

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
PHYSIOTHERAPY HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 13-12965 (KG)
)	
Debtors.)	Jointly Administered

**NOTICE OF (I) COMMENCEMENT OF PREPACKAGED CHAPTER 11
BANKRUPTCY CASES, (II) COMBINED HEARING ON (A) DISCLOSURE
STATEMENT AND (B) CONFIRMATION OF THE PLAN OF REORGANIZATION
AND RELATED MATTERS, AND SUMMARY OF THE PLAN OF REORGANIZATION**

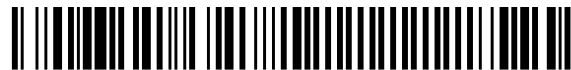
NOTICE IS HEREBY GIVEN as follows:

On November 12, 2013 (the “*Petition Date*”), the above-captioned debtors and debtors in possession (collectively, the “*Debtors*”) filed with the United States Bankruptcy Court for the District of Delaware (the “*Court*”) a proposed prepackaged plan of reorganization (the “*Plan*”) and a proposed disclosure statement (the “*Disclosure Statement*”) pursuant to sections 1125 and 1126(b) of title 11 of the United States Code (the “*Bankruptcy Code*”).² You will not receive notice of all documents filed in the Debtors’ cases. Copies of the Plan and the Disclosure Statement may be obtained upon request of the Debtors’ counsel at the address specified below and are on file with the Clerk of the Bankruptcy Court, 824 North Market Street, 3rd Floor, Wilmington Delaware 19801, where they are available for review between the hours of 8:00 a.m. to 4:00 p.m. (Prevailing Eastern Time). The Plan and Disclosure Statement also are available for inspection on the Court’s Internet site at www.deb.uscourts.gov or free of charge on the Debtors’ restructuring website at www.kccllc.net/PhysioCorp. The Debtors’ restructuring hotlines are: (877) 725-7537 (toll-free) and (424) 236-7246 (international).

The Plan agreed to by the Debtors, the Bridge Loan Lenders, the Ad Hoc Committee of Senior Noteholders, and the Consenting Shareholders will achieve the Debtors’ restructuring goals by: (a) reducing the Debtors’ total funded indebtedness (including interest) by approximately 62%, from approximately \$375 million as of October 10, 2013 to approximately \$144 million; (b) providing the Debtors with reasonable, long-term financing and access to incremental indebtedness of up to \$8 million on a *pari passu* basis to address post-restructuring

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal taxpayer-identification number, are: Physiotherapy Holdings, Inc. (5193); Actra Rehabilitation Associates, Inc. (7806); Alexandria Sports, Inc. (7654); Benchmark Acquisition Corp. (3850); Benchmark Medical Management Company (0335); Benchmark O & P Holdings, Inc. (6848); Benchmark Orthotics & Prosthetics, Inc. (7000); Blue Hen Physical Therapy, Inc. (7267); Cape Prosthetics-Orthotics, Inc. (7914); Carrollton Physical Therapy Clinic, Inc. (2832); Integrity Physical Therapy, Inc. (1075); Keystone Rehabilitation Associates of Warren (8341); Keystone Rehabilitation Systems, Inc. (8380); Keystone Rehabilitation Systems of McMurray (6304); Leesburg Sports, Inc. (4190); MATRIX Healthcare Services, LLC (7344); MATRIX Rehabilitation, Inc. (3147); MATRIX Rehabilitation-Delaware, Inc. (2504); MATRIX Rehabilitation-Georgia, Inc. (4073); MATRIX Rehabilitation-Ohio, Inc. (2505); MATRIX Rehabilitation-South Carolina, Inc. (5603); MATRIX Rehabilitation-Texas, Inc. (9542); Morris Area Rehabilitation Association, Inc. (2043); North Dallas Physical Therapy Associates, Inc. (5331); Northstar Health Services, Inc. (7152); NSHS Services, Inc. (6789); Orthopaedic Services of Paducah, Inc. (3143); PhysiLink Corporation (3705); Physiotherapy Associates Holdings, Inc. (3367); Physiotherapy Associates, Inc. (7193); Physiotherapy Associates-Union Rehab, LLC (0041); Physiotherapy Corporation (3816); Physiotherapy-BMHI Holdings, Inc. (3361); Physiotherapy-BMI, Inc. (4107); Potomac Rehabilitation Services, Inc. (2725); Professional Rehab Associates, Inc. (2393); Progressive Therapy Services, Inc. (8449); Rehab Associates, L.L.C. (9381); Rehab Colorado, LLC (5804); Rehab Missouri, LLC (0587); Rehab Xcel, LLC (0586); Rehabilitation Consultants, Inc. (1166); R.S. Network, Inc. (9104); SMR Banyan Tree, Inc. (6933); Swanson Orthotic & Prosthetic Center, Inc. (2308); The Parks Physical Therapy and Work Hardening Center, Inc. (2926); Theraphysics Partners of Colorado, Inc. (2115); Theraphysics Partners of Texas, Inc. (9976); Therapy Associates of Martinsville, Inc. (1394); Trumbull P.T. Corp. (3855); Wisconsin Prosthetics and Orthotics, Inc. (7815). The Debtors’ main corporate address is 855 Springdale Drive, Suite 200, Exton, PA 19341.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan. The statements contained herein are summaries of the provisions contained in the Plan and do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein. To the extent there is a discrepancy between the terms herein and the Plan, the Plan shall govern and control. For a more detailed description of the Plan, please refer to the Disclosure Statement.



