

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

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

**NOTICE OF PROPOSED FINAL ORDER
IN CONNECTION WITH DEBTORS' MOTION FOR ENTRY
OF INTERIM AND FINAL ORDERS (A) AUTHORIZING POSTPETITION
USE OF CASH COLLATERAL; (B) GRANTING ADEQUATE PROTECTION TO
PREPETITION SECURED PARTIES; AND (C) SCHEDULING A FINAL HEARING**

PLEASE TAKE NOTICE that on November 12, 2013, the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") filed the *Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing Postpetition Use of Cash Collateral; (B) Granting Adequate*

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.



Protection to Prepetition Secured Parties; and (C) Scheduling a Final Hearing [Docket No. 14] (the “**Motion**”).²

PLEASE TAKE FURTHER NOTICE that on November 14, 2013, the Court entered the *Interim Order (A) Authorizing Postpetition Use of Cash Collateral; (B) Granting Adequate Protection to Prepetition Secured Parties; (C) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(B); and (D) Granting Related Relief* [Docket No. 48] (the “**Interim Order**”).

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file the proposed *Final Order (A) Authorizing Postpetition Use of Cash Collateral; (B) Granting Adequate Protection to Prepetition Secured Parties; and (C) Granting Related Relief* attached hereto as **Exhibit A** (the “**Final Order**”).

PLEASE TAKE FURTHER NOTICE that a redline comparison containing the changes between the Interim Order and the Final Order is attached hereto as **Exhibit B**.

PLEASE TAKE FURTHER NOTICE that the hearing to consider the Motion and approval of the Final Order shall be held before the Honorable Kevin Gross, Chief United States Bankruptcy Judge, in Courtroom No. 3 of the United States Bankruptcy Court for the District of Delaware (the “**Court**”), 824 North Market Street, Wilmington, Delaware 19801, on **December 6, 2013 at 2:00 p.m. (Prevailing Eastern Time)** or as soon thereafter as counsel may be heard.

PLEASE TAKE FURTHER NOTICE that in the event no objections to approval of the Motion and the Final Order are timely received, the Court may enter an order approving the Motion and the Final Order without the need for a hearing.

² A copy of each pleading may be downloaded free of charge at <http://www.kccllc.net/PhysioCorp>.

Dated: December 2, 2013
Wilmington, Delaware

/s/ Michael W. Yurkewicz

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*Proposed Co-Counsel to the Debtors
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Exhibit A

Proposed Final Order

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

In re:	Chapter 11
PHYSIOTHERAPY HOLDINGS, INC., <i>et al.</i> , ¹	Case No. 13-12965 (KG)
Debtors.	(Jointly Administered)
	Related to Docket Nos. 14, 48

**FINAL ORDER (A) AUTHORIZING POSTPETITION USE OF CASH
COLLATERAL; (B) GRANTING ADEQUATE PROTECTION TO PREPETITION
SECURED PARTIES; AND (C) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “**Motion**”)² of the Debtors in the above-captioned chapter 11 cases (collectively, the “**Cases**” and any other proceedings related to the Cases, a “**Successor Case**”), pursuant to sections 105, 361, 362, 363, 503, 507 and 552 of title 11 of the United States Code (the “**Bankruptcy Code**”), rules 2002, 4001 and 9014 of the Federal Rules

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² Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed to them in the Motion.

of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and rule 4001-2 of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”) for entry of the Interim Order (as defined herein) and this final order (the “**Final Order**”):

(a) authorizing the Debtors to use Cash Collateral (as defined herein), within the meaning of section 363(a) of the Bankruptcy Code, which Cash Collateral shall be used only in accordance with the Approved Budget (as defined herein) including, without limitation, cash collateral subject to the existing liens and security interests in favor of the Lenders and the Agent (each as defined herein) under the Credit Agreement (as defined herein) among Physiotherapy Associates Holdings, Inc., in its capacity as the borrower, the remaining Debtors in their respective capacities as guarantors, the lenders party thereto (collectively, the “**Lenders**”), and U.S. Bank National Association, as the administrative agent and the collateral agent (the “**Agent**” and together with the Lenders, the “**Secured Parties**”);

(b) granting, as of the Petition Date and in accordance with the relative priorities set forth herein, certain adequate protection to the Secured Parties, among other things, (a) Replacement Liens (as defined herein), (b) adequate protection payments, as set forth in the Approved Budget, and (c) reimbursement of fees and expenses of the Agent;

(c) waiving the Debtors’ right to surcharge the Prepetition Collateral (as defined herein) pursuant to section 506(c) of the Bankruptcy Code;

(d) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms of the Interim Order and this Final Order;

(e) setting a final hearing (the “**Final Hearing**”) on the Motion to consider granting the relief requested in the Motion on a final basis pursuant to this Final Order;
and

(f) waiving any applicable stay with respect to the effectiveness and enforceability of the Interim Order and this Final Order (including a waiver pursuant to Bankruptcy Rule 6004(h)).

An interim hearing (the “**Interim Hearing**”) on the Motion having been held by this Court on November 14, 2013; and this Court having entered the *Interim Order (A) Authorizing Postpetition Use of Cash Collateral; (B) Granting Adequate Protection to Prepetition Secured Parties; (C) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(B); and (D) Granting Related Relief* [Docket No. 48] (the “**Interim Order**”); and it appearing that due and appropriate notice of the Motion, the relief requested therein, the Interim Hearing, and the Final Hearing (the “**Notice**”) was served by the Debtors in accordance with Bankruptcy Rule 4001(b) and in accordance with the Interim Order on (i) the United States Trustee for the District of Delaware (the “**U.S. Trustee**”), (ii) the Agent, (iii) the Lenders, (iv) counsel to the Senior Notes Indenture Trustee, (v) counsel to the ad hoc committee of holders of Senior Notes (the “**Ad Hoc Committee of Senior Noteholders**”), (vi) counsel to certain Lenders under the Credit Agreement, (vii) the holders of the thirty (30) largest unsecured claims against the Debtors’ estates (the “**30 Largest Unsecured Creditors**”), (viii) counsel to the equity sponsor, (ix) each of the holders of equity interests in the Debtors, (x) the Delaware Secretary of State, (xi) the Delaware Secretary of Treasury, (xii) the Delaware State Attorney General, (xiii) the Office of the United States Attorney General for the State of Delaware, (xiv) the National Association of Attorneys General, (xv) the Internal Revenue Service, (xvi) the Securities and Exchange Commission, and (xvii) other parties entitled to notice; and the Final Hearing having been held before this Court on December 6, 2013; and this Court having reviewed the Motion and any responses and objections thereto, the First Day Declaration, the other filings and pleadings made by the Debtors, the evidence and testimony presented at the Interim Hearing and the Final Hearing; and the Court having determined that the legal and factual bases set forth in the Motion, at the Interim Hearing, and at the Final Hearing establish just cause for the relief granted herein

on a final basis and after due deliberation and consideration and good and sufficient cause appearing therefor,

THE COURT MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:

A. Petition. On November 12, 2013 (the "**Petition Date**"), each Debtor filed a voluntary petition under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to Bankruptcy Code sections 1107(a) and 1108. A statutory committee of unsecured creditors (a "**Committee**") has not been appointed in the Cases.

B. Jurisdiction and Venue. The Court has jurisdiction over this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. The Motion is a "core" proceeding as defined in 28 U.S.C. §§ 157(b)(2)(A), (D), (G) and (M). Venue in this Court over the Cases and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Notice. Under the circumstances, the Notice given by the Debtors of the Motion, the Interim Hearing, the Final Hearing, and the relief granted under the Interim Order and this Final Order constitutes due and sufficient notice thereof and complies with Bankruptcy Rule 4001(b).

D. Debtors' Stipulations. Without prejudice to the rights of any other non-Debtor party in interest as provided in Paragraph 12 of this Final Order, the Debtors admit, stipulate, acknowledge, and agree that:

(i) Credit Agreement. As of the Petition Date, the Debtors and the Secured Parties are parties to that certain Credit Agreement, dated as of July 31, 2013, as amended by the First Amendment thereto, dated as of September 30, 2013 (collectively, the "**Credit Agreement**") and together with the other Loan Documents (as defined in the Credit Agreement), in each case as amended, amended and restated, supplemented or otherwise modified or replaced prior to the Petition Date, collectively, the "**Loan Documents**"). The Loan

Documents provide that (a) the Debtors are obligated for principal, accrued and unpaid interest (including default interest), fees, costs, expenses, indemnities, and other amounts arising under the Loan Documents (the “**Prepetition Obligations**”), and (b) all of the Prepetition Obligations are secured by first priority liens granted to the Agent for the benefit of the Lenders (the “**Prepetition Liens**”) on substantially all of the personal and real property of the Debtors, as described and defined in the Loan Documents (collectively, the “**Prepetition Collateral**”), which includes Cash Collateral.

