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Proposed Attorneys for Debtors and  
Debtors in Possession

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

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

**DECLARATION OF G. WILLIAM EVANS IN SUPPORT OF DEBTORS’  
MOTION FOR ORDER: (A) SCHEDULING EXPEDITED SALE  
HEARING TO CONSIDER APPROVAL OF SALE OF  
DEBTORS’ STOCK IN CERTAIN UNDERWRITING SUBSIDIARIES;  
(B) APPROVING RELATED STOCK PURCHASE AGREEMENT;  
(C) APPROVING FORM AND MANNER OF NOTICE OF SALE  
HEARING; AND (D) GRANTING RELATED RELIEF**

G. William Evans 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 LandAmerica Financial Group, Inc. (“**LFG**”), the parent corporation of the LandAmerica enterprise, and I have served in these positions since September of 1999. I have been employed by LFG or predecessor companies since June, 1976. In addition, I serve as an officer and director of various of LFG’s wholly-owned subsidiaries, including LandAmerica 1031 Exchange Services, Inc. (“**LES**” and, together with LFG, the “**Debtors**”), Commonwealth Land Title Insurance Company (“**Commonwealth NE**”), and Lawyers Title Insurance Corporation (“**Lawyers Title**”). In my current position, I am responsible for the financial, accounting and treasury functions of LFG, as well as corporate performance and corporate development. Under the circumstances, I am very familiar with the strategic operation, business and financial affairs of the Debtors. Except as otherwise indicated, all facts set forth in this affidavit are based upon my personal knowledge and/or the knowledge I have acquired from those who report to me and my review of relevant documents.

2. I submit this affidavit in support of LFG’s motion to approve the revised Stock Purchase Agreement (“**SPA**”) as amended and restated December 12, 2008, entered into between LFG on the one hand, and Fidelity National Title Insurance Company and Chicago Title Insurance Company (“**Buyers**” or “**Fidelity**”) on the other. The principal purpose of this

affidavit is to demonstrate the need for expedition in approving this transaction. I believe that if this transaction is not approved very promptly, the assets being sold by LFG will quickly lose value which will not be recoverable. That may both jeopardize the transaction with Fidelity and severely reduce if not eliminate the consideration LFG and its estate ultimately receive for its primary assets. The approval of this transaction at the hearing on December 16, 2008, is clearly in the best interests of LFG and its creditors.

3. The SPA for which approval is sought involves the sale of LFG's wholly owned underwriting title insurance companies ("**Underwriting Companies**"), principally Commonwealth NE and Lawyers Title, to Fidelity for consideration more fully described in the affidavit of Theodore L. Chandler, Jr. These underwriting companies and their subsidiaries account for approximately 85% to 90% of the operating revenues of LFG and represent the heart of its business. Those revenues come from the sale of title insurance policies through a network of employees and agents, both in commercial and residential channels, and from handling escrow funds, or closings for real estate transactions in their direct operations.

4. The business operations of these title companies rely on three elements – employees and agents willing to sell the insurance policies and service the customers; customers coming to those employees and agents willing to pay for the policies and trust in the closing services being provided; and commercial lenders willing to accept the policies as adequate to safeguard their interests as mortgagees. Each of these elements of our business are at substantial risk at this time and the loss of any of them would spell the end of the business. I will discuss each area in turn.

5. The title insurance companies issue policies to property owners and their mortgagees insuring the status of title at the time of transfer or closing of the transaction. The

insurance policy must, of course, be acceptable to the lender offering the mortgage as well as to the buyer. Most mortgage lenders insist that the title insurers meet certain standards of financial strength, and they rely on various rating agencies to determine whether the insurers meet those standards. Commonwealth NE and Lawyers Title are rated by both S&P and Fitch's rating services. After Commonwealth NE and Lawyers Title were put into rehabilitation, S&P changed its rating of them to "R", which is below the investment grade generally required by many lenders as well as Fannie Mae and Freddie Mac. Since that time, of the top five mortgage originators, four have either refused to accept the insurance policies of the Underwriting Companies in real estate closings, or have imposed significant restrictions on the acceptance of those policies or the handling of the closings. Fannie Mae and Freddie Mac are considering LandAmerica's situation, and have stated that one potential outcome would be a prohibition against the acceptance of the Underwriting Companies policies. Such an outcome would essentially end the residential title insurance business of LFG. At this point they have been persuaded to continue to accept the title insurance of Commonwealth NE and Lawyers Title, and we believe they may reconsider this position after December 16, 2008, the hearing date of this motion.

