No. 11-13603 (PJW)
Debtors.	(Jointly Administered)

**DECLARATION OF JAMES A. PEARSON IN SUPPORT OF
CONFIRMATION OF THE DEBTORS' AND OFFICIAL COMMITTEE OF
UNSECURED CREDITORS' FIRST AMENDED JOINT PLAN OF LIQUIDATION**

James A. Pearson, pursuant to 28 U.S.C. § 1746, declares as follows:

1. I am a Director of LAM 2011 Holdings, LLC ("LAM") and Blitz Acquisition Holdings, Inc. ("BAH," together with LAM, the "BAH Debtors") and the sole member of the independent committee (the "Independent Committee") of each of the BAH Debtors. I have been a Director of each of the BAH Debtors since September of 2007 and have been the sole member of the Independent Committee for BAH and the Independent Committee for LAM since July of 2013. In my capacity as a Director of the BAH Debtors and sole member of the Independent Committees, I am generally familiar with the BAH Debtors and the above-captioned chapter 11 cases (the "Chapter 11 Cases") of the BAH Debtors and their affiliated debtors and debtors in possession (the "USA Debtors," together with the BAH Debtors, the "Debtors").

2. I am authorized and do hereby submit this declaration (the "Declaration") on behalf of the BAH Debtors in support of confirmation of the *Debtors' and Official Committee of*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtors' federal tax identification number, include: LAM 2011 Holdings, LLC (8742); Blitz Acquisition Holdings, Inc. (8825); Blitz Acquisition, LLC (8979); Blitz RE Holdings, LLC (9071); Blitz U.S.A., Inc. (8104); and F3 Brands LLC (2604). The location of the Debtors' corporate headquarters and the Debtors' service address is 404 26th Ave. NW Miami, OK 74354.



Unsecured Creditors' First Amended Joint Plan of Liquidation [D.I. 2007] (as may be amended, the "Plan").

3. Except as otherwise indicated, all statements in this Declaration are based upon my review of relevant documents, my discussions with the Debtors' professionals, and my personal knowledge and experience. If I were called upon to testify, I would testify as follows.

A. Alleged Claims of the USA Debtors Against BAH and Certain Non-Debtor Parties

4. During the pendency of the Chapter 11 Cases, among other things, the Official Committee of Unsecured Creditors for the Debtors (the "Committee") filed successive motions for standing to prosecute claims on behalf of the USA Debtors' estates against certain parties, including BAH and certain non-Debtor affiliates of BAH, including non-Debtor Reliance Products Holdings, Inc. ("RPH") [D.I. 735, 978, 1249] (the "Standing Motions").

5. In its third Standing Motion (the "Third Standing Motion"), filed on February 12, 2013, the Committee attached a draft complaint (the "Complaint") setting forth fourteen counts against BAH and others,² generally seeking, among other things, damages and/or the recovery of the value of non-Debtor RPH and its affiliates to the estate of the USA Debtors relating to BAH's 2011 purchase of the stock of RPH on the basis of claims for (a) declaratory judgment; (b) unjust enrichment; (c) constructive trust; (d) conversion; (e) avoidance of fraudulent transfers; (f) recovery of preference payments; and (g) disallowance of claims.

B. The BAH Settlement

6. Prior to the filing of the Third Standing Motion, the Honorable Kevin Gross, Chief United States Bankruptcy Judge for the District of Delaware, served as the Court-

² The proposed defendants were to be Blitz Acquisition Holdings, Inc., Blitz Acquisition, LLC, Kinderhook Industries II, LP, Kinderhook Industries, LLC, RPH, Reliance Products, Inc. ("Reliance Products"), Moll Plasticrafters, Inc. ("Moll"), and Renaissance Plastics, Inc. ("Renaissance," together with Reliance Products and Moll, "Reliance").

appointed mediator to assist in resolving certain issues and impediments relating to the formulation and confirmation of a chapter 11 plan in the Debtors' cases. On December 7, 2012, Judge Gross filed a statement with the Court that the mediation had ended without settlement.

7. On April 5, 2013, an additional mediation session was held before Judge Gross. At this mediation session, the USA Debtors, the BAH Debtors, the Committee, Wal-Mart Stores, Inc. ("Wal-Mart"), certain of the Debtors' insurers (the "Participating Insurers"), Kinderhook Capital Fund II, LLC (together with its affiliates and subsidiaries, "Kinderhook") and Crestwood Holdings, Inc. (together with its affiliates and subsidiaries, "Crestwood") negotiated an arms'-length settlement in principal regarding, among other things, the matters set forth in the Third Standing Motion and the Complaint. This settlement in principal (the "BAH Settlement") was incorporated into a term sheet (the "BAH Settlement Term Sheet").

8. The Court's approval and the effectiveness of the BAH Settlement are prerequisites for the effectiveness of that certain related settlement (the "Insurance Settlement") among the Debtors, the Committee, the Participating Insurers, Wal-Mart and certain personal injury claimants of the Debtors (the "Participating Blitz Personal Injury Claimants"), the terms of which are embodied in the term sheet attached as Exhibit A to the BAH Settlement Term Sheet (the "Insurance Settlement Term Sheet"). Pursuant to the Insurance Settlement Term Sheet and the Plan, the Court's approval and the effectiveness of the Insurance Settlement and the BAH Settlement and confirmation of the Plan are all mutual conditions of one another.