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liquidity needs; and (c) providing for the establishment and funding of a litigation trust to consolidate and coordinate prosecution of certain claims and causes of action of the Contributing Claimants. As a result, the Debtors' Plan is intended to be a "balance sheet" restructuring and is not generally intended to affect the Debtors' day-to-day operations. The Debtors believe that their restructuring will provide them with an appropriate capital structure in light of their projected opportunities and prospects. ***The Debtors' Bridge Loan Lenders and Senior Noteholders voted overwhelmingly to accept the Plan.*** The Debtors believe that any valid alternative to confirmation of the Plan would result in significant delays, litigation, and additional costs, and ultimately, would jeopardize recoveries for holders of allowed claims and interests. Of note, the Plan renders all General Unsecured Claims unimpaired, and contemplates that such claims will be paid in full in Cash in the ordinary course of business or on the effective date.

The following chart summarizes the treatment provided by the Plan to each class of claims and interests and indicates the acceptance or rejections of the Plan by each class entitled to vote.

Class	Claims / Interests	Status	Accept / Reject	Treatment of Allowed Claim / Interest	Projected Recovery
1	Priority Non-Tax Claims	Unimpaired	Deemed to Accept	Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, release and discharge of each Allowed Priority Non-Tax Claim, each Holder of such Allowed Priority Non-Tax Claim will be paid in full in Cash on or as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Priority Non-Tax Claim against the Debtors becomes an Allowed Priority Non-Tax Claim, (iii) such other date as may be ordered by the Bankruptcy Court or (iv) when due and payable in the ordinary course of business.	100%
2	Other Secured Claims	Unimpaired	Deemed to Accept	Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed Other Secured Claim, each Holder of such Allowed Other Secured Claim will receive one of the following treatments, in the sole discretion of the applicable Debtor: (i) the Debtors or the Reorganized Debtors will pay such Allowed Other Secured Claims in full in Cash, including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code; (ii) the Debtors or the Reorganized Debtors will deliver the collateral securing any such Allowed Other Secured Claim; or (iii) the Debtors or the Reorganized Debtors will otherwise treat such Allowed Other Secured Claim in any other manner such that the Claim will be rendered not Impaired.	100%
3	Bridge Loan Credit Agreement	Impaired	Entitled to Vote	The Bridge Loan Credit Agreement Claims will be Allowed in the aggregate principal amount of \$140 million plus interest on such	100%