(ii) *Stipulations Regarding the Prepetition Obligations and the Prepetition Liens.* Without prejudice to the rights of any other non-Debtor party in interest as provided in Paragraph 12 of this Final Order, the Debtors hereby acknowledge, agree and stipulate (the “**Debtors’ Stipulations**”) that as of the Petition Date, the principal amount of the outstanding Prepetition Obligations totaled no less than \$140,000,000, exclusive of all accrued and unpaid interest, costs, expenses, and fees owed to the Secured Parties. The Debtors further acknowledge, agree and stipulate that (a) the Prepetition Liens (1) are valid, binding, enforceable and perfected liens in the Prepetition Collateral, (2) were granted to the Agent for the benefit of the Lenders for fair consideration and reasonably equivalent value, (3) are not subject to avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law, and (4) are subject and subordinate only to valid, perfected and unavoidable liens permitted under the applicable Loan Documents, but only to the extent that (x) such liens, if any, are permitted by the applicable Loan Documents to be senior to the applicable Prepetition Liens and (y) such liens, if any, are actually senior to the applicable Prepetition Liens under applicable law or agreement ((x) and (y) together, the “**Permitted Liens**”), and (b)(1) all of the Prepetition Obligations constitute legal, valid and binding obligations of the applicable Debtors, enforceable in accordance with the terms of the applicable Loan Documents, (2) no setoffs, recoupments, offsets, defenses or counterclaims to any of the Prepetition Obligations exist, and (3) no portion of the Prepetition Obligations or any payments made to or for the benefit of the Agent or any of the Lenders are subject to avoidance, recharacterization, recovery,

subordination, attack, offset, counterclaim, defense or “claim” (as defined in the Bankruptcy Code) of any kind pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

(iii) Any and all of the Debtors’ cash, including cash and other amounts on deposit or maintained in any account or accounts by the Debtors (including, without limitation, any and all accounts referred to in the *Debtors’ Motion for Entry of an Order Authorizing the Debtors to (A) Continue to Operate Their Cash Management Systems; (B) Maintain Existing Business Forms; and (C) Continue Intercompany Transactions and Accord Administrative Expense Status to Claims for Such Transactions* [Docket No. 13] (the “**Cash Management Motion**”)), and any amounts generated by the collection of accounts receivable, the exercise of letter of credit rights, the sale of inventory, or other disposition of the Prepetition Collateral existing as of the Petition Date, and the proceeds of any of the foregoing or of the Prepetition Collateral, is the Secured Parties’ cash collateral within the meaning of section 363(a) of the Bankruptcy Code (the “**Cash Collateral**”).

E. Findings Regarding Adequate Protection.

(i) *Adequate Protection for Secured Parties.* The use of Cash Collateral has been negotiated in good faith and at arms’ length among the Debtors and the Agent on behalf of itself and the Lenders, and the use of the Prepetition Collateral, including Cash Collateral, by the Debtors, in accordance with the terms of the Interim Order and this Final Order, is hereby deemed extended, issued, or made in “good faith” to fund the administration of the Debtors’ estates and continued operation of their businesses. The Agent on behalf of the Lenders has agreed to permit the Debtors to use the Prepetition Collateral, including Cash Collateral, during the Cash Collateral Period (as defined herein), subject to the terms and conditions set forth herein. The Agent and the Lenders are entitled to the adequate protection as set forth herein pursuant to sections 361, 362, 363 and 507(b) of the Bankruptcy Code. Based on the Motion and on the record presented to the Court at the Interim Hearing and the Final Hearing, the terms of the proposed adequate protection arrangements and use of Cash Collateral

are fair and reasonable, reflect the Debtors' prudent exercise of business judgment and constitute reasonably equivalent value and fair consideration for the Agent's consent thereto.

(ii) *Approved Budget.* The Debtors have prepared and delivered to the Agent and the Lenders an Approved Budget. Such Approved Budget has been thoroughly reviewed by the Debtors and their management and sets forth, among other things, projections for the periods covered thereby. The Agent and the Lenders are relying upon the Debtors' compliance with the Approved Budget in accordance with this Final Order in their determination to consent to the use of Cash Collateral by the Debtors.

(iii) *Good Cause.* The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtors, their creditors and their estates, as its implementation will, among other things, provide the Debtors with the necessary liquidity to (a) minimize disruption to the Debtors' businesses and on-going operations, (b) preserve and maximize the value of the Debtors' estates for the benefit of all the Debtors' creditors, and (c) avoid immediate and irreparable harm to the Debtors, their creditors, their businesses, their employees, and their assets.

Based upon the foregoing, and after due consideration and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that:

1. Motion Granted. The Motion is hereby granted on a final basis as set forth herein. All actions taken in connection with or in reliance on the Interim Order are hereby reaffirmed in full as if taken in connection with or in reliance on this Final Order.

2. Cash Collateral Period. Notwithstanding any provision of the Bankruptcy Code or the Bankruptcy Rules to the contrary, this Final Order shall take effect immediately upon entry and the Debtors' authority to use Cash Collateral on the terms and conditions set forth herein shall remain in effect from the date hereof through the earlier of (a) the effective date of the Plan (as defined herein) or (b) the date of the occurrence of any Event of Default (as defined herein) (such period being referred to as the "**Cash Collateral Period**"); provided, that the Debtors' ability and authorization to use Cash Collateral during the Cash Collateral Period shall

at all times be subject to the termination provisions of Paragraph 6 hereof; provided, further, that the Cash Collateral Period may be extended by written agreement among the Debtors and the Agent.

3. Authorized Use of Cash Collateral.

(a) *Use of Cash Collateral.* The Debtors are hereby authorized on a final basis to use Cash Collateral during the Cash Collateral Period subject to the conditions and limitations set forth herein. Subject to the terms and conditions of this Final Order, each applicable Debtor is authorized to use Cash Collateral during the Cash Collateral Period for (i) working capital requirements; (ii) general corporate purposes; and (iii) the costs and expenses (including making adequate protection payments) of administering these Cases (including the Carve-Out) incurred in the Cases, in accordance with the Approved Budget; provided that each Debtor shall be enjoined and prohibited from, at any time, using proceeds of Cash Collateral except in accordance with the terms and conditions of this Final Order; and further provided that the Debtors shall not be authorized to use Cash Collateral to (y) after delivery of a Trigger Notice (as defined herein), pay Professional Fees (as defined herein) in excess of the Post Carve-Out Trigger Notice Cap (as defined herein) or (z) to initiate or prosecute proceedings or actions on account of any Claims and Defenses against the Secured Parties. Nothing in this Final Order shall authorize the disposition of any assets of the Debtors or their estates outside the ordinary course of business, or any Debtor's use of Cash Collateral or other proceeds resulting therefrom, except as specifically permitted in this Final Order.

(b) *Continuation of Prepetition Procedures.* All prepetition practices and procedures for the payment and collection of proceeds of the Prepetition Collateral are hereby approved and shall continue without interruption after the commencement of the Cases.

4. Approved Budget.

(a) Attached hereto as Exhibit 1 is a seven-week cash flow budget in form and substance satisfactory to the Agent on behalf of the Lenders (the "**Approved Budget**") which reflects, on a line-item basis for such seven-week period, the Debtors' projected cash receipts

and disbursements (including ordinary course operating expenses, bankruptcy-related expenses under the Cases, capital expenditures and postpetition interest payable to, and fees and expenses of, the Secured Parties (including counsel, financial advisors and other professionals therefor)), and unrestricted cash on hand. On every Thursday from and after the date hereof (by 12:00 noon prevailing Eastern Time), the Debtors shall deliver to the Agent and any Committee an updated weekly cash flow budget (each such updated budget, a “**Supplemental Budget**”) through the period ending on January 3, 2014. Each Supplemental Budget shall be provided for informational purposes only, except for purposes of determining whether an event of default has occurred under paragraph 6(a)(iii) hereof. For the avoidance of doubt, the Approved Budget shall not be replaced, extended, varied, supplemented, or otherwise modified at any time without the consent of the Agent, at the direction of the Required Lenders (as defined in the Credit Agreement).

