

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

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

**DEBTORS’ MOTION FOR ENTRY OF AN ORDER
AUTHORIZING THE DEBTORS TO (A) CONTINUE TO OPERATE
THEIR CASH MANAGEMENT SYSTEM, (B) MAINTAIN EXISTING BUSINESS
FORMS AND (C) CONTINUE INTERCOMPANY TRANSACTIONS AND ACCORD
ADMINISTRATIVE EXPENSE STATUS TO CLAIMS FOR SUCH TRANSACTIONS**

Physiotherapy Holdings, Inc. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “*Debtors*”), respectfully represent:

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.



Jurisdiction

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 363, 364, 503, 507, 1107(a) and 1108 of the Bankruptcy Code (as defined herein), Rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”) and Rules 2015-2 and 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*”).

Introduction²

4. 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 and 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 therapy, sports and industrial rehabilitation, hand and aquatic therapy, women’s health, pediatric and geriatric programs. The Debtors also provide a comprehensive suite of orthotic, prosthetic and core rehabilitation therapy solutions at each clinic to service the needs of their patients. The Debtors currently employ approximately 3,859 employees and contract with insurers and managed care entities on a local,

² A detailed description of the Debtors and their businesses, and the facts and circumstances supporting this motion and the Debtors’ chapter 11 cases, are set forth in greater detail in the Declaration of Martin McGahan, Chief Restructuring Officer and Interim Chief Executive Officer of Physiotherapy Holdings, Inc., in Support of First Day Pleadings (the “*First Day Declaration*”), filed contemporaneously with the Debtors’ voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code (the “*Bankruptcy Code*”).

regional and national basis, all reflecting the strength of the Debtors' scale and density as well as their institutional goodwill and sturdy reputation in the outpatient physical therapy market sector.

5. While the Debtors' operations are fundamentally sound and profitable, in March 2013, during the course of their fiscal year 2012 audit, they discovered there had been an overstatement of revenue and profitability. Upon such discovery, the Debtors' board of directors took proactive steps to address the potential impact of the accounting issues, including hiring Kirkland & Ellis LLP as restructuring counsel, engaging Rothschild Inc. as financial advisor, hiring Alvarez & Marsal Healthcare Industry Group as operational and restructuring advisor and forming a special committee to investigate potential claims related to the overstatement of revenue and profitability and to engage Dechert LLP as special counsel.

6. The Debtors, in consultation with their advisors, ultimately determined that it would be necessary for the Debtors to deleverage their balance sheet to right-size their capital structure and more efficiently compete in the outpatient rehabilitation and physical therapy industry. To preserve liquidity while commencing restructuring negotiations with other stakeholders, the Debtors elected to forego the \$12.5 million interest payment on their \$210 million 11.875% senior notes due 2019 (the "*Senior Notes*"). The Debtors' inability to deliver the audited financials and their failure to make the May 1, 2013 coupon payment to the Senior Notes resulted in defaults both under the 2012 credit agreement and the Senior Notes indenture.

7. Starting in May 2013, the Debtors proactively engaged in discussions with their key stakeholders, including an ad hoc committee that currently holds over 90% in principal amount of the Senior Notes and their equity sponsor, regarding potential restructuring alternatives. These collaborative talks resulted in the Debtors negotiating a fully consensual

restructuring transaction that will be implemented swiftly through a “prepackaged” chapter 11 plan of reorganization (the “*Plan*”) and will, among other things, (a) reduce their prepetition funded debt by more than 62%, from approximately \$375 million to approximately \$144 million, (b) provide the Debtors with reasonable, long-term financing and permit additional indebtedness that will enable them to support their go-forward business needs and (c) establish and fund a litigation trust to consolidate and coordinate prosecution of certain claims and causes of action transferred and assigned to the litigation trust.

8. On October 10, 2013, the Debtors entered into a plan support agreement with 100% of their bridge loan lenders, holders of over 90% in principal amount of the Senior Notes, and their equity sponsor and its affiliates, which collectively hold approximately 90% of the outstanding shares of Physiotherapy Holdings, Inc. On the same day, the Debtors commenced solicitation of the Plan. As of the November 8, 2013 voting deadline, 100% of the holders of claims arising under the Debtors’ bridge loan facility and 100% of the holders of Senior Notes claims that submitted ballots, consisting of approximately 99.71% of the holders of Senior Notes in dollar amount, voted to accept the Plan.

9. On the date hereof (the “*Petition Date*”), each of the Debtors filed a petition with the Court under chapter 11 of the Bankruptcy Code to effectuate the Plan, enhance liquidity and solidify their long-term growth prospects and operating performance. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated. Concurrently with the filing of this motion, the Debtors have requested procedural consolidation and joint administration of these chapter 11 cases.

Relief Requested

10. As described in the First Day Declaration, in the ordinary course of business, the Debtors utilize an integrated, centralized cash management system that provides well-established and efficient mechanisms for the collection, concentration, management and disbursement of funds used in their operations (the “*Cash Management System*”). On a weekly basis, the Cash Management System collects approximately \$6.2 million, distributes approximately \$6.1 million and effectuates thousands of cash transactions. Given the economic and operational scale of the Debtors’ businesses, any disruption to the Cash Management System could impede a successful restructuring of the Debtors’ businesses.

11. By this motion, the Debtors request entry of an order, substantially in the form attached hereto as **Exhibit A**, (a) authorizing the Debtors to (i) continue to operate the Cash Management System, (ii) maintain existing business forms and (iii) continue performing and honoring their obligations with respect to Intercompany Transactions (as defined herein) and accord administrative priority status to claims for such transactions and (b) granting such other and further relief as may be appropriate.

12. The Debtors further request that the Court authorize the Banks (as defined herein) to (a) continue to maintain, service and administer the Bank Accounts (as defined herein) and (b) debit the Bank Accounts in the ordinary course of business on account of (i) checks or electronic funds transfers drawn on the Bank Accounts that are presented for payment at the Banks or exchanged for cashier’s checks before the Petition Date, (ii) checks or other items deposited in the Bank Accounts before the Petition Date that have been dishonored or returned unpaid for any reason (including any associated fees and costs) to the same extent the Debtors were responsible for such items before the Petition Date and (iii) undisputed, outstanding service

charges owed to the Banks as of the Petition Date on account of the maintenance of the Debtors' Cash Management System, if any.

The Debtors' Cash Management System and Business Forms

A. Description of the Debtors' Cash Management System

13. The Cash Management System is centrally managed by the Debtors' treasury department located at the Debtors' headquarters in Exton, Pennsylvania (the "**Treasury Department**"). The Debtors utilize the Cash Management System in the ordinary course of business to, among other things: (a) facilitate the efficient transfer of funds, thereby reducing the administrative burden of manual transfers and the costs associated therewith; (b) enable management to control and monitor corporate funds by creating status reports on the location and amount of funds; and (c) track and forecast revenue to ensure sufficient cash availability and liquidity on a day-to-day basis at the Debtors' rehabilitation and orthotics and prosthetics centers.

