

**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.	)	Joint Administration Requested
)	

**DEBTORS’ MOTION FOR ENTRY OF AN ORDER
(A) SCHEDULING AN OBJECTION DEADLINE AND COMBINED HEARING
ON THEIR DISCLOSURE STATEMENT AND PLAN CONFIRMATION,
(B) APPROVING FORM AND NOTICE OF CONFIRMATION HEARING,
(C) ESTABLISHING PROCEDURES FOR OBJECTIONS TO THE DISCLOSURE
STATEMENT AND THE PLAN, (D) APPROVING SOLICITATION
PROCEDURES, (E) WAIVING THE REQUIREMENT FOR MEETINGS
OF CREDITORS OR EQUITY HOLDERS AND (F) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “*Debtors*”) file this motion (this “*Motion*”), for the entry of an order, substantially in the form attached hereto as

Exhibit A: (a) scheduling an objection deadline and a combined hearing (the “*Confirmation*”)”)”

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); PhysioLink 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.



Hearing”) on the (i) adequacy of the *Disclosure Statement for the Joint Prepackaged Plan of Reorganization of Physiotherapy Holdings, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (as amended from time to time, the “**Disclosure Statement**”) and (ii) confirmation of the *Joint Prepackaged Plan of Reorganization of Physiotherapy Holdings, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (as amended from time to time, the “**Plan**”);² (b) approving the form and manner of notice of the Confirmation Hearing; (c) establishing procedures for objections to the Disclosure Statement and the Plan, including the proposed assumption pursuant to section 365 of the Bankruptcy Code of certain of the Debtors’ executory contracts and unexpired leases (the “**Executory Contracts and Unexpired Leases**”) and the payment of cure amounts associated therewith (the “**Cure Amounts**”), if any; (d) approving the solicitation procedures (the “**Solicitation Procedures**”) used in connection with the Debtors’ prepetition solicitation of the Plan described below and further discussed in the Disclosure Statement; (e) waiving the requirement for meetings of creditors or equity holders; and (f) granting related relief. In support of this Motion, the Debtors respectfully state as follows:

Jurisdiction and Venue

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The bases for the relief requested herein are sections 105, 341, 1126, and 1128 of the Bankruptcy Code (as defined herein), Rules 2002, 3017, 3018, 3020 and 9006 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rules 2002-1, 3017-1 and

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan, filed contemporaneously with this Motion.

9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “*Local Rules*”).

Relief Requested

4. By this Motion, the Debtors respectfully request entry of an order, substantially in the form attached hereto as **Exhibit A** (the “*Scheduling Order*”): (a) scheduling an objection deadline for objections to the Disclosure Statement and Plan, including the proposed assumption of Executory Contracts and Unexpired Leases and the proposed Cure Amounts associated therewith (the “*Objection Deadline*”), and scheduling the Confirmation Hearing; (b) establishing procedures for objections to the Disclosure Statement and the Plan; (c) approving the form and manner of notice of the Confirmation Hearing; (d) approving the Solicitation Procedures; (e) waiving the requirement for meetings of creditors or equity holders; and (f) granting related relief.

5. Below is a table highlighting the dates relevant to the Solicitation Procedures and setting forth the Debtors’ proposed dates for the mailing of the Confirmation Hearing Notice (as defined herein), the Objection Deadline, and the Confirmation Hearing. The dates set forth below are consistent with the terms of the Debtors’ Plan Support Agreement dated October 10, 2013, by and among the Debtors, the Bridge Loan Lenders, the Ad Hoc Committee of Senior Noteholders and the Consenting Shareholders (each as defined herein).

<u>Proposed Schedule</u>	
Voting Record Date	September 27, 2013
Distribution of Solicitation Package	October 10, 2013
Voting Deadline	November 8, 2013
Petition Date	November 12, 2013

<u>Proposed Schedule</u>	
Distribution of Confirmation Hearing Notice	November 14, 2013
Objection Deadline	December 12, 2013
Reply Deadline	December 16, 2013
Confirmation Hearing	December 17, 2013

Background

6. On the date hereof (the “*Petition Date*”), each of the Debtors filed a petition with this Court under chapter 11 of the Bankruptcy Code. The Debtors intend to operate their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, while utilizing the chapter 11 process to pursue an expedited “prepackaged” restructuring with the support of their key creditor constituents.

A. The Debtors’ Business Operations

7. The Debtors are the largest pure-play providers of outpatient physical therapy services in the United States with a national footprint of 581 outpatient rehabilitation and orthotics & prosthetics clinics located in 29 states plus the District of Columbia. With over 1,500 clinicians managing over 2.9 million patient visits per year, the Debtors provide the entire spectrum of outpatient rehabilitation therapy, including physical and/or occupational therapy, sports and industrial rehabilitation, hand and aquatic therapy, women’s health, and pediatric and geriatric programs. The Debtors provide a comprehensive suite of orthotic, prosthetic and core rehabilitation therapy solutions, including all forms of physical therapy, at each clinic to service the needs of their patients. Additionally, the Debtors offer a palette of specialty services to address the specific demands of their patients and referral base, including occupational therapy, speech therapy, pediatrics, hand therapy, sports performance therapy, isokinetic therapy,

functional capacity evaluations and temporomandibular and craniofacial treatment. Visits at the Debtors' clinics are generally driven by new patient referrals. The Debtors have a uniform approach to marketing to local physicians, who account for over 70% of referrals through marketing conducted by the individual clinic practitioners and directors.

B. The Debtors' Prepetition Capital Structure

8. On April 30, 2012, in connection with the acquisition of the Debtors (the "**2012 Transaction**") by Court Square Capital Partners II, L.P. and certain of its affiliates ("**Court Square**"), the Debtors (a) entered into a \$123.5 million first lien senior secured credit facility (the "**Initial Senior Secured Credit Facility**"), as evidenced by that certain credit agreement dated April 30, 2012 (the "**2012 Credit Agreement**") by and among Physiotherapy Associates Holdings, Inc. ("**PAH**") (formerly Physiotherapy Merger Sub, Inc. ("**Merger Sub**")), as borrower, Physiotherapy Holdings, Inc. ("**Holdings**") and certain of PAH's direct and indirect subsidiaries (collectively, the "**Guarantors**"), Jefferies Finance LLC ("**Jefferies**"), as administrative agent and collateral agent, General Electric Capital Corporation, as syndication agent and issuing bank, and the lenders party thereto (the "**Initial Secured Lenders**"), and (b) issued \$210 million in 11.875% senior unsecured notes (the "**Senior Notes**," and such holders of these Senior Notes, the "**Senior Noteholders**") pursuant to a senior notes indenture (the "**Senior Notes Indenture**") dated April 30, 2012, by and among PAH (formerly Merger Sub), as issuer, certain of its direct and indirect subsidiaries (collectively, the "**Senior Notes Guarantors**") and the Bank of New York Mellon Trust Company, N.A., as Senior Notes Indenture trustee (the "**Senior Notes Indenture Trustee**").

9. In connection with negotiations among the Initial Secured Lenders and the Ad Hoc Committee of Senior Noteholders (as defined herein) regarding a comprehensive restructuring (as described below), on July 31, 2013, Holdings, PAH and certain of PAH's direct

and indirect subsidiaries refinanced the Initial Senior Secured Credit Facility (the “*Refinancing*”) by entering into that certain Credit Agreement (the “*Bridge Loan Credit Agreement*”) with U.S. Bank National Association, as administrative agent and collateral agent (“*Bridge Loan Agent*”), and a majority of the Senior Noteholders, as lenders (the “*Bridge Loan Lenders*”), pursuant to which the Bridge Loan Lenders provided a \$140 million new term loan credit facility (the “*Bridge Loan Facility*”), the proceeds of which were used to pay off in full the Initial Senior Secured Credit Facility, provide the Debtors with the working capital necessary to operate their business and fund the administrative costs associated with the Debtors’ restructuring efforts. The term loans under the Bridge Loan Facility bear interest at: (a) base rate plus a margin of 6.50%; or (2) the eurodollar rate (subject to a 2% LIBOR floor) plus a margin of 7.50%.

10. As of the Petition Date, the Debtors have outstanding funded indebtedness in the aggregate principal amount of approximately \$350 million, consisting of approximately (a) \$140 million under the Bridge Loan Facility and (b) \$210 million under the Senior Notes Indenture. In addition, as of the Petition Date, the Debtors owe approximately \$3.5 million to trade vendors and other general unsecured creditors and approximately \$5 million to patients in patient refunds and credit balances.

C. The Debtors’ Financial Position as Affected by Excessive Revenue Recognition

11. In 2012, Court Square acquired the Debtors through a merger transaction, which was financed with a combination of debt and equity. In March 2013, in the course of its fiscal year 2012 audit, the Debtors discovered that there had been an overstatement of revenue and profitability.³ Upon such discovery, the board of directors of PAH proactively addressed the

³ A summary of the Debtors’ corporate history, the Debtors’ financial situation as affected by the excessive revenue recognition issues discussed herein and the investigation of the Contributed Claims (as defined herein)

potential impact of the accounting issues and initiated restructuring discussions with its stakeholders. The Debtors engaged Kirkland & Ellis LLP as restructuring counsel, Rothschild, Inc. as financial advisor, A&M as operational and restructuring advisor, and appointed Matt Cantor as an independent director.

12. Additionally, the Board of Directors⁴ acting through a special committee formed to investigate the causes and to investigate potential claims related to the revenue recognition and accounting issues (the “*Special Committee*”) engaged Dechert LLP as special counsel, which subsequently retained Capstone Advisory Group LLC, to investigate potential claims related to the overstatement of revenue and accounting issues and to advise the Board of Directors of the nature and extent of the problem. The facts and circumstances surrounding the 2012 Transaction, the overstatements of revenue and profitability, and the impact of such overstatements on the Debtors’ financial position are the subject of the Special Committee’s investigation and of the claims and causes of action (the “*Contributed Claims*”) that will be preserved and assigned to a litigation trust (the “*Litigation Trust*”).⁴

D. The Debtors’ Restructuring Efforts

13. As a result of the overstatement of revenue and profitability described above and in **Exhibit G** of the Disclosure Statement, the Debtors informed their Initial Secured Lenders that they would not be able to deliver their audited financial statements by the April 30, 2013 deadline under the 2012 Credit Agreement and negotiated an extension to provide audited financials by May 31, 2013. To preserve liquidity during this time, the Debtors elected to forego

that will be contributed to the Litigation Trust (as defined herein) is set forth in **Exhibit G** to the Disclosure Statement. Nothing in this Motion is intended to modify the descriptions set forth in the Disclosure Statement. In the event of any inconsistency, the descriptions in the Disclosure Statement shall control.

⁴ A summary of the relevant factual history and the potential claims and causes of action that may be brought by the Litigation Trust against, among others, the Potential Defendants and Witnesses (as defined herein and listed on **Exhibit C** to the Disclosure Statement), is provided in **Exhibit G** of the Disclosure Statement.

the \$12.5 million interest payment on the Senior Notes due May 1, 2013. The Debtors' inability to deliver the audited financials and their failure to make the May 1, 2013 coupon payment resulted in defaults both under the 2012 Credit Agreement and the Senior Notes Indenture.

14. At around the same time, certain of the Debtors' Senior Noteholders (then holding approximately 65% in principal amount of the Senior Notes) organized into an ad hoc committee (the "*Ad Hoc Committee of Senior Noteholders*") and retained Klee, Tuchin, Bogdanoff & Stern LLP as counsel and Houlihan Lokey as financial advisor. At the time of solicitation, the Ad Hoc Committee of Senior Noteholders held approximately 90% in principal amount of the Senior Notes, and is currently comprised of Beach Point Capital Management LP, Blue Mountain Management, LLC, Ellis Lake Capital, LLC, Knighthead Capital Management, LLC, Mast Capital Management, LLC, Silver Rock Financial LLC and Western Asset Management Company (including funds and accounts managed and/or advised by any of the foregoing).

15. Beginning in May 2013, the Debtors proactively engaged the Initial Secured Lenders and the Ad Hoc Committee of Senior Noteholders in discussions regarding potential restructuring alternatives. Through these initially collaborative talks, on June 10, 2013 the Debtors entered into forbearance agreements with the Initial Secured Lenders and the Ad Hoc Committee of Senior Noteholders (the "*Secured Lender Forbearance Agreement*" and the "*Noteholder Forbearance Agreement*," respectively) under which the Debtors agreed to, among other things, pay a 0.25% consent fee and default interest to the Initial Secured Lenders and increase the interest rate on the Senior Notes by 1% in exchange for both creditor groups forbearing from exercising any remedies through July 31, 2013. The Secured Lender and Noteholder Forbearance Agreements also required certain deliverables from the Debtors, including: (a) financial statements for the quarter ended March 31, 2013 and projections for the

remainder of 2013 to be delivered on or before June 14, 2013; (b) a three-year business plan and projections to be delivered or before July 3, 2013; and (c) a detailed restructuring term sheet to be delivered on or before July 3, 2013.

16. After delivery of the initial restructuring term sheet, the Debtors commenced discussions with the Initial Secured Lenders and the Ad Hoc Committee of Senior Noteholders regarding a comprehensive resolution to deleverage their capital structure and develop a mechanism for pooling potential litigation claims relating to the Debtors' revenue recognition issues and issuance of the Senior Notes.

17. Ultimately, the Initial Secured Lenders and the Ad Hoc Committee of Senior Noteholders shared different and irreconcilable views about the acceptable terms of a restructuring solution. Consequently, the Debtors and the Ad Hoc Committee of Senior Noteholders engaged in accelerated and constructive efforts to refinance the Initial Senior Secured Credit Facility in advance of the expiration of the forbearance periods. On July 31, 2013, the day the Secured Lender and Noteholder Forbearance Agreements were set to expire, the Debtors and six of the seven members of the Ad Hoc Committee of Senior Noteholders finalized a refinancing of the Initial Senior Secured Credit Facility and entered the Bridge Loan Credit Agreement and the security agreements in connection therewith.

18. In addition, PAH, the Senior Notes Guarantors and the members of the Ad Hoc Committee of Senior Noteholders entered a second forbearance agreement pursuant to which the Ad Hoc Committee of Senior Noteholders agreed to continue to forbear in exercising their rights and remedies under the Senior Notes Indenture through September 3, 2013. The parties extended the forbearance period thereafter from time to time to facilitate continued discussions.

19. Throughout the extended forbearance period, the Debtors and their key stakeholders engaged in negotiations regarding a comprehensive balance sheet restructuring that would leave the Debtors adequately capitalized and ready to execute against their revised business plan—as well as ensure that all claims and causes of action related to the 2012 Transaction and accounting misstatements would be preserved, developed, and pooled to ensure a coordinated approach that would benefit the Contributing Claimants (as defined herein). For several months, the Debtors, the Ad Hoc Committee of Senior Noteholders’ advisors, Court Square and certain of its affiliates that collectively hold approximately 89.98% of the outstanding shares in Holdings (the “*Consenting Shareholders*”), and special counsel for the investigation into claims and causes of action related to the 2012 Transaction had extensive negotiations, reports and discussions regarding, among other things, the terms of the Litigation Trust and the Plan.

20. Throughout this period, the Debtors explored several strategic alternatives, including an out-of-court restructuring comprised of an exchange offer of the Senior Notes for equity in Restructured PAH. Rothschild also commenced a process to identify potential financing sources to refinance the Bridge Loan Facility on more advantageous economic terms than those provided by the Exit Facility. As of August 23, 2013, six financing sources had provided indications of interest, which contemplated a full or near-full refinancing of the Bridge Loan Facility or some level of participation in a refinancing credit facility. All indications were preliminary and predicated on certain issues and concerns being addressed prior to obtaining a refinancing commitment, including (a) the possibility that the Senior Noteholders may not be in favor of obtaining financing from, and converting to equity behind, certain of the interested financing parties, especially at a similar or higher all-in costs than the current Bridge Loan

Facility, (b) the quality of earning assessment, given the lack of audited 2013 financials and (c) substantial business due diligence, and, in the case of one potential lender, market demand.