(b) *Budget Covenants.* On every Thursday from and after the date hereof (by 12:00 noon prevailing Eastern Time), the Debtors shall provide to any Committee and the Agent for circulation to the Lenders a variance report (a “**Variance Report**”) in the form attached hereto as Exhibit 2 with respect to the immediately prior weeks, setting forth (i) the actual cash receipts, expenditures and disbursements for the immediately preceding week and each prior week beginning with the first projected week in the Approved Budget, as well as available cash on hand as of the end of such weeks, and (ii) the variance in dollar amounts of the actual expenditures and disbursements for each prior weekly period from those reflected for the corresponding periods in the Approved Budget. The Debtors shall be deemed to be in compliance with the Approved Budget so long as, on a cumulative basis for all actual cash expenditures and disbursements beginning with the first projected week in the Approved Budget and through the week immediately preceding delivery of a Variance Report, the aggregate expenditures and disbursements by the Debtors for such cumulative period shall not exceed by more than 15% the aggregate expenditures and disbursements set forth in the Approved Budget

for such time period; provided, however, that Professional Fees shall not be subject to the foregoing 15% variance for testing of aggregate expenditures and disbursements.

(c) *Payments on Account of Prepetition Obligations.* Without limiting the foregoing, the Debtors shall not be permitted to make any payments on account of any prepetition debt or obligation prior to the effective date of a chapter 11 plan or plans with respect to the Debtors, except payments that are both (i) set forth in the Approved Budget and either (A) authorized in the first day orders, which first day orders shall be in form and substance reasonably acceptable to the Secured Parties, or (B) authorized in other orders entered by the Court pursuant to motions, orders and requests for relief filed by the Debtors.

(d) *Enforceable Obligations.* Subject to the reservation of rights contained in Paragraph 12 of this Final Order, no obligation, payment, transfer or grant of security under this Final Order shall be stayed, restrained, voidable, avoidable or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under sections 502(d), 544, 547, 548 or 549 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law), or subject to any avoidance, reduction, setoff, recoupment, offset, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaim, cross-claim, defense or any other challenge under the Bankruptcy Code or any applicable law or regulation by any person or entity.

5. Adequate Protection.

(a) *Replacement Liens.* As adequate protection for the diminution in value of their interests in the Prepetition Collateral (including Cash Collateral) on account of the Debtors' use of such Prepetition Collateral (including Cash Collateral), the imposition of the automatic stay, and the subordination to the Carve-Out (as defined herein), the Agent, for the benefit of itself and the Lenders, is hereby granted in respect of the Prepetition Obligations, pursuant to sections 361 and 363 of the Bankruptcy Code, valid, binding, enforceable and perfected replacement liens upon and security interests (the "**Replacement Liens**") in (1) all of the Prepetition Collateral and the proceeds thereof, (2) all real and personal property and interests in

real or personal property owned by any of the Debtors as of the Petition Date in which the Agent and the Lenders do not hold a valid, enforceable, perfected and unavoidable lien or security interest and the proceeds therefrom, and (3) all property which becomes part of the Debtors' estates on or after the Petition Date and the proceeds therefrom (collectively, the "**Adequate Protection Collateral**"); provided that with respect to any leased property of the Debtors that is subject to a lease that prohibits a leasehold mortgage or lien thereon, the Replacement Liens will be limited to and shall attach solely to any proceeds of the sale or assignment of such lease; provided, further, that the Adequate Protection Collateral shall not include the Debtors' claims and causes of action under sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code (collectively, the "**Avoidance Actions**"); provided, further, that the Adequate Protection Collateral shall include any proceeds or property recovered in respect of any Avoidance Actions except to the extent such Avoidance Actions are Contributed Claims that will be transferred to the Litigation Trust (as such terms are defined in the Plan (as defined herein)) upon consummation of the Plan. The Replacement Liens shall be junior and subordinate only to (i) the Carve-Out and (ii) the Permitted Liens. For the avoidance of doubt, except as set specifically set forth in this Paragraph 5(a), the Adequate Protection Collateral shall include (a) all property which would have constituted Prepetition Collateral but for the institution of these Cases, (b) any unencumbered asset of any Debtor, and (c) any cash or cash equivalents acquired by the Debtors on or after the Petition Date.

(b) *Automatic Postpetition Lien Perfection.* This Final Order shall be sufficient and conclusive evidence of the validity, enforceability, perfection and priority of the Replacement Liens without the necessity of (i) filing or recording any financing statement, deed of trust, mortgage, or other instrument or document which may otherwise be required under the law of any jurisdiction or (ii) taking any other action to validate or perfect the Replacement Liens or to entitle the Replacement Liens to the priorities granted herein. Notwithstanding the foregoing, the Agent may, in its sole and absolute discretion, file financing statements, mortgages, security agreements, notices of liens and other similar documents, and is hereby

granted relief from the automatic stay under section 362 of the Bankruptcy Code, in order to do so, and all such filed documents shall be deemed to have been filed or recorded at the time as of the Petition Date. The applicable Debtors are authorized and, upon the reasonable request of the Agent, directed to (i) execute and deliver to the Agent all such financing statements, mortgages, notices and other documents as such parties may reasonably request to evidence, confirm, validate or perfect, or to insure the contemplated priority of the Replacement Liens granted pursuant hereto, and (ii) pay all reasonable fees and expenses that are reasonably required or necessary to facilitate any such filings or recordings elected to be made by the Agent. Without limiting the foregoing, the Agent, in its sole and absolute discretion, may file a photocopy of this Final Order as a financing statement with any recording officer designated to file financing statements or with any registry of deeds or similar office in any jurisdiction in which any Debtor has real or personal property, and in such event, the subject filing or recording officer shall be authorized to file or record such copy of this Final Order. Should the Agent attempt to file, record or register this Final Order or any other instrument as authorized hereunder, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the Replacement Liens.

(c) *Nullifying Prepetition Restrictions on Adequate Protection Collateral.* To the maximum extent permitted under the Bankruptcy Code or other applicable law, notwithstanding anything to the contrary contained in any prepetition agreement, contract, lease, document, note or instrument to which any Debtor is a party or under which any Debtor is obligated, except as otherwise permitted under the Loan Documents, any provision that restricts, limits or impairs in any way any Debtor from granting to the Agent, for the benefit of the Lenders, security interests in or liens upon any of the Debtors' assets or properties (including, among other things, any anti-lien granting or anti-assignment clauses in any contractual arrangements to which any Debtor is a party) under this Final Order, or otherwise entering into and complying with all of the terms, conditions and provisions hereof shall not (i) be effective and/or enforceable against any such Debtor, the Agent, or any Lender or (ii) adversely affect the

validity, priority or enforceability of the Replacement Liens, claims, rights, priorities and/or protections granted to the Agent or the Lenders pursuant to this Final Order; provided that with respect to any leased property of the Debtors that is subject to a lease that prohibits a leasehold mortgage or lien thereon, the Adequate Protection Collateral will be limited to the proceeds of the sale or assignment of such lease.

(d) *Superpriority Administrative Expense Claim.* To the extent that the Replacement Liens are insufficient protection against the diminution in value of their interests in the Prepetition Collateral (including Cash Collateral) on account of the Debtors' use of such Prepetition Collateral (including Cash Collateral), the imposition of the automatic stay and the subordination to the Carve-Out, the Agent, for the benefit of the Lenders, in respect of the Prepetition Obligations, is hereby granted, pursuant to section 507(b) of the Bankruptcy Code, an allowed superpriority administrative expense claim in each of the Cases and any Successor Cases having priority in right of payment over any and all other obligations, liabilities, and indebtedness of the Debtors, whether now in existence or hereafter incurred by the Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia, sections 105, 326, 328, 330, 331, 503(b), 507(a), 507(b), 546(c), 726 or 1114 of the Bankruptcy Code (the "**Super-Priority Claims**"). The Super-Priority Claims shall be an obligation of, and enforceable against, each Debtor on a joint and several basis and shall be junior and subordinate only to (i) the Carve-Out and (ii) the Permitted Liens.