14. The Cash Management System consists of 45 bank accounts (collectively, with all other bank accounts the Debtors may establish or have established as part of the Cash Management System, the "**Bank Accounts**") that the Debtors maintain at the following domestic financial institutions (collectively, the "**Banks**"): ³

- JP Morgan Chase, N.A. ("**Chase Bank**");
- PNC Bank, N.A. ("**PNC Bank**");
- Regions Financial Bank ("**Regions Bank**");

³ As of the Petition Date, all but one of the Debtors' financial institutions are authorized depositories (the "**Authorized Depositories**") pursuant to the United States Trustee Chapter 11 Guidelines for the District of Delaware ("**U.S. Trustee Guidelines**"). In accordance with the practice of this jurisdiction, the Debtors will make a good faith effort after the Petition Date to cause those Banks that are not Authorized Depositories to execute a Uniform Depository Agreement in the form prescribed by the United States Trustee for the District of Delaware (the "**U.S. Trustee**"). To the extent the Debtors need to open a new bank account after the Petition Date, they will only do so either at an Authorized Depository or after consulting with the U.S. Trustee.

- Bank of America, N.A. (“*BOA*”);
- Citizens Bank of Massachusetts (“*Citizens Bank*”);
- U.S. Bank, N.A.;
- Susquehanna Bank (“*Susquehanna*”); and
- Signature Bank.

15. A schedule of the Debtors’ Bank Accounts⁴ and a diagram illustrating the flow of funds through the Cash Management System are attached hereto as **Exhibit B** and **Exhibit C**, respectively, and are incorporated by reference herein.

B. The Debtors’ Flow of Funds and Bank Accounts

16. The Cash Management System has three main components: (a) cash collection, including the collection of payments made to the Debtors by payors; (b) cash concentration; and (c) cash disbursements to fund the Debtors’ operations.

(i) Cash Collection

17. The Debtors generate and receive funds from a variety of sources, including private and government-sponsored health care plans. As a percentage of the Debtors’ billed YTD September 30, 2013 gross charges, funds from capitation plans comprise 7.2%; funds received through Workers’ Compensation comprise 11.7%; Medicare comprises approximately 18.3%; Medicaid comprises approximately 3.0%; commercial payors (predominantly managed care organizations and other health plans) comprise approximately 52.5%; and litigation awards and cash from other funding sources (co-pays and over-the-counter payments, insurance

⁴ The Debtors have only provided the last four digits of the Bank Accounts described in this Motion to preserve confidential information. The Debtors will share a list of the complete account numbers associated with each Bank Account with the U.S. Trustee, counsel to the Debtors’ bridge loan lenders and holders of the Senior Notes, and any statutory committee of creditors appointed in these chapter 11 cases.

proceeds from automobile-related personal injury claims and federal worker programs) comprise 7.3%. The method employed to collect the cash generated by these respective payments varies, and the Debtors' billing and collection systems must have the flexibility to address the requirements for these different payment collection types. Importantly, the Cash Management System affords the Debtors the ability to process medical claims for patients and to facilitate the processing of thousands of medical claims, including Medicare, state Medicaid and private insurance plans, on a weekly basis.

18. All checks, cash and electronic funds transfers received by the Debtors are deposited into 36 collection accounts maintained at Chase Bank, PNC Bank, Regions Bank, U.S. Bank, BOA, Susquehanna and Signature Bank (collectively, the "***Depository Accounts***") or directly into the Chase Primary Concentration Account (as defined below). All Depository Accounts are associated with particular geographic regions where the accounts sit.

19. 29 of the Depository Accounts are zero-balance accounts, as follows:

- 12 of the accounts are historical lockbox accounts (each a "***Lockbox Account***" and, collectively, the "***Lockbox Accounts***") maintained at PNC Bank and Regions Bank. The Lockbox Accounts provide a secure and convenient collection process for collecting checks, automatic clearing house payments ("***ACH Payments***") and wire transfers from certain of the Debtors' payors (e.g., Medicare and Medicaid) that do not make direct deposits into the Depository Accounts serviced by Chase Bank. The cash balances from the Lockbox Accounts are swept into one of the two Secondary Concentrations Accounts (both as defined below) at the close of each business day and are then manually transferred into the Chase Primary Concentration Account every other business day at the direction of the Treasury Department.
- 17 of the accounts are not Lockbox Accounts. 14 of these accounts are maintained at Chase Bank and are swept into the Chase Primary Concentration Account on a daily basis. Cash balances from the remaining three zero-balance non Lockbox Accounts held at PNC and Regions Bank are each associated with the Debtors' orthotic and prosthetic business. Funds from these three accounts, along with those from the Lockbox Accounts, are swept into one of the two Secondary Concentrations Accounts at the close of each business day and are then

manually transferred into the Chase Primary Concentration Account every other business day at the direction of the Treasury Department.

20. In addition, seven of the 36 Depository Accounts are non zero-balance, stand-alone accounts maintained at U.S. Bank, BOA, Susquehanna and Signature Bank, and exclusively receive funds generated from the Debtors' orthotics and prosthetics business (the "*Stand-Alone OP Accounts*"). Funds from the Stand-Alone OP Accounts are manually transferred to the Chase Primary Concentration Account every other business day at the direction of the Treasury Department.

21. The Cash Management System also includes three miscellaneous, stand-alone cash collection accounts (the "*Other Accounts*"). Such accounts include an account maintained for tax purposes to collect net income of Debtor Physiotherapy Holdings, Inc. and its subsidiaries' dividends and accrued interest. As of the Petition Date, there has been little or no activity associated with this account.

22. The remaining two Other Accounts maintained at Chase Bank and Citizens Bank are holdover accounts from the Debtors' strategic acquisition by Court Square Capital Partners II, L.P. and its affiliates. Since April 2012, these two accounts have remained dormant.

23. Cash receipts from all of the Other Accounts are manually transferred to the Chase Primary Concentration Account at the direction of the Treasury Department.

(ii) *Cash Concentration*

24. Debtor Physiotherapy Associates, Inc. ("*PTA*") maintains a concentration account at Chase Bank that serves as the ultimate collection point for all funds and disbursements moved into and through the Cash Management System (the "*Chase Primary Concentration Account*"). The Debtors also maintain two secondary concentration accounts with Regions Bank and PNC Bank (the "*Secondary Concentration Accounts*," and collectively with the Chase Primary

Concentration Account, the “*Concentration Accounts*”) that collect funds and payments that are not otherwise initially swept into the Chase Primary Concentration Account, including cash balances from the Lockbox Accounts and the three zero-balance Depository Accounts held at Regions Bank and PNC.

25. As mentioned above, each week funds are manually debited from the Secondary Concentration Accounts, the Stand-Alone OP Accounts and the Other Accounts and transferred to the Chase Primary Concentration Account. By aggregating the funds and sweeping them into the Chase Primary Concentration Account every other business day, the Debtors are easily able to monitor their overall cash position. Further, utilizing the Depository Accounts and Secondary Concentration Accounts, as opposed to having funds deposited directly into the Chase Primary Concentration Account, allows the Debtors to better monitor the cash generation of each rehabilitation and orthotics and prosthetics center.