21. Based on the feedback from potential financing sources, Rothschild advised the Debtors' board of directors that a refinancing of the Bridge Loan Facility appeared potentially feasible, though it was unlikely to occur at a lower interest rate than the Bridge Loan Facility and would also include various transaction fees and associated costs. Consequently, the Debtors, in consultation with their advisors, determined that there is no other third-party financing source at this time to refinance the Bridge Loan Facility at a lower interest cost than the Bridge Loan Facility, and that extending the maturity date of the Bridge Loan Facility and obtaining access to the Exit Facility is the best available financing arrangement under the circumstances.

22. Ultimately, the Debtors, the Bridge Loan Lenders, and the Ad Hoc Committee of Senior Noteholders determined that commencing these chapter 11 cases to implement a swift, consensual transaction would maximize value and best position the Debtors for future success. Accordingly, in the weeks leading up to the dissemination of the Disclosure Statement, the Debtors and their advisors engaged in extensive negotiations and discussions with the Ad Hoc Committee of Senior Noteholders, the Bridge Loan Lenders, the Consenting Shareholders, and their advisors regarding the terms of a potential expedited in-court restructuring transaction that would restructure the Debtors' funded indebtedness and establish the Litigation Trust.

23. On October 10, 2013, after weeks of good-faith, arm's-length negotiations, the Debtors reached an agreement with the Bridge Loan Lenders, the Ad Hoc Committee of Senior Noteholders and the Consenting Shareholders with respect to a consensual restructuring on the terms set forth in the Plan that would appropriately deleverage the Debtors' capital structure and

establish, for the benefit of the Senior Noteholders and Consenting Shareholders, a Litigation Trust to pursue any Contributed Claims transferred and assigned to the Litigation Trust.

24. To evidence their support of the Debtors' restructuring and to seek confirmation and consummation of the Plan in a manner consistent with the Restructuring Term Sheet, the Bridge Loan Lenders, the Ad Hoc Committee of Senior Noteholders and the Consenting Shareholders executed the "*Plan Support Agreement*," dated as of October 10, 2013, a copy of which is attached as **Exhibit H** to the Disclosure Statement. The Plan Support Agreement requires, as a condition to the Bridge Loan Lenders', the Ad Hoc Committee of Senior Noteholders' and the Consenting Shareholders' support of the Plan (and the creation and funding of the Litigation Trust), among other things, that the Debtors meet certain agreed upon milestones, including the following: (a) the Debtors commence solicitation for the Plan on or prior to October 10, 2013; (b) the Debtors commence the chapter 11 cases by no later than November 15, 2013; and (c) the Effective Date of the Plan occurs no later than December 31, 2013 (with respect to the Consenting Noteholders) or February 14, 2014 (with respect to the Consenting Shareholders).

The Prepackaged Plan and Solicitation

A. Summary of Chapter 11 Plan⁵

25. The Plan, which is supported by 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

⁵ The description of the Debtors' Plan provided herein is qualified by reference to the provisions of the Plan. To the extent there is any inconsistency between this summary and the Plan, the terms of the Plan shall control.

incremental indebtedness of up to \$8 million on a *pari passu* basis to address post-restructuring liquidity needs; and (c) establishing and funding the Litigation Trust to consolidate and coordinate prosecution of certain claims and causes of action of the Contributing Claimants.

26. The Plan contemplates, among other things, that:

- the Bridge Loan Credit Agreement will be refinanced pursuant to an amended and restated 3-year term loan facility on the terms set forth in the Exit Facility Commitment Letter,⁶ with any non-participating lenders under the Bridge Loan Facility to be paid in full in Cash;
- the Senior Notes will be fully equitized, with holders of Senior Notes Claims receiving the right to their pro rata share of 100% of the new common equity (subject to dilution by the Management Incentive Plan) of Reorganized PAH (the “*New Common Stock*”) as well as interests in the Litigation Trust;
- all holders of General Unsecured Claims (as defined in the Plan), including undisputed claims of the Debtors’ trade creditors, will continue to be paid in full in the ordinary course of business and will be unaffected by the restructuring transactions;
- all existing equity interests in the Debtors (other than Intercompany Interests) will be cancelled; and
- a Litigation Trust will be established and funded on the effective date to pursue all causes of action held by the Debtors, the Consenting Noteholders, including Senior Noteholders with respect to no less than \$150 million of face value of the Senior Notes, and the Consenting Shareholders (collectively, the “*Contributing Claimants*”).⁷

B. Solicitation of the Prepackaged Chapter 11 Plan

27. To effectuate the terms of the proposed consensual restructuring, on or about October 10, 2013, prior to commencing these chapter 11 cases, the Debtors caused a copy of the

⁶ The Exit Facility Commitment Letter is attached as **Exhibit B** to the Disclosure Statement.

⁷ The Litigation Trust may pursue all causes of action against those persons and entities listed on **Exhibit C** of the Disclosure Statement (the “*Potential Defendants and Witnesses*”), related in any way to the Debtors, their predecessors, their respective affiliates and/or the Contributed Claims (as defined in the Disclosure Statement and the Plan). Net proceeds from the Litigation Trust (after deduction for certain costs and expenses of the Litigation Trust and the satisfaction of certain allowed reimbursement and indemnification claims not otherwise released under the Plan) will be distributed as follows: (a) 50% to the Consenting Shareholders; and (b) 50% to the holders of Senior Notes as of the effective date of the Plan, with an enhanced share for Consenting Noteholders who assign their Contributed Claims to the Litigation Trust.

Plan, the Disclosure Statement, and the appropriate Ballots or Master Ballots (each as defined herein) to be delivered to the holders of Class 3 Bridge Loan Credit Agreement Claims and Class 4 Senior Notes Claims or their Nominees (as defined herein), the only impaired classes of creditors entitled to vote to accept or reject the Plan.

28. The Debtors established November 8, 2013 at 11:59 p.m. (Prevailing Eastern Time) as the deadline for the receipt of votes from the holders of Bridge Loan Credit Agreement Claims and Senior Notes Claims to accept or reject the Plan (the “**Voting Deadline**”). Kurtzman Carson Consultants LLC (the “**Balloting Agent**”)⁸ collected and tabulated Ballots and Master Ballots received on or before the Voting Deadline. As soon as reasonably practicable after the Petition Date, the Balloting Agent will file a voting report (the “**Voting Report**”), which will certify the results and methodologies for tabulation of Ballots and Master Ballots accepting or rejecting the Plan with respect to holders of Bridge Loan Credit Agreement Claims and Senior Notes Claims (the “**Voting Classes**”).

29. Based on the votes received on or before the Voting Deadline, the Debtors have received support for their plan of reorganization from over two-thirds of the outstanding amount voted and one-half in number of the voting holders of Bridge Loan Credit Agreement Claims, as well as from over two-thirds of the outstanding amount voted and one-half in number of voting holders of Senior Notes Claims. Specifically, holders of 100% of claims arising under the Bridge Loan Credit Agreement and 100% of the holders of Senior Notes claims that submitted

⁸ The Debtors have applied for authority to retain Kurtzman Carson Consultants LLC as their notice, claims, solicitation, and administrative agent pursuant to the *Debtors’ Application for an Order Pursuant to 28 U.S.C. § 156(c) Authorizing the Debtors to Retain and Employ Kurtzman Carson Consultants LLC as Claims and Noticing Agent for the Debtors and Debtors in Possession* and the *Debtors’ Application for Entry of an Order Authorizing the Debtors to Retain and Employ Kurtzman Carson Consultants LLC as Administrative Agent for the Debtors and Debtors in Possession, Effective Nunc Pro Tunc to the Petition Date*, both filed contemporaneously herewith.

ballots, consisting of approximately 99.71% of the holders of Senior Notes in dollar amount, voted to accept the Plan.

Supporting Authority

A. Scheduling the Confirmation Hearing and Objection Deadlines

30. Section 105(d)(2)(B)(vi) of the Bankruptcy Code authorizes the Court to combine a hearing on a disclosure statement with a hearing on confirmation of a plan of reorganization. Bankruptcy Rule 3017(a) provides that “the court shall hold a hearing on at least 28 days’ notice to the debtor, creditors, equity security holders and other parties in interest . . . to consider the disclosure statement and any objections or modifications thereto.” FED. R. BANKR. P. 3017(a). This period may be shortened by the Court if cause is shown. *See* FED. R. BANKR. P. 9006(c)(1). Section 1128(a) of the Bankruptcy Code provides that “[a]fter notice, the court shall hold a hearing on confirmation of a plan.” 11 U.S.C. § 1128(a). Bankruptcy Rule 3017(c) provides that “[o]n or before approval of the disclosure statement, the court shall fix a time within which the holders of claims and interests may accept or reject the plan and may fix a date for the hearing on confirmation.” FED. R. BANKR. P. 3017(c).

31. By this Motion, the Debtors respectfully request a single combined hearing, the Confirmation Hearing, to seek the Court’s approval of the Disclosure Statement and confirmation of the Plan. The Debtors respectfully request that the Court (a) set the Confirmation Hearing at a time convenient for the Court on December 17, 2013, (b) set the Objection Deadline for December 12, 2013, and (c) set the deadline for the Debtors and other parties in interest to reply to objections (the “**Reply Deadline**”) for December 16, 2013 at 9:00 a.m. (Prevailing Eastern Time).

32. The Debtors believe cause exists to approve these and the other requested dates in this Motion. The requested dates comply with the requirements of the Bankruptcy Rules, will

ensure that the Debtors will maintain the votes in favor of the Plan of the Bridge Loan Lenders and the Senior Noteholders party to the Plan Support Agreement, and will allow the Debtors to expeditiously consummate the proposed restructuring and maximize value for their stakeholders. Further, the Debtors submit that each of the members of the Voting Classes is a sophisticated investor able to review the Disclosure Statement, review and vote on the Plan, and respond with objections, if any, by the deadlines requested herein.⁹ Moreover, before commencing solicitation on the Plan, the Debtors and their advisors engaged in extensive discussions with each of the holders of Bridge Loan Credit Agreement Claims, the members of the Ad Hoc Committee who collectively represent over 90% in principal amount of the Senior Notes Claims, and the Consenting Shareholders with regard to implementing a restructuring on the terms set forth in the Plan. Accordingly, the Debtors respectfully submit that the requested Objection Deadline and Confirmation Hearing provide sufficient time for parties in interest to make an informed decision regarding the Plan.

B. Approval of Form and Manner of Notice of Confirmation Hearing

33. The Debtors request approval of the notice of the Confirmation Hearing substantially in the form of Exhibit 1 annexed to Exhibit A attached hereto (the “*Confirmation Hearing Notice*”).¹⁰

⁹ The Debtors prepetition solicitation was sheltered under one or more of the exceptions from registration provided by the Securities Act of 1933, 15 U.S.C. §§ 77a–77aa (as amended from time to time, the “*Securities Act*”), including section 3(a)(9) thereof, exempting the Debtors’ prepetition solicitation from the disclosure and registration requirements of the Securities Act, state “Blue Sky” laws or any similar rules, regulations or statutes. The Debtors took steps to ensure that no commission or remuneration is being paid or given directly or indirectly for soliciting such an exchange so that the Debtors’ solicitation will be exempt from registration requirements under section 3(a)(9).

¹⁰ The Debtors are not seeking approval of the Disclosure Statement under section 1125(b) of the Bankruptcy Code. Such approval is not required at the present time because the Disclosure Statement was transmitted prepetition. Rather, the Debtors will seek approval of the Disclosure Statement, including a finding that the Disclosure Statement contained “adequate information” as that term is used by section 1125 of the Bankruptcy Code, at the Confirmation Hearing.

34. Bankruptcy Rules 2002(b) and (d) require no less than 28-days' notice to all holders of claims of the time fixed for filing objections to the hearing on confirmation of a chapter 11 plan. Fed. R. Bankr. P. 2002(b), 2002(d). To satisfy this requirement, the Debtors will serve the Confirmation Hearing Notice on all known holders of claims and interests and all other parties entitled to notice in the chapter 11 cases (regardless of whether such parties are entitled to vote to accept or reject the Plan) by November 14, 2013, which will provide all parties in interest 28-days' notice of the Objection Deadline and and 32-days' notice of the Confirmation Hearing.

35. The Confirmation Hearing Notice will be served by electronic mail, facsimile, and/or first-class mail upon the Debtors' creditor matrix and all interest holders of record, which service will occur promptly after the entry of the Scheduling Order. In addition, the Confirmation Hearing Notice will be served upon: (a) the Office of the United States Trustee for the District of Delaware; (b) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to the Bridge Loan Agent; (d) counsel to certain lenders under the Bridge Loan Credit Agreement; (e) counsel to the Senior Notes Indenture Trustee; (f) counsel to the Ad Hoc Committee of Senior Noteholders; (g) counsel to the Consenting Shareholders; (h) each of the holders of equity interests in the Debtors; (i) each of the Potential Defendants and Witnesses; (j) the Delaware Secretary of State; (k) the Delaware Secretary of Treasury; (l) the Delaware State Attorney General; (m) the Office of the United States Attorney General for the State of Delaware; (n) the Internal Revenue Service; and (o) the Securities and Exchange Commission.

36. Pursuant to Bankruptcy Rules 2002 and 3017(d), the Confirmation Hearing Notice: (a) provides a brief summary of the Plan; (b) will disclose the date and time of the

Confirmation Hearing; and (c) will disclose the date and time of the Objection Deadline and the procedures for objecting to the Disclosure Statement and the Plan. Specifically, the Confirmation Hearing Notice identifies the date, time and place of the Confirmation Hearing and the manner for filing objections, sets forth a chart summarizing plan distributions, and identifies the manner in which the Disclosure Statement and Plan can be obtained. The Debtors believe that service of the Confirmation Hearing Notice in this manner will provide sufficient notice of the Confirmation Hearing and all applicable objection deadlines and requirements.

37. Bankruptcy Rule 2002(l) also permits the Court to “order notice by publication if it finds that notice by mail is impracticable or that it is desirable to supplement notice.” FED. R. BANKR. P. 2002(l). Prior to the Confirmation Hearing, the Debtors propose to publish the Confirmation Hearing Notice in the form of **Exhibit 2** annexed to **Exhibit A** attached hereto in *The Wall Street Journal*, *The New York Times*, *The Philadelphia Inquirer*, and any other publications the Debtors deem necessary in their sole discretion, as soon as is reasonably practicable after entry of the Order.

38. The Debtors believe that publication of the Confirmation Hearing Notice as soon as reasonably practicable after entry of the Order, and at least 25 days before the Objection Deadline, will provide sufficient notice of the approval of the Disclosure Statement, the Confirmation Hearing, and the Objection Deadline to persons and entities who will not otherwise receive notice by mail as provided herein and through the Solicitation Procedures. The Debtors submit that such notice is appropriate and sufficient under the circumstances, and that no further notice is required. In addition, the Confirmation Hearing Notice will be available on the Debtors’ restructuring website at www.kccllc.net/PhysioCorp.

C. Procedures for Filing Objections to the Disclosure Statement and Confirmation of the Plan

39. The Debtors request that the Court direct the manner in which objections to the Disclosure Statement and confirmation of the Plan, including objections to the proposed assumption of Executory Contracts and Unexpired Leases and proposed Cure Amounts, if any, must be made.

40. Pursuant to Bankruptcy Rule 3020(b)(1), objections to confirmation of a plan must be filed and served “within a time fixed by the court.” FED. R. BANKR. P. 3020(b)(1). The Debtors request that the Court direct that all objections to the Disclosure Statement and the Plan, including any objections to the proposed assumption of Executory Contracts and Unexpired Leases and the associated proposed Cure Amounts, be filed by the Objection Deadline as provided herein (unless otherwise agreed to by the Debtors in their sole discretion). The Debtors’ proposed schedule is consistent with the terms of the Plan Support Agreement and would provide entities 28-days’ notice of the Objection Deadline to file objections to the Plan and Disclosure Statement.

