IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	:	Chapter 11
	:	
Rural/Metro Corporation, et al.,[1]	:	Case No. 13-11952 (KJC)
	:	
Debtors.	:	(Jointly Administered)
	:	

DECLARATION OF STEPHEN FARBER IN SUPPORT OF CONFIRMATION OF FIRST AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION FOR RURAL/METRO CORPORATION AND ITS AFFILIATED DEBTORS

STEPHEN FARBER, declares, pursuant to 28 U.S.C. § 1746, under penalty of perjury that:

1. I am the Executive Vice President and Chief Financial Officer of Rural/Metro Corporation ("**Rural/Metro**"), which is incorporated under the laws of the State of Delaware. I have served as Executive Vice President since May 8, 2013 and Chief Financial Officer ("**CFO**") since June 25, 2013 of Rural/Metro, and as Secretary and Director for the other debtors and debtors in possession in the above-captioned cases (collectively, with Rural/Metro, the "**Debtors**" or the "**Company**") since July 19, 2013. As part of my employment and service in such capacities, I have become familiar with the history, day-to-day operations, business and financial affairs of the Debtors. I submit this Declaration in support of confirmation of the *Debtors' First Amended Joint Chapter 11 Plan of Reorganization for Rural/Metro Corporation*

[1] A list of the Debtors in these chapter 11 cases and the last four digits of each Debtor's taxpayer identification number is attached as Schedule 1 to the Declaration of Stephen Farber in Support of Chapter 11 Petition and First Day Pleadings [Docket No. 2] and at www.donlinrecano.com/rmc. The Debtors' headquarters are located at 9221 E. Via de Ventura, Scottsdale, AZ 85258.

and Its Affiliated Debtors, dated October 31, 2013 (as amended and/or modified from time to time, the "**Plan**").[2]

2. In my capacity as Chief Financial Officer of the Company, I am familiar with the day-to-day operations and the business and financial affairs of the Company. I have been consistently involved in and am familiar with the Company's financing activities, restructuring and the development of the Plan.

3. Except as otherwise indicated, all facts set forth herein are based upon my personal knowledge or the personal knowledge of employees who report to me, my review of relevant documents or my opinion based upon my familiarity with the Company's business, operations and financial condition. If I were called upon to testify, I could and would testify competently as to the facts set forth herein.

I. PROFESSIONAL BACKGROUND

4. Prior to joining the Company, for several years I have engaged in various private equity-related activities, including serving as an Executive-in-Residence with Warburg Pincus LLC, the owner of Rural/Metro, from 2011 to 2012. From 2006 to 2009, I served as Chairman and Chief Executive Officer of Connance, a technology company I co-founded. From 2002 to 2005, I served as Chief Financial Officer of Tenet Healthcare ("**Tenet**"). Prior to becoming the CFO, I held various executive roles at Tenet including Senior Vice President & Treasurer, Corporate Finance. I hold a Bachelor's Degree in economics from the Wharton School of Business at the University of Pennsylvania and have completed the Advanced Management Program at Harvard Business School.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

II. BACKGROUND OF THE DEBTORS' CASES

A. The Company And Its Business Operations.

5. The Company, a privately held corporation, is one of the largest providers of ambulance services in the United States, providing emergency and non-emergency medical transportation services, as well as a variety of fire protection services.

6. Rural/Metro was founded in 1948 as an Arizona private fire protection business providing services to residential and commercial property owners on a subscription fee basis. In 1983, the Company began its expansion into the ambulance services industry, which involved the acquisitions of various ambulance service providers throughout the United States. The Company went public through an initial public offering on July 16, 1993.

7. On March 28, 2011, two affiliates of Warburg Pincus, LLC, WP Rocket Holdings LLC and WP Rocket Merger Sub, Inc. (combined, the "**Sponsors**"), entered into an agreement to acquire 100 percent of the Company's equity for approximately $738 million. The purchase, which was consummated on June 30, 2011, was funded in part with the proceeds of approximately $525 million in new debt financing, with the remainder of the purchase price funded by the Sponsors. Pursuant to the terms of the Agreement and Plan of Merger, the Company's stockholders received $17.25 per share in cash for each share of the Company's common stock owned.