(iii) Cash Disbursements

26. The Debtors make disbursements from three zero-balance accounts (the “*Disbursement Accounts*”) that are used to pay vendors, employees, landlords, utilities, patient refunds and other refunds to third-party payors via check, and automatically pull funds from the Chase Primary Concentration Account as checks are presented. Any payables that require an ACH or wire transfer, however, are paid directly from the Chase Primary Concentration Account.

27. To help avoid check fraud losses and liability, the Debtors utilize “Positive Pay,” automated fraud detection software that instructs Chase Bank to pay or return checks presented by various of the Debtors’ payors for payment. The Positive Pay function is only used in connection with the AP Account and the Patient Refund Account (both as defined below) and not the Payroll Account.

28. Accounts Payable Account. Physiotherapy Corporation maintains an account at Chase Bank that is used to satisfy outstanding payables owed to vendors and service providers in connection with the operation of their businesses (the “*AP Account*”). Because most of the Debtors’ invoices are, on average, below \$20,000, the Debtors pay most of their accounts payable by check (a less costly alternative to a wire transfer) from the AP Account. Any payments by ACH or wire transfer made are paid directly from the Chase Primary Concentration Account.

29. Payroll Account. Physiotherapy Corporation maintains a Disbursement Account at Chase Bank to fund non-ordinary course payroll check disbursements (the “*Payroll Account*”). For example, payments made to terminated employees on account of accrued and unused vacation time are funded on an as-needed basis from the Payroll Account or

- in the event that an ACH or wire transfer is required • from the Chase Primary Concentration Account.

30. Refund Account. PTA holds a Disbursement Account at Chase Bank to disburse checks to certain of the Debtors’ patients or third-party payors who overpaid for outpatient and other services provided to them by the Debtors’ various health care professionals (the “*Refund Account*”).⁵ As of the Petition Date, all refunds are processed through the Refund Account or the Chase Primary Concentration Account when an ACH or wire transfer is requested.

C. The Debtors’ Intercompany Transactions

31. In the ordinary course of business, the Debtors maintain business relationships

⁵ Contemporaneously herewith, the Debtors filed a motion seeking authority to, among other things, continue issuing refunds for reimbursement of overpayments made by or on behalf of patients resulting from the interaction between the Debtors’ billing practices, patient medical insurance deductibles and third-party payments (the “*Refund Program*”) and make payments to patients or otherwise honor accrued prepetition obligations owed under their Refund Program.

with their Debtor and non-Debtor affiliates, which result in intercompany receivables and payables (the “*Intercompany Claims*”) arising from the following types of transactions (the “*Intercompany Transactions*”):⁶

32. Routine Cash Collection Transfers. Funds received by PTA and its operating Debtor- and non-Debtor affiliates (the “*Subsidiaries*”)⁷ are transferred from the Depository Accounts into the Chase Primary Concentration Account or the Secondary Concentration Accounts on a daily basis. Those funds transferred into the Secondary Concentration Accounts are swept into the Primary Chase Concentration Account every other business day. These routine cash sweeps create reoccurring Intercompany Claims between and among the Subsidiaries and PTA. The Intercompany Claims between PTA and the Subsidiaries are offset by the below mentioned payment of Intercompany Claims arising from the payment of payroll and non-headcount operating costs.

33. Joint Venture Fees and Distributions. Three of the Debtors are direct or indirect partners of • and each hold minority or majority membership interests in • five joint ventures with non Debtor-owned hospitals located in certain markets (each a “*JV*” and collectively, the “*JVs*”).⁸ The Debtors’ employees provide necessary management services to the

⁶ Because the Debtors engage in Intercompany Transactions on a regular basis and such transactions are common among enterprises similar in size and scope to the Debtors’ enterprises, the Debtors believe that the Intercompany Transactions are ordinary course transactions within the meaning of section 363(c)(1) of the Bankruptcy Code and, thus, do not require the Court’s approval. Nonetheless, out of an abundance of caution, the Debtors are seeking express authority to engage in such transactions on a postpetition basis. The continued performance of the ordinary course Intercompany Transactions is integral to ensuring the Debtors’ ability to operate their businesses as debtors in possession.

⁷ For the avoidance of doubt, the Debtors do not have go-forward funding obligations to any of their non-Debtor Subsidiaries, including the JVs (as defined and described herein).

⁸ Debtor Physiotherapy-BMHI Holdings, Inc. owns 80% of Rehab Associates of Jackson Hospital, LLC, a JV incorporated in Alabama; PTA own 80% of Physiotherapy Associates NRH Rehab, LLC and 50% of LifeBridge Sports Medicine and Rehabilitation LLC, both Maryland JVs; and Debtor Keystone Rehabilitation
(Continued...)

JVs, including billing, accounting, operational management and payroll and AP processing. The Debtors receive a monthly fee from the JVs for providing these managerial services. They also receive monthly reimbursements for payroll and other expenses paid by the Debtors on behalf of the JVs, and quarterly distributions of the Debtors' share of the JVs' quarterly earnings (the "*JV Receipts*"). The Debtors receive approximately \$200,000 in JV Receipts each month. The JVs do not have any go-forward funding requirements from the Debtors and, other than the JV Receipts, which are deposited directly into the Chase Primary Concentration Account, the Debtors do not collect any funds from the JVs.

34. Non-Employee Expenses and Operating Costs. PTA contracts with the Debtors' vendors, utilities and landlords and centrally pays non-employee expenses and operating costs, such as facility rent, utility costs, marketing expenses and clinical supplies that the Subsidiaries incur in the ordinary course of business. These costs are then allocated directly to the Subsidiaries responsible for those costs. The payment of these expenses creates Intercompany Claims between PTA and the Subsidiaries. These Intercompany Claims are offset by the cash sweeps from the Secondary Concentration Accounts and Stand-Alone OP Accounts into the Chase Primary Concentration Account that occur every other day.

35. Corporate Costs. Executive, managerial, revenue cycle and general support employees working at the Debtors' corporate headquarters and various other locations provide corporate services to all of the Subsidiaries as part of the Subsidiaries' overhead costs. In addition to corporate employee costs, the Debtors incur non-headcount expenses at the corporate

Systems, Inc. owns 49% of The Rehab Center, a Pennsylvania JV, and owns 49% of Indiana Rehabilitation Services, LLC, a Delaware JV.

level to support the Subsidiaries. A portion of the corporate costs are allocated amongst the Subsidiaries, resulting in Intercompany Claims.

36. Payroll & Employee Costs. The Debtors' payroll scheme creates Intercompany Claims between PTA and the Subsidiaries. Specifically, clinical employees are centrally employed by the Debtors and work at clinics owned and operated by the Subsidiaries. The Debtors' ordinary course employee payroll obligations are centrally-billed and paid by PTA out of the Primary Chase Concentration Account. Debtor employees do not receive paychecks directly from the clinics where they work. The costs associated with these employees are directly allocated to the Debtor clinics where the employees work. Importantly, the bulk of the Debtors' Intercompany Claims are extinguished every two weeks when PTA satisfies payroll obligations on behalf of the Subsidiaries. These Intercompany Claims are offset by the cash sweeps from the Secondary Concentration Accounts and Stand-Alone OP Accounts into the Chase Primary Concentration Account that occur every other day.