(e) *Adequate Protection Payments.* In addition to the foregoing, during the Cash Collateral Period, the Agent, for the benefit of itself and the Lenders, shall receive from the Debtors, as additional adequate protection, monthly adequate protection payments in accordance with, and in the amounts set forth in, the Approved Budget and, except as otherwise set forth herein, such monthly adequate protection payments will be applied in accordance with the terms of the Credit Agreement. The Debtors shall also pay, no later than seven (7) days following receipt by the Debtors of any invoice therefore, the reasonable and documented fees and expenses incurred by (i) one counsel and one local counsel for the Agent, including the Agent's

counsel, and (ii) Latham & Watkins LLP as counsel for certain of the Lenders (including any fees and expenses incurred prior to the Petition Date) and one local counsel for the Lenders if necessary (collectively, the “*Lender Professionals*”). Payment of such fees and expenses shall not be subject to approval by the Court or be required to comply with the United States Trustee Guidelines, but the Lender Professionals shall submit copies of invoices to the U.S. Trustee, who shall have five (5) business days to object to the reasonableness of the fees and expenses of any Lender Professional by an objection (a “*Fee Objection*”) filed with the Court and served on such Lender Professional. If the Debtors, the U.S. Trustee and the applicable Lender Professional cannot consensually resolve such Fee Objection within ten (10) days of its filing, the matter shall be scheduled for the next available hearing and shall be determined by the Court.

(f) *Monitoring Prepetition Collateral.* The Agent shall be permitted to retain expert consultants and financial advisors at the expense of the Debtors, which consultants and advisors shall be given reasonable access (at reasonable times during normal business hours) for purposes of monitoring the businesses of the Debtors and the Prepetition Collateral and/or the Adequate Protection Collateral.

(g) *Financial Reporting.* The Debtors shall provide the Agent for distribution to the Lenders, counsel to the Ad Hoc Committee of Senior Noteholders, any Committee, and counsel to certain Lenders under the Credit Agreement with the following information during the Cash Collateral Period:

- i. On Thursday of every week, a Supplemental Budget;
- ii. On Thursday of every week, a Variance Report;
- iii. Every week, an updated weekly cash forecast through the period ending on January 3, 2014 in form consistent with the form of the Approved Budget and supporting information in detail reasonably acceptable to the Agent on behalf of the Lenders (an “**Updated Cash Forecast**”);
- iv. Concurrently with the delivery of the Updated Cash Forecast, a report, in form and with supporting information in detail reasonably

acceptable to the Agent on behalf of the Lenders, reconciling the Debtors' sources, uses, and disbursements of cash for the week most recently ended with the sources, uses and disbursements projected for such week in the Approved Budget, along with a certification of an executive officer of the Debtors certifying (x) the amount of cash and cash equivalents of the Debtors, in the aggregate, as of the last day of the week then ended, and (y) that the Debtors are in compliance with the disbursements limitations set forth in Paragraph 3(a) of this Final Order as of the end of the week most recently ended;

v. Copies of all written reports that are required pursuant to the Loan Documents, as applicable, and this Final Order; and

vi. Copies of all reports provided to any Committee, the U.S. Trustee, or any other party-in-interest in these Cases.

(h) *Right to Seek Additional Adequate Protection.* Under the circumstances, the Court finds that the above described adequate protection is consistent with the Bankruptcy Code and is reasonable. The Agent or any Lender, however, may request further or different adequate protection, and the Debtors or any other party in interest may contest any such request.

(i) *Interest.* Interest on the Prepetition Obligations shall accrue at the rates (including applicable default rates) under the Loan Documents, which shall be payable in arrears as set forth in the Approved Budget.

6. Termination of Debtors' Ability to Use Cash Collateral.

(a) *Events of Default.* The Debtors' ability to use Prepetition Collateral (including Cash Collateral) during the Cash Collateral Period will automatically terminate immediately upon the occurrence of any of the following events of default (collectively, the "**Events of Default**") with no further notice or action (including, without limitation, further notice, motion or application to, order of, or hearing before the Court) except as set forth in Paragraph 6(b) of this Final Order, unless the occurrence of such Event of Default is waived by the Agent on behalf of the Lenders:

i. without limiting payments benefitting the Carve-Out or the Debtors' obligation to fund the Carve-Out Reserve as provided herein, the expiration of the Cash Collateral Period; provided that, for purposes of this Paragraph 6(a), if the expiration of such period occurs on a day that is not a business day, the expiration shall not be deemed to occur until the next day that is a business day;

ii. the incurrence or payment by the Debtors of any expenses other than in accordance with the Approved Budget (subject to the applicable variance permitted under Paragraph 4(b) of this Final Order);

iii. the projected or actual incurrence or payment by the Debtors of any Professional Fees (as defined herein) in excess of the line-item amount budgeted for such Professional Fees in the Approved Budget;

iv. the entry of an order by the Court invalidating, disallowing, avoiding, recharacterizing, subordinating, offsetting or limiting in any respect, as applicable, either (A) the legality, enforceability, priority, validity and binding nature of the Prepetition Liens or Replacement Liens securing the Prepetition Obligations or (B) any of the Prepetition Obligations or Super-Priority Claims;

v. the incurrence after the Petition Date of indebtedness that is (A) secured by a security interest, mortgage, collateral interest or other lien on all or any portion of the Prepetition Collateral or the Adequate Protection Collateral or (B) entitled to administrative priority status (except, in the case of this clause (B) indebtedness incurred in the ordinary course of business with a priority that is junior to the Super-Priority Claims granted to the Secured Parties), and any such indebtedness used to refinance the Prepetition Obligations indefeasibly in full in cash;

vi. the Debtors shall fail to maintain the Prepetition Collateral (including the Adequate Protection Collateral) or fail to maintain insurance with respect to the Prepetition Collateral, consistent with the requirements of the Loan Documents;

vii. the commencement of any action by the Debtors against the Agent or any Lender, or their respective agents, advisors or employees, to subordinate or avoid any liens or claims that arose in connection with the Loan Documents;

viii. the effective date of 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 (as amended, supplemented and modified from time to time, the “**Plan**”) has not occurred by December 31, 2013;

ix. the Debtors shall assert in any pleading filed in any court that any material provision of this Final Order is not valid and binding for any reason;

x. reversal, vacatur, modification, supplement, extension or amendment (without the express prior written consent of the Agent on behalf of the Lenders in its sole discretion) of this Final Order;

xi. any material provision of this Final Order shall, for any reason, cease to be valid and binding without the prior written consent of the Agent, which consent may be withheld in the Agent’s sole and absolute discretion;

xii. if the Debtors seek any extension or modification of this Final Order without obtaining the Agent’s written consent, which consent may be withheld in the Agent’s sole and absolute discretion;

xiii. the Debtors shall file a motion, or other pleading, seeking conversion or dismissal of any of any of these Cases under section 1112 of the Bankruptcy Code, or otherwise;

xiv. the entry by the Court of an order, or the filing by the Debtors of a motion which seeks entry of an order, (A) dismissing any of the Cases, (B) converting any of the Cases to cases under chapter 7 of the Bankruptcy Code, or (C) appointing a trustee or examiner with the expanded powers to operate the Debtors’ business pursuant to section 1104 of the Bankruptcy Code in any of the Cases;

xv. the entry of an order of the Court granting relief from the automatic stay to the holder of any claim against one or more of the Debtors equal to or exceeding \$250,000;

xvi. if any material contract of the Debtors is rejected or otherwise terminated or any material property of the Debtors is sold, in each instance, without the express written consent of the Agent in its sole and absolute discretion; or

xvii. any material breach by the Debtors of any of the obligations, representations, warranties or covenants set forth in this Final Order, which material breach is not cured on or within three (3) business days after giving of written notice of such breach to the Debtors by the Agent on or within the cure period, if any, provided for under this Final Order.

(b) Any automatic stay otherwise applicable to the Secured Parties is hereby modified, without requiring prior notice to or authorization of this Court, to the extent necessary to permit the Secured Parties, upon three (3) business days' prior written notice (the "**Default Notice Period**") of the occurrence and continuance of an Event of Default to the Debtors, the U.S. Trustee, any Committee (or, if no Committee, the 30 Largest Unsecured Creditors), counsel to the Ad Hoc Committee of Senior Noteholders, and counsel to certain Lenders under the Credit Agreement to declare a termination, reduction or restriction on the ability of the Debtors to use any Cash Collateral, including Cash Collateral derived solely from the proceeds of Adequate Protection Collateral, and to use Prepetition Collateral (any such declaration under this Paragraph 6(b) to be made to the respective lead counsel to the Debtors, the Agent, the Lenders, counsel to the Ad Hoc Committee of Noteholders, counsel to certain Lenders under the Credit Agreement, any other Committee, and the U.S. Trustee, and to be referred to herein as a "**Termination Declaration**") and the date which is the earliest to occur of any such Termination Declaration being herein referred to as the "**Termination Declaration Date**"); provided, that during the Default Notice Period, any Cash Collateral, including proceeds of Adequate Protection Collateral, shall only be used in accordance with the Approved Budget (subject to the

applicable variances permitted under Paragraph 4(b) of this Final Order); provided, further, that without limiting Paragraph 14 hereof, nothing in this Final Order shall in any way prejudice the Debtors' rights to seek authority from the Court to use the Cash Collateral without the consent of the Secured Parties, upon the occurrence of the Termination Declaration Date.