6. It is likely that the only reason many banks and customers continue to accept the policies of the Underwriting Companies is that since the execution of the SPA, Fidelity has agreed to reinsure all of their title policies from the date of the reinsurance agreement forward. While this would appear to protect any party obtaining title insurance now from the Underwriting Companies, it has not prevented banks and other mortgage lenders from refusing to accept the policies of Commonwealth NE and Lawyers Title. Our employees and executives have spent countless hours with bankers and lenders attempting to explain the present

situation of the Underwriting Companies and the ample protection now provided by their arrangements with Fidelity, but in many cases, the lenders are simply too uncertain about the situation to take any risks. One also must understand that title insurance is still readily available from the competitors of the Underwriting Companies, so lenders have little incentive to take even the minimal risk they may perceive in taking the Underwriting Companies' title policies. It should also be noted that on December 13, 2008, Fidelity gave LFG formal notice that the reinsurance agreement under which all Commonwealth NE and Lawyers Title policies are being reinsured is being terminated as of December 28, 2008. Fidelity also advised that they would reconsider this termination if the transaction for which we are now seeking approval is consummated by December 22, 2008.

7. The refusal or reluctance of lenders to accept the title policies of the Underwriting Companies has led to the departure of numerous customers. Customers have also departed because of uncertainties regarding the present financial circumstances of the Debtors. In much of the country, residential real estate transactions are handled without lawyers, and companies like Commonwealth NE and Lawyers Title and their subsidiaries handle not only title insurance, but other aspects of the closing, particularly the handling of escrows. In such transactions, the Underwriting Companies or their subsidiaries would receive lender and purchaser funds in an escrow arrangement and would disburse those funds to the seller, realtor or other parties to the transaction. It is vital that we have the trust and confidence of the customers to perform these services, and the present situation has caused a significant number of customers to lose that confidence and become concerned about the safety of their funds. This has accounted for losses of customers as well.

8. The title insurance business relies critically on the relationships between those who sell title insurance and closing services, and their regular customers; it is a relationship business. Regular customers include mortgage brokers, real estate agents, lawyers and others in the real estate business. Once those customers are unable to obtain insurance from their regular contacts with the Underwriting Companies, they will of necessity turn to one of our competitors. And once they begin to form new relationships with the agents or employees of another title insurer, there will be a large number of customers who will never return. As will be discussed below, since the livelihood of our employees is dependent upon these customers, this will also result in much of our trained employee base seeking employment elsewhere.

9. Our agents and employees have already reported the loss of many customers, despite ceaseless efforts in personal and telephonic meetings to reassure customers and convince them to keep their business with LandAmerica. In fact, we have lost as many as 170 customers since the bankruptcy filing. In the area of title insurance for commercial properties, since the petition for bankruptcy was filed, our commercial channel has reported the cancellation of transactions which were to have realized over \$9 million of premiums. For comparison purposes, that channel reported premiums of \$13.0 million and \$9.3 million in October and November 2008, respectively. As to our agency channel, which brings in over 50% of the revenues of the Underwriting Companies, we are aware that many agents have had to turn to other title insurance companies, and while we are not yet able to quantify that loss, we believe it to be substantial.

10. Our most crucial assets are the employees and agents of the Underwriting Companies. We have almost 800 employees in our commercial channel, 2500 employees in our residential channel, and approximately 8000 agents, supported by almost 600 employees in the

agency channel. As noted, the title insurance business is a relationship business, and it is the relationships of these men and women that are responsible for the revenues the Underwriting Companies realize.