37. The Debtors maintain records of all Intercompany Transactions (including fund transfers) • and, therefore, can ascertain, trace and account for the Intercompany Transactions • and will continue to maintain records of Intercompany Transactions in the postpetition period. Nevertheless, if the Intercompany Transactions were to be discontinued, the Cash Management System and related administrative controls would be disrupted to the Debtors' detriment. Accordingly, the Debtors submit that the continuation of the Intercompany Transactions is in the best interests of the Debtors' estates and their creditors.

D. The Debtors' Ordinary Course ACH Payments and Bank Fees

38. In the ordinary course of business, the Debtors conduct transactions by debit, wire or ACH and other similar methods. In fact, the Debtors are required by certain federal and state

taxing authorities to submit tax payments electronically through wire or ACH, and failure to do so results in the imposition of penalties.

39. Thus, the Debtors respectfully request that the Court authorize and direct the Banks to continue to maintain service and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course of business. In this regard, the Debtors request that the Banks be authorized and directed to receive, process, honor and pay any and all checks, ACH and other instructions, and drafts payable through, drawn or directed on such Bank Accounts after the Petition Date by holders, makers or other parties entitled to issue instructions with respect thereto. Notwithstanding the foregoing, any check, draft or other notification that the Debtors advised the Banks to have been drawn, issued or otherwise presented before the Petition Date may be honored by the Banks only to the extent authorized by order of the Court.

40. Furthermore, in the ordinary course, the Banks (as well as certain credit card processors) charge, and the Debtors pay, honor or allow the deduction from the appropriate account, certain service charges and other fees, costs and expenses (collectively, the “*Bank Fees*”). The Debtors respectfully request that the Court authorize the Banks to (a) continue to charge the Debtors the Bank Fees and (b) charge-back returned items to the Bank Accounts, whether such items are dated before, on or subsequent to the Petition Date. The Debtors further request that the Court order that liens on any of the Bank Accounts granted to creditors will not have priority over the Bank Fees of the respective Bank at which the Bank Account is located.

E. The Debtors’ Commercial Cards

41. The Debtors provide commercial cards (the “*Commercial Cards*”) to certain employees to purchase goods and services that are used to operate the Debtors’ businesses. The Commercial Cards are issued by Chase Bank and Chase Bank draws the funds from the Debtors’

Chase Primary Concentration Account on a weekly basis to clear any outstanding balance; the employee cardholders are not individually liable for the expenses on these cards. Going forward, and in accordance with the terms of that certain Commercial Card Classic Agreement, dated June 23, 2008 (as amended or modified) between Chase Bank and Physiotherapy Corporation, with the consent of Chase Bank, the Debtors propose to continue using the Commercial Cards in the ordinary course of business on a postpetition basis.

F. The Debtors' Existing Business Forms and Checks

42. In the ordinary course of business, the Debtors use a variety of checks and business forms. To minimize expenses to their estates, the Debtors believe it is appropriate to continue to use all correspondence and business forms (including letterhead, purchase orders and invoices) as such forms were in existence immediately before the Petition Date • without reference to the Debtors' status as debtors in possession • rather than requiring the Debtors to incur the expense and delay of ordering entirely new business forms.

43. By virtue of the nature and scope of the Debtors' business operations and the large number of suppliers of medical equipment and other related goods, as well as physical therapy, industrial rehabilitation and orthotics and prosthetic services, all with whom the Debtors deal on a regular basis, use of new forms will increase the Debtors' costs. Nonetheless, following the depletion of the Debtors' check stock and/or business forms stock, the Debtors will obtain new check stock and/or business stock reflecting their status as debtors in possession.

Supporting Authority

A. The Court Should Approve the Postpetition Use of the Debtors' Cash Management System

(i) The Continued Use of the Debtors' Cash Management System is Essential to the Debtors' Operations and Restructuring Efforts

44. Absent the relief sought in this motion, the Debtors would be unable to continue to operate their Cash Management System after the Petition Date. For example, the U.S. Trustee Guidelines require, among other things, that a debtor: (a) establish one debtor in possession account for all estate funds required solely for the payment of taxes (including payroll taxes); (b) close all existing bank accounts and open new debtor in possession accounts; (c) maintain a separate debtor in possession account for cash collateral; and (d) obtain checks that bear the designation "debtor in possession" and reference the bankruptcy case number and type of account.

45. Absent authority enabling the Debtors to continue to operate their Cash Management System, the Debtors would be unable to effectively maintain their financial operations, which would cripple the Debtors' businesses and cause significant harm to the Debtors, their estates, creditors and all parties in interest.

46. As discussed above, however, the Debtors' business and financial affairs are complex, requiring the Debtors to collect, disburse and move funds through numerous Bank Accounts in an expedited manner. Given the Debtors' corporate and financial structure, the Debtors believe that it would be difficult and unduly burdensome to establish an entirely new cash management system for each Debtor entity. To comply with the U.S. Trustee Guidelines, (the "*UST Guidelines*") the Debtors would also need to execute new signatory cards and

depository agreements, and create a new system for manually issuing checks and paying postpetition obligations.⁹ The delays that would result from opening these accounts, revising cash management procedures and instructing customers to redirect payments would significantly disrupt the Debtors' business at this critical time.

47. Finally, requiring the Debtors to maintain separate accounts would decentralize the Cash Management System. Indeed, courts in this and other districts have noted that an integrated cash management system "allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash." *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *aff'd in part and rev'd in part*, 997 F.2d 1039 (3d Cir. 1993). The United States Court of Appeals for the Third Circuit has agreed, emphasizing that requiring a debtor to maintain separate accounts "would be a huge administrative burden and economically inefficient." *Columbia Gas*, 997 F.2d at 1061; *see also In re Southmark Corp.*, 49 F.3d 1111, 1114 (5th Cir. 1995) (finding a cash management system allows a debtor "to administer more efficiently and effectively its financial operations and assets").

(ii) *Maintaining the Existing Cash Management System Will Not Harm Parties in Interest*

48. The Debtors' continued use of their Cash Management System will greatly facilitate the Debtors' transition into chapter 11 by, among other things, avoiding administrative inefficiencies and expenses and minimizing delays in payment of postpetition obligations. The

⁹ Notwithstanding anything herein to the contrary, the Debtors reserve the right to close their prepetition Bank Accounts and open new accounts as may be necessary in the Debtors' business judgment. The Debtors will give prompt notice of such actions, however, to the U.S. Trustee, counsel to the administrative and collateral agent under the Debtors' bridge loan credit agreement, counsel to the ad hoc committee of senior noteholders and any statutory committee appointed in these chapter 11 cases.

Debtors respectfully submit that parties in interest will not be harmed by their maintenance of the existing Cash Management System and the Bank Accounts because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of prepetition obligations.