(c) In addition to the remedies described above, upon an Event of Default, the Agent on behalf of the Lenders shall be entitled to an emergency hearing before this Court to seek relief from the automatic stay based on the occurrence of an Event of Default. Neither the Debtors nor any Committee may invoke section 105 of the Bankruptcy Code in an effort to restrict or preclude the Agent on behalf of the Lenders from exercising rights or remedies, and the sole issue before this Court shall be whether an Event of Default has occurred and is continuing. Immediately upon an order of this Court granting the Agent relief from the automatic stay, the Agent, on behalf of the Lenders, may foreclose on, or otherwise realize on their Prepetition Liens and the Replacement Liens on, all or any portion of the Prepetition Collateral and the Adequate Protection Collateral, including collecting accounts receivable and applying the proceeds thereof to the Prepetition Obligations, occupying the Debtors' premises to sell or otherwise dispose of the Prepetition Collateral and the Adequate Protection Collateral, or otherwise exercising remedies against the Prepetition Collateral and the Adequate Protection Collateral permitted by applicable non-bankruptcy law.

(d) In addition, and without limiting the foregoing, upon the occurrence of an Event of Default and after providing five (5) business days' prior written notice (the "**Enforcement Notice**") to counsel for the Debtors, counsel for any Committee, counsel to the Ad Hoc Committee of Senior Noteholders, counsel to certain Lenders under the Credit Agreement, and the U.S. Trustee, the Agent, acting on behalf of itself and the Lenders, shall be entitled to take any action and exercise all rights and remedies provided to it by this Final Order or applicable law as the Agent may deem appropriate in its sole discretion to, among other things, proceed against and realize upon the Prepetition Collateral (or the Adequate Protection Collateral) or any other assets or properties of Debtors' estates upon which the Agent, for the

benefit of itself and the Lenders, has been or may hereafter be granted liens or security interests to obtain the full and indefeasible repayment of all Prepetition Obligations, provided, however, that so long as the Debtors seek an emergency hearing with the Court within the period established by the Enforcement Notice to determine whether an Event of Default has occurred and raise other equitable objections and such hearing occurs within ten (10) days of the filing date of the motion for such emergency hearing, the Lenders shall be held in abeyance from exercising any and all rights set forth herein pending such hearing before the Court.

7. Relief From the Automatic Stay. The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified and vacated without further notice, application or order of the Court, solely to the extent necessary, to permit the Agent, on behalf of itself and the Lenders, to perform any act authorized or permitted under or by virtue of this Final Order, including, without limitation, to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the Prepetition Collateral (or the Adequate Protection Collateral).

8. Carve-Out. Subject to the terms and conditions contained in this Paragraph 8, each of the Prepetition Liens, Replacement Liens, and Super-Priority Claims shall be subject and subordinate in all respects to payment of the Carve-Out:

(a) For purposes of this Final Order, “Carve-Out” means (i) all unpaid fees required to be paid in these Cases to the Clerk of the Court and to the U.S. Trustee under 28 U.S.C. § 1930 and 31 U.S.C. § 3717, whether arising prior to or after the delivery of the Carve-Out Trigger Notice (as defined herein); (ii) fees and expenses of up to \$25,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) all reasonable and documented unpaid fees, costs, disbursements and expenses (the “**Debtors’ Professional Fees**”) of professionals retained by the Debtors in these Cases (collectively, the “**Debtors’ Professionals**”) that are incurred at any time before or on the first business day after the delivery by the Agent on behalf of the Lenders a Carve-Out Trigger Notice (whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice) (the “**Pre-Trigger Date Fees**”); (iv) all reasonable and

documented unpaid fees and expenses (the “**Committee Professional Fees**” and together with the Debtors’ Professional Fees, the “**Professional Fees**”) of professionals retained by any Committee in these Cases (collectively, the “**Committee Professionals**” and together with the Debtors’ Professionals, the “**Professional Persons**”) that are incurred and earned prior to the first business day after the delivery by the Agent of a Carve-Out Trigger Notice, are allowed by the Court under sections 105(a), 330 or 331 of the Bankruptcy Code or otherwise (whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice) and remain unpaid after application of any available funds remaining in the Debtors’ estates for such Committee Professionals; and (v) after the first business day following the delivery by the Agent of the Carve-Out Trigger Notice (the “**Trigger Date**”), to the extent allowed at any time, whether by interim order, procedural order or otherwise, the payment of (x) all Professional Fees of Professional Persons retained by the Debtors and (y) Professional Fees of Professional Persons retained by the Committee in an aggregate amount for clauses (x) and (y) not to exceed \$1,000,000 incurred on and after the Trigger Date (the amount set forth in this clause (v) being the “**Post Carve-Out Trigger Notice Cap**”) (plus all unpaid fees, costs, disbursements and expenses of the Debtors’ Professionals and Committee Professionals allowed by this Court at any time that were incurred on or prior to the first business day following the delivery of the Carve-Out Trigger Notice (as defined herein)) (clauses (i) through (v) collectively, the “**Carve-Out**”). Notwithstanding anything to the contrary in this Final Order, all liens and claims granted pursuant to the Interim Order and this Final Order, as well as all liens and claims granted pursuant to any Prepetition Obligations, shall be subject to the Carve-Out. The term “**Carve-Out Trigger Notice**” shall mean a written notice delivered by the Agent on behalf of the Lenders or its counsel to the Debtors’ lead counsel, the U.S. Trustee, counsel to the Ad Hoc Committee of Senior Noteholders, counsel to certain Lenders under the Credit Agreement, lead counsel to any Committee appointed in these Cases, delivered upon the occurrence of a Termination Declaration Date under this Final Order, expressly stating that the Carve-Out Trigger Notice has been invoked. For the avoidance of doubt and notwithstanding anything to

the contrary herein or in any prepetition loan or financing documents, the Carve-Out shall be senior to all liens and claims, including the Replacement Liens, any Super-Priority Claims, the Prepetition Liens, and any other liens, claims, or interest of any person. On the day on which a Carve-Out Trigger Notice is given to the Debtors, such Carve-Out Trigger Notice also shall constitute a demand to the Debtors to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund a reserve in an aggregate amount equal to the accrued and unpaid Pre-Trigger Date Fees, and the Debtors shall deposit and hold any such amounts in a segregated account in trust for the Professional Persons (the “**Carve-Out Reserve**”) (it being understood that the Secured Parties shall have a lien and security interest in any residual amount of such segregated account). After the Carve-Out Reserve has been fully funded, the Debtors may escrow additional monies in an amount not to exceed the amount of projected Professional Fees reasonably and in good faith anticipated by the Debtors to be incurred by the Debtors for the immediately succeeding 30-day period (the “**Additional Reserved Funds**”), and such Additional Reserved Funds shall reduce on a dollar for dollar basis the Post-Carve Out Trigger Notice Cap. Further, for the avoidance of doubt and notwithstanding anything herein to the contrary, following an Event of Default, the Secured Parties shall not sweep or foreclose on cash of the Debtors until the Carve-Out Reserve has been fully funded; provided, however, that in no event may the Additional Reserved Funds exceed the Post Carve-Out Trigger Notice Cap.

(b) Any payments actually made pursuant to sections 327, 328, 330, 331, 503 or 1103 of the Bankruptcy Code or otherwise to the Professional Persons shall not be paid from the proceeds of any Adequate Protection Collateral, Prepetition Collateral or Cash Collateral until such time as all retainers, if any, held by such Debtors’ Professionals or Committee Professionals have been reduced to zero. So long as no Carve-Out Trigger Notice has been delivered, the Debtors shall be permitted to pay the Professional Fees, allowed and payable under sections 328, 330 or 331 of the Bankruptcy Code, as the same may be due and payable, subject to the Approved Budget and Paragraph 4(b) hereof. Any compensation and expenses previously paid, or accrued but unpaid, prior to the delivery of the Carve-Out Trigger Notice and any fees,

expenses, indemnities or other amounts paid to the Secured Parties or such party's respective attorneys and agents under the Prepetition Obligations or otherwise, shall not reduce the Post Carve-Out Trigger Notice Cap.