Class	Claims / Interests	Status	Accept / Reject	Treatment of Allowed Claim / Interest	Projected Recovery
	Claims			Claim, and any reasonable fees, costs, charges and other expenses provided for under the Bridge Loan Credit Agreement. Except to the extent that a Holder of an Allowed Bridge Loan Credit Agreement Claim agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, release, and discharge of the Allowed Bridge Loan Credit Agreement Claims, each Holder of an Allowed Bridge Loan Credit Agreement Claim will (i) receive its Pro Rata share of the Exit Facility or (ii) be paid in full in Cash.	
4	Senior Notes Claims	Impaired	Entitled to Vote	The Senior Notes Claims will be Allowed in the aggregate principal amount of \$210 million. Except to the extent that a Holder of an Allowed Senior Notes Claim agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, release, and discharge of the Allowed Senior Notes Claims, each Holder of an Allowed Senior Notes Claim will receive (i) subject to the final two sentences of this paragraph, its Pro Rata share of 100% of the New Common Stock (subject to dilution by the Management Incentive Plan) based on the principal amount of Senior Notes held by such Holder on the Distribution Record Date (calculated by issuing ten (10) shares of New Common Stock for every \$1,000 in principal amount of Senior Notes held by such Holder on the Distribution Record Date) and (ii) a share of the Senior Notes Litigation Trust Recovery. The share of the Senior Notes Litigation Trust Recovery allocated to the Holder of an Allowed Senior Notes Claim will be determined in accordance with Article IV.V of the Plan and will be based on whether a Holder elects to opt-in to the settlement described in Article IV.C of the Plan. To opt-in to the settlement, a Holder of an Allowed Senior Notes Claim must agree, by electing on its Ballot, to (i) become a Releasing Party and (ii) assign its Contributed Claims to the Litigation Trust. By electing to opt-in to the settlement on its Ballot, the Holder of an Allowed Senior Notes Claim agrees that, subject to the occurrence of the Effective Date and the formation of the Litigation Trust, it will be	40.3% ³

³ This does not include any projected recovery from the Litigation Trust. See **Exhibit G** and “Risk Factors” for a further discussion of the Contributed Claims.

Class	Claims / Interests	Status	Accept / Reject	Treatment of Allowed Claim / Interest	Projected Recovery
				deemed, without further action, (i) to have assigned its Contributed Claims to the Litigation Trust and (ii) to have agreed to execute any documents reasonably requested to effectuate the foregoing. The Litigation Trust Agreement will be binding on all Holders of Senior Notes Claims and all Holders of Senior Notes Claims will be deemed to have executed the Litigation Trust Agreement as of the Effective Date. All distributions made in respect of Allowed Senior Note Claims will be made on account of the principal amount of such Claims and not on account of any prepetition or postpetition interest that may be owed in respect of such Claims. The Holders of Claims in Class 4 will be required to execute the New Stockholders Agreement before receiving their respective distributions of the New Common Stock under the Plan. If a Holder of a Class 4 Claim as of the Distribution Record Date does not return a completed and executed signature page to the New Stockholders Agreement so that it is received by the Disbursing Agent on or before the 90th day after the Effective Date, such Holder shall be deemed to forever forfeit its right to receive the New Common Stock (but not its share of the Senior Notes Litigation Trust Recovery).	
5	General Unsecured Claims	Unimpaired	Deemed to Accept	Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, release, and discharge of each General Unsecured Claim, each Holder of such Allowed General Unsecured Claim will receive one of the following treatments, in the sole discretion of the applicable Reorganized Debtor: (i) the Debtors or the Reorganized Debtors will pay such Allowed General Unsecured Claim in the ordinary course of business or (ii) the Debtors or the Reorganized Debtors will pay such Allowed General Unsecured Claim in full in Cash, including interest at the contractual rate, upon the later of (A) the Effective Date, (B) the date on which such General Unsecured Claim against the Debtors becomes an Allowed General Unsecured Claims or (C) such other date as may be ordered by the Bankruptcy Court.	100%
6	Intercompany	Unimpaired	Deemed	No distribution will be made on account of Allowed Intercompany Claims. To preserve	100%