8. The Company's customers include municipalities, fire districts, government agencies, hospitals, nursing homes, specialty healthcare facilities and, in certain instances, individual patients. The Company serves numerous communities in the following states: Alabama, Arizona, California, Colorado, Florida, Georgia, Indiana, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, New Jersey, New York, North Dakota, Ohio, Oregon, South Dakota, Tennessee, Texas and Washington. The Company presently provides two main

services: ambulance services, which consist of emergency and non-emergency response services, and fire protection services.

B. Background Of These Cases.

9. Upon confirmation of the Plan, the Debtors will have successfully utilized chapter 11 to be in a position to secure the financial health of their businesses going forward. Leading up to the commencement of these chapter 11 cases, the Debtors faced significant accounting, financial and other challenges. The Debtors maintained a highly leveraged capital structure with significant interest payment obligations. The Debtors also had significant recurring capital expenditure and other cash obligations. These obligations materially exceeded the Company's cash flow and available liquidity. To solve these issues and preserve the value of the Company's businesses, prior to filing these Reorganization Cases, the Debtors conducted arm's-length, good-faith negotiations with various potential financing sources. These efforts culminated in a consensual deal with the Consenting Lenders and the Consenting Noteholders, who, together, represent a majority of the Company's prepetition capital structure. The resulting deal was memorialized by the terms of the RSA (as defined below), which served as the basis for the Plan.

10. On August 4, 2013, each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). On September 15, 2013, Debtors filed an initial version of their pre-negotiated Plan and sought approval of the Disclosure Statement with respect to the Plan.

11. On August 15, 2013, the United States Trustee for the District of Delaware (the "**U.S. Trustee**") appointed an Official Committee of Unsecured Creditors (the "**Committee**").

12. During the pendency of these Reorganization Cases, the Debtors obtained Court approval to, among other things: pay certain prepetition employee wage and benefit obligations; continue to honor certain prepetition customer practices; pay prepetition claims of critical vendors, including certain claims of suppliers of goods entitled to priority pursuant to section 503(b)(9) of the Bankruptcy Code; and obtain postpetition financing and use cash collateral. In addition, the Debtors have negotiated and resolved numerous disputes with various claimants, trade partners, landlords and other parties in interest. Throughout the entire bankruptcy process, which has paved the way to a successful and necessary financial restructuring, the Debtors have been able to maintain their fundamentally sound underlying business operations through effective communication with their customer base and the uninterrupted provision of vital emergency services to their communities.

13. On November 5, 2013, the Court entered an order [Docket No. 597] (the "**Disclosure Statement Order**") approving the *Debtors' Disclosure Statement with Respect to First Amended Joint Chapter 11 Plan of Reorganization for Rural/Metro Corporation and Its Affiliated Debtors*, dated October 31, 2013 [Docket No. 582] (as the same may be amended or modified, the "**Disclosure Statement**"). Thereafter, the Debtors commenced the solicitation process, including, without limitation, providing notice of the Confirmation Hearing and transmitting solicitation materials to the holders of Claims entitled to vote to accept or reject the Plan.

C. Formulation Of The Plan.

14. Both prior to the commencement of these chapter 11 cases and throughout these cases, the Company sought to obtain the support of their secured and unsecured creditors in order to achieve a fully consensual plan of reorganization. In the months prior to these cases, the Debtors diligently evaluated, in consultation with their advisors, a number of options to address

the Debtors' financial issues. The Debtors had to de-lever their balance sheet in order to bring their financial obligations in line with a more accurate reflection of the Company's existing cash flow. Ultimately, the Debtors' engaged in a three-party negotiation of a consensual restructuring, which was embodied in the Restructuring Support Agreement (the "**RSA**") — an agreement that outlines the terms and mechanics of the pre-arranged restructuring to be implemented through the Plan.[3]

15. The RSA commits the Debtors, the Consenting Lenders and the Consenting Noteholders to support and pursue a pre-negotiated plan of reorganization designed to implement a comprehensive balance sheet restructuring that will solve the Debtors' liquidity issues by reducing the Debtors' funded indebtedness by approximately 50% and cutting interest payments in half. The confirmation of the Plan will allow the Company to significantly reduce their capital structure, operate effectively and efficiently, and return to its competitive position in the emergency services industry. The Debtors believe that the transactions contemplated by the Plan will best position the Company to be a successful enterprise going forward. The Consenting Lenders' and the Consenting Noteholders' financial support for these Reorganization Cases and the Plan (through, among other things, the DIP Credit Agreement, exit financing, and the Rights Offering) have been instrumental in facilitating the Debtors' ability to address their over-leveraged balance sheet.