(c) Notwithstanding any provision in this Paragraph 8 to the contrary or otherwise, no portion of the Carve-Out, Cash Collateral, Prepetition Collateral or Adequate Protection Collateral shall be utilized for the payment of Professional Fees to the extent restricted under Paragraph 9 hereof.

(d) Nothing herein shall be construed as consent to the allowance of any Professional Fees of any of the Debtors, any Committee, any other official or unofficial committee in these Cases, or of any other person or entity, or shall affect the right of any Secured Party to object to the allowance and payment of such fees and expenses.

9. Restriction on Use of Prepetition Collateral Including Cash Collateral.

(a) No portion of the Prepetition Collateral, including without limitation, the Cash Collateral, may be used for the payment of the fees and expenses of any person incurred challenging, or in relation to the challenge of, (i) the Prepetition Liens of the Secured Parties, or the initiation or prosecution of any claim or cause of action (including any Claims and Defenses) against any or all of the Secured Parties, or (ii) any claims or causes of actions against any or all of the Secured Parties, their respective affiliates, agents, attorneys, financial advisors, consultants, officers, directors and employees, including formal discovery proceedings in anticipation thereof, and/or challenging any Lien or claim of any or all of the Secured Parties, or asserting any other lender liability or other claim or cause of action against any of the Secured Parties.

(b) Furthermore, none of the Prepetition Collateral, including, without limitation, the Cash Collateral, shall be used to prevent, hinder or delay the Secured Parties from exercising any default-related rights and remedies (including, without limitation, any enforcement or realization upon the Prepetition Collateral) once an Event of Default has

occurred and is continuing (subject to the notice provisions contained in Paragraph 6(b)) under the Credit Agreement or this Final Order.

(c) Nothing herein shall be construed as consent to the allowance of any Debtors' Professional Fees, Committee Professional Fees or the professional fees or expenses of any unofficial committee or any other party in interest, or shall affect the right of the Secured Parties to object to the allowance and payment of such fees and expenses.

(d) The Secured Parties shall not be responsible for the direct payment or reimbursement of any fees, costs and disbursements of the Debtors' Professionals or any fees, costs or disbursements of any Committee Professionals incurred in these Cases or any Successor Case. Nothing in this Final Order or otherwise shall be construed (i) to obligate the Secured Parties in any way to pay compensation or to reimburse expenses of any of the Professional Persons or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement; or (ii) as consent to the allowance of any Professional Fees.

10. Cash Management System; Control Over Debtors' Accounts. Pursuant to the *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* [Docket No. 47], the Court granted the relief sought in the Cash Management Motion and authorized the Debtors to maintain their cash management system. Such system shall be maintained in a manner consistent with the manner set forth in the Loan Documents unless (a) the Agent, in its sole and absolute discretion, consents in writing to any proposed modification to such cash management system, or (b) the Court orders otherwise.

11. Non-Avoidance. Subject to Paragraph 12 hereof, any and all payments made and accepted by the Agent, on behalf of the Lenders, or made directly to the Lenders, whether prepetition or postpetition, in connection with the Prepetition Obligations, the Interim Order, or this Final Order, are final and not subject to avoidance or recovery by the Debtors or any other entity under chapter 5 of the Bankruptcy Code or otherwise.

12. Reservation of Certain Third Party Rights and Bar of Challenges and Claims. The Debtors' Stipulations shall be binding upon the Debtors in all circumstances upon the entry of this Final Order. The Debtors' Stipulations shall be binding upon each other party in interest, including any Committee and any trustee of the Debtors' estates appointed in these Cases, unless (a) on or before either (A) if no Committee has been appointed, the earlier of (i) 75 days from the entry of this Final Order and (ii) the date on which objections to confirmation of the Debtors' chapter 11 plan or plans of reorganization for one or more of the Debtors are due, (B) if a Committee has been appointed, the earlier of (i) 60 days after such Committee selects its counsel and (ii) the date on which objections to confirmation of the Debtors' chapter 11 plan or plans of reorganization for one or more of the Debtors are due, or (C) if the Cases are converted to cases under chapter 7 of the Bankruptcy Code and if the period set forth in (A) or (B), as applicable, has not expired, 75 days from the date a chapter 7 trustee is appointed (such time period shall be referred to as the "**Challenge Period**") and the date that is the next calendar day after the termination of the Challenge Period, in the event that no objection or challenge is raised during the Challenge Period, shall be referred to as the "**Challenge Period Termination Date**"), such Committee, any trustee of the Debtors' estates appointed in these Cases, or other party in interest other than the Debtors obtains the authority to commence and actually commences, prior to the expiration of the Challenge Period, a contested matter or adversary proceeding (x) challenging or otherwise objecting to any part of the Debtors' Stipulations, or (y) against any or all of the Agent and/or the Lenders challenging any aspect of the Prepetition Obligations, Prepetition Liens or the actions or inactions of any of the Agent or the other Secured Parties arising out of or related to the Prepetition Obligations, or Prepetition Liens, including any claim against the Agent or any other Secured Party in the nature of "lender liability" causes of action, setoff, avoidance, counterclaim or defense to the Prepetition Credit Obligations (including but not limited to those under sections 544, 547, 548, 549, 550 and/or 552 of the Bankruptcy Code (the objections, challenges, actions and claims referenced in clauses (x) and (y), collectively, the "**Claims and Defenses**") and (b) this Court rules in favor of the plaintiff in any such timely and properly

commenced contested matter or adversary proceeding; provided, that as to the Debtors, for themselves and not their estates, all such Claims and Defenses are irrevocably waived and relinquished as of the Petition Date. If no Claims and Defenses have been timely asserted in any such adversary proceeding or contested matter, then, upon the Challenge Period Termination Date, and for all purposes in these Cases and any Successor Case, (i) no payments made to the Agent and other Secured Parties pursuant to the Interim Order or this Final Order or otherwise shall be subject to counterclaim, set-off, subordination, recharacterization, defense or avoidance, (ii) any and all such Claims and Defenses by any party in interest shall be deemed to be forever released, waived and barred, (iii) the Prepetition Obligations shall be deemed to be an allowed claim, and (iv) the Debtors' Stipulations shall be binding on all creditors and parties in interest, including any Committee and any subsequent trustee of the Debtors' estates in these Cases or in any Successor Case. Notwithstanding the foregoing, to the extent any Claims and Defenses are timely asserted in any such adversary proceeding or contested matter, (i) the Debtors' Stipulations and the other provisions in clauses (i) through (iv) in the immediately preceding sentence shall nonetheless remain binding and preclusive on any party in interest, including any Committee or any subsequent trustee of the Debtors' estates in these Cases or in any Successor Case from and after the Challenge Period Termination Date, except to the extent that such Debtors' Stipulations or the other provisions in clauses (i) through (iv) of the immediately preceding sentence were expressly challenged in such adversary proceeding or contested matter, and (ii) any portion of the Debtors' Stipulations or other provision in clauses (i) through (iv) in the immediately preceding sentence that is the subject of a timely filed Claim and Defense shall become binding and preclusive on any Committee (and any subsequent trustee of the Debtors' estates in these Cases or any Successor Case) and or any other party in interest to the extent set forth in any order of the Court resolving such Claim and Defense. Nothing in this Final Order vests or confers on any person or entity, including any Committee, standing or authority to pursue any cause of action belonging to any or all of the Debtors or their estates, including any

Claim and Defense or other claim against the Agent or any Lender, and the Secured Parties reserve all rights to challenge and object to such standing or authority.

13. Representations; Covenants; and Waivers.

(a) *Debtors' Waivers.* At all times during the Cases, and whether or not an Event of Default has occurred, the Debtors irrevocably waive any right that they may have to seek relief under the Bankruptcy Code, including without limitation, under section 105 of the Bankruptcy Code, to the extent that any such relief would directly restrict or impair any rights or remedies granted to the Agent or the Lenders under this Final Order.

(b) *Section 506(c) Claims.* No costs or expenses of administration which have or may be incurred in the Cases at any time shall be charged against the Agent, the Lenders, their respective claims or interests, the Prepetition Collateral (including the Cash Collateral), or the Adequate Protection Collateral pursuant to section 506(c) of the Bankruptcy Code or otherwise.