49. Specifically, with the assistance of their advisors, the Debtors have implemented internal control procedures that prohibit payments on account of prepetition debts without the prior approval of the Debtors' finance department. In light of such protective measures, the Debtors submit that maintaining the Cash Management System will benefit all parties in interest and is in the best interests of the Debtors' estates and creditors.

(iii) The Court Should Authorize the Debtors to Continue Using Debit, Wire and Automatic Clearing House Payments

50. The Debtors request that the Court grant further relief from the U.S. Trustee Guidelines to the extent they require the Debtors to make all disbursements by check. In particular, the U.S. Trustee Guidelines require that all receipts and all disbursements of estate funds must be made by check with a notation representing the reason for the disbursement. As discussed above, in the ordinary course of business, the Debtors conduct transactions through ACH and other similar methods. In addition, a certain percentage of the Debtors' customer receipts are received through wire transfer payments. In fact, the Debtors are required by certain federal and state taxing authorities to submit tax payments electronically through wire or ACH, and failure to do so results in the imposition of penalties. If the Debtors' ability to conduct transactions by debit, wire, ACH or other similar methods is impaired, the Debtors may be unable to perform under certain contracts, their business operations may be unnecessarily disrupted and their estates will incur additional costs.

(iv) ***The Court Should Authorize the Banks to Continue to Maintain, Service and Administer the Debtors' Bank Accounts in the Ordinary Course of Business***

51. The Debtors submit that parties in interest will not be prejudiced or injured by the Debtors' maintenance of their Bank Accounts in the ordinary course of business. The Debtors strongly believe that replacing the Bank Accounts with new accounts pursuant to the U.S. Trustee Guidelines would needlessly interrupt their operations and impair their efforts to preserve the value of their estates and reorganize in an efficient manner.

52. Thus, the Debtors respectfully request that the Court authorize and direct the Banks to continue to maintain, service and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption. In this regard, the Banks should be authorized and directed to receive, process, honor and pay any and all checks, ACH and other instructions, and drafts payable through, drawn or directed on such Bank Accounts after the Petition Date by holders, makers or other parties entitled to issue instructions with respect thereto; *provided, however*, that any check, advise, draft or other notification that the Debtors advised the Banks to have been drawn, issued or otherwise presented before the Petition Date may be honored by the Banks only to the extent authorized by order of the Court.

53. The Debtors further request that the Court authorize and direct the Banks to accept and honor all representations from the Debtors as to which checks, drafts, wires or ACH should be honored or dishonored consistent with any order of the Court and governing law, whether such checks, drafts, wires or ACH are dated before or subsequent to the Petition Date. The Debtors also request that, to the extent a Bank honors a prepetition check or other item drawn on any account that is the subject of the motion either (a) at the direction of the Debtors, (b) in a good faith belief that the Court has authorized such prepetition check or item to be honored or (c) as a result of an innocent mistake made despite the above-described protective

measures, such Bank will not be deemed to be liable to the Debtors or to their estates on account of such prepetition check or other item honored postpetition. The Debtors respectfully submit that such relief is reasonable and appropriate because the Banks are not in a position to independently verify or audit whether a particular item may be paid in accordance with a Court order or otherwise.

54. Moreover, the Debtors request that the Court authorize the Banks to (a) continue to charge the Debtors the Bank Fees and (b) charge-back returned items to the Bank Accounts, whether such items are dated before, on or subsequent to the Petition Date, in the ordinary course of business. The Debtors further request that the Court order that liens on any of the Bank Accounts granted to creditors will not have priority over the Bank Fees of the respective Bank at which the Bank Account is located.

55. In similar large chapter 11 cases, courts in this district have regularly waived the U.S. Trustee Guidelines on the grounds that they are potentially detrimental to a debtor's postpetition business operations and restructuring effort. *See, e.g., In re Conexant Sys., Inc.*, No. 13-10367 (MFW) (Bankr. D. Del. Mar. 1, 2013) (authorizing the debtors' continued use of existing cash management system and bank accounts); *In re Pipeline Data Inc.*, No. 12-13123 (KJC) (Bankr. D. Del. Nov. 21, 2012) (same); *In re Buffets Restaurants Holdings Inc.*, No. 12-10237 (MFW) (Bankr. D. Del. Jan. 19, 2012) (same); *In re LTAP US, LLLP*, No. 10-14125 (KG) (Bankr. D. Del. Oct. 18, 2011) (same); *In re U.S. Concrete, Inc.*, No. 10-11407 (PJW) (Bankr. D. Del. Apr. 30, 2010) (same); *In re Atrium Corp.*, No. 10-10150 (BLS) (Bankr. D. Del. Feb. 23, 2010) (same).¹⁰

¹⁰ Because of the voluminous nature of the orders cited herein, such orders are not attached to this motion. Copies of these orders are available upon request to the Debtors' counsel.

B. The Court Should Authorize the Debtors to Continue Using Their Existing Business Forms

56. The Debtors submit that parties in interest will not be prejudiced if the Debtors are authorized to continue to use their business forms substantially in the forms existing immediately before the Petition Date. Parties doing business with the Debtors undoubtedly will be aware of their status as debtors in possession and, thus, changing business forms is unnecessary and unduly burdensome.

57. In other large chapter 11 cases, courts in this district have allowed debtors to use their prepetition business forms without the “debtor in possession” label. *See, e.g., In re Conexant Sys., Inc.*, No. 13-10367 (MFW) (Bankr. D. Del. Mar. 1, 2013) (authorizing continued use of business forms); *In re Pipeline Data Inc.*, No. 12-13123 (KJC) (Bankr. D. Del. Nov. 21, 2012) (same); *In re Buffets Restaurants Holdings Inc.*, No. 12-10237 (MFW) (Bankr. D. Del. Jan. 19, 2012) (same); *In re LTAP US, LLLP*, No. 10-14125 (KG) (Bankr. D. Del. Oct. 18, 2011) (same); *In re Friendly’s Ice Cream Corp.*, No. 11-13167 (KG) (Bankr. D. Del. Oct. 5, 2011) (same); *In re Neb. Book Co.*, No. 11-12005 (PJW) (Bankr. D. Del. Oct. 5, 2011) (same).

58. The Debtors represent that if the relief requested herein is granted, they will implement appropriate mechanisms to ensure that no payments will be made on account of debts incurred before the Petition Date (other than those authorized by the Court). To prevent the inadvertent, unauthorized payment of prepetition claims, the Debtors will work closely with the Banks to ensure that appropriate procedures are in place to prevent checks that were issued prepetition from being honored without the Court's approval.

C. Intercompany Claims Should be Treated as Administrative Expenses Pursuant to Sections 503(b)(1) and 364(b) of the Bankruptcy Code

59. To ensure that each individual Debtor will not, at the expense of the creditors, fund the operation of an affiliated entity, the Debtors respectfully request that the Court, pursuant

to sections 503(b)(1) and 364(b) of the Bankruptcy Code, authorize the Debtors to treat all Intercompany Claims arising after the Petition Date in the ordinary course of business as administrative expenses. If the Court authorizes the Debtors to treat Intercompany Claims as administrative expenses, then each entity utilizing funds flowing through the Cash Management System and receiving services through intercompany arrangements should continue to bear ultimate repayment responsibility for such ordinary course transactions and their related share of the cost of services provided.