41. At least fourteen days before the Objection Deadline, 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.

42. In addition, the Debtors request that objections to the Disclosure Statement and confirmation of the Plan, including the proposed assumption of Executory Contracts and Unexpired Leases and the proposed Cure Amounts associated therewith, must:

- a. be in writing;

- b. comply with the Bankruptcy Rules and the Local Rules;
- 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;
- 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; and
- e. be filed with the Clerk of the Court with proof of service thereof and served upon: (i) the Debtors, Whiteland Business Park, Suite 200, Exton, Pennsylvania 19341, Attn: General Counsel; (ii) 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.; 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania, Attn: Morton Branzburg, Esq.; (iii) proposed co-counsel for the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Jonathan S. Henes, P.C., Nicole L. Greenblatt, Esq. and David S. Meyer, Esq.; (iv) 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; (v) counsel to the Bridge Loan Agent, Nixon Peabody LLP, 100 Summer Street, Boston, Massachusetts 02110, Attn: Catherine Ng, Esq.; (vi) counsel to certain Bridge Loan Lenders, Latham and Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071, Attn: Stacey Rosenberg, Esq.; (vii) 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. and David A. Fidler, Esq.; (viii) 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.; (ix) 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; (x) counsel to the Senior Notes Indenture Trustee, Reed Smith LLP, Reed Smith Centre, 225 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attn: Eric A. Schaffer, Esq.; (xi) counsel to the Consenting Shareholders, Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036, Attn: Michael J. Sage, Esq. and Nicole B. Herther-Spiro, Esq.; (xii) counsel to any statutory committee appointed in these chapter 11 cases; (xiii) 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; and (xiv) those parties who have filed a notice of appearance in these chapter 11 cases so as to be actually received by the Objection Deadline.

43. The Debtors believe that the proposed timing for filing and service of objections and proposed modifications, if any, will afford the Court, the Debtors and other parties in interest sufficient time to consider such objections and proposed modifications prior to the Confirmation Hearing.

D. Approval of Solicitation Procedures

44. As described herein, and pursuant to section 1125(g) of the Bankruptcy Code, the Debtors distributed the Disclosure Statement and initiated solicitation of the Plan prior to the commencement of these chapter 11 cases. *See* 11. U.S.C. § 1125(g) (debtors may commence solicitation prior to filing chapter 11 petitions). Bankruptcy Rule 3017(d) sets forth the materials that must be provided to holders of claims and interests for the purposes of soliciting their votes to accept or reject a plan of reorganization. Bankruptcy Rule 3017(e) provides that “the court shall consider the procedures for transmitting the documents and information required by Bankruptcy Rule 3017(d) to beneficial holders of stock, bonds, debentures, notes and other securities, determine the adequacy of such procedures and enter such orders as the court deems appropriate.” FED. R. BANKR. P. 3017(e). As set forth herein, the Solicitation Procedures are in compliance with the Bankruptcy Code and the Bankruptcy Rules, and the Debtors seek approval of the Solicitation Procedures, the Ballots and Master Ballots, and the procedures used for collection, acceptance, and tabulations of votes to accept or reject the Plan.

45. Indeed, similar procedures to the Solicitation Procedures have been approved in other prepackaged chapter 11 cases in this district. *See, e.g., In re Maxcom Telecomunicaciones, S.A.B. de C.V.*, No. 13-11839 (PJW) (Bankr. D. Del. Jul. 25, 2013) (approving prepackaged solicitation procedures substantially similar to those proposed herein); *In re Dex One Corp.*, No. 13-10533 (KG) (Bankr. D. Del. Mar. 19, 2013) (same); *In re Homer City Funding, LLC*, No. 12-13024 (KG) (Bankr. D. Del. Nov. 7, 2012) (same); *In re Peak Broad., LLC*, No. 12-10183 (PJW)

(Bankr. D. Del. Jan. 12, 2012) (same); *In re TMP Directional Mktg., LLC*, No. 11-13835 (MFW) (Bankr. D. Del. Dec. 7, 2011) (same); *In re Vertis Holdings, Inc.*, No. 08-11460 (CSS) (Bankr. D. Del. Jul. 16, 2008) (same).

1. Voting Record Date

46. Bankruptcy Rule 3018(b) provides that the “holders of record of the applicable security” of the Debtors entitled to receive Ballots and the related solicitation materials are determined “on the date specified in the solicitation.” The Solicitation Package (as defined herein) clearly identified September 27, 2013 as the record date (the “*Voting Record Date*”) for determining which holders of claims were entitled to vote to accept or reject the Plan. Accordingly, the Debtors’ designation of the Voting Record Date conforms to the appropriate Bankruptcy Rules.

2. Approval of Voting Deadlines

47. Section 1125(g) of the Bankruptcy Code provides that “[n]otwithstanding subsection (b), an acceptance or rejection of the plan may be solicited from a holder of a claim or interest if such solicitation complies with applicable nonbankruptcy law and if such holder was solicited before the commencement of the case in a manner complying with applicable nonbankruptcy law.” 11 U.S.C. § 1125(g).

48. Bankruptcy Rule 3018(b) provides that prepetition acceptances or rejections of a plan are valid only if the plan was transmitted to substantially all the holders of claims or interests in each solicited class and the time for voting was not unreasonably short. The Debtors commenced the solicitation of votes for approval of the Plan on October 10, 2013. The Debtors established November 8, 2013 at 11:59 p.m. (Prevailing Eastern Time) as the deadline for the receipt of votes from the Voting Classes to accept or reject the Plan, *provided*, that the Debtors reserved the absolute right, at any time or from time to time, to extend the period of time (on a

daily basis, if necessary) during which Ballots and Master Ballots will be accepted for any reason, including determining whether or not the requisite number of acceptances have been received, by making a public announcement of such extension no later than the first business day next succeeding the previously announced Voting Deadline. The Ballots and Master Ballots stated in clear and conspicuous language that all Ballots and Master Ballots must be properly executed, completed, and delivered to the Balloting Agent so that they are actually received by the Balloting Agent no later than the Voting Deadlines, unless the Debtors determine otherwise or as permitted by the Bankruptcy Court.¹¹ Thus, holders of claims and interests had 29 calendar days and 20 business days to vote to accept or reject the Plan, which was adequate time to consider the Plan and the Disclosure Statement and submit a ballot before the Voting Deadline. Courts have approved condensed solicitation periods for sophisticated institutional creditors.

49. This period of time is in accordance with applicable non-bankruptcy law, as there is no provision of the Bridge Loan Credit Agreement or the Senior Notes Indenture that requires a set period of time for voting on a plan of reorganization, nor is there an applicable federal securities law regarding the time period for solicitation of votes on a plan of reorganization. *See* 5 Collier Guide to Chapter 11 ¶ 5.07[c] (stating that whether a period is sufficient for a decision to vote on a prepackaged plan “was not a question addressed by the securities laws”) (citing *In re Southland Corp.*, No. 390-37119-HCA-11 (Bankr. N.D. Tex. Oct. 24, 1990) (Response of the Securities and Exchange Commission to the Court’s Request for a Statement of Position Regarding Compliance of Debtors’ Prepetition Solicitation with Federal Securities Laws, dated December 26, 1990, at 18)). The Debtors respectfully submit that the 29 calendar day and 20

¹¹ Additionally, the Disclosure Statement, Plan, Ballots, and Master Ballots state that if no valid ballots are received with respect to an impaired voting class of claims, such class will be deemed to accept the Plan. *See In re Tribune Co.*, 464 B.R. 126, 183-84 (Bankr. D. Del. Oct. 31, 2011) (finding that if no vote is cast in a class eligible to vote, that class is deemed to accept the plan).

business day voting period was also reasonable and sufficient under the circumstances. *See, e.g., In re Maxcom Telecomunicaciones, S.A.B. de C.V.*, No. 13-11839 (PJW) (Bankr. D. Del. Jul. 25, 2013) (approving voting period of 20 calendar days for noteholders); *In re Dex One Corp.*, No. 13-10533 (KG) (Bankr. D. Del. Mar. 19, 2013) (approving voting period of 30 days for secured lenders and shareholders); *In re TMP Directional Mktg., LLC*, No. 11013835 (MFW) (Bankr. D. Del. Jan. 23, 2012) (approving voting period of 21 days for general unsecured creditors); *In re Satélites Mexicanos, S.A. de C.V.*, No. 11-11035 (CSS) (Bankr. D. Del. May 9, 2011) (approving voting period of 27 days for noteholders); *In re American Media, Inc.*, No. 10-16140 (MG) (Bankr. S.D.N.Y. Dec. 20, 2010) (approving 16-day voting period for noteholders); *In re Harvest Foods, Inc.*, No. 94-1198 (Bankr. D. Del. Dec. 29, 1994) (approving 13-day solicitation period for bondholders); *see also In re Revel AC, Inc.*, No. 13-16253 (JHW) (Bankr. D. N.J. May 15, 2013) (approving seven-day voting period for lenders and 28-day voting period for noteholders); *see also Amended Procedural Guidelines for Prepackaged Chapter 11 Cases in the United States Bankruptcy Court for the Southern District of New York*, Part VII.A.(1)-(3) (providing that voting periods of 21 days for publicly-traded securities, 14 business days for debt that is not publicly-traded, and 21 days for “all other claims and interests,” all as measured from the date of mailing, will generally be approved as reasonable).

50. The Debtors respectfully submit that each holder of a claim entitled to vote to accept or reject the Plan, *i.e.*, holders of Class 3 Bridge Loan Credit Agreement Claims and Class 4 Senior Notes Claims, had adequate time to consider the Plan and Disclosure Statement and submit a ballot before the Voting Deadline. The Plan and Disclosure Statement were subject to intensive prepetition review, negotiation, and comment by counsel and other advisors for the Bridge Loan Lenders and the Ad Hoc Committee of Senior Noteholders during the course of

arm's-length negotiations with the Debtors, and the Debtors, in conjunction with their advisors, engaged in discussions with the Bridge Loan Lenders and the Ad Hoc Committee of Senior Noteholders regarding implementing a restructuring of the Debtors' debt obligations prior to launching solicitation of the Plan. Additionally, as described above, the requested Voting Deadlines are consistent with the terms of the Debtors' Plan Support Agreement and ensure that the Debtors maintain the votes in favor of the Plan of the Bridge Loan Lenders and the Consenting Noteholders party to the Plan Support Agreement and are in compliance with the Bankruptcy Rules. Moreover, the voting period is reasonable in light of the risks inherent to any debtor announcing the prepetition solicitation for a chapter 11 proceeding, including deterioration of trade terms, customers withholding payment, and other actions that would disrupt the Debtors' operations. Accordingly, for all these reasons, the Debtors believe that the requested Voting Deadlines provide the Voting Classes with sufficient time to review and vote on the Plan, and that the voting period provided by the Solicitation Procedures is reasonable and sufficient under the facts and circumstances of these chapter 11 cases and should be approved.

3. Approval of Ballots, Solicitation Package, Additional Materials, and Transmittal

51. The Debtors caused a solicitation package (the "*Solicitation Package*") containing the Disclosure Statement, the Plan (attached as an **Exhibit A** to the Disclosure Statement), the appropriate Ballots or Master Ballots, as applicable, and a pre-addressed, postage pre-paid return envelope to be transmitted to holders of claims for the Voting Classes via first class and overnight mail on October 10, 2013, 33 days prior to the commencement of these chapter 11 cases. In addition, all votes to accept or reject the Plan by holders of the Senior Notes Claims were required to be cast using the appropriate Master Ballot or a properly validated Beneficial Holder Ballot (as applicable).

52. Bankruptcy Rule 3017(d) requires the Debtors to transmit a form of ballot, which substantially conforms to Official Form No. 14 only to “creditors and equity security holders entitled to vote on the plan.” FED. R. BANKR. P. 3017(d). The Debtors distributed to creditors one or more Ballots in the form of **Exhibit 3** and **Exhibit 4** annexed to **Exhibit A** attached hereto (collectively, the “*Ballots*”), or Master Ballots, as applicable, in the form of **Exhibit 5** annexed to **Exhibit A** attached hereto (collectively, the “*Master Ballots*”). The forms for the Ballots and Master Ballots are based on Official Form No. 14, but have been modified to address the particular circumstances of these chapter 11 cases and to include certain additional information that the Debtors believe to be relevant and appropriate for creditors entitled to vote to accept or reject the Plan. *See* FED. R. BANKR. P. 3017(d).

53. Specifically, the Ballots sent to holders of Class 3 Bridge Loan Credit Agreement Claims provide such holders with the option to choose to receive their pro rata share of the Exit Facility or to be paid in full in cash. Additionally, the Ballots sent to holders of Class 4 Senior Notes Claims provide such holders with the option to contribute certain of their claims against Potential Defendants and Witnesses to the Litigation Trust in exchange for an enhanced interest in the Senior Notes Litigation Trust Recovery (each as defined in the Plan). The Ballots inform holders of Class 3 Bridge Loan Credit Agreement Claims that a vote to accept the Plan will result in such holder being deemed to grant the releases set forth in Article VIII.E of the Plan. In the case of holders of Class 4 Senior Notes Claims, the decision to vote to accept the Plan and contribute claims to the Litigation Trust will also result in such holder being deemed to grant the releases set forth in Article VIII.E of the Plan.¹²

¹² Each holder of a Bridge Loan Credit Agreement Claim is a party to the Plan Support Agreement, and has agreed to provide a release to the Released Parties on the terms set forth in the Plan.

54. The Solicitation Package was transmitted by the Debtors to the Balloting Agent who, in turn, forwarded the Solicitation Package by overnight mail to the record holders of Claims in the Voting Classes. Record holders of claims in the Voting Classes were instructed to vote on the Plan by completing and signing the enclosed applicable Ballot or Master Ballot and by returning it to the Balloting Agent on or before the Voting Deadline using the enclosed self-addressed, post pre-paid return envelope, which clearly indicates the appropriate return address.

55. For all Beneficial Holders of Senior Notes Claims who hold their position through brokerage firms, banks, or their agents (collectively, the “*Nominees*”), the Balloting Agent delivered the Solicitation Package, including Master Ballots, to the Nominees whose names appear as of the Voting Record Date in the records maintained by the Depository Trust Company. The Debtors, through the Balloting Agent, have instructed each Beneficial Holder voting on the Plan through a Nominee to return its Ballot to the appropriate Nominee in sufficient time for such Nominee to receive its Ballot and to cast votes to accept or reject the Plan on a Master Ballot on behalf of the Beneficial Holders.

56. Each Nominee forwarded the Solicitation Package to each Beneficial Holder of the Senior Notes Claims for voting and instructed each Beneficial Holder to comply with the Ballot return instructions provided by such Nominee. If any Beneficial Holder owns claims through more than one Nominee, such Beneficial Holder was instructed to execute a separate Ballot for those claims held through any one Nominee. Nominees then processed the Ballot, summarized the individual votes from the returned Ballots on a Master Ballot and returned the Master Ballot to the Balloting Agent by the Voting Deadline. The Debtors submit that these procedures are customary in the securities industry and enabled the Debtors to appropriately transmit materials to the Beneficial Holders of the Senior Notes Claims and afford such

Beneficial Holders of the Senior Notes Claims the fair and reasonable opportunity to vote on the Plan.

57. All other holders of claims or interests were not provided with a Solicitation Package. Such holders of claims or interests are either: (a) unimpaired and conclusively presumed to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code; or (b) impaired, entitled to receive no distribution on account of such claims or interests, and are therefore deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

4. Approval of Procedures for Vote Tabulation

58. The Debtors respectfully request that the Court approve the voting and tabulation procedures described herein in accordance with section 1126(c) of the Bankruptcy Code and Bankruptcy Rule 3018(a). Section 1126(c) of the Bankruptcy Code provides:

A class of claims has accepted a plan if such plan has been accepted by creditors, other than any entity designated under subsection (e) of this section, that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than any entity designated under subsection (e) of this section, that have accepted or rejected such plan.