Class	Claims / Interests	Status	Accept / Reject	Treatment of Allowed Claim / Interest	Projected Recovery
	Claims		to Accept	the Debtors' corporate structure, on the Effective Date, or as soon thereafter as practicable, all Allowed Intercompany Claims will be reinstated in full or in part or cancelled or discharged in full or in part, in each case, to the extent determined appropriate by the Reorganized Debtors; provided that Intercompany Claims held by Holdings will not receive any distribution under the Plan and will be canceled and discharged on the Effective Date. The Debtors and the Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors historical intercompany account settlement practices.	
7	Subordinated Claims	Impaired	Deemed to Reject	Holders of Allowed Subordinated Claims will not receive any distribution on account of such Subordinated Claims. On the Effective Date, Allowed Subordinated Claims will be discharged, canceled, released and extinguished.	0%
8	Non-Subordinated Contribution and Reimbursement Claims	Unimpaired	Deemed to Accept	On the Effective Date, all of the Debtors' obligations with respect to Allowed Non-Subordinated Contribution and Reimbursement Claims will be assumed by the Litigation Trust and, to the extent not satisfied by any available insurance coverage, satisfied solely by way of setoff or recoupment, to the extent applicable, or payment by the Litigation Trust, which will be paid after the payment of costs and expenses, including legal fees, of the Litigation Trust, but prior to any further distributions to Litigation Trust Beneficiaries and will not be paid from the Litigation Trust Funding. Any Allowed Non-Subordinated Contribution and Reimbursement Claims will only be satisfied from the proceeds of the Contributed Claims after the payment of attorneys' fees and expenses, and there will be no clawback against previous distributions to Litigation Trust Beneficiaries in order to satisfy any such Claims.	100%
9	Intercompany	Unimpaired	Deemed	No distribution will be made on account of Allowed Intercompany Interests. To	0%-100%

Class	Claims / Interests	Status	Accept / Reject	Treatment of Allowed Claim / Interest	Projected Recovery
	Interests		to Accept	preserve the Debtors' corporate structure, on the Effective Date, or as soon thereafter as practicable, all Allowed Intercompany Interests will be reinstated in full or in part or cancelled or discharged in full or in part, in each case, to the extent determined appropriate by the Reorganized Debtors. Notwithstanding the foregoing, on the Effective Date, Holdings' Interests in PAH will be cancelled and discharged.	
10	Interests (Other than Class 9 Interests)	Impaired	Deemed to Reject	Holders of Interests (other than Class 9 Interests) will not receive any distribution on account of such Interests. On the Effective Date, Class 10 Interests will be cancelled and discharged.	0%

Discharge, Injunctions, Exculpation, and Releases

Please be advised that the Plan contains certain discharge, release, exculpation, and injunction provisions as follows:

A. Discharge of Claims and Termination of Interests

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument or other agreement or document created pursuant to the Plan, the distributions, rights and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors or their Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

B. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors. In addition, the Bridge Loan Agent, at the request and expense of the Reorganized Debtors, shall execute and deliver all documents reasonably required to evidence the release of such mortgages, deeds of

trust, Liens, pledges, and other security interests and shall authorize the Reorganized Debtors to file UCC-3 termination statements (to the extent applicable) with respect thereto.

C. Releases by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date of the Plan, the Released Parties are hereby expressly, unconditionally, irrevocably, generally, and individually and collectively released, acquitted, and discharged by the Debtors, the Reorganized Debtors, and the Estates from any and all actions, claims, interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, contract, tort, or otherwise, by statute or otherwise, that the Debtors, the Reorganized Debtors, the Estates, or each of their respective Affiliates (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, ever had, now has, or hereafter can, shall, or may have, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Plan Supplement, the Restructuring Transactions, the Disclosure Statement, or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event, or other occurrence relating to the Debtors, taking place on or before the Confirmation Date of the Plan, including any Released Claims, other than with respect to each Released Party, Claims or liabilities arising out of or relating to any act or omission of such Released Party unknown to the Debtors as of the Petition Date that constitutes gross negligence, willful misconduct, or fraud, in each case as determined by Final Order of a court of competent jurisdiction; *provided, however*, that notwithstanding anything herein to the contrary, none of the Potential Defendants and Witnesses shall be a Released Party or receive or be deemed to receive a release under the Plan or the Confirmation Order.