60. Courts have routinely granted such authority in other multi-debtor chapter 11 cases for similar reasons. *See, e.g., In re Prommis Holdings, LLC*, No. 13-10551 (BLS) (Bankr. D. Del. Apr. 25, 2013) (granting administrative priority status to intercompany claims); *In re Conexant Systems, Inc.*, No. 13-10367 (MFW) (Bankr. D. Del. March 1, 2013) (same); *In re Appleseed's Intermediate Holdings LLC*, No. 11-10160 (KG) (Bankr. D. Del. Jan 20, 2011) (same); *In re Local Insight Media Holdings, Inc.*, No. 10-13677 (KG) (Bankr. D. Del. Nov. 19, 2010) (same); *In re OTC Holdings Corp.*, No. 10-12636 (BLS) (Bankr. D. Del. Aug. 27, 2010) (same); *In re NEC Holdings Corp.*, No. 10-11890 (PJW) (Bankr. D. Del. July 13, 2010) (same).

The Requirements of Bankruptcy Rule 6003 Are Satisfied

61. As described above, the Debtors are seeking authority to operate the Cash Management System during the first 21 days of these chapter 11 cases. Under Bankruptcy Rule 6003, this Court may authorize the relief requested herein within the 21-day period after the Petition Date because such relief is necessary to avoid immediate and irreparable harm to the Debtors' estates. *See* Fed. R. Bankr. Proc. 6003 (b) and (c). Immediate and irreparable harm exists where the absence of relief would impair a debtor's ability to reorganize or threaten the debtor's future as a going concern. *See In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 36 n.2

(Bankr. S.D.N.Y. 1990) (discussing the elements of “immediate and irreparable harm” in relation to Bankruptcy Rule 4001).

62. Because of the complexity of the Debtors’ operations, any disruption to the Cash Management System would greatly harm the Debtors and their estates. Without the Cash Management System, the Debtors would be unable to track incoming receipts and make on-time payments, precluding the Debtors from determining their current liquidity. This, along with the possibility that third parties would refuse to provide essential services in the event the Debtors failed to remit payment, could cause a diminution in the value of the Debtors’ estates to the detriment of all parties in interest. As a result, immediate and irreparable harm would result without the relief requested herein being granted on an interim basis. Accordingly, the Debtors respectfully submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003(b) and (c) and seek authority to continue to operate the Cash Management System.

Waiver of Bankruptcy Rules Regarding Notice and Stay of an Order

63. 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 Rule 6004(h), 7062, 9014 or otherwise.

The Debtors’ Reservation of Rights

64. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtors, a waiver of the Debtors’ rights to dispute any claim or an approval or assumption of any agreement, agreement, contract or lease under section 365 of the Bankruptcy Code. Additionally, nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtors or a waiver of the Debtors’ rights to dispute any claims regarding escheatment. The Debtors expressly reserve their

rights to contest any claim or billing dispute. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

Notice

65. 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 administrative and collateral agent under the Debtors' bridge loan credit agreement; (d) counsel for 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 equity sponsor; (h) each of the holders of equity interests in the Debtors; (i) the Delaware Secretary of State; (j) the Delaware Secretary of Treasury; (k) the Delaware State Attorney General; (l) the Office of the United States Attorney General for the State of Delaware; (m) the Internal Revenue Service; (n) the Securities and Exchange Commission; and (o) the Banks. In light of the nature of the relief requested in this motion, the Debtors respectfully submit that no further notice is necessary.

No Prior Request

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

[Remainder of page intentionally left blank.]

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) authorizing the Debtors to (i) continue to operate the Cash Management System, (ii) maintain existing business forms and (iii) continue performing and honoring their obligations with respect to Intercompany Transactions and accord administrative priority status to claims for such transactions and (b) granting such other and further relief as may be appropriate.

Dated: November 12, 2013
Wilmington, Delaware

/s/ Domenic E. Pacitti

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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 AUTHORIZING THE DEBTORS TO (A) CONTINUE TO OPERATE
THEIR CASH MANAGEMENT SYSTEM, (B) MAINTAIN EXISTING BUSINESS
FORMS AND (C) CONTINUE INTERCOMPANY TRANSACTIONS AND ACCORD
ADMINISTRATIVE EXPENSE STATUS TO CLAIMS FOR SUCH TRANSACTIONS**

Upon the motion (the “*Motion*”)² of the Debtors for entry of an order (this “*Order*”) pursuant to sections 363, 364, 503, 507, 1107(a) and 1108 of the Bankruptcy Code, Rules 6003 and 6004(h) of the Bankruptcy Rules and Rules 2015-2 and 9013-1(m) of the Local Rules,

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 set forth in the Motion.

(a) authorizing the Debtors to (i) continue to operate the Cash Management System, (ii) maintain existing business forms and (iii) continue performing and honoring their obligations with respect to Intercompany Transactions and accord administrative priority status to claims for such transactions and (b) granting such other and further relief as may be appropriate, all as more fully described in the Motion; and the Court having jurisdiction to consider the 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 Debtors are authorized to continue using the Cash Management System.
3. The Debtors are also authorized to: (a) continue to use, with the same account numbers, the Bank Accounts in existence on the Petition Date, including those accounts identified on **Exhibit B** of the Motion; (b) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; and (c) use, in their present form, all correspondence and

business forms (including letterhead, purchase orders and invoices) and other documents related to the Bank Accounts, without reference to their status as debtors in possession; *provided, however*, upon depletion of the Debtors' check stock and/or business forms stock, the Debtors will obtain new check stock and/or business forms stock reflecting their status as debtors in possession.

4. Except as otherwise expressly provided in this Order, the Banks are authorized to continue to service and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor and pay any and all checks, drafts, wires and ACH issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be; *provided, however*, that any check, advise, draft or other notification that the Debtors advised the Banks to have been drawn, issued or otherwise presented before the Petition Date may be honored by the Banks only to the extent authorized by order of the Court.

5. The Banks are authorized to debit the Debtors' accounts in the ordinary course of business with respect to the incurrence of Bank Fees without the need for further order of this Court on account of: (a) all checks drawn on the Debtors' accounts that are cashed at such Banks' counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (b) all checks or other items deposited in one of the Debtors' accounts with such Banks before the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

6. The Debtors are authorized to continue using their Commercial Cards in the ordinary course of business on a postpetition basis.

7. Notwithstanding any other provision of this Order, no Bank that honors a prepetition check or other item drawn on any account that is the subject of this Order (a) at the direction of the Debtors, (b) in good faith belief that the Court has authorized such prepetition check or item to be honored or (c) as the result of an innocent mistake made despite implementation of reasonable item handling procedures, shall be deemed to be liable to the Debtors or their estates or otherwise in violation of this Order.

8. The Banks are authorized to charge, and the Debtors are authorized to pay, honor or allow the Bank Fees, and charge back returned items to the Bank Accounts in the ordinary course.

9. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained hereunder, shall be subject to the requirements imposed on the Debtors under any approved order regarding the use of cash collateral approved by this Court in these chapter 11 cases.

10. No liens on any of the Bank Accounts granted to any creditors shall take priority over the Bank Fees of the respective Bank at which the account is located.

11. The Debtors are authorized to open any new Bank Accounts or close any existing Bank Accounts as they may deem necessary and appropriate in their sole discretion; *provided, however,* that the Debtors give prompt notice of such action to the Office of the United States Trustee for the District of Delaware, counsel to the administrative and collateral agent under the Debtors' bridge loan credit agreement, counsel to the ad hoc committee of senior noteholders

and any statutory committee appointed in these chapter 11 cases and any statutory committee appointed in these chapter 11 cases.

12. The Debtors are authorized to continue performing Intercompany Transactions in the ordinary course of business and to honor and pay obligations in connection with the Intercompany Transactions. In addition, all Intercompany Claims against a Debtor by another Debtor affiliate arising after the Petition Date shall be accorded administrative expense priority in accordance with sections 364(b), 503(b) and 507(a)(2) of the Bankruptcy Code.

13. The Debtors are authorized to direct the Banks and such Banks are authorized and hereby directed to pay obligations (including, for the avoidance of doubt, obligations arising before the Petition Date) in accordance with this or any separate order of this Court.

14. With respect to the Banks that are party to a Uniform Depository Agreement with the U.S. Trustee (each an "*Authorized Depository*"), the Debtors shall, within 15 days after the entry of this Order, (a) contact each Authorized Depository, (b) provide each Authorized Depository with each of the Debtors' employer-identification numbers and (c) identify each of the Debtors' accounts held by such Authorized Depository as being held by a debtor in possession.

15. With respect to the Bank that is not an Authorized Depository, the Debtors shall make a good faith effort to cause such Bank to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee within 45 days of the date of this Order.

16. Except as otherwise provided in this Order or in a separate order of the Court, the Banks shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued before the Petition Date.

17. As soon as practicable after entry of this Order, the Debtors shall serve a copy of this Order on those Banks that make disbursements pursuant to the Debtors' Cash Management System.

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

19. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion.

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

21. The 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 B**The Debtors' Bank Accounts**

	Account Owner	Account Type ¹	Account # (Last Four Digits)	Bank
1	Cape Prosthetics-Orthotics, Inc.	Stand-Alone Depository -- OP	8276	Bank of America
2	Cape Prosthetics-Orthotics, Inc.	Stand-Alone Depository -- OP	2377	Bank of America
3	Benchmark Medical Holdings, Inc.	Stock Holder Account	2901	Citizens Bank
4	Physiotherapy Associates, Inc.	Primary Concentration Account	8167	JP Morgan Chase
5	Benchmark O&P Holdings, Inc.	Depository -- OP	7537	JP Morgan Chase
6	R.S. Network Inc.	Depository -- Nursing	3285	JP Morgan Chase
7	Physiotherapy Associates, Inc.	Depository -- Nursing	7249	JP Morgan Chase
8	Physiotherapy Associates, Inc.	Disbursement -- Patient Refund	1924	JP Morgan Chase
9	Physiotherapy Corporation	Depository -- Miscellaneous Checks	9306	JP Morgan Chase
10	Physiotherapy Associates, Inc.	Depository -- OR	5621	JP Morgan Chase
11	Physiotherapy Associates, Inc.	Depository -- OR	7745	JP Morgan Chase
12	Physiotherapy Associates, Inc.	Depository -- OR	3917	JP Morgan Chase
13	Physiotherapy Corporation	Depository -- OR	0891	JP Morgan Chase
14	Physiotherapy Corporation	Depository -- OR	8028	JP Morgan Chase
15	Physiotherapy Corporation	Depository -- OR	6289	JP Morgan Chase
16	Physiotherapy Corporation	Depository -- OR	4642	JP Morgan Chase
17	Physiotherapy Corporation	Depository -- OR	9328	JP Morgan Chase
18	Physiotherapy Corporation	Depository -- OR	9295	JP Morgan Chase
19	Keystone Rehabilitation Systems of McMurray	Depository -- OR	4621	JP Morgan Chase
20	Physiotherapy Corporation	Disbursement -- Non-Ordinary Course	3567	JP Morgan Chase

¹ All OP accounts relate the orthotics and prosthetics sector of the Debtors' business; all OR accounts relate to the outpatient rehabilitation business division.