11 U.S.C. § 1126(c). Further, Bankruptcy Rule 3018(a) provides that the “court after notice and hearing may temporarily allow [a] claim or interest in an amount which the court deems proper for the purpose of accepting or rejecting a plan.” FED. R. BANKR. P. 3018(a).

59. The Debtors request that the Court approve the vote tabulation methodology utilized by the Debtors. The Ballots, Master Ballots, and Solicitation Package were transmitted by first class and overnight mail. Holders of claims in the Voting Classes were also entitled to return their Ballots or Master Ballots to the Balloting Agent by first class, overnight mail, or electronic mail. The Debtors did not count or consider for any purpose in determining whether the Plan has been accepted or rejected the following Ballots or Master Ballots, as applicable:

(a) any Ballot or Master Ballot received after the Voting Deadlines (unless the Debtors granted an extension of the Voting Deadlines with respect to the holder who casts the Ballot or Master Ballot or otherwise agreed to waive the timeliness requirement); (b) any Ballot or Master Ballot that is illegible, contains insufficient information to identify the holder, lacking necessary information, or damaged; (c) any Ballot or Master Ballot cast by a person or entity that does not hold a claim or interest in a class that is entitled to vote on the Plan; (d) any unsigned Ballot or Master Ballot; (e) any Ballot or Master Ballot not marked to accept or reject the Plan, or marked both to accept and reject the Plan, *provided, however*, that a Master Ballot submitted reflecting votes to accept or reject the Plan by individual Beneficial Holders shall be counted; and (f) any Ballot or Master Ballot submitted by a party not entitled to cast a vote with respect to the Plan. Additionally, if multiple Ballots (or multiple Master Ballots with respect to the same Ballot belonging to a Beneficial Holder) were received from an individual Beneficial Holder with respect to the same claim prior to the Voting Deadline, the last Ballot or Master Ballot timely received superseded and revoked any previously received Ballot.

60. The following additional procedures apply with respect to tabulating Master Ballots:

- a) votes cast by holders of Senior Notes Claims through Nominees were applied to the applicable positions held by such Nominees as of the Voting Record Date, as evidenced by the record and depository listings. Votes submitted by a Nominee were not counted in excess of the amount of public securities held by such Nominee as of the Voting Record Date;
- b) if conflicting votes or “over-votes” were submitted by a Nominee, the Balloting Agent used reasonable efforts to reconcile discrepancies with the Nominee;
- c) if over-votes were submitted by a Nominee which were not reconciled prior to the preparation of the certification of vote results, the votes to accept and to reject the Plan were approved in the same proportion as the votes to accept and to reject the Plan submitted by the Nominee, but only to the extent of the Nominee’s Voting Record Date position in the public securities; and

- d) for the purposes of tabulating votes, each beneficial holder was deemed (regardless of whether such holder included interest in the amount voted on its Ballot) to have voted only the principal amount of its public securities; any principal amounts thus voted were thereafter adjusted by the Balloting Agent, on a proportionate basis with a view to the amount of securities actually voted, to reflect the corresponding claim amount, including any accrued but unpaid prepetition interest, with respect to the securities thus voted.

61. The foregoing Solicitation Procedures or those substantially similar have been approved in other prepackaged chapter 11 cases. *See, e.g., In re Maxcom Telecomunicaciones, S.A.B. de C.V.*, No. 13-11839 (PJW) (Bankr. D. Del. Jul. 25, 2013); *In re CHL, Ltd.*, No. 12-12437 (KJC) (Bankr. D. Del. Aug. 31, 2012); *In re Peak Broad., LLC*, No. 12-10183 (PJW) (Bankr. D. Del. Jan. 12, 2012); *In re TMP Directional Mktg., LLC*, No. 11-13835 (MFW) (Bankr. D. Del. Dec. 7, 2011); *In re Source Interlink Cos, Inc.*, No. 09-11424 (KG) (Bankr. D. Del. Apr. 29, 2009).

5. Non-Transmission of Disclosure Statement to Certain Holders of Claims and Interests

62. For the reasons set forth herein, the Debtors request a waiver of the Bankruptcy Rule requirement that the Debtors mail a copy of the Plan and Disclosure Statement to holders of claims and interests presumed to accept the Plan. *See* FED. R. BANKR. P. 3017(d) (requiring transmission of a court-approved disclosure statement to, *inter alia*, classes of unimpaired creditors and equity security holders). *See also* 11 U.S.C. § 1126(f)-(g) (providing that solicitation of parties either presumed to accept or deemed to reject is unnecessary). Because the Debtors solicited acceptances and rejections of the Plan on a prepetition basis, no disclosure statement was “approved” under Bankruptcy Rule 3017(d), and therefore Bankruptcy Rule 3017 is not applicable here. However, the Debtors have made the Plan and Disclosure Statement available at no cost on their restructuring website maintained at: www.kcellc.net/PhysioCorp.

Additionally, parties may contact the Debtors' restructuring hotlines at: (877) 725-7537 (toll-free) and (424) 236-7246 (international).

63. Additionally, while the Potential Defendants and Witnesses, in their sole capacities as such, do not constitute a class of holders of claims or interests, and are not entitled to vote to accept or reject the Plan, the Debtors propose to serve the Potential Defendants and Witnesses with the Confirmation Hearing Notice and a copy of the Disclosure Statement and the Plan. The Debtors submit that serving the Potential Defendants and Witnesses with the Confirmation Hearing Notice, the Disclosure Statement, and the Plan will provide the Potential Defendants and Witnesses with additional information about, and notice of, the various claims and causes of action that the Litigation Trust will be established to pursue.

64. In any event, it would be an unnecessary administrative burden and expense for the Debtors to transmit the Disclosure Statement and Plan to holders of claims and interests presumed to accept or reject the Plan. Accordingly, the Debtors submit that it is not appropriate to require the Debtors to transmit a copy of the Solicitation Package to the holders of claims and interests other than those entitled to vote to accept or reject the Plan.

65. Courts in this circuit have not required debtors to mail a copy of the plan and disclosure statement to holders of claims and interests presumed to accept the Plan. *See, e.g., In re Maxcom Telecomunicaciones, S.A.B. de C.V.*, No. 13-11839 (PJW) (Bankr. D. Del. Jul. 25, 2013); *In re Dex One Corp.*, No. 13-10533 (KG) (Bankr. D. Del. Apr. 29, 2013); *In re CHL, Ltd.*, No. 12-12437 (KJC) (Bankr. D. Del. Oct. 4, 2012); *In re Peak Broad., LLC*, No. 12-10183 (PJW) (Bankr. D. Del. Feb. 23, 2012); *In re TMP Directional Mktg., LLC*, No. 11-13835 (MFW) (Bankr. D. Del. Jan. 23, 2012); *In re Source Interlink Cos, Inc.*, No. 09-11424 (KG) (Bankr. D.

Del. Apr. 29, 2009); *In re Portola Packaging, Inc.*, No. 08-12001 (CSS) (Bankr. D. Del. Aug. 29, 2008); *In re ACG Holdings, Inc.*, No. 08-11467 (CSS) (Bankr. D. Del. Aug. 4, 2008).

6. The Debtors' Prepetition Solicitation Was Exempt From Registration and Disclosure Requirements Otherwise Applicable Under Nonbankruptcy Law

66. Section 1126(b) of the Bankruptcy Code provides that:

[A] holder of a claim or interest that has accepted or rejected the plan before the commencement of the case under this title is deemed to have accepted or rejected such plan, as the case may be, if — (1) the solicitation of such acceptance or rejection was in compliance with any applicable nonbankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation; or (2) if there is not any such law, rule or regulation, such acceptance or rejection was solicited after disclosure to such holder of adequate information, as defined in section 1125(a) of this title.

11 U.S.C. § 1126(b). Thus, prepetition solicitation must comply with generally applicable federal or state securities laws and regulations (including the registration and disclosure requirements thereof) or, if such laws and regulations do not apply, the solicited holders must receive “adequate information” under section 1125 of the Bankruptcy Code. *See* 7 COLLIER ON BANKRUPTCY ¶ 1126.03[2][d] (16th ed.).

67. The Debtors respectfully submit that their prepetition solicitation is sheltered under one or more of the exceptions from registration provided by the Securities Act of 1933, including section 3(a)(9) thereof, exempting the Debtors' prepetition solicitation from the disclosure and registration requirements of the Securities Act, state “Blue Sky” laws or any similar rules, regulations or statutes. Section 3(a)(9) of the Securities Act provides that the registration requirements of the Securities Act will not apply to “any security exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange.” 15 U.S.C.A. § 77c(a)(9). In addition, by virtue of section 18 of the Securities Act, section 3(a)(9) also provides that any state

Blue Sky law requirements shall not apply to such exchange. The Debtors took steps to ensure that no commission or remuneration is being paid or given directly or indirectly for soliciting such an exchange. Consequently, the Debtors respectfully submit that the solicitation of votes to accept or reject the Plan complies with section 3(a)(9) of the Securities Act. As discussed more fully below, the Debtors will seek a determination from the Court at the Confirmation Hearing that all solicited holders received “adequate information” as defined by section 1125(a) of the Bankruptcy Code in accordance with section 1126(b)(2) of the Bankruptcy Code.

68. Debtors in this circuit and others have utilized section 3(a)(9) of the Securities Act to exempt their prepetition solicitation from the registration and disclosure requirements otherwise applicable under nonbankruptcy law. *See, e.g., In re Maxcom Telecomunicaciones, S.A.B. de C.V.*, No. 13-11839 (PJW) (Bankr. D. Del. Jul. 25, 2013); *In re CHL Ltd.*, No. 12-12437 (KJC) (Bankr. D. Del. Aug. 29, 2012); *In re Hights Cross Commc'ns, Inc.*, No. 10-10062 (BLS) (Bankr. D. Del. Feb. 24, 2010); *In re Lazy Days' R.V. Center, Inc.*, No. 09-13911 (KG) (Bankr. D. Del. Dec. 8, 2009); *In re Portola Packaging, Inc.*, No. 08-12001 (CSS) (Bankr. D. Del. Aug. 29, 2008).

E. Approval of the Disclosure Statement at the Confirmation Hearing

69. The Debtors will request that, at the Confirmation Hearing, the Court find that the Disclosure Statement contains adequate information as defined in section 1125 of the Bankruptcy Code.

70. Section 1125(a) of the Bankruptcy Code defines “adequate information” as

[I]nformation of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan . . .

11 U.S.C. § 1125(a)(1). The Debtors submit that the Disclosure Statement contains adequate information within the meaning of section 1125(a) of the Bankruptcy Code.

71. The Disclosure Statement is extensive and comprehensive. It contains descriptions and summaries of, among other things:

- a. the terms of the Plan;
- b. certain events preceding and leading to the commencement of these chapter 11 cases and negotiations regarding the Plan;
- c. claims asserted against the Debtors’ estates;
- d. creation of the Litigation Trust for the benefit of Senior Noteholders and Consenting Shareholders, and the potential claims and causes of action that will be contributed to, and pursued by, the Litigation Trust;
- e. securities to be issued under the Plan;
- f. risk factors affecting the Plan;
- g. a liquidation analysis setting forth the estimated return that holders of claims and interests would receive in a hypothetical chapter 7 case;
- h. financial information and valuations that would be relevant to creditors’ determinations of whether to accept or reject the Plan; and
- i. securities law and federal tax law consequences of the Plan.

72. In addition, the Disclosure Statement was the subject of review and comment by, among others, counsel and advisors to the Bridge Loan Lenders, the Ad Hoc Committee of Senior Noteholders, and Consenting Shareholders. Accordingly, the Debtors submit that the

Disclosure Statement contains adequate information within the meaning of section 1125(a) of the Bankruptcy Code and should be approved. The Debtors will submit a brief in support of the Disclosure Statement and confirmation prior to the combined hearing.

F. Waiver of Requirement for Creditor or Equity Holder Meeting

73. Pursuant to section 341(e), the Debtors request that the Court enter an order directing the U.S. Trustee not to convene a meeting of creditors or equity security holders (the “**341 Meeting**”) if the Plan is confirmed within 64 days of the Petition Date. The Plan provides that holders of General Unsecured Claims will be paid in full, and are thus unimpaired. As discussed above, the Debtors have solicited acceptances and rejections of the Plan prior to the Petition Date. The Debtors filed the Plan contemporaneously herewith, and the Debtors believe a waiver of the 341 Meeting as provided herein is appropriate under the circumstances of these chapter 11 cases. *See* 11 U.S.C. § 341(e). Moreover, the Debtors respectfully submit that the 341 Meeting would be an unnecessary use of their resources as they seek to confirm the Plan within this expedited timeframe.

74. Courts in this district have similarly waived the requirement for a meeting of creditors or equity security holders in prepackaged chapter 11 cases. *See, e.g., In re Maxcom Telecomunicaciones, S.A.B. de C.V.*, No. 13-11839 (PJW) (Bankr. D. Del. Jul. 25, 2013); *In re Dex One Corp.*, No. 13-10533 (KG) (Bankr. D. Del. Mar. 19, 2013); *In re Homer City Funding, LLC*, No. 12-13024 (KG) (Bankr. D. Del. Nov. 7, 2012); *In re CHL, Ltd.*, No. 12-12437 (KJC) (Bankr. D. Del. Aug. 31, 2012); *In re TMP Directional Mktg., LLC*, No. 11-13835 (MFW) (Bankr. D. Del. Dec. 7, 2011); *In re Satélites Mexicanos, S.A. de C.V.*, No. 11-11035 (CSS) (Bankr. D. Del. Apr. 11, 2011); *In re ACG Holdings, Inc.*, No. 08-11467 (CSS) (Bankr. D. Del. Aug. 4, 2008); *In re Vertis Holdings, Inc.*, No. 08 11460 (CSS) (Bankr. D. Del. July 16, 2008);

and *In re Remy Worldwide Holdings, Inc.*, Case No. 07-11481 (KJC) (Bankr. D. Del. Oct. 10, 2007).

Waiver of Bankruptcy Rules Regarding Notice and Stay of an Order

75. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and any stay of an order granting the relief requested herein pursuant to Bankruptcy Rules 6004(h), 7062, 9014, or otherwise.

Notice

76. The Debtors have provided notice of this motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to the Bridge Loan Agent; (d) counsel to certain lenders under the Bridge Loan Credit Agreement; (e) counsel to the Senior Notes Indenture Trustee; (f) counsel to the Ad Hoc Committee of Senior Noteholders; (g) counsel to the Consenting Shareholders; (h) each of the holders of equity interests in the Debtors; (i) each of the Potential Defendants and Witnesses; (j) the Delaware Secretary of State; (k) the Delaware Secretary of Treasury; (l) the Delaware State Attorney General; (m) the Office of the United States Attorney General for the State of Delaware; (n) the Internal Revenue Service; and (o) the Securities and Exchange Commission. In light of the nature of the relief requested in this motion, the Debtors respectfully submit that no further notice is necessary.

No Prior Relief

77. No prior motion for the relief requested herein has been made to this or any other court.

WHEREFORE, for the reasons set forth herein and in the First Day Declaration, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**: (a) scheduling the Objection Deadline and the Confirmation Hearing; (b) approving the form and manner of notice of the Confirmation Hearing; (c) establishing procedures for objections to the Disclosure Statement and the Plan, including objections to the assumption of Executory Contracts and Unexpired Leases and the proposed Cure Amounts associated therewith; (d) approving the Solicitation Procedures used in connection with the Debtors' solicitation of the Plan prior to the Petition Date; (e) waiving the requirement to hold a 341 Meeting if the Plan is confirmed within 64 days of the Petition Date; and (f) such other relief as is just and proper.