D. Releases by the Releasing Parties

As of the Effective Date of the Plan, to the fullest extent permitted by applicable law, each of the Releasing Parties shall be deemed to have expressly, unconditionally, irrevocably, generally and individually and collectively, released, acquitted and discharged the Debtors, the Reorganized Debtors and the Released Parties from any and all actions, claims, interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, contract, tort, by statute or otherwise, that such Releasing Party (whether individually or collectively) ever had, now has, or hereafter can, shall, or may have, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Plan Supplement, the Restructuring Transactions, the Disclosure Statement, or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event, or other occurrence relating to the Debtors, taking place on or before the Confirmation Date of the Plan, including any Released Claims, other than with respect to each party released herein, Claims or liabilities arising out of or relating to any act or omission of such Released Party unknown to the Releasing Party as of the Petition Date that constitutes gross negligence, willful misconduct, or fraud, in each case, as determined by Final Order of a court of competent jurisdiction; *provided, however*, that notwithstanding anything herein to the contrary, none of the Potential Defendants and Witnesses shall be a Released Party or receive or be deemed to receive a release under the Plan or the Confirmation Order.

E. Exculpation

Except as otherwise specifically provided in the Plan or Plan Supplement, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from, any (i) Exculpated Claim and (ii) any obligation, Cause of Action, or liability for any Exculpated Claim, except for those that result from any such act or omission that is determined in a Final Order to have constituted fraud, gross negligence, or willful misconduct, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan; provided, however, that the foregoing "Exculpation" shall have no effect on the liability of any Entity for acts or omissions occurring after the Effective Date.

F. Injunction

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY CAUSE OF ACTION RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN ARTICLE VIII HEREOF, THE RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO ARTICLE VIII HEREOF.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED PURSUANT TO ARTICLE VIII.D OR ARTICLE VIII.E, DISCHARGED PURSUANT TO ARTICLE VIII.B, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE VIII.G ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (i) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (ii) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (iii) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR ESTATE OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (iv) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THEIR ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR HEREIN OR IN OBLIGATIONS ISSUED PURSUANT HERETO FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER SECTION 502(G) OF THE BANKRUPTCY CODE.

EXCEPT AS EXPRESSLY SET FORTH HEREIN, ALL ENTITIES SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTORS, OR THE LITIGATION TRUST, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

FOR THE AVOIDANCE OF DOUBT, ALL CLAIMS AGAINST THE POTENTIAL DEFENDANTS AND WITNESSES, SET FORTH ON EXHIBIT C TO THE DISCLOSURE STATEMENT, INCLUDING WITHOUT LIMITATION THE CONTRIBUTED CLAIMS AND CLAIMS ARISING FROM THE FACTS AND CIRCUMSTANCES SET FORTH IN EXHIBIT G TO THE DISCLOSURE STATEMENT, WILL NOT BE RELEASED OR DISCHARGED UNDER THE PLAN OR THE CONFIRMATION ORDER, BUT WILL BE PRESERVED IN ACCORDANCE WITH THE PLAN AND MAY BE PURSUED AND LITIGATED BY THE LITIGATION TRUST. NO PERSON OR ENTITY MAY RELY ON THE ABSENCE OF A SPECIFIC REFERENCE IN THE PLAN, THE CONFIRMATION ORDER, THE LITIGATION TRUST AGREEMENT OR THIS DISCLOSURE STATEMENT TO ANY CONTRIBUTED CLAIMS AGAINST SUCH PERSON OR ENTITY AS ANY INDICATION THAT THE LITIGATION TRUST WILL NOT PURSUE ANY AND ALL AVAILABLE CONTRIBUTED CLAIMS AGAINST SUCH PERSON OR ENTITY. UNLESS ANY CONTRIBUTED CLAIMS AGAINST A PERSON OR ENTITY ARE EXPRESSLY WAIVED, RELINQUISHED, EXCULPATED, RELEASED, COMPROMISED, OR SETTLED IN THE PLAN, THE CONFIRMATION ORDER OR A BANKRUPTCY COURT ORDER, ALL CONTRIBUTED CLAIMS ARE EXPRESSLY RESERVED BY AND FOR THE LITIGATION TRUST, FOR LATER ADJUDICATION, AND, THEREFORE, NO PRECLUSION DOCTRINE, INCLUDING THE DOCTRINES OF RES JUDICATA, COLLATERAL ESTOPPEL, ISSUE PRECLUSION, CLAIM PRECLUSION, ESTOPPEL (JUDICIAL, EQUITABLE, OR OTHERWISE) OR LACHES WILL APPLY TO SUCH CONTRIBUTED CLAIMS UPON, AFTER, OR AS A CONSEQUENCE OF THE CONFIRMATION ORDER. THE OBJECTION TO THE ALLOWANCE OF ANY CLAIMS FILED WITH THE BANKRUPTCY COURT WITH RESPECT TO WHICH THEY DISPUTE LIABILITY, PRIORITY, AND/OR AMOUNT (OR ANY OBJECTIONS, AFFIRMATIVE DEFENSES AND/OR COUNTERCLAIMS, WHETHER OR NOT LITIGATED TO FINAL ORDER) SHALL NOT IN ANY WAY LIMIT THE ABILITY OR THE RIGHT OF THE LITIGATION TRUST TO ASSERT, COMMENCE OR PROSECUTE ANY CONTRIBUTED CLAIMS. NOTHING CONTAINED IN THE PLAN, THE CONFIRMATION ORDER, THE LITIGATION TRUST AGREEMENT OR THE DISCLOSURE STATEMENT WILL BE DEEMED TO BE A WAIVER, RELEASE, OR RELINQUISHMENT OF ANY CONTRIBUTED CLAIMS WHICH THE CONTRIBUTING CLAIMANTS HAD IMMEDIATELY PRIOR TO THE EFFECTIVE DATE. THE LITIGATION TRUST SHALL HAVE, RETAIN, RESERVE, AND BE ENTITLED TO ASSERT ALL CONTRIBUTED CLAIMS FULLY AS IF THE CONTRIBUTED CLAIMS HAD NOT BEEN TRANSFERRED TO THE LITIGATION TRUST IN ACCORDANCE WITH THE PLAN, THE CONFIRMATION ORDER AND THE LITIGATION TRUST AGREEMENT.