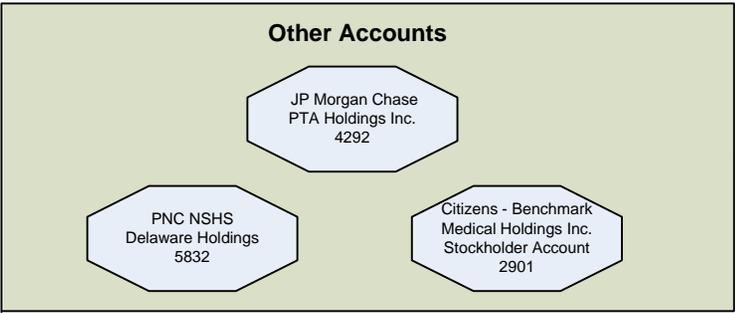
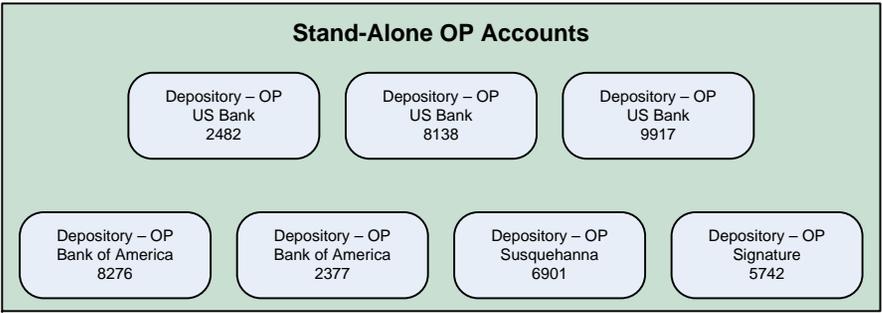
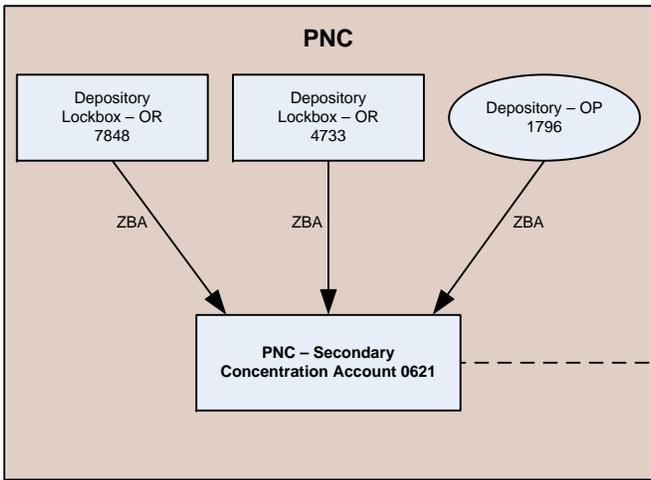
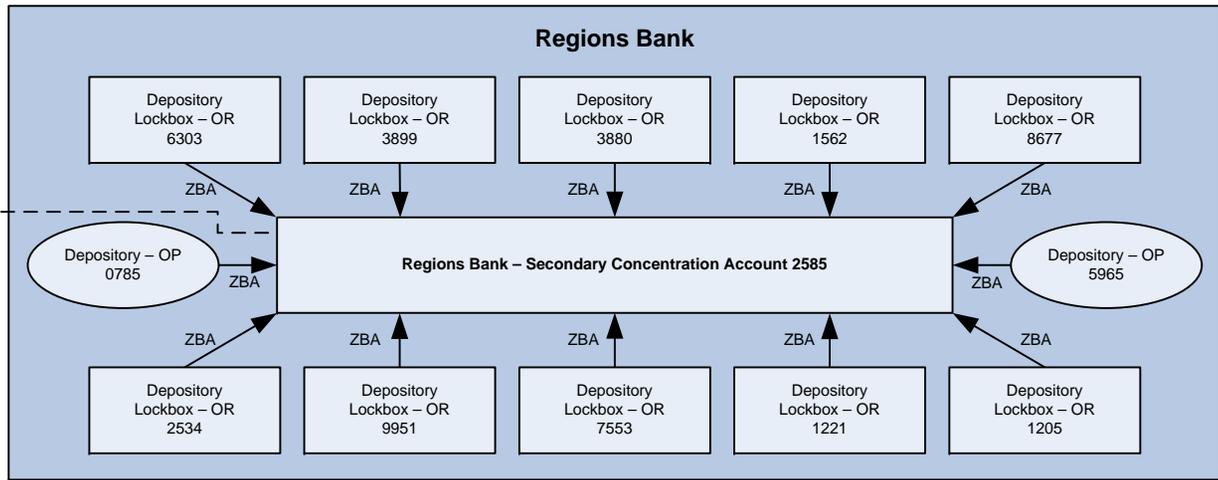
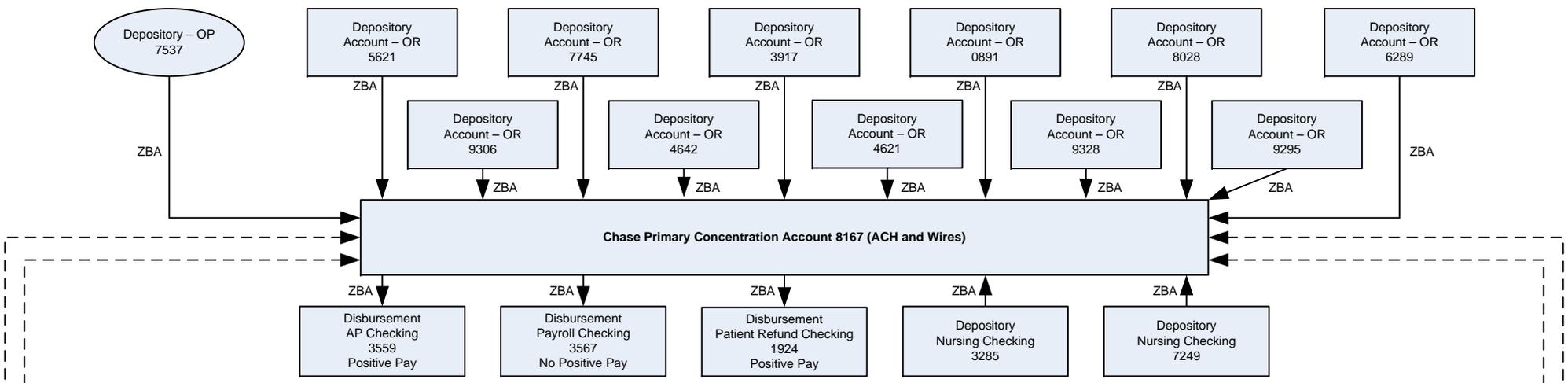
	Account Owner	Account Type ¹	Account # (Last Four Digits)	Bank
		Payroll		
21	Physiotherapy Corporation	Disbursement – AP	3559	JP Morgan Chase
22	Physiotherapy Holdings, Inc.	Equity Contributions	4292	JP Morgan Chase
23	Physiotherapy-BMHI Holdings, Inc.	Secondary Concentration Account	0621	PNC Bank
24	Physiotherapy Corporation	Depository Lockbox – OR	4733	PNC Bank
25	Integrity Physical Therapy, Inc.	Depository Lockbox – OR	7848	PNC Bank
26	Freedom Management Services, Inc.	Depository – OP	1796	PNC Bank
27	NSHS Services, Inc.	Delaware Holdings Account	5832	PNC Bank
28	Rehab Associates, L.L.C.	Secondary Concentration Account	2585	Regions Bank
29	Cape Prosthetics-Orthotics, Inc.	Depository – OP	0785	Regions Bank
30	Benchmark Orthotics & Prosthetics, Inc.	Depository – OP	5965	Regions Bank
31	Rehab Associates, L.L.C.	Depository Lockbox – OR	6303	Regions Bank
32	Leesburg Sports, Inc. (d/b/a Leesburg Physical & Sports Medicine)	Depository Lockbox – OR	3899	Regions Bank
33	Leesburg Sports, Inc. (d/b/a Patriots Sports Medicine)	Depository Lockbox – OR	3880	Regions Bank
34	Physiotherapy Associates, Inc.	Depository Lockbox – OR	1562	Regions Bank
35	Rehab Associates, L.L.C.	Depository Lockbox – OR	8677	Regions Bank
36	MATRIX Rehabilitation-Texas, Inc.	Depository Lockbox – OR	2534	Regions Bank
37	MATRIX Rehabilitation-South Carolina, Inc.	Depository Lockbox – OR	9951	Regions Bank
38	MATRIX Rehabilitation-Georgia, Inc.	Depository Lockbox – OR	7553	Regions Bank
39	Rehabilitation Consultants, Inc.	Depository Lockbox – OR	1221	Regions Bank
40	Joint Performance Inc.	Depository Lockbox – OR	1205	Regions Bank
41	Swanson Orthotic & Prosthetic Center, Inc.	Depository – OP	5742	Signature Bank
42	Benchmark Orthotics & Prosthetics, Inc.	Depository – OP	6901	Susquehanna Bank
43	Wisconsin Prosthetics and Orthotics, Inc.	Depository – OP	2482	U.S. Bank
44	Actra Rehabilitation Associates, Inc.	Depository – OP	8138	U.S. Bank
45	Cape Prosthetics-Orthotics, Inc.	Depository – OP	9917	U.S. Bank

Exhibit C

Overview of the Debtors' Cash Management System

Current Cash Management Structure

JP Morgan Chase Bank



OR: Outpatient Rehabilitation
OP: Orthotics and Prosthetics