16. After approval of the RSA, the Debtors, Consenting Lenders, Consenting Noteholders and the Committee began to formulate the terms of a plan designed to implement the restructuring contemplated by the RSA, and ultimately were able to formulate the Plan proposed for confirmation that is supported by all of the Debtors' key constituents, as well as the

[3] An order approving the assumption of the RSA was entered by this Court on September 5, 2013 [Docket No. 217].

entire creditor body itself, as evidenced by the results of the solicitation of the Plan described below.

III. NOTICE AND SOLICITATION PROCEDURES

17. As reflected in affidavits of service and publication filed with the Court, the Debtors, with the assistance of Donlin, Recano & Company, Inc. (**"DRC"**), the Company's balloting agent, conducted the solicitation process, which included, without limitation, providing notice of the Confirmation Hearing, transmitting ballots to the holders of claims and interests in voting classes, and collecting subscriptions to the Rights Offering, and, to the best of my knowledge, have complied in good faith with all requirements and solicitation procedures adopted by the Court in the Disclosure Statement Order.

18. Ballots were transmitted to holders of Claims in Classes 2, 4, and 5 (the "**Voting Classes**").

IV. REQUIREMENTS FOR PLAN CONFIRMATION

A. Classification Of Claims And Interests.

19. Articles IV and V of the Plan set forth the classification of Claims and Interests and provide for treatment of all Classes of Claims and Interests. Section 4.2 of the Plan specifies the Classes of Claims that are unimpaired under the Plan. Each Class under the Plan contains similarly situated Claims and Interests and treats identically each Claim or Equity Interest within a particular Class.

B. Implementation Of The Plan.

20. I believe that the Plan provides adequate means for the implementation of the Plan. Article VII of the Plan sets forth numerous provisions designed to facilitate implementation of the Plan, including, among other things, provisions relating to the funding of the Debtors' obligations under the Plan, the appointment of the Reorganized Debtors' officers

and directors, the consummation of the Rights Offering and the retention of Intercompany Interests.

C. The Plan Does Not Provide For Issuance of Non-Voting Equity Securities.

21. Pursuant to Section 7.3 of the Plan, the certificates of incorporation or operating agreements, as applicable, of each Reorganized Debtor shall prohibit the issuance of non-voting stock to the extent required by section 1123(a)(6) of the Bankruptcy Code.

D. The Plan Contains Appropriate Provisions Respecting The Selection Of Post-Confirmation Directors And Officers.

22. Pursuant to Section 7.8 of the Plan, on the Effective Date, the boards of directors and officers of the Reorganized Debtors shall consist of those individuals identified on Exhibits K and L to the Plan.

E. The Plan Contains Additional Provisions Consistent With The Bankruptcy Code.

23. I understand that the Plan also contains provisions regarding (a) the impairment and unimpairment of Classes of Allowed Claims and Interests, (b) the assumption or rejection of executory contracts and unexpired leases, (c) the terms of the delivery of New Common Stock and New Preferred Stock, and (d) the terms of the delivery of the Rights Offering Stock.

24. I understand that the Plan also provides for the Bankruptcy Court's retention of jurisdiction as to specified issues, as well as the Bankruptcy Court's power to enjoin actions against non-Debtor third parties when such action is necessary for the confirmation of the Plan. See Article XIII of the Plan.

F. Solicitation And Disclosure.

25. Upon information and belief, the Debtors served the Disclosure Statement, the Plan, appropriate ballots, notices, and all other related documents, as applicable, on all required parties.

26. It is my understanding that the notice respecting the Plan, the Voting Deadline and the Confirmation Hearing was published timely in the national edition of the *New York Times* on November 7, 2013 [Docket No. 618].

G. The Plan Has Been Proposed In Good Faith And Not By Any Means Forbidden By Law.

27. Throughout these cases, the Debtors and their management have remained cognizant of and have fulfilled their fiduciary duties to all stakeholders. The Debtors and their management have worked consistently and diligently toward a successful reorganization that is in the best interests of all creditors. The Plan is based upon extensive, arm's length negotiations among the Debtors, the Consenting Lenders, the Consenting Noteholders, the Committee, the U.S. Trustee and other constituents. I believe the Plan was proposed in good faith, with the legitimate and honest purpose of providing the greatest possible distribution to the Debtors' creditors.