Establishment of the Litigation Trust to Pursue Certain Claims and Causes of Action

ON THE EFFECTIVE DATE, THE LITIGATION TRUST WILL BE ESTABLISHED FOR THE BENEFIT OF THE SENIOR NOTEHOLDERS AND CONSENTING SHAREHOLDERS TO PURSUE, AMONG OTHER CLAIMS AND CAUSES OF ACTION, THE CONTRIBUTED CLAIMS OF THE CONSENTING NOTEHOLDERS, CONSENTING SHAREHOLDERS, AND THE DEBTORS AND THEIR ESTATES AGAINST POTENTIAL DEFENDANTS AND WITNESSES. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUST WILL NOT PURSUE CLAIMS AND CAUSES OF ACTION AGAINST THE RELEASED PARTIES. THE LITIGATION TRUST WILL BE GOVERNED BY A LITIGATION TRUST AGREEMENT, TO BE FILED AS PART OF THE PLAN SUPPLEMENT. FOR FURTHER INFORMATION ABOUT THE LITIGATION TRUST, PLEASE REVIEW THE PLAN AND DISCLOSURE STATEMENT, INCLUDING EXHIBIT C AND EXHIBIT G TO THE DISCLOSURE STATEMENT.

The Plan proposes to establish and fund on the Effective Date a Litigation Trust for the benefit of the Litigation Trust Beneficiaries to pursue the Contributed Claims transferred and assigned to the Litigation Trust, including, without limitation: (a) all claims and Causes of Action against any party based on, arising out of, or relating to the 2012 Transaction, including without limitation any claims or causes of Action for unlawful dividend, fraudulent conveyance or avoidance claims under state or federal law, including the Bankruptcy Code; (b) all claims and Causes of Action based on, arising out of, or related to the issuance of any security of PAH or Holdings; (c) all

claims and Causes of Action based on, arising out of, or related to the restatement, adjustment, correction, or modification of the Company's financial statements, including without limitation all claims or Causes of Action based on, arising out of, or relating to (i) the Company's internal controls relating to financial statements and financial reporting and (ii) materially misleading financial statements provided to the Contributing Claimants in connection with the 2012 Transaction; (d) all claims and Causes of Action based on, arising out of, or related to the misrepresentation of any of the Company's financial information and related internal controls, including without limitation the overstatement of the Company's revenue, accounts receivable, and/or EBITDA; (e) all claims and Causes of Action based on, arising out of, or related to any failure to disclose or actual or attempted cover up or obfuscation of any of the conduct described in Plan and the exhibits thereto and/or (a)-(d) above; and (f) any other potential claims, Causes of Action, charges, suits or rights of recovery under state, federal, or other applicable law.