9. On July 24, 2013, the Debtors and the Committee sought approval of the Insurance Settlement, including the sale of certain insurance policies back to the Participating Insurers, and the BAH Settlement [D.I. 1537, 1538]. On August 14, 2013, the Bankruptcy Court entered orders [D.I. 1618, 1616] authorizing the signatories of the BAH Settlement Term Sheet

and the Insurance Settlement Term Sheet and their clients to enter into the BAH Settlement Term Sheet and binding those parties regarding their rights and obligations with respect to seeking confirmation of the Plan. On December 20, 2013, the Bankruptcy Court entered an order [D.I. 2011] that approved portions of the Insurance Settlement subject to confirmation of the Plan.

D. The Plan

10. The BAH Settlement and the Insurance Settlement form the basis of the Plan. The BAH Settlement Term Sheet and the Insurance Settlement Term Sheet are expressly incorporated into, and implemented by, the Plan.

11. Among other things, the Plan provides for: (i) a channeling injunction that will channel all claims against the Debtors that are based upon, arising out of, relating to or in any way involving bodily injury and/or property damage that occurred on or before 12:01 AM CST on July 31, 2012 (collectively, with certain other related claims channeled pursuant to the Plan, the "Blitz Personal Injury Trust Claims") to a personal injury trust (the "Blitz Personal Injury Trust") for review, resolution and, if necessary, payment; (ii) BAH to pay to Blitz U.S.A. a settlement payment (the "BAH Settlement Payment") in the amount of \$6.25 million and up to \$250,000 of the allowed amount of Rocky Flick's unpaid employee bonus claim against Blitz U.S.A., Inc. ("Blitz USA") on behalf of the BAH Debtors and the BAH Released Parties (as that term is defined in the Plan), in exchange for the releases noted below; (iii) payments to the Blitz Personal Injury Trust by the Participating Insurers and Wal-Mart in the amounts set forth in the Insurance Settlement Term Sheet and the Plan in exchange for the releases noted below; (iv) the release by the USA Debtors and the Committee of any claims they may have against the BAH Debtors and the other BAH Released Parties, including the claims set forth in the Complaint; (v) subject to certain limited exceptions, including an exception for claims for damages on account

of bodily injury and/or property damage that occurred on or after 12:01 A.M. CST on July 31, 2012, the release of personal injury claims against the Debtors, the BAH Released Parties, the Participating Insurers, Wal-Mart and certain other third parties; and (vi) payment in full to all holders of allowed administrative and priority claims against the Debtors and payment to holders of allowed general unsecured claims against the BAH Debtors and USA Debtors from the remaining, respective assets of the BAH and USA Debtors.

E. The BAH Settlement is Fair, Equitable and Reasonable, and the BAH Settlement and Plan are in the Best Interests of the BAH Debtors' Estates and Stakeholders

12. After considering, among other things, the Third Standing Motion and Complaint, the claims, including personal injury claims, against BAH and LAM, the potential litigation costs, and based on my familiarity with the Debtors and Reliance and certain transactions among them, it is my opinion that the BAH Settlement, implemented by the Plan, is fair and equitable as to the BAH Debtors, is reasonable and is in the best interests of the BAH Debtors, their estates, their creditors and other stakeholders. The BAH Debtors believe they have a strong litigation position with respect to the alleged claims against them; however, the issues to be litigated are complex and I believe that the settlement will avoid protracted, costly and uncertain litigation.

13. Additionally, the Plan provides for a global resolution of the Chapter 11 Cases after more than two years before this Court. Without the BAH Settlement Payment required by the BAH Settlement, the USA Debtors would likely be unable to confirm the Plan effectuating a global resolution of these cases.

14. The settlements incorporated into or implemented by the Plan, including the BAH Settlement, the Insurance Settlement and that certain Plan Support Agreement, dated December 18, 2013, by and among the Debtors and certain claimants (the "PSA"), will resolve the majority of claims against the BAH Debtors and will provide for payment in full of the BAH Debtors'

allowed administrative and priority claims and a distribution to holders of allowed general unsecured claims against the BAH Debtors. Other than the Plan, I am not aware of any other plan or settlement that will resolve the Chapter 11 Cases and definitively provide recoveries for holders of allowed claims against the BAH Debtors.

15. Finally, I believe that the Plan provides additional benefits to certain of the creditors of the BAH Debtors. In accordance with the BAH and Insurance Settlements, Section 7 of the Plan provides for limited releases of claims against the BAH Released Parties, including claims based upon, arising out of, relating to or in any way involving bodily injury and/or property damage that occurred on or before 12:01 AM CST on July 31, 2012.

16. A number of the BAH Released Parties are creditors and direct and indirect stakeholders of the Debtors. The BAH Released Parties have direct and indirect indemnification rights against the Debtors arising from, among other things, that certain Management Services Agreement, dated as of September 21, 2007, by and among Blitz USA, Inc., LAM and Kinderhook Industries II, L.P., and certain of the Debtors' corporate governance documents. The releases provided to the BAH Released Parties are in exchange for the BAH Settlement Payment and the release of claims by certain of the BAH Released Parties against the USA Debtors. Without these releases, I do not believe the BAH Released Parties would have been willing to enter into the BAH Settlement, including the BAH Settlement Payment, and the Plan would not be able to be confirmed.

17. For the above reasons, I believe that the BAH Settlement is fair and equitable, reasonable and that the confirmation of the Plan—including the implementation of the BAH Settlement—is in the best interest of the BAH Debtors, their estates, their creditors and their other stakeholders.

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

Dated: January 27, 2014

A handwritten signature in black ink, appearing to read 'J.A. Pearson', is written over a solid horizontal line.

James A. Pearson
Director
LAM 2011 Holdings, LLC and Blitz Acquisition
Holdings, Inc.