Dated: November 12, 2013
Wilmington, Delaware

/s/ Domenic E. Pacitti

Domenic E. Pacitti (DE Bar No. 3989)
Michael W. Yurkewicz (DE Bar No. 4165)

**KLEHR HARRISON HARVEY
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- and -

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- and -

Jonathan S. Henes (*pro hac vice* admission pending)

Nicole L. Greenblatt (*pro hac vice* admission pending)

David S. Meyer (*pro hac vice* admission pending)

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*Proposed Co-Counsel to the Debtors
and Debtors in Possession*

EXHIBIT A

Proposed Order

**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.	)	Joint Administration Requested
)	

**ORDER (A) SCHEDULING AN OBJECTION DEADLINE AND
COMBINED HEARING ON DEBTORS’ DISCLOSURE STATEMENT AND PLAN
CONFIRMATION, (B) APPROVING FORM AND NOTICE OF CONFIRMATION
HEARING, (C) ESTABLISHING PROCEDURES FOR OBJECTIONS TO THE
DISCLOSURE STATEMENT AND THE PLAN, (D) APPROVING SOLICITATION
PROCEDURES, (E) WAIVING THE REQUIREMENT FOR MEETINGS
OF CREDITORS OR EQUITY HOLDERS AND (F) GRANTING RELATED RELIEF**

Upon the motion (the “*Motion*”)² of the Debtors for the entry of an order (this “*Order*”) pursuant to sections 105, 341, 1126(b), and 1128 of the Bankruptcy Code, Rules 2002, 3017,

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); PhysioLink 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 Motion or the Plan, respectively.

3018, and 3020 of the Bankruptcy Rules, and Rule 2002-1, 3017-1, and 9013-1(m) of the Local Rules, (a) scheduling the Objection Deadline and the Confirmation Hearing; (b) approving the form and manner of notice of the Confirmation Hearing; (c) establishing procedures for objections to the Disclosure Statement and the Plan, including objections to the assumption of Executory Contracts and Unexpired Leases and the proposed Cure Amounts associated therewith; (d) approving the Solicitation Procedures; (e) waiving the requirement to hold a 341 Meeting if the Plan is confirmed within 64 days of the Petition Date; and (f) granting related relief, all as more fully described in the Motion; and the Court having jurisdiction to consider this Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the Motion (the “*Hearing*”); and upon consideration of the First Day Declaration, the record of the Hearing and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors’ estates, their creditors and other parties in interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED:

1. The Motion is granted to the extent provided herein.
2. The Confirmation Hearing, at which time the Court will consider, among other things, the adequacy of the Disclosure Statement and confirmation of the Plan, shall commence

at __:__ .m., (Prevailing Eastern Time) on December [__], 2013, which date may be continued from time to time without further notice other than adjournments announced in open court.

3. Any objections to the Disclosure Statement or confirmation of the Plan, including to the assumption of Executory Contracts and Unexpired Leases and the proposed Cure Amounts associated therewith, must be filed, together with proof of service, with the Court and served so as to be **actually received** by December [__], 2013, unless otherwise agreed-to by the Debtors in their sole discretion. The Reply Deadline is set for December [__], 2013 at __:00 .m. Prevailing Eastern Time.

4. Any objections to the Disclosure Statement or confirmation of the Plan must:
- a. be in writing;
 - b. comply with the Bankruptcy Rules and the Local Bankruptcy Rules;
 - 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;
 - 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; and
 - e. be filed with the Clerk of the Court with proof of service thereof and served upon: (i) the Debtors, Whiteland Business Park, Suite 200, Exton, Pennsylvania 19341, Attn: General Counsel; (ii) 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.; 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania, Attn: Morton Branzburg, Esq.; (iii) proposed co-counsel for the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Jonathan S. Henes, P.C., Nicole L. Greenblatt, Esq. and David S. Meyer, Esq.; (iv) 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; (v) counsel to the Bridge Loan Agent, Nixon Peabody LLP, 100 Summer Street, Boston, Massachusetts 02110, Attn: Catherine Ng, Esq.; (vi) counsel to certain Bridge Loan Lenders, Latham and Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071, Attn: Stacey Rosenberg, Esq.; (vii) 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. and David A. Fidler, Esq.; (viii) 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.; (ix) 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; (x) counsel to the Senior Notes Indenture Trustee, Reed Smith LLP, Reed Smith Centre, 225 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attn: Eric A. Schaffer, Esq.; (xi) counsel to the Consenting Shareholders, Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036, Attn: Michael J. Sage, Esq. and Nicole B. Herther-Spiro, Esq.; (xii) counsel to any statutory committee appointed in these chapter 11 cases; (xiii) 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; and (xiv) those parties who have filed a notice of appearance in these chapter 11 cases so as to be actually received by the Objection Deadline.

5. Any objections that are not timely filed and served in the manner set forth in this Order shall not be considered and shall be overruled.

6. The schedule of events set forth below relating to confirmation of the Plan is hereby approved in its entirety, and the Court hereby finds the following schedule of events is consistent with the applicable provisions of the Bankruptcy Code and the Bankruptcy Rules:

<u>Proposed Schedule</u>	
Voting Record Date	September 27, 2013
Distribution of Solicitation Package	October 10, 2013
Voting Deadline	November 8, 2013
Petition Date	November 12, 2013
Distribution of Confirmation Hearing Notice	November 14, 2013
Objection Deadline	December [__], 2013
Reply Deadline	December [__], 2013
Confirmation Hearing	December [__], 2013

7. The Confirmation Hearing Notice, substantially in the form attached hereto as **Exhibit 1**, complies with the requirements of Bankruptcy Rules 2002 and 3017 and is hereby approved in its entirety.

8. The Debtors will serve the Confirmation Hearing Notice on all known holders of claims and interests and all other parties entitled to notice in the chapter 11 cases (regardless of whether such parties are entitled to vote to accept or reject the Plan) by November 14, 2013.

9. The Debtors are authorized to cause the Confirmation Hearing Notice to be published in *The Wall Street Journal*, *The New York Times*, *The Philadelphia Inquirer*, and any other publications the Debtors deem necessary in their sole discretion, as soon as is reasonably practicable after entry of the Order and to make reasonable payments required for such publication, and such notice, together with the service of the Confirmation Hearing Notice on all known holders of claims and interests and all other parties entitled to notice in the chapter 11 cases, is deemed to be sufficient and appropriate under the circumstances.

10. Subject to confirmation of the Plan, the Voting Record Date and the Voting Deadline are approved.

11. Subject to confirmation of the Plan, the Solicitation Procedures utilized by the Debtors for distribution of the Solicitation Packages as set forth and described in the Motion and the Disclosure Statement in soliciting acceptances and rejections of the Plan satisfy the requirements of the Bankruptcy Code and the Bankruptcy Rules and are approved.

12. Subject to confirmation of the Plan, the Ballots and Master Ballots, substantially in the forms attached hereto as **Exhibit 3**, **Exhibit 4**, and **Exhibit 5** are hereby approved.

13. Subject to confirmation of the Plan, the procedures used for collection, acceptance, and tabulations of votes to accept or reject the Plan as set forth and described in the

Motion and the Disclosure Statement and as provided by the Ballots and Master Ballots are approved.

14. The Debtors are not required to mail a copy of the Plan or Disclosure Statement to holders of claims or interests that are: (a) unimpaired and conclusively presumed to accept the Plan; or (b) impaired, entitled to receive no distribution on account of such claims or interests, and are therefore deemed to reject the Plan.

15. The meeting pursuant to section 341(a) and (b) of the Bankruptcy Code shall not be convened; *provided*, that the 341 Meeting may be held if the Plan is not confirmed within 64 days after the Petition Date.

16. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

17. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

18. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this Order shall be immediately effective and enforceable upon its entry.

19. This Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Date: _____, 2013
Wilmington, Delaware

The Honorable Kevin Gross
Chief United States Bankruptcy Judge

EXHIBIT 1

Confirmation Hearing Notice

**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.	)	Joint Administration Requested
)	

**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); PhysioLink 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.

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 [] 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 [], 2013 at ____ __.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 [___], 2013 (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.; 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania, Attn: Morton Branzburg, Esq.; (c) proposed co-counsel for the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Jonathan S. Henes, P.C., Nicole L. Greenblatt, Esq. and David S. Meyer, Esq.; (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; (e) counsel to the Bridge Loan Agent, Nixon Peabody LLP, 100 Summer Street, Boston, Massachusetts 02110, Attn: Catherine Ng, Esq.; (f) counsel to certain Bridge Loan Lenders, Latham and Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071, Attn: Stacey Rosenberg, Esq.; (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. and David A. Fidler, Esq.; (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.; (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; (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.; (k) counsel to the Consenting Shareholders, Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036, Attn: Michael J. Sage, Esq. and Nicole B. Herther-Spiro, Esq.; (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: Tiiara N.A. Patton; and (n) those parties who have filed a notice of appearance in these Chapter 11 Cases.

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 __, 2013
Wilmington, Delaware

/s/

Domenic E. Pacitti (DE Bar No. 3989)
Michael W. Yurkewicz (DE Bar No. 4165)
**KLEHR HARRISON HARVEY
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919 N. Market Street, Suite 1000
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Telephone: (302) 426-1189
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- and -

Morton Branzburg (*pro hac vice* admission pending)
**KLEHR HARRISON HARVEY
BRANZBURG LLP**
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania 19103
Telephone: (215) 569-2700
Facsimile: (215) 568-6603

- and -

Jonathan S. Henes (*pro hac vice* admission pending)
Nicole L. Greenblatt (*pro hac vice* admission pending)
David S. Meyer (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

*Proposed Co-Counsel to the Debtors
and Debtors in Possession*

EXHIBIT 2

Confirmation Hearing Notice for Publication

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

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

PLEASE TAKE NOTICE THAT 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*"). 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).²

PLEASE TAKE FURTHER NOTICE THAT the Plan proposes to establish and fund on the Effective Date a Litigation Trust to pursue certain claims and causes of action. For additional information about the Litigation Trust please see the Plan and Disclosure Statement, including Exhibits C and G to the Disclosure Statement.

PLEASE TAKE FURTHER NOTICE THAT a hearing (the "*Confirmation Hearing*") to consider the adequacy of the Disclosure Statement, any objections to the Disclosure Statement, confirmation of the Plan, 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, in Room ___ of the United States Bankruptcy Court, 824 North Market Street, Wilmington, Delaware, 19801, on December [], 2013 at _____.m. (Prevailing Eastern Time). 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.

PLEASE TAKE FURTHER NOTICE THAT 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 [__], 2013 (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.; 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania, Attn: Morton Branzburg, Esq.; (c) proposed co-counsel for the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Jonathan S. Henes, P.C., Nicole L. Greenblatt, Esq. and David S. Meyer, Esq.; (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; (e) counsel to the Bridge Loan Agent, Nixon Peabody LLP, 100 Summer Street, Boston, Massachusetts 02110, Attn: Catherine Ng, Esq.; (f) counsel to certain Bridge Loan Lenders, Latham and Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071, Attn: Stacey Rosenberg, Esq.; (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. and David A. Fidler, Esq.; (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.; (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; (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.; (k) counsel to the Consenting Shareholders, Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036, Attn: Michael J. Sage, Esq. and Nicole B. Herther-Spiro, Esq.; (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: Tiiara N.A. Patton; and (n) those parties who have filed a notice of appearance in these chapter 11 cases.

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.

Wilmington, Delaware, Dated: November 12, 2013

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); PhysioLink 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.

EXHIBIT 3

Form of Bridge Loan Credit Agreement Ballot

IMPORTANT: CHAPTER 11 CASES HAVE NOT BEEN COMMENCED AS OF THE DATE OF DISTRIBUTION OF THIS BALLOT. THIS BALLOT IS A PRE-PETITION SOLICITATION OF YOUR VOTE ON A PREPACKAGED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. THE VOTING DEADLINE IS NOVEMBER 8, 2013 AT 11:59 P.M. (PREVAILING EASTERN TIME).

**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.	)	Joint Administration Requested
)	

**BALLOT FOR ACCEPTING OR REJECTING THE
JOINT PREPACKAGED PLAN OF REORGANIZATION OF PHYSIOTHERAPY HOLDINGS, INC.
AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

CLASS 3—BRIDGE LOAN CREDIT AGREEMENT CLAIMS

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| <ul style="list-style-type: none"> • IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CALL THE DEBTORS’ NOTICE, CLAIMS AND BALLOTING AGENT, KURTZMAN CARSON CONSULTANTS LLC (“KCC” OR THE “<i>BALLOTING AGENT</i>”). • PLEASE READ AND FOLLOW THE ENCLOSED VOTING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS BALLOT. <u>THIS BALLOT IS BEING SUBMITTED TO YOU TO SOLICIT YOUR VOTE ON THE DEBTORS’ PLAN (INCLUDING THE RELEASES CONTAINED IN ARTICLE VIII OF THE PLAN).</u> • THIS BALLOT MUST BE <u>ACTUALLY RECEIVED</u> BY THE BALLOTING AGENT BEFORE 11:59 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 8, 2013 (THE “VOTING DEADLINE”). • ANY HOLDERS CASTING BALLOTS PRIOR TO THE TIME OF FILING OF ANY OF THE DEBTORS’ CHAPTER 11 PETITIONS SHALL NOT BE ENTITLED TO CHANGE THEIR VOTE OR CAST NEW |
|--|

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); PhysioLink 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.

BALLOTS AFTER THE DEBTORS COMMENCE THE CHAPTER 11 CASES UNLESS OTHERWISE PERMITTED BY THE DEBTORS.

- IF THE BANKRUPTCY COURT CONFIRMS THE PLAN, IT WILL BIND YOU REGARDLESS OF WHETHER YOU HAVE VOTED.
- NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

This ballot (the “**Ballot**”) is being sent to you because records indicate that you are the Holder of a Class 3 Bridge Loan Credit Agreement Claim as of September 27, 2013 (the “**Voting Record Date**”), and, accordingly, you may have a right to vote to accept or reject the Plan. This Ballot may not be used for any purpose other than for submitting votes with respect to the *Joint Prepackaged Plan of Reorganization of Physiotherapy Holdings, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* dated October 10, 2013 (the “**Plan**”).²

Your rights are described in the *Disclosure Statement for the Joint Prepackaged Plan of Reorganization of Physiotherapy Holdings, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code*, dated October 10, 2013 (the “**Disclosure Statement**”). The Plan and Disclosure Statement are included in the packet you are receiving with this Ballot (collectively, the “**Solicitation Package**”).

You should carefully and thoroughly review the Disclosure Statement and Plan before you vote. You may wish to seek legal advice concerning the Plan and classification and treatment of your Claim under the Plan. Your Claim has been placed in Class 3 under the Plan.

THE VOTING DEADLINE IS 11:59 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 8, 2013.

Item 1. Amount of Class 3 Bridge Loan Credit Agreement Claim.

The undersigned hereby certifies that, as of September 27, 2013, the undersigned was the Holder of a Class 3 Bridge Loan Credit Agreement Claim (or the authorized signatory of such Holder) in the following aggregate amount (*insert amount in box below*).

\$ _____

Item 2. Vote of Class 3 Bridge Loan Credit Agreement Claim.

The Holder of the Class 3 Bridge Loan Credit Agreement Claim set forth in Item 1 votes to (*please check one*):

<p><u>Accept</u> the Plan</p> <p>q</p>	<p><u>Reject</u> the Plan</p> <p>q</p>
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Item 3. Treatment of Bridge Loan Credit Agreement Claims.

Pursuant to Article III.C.3 of the Plan, in exchange for full and final satisfaction, settlement, release and discharge of its Class 3 Bridge Loan Credit Agreement Claims, each Holder of Class 3 Bridge Loan Credit Agreement Claims is entitled to receive either (i) its Pro Rata share of the Exit Facility or (ii) be paid in full in Cash.

² Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

The Holder of the Class 3 Bridge Loan Credit Agreement Claim set forth in Item 1 hereby elects to (*please check one*):

£	receive its Pro Rata share of the Exit Facility
<u>OR</u>	
£	be paid in full in Cash

IMPORTANT INFORMATION REGARDING THE EXIT FACILITY

ARTICLE IV.B OF THE PLAN PROVIDES:

On the Effective Date, the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to satisfy the conditions to effectiveness of the Exit Facility, the terms, conditions and covenants of each of which shall be consistent with the Exit Facility Commitment Letter, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person.

Pursuant to the terms of the Exit Facility Credit Agreement, the Exit Facility will provide the Debtors with a term loan credit facility of \$144.162 million (and permit additional indebtedness on a pari passu basis of up to \$8 million), of which \$142 million will be used to refinance the existing Bridge Loan Facility and for general liquidity, to be issued and accessed in accordance with the Exit Facility Credit Agreement and secured by a first-priority lien on and security interests in substantially all the Reorganized Debtors' assets, which facility will be consistent in all material respects with the Exit Facility Commitment Letter and in form and substance reasonably acceptable to the Ad Hoc Committee of Senior Noteholders, to be executed and delivered by the parties thereto on or about, and as a condition to, the Effective Date. The Exit Facility and the Reorganized Debtors' Cash on hand will provide sufficient available funds as of the Effective Date to: (i) permit repayment in full of all Allowed Bridge Loan Credit Agreement Claims (including principal, interest, and reasonable fees, costs, charges and other expenses provided for under the Bridge Loan Credit Agreement) of Holders of Allowed Bridge Loan Agreement Claims who elect to be paid in full in Cash on the Effective Date; (ii) make the other required Effective Date payments under the Plan; and (iii) provide the Reorganized Debtors with working capital necessary to run their businesses and to fund certain capital expenditures (in accordance with the Exit Facility). Any letters of credit issued under the Bridge Loan Facility will be deemed to be issued under the Exit Facility or cash collateralized.

FOR ADDITIONAL INFORMATION REGARDING THE EXIT FACILITY, PLEASE REFER TO THE EXIT FACILITY COMMITMENT LETTER, ATTACHED AS EXHIBIT B TO THE DISCLOSURE STATEMENT. THE SPECIFIC TERMS OF THE EXIT FACILITY WILL BE EVIDENCED BY A FORM CREDIT AGREEMENT TO BE FILED AS A PART OF THE PLAN SUPPLEMENT.

Item 4. Releases.

BY VOTING TO ACCEPT THE PLAN, YOU ALSO AGREE TO GRANT THE RELEASES PROVIDED IN ARTICLE VIII.E OF THE PLAN. IF YOU VOTE TO REJECT THE PLAN OR ABSTAIN FROM VOTING ON THE PLAN, YOU WILL **NOT** BE DEEMED TO GRANT THE RELEASES PROVIDED IN ARTICLE VIII.E OF THE PLAN.

IMPORTANT INFORMATION REGARDING RELEASES BY HOLDERS OF CLAIMS AND INTERESTS

THE RELEASE PROVISION IN ARTICLE VIII.E OF THE PLAN PROVIDES:

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.

THE PLAN DEFINES "RELEASED PARTY" AS FOLLOWS:

"Released Party" means each of: (a) the Debtors; (b) the Reorganized Debtors; (c) the Bridge Loan Agent; (d) the Bridge Loan Lenders; (e) the Consenting Noteholders; (f) the Ad Hoc Committee of Senior Noteholders; (g) the Senior Notes Indenture Trustee; (h) the Exit Facility Agent; (i) the Exit Lenders; (j) the Consenting Shareholders; and (k) with respect to each of the foregoing Entities in clauses (a) through (k), such Entities' predecessors, successors and assigns, subsidiaries, Affiliates, managed accounts or funds and current (as of September 1, 2013) officers, directors, principals, members, partners, shareholders, employees, agents (other than third-party vendors performing services for the Debtors), financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, advisory board members and other professionals and such Persons' respective heirs, executors, estates, servants and nominees. Notwithstanding the foregoing, under no circumstances shall any of the Potential Defendants and Witnesses constitute a Released Party.

Item 5. Certifications.

Upon execution of this Ballot, the undersigned certifies that:

1. as of the Voting Record Date, the undersigned was (a) the Holder of the Claims being voted or (b) the authorized signatory for a Holder of the Claims being voted in the amount set forth in Item 1;
2. the Holder has received a copy of the Disclosure Statement, the Plan and the remainder of the Solicitation Package and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein;
3. the Holder has not relied on any statement made or other information received from any person with respect to the Plan other than the information contained in the Solicitation Package or other publicly available materials;
4. the Holder has cast the same vote with respect to all of the Holder's Class 3 Bridge Loan Credit Agreement Claims, and no other Ballots with respect to the same Class 3 Bridge Loan Credit Agreement Claim have been cast, or, if any other Ballots have been cast with respect to such Class 3 Bridge Loan Credit Agreement Claim, then any such Ballots are revoked;
5. the Holder understands and acknowledges that only the latest-received properly completed Ballot cast and actually received by the Balloting Agent prior to the Voting Deadline with respect to the Class 3 Bridge Loan Credit Agreement Claim set forth in Item 1 will be counted, and, if any other Ballot has been previously cast with respect to the Class 3 Bridge Loan Credit Agreement Claim set forth in Item 1, such other Ballot shall be deemed revoked; *provided, however*, that the Debtors reserve the absolute right, at any time or from time to time, to extend the period of time (on a daily basis, if necessary) during which Ballots will be accepted for any reason, including determining whether or not the requisite number of acceptances have been received, by making a public announcement of such extension no later than the first business day next succeeding the previously announced Voting Deadline; and
6. the Holder understands and acknowledges that all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the Holder hereunder, shall be binding upon the transferees, successors, assigns, heirs, executors, administrators and legal representatives of the Holder and shall not be affected by, and shall survive, the death or incapacity of the Holder.

Item 6. Holder Information and Signature.

Name of Holder: _____
(print or type)

Social Security or Federal Tax I.D. No.: _____
(optional)

Signature: _____

Name of Signatory: _____
(if other than Holder)

Title: _____

Address: _____

Date Completed: _____

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND PROMPTLY RETURN AN ORIGINAL SIGNED COPY IN THE ENVELOPE PROVIDED TO:

Physiotherapy Holdings, Inc. Ballot Processing Center
c/o Kurtzman Carson Consultants
599 Lexington Avenue
39th Floor
New York, NY 10022
Telephone: (877) 833-4150

YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE VOTING DEADLINE, WHICH IS 11:59 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 8, 2013.

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING INSTRUCTIONS, PLEASE CALL THE DEBTORS' NOTICE, CLAIMS AND BALLOTING AGENT, KURTZMAN CARSON CONSULTANTS LLC, AT (877) 833-4150.

VOTING INSTRUCTIONS

1. As described in the Disclosure Statement, the Debtors are soliciting the votes of Holders of Class 3 Bridge Loan Credit Agreement Claims with respect to the Plan referred to in the Disclosure Statement. The Plan and Disclosure Statement are included in the Solicitation Package you are receiving with the Ballot. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan.
2. The Plan can be confirmed by the Bankruptcy Court and thereby made binding upon you if it is accepted by the Holders of at least two-thirds in amount and more than one-half in number of Claims in at least one class that votes on the Plan and if the Plan otherwise satisfies the requirements for confirmation provided by section 1129(a) of the Bankruptcy Code.
3. To ensure that your vote is counted, you must: (a) complete the Ballot; (b) indicate your decision either to accept or reject the Plan in Item 2 of the Ballot; (c) complete Item 3; and (d) **sign and return the Ballot** in accordance with the instructions on the Ballot to **Physiotherapy Holdings, Inc. Ballot Processing Center, c/o Kurtzman Carson Consultants, 599 Lexington Avenue, 39th Floor, New York, NY 10022, so that it is actually received by the Voting Deadline.**
4. The Ballot must be **actually received** by KCC by the Voting Deadline. **The Voting Deadline is November 8, 2013 at 11:59 p.m. (prevailing Eastern Time).**
5. If a Ballot is received after the Voting Deadline, it will not be counted unless the Debtors determine otherwise or as permitted by the Bankruptcy Court. In all cases, Holders should allow sufficient time to assure timely delivery. No Ballot should be sent to the Debtors or the Debtors' financial or legal advisors.
6. If multiple Ballots are received from an individual Holder with respect to the same Claim prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any previously received Ballot.
7. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and to make certain certifications with respect thereto. Accordingly, at this time, creditors should not surrender certificates or instruments representing or evidencing their Claims, and the Debtors will not accept delivery of any such certificates or instruments surrendered together with a Ballot.
8. The Ballot does not constitute, and shall not be deemed to be: (a) a Proof of Claim or Interest; or (b) an assertion or admission with respect to any Claim or Interest.
9. Please be sure to sign and date your Ballot. If you are completing the Ballot on behalf of an Entity, indicate your relationship with that Entity and the capacity in which you are signing.
10. You must vote your entire Class 3 Bridge Loan Credit Agreement Claim either to accept or reject the Plan and may not split your vote. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted.
11. Any Ballot that is properly completed, executed and timely returned to the Debtors that fails to indicate acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted.
12. The following Ballots will not be counted in determining the acceptance or rejection of the Plan: (a) any Ballot that is illegible or contains insufficient information to permit the identification of the Holder; (b) any Ballot cast by a Person or Entity that does not hold a Claim or Interest in a Class that is entitled to vote on the Plan; (c) any unsigned Ballot; (d) any Ballot not marked to accept or reject the Plan, or marked both to accept and reject the Plan; and/or (e) any Ballot submitted by a party not entitled to cast a vote with respect to the Plan.

13. Pursuant to the Plan, **if no properly completed Ballots are received before the Voting Deadline** with respect to Class 3 Bridge Loan Credit Agreement Claims, the Holders of Class 3 Bridge Loan Credit Agreement Claims will be deemed to **accept** the Plan.

PLEASE SUBMIT YOUR BALLOT PROMPTLY!

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES,
PLEASE CONTACT THE BALLOTING AGENT AT (877)-833-4150.**

EXHIBIT 4

Form of Senior Notes Ballot - Beneficial Holder

IMPORTANT: CHAPTER 11 CASES HAVE NOT BEEN COMMENCED AS OF THE DATE OF DISTRIBUTION OF THIS BALLOT. THIS BALLOT IS A PRE-PETITION SOLICITATION OF YOUR VOTE ON A PREPACKAGED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. THE VOTING DEADLINE IS NOVEMBER 8, 2013 AT 11:59 P.M. (PREVAILING EASTERN TIME).

**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.	)	Joint Administration Requested

BENEFICIAL HOLDER BALLOT FOR ACCEPTING OR REJECTING THE JOINT PREPACKAGED PLAN OF REORGANIZATION OF PHYSIOTHERAPY HOLDINGS, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

CLASS 4—SENIOR NOTES CLAIMS

- IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CALL THE DEBTORS’ NOTICE, CLAIMS AND BALLOTING AGENT, KURTZMAN CARSON CONSULTANTS LLC (“KCC” OR THE “**BALLOTING AGENT**”).
- PLEASE READ AND FOLLOW THE ENCLOSED VOTING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS BALLOT. THIS BALLOT IS BEING SUBMITTED TO YOU TO SOLICIT YOUR VOTE TO THE DEBTORS’ PLAN (INCLUDING THE RELEASES CONTAINED IN ARTICLE VIII OF THE PLAN), AND TO PROVIDE YOU WITH THE OPPORTUNITY TO CONTRIBUTE CERTAIN CLAIMS IN EXCHANGE FOR AN ENHANCED INTEREST IN THE LITIGATION TRUST, AS DESCRIBED IN FURTHER DETAIL IN ARTICLE IV.V OF THE PLAN AND ARTICLE VII OF THE DISCLOSURE STATEMENT (DEFINED HEREIN).

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); PhysioLink 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.

- THIS BALLOT MUST BE **ACTUALLY RECEIVED** BY YOUR NOMINEE IN SUFFICIENT TIME TO ALLOW YOUR NOMINEE TO COMPLETE A MASTER BALLOT AND TRANSMIT YOUR VOTE TO THE BALLOTING AGENT BEFORE **11:59 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 8, 2013 (THE “VOTING DEADLINE”)**.
- ANY HOLDERS CASTING BALLOTS PRIOR TO THE TIME OF FILING OF ANY OF THE DEBTORS’ CHAPTER 11 PETITIONS SHALL NOT BE ENTITLED TO CHANGE THEIR VOTE OR CAST NEW BALLOTS AFTER THE DEBTORS COMMENCE THE CHAPTER 11 CASES UNLESS OTHERWISE PERMITTED BY THE DEBTORS.
- IF A BENEFICIAL HOLDER HOLDS SENIOR NOTES CLAIMS THROUGH ONE OR MORE NOMINEES,² SUCH BENEFICIAL HOLDER MUST IDENTIFY ALL SENIOR NOTES CLAIMS HELD IN ACCORDANCE WITH ITEM 5 OF THIS BALLOT, AND MUST INDICATE THE SAME VOTE TO ACCEPT OR REJECT THE PLAN ON ALL BALLOTS SUBMITTED.
- IF THE BANKRUPTCY COURT CONFIRMS THE PLAN, IT WILL BIND YOU REGARDLESS OF WHETHER YOU HAVE VOTED.
- NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

This ballot (the “*Ballot*”) is being sent to you because records indicate that you are the Beneficial Holder of a Class 4 Senior Notes Claim as of September 27, 2013 (the “*Voting Record Date*”), and, accordingly, you may have a right to vote to accept or reject the Plan. This Ballot may not be used for any purpose other than for submitting votes with respect to the *Joint Prepackaged Plan of Reorganization of Physiotherapy Holdings, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* dated October 10, 2013 (the “*Plan*”).³

Your rights are described in the *Disclosure Statement for the Joint Prepackaged Plan of Reorganization of Physiotherapy Holdings, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code*, dated October 10, 2013 (the “*Disclosure Statement*”). The Plan and Disclosure Statement are included in the packet you are receiving with this Ballot (collectively, the “*Solicitation Package*”).

You should carefully and thoroughly review the Disclosure Statement and Plan before you vote. You may wish to seek legal advice concerning the Plan and classification and treatment of your Claim under the Plan. Your Claim has been placed in Class 4 under the Plan.

THE VOTING DEADLINE IS 11:59 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 8, 2013.

Item 1. Amount of Class 4 Senior Notes Claim.

The undersigned hereby certifies that, as of September 27, 2013 the undersigned was the Beneficial Holder (or authorized signatory for a Beneficial Holder) of a Class 4 Senior Notes Claim in the following aggregate principal amount (*insert amount in box below*).

\$ _____

² “*Nominee*” means a broker, dealer, commercial bank, trust company or other agent nominee who holds Senior Notes for the benefit of certain Beneficial Holders.

³ Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

Item 2. Vote of Class 4 Senior Notes Claim. The Beneficial Holder of the Class 4 Senior Notes Claim set forth in Item 1 votes to (*please check one*):

<p><u>Accept the Plan</u></p> <p>q</p>	<p><u>Reject the Plan</u></p> <p>q</p>
--	--

BY VOTING IN FAVOR OF THE PLAN **AND** BY ELECTING TO OPT-IN TO THE SETTLEMENT IN ITEM 3 BELOW, YOU ALSO AGREE TO GRANT THE RELEASES PROVIDED IN ARTICLE VIII.E OF THE PLAN (WHICH RELEASES ARE ALSO SET FORTH IN ITEM 4 BELOW).

Item 3. Contribution of Claims against Potential Defendants and Witnesses.