H. The Plan Provides For Bankruptcy Court Approval Of Payment For Services And Expenses.

28. Any agreement by which the Debtors retained and/or employed a professional person to provide services to the Debtors in, or in connection with, the Debtors' chapter 11 cases has been disclosed to the Bankruptcy Court in applications to retain and/or employ such professionals. Specifically, the Bankruptcy Court has entered orders authorizing the Debtors to retain and/or employ, among others, Willkie Farr & Gallagher LLP, as bankruptcy co-counsel, Young Conaway Stargatt & Taylor, LLP, as bankruptcy co-counsel, Lazard Frères &

Company and Lazard Middle Market LLC as their investment banker, Alvarez & Marsal Healthcare Industry Group, LLC as their financial advisor, FTI Consulting, Inc. as their special accountants, KPMG LLP as their independent auditors and DRC as their claims, balloting and solicitation agent. The Debtors also have retained certain ordinary course professionals pursuant to an order of the Bankruptcy Court [Docket No. 168].

29. I have been advised that all fees and expenses of the foregoing professionals are subject to final approval by the Bankruptcy Court, to the extent not already approved and paid in accordance with prior orders of the Bankruptcy Court. Moreover, Section 3.3 of the Plan describes procedures for filing Fee Claims and provides that such fees and expenses of Professional Persons retained in these cases that have been properly filed and served shall be payable to the extent approved by order of the Bankruptcy Court. In addition, Article XIII of the Plan provides for the Bankruptcy Court's retention of jurisdiction to hear and determine all applications for compensation and reimbursement of expenses of professionals.

I. The Plan Discloses All Necessary Information Regarding Directors, Officers And Insiders.

30. Exhibit K and Exhibit L of the Plan, which were filed as part of the Plan Supplement, set forth the proposed directors and officers of the Reorganized Debtors. In addition, the nature of the compensation that will be provided to any insiders that will continue as an officer and/or director of the Reorganized Debtors will be determined by the Board of Directors of the Reorganized Debtors. I believe that the appointment to or continuance in office of such individuals is consistent with the interests of creditors and interest holders and with public policy, because, among other reasons, such directors and officers were approved by the Consenting Noteholders (who are providing a $135 million exit equity infusion to the Company pursuant to the Rights Offering), and with respect to the officers of the Reorganized Debtors in

particular, such officers are well-suited to continue as officers of the Debtors based on such officers' experience with the operation of the Company's businesses.

J. The Plan Does Not Contain Rate Changes.

31. I have been advised that the Plan does not propose any rate changes subject to the jurisdiction of any governmental regulatory commission.

K. The Plan Satisfies The "Best Interests Test".

32. Based on my review of the Liquidation Analysis, annexed as Exhibit 4 to the Disclosure Statement, and the *Declaration of Jung. W. Song on Behalf of Donlin, Recano & Company, Inc. Regarding Voting and Tabulation of Ballots Accepting and Rejecting the First Amended Joint Chapter 11 Plan of Reorganization for Rural/Metro Corporation and Its Affiliated Debtors* (the "**Song Declaration**"), it is my understanding that all impaired Classes have either voted to accept the Plan or will not receive less under the Plan than they would receive in a hypothetical chapter 7 liquidation.

L. Acceptance By Certain Classes.

33. Classes 1 and 3 are not impaired under the Plan and such Classes (and all holders of Claims in such Classes) are conclusively presumed to have accepted the Plan. Claims and Interests in Classes 6 and 7 are impaired and the holders of such Claims and Interests will not receive any distribution on account of such Claims and Interests, and thus, such holders are conclusively deemed to have rejected the Plan. Based on my review of the Song Declaration, the holders of Claims in Classes 2, 4 and 5 have voted to accept the Plan by the requisite majority required by the Bankruptcy Code for each such Class. No creditor or interest holder junior to the holders of Allowed Class 5 Claims are entitled to receive a distribution under the Plan on account of their Claims or Interests.

M. The Plan Provides For Payment In Full Of Allowed Administrative Expense Claims, Fee Claims And Allowed Priority Tax Claims.

34. Pursuant to Sections 3.2, 3.3 and 3.5 of the Plan, Administrative Expense Claims, Fee Claims, and Priority Tax Claims, respectively, will, to the extent Allowed, be paid in full.

N. To The Extent Any Class Of Claims Is Impaired Under The Plan, At Least One Class Of Impaired Claims Has Accepted The Plan.