(c) *Collateral Rights.* Until all of the Prepetition Obligations shall have been indefeasibly paid and satisfied in full:

i. no other party shall be entitled to enforce any junior lien or claim in any Prepetition Collateral or the Adequate Protection Collateral; and

ii. upon and after the occurrence of an Event of Default, and subject to the Agent providing an Enforcement Notice in connection with an exercise of rights over any of the Prepetition Collateral or the Adequate Protection Collateral and the Debtors exercising any and all rights set forth in Paragraph 6(d) hereto, the Agent (or any of its employees, agents, consultants, contractors or other professionals), on behalf of itself and the Lenders, shall have the right, at the sole cost and expense of Debtors, to:

(A) enter upon, occupy and use any real or personal property, fixtures, equipment, leasehold interests or warehouse arrangements owned or leased by Debtors, (B) use any and all trademarks, tradenames, copyrights, licenses, patents or any other similar assets of Debtors, which are owned by or subject to a lien of any third party and which are used by

Debtors in their businesses, and (C) exercise any and all remedies available under applicable state law.

(d) *Release of Prepetition Claims.* Subject to Paragraph 12 hereof, in consideration of the Agent's and the Lenders' consent to the Debtors' use of Cash Collateral, each Debtor, on behalf of itself and its respective successors, assigns, and other legal representatives (collectively, the "**Releasors**"), hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Agent and each Lender and their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (all such parties being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, including, without limitation, any so-called "lender liability" claims or defenses, that Releasors had, have or hereafter can or may have against Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Prepetition Obligations, the Loan Documents, and any loans or other financial accommodations made by the Agent or the Lenders to the Debtors pursuant to the Loan Documents; provided, however, that, notwithstanding anything herein to the contrary, in no case shall any Potential Defendants and Witnesses (as such term is defined in the Plan) be deemed Releasees or benefit in any way from the terms of this Paragraph 13(d).

14. Other Rights and Obligations.

(a) *No Modification or Stay of This Final Order.* Notwithstanding (i) any stay, modification, amendment, supplement, vacating, revocation or reversal of this Final Order, or any term hereunder, or (ii) the dismissal or conversion of one or more of the Cases (each, a "**Subject Event**"), the acts taken by the Agent and the Lenders in accordance with this Final Order prior to the Agent's and the Lenders' actual receipt of written notice from the Debtors expressly describing the occurrence of such Subject Event shall, in each instance, be governed in

all respects by the original provisions of this Final Order, as applicable, and the acts taken by the Agent and the Lenders in accordance with this Final Order, and the liens granted to the Agent and the Lenders in the Prepetition Collateral and the Adequate Protection Collateral, and all other rights, remedies, privileges, and benefits in favor of the Agent and the Lenders pursuant to this Final Order shall remain valid and in full force and effect pursuant to section 364(e) of the Bankruptcy Code. For purposes of this Final Order, the term “appeal” (as used in section 364(e) of the Bankruptcy Code) shall be construed to mean any proceeding for reconsideration, amendment, rehearing, or reevaluation of this Final Order by this Court or any other tribunal.

(b) *Disposition of Prepetition Collateral.* The Debtors shall not, without the consent of the Agent in its sole and absolute discretion, (i) enter into any agreement to return any goods to any of their creditors for application against any prepetition indebtedness under any applicable provision in section 546 of the Bankruptcy Code, or (ii) consent to any creditor taking any setoff against any of its prepetition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise.

(c) *Agent and Lenders’ Reservation of Rights.* The terms, conditions and provisions of this Final Order are in addition to and without prejudice to the rights of the Agent, on behalf of the Lenders, and the Lenders (to the extent such rights otherwise exist under the Credit Agreement and applicable law) to pursue any and all rights and remedies under the Bankruptcy Code, or any other applicable law, including, without limitation, rights to seek additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for non-consensual use of Cash Collateral or granting of any interest in the Prepetition Collateral or the Adequate Protection Collateral or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of any Debtors’ Professionals, Committee Professionals, or other parties seeking compensation or reimbursement from the estates.

(d) *Debtors’ Reservation of Rights.* Notwithstanding anything to the contrary herein, the entry of this Final Order and the grant of adequate protection to the Secured Parties

pursuant to the terms hereof shall: (a) subject to the occurrence of the Termination Declaration Date, be without prejudice to the rights of the Debtors to seek authority to use the Cash Collateral without the consent of the Secured Parties; and (b) not constitute an admission nor be deemed an admission by the Debtors that the terms and conditions of this Final Order are required to adequately protect the Secured Parties in the event the Debtors seek to use Cash Collateral without the consent of any of the Secured Parties.

(e) *Binding Effect of Final Order.*

i. Immediately upon entry by this Court, this Final Order shall be valid and binding upon and inure to the benefit of the Agent, the Lenders, the Debtors, and the property of the Debtors' estates, all other creditors of any of the Debtors, any Committee, and all other parties in interest and their respective successors and assigns (including any chapter 11 or chapter 7 trustee or any other fiduciary hereafter appointed as a legal representative of the Debtors), in any of the Cases, any Successor Cases, or upon dismissal of any Case or Successor Case.

ii. Any order dismissing one or more of the Cases under section 1112 of the Bankruptcy Code or otherwise shall be deemed to provide (in accordance with sections 105 and 349 of the Bankruptcy Code) that (A) the Prepetition Liens, the Replacement Liens, and the Super-Priority Claims shall continue in full force and effect notwithstanding such dismissal until the Prepetition Obligations are indefeasibly paid and satisfied in full, and (A) this Court shall retain jurisdiction to the greatest extent permitted by applicable law, notwithstanding such dismissal, for the purposes of enforcing the Prepetition Liens, the Replacement Liens, and the Super-Priority Claims.

iii. In the event that any Court modifies any of the provisions of this Final Order, (a) such modifications shall not affect the rights or priorities of the Agent or the Lenders pursuant to this Final Order with respect to the Prepetition Collateral or the Adequate Protection Collateral or any portion of the Prepetition

Obligations which arises or is incurred or is advanced prior to such modifications, and
(b) this Final Order shall remain in full force and effect except as specifically amended or modified.

(f) *Marshaling*. In no event shall the Agent or any Lender be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the Prepetition Collateral or the Adequate Protection Collateral. The Agent and the Lenders shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Agent and the Lenders with respect to proceeds, products, offspring or profits of any of the Prepetition Collateral or the Adequate Protection Collateral.

(g) *Limited Effect*. Unless this Final Order specifically provides otherwise, in the event of a conflict between the terms and provisions of any of the Loan Documents and this Final Order, the terms and provisions of this Final Order shall govern, interpreted as most consistent with the terms and provisions of the Loan Documents.

(h) *Objections Overruled*. All objections to the entry of this Final Order, to the extent not withdrawn or resolved, are hereby overruled.

15. Findings and Conclusions. This Final Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent that any finding of fact shall be determined to be a conclusion of law it shall be so deemed and vice versa.

16. No Prejudice. This Final Order shall not prejudice, impair, or adversely affect any of the Agent’s and the Lenders’ rights in connection with any of the Loan Documents, including any third-party guarantees.

17. Retention of Jurisdiction. The Court has and will retain jurisdiction to interpret and enforce the provisions of this Final Order.

18. Immediately Effective. This Final Order is hereby deemed effective immediately pursuant to Rule 6004(h) Federal Bankruptcy Rules of Procedure.

Dated: December _____, 2013
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