11. Much of our work force is largely compensated on the basis of the book of business they bring in or service. What this means, most simply, is that when the Underwriting Companies lose business because of the refusal of banks to accept the policies and loss of customers, our employees who receive variable pay are paid less money, and we need fewer employees and have to further eliminate jobs. As the customer base erodes and additional banks decide not to approve of the policies of the Underwriting Companies, our employees and agents will receive even less in compensation. Obviously, these employees are at significant risk of departure. Since many of them carry a “book of business” with them, there is little to prevent them from taking that business to one of our competitors. Up through this date, management has worked tirelessly to persuade our employees and agents to stick with us, mainly by arguing that the situation would be resolved by December 16, when the Underwriting Companies would be sold, and their situations stabilized. Fortunately, and because we have a genuinely loyal group of employees, although we have had some losses of employees, the number lost is not yet significant. Nevertheless, I have absolutely no doubt that if their level of uncertainty regarding the sale is not fully resolved by December 16, many of our employees will simply cross the street and start working for our competitors. And once they have established relationships at a new employer, there will be no reason for them to return should the Underwriting Companies be sold at some later date.

12. To summarize the business considerations at this point, the Underwriting Companies are experiencing a dramatic loss of business due to many lenders refusing to accept

our title insurance policies. That has led to the departure of numerous customers, and threatens the inevitable loss of our lifeblood, the employees and agents who generate the revenues. We have worked hard to assure the lenders that still do business with us, as well as our customers, employees and agents, that the continued uncertainty of the business will be resolved on December 16, when the sale of the Underwriting Companies to Fidelity will be approved. While this is only the first step in the process of the completion of the sale, it is vital to assure that a going concern survives long enough to complete the sale.

13. Beyond the business considerations, the Underwriting Companies must secure regulatory approval for this transaction from the governmental authorities of the states in which they do business. Commonwealth NE and Lawyers Title both fall within the regulatory purview of Nebraska Department of Insurance (“**NEDOI**”), and we have had extensive dealings with the Commissioner of the NEDOI (the “**Commissioner**”) in connection with the deteriorating financial condition of those entities. (Other of LFG’s underwriting entities are subject to the jurisdiction of The California Department of Insurance and the New Jersey Banking and Insurance Department.) As noted, in late November, the NEDOI put Commonwealth NE and Lawyers Title into rehabilitation, which entails both a high level of scrutiny, and the possibility exists that the next regulatory step – a cessation of new business and runoff of old business – could be imposed at the discretion of the Commissioner.

14. The Commissioner is charged with the protection of policy holders, and with insuring that the insurers have sufficient resources to cover the liabilities which may arise from their policies. In this sense, from the perspective of the Commissioner, the continuation of the business is less important than that existing policy holders have the security necessary to pay claims as they may arise. The Commissioner has expressed concerns about the existing asset

base of the Underwriting Companies and specifically about a large receivable due the Underwriting Companies from LFG. She has also noted the fact that the Underwriting Companies have a very limited surplus and are not in a position therefore to take on a large amount of new policy business in any event. This presents a situation that leads to a very real possibility of regulatory intervention beyond rehabilitation. The next step would be for the Commissioner to direct the Underwriting Companies to stop writing new business and go into runoff. Obviously, this would end any prospect of realizing value from the Underwriting Companies, since a runoff situation would require the NEDOI to maintain the asset base of the Underwriting Companies for as long as necessary to insure that all potential claims would be paid, a period of perhaps decades.

15. I have also been asked to give my views about the practicability of realizing value for the estate by selling the two principal underwriting companies separately, to different buyers. I believe that if not outright impossible, the degree of shared personnel, goods and services between the various Underwriting Companies makes it exceedingly challenging to design and effectuate a sale of any of those companies separately from one another. Just by way of one example (and there are numerous others), many of the Company's employees - particularly the revenue generators - write title insurance for more than one of the Underwriting Companies. It would be very difficult to divide the "producers" among buyers of the Underwriting Companies in a manner which would not give rise to extensive negotiation and contention. Many other operational issues would be equally difficult to sort out. Given the exigencies of the Company's situation, pursuit of separate transactions simply is not feasible and, in the Board's judgment, did not appear to be a mechanism for enhancing value.

16. In sum, I believe that the approval of the revised SPA is essential to realizing substantial value from the principal assets of LFG. Moreover, I believe that any delay in approving that transaction will critically jeopardize the prospects of the Underwriting Companies maintaining the value which is now attainable.

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

/s/ G. William Evans  
G. William Evans

Executed on December 15, 2008

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