35. The Claims of holders of Class 2 Secured Lender Claims, Class 4 Noteholder Claims, and Class 5 Other Unsecured Claims are impaired under the Plan. Nonetheless, as set forth in the Song Declaration, the holders of Claims in Classes 2, 4 and 5 that were entitled to vote on the Plan have voted overwhelmingly to accept the Plan.

O. Feasibility.

36. The Debtors have been timely paying all valid ordinary course administrative claims throughout the pendency of these cases. Additionally, for the purposes of determining whether the Plan is feasible, the Debtors have, among other things, projected the future financial performance (annexed to the Disclosure Statement as Exhibit 5, the "**Financial Projections**") of the Reorganized Debtors. Underlying these projections, among other assumptions noted therein, is (a) the Prepayment of $50,000,000 of Funded Obligations (as defined in the Restructuring Support Agreement) owed to the Secured Lenders under the Secured Credit Agreement); and (b) the issuance of $135 million of Rights Offering Stock upon emergence. Accordingly, I believe that adequate sources and funds will exist to make the distributions provided for under the Plan. As such, I believe the Plan is feasible and that, if confirmed, it will be consummated.

P. The Plan Provides For Full Payment Of All Statutory Fees.

37. Section 13.18 of the Plan provides that, on the Effective Date, and thereafter as may be required, the Debtors will pay all of the fees payable pursuant to 28 U.S.C. § 1930. Assuming the Plan is confirmed, the Debtors will have sufficient funds to pay any and all such fees in full.

Q. The Plan Provides For The Continuance Of Retiree Benefits.

38. Pursuant to Section 13.2 of the Plan, all retiree benefits of the Debtors, if any, shall continue to be paid in accordance with applicable law, for the duration of the period for which the Debtors are obligated to provide such benefits.

R. Principal Purpose Of The Plan.

39. The Plan has not been filed for the purpose of avoidance of taxes or the avoidance of the application of section 5 of the Securities Act.

V. THE POST-EFFECTIVE DATE PROTECTIONS

40. Article XII of the Plan contains certain release, exculpatory and injunctive provisions. I believe that these provisions are integral to the Plan, and also are fair, reasonable and supported by reasonable consideration under the circumstances of these cases. First, based on my involvement in various settlement negotiations, I believe that a consensual plan would not have been possible without these provisions. Second, the release, exculpatory and injunctive provisions of the Plan are supported by substantial consideration provided by the Released Parties, including, among other things, a fully committed $135 million new equity rights offering and a $75 million DIP Facility. Finally, an identity of interest exists between the Debtors and certain non-Debtor Released Parties, such that the non-Debtor releases are appropriate in that they effectively eliminate additional unknown claims against the estates. The Debtors' directors and officers are parties to and beneficiaries of certain indemnification provisions, whereby the

Debtors are obligated to indemnify them. Under these agreements, any claim asserted against a Released Party who the Debtors are obligated to indemnify would essentially be a claim against the Debtors. Any such claim, even if ultimately unsuccessful, would further deplete finite estate resources.

VI. POTENTIAL ADVERSE CONSEQUENCES

41. If the Plan is not confirmed, the Debtors may not be able to provide the same recoveries to its creditors contemplated by the Plan. In fact, given the nature of the Debtors' business (especially the importance of maintaining strong relationships with their municipal customer base), confirmation of the Plan on a timely basis is critical to the successful prospects of the Reorganized Debtors. Additionally, there can be no guarantee that the Committee, the Consenting Noteholders or Consenting Lenders will support an alternative plan. Without the support of the Debtors' largest secured and unsecured creditors it may be difficult to formulate and confirm an alternative plan of reorganization. Accordingly, it is imperative that the Plan be confirmed and that the Debtors emerge from chapter 11 as quickly as possible.

VII. CONCLUSION

Based upon the facts set forth herein and law as I understand it, I believe that the Plan satisfies all of the applicable confirmation requirements contained in the Bankruptcy Code, and that due and adequate notice of the Confirmation Hearing, the Voting Deadline, and the deadline for objecting to confirmation of the Plan was properly given.

Therefore, I respectfully request that the Court: (a) enter the Confirmation Order and (b) grant the Debtors such other and further relief as is just or proper.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 13 day of December, 2013.

Stephen Farber
Executive Vice President and Chief Financial Officer of Rural/Metro Corporation