The Contributed Claims that may be asserted against the Potential Defendants and Witnesses with respect to the foregoing include all claims or Causes of Action arising under state and/or federal law, such as (but not limited to) claims arising under title 11 of the U.S. Code and applicable law, including without limitation sections 502(d), 510, 542 through 551, and 553 of title 11 and any similar state laws, violations of state and/or federal securities laws, breach of contract, breach of fiduciary duty (including aiding and abetting any such breach), and common law claims such as quantum meruit and unjust enrichment. See **Exhibit G** of the Disclosure Statement for a non-exclusive list of (i) potential claims and Causes of Action, which are expressly identified and preserved by the Debtors for possible prosecution and assigned to the Litigation Trust by the Contributing Claimants and (ii) Persons and Entities whom such potential claims and Causes of Action may be asserted against.

The Litigation Trust will be governed by a Litigation Trust Agreement, the form of which is attached as **Exhibit F** to the Disclosure Statement and will be filed as part of the Plan Supplement. The Debtors believe that establishing the Litigation Trust is appropriate because it will effectively and efficiently enable the Litigation Trustees to pursue the above-described claims and Causes of Action and distribute the proceeds recovered to Holders of the Senior Notes (the Debtors' Impaired creditors) and the Consenting Shareholders. The claims and Causes of Action that are being contributed to the Litigation Trust include the Contributed Claims of the Consenting Shareholders, the Consenting Noteholders, and the Debtors and their estates. For the avoidance of doubt, the Litigation Trust shall not be authorized to pursue any claims or Causes of Action against a Released Party. See section VIII of the Disclosure Statement for additional information regarding the Litigation Trust.

Assumption of Executory Contracts and Unexpired Leases and Payment of Cure Amounts

At least 14 days before the Objection Deadline (as defined below), the Debtors will file with the Court and serve on the non-debtor contract counterparties (a) the Assumed Executory Contract and Unexpired Lease List listing those Executory Contracts and Unexpired Leases that the Debtors propose to assume and the proposed Cure Amount for each such contract or lease, and (b) the Rejected Executory Contract and Unexpired Lease List.

Unless the contract or lease to which you are a party with one or more of the Debtors is specifically listed on the Rejected Executory Contract and Unexpired Lease List, the Debtors propose to assume your Executory Contract or Unexpired Lease pursuant to section 365 of the Bankruptcy Code on the Effective Date. **If you wish to object to the proposed assumption of your Executory Contract or Unexpired Lease or to the proposed Cure Amount associated therewith, you must file an objection before the Objection Deadline in accordance with the objection procedures set forth in the section below.**

Hearing on Confirmation of the Plan, the Adequacy of the Disclosure Statement, and the Assumption of Executory Contracts and Unexpired Leases and Proposed Cure Amounts

The hearing to consider the adequacy of the Disclosure Statement, any objections to the Disclosure Statement, confirmation of the Plan, any objections thereto, the assumption of Executory Contracts and Unexpired Leases and the proposed Cure Amounts, any objections thereto, and any other matter that may properly come before the Court shall be held before the Honorable Kevin Gross, Chief United States Bankruptcy Judge, at the United States Bankruptcy Court, 824 North Market Street, Wilmington, Delaware, 19801, on **December 17, 2013 at 1:30 p.m. (Prevailing Eastern Time)** (the "**Confirmation Hearing**"). The Confirmation Hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date or dates in open court or at the Confirmation Hearing and which notice will be available on the electronic case filing docket.