Pursuant to Article IV.V of the Plan, Holders of Class 4 Senior Notes Claims as of the Distribution Record Date will receive a share of 5,000 units in the Litigation Trust. Holders of Class 4 Senior Notes Claims have the option to increase their share of the 5,000 Litigation Trust units, as calculated in accordance with Article IV.V of the Plan, by contributing to the Litigation Trust certain of their claims and Causes of Action against the Potential Defendants and Witnesses listed on Exhibit C to the Disclosure Statement.

As provided in Article IV.V of the Plan, you may hereby elect to transfer to the Litigation Trust all actions, causes of action, controversies, liabilities, obligations, rights, suits, damages, judgments, claims and demands whatsoever, whether known or unknown, reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity, or otherwise, held by you against the Potential Defendants and Witnesses related in any way to the Debtors, their predecessors, their respective affiliates and/or (a) through (e) below (the “**Contributed Claims**”), including, without limitation, (a) the 2012 Transaction, including without limitation any claims or causes of action for unlawful dividend, fraudulent conveyance or avoidance under state or federal law, including the Bankruptcy Code, (b) the issuance of any security of the Debtors, (c) the restatement, adjustment, correction, or modification of the Debtors’ financial statements, including without limitation (i) the Debtors’ 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) the misrepresentation of any of the Debtors’ financial information and related internal controls, including without limitation the overstatement of the Debtors’ revenue, accounts receivable and/or EBITDA, (e) any failure to disclose, or actual or attempted cover up or obfuscation of any of the conduct described in the Disclosure Statement (including on Exhibit G 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.⁴

⁴ 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. For the avoidance of doubt, (a) the Contributed Claims shall not include the rights of any of the Contributing Claimants or Released Parties to receive the distributions, if any, to which they are entitled under this Plan and the Confirmation Order and (b) the Contributed Claims shall not include any actions, Causes of Action, controversies, liabilities, obligations, rights, suits, damages, judgments, claims and demands whatsoever, whether known or unknown, reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity, or otherwise, against any of the Released Parties. For the avoidance of doubt, in the exercise of their reasonable discretion and in accordance with the Litigation Trust Agreement, the Trustees shall not be obligated to pursue all Contributed Claims.

BY ELECTING TO OPT-IN TO THE SETTLEMENT, YOU WILL BE DEEMED, WITHOUT FURTHER ACTION, (I) TO HAVE ASSIGNED TO THE LITIGATION TRUST ALL ACTIONS, CAUSES OF ACTION, CONTROVERSIES, LIABILITIES, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, JUDGMENTS, CLAIMS AND DEMANDS WHATSOEVER, WHETHER KNOWN OR UNKNOWN, REDUCED TO JUDGMENT, LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, DISPUTED OR UNDISPUTED, SECURED OR UNSECURED, ASSERTABLE DIRECTLY OR DERIVATIVELY, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT YOU MAY HOLD AGAINST THE POTENTIAL DEFENDANTS AND WITNESSES (AS SUCH PERSONS AND/OR ENTITIES ARE DEFINED IN THE PLAN) RELATED IN ANY WAY TO THE DEBTORS, THEIR PREDECESSORS, OR THEIR RESPECTIVE AFFILIATES, AND (II) TO HAVE AGREED TO EXECUTE ANY DOCUMENTS REASONABLY REQUESTED TO EFFECTUATE THE FOREGOING.

BY VOTING IN FAVOR OF THE PLAN IN ITEM 2 ABOVE **AND** BY ELECTING TO OPT-IN TO THE SETTLEMENT, YOU ALSO AGREE TO GRANT THE RELEASES PROVIDED IN ARTICLE VIII.E OF THE PLAN.

CHECK THE BOX BELOW IF YOU ELECT TO TRANSFER ALL OF YOUR CLAIMS AGAINST POTENTIAL DEFENDANTS AND WITNESSES RELATED IN ANY WAY TO THE DEBTORS, THEIR PREDECESSORS AND THEIR RESPECTIVE AFFILIATES.

The Beneficial Holder of the Class 4 Senior Notes Claims hereby elects to transfer to the Litigation Trust all of its claims against Potential Defendants and Witnesses related in any way to the Debtors, their predecessors and their respective affiliates, as set forth in Article IV.V of the Plan.

In order to make the Contribution of claims election, the Nominee holding your Senior Notes Claims must “tender” your notes into the election account established at The Depository Trust Company (“DTC”) for such purpose by the Voting Deadline; provided, however, that Holders of Class 4 Senior Notes Claims that are party to the Plan Support Agreement, attached as Exhibit H to the Disclosure Statement, must tender their Senior Notes to the DTC election account no later than 10 days after the Confirmation Date. Senior Notes Claims may not be withdrawn from the election account after your Nominee has tendered them to the election account at DTC. Once the Senior Notes Claims have been tendered, no further trading will be permitted in the Senior Notes Claims held in the election account. If the Plan is not confirmed, DTC will, in accordance with its customary practices and procedures, return all Senior Notes Claims held in the election account to the applicable Nominee for credit to the account of the applicable beneficial holder.

IMPORTANT INFORMATION REGARDING CONTRIBUTION OF CLAIMS AGAINST POTENTIAL DEFENDANTS AND WITNESSES

ARTICLE IV.V OF THE PLAN PROVIDES:

On the Effective Date, each holder of Senior Notes Claims as of the Distribution Record Date will receive (i) its pro rata share of 100% of the New Common Stock (subject to dilution by the Management Incentive Plan), provided such holder has executed the Stockholders’ Agreement and (ii) a share of 5,000 units in the Litigation Trust. Each holder’s respective share of the 5,000 units will be determined as follows:

- (A) The denominator of the fraction applied to each holder of Senior Notes will be equal to the sum of (x) total outstanding principal of Senior Notes, *i.e.*, \$210,000,000, plus (y) the total principal amount of the Senior Notes with respect to which Contributed Claims are transferred to the Litigation Trust;
- (B) The numerator of the fraction applied to each holder of Senior Notes will be equal to the sum of (x) the principal amount of Senior Notes held by such holder, plus (y) the total principal amount of the Senior Notes with respect to which Contributed Claims are transferred by such holder to the Litigation Trust.
- (C) The fraction thus derived will be multiplied by 5,000 units.

Subsequent to the Effective Date, units in the Litigation Trust may be further adjusted as specifically set forth in the Litigation Trust Agreement. For further information about the Litigation Trust, see Article IV.V of the Plan and Article VII of the Disclosure Statement.

Item 4. Releases.

BY VOTING TO ACCEPT THE PLAN IN ITEM 2 ABOVE **AND** BY ELECTING TO CONTRIBUTE ANY OF YOUR CLAIMS AGAINST POTENTIAL DEFENDANTS AND WITNESSES IN ITEM 3 ABOVE, YOU ALSO AGREE TO GRANT THE RELEASES PROVIDED IN ARTICLE VIII.E OF THE PLAN. IF YOU VOTE TO REJECT THE PLAN OR ABSTAIN FROM VOTING ON THE PLAN, YOU WILL **NOT** BE DEEMED TO GRANT THE RELEASES PROVIDED IN ARTICLE VIII.E OF THE PLAN.

IMPORTANT INFORMATION REGARDING RELEASES

THE RELEASE PROVISION IN ARTICLE VIII.E OF THE PLAN PROVIDES:

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.

THE PLAN DEFINES "RELEASED PARTY" AS FOLLOWS:

"Released Party" means each of: (a) the Debtors; (b) the Reorganized Debtors; (c) the Bridge Loan Agent; (d) the Bridge Loan Lenders; (e) the Consenting Noteholders; (f) the Ad Hoc Committee of Senior Noteholders; (g) the Senior Notes Indenture Trustee; (h) the Exit Facility Agent; (i) the Exit Lenders; (j) the Consenting Shareholders; and (k) with respect to each of the foregoing Entities in clauses (a) through (k), such Entities' predecessors, successors and assigns, subsidiaries, Affiliates, managed accounts or funds and current (as of September 1, 2013) officers, directors, principals, members, partners, shareholders, employees, agents (other than third-party vendors performing services for the Debtors), financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, advisory board members and other professionals and such Persons' respective heirs, executors, estates, servants and nominees. Notwithstanding the foregoing, under no circumstances shall any of the Potential Defendants and Witnesses constitute a Released Party.

Item 5. Certification of Class 4 Senior Notes Claims Held in Additional Accounts.

By returning this Ballot, the Beneficial Holder of the Senior Notes Claims identified in Item 1 certifies that (a) this Ballot is the only Ballot submitted for the Senior Notes Claims owned by such Beneficial Holder as indicated in Item 1, except for the Senior Notes Claims identified in the following table, and (b) all Ballots for Senior Notes Claims submitted by the Beneficial Holder indicate the same vote to accept or reject the Plan that the Beneficial Holder has indicated in Item 2 of this Ballot (please use additional sheets of paper if necessary). **To be clear, if any Beneficial Holder holds Senior Notes Claims through one or more Nominees, such Beneficial Holder must identify all Senior Notes Claims held through its own name and/or each Nominee in the following table, and must indicate the same vote to accept or reject the Plan on all Ballots submitted.**

ONLY COMPLETE ITEM 5 IF YOU HAVE SUBMITTED OTHER BALLOTS

Account Number for other Senior Notes Claims Voted	Name of Nominee For Other Account For Which Ballot Has Been Submitted	CUSIP Number	Principal Amount of other Senior Notes Claims Voted

Item 6. Certifications.

Upon execution of this Ballot, the undersigned certifies that:

1. as of the Voting Record Date, the undersigned was the Beneficial Holder (or authorized signatory for a Beneficial Holder) of Claims arising from the Class 4 Senior Notes Claims in the amount set forth in Item 1;
2. the Holder is eligible to be treated as the Holder of the Class 4 Senior Notes Claim set forth in Item 1 for the purposes of voting on the Plan;
3. the Holder has received a copy of the Disclosure Statement, the Plan and the remainder of the Solicitation Package and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein;
4. the Holder has not relied on any statement made or other information received from any person with respect to the Plan other than the information contained in the Solicitation Package or other publicly available materials;
5. the Holder has cast the same vote with respect to all of the Holder's Class 4 Senior Notes Claims, and no other Ballots or Master Ballots with respect to the same Class 4 Senior Notes Claims have been cast, or, if any other Ballots or Master Ballots have been cast with respect to such Class 4 Senior Notes Claims, then any such Ballots are revoked;
6. the Holder understands and acknowledges that only the latest-received properly completed Ballot or Master Ballot cast and actually received by the Balloting Agent prior to the Voting Deadline with respect to the Class 4 Senior Notes Claim set forth in Item 1 will be counted, and, if any other Ballot or Master Ballot has been previously cast with respect to the Class 4 Senior Notes Claim set forth in Item 1, such other Ballot or Master Ballot shall be deemed revoked; *provided, however*, that the Debtors reserve the absolute right, at any time or from time to time, to extend the period of time (on a daily basis, if necessary) during which Ballots and Master Ballots will be accepted for any reason, including determining whether or not the requisite number of acceptances have been received, by making a public announcement of such extension no later than the first business day next succeeding the previously announced Voting Deadline;
7. the Holder understands and acknowledges that the Balloting Agent may verify the amount of Class 4 Senior Notes Claims held by the Holder as of the Voting Record Date set forth in Item 1 with any Nominee through which the Holder holds its Senior Notes and by returning an executed Ballot the Holder directs any such Nominee to provide any information or comply with any actions requested by the Balloting Agent to verify the amount set forth in Item 1 hereof. In the event of a discrepancy regarding such amount that cannot be timely reconciled without undue effort on the part of the Balloting Agent, the amount shown on the records of the Nominee, if applicable, or the Debtors' records shall control; and
8. the Holder understands and acknowledges that all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the Holder hereunder, shall be binding upon the transferees, successors, assigns, heirs, executors, administrators and legal representatives of the Holder and shall not be affected by, and shall survive, the death or incapacity of the Holder.

Item 7. Holder Information and Signature.

Name of Holder: _____
(print or type)

Social Security or Federal Tax I.D. No.: _____
(optional)

Signature: _____

Name of Signatory: _____
(if other than Holder)

Title: _____

Address: _____

Date Completed: _____

IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND RETURN IT IN ACCORDANCE WITH THE INSTRUCTIONS PROVIDED BY YOUR NOMINEE. PLEASE ALLOW SUFFICIENT TIME FOR YOUR BALLOT TO BE INCLUDED ON A MASTER BALLOT COMPLETED BY YOUR NOMINEE. THE MASTER BALLOT MUST BE ACTUALLY RECEIVED BY KCC ON OR BEFORE THE VOTING DEADLINE, WHICH IS 11:59 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 8, 2013.

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING INSTRUCTIONS, PLEASE CALL THE DEBTORS' NOTICE, CLAIMS AND BALLOTING AGENT, KURTZMAN CARSON CONSULTANTS LLC, AT (877) 833-4150.

VOTING INSTRUCTIONS

1. As described in the Disclosure Statement, the Debtors are soliciting the votes of Holders of Class 4 Senior Notes Claims with respect to the Plan referred to in the Disclosure Statement. The Plan and Disclosure Statement are included in the Solicitation Package you are receiving with the Ballot. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan.
2. The Plan can be confirmed by the Bankruptcy Court and thereby made binding upon you if it is accepted by the Holders of at least two-thirds in amount and more than one-half in number of Claims in at least one class that votes on the Plan and if the Plan otherwise satisfies the requirements for confirmation provided by section 1129(a) of the Bankruptcy Code.
3. To ensure that your vote is counted, you must: (a) complete the Ballot; (b) indicate your decision either to accept or reject the Plan in Item 2 of the Ballot; (c) complete Item 3 and Item 5, if applicable; and (d) **sign and return the Ballot to your Nominee** in accordance with the instructions provided by your Nominee. Your completed Ballot must be sent to your Nominee, **not** the Balloting Agent, allowing sufficient time for your Nominee to receive your Ballot, complete a master ballot ("***Master Ballot***"), and transmit the Master Ballot to the Balloting Agent so that it is received by the Voting Deadline.
4. In order to be included in the tabulation, Ballots or Master Ballots (as applicable) must be **actually received** by KCC on or before the Voting Deadline. **The Voting Deadline is November 8, 2013, at 11:59 p.m. (prevailing Eastern Time).**
5. If a Ballot is received after the Voting Deadline, it will not be counted unless the Debtors determine otherwise or as permitted by the Bankruptcy Court. In all cases, Holders should allow sufficient time to assure timely delivery. No Ballot should be sent to the Debtors or the Debtors' financial or legal advisors.
6. If multiple Ballots are received from an individual Holder with respect to the same Claim prior to the Voting Deadline, the last properly completed Ballot timely received will supersede and revoke any previously received Ballot.
7. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and to make certain certifications with respect thereto. Accordingly, at this time, creditors should not surrender certificates or instruments representing or evidencing their Claims, and the Debtors will not accept delivery of any such certificates or instruments surrendered together with a Ballot.
8. The Ballot does not constitute, and shall not be deemed to be: (a) a Proof of Claim or Interest; or (b) an assertion or admission with respect to any Claim or Interest.
9. Please be sure to sign and date your Ballot. If you are completing the Ballot on behalf of an Entity, indicate your relationship with that Entity and the capacity in which you are signing.
10. You must vote your entire Class 4 Senior Notes Claim either to accept or reject the Plan and may not split your vote. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted.
11. Any Ballot that is properly completed, executed and timely returned to the Debtors that fails to indicate acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted.

12. The following Ballots will not be counted in determining the acceptance or rejection of the Plan: (a) any Ballot that is illegible or contains insufficient information to permit the identification of the Holder; (b) any Ballot cast by a Person or Entity that does not hold a Claim or Interest in a Class that is entitled to vote on the Plan; (c) any unsigned Ballot; (d) any Ballot not marked to accept or reject the Plan, or marked both to accept and reject the Plan; and/or (e) any Ballot submitted by a party not entitled to cast a vote with respect to the Plan.
13. Pursuant to the Plan, **if no properly completed Ballots or Master Ballots are received before the Voting Deadline** with respect to Class 4 Senior Notes Claims, the Holders of Class 4 Senior Notes Claims will be deemed to **accept** the Plan.