Any objections (each, an “*Objection*”) to the Disclosure Statement and the Plan, including to the proposed assumption of Executory Contracts and Unexpired Leases and proposed Cure Amounts associated therewith, must: (a) be in writing; (b) comply with the Federal Rules of Bankruptcy Procedure and the Local Rules of the United States Bankruptcy Court for the District of Delaware; (c) state the name and address of the objecting party and the amount and nature of the Claim or Interest beneficially owned by such Entity; and (d) state with particularity the legal and factual basis for such objections, and, if practicable, a proposed modification to the Plan that would resolve such objection.

Objections must be filed with the Court and served so as to be **actually received** no later than **December 12, 2013 at 4:00 pm (Prevailing Eastern Time)** (the “*Objection Deadline*”) by: (a) the Debtors, Whiteland Business Park, Suite 200, Exton, Pennsylvania 19341, Attn: General Counsel; (b) proposed co-counsel for the Debtors, Klehr Harrison Harvey Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington Delaware 19801, Attn: Domenic E. Pacitti, Esq. (fax: 302-426-9193; email: dpacitti@klehr.com), 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania, Attn: Morton Branzburg, Esq. (fax: 215-568-6603; email: mbranzburg@klehr.com); (c) proposed co-counsel for the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Jonathan S. Henes, P.C. (fax: 212-446-4900; email: jonathan.henes@kirkland.com), Nicole L. Greenblatt, Esq. (fax: 212-446-4900; email: nicole.greenblatt@kirkland.com) and David S. Meyer, Esq. (fax: 212-446-4900; email: david.meyer@kirkland.com); (d) the Bridge Loan Agent, U.S. Bank, National Association, 214 N. Tryon Street, 26th Floor, Charlotte, North Carolina 28202, Attn: CDO Trust Services/James Hanley (fax: 302-576-3717; email: james.hanley1@usbank.com); (e) counsel to the Bridge Loan Agent, Nixon Peabody LLP, 100 Summer Street, Boston, Massachusetts 02110, Attn: Catherine Ng, Esq. (fax: 866-885-0545; email: cng@nixonpeabody.com); (f) counsel to certain Bridge Loan Lenders, Latham and Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071, Attn: Stacey Rosenberg, Esq. (tel: 213-891-8554; email: stacey.rosenberg@lw.com); (g) co-counsel to the Ad Hoc Committee of Senior Noteholders, Klee, Tuchin, Bogdanoff & Stern LLP, 1999 Avenue of the Stars, 39th Floor, Los Angeles, California 90067, Attn: Michael Tuchin, Esq. (fax: 310-407-9090; email: mtuchin@ktbslaw.com) and David A. Fidler, Esq. (fax: 310-407-9090; email: dfidler@ktbslaw.com); (h) co-counsel to the Ad Hoc Committee of Senior Noteholders, Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Wilmington, Delaware 19801, Attn: Michael R. Nestor, Esq. (fax: 302-576-3321; email: mnestor@ycst.com); (i) the Senior Notes Indenture Trustee, Bank of New York Mellon Trust Company, N.A., 601 Travis, 16th Floor, Houston, Texas 77002, Attn: Dennis J. Roemlein CCTS (fax: 713-483-6954; email: dennis.roemlein@bnymellon.com); (j) counsel to the Senior Notes Indenture Trustee, Reed Smith LLP, Reed Smith Centre, 225 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attn: Eric A. Schaffer, Esq. (fax: 412-288-3063; email: eschaffer@reedsmith.com); (k) counsel to the Consenting Shareholders, Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036, Attn: Michael J. Sage, Esq. (fax: 212-698-0439; email: michael.sage@dechert.com) and Nicole B. Herther-Spiro, Esq. (fax: 212-698-0671; email: nicole.hertherspiro@dechert.com); (l) counsel to any statutory committee appointed in these chapter 11 cases; (m) the office of the United States Trustee for the District of Delaware, Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Tiara N.A. Patton (fax: 302-573-6497; email: tiara.patton@usdoj.gov); and (n) those parties who have filed a notice of appearance in these chapter 11 case.

UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THIS NOTICE, IT MAY NOT BE CONSIDERED BY THE COURT.

YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE DISCHARGE, RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

Dated: November 14, 2013
Wilmington, Delaware

/s/ Domenic E. Pacitti

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Proposed Co-Counsel to the Debtors and Debtors in Possession