PLEASE SUBMIT YOUR BALLOT PROMPTLY!

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES,
PLEASE CONTACT THE BALLOTING AGENT AT (877) 833-4150.**

EXHIBIT 5

Form of Senior Notes Master Ballot

IMPORTANT: CHAPTER 11 CASES HAVE NOT BEEN COMMENCED AS OF THE DATE OF DISTRIBUTION OF THIS BALLOT. THIS BALLOT IS A PRE-PETITION SOLICITATION OF YOUR VOTE ON A PREPACKAGED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. THE VOTING DEADLINE IS NOVEMBER 8, 2013 AT 11:59 P.M. (PREVAILING EASTERN TIME).

**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.	)	Joint Administration Requested	
)		

**MASTER BALLOT FOR ACCEPTING OR REJECTING THE
JOINT PREPACKAGED PLAN OF REORGANIZATION OF PHYSIOTHERAPY HOLDINGS, INC.
AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

CLASS 4— SENIOR NOTES CLAIMS

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| <ul style="list-style-type: none"> • IF YOU HAVE ANY QUESTIONS REGARDING THIS MASTER BALLOT OR THE VOTING PROCEDURES, PLEASE CALL THE DEBTORS’ NOTICE, CLAIMS AND BALLOTING AGENT, KURTZMAN CARSON CONSULTANTS LLC (“KCC” OR THE “<i>BALLOTING AGENT</i>”). • PLEASE READ AND FOLLOW THE ENCLOSED VOTING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS MASTER BALLOT. • THIS MASTER BALLOT MUST BE <u>ACTUALLY RECEIVED</u> BY 11:59 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 8, 2013 (THE “<i>VOTING DEADLINE</i>”). • IF THE BANKRUPTCY COURT CONFIRMS THE PLAN, IT WILL BIND HOLDERS OF CLAIMS OR INTERESTS REGARDLESS OF WHETHER THEY HAVE VOTED. |
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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); PhysioLink 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.

- NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS MASTER BALLOT.

This master ballot (the “*Master Ballot*”) is being sent to you because our records indicate that you are a broker, dealer, commercial bank, trust company, or other agent nominee (each, a “*Nominee*”) of a Beneficial Holder² of Class 4 Senior Notes Claims under the *Joint Prepackaged Plan of Reorganization of Physiotherapy Holdings, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code*, dated October 10, 2013 (the “*Plan*”) as of the close of business on September 27, 2013 (the “*Voting Record Date*”).³

Nominees should use the Master Ballot to cast votes to accept or reject the Plan.

The rights of Beneficial Holders are described in the *Disclosure Statement for the Joint Prepackaged Plan of Reorganization of Physiotherapy Holdings, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* dated October 10, 2013, and all exhibits related thereto (the “*Disclosure Statement*”). The Disclosure Statement, the Plan and certain other materials contained in the Solicitation Package are included in the packet you are receiving with this Master Ballot. This Master Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. **If you believe that you have received this Master Ballot in error, please contact the Debtors’ Balloting Agent: (a) in writing at Physiotherapy Holdings, Inc. Ballot Processing Center, c/o Kurtzman Carson Consultants, 599 Lexington Avenue, 39th Floor, New York, NY 10022; or (b) by telephone at (917) 281-4800.**

The Bankruptcy Court may confirm the Plan and thereby bind all Holders of Claims. To have the votes of your Beneficial Holders count as either an acceptance or rejection of the Plan, you must complete and return this Master Ballot so that the Balloting Agent actually receives it on or before the Voting Deadline.

THE VOTING DEADLINE IS 11:59 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 8, 2013.

Item 1. Certification of Authority to Vote.

The undersigned certifies that, as of the Voting Record Date, the undersigned (please check the applicable box):

is a Nominee for the Beneficial Holders of the aggregate amount of Class 4 Senior Notes Claims listed in Item 2 below and is the registered Holder of the Class 4 Senior Notes Claims represented by any such Class 4 Senior Notes Claims;

is acting under a power of attorney and/or agency agreement (a copy of which will be provided upon request) granted by a Nominee that is the registered Holder of the aggregate amount of Class 4 Senior Notes Claims listed in Item 2 below; or

has been granted a proxy (an original of which is annexed hereto) from (a) a Nominee or (b) a Beneficial Holder, that is the registered Holder of the aggregate amount of the Class 4 Senior Notes Claims listed in Item 2 below and, accordingly, has full power and authority to vote to accept or reject the Plan on behalf of the Beneficial Holders of the Class 4 Senior Notes Claims described in Item 2 below.

Item 2 and Item 3. Class 4 Senior Notes Claims Vote on Plan and Contribution of Claims.

The undersigned transmits the following votes of Beneficial Holders of Class 4 Senior Notes Claims against the Debtors and certifies that the following Beneficial Holders of Class 4 Senior Notes Claims, as identified by their

² A “*Beneficial Holder*” means a beneficial owner of publicly-traded securities whose Claims have not been satisfied prior to the Voting Record Date pursuant to Bankruptcy Court order or otherwise, as reflected in the records maintained by the Nominees holding Senior Notes through the Depository Trust Company (the “*DTC*”).

³ Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

respective customer account numbers set forth below, are Beneficial Holders of such securities as of the Voting Record Date and have delivered to the undersigned, as Nominee, ballots (“*Ballots*”) casting such votes.

Indicate in the appropriate column below the aggregate principal amount voted for each account or attach such information to this Master Ballot in the form of the following table. Please note that each Holder must vote all such Beneficial Holder’s Class 4 Senior Notes Claims to accept or reject the Plan and may not split such vote. Any Ballot executed by the Holder that does not indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted. To the extent a Beneficial Holder checked the box in Item 3 of the Ballot, please indicate this election by checking the box in Item 3 in the table below.

ITEM 2. VOTE ON PLAN OF REORGANIZATION				ITEM 3: CONTRIBUTION OF CLAIMS	
Your Customer Account Number for Each Beneficial Holder of Voting Class 4 Senior Notes Claims	Accept	OR	Reject	Check the box below if the Beneficial Holder checked the box in Item 3 of the Beneficial Holder Ballot	VOI Number from DTC*
1.	\$	OR	\$	£	
2.	\$	OR	\$	£	
3.	\$	OR	\$	£	
4.	\$	OR	\$	£	
5.	\$	OR	\$	£	
6.	\$	OR	\$	£	
7.	\$	OR	\$	£	
8.	\$	OR	\$	£	
9.	\$	OR	\$	£	
10.	\$	OR	\$	£	
Totals:					

*The underlying Senior Notes Claims held by those beneficial owners making the Contribution of Claims election are to be tendered into the election account established at DTC for such purpose by the Voting Deadline; *provided, however,* that Holders of Class 4 Senior Notes Claims that are party to the Plan Support Agreement, attached as Exhibit I to the Disclosure Statement, must tender their Senior Notes to the DTC election account no later than 10 days after the Confirmation Date. Input the corresponding VOI number received from DTC in the appropriate column in the table above if the beneficial owner made the Contribution of Claims election in Item 3 on its individual Beneficial Holder Ballot. Senior Notes Claims may not be withdrawn from the DTC election account once tendered. No further trading will be permitted in the Senior Notes Claims held in the election account at DTC. If the Plan is not confirmed, DTC will, in accordance with its customary practices and procedures, return all Senior Notes Claims held in the election account to the applicable Nominee for credit to the account of the applicable beneficial holder.

Item 5. Certification as to Transcription of Information from Item 5 of the Ballots as to Class 4 Senior Notes Claims Voted Through Other Ballots.

The undersigned certifies that the undersigned has transcribed in the following table the information, if any, provided by Beneficial Holders in Item 5 of each of the Beneficial Holder’s original Ballots, identifying any Class 4 Senior Notes Claims for which such Beneficial Holders have submitted other Ballots other than to the undersigned:

TRANSCRIBE FROM ITEM 5 OF THE BALLOTS:			
Your Customer Name or Account Number for Each Beneficial Holder Who Completed Item 5 of the Ballots	Name of Nominee For Other Account For Which Ballot Has Been Submitted	CUSIP Number	Principal Amount of Other Class 4 Senior Notes Claims Voted
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Item 6. Certifications.

Upon execution of this Master Ballot, the undersigned certifies that:

1. it has received a copy of the Disclosure Statement, the Plan, the Ballots and the remainder of the Solicitation Package, and has delivered the same to the Beneficial Holders listed on the Ballots;
2. it has received a completed and signed Ballot from each Beneficial Holder listed in Item 2 of this Master Ballot;

- 3. it is the registered Holder of the securities being voted;
- 4. it has been authorized by each such Beneficial Holder to vote on the Plan;
- 5. it has properly disclosed: (i) the number of Beneficial Holders who completed Ballots; (ii) the respective amounts of the Class 4 Senior Notes Claim(s) owned, as the case may be, by each Beneficial Holder who completed a Ballot; (iii) each such Beneficial Holder's respective vote concerning the Plan; (iv) each such Beneficial Holder's election, if any, to contribute claims in Item 3 of the Beneficial Holder Ballot; (v) each such Beneficial Holder's certification as to other Class 4 Senior Notes Claims voted; and (vi) the customer account or other identification number for each such Beneficial Holder; and
- 6. each such Beneficial Holder has certified to the undersigned that it is eligible to vote on the Plan, and it will maintain Ballots and evidence of separate transactions returned by Beneficial Holders (whether properly completed or defective) for at least one year after the Effective Date and disclose all such information to the Bankruptcy Court or the Debtors, as the case may be, if so ordered.

Item 7. Holder Information and Signature.

Name of Nominee: _____
(Print or Type)

DTC Participant Number: _____

Name of Proxy Holder or Agent for Nominee: _____
(Print or Type)

Social Security or Federal Tax Identification Number: _____

Signature: _____

Name of Signatory: _____
(If other than Holder)

Title: _____

Address: _____

Date Completed: _____

Email: _____

PLEASE COMPLETE, SIGN AND DATE THE MASTER BALLOT AND RETURN IT WITH AN ORIGINAL SIGNATURE TO THE BALLOTING AGENT AT THE ADDRESS BELOW:

Physiotherapy Holdings, Inc. Ballot Processing Center
c/o Kurtzman Carson Consultants
599 Lexington Avenue
39th Floor
New York, NY 10022
Telephone: (917) 281-4800

YOUR MASTER BALLOT MUST BE ACTUALLY RECEIVED BY THE VOTING DEADLINE, WHICH IS 11:59 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 8, 2013.

IF YOU HAVE ANY QUESTIONS REGARDING THIS MASTER BALLOT OR THE INSTRUCTIONS, PLEASE CALL THE DEBTORS' NOTICE, CLAIMS AND BALLOTING AGENT, KURTZMAN CARSON CONSULTANTS LLC, AT (917) 281-4800.

VOTING INSTRUCTIONS

1. As described in the Disclosure Statement, the Debtors are soliciting the votes of Holders of Class 4 Senior Notes Claims with respect to the Plan referred to in the Disclosure Statement. The Plan and Disclosure Statement are included in the Solicitation Package you are receiving with the Master Ballot. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan.
2. The Plan can be confirmed by the Bankruptcy Court and thereby made binding upon Beneficial Holders if it is accepted by the Holders of at least two-thirds in amount and more than one-half in number of Claims in at least one class that votes on the Plan and if the Plan otherwise satisfies the requirements for confirmation provided by section 1129(a) of the Bankruptcy Code.
3. As a Nominee, you should immediately distribute the Ballots and the Solicitation Package to all Beneficial Holders of Claims and take any action required to enable each such Beneficial Holder to vote timely the Claims that it holds. Any Ballot returned to you by a Beneficial Holder of a Claim shall not be counted for purposes of accepting or rejecting the Plan until you properly complete and deliver, to the Balloting Agent, a Master Ballot that reflects the vote of such Beneficial Holders by 11:59 p.m. (prevailing Eastern Time) on November 8, 2013 or otherwise validate the Ballot in a manner acceptable to the Balloting Agent.
4. With regard to any Ballots returned to you by a Beneficial Holder, you must: (a) compile and validate the votes and other relevant information of each such Beneficial Holder on the Master Ballot using the customer name or account number assigned by you to each such Beneficial Holder; (b) indicate each Beneficial Holder's election, if any, to contribute claims in Item 3 of the Beneficial Holder Ballot; (c) if applicable, tender the underlying Senior Notes Claims held by those Beneficial Holders making the Contribution of Claims election to the account established at DTC for such purpose by the Voting Deadline; *provided, however*, that the Senior Notes held by Beneficial Holders of Class 4 Senior Notes Claims that are party to the Plan Support Agreement, attached as Exhibit I to the Disclosure Statement, must be tendered to the election account at DTC no later than 10 days after the Confirmation Date; (d) execute the Master Ballot; (e) transmit such Master Ballot to the Balloting Agent by the Voting Deadline; and (f) retain such Ballots in your files for a period of one year after the Effective Date of the Plan. You may be ordered to produce the Ballots to the Debtors or the Bankruptcy Court.
5. If a Master Ballot is received after the Voting Deadline, it will not be counted unless the Debtors determine otherwise; *provided*, that the Debtors reserve the absolute right, at any time or from time to time, to extend the period of time (on a daily basis, if necessary) during which Ballots will be accepted for any reason, including determining whether or not the requisite number of acceptances have been received, by making a public announcement of such extension no later than the first business day next succeeding the previously announced Voting Deadline. The method of delivery of Master Ballots to the Balloting Agent is at the election and risk of each Entity. No Master Ballot should be sent to any of the Debtors, the Debtors' agents (other than the Balloting Agent), any indenture trustee, or the Debtors' financial or legal advisors and if so sent will not be counted.
6. If multiple Master Ballots are received from the same Nominee with respect to the same Ballot belonging to a Beneficial Holder of a Claim prior to the Voting Deadline, the last properly completed Master Ballot timely received will supersede and revoke any earlier received Master Ballot.
7. This Master Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and make certifications with respect to the Ballots. Accordingly, at this time, Holders of Claims should not surrender certificates or instruments representing their Claims and you should not accept delivery of any such certificates or instruments surrendered together with a Ballot.
8. This Master Ballot does not constitute, and shall not be deemed to be: (a) a Proof of Claim or Interest; or (b) an assertion or admission with respect to any Claim or Interest.

9. Please be sure to sign and date your Master Ballot.
10. If you are both the Nominee and the Beneficial Holder of any of the Class 4 Senior Notes Claims and you wish to vote such Class 4 Senior Notes Claims, you may return a Ballot or Master Ballot for such Class 4 Senior Notes Claims.
11. The following Ballots and Master Ballots shall not be counted in determining the acceptance or rejection of the Plan: (a) any Ballot or Master Ballot that is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (b) any Ballot or Master Ballot cast by a Party that does not hold a Claim in a Class that is entitled to vote on the Plan; (c) any unsigned Ballot or Master Ballot; (d) any Ballot or Master Ballot not marked to accept or reject the Plan or any Ballot marked both to accept and reject the Plan; and (e) any Ballot or Master Ballot submitted by any Entity not entitled to vote pursuant to the Solicitation Procedures.
12. Pursuant to the Plan, **if no properly completed Ballots or Master Ballots are received before the Voting Deadline** with respect to Class 4 Senior Notes Claims, the Holders of Class 4 Senior Notes Claims will be deemed to **accept** the Plan.
13. If you believe that you have received this Master Ballot in error, please contact the Balloting Agent immediately.

PLEASE SUBMIT YOUR MASTER BALLOT PROMPTLY!

IF YOU HAVE ANY QUESTIONS REGARDING THIS MASTER BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE BALLOTING AGENT AT (917) 281-4800.