APPROVED BUDGET

Physiotherapy Associates

Cash Collateral Budget

Weekly (\$000's) Week Ended	Pre Petition		Post Petition							Emerge	Forecast 01/03/14	Forecast 7 Week Total
	Actual 11/01/13	Actual 11/08/13	Forecast 11/15/13	Forecast 11/22/13	Forecast 11/29/13	Forecast 12/06/13	Forecast 12/13/13	Forecast 12/20/13	Forecast 12/27/13			
CASH RECEIPTS												
Outpatient Rehabilitation Receipts	5,177	5,346	4,853	6,421	5,840	4,910	4,897	5,321	6,064	3,883	42,189	
Orthotics & Prosthetics	301	238	275	324	481	232	295	348	516	293	2,764	
Other Operating Receipts	27	2	48	48	48	48	48	48	48	50	385	
Total Cash Receipts	5,505	5,586	5,176	6,792	6,369	5,190	5,240	5,716	6,628	4,226	45,338	
CASH DISBURSEMENTS												
<u>Payroll</u>												
Payroll	5,973	5,983	-	-	5,783	-	5,765	-	5,746	-	17,294	
401 K Funding (Employee Portion)	284	-	312	-	396	-	300	-	299	-	1,307	
401 K Match (PTA)	-	-	-	-	-	-	-	-	-	-	-	
Field Incentives / Bonuses	-	-	-	-	1,840	-	-	-	-	-	1,840	
Net Payroll	6,257	5,983	312	-	8,019	-	6,064	-	6,045	-	20,441	
<u>Vendor Payments</u>												
Monthly Rent - All Locations	3,155	-	-	-	1,903	1,306	-	-	-	2,991	6,200	
Insurance Claims and Premiums	408	327	411	541	349	582	411	382	349	482	3,507	
Routine Payables	905	547	1,273	911	911	914	924	903	903	656	7,395	
Billing Fees (IKS)	906	-	-	-	-	-	977	-	-	-	977	
Tax and Utility Payments	45	169	90	114	114	96	96	122	122	109	862	
Total Required Payments	5,419	1,043	1,774	1,566	3,277	2,898	2,408	1,407	1,374	4,237	18,941	
Operating Cash Flow	(6,171)	(1,440)	3,090	5,226	(4,927)	2,292	(3,232)	4,309	(791)	(11)	5,957	
<u>Interest / JV / Other Payments</u>												
Repayment of Debt	-	-	-	-	-	-	-	-	-	-	-	
Bank Interest Expense	1,108	-	-	-	1,108	-	-	-	-	1,365	2,474	
Bank Fees (1)	-	7	-	-	-	-	-	567	-	-	567	
JV Payments / Other (2)	-	-	-	-	-	-	-	21	21	21	63	
Total Other Payables	1,108	7	-	-	1,108	-	-	588	21	1,386	3,104	
Cash Flow after Debt Service	(7,279)	(1,447)	3,090	5,226	(6,036)	2,292	(3,232)	3,721	(812)	(1,397)	2,853	
<u>Restructuring Costs</u>												
Severance (3)	4	4	-	-	-	-	-	-	-	-	-	
Company Advisor Fees (4)	631	1,022	218	81	-	1,003	-	103	3,538	-	4,943	
Bank Professional Fees (5)	-	-	-	-	-	-	-	-	125	-	125	
Bondholder Professional Fees (6)	131	451	-	-	125	-	-	-	1,575	-	1,700	
Other Professional Fees (7)	-	112	-	-	-	-	-	-	173	-	173	
Other Restructuring Costs	31	210	128	-	-	-	-	-	1,126	-	1,254	
Litigation Trust Funding	-	-	-	-	-	-	-	-	2,000	-	2,000	
US Trustee Payments	-	-	-	-	-	-	-	-	30	-	30	
Utility and Other Deposits	-	-	259	-	-	-	-	-	(259)	-	-	
Outside Director Fees	-	25	-	-	-	-	-	-	-	-	-	
Total Restructuring Costs	796	1,825	605	81	125	1,003	-	103	8,307	-	10,224	
Total Disbursements	13,580	8,858	2,690	1,647	12,530	3,901	8,472	2,098	15,747	5,624	52,709	
Net Cash Flow	(8,075)	(3,272)	2,485	5,145	(6,161)	1,289	(3,232)	3,618	(9,120)	(1,397)	(7,371)	
Beginning Book Cash Balance	22,365	14,290	11,018	13,504	18,649	12,488	13,778	10,546	14,164	7,044	11,018	
Ending Book Cash Balance	14,290	11,018	13,504	18,649	12,488	13,778	10,546	14,164	5,044	5,647	3,647	
<u>Net Borrowings (8)</u>												
Ending Book Cash Balance After Borrowings	14,290	11,018	13,504	18,649	12,488	13,778	10,546	14,164	7,044	5,647	5,647	
Total Borrowings Outstanding	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	144,130	144,130	144,130	

Footnotes:

- (1) Includes Closing fees, Trustee, and Other fees related to the refinancing
- (2) JV Adjustments and LOC Cash Collateralization
- (3) Severance related to Clinic closures and other RIFs
- (4) Includes Retainers and Fees for Professional services (A&M, K&E, D&T, Rothschild, Klehr, KCC, Dechert Corp)
- (5) Includes Retainers and Fees for Professional services (Latham & Watkins)
- (6) Includes Retainers and Fees for Professional services (Klee Tuchin, Young Conway, Houlihan Lokey)
- (7) Includes Retainers and Fees for Professional services (Dechert, Capstone, FTI)
- (8) Incremental funds from approximately \$144 million (inclusive of OID) Exit Facility

Exhibit 2

VARIANCE REPORT

Physiotherapy Associates

(\$000's)

	Week Ended		Cumulative		Variance		Comments
	Actual	Forecast	Actual	Forecast	Week	Cumulative	
	11/15/13	11/15/13	11/15/13	11/15/13	11/15/13	11/15/13	
CASH RECEIPTS							
Outpatient Rehabilitation Receipts	-	-	-	-	-	-	
Orthotics & Prosthetics	-	-	-	-	-	-	
Other Operating Receipts	-	-	-	-	-	-	
Total Cash Receipts	-	-	-	-	-	-	
CASH DISBURSEMENTS							
<u>Payroll</u>							
Payroll	-	-	-	-	-	-	
401 K Funding (Employee Portion)	-	-	-	-	-	-	
401 K Match (PTA)	-	-	-	-	-	-	
Field Incentives / Bonuses	-	-	-	-	-	-	
Net Payroll	-	-	-	-	-	-	
<u>Vendor Payments</u>							
Monthly Rent - All Locations	-	-	-	-	-	-	
Insurance Claims and Premiums	-	-	-	-	-	-	
Routine Payables	-	-	-	-	-	-	
Billing Fees (IKS)	-	-	-	-	-	-	
Tax and Utility Payments	-	-	-	-	-	-	
Total Required Payments	-	-	-	-	-	-	
Operating Cash Flow	-	-	-	-	-	-	
<u>Interest / JV / Other Payments</u>							
Repayment of Debt	-	-	-	-	-	-	
Bank Interest Expense	-	-	-	-	-	-	
Bank Fees (2)	-	-	-	-	-	-	
JV Payments / Other (3)	-	-	-	-	-	-	
Total Other Payables	-	-	-	-	-	-	
Cash Flow after Debt Service	-	-	-	-	-	-	
<u>Restructuring Costs</u>							
Severance (4)	-	-	-	-	-	-	
Company Advisor Fees (5)	-	-	-	-	-	-	
Bank Professional Fees (6)	-	-	-	-	-	-	
Bondholder Professional Fees (7)	-	-	-	-	-	-	
Other Professional Fees (8)	-	-	-	-	-	-	
Other Restructuring Costs	-	-	-	-	-	-	
Litigation Trust Funding	-	-	-	-	-	-	
Outside Director Fees	-	-	-	-	-	-	
Total Restructuring Costs	-	-	-	-	-	-	
Total Disbursements	-	-	-	-	-	-	
Net Cash Flow	-	-	-	-	-	-	
Beginning Book Cash Balance	-	-	-	-	-	-	
Ending Book Cash Balance	-	-	-	-	-	-	
Net Borrowings (8)	-	-	-	-	-	-	
Ending Book Cash Balance After Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Borrowings Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Footnotes:

- (1) Includes Closing fees, Trustee, and Other fees related to the refinancing
- (2) JV Adjustments and LOC Cash Collateralization
- (3) Severance related to Clinic closures and other RIFs
- (4) Includes Retainers and Fees for Professional services (A&M, K&E, D&T, Rothschild, Klehr, KCC, Dechert Corp)
- (5) Includes Retainers and Fees for Professional services (Latham & Watkins)
- (6) Includes Retainers and Fees for Professional services (Klee Tuchin, Young Conway, Houlihan Lokey)
- (7) Includes Retainers and Fees for Professional services (Dechert, Capstone, FTI)
- (8) Incremental funds from approximately \$144 million (inclusive of OID) Exit Facility

Exhibit B

Redline Comparing Interim Order Against Proposed Final Order

IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:

Chapter 11

PHYSIOTHERAPY HOLDINGS, INC.,
et al.,¹

Case No. 13-~~12965~~ (~~KG~~)
12965 (KG)

Debtors.

~~(Joint Administration Requested)~~
(Jointly Administered)

Related to Docket Nos. 14, 48

INTERIM/FINAL ORDER (A) AUTHORIZING POSTPETITION USE OF CASH COLLATERAL; (B) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES; ~~(C) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001(B); AND ~~(D)~~ AND (C) GRANTING RELATED RELIEF~~

Upon consideration of the motion (the “**Motion**”)² of the Debtors in the above-captioned chapter 11 cases (collectively, the “**Cases**” and any other proceedings related to the Cases, a

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 herein not otherwise defined herein shall have the meanings ascribed to them in the Motion.

“**Successor Case**”), pursuant to sections 105, 361, 362, 363, 503, 507 and 552 of title 11 of the United States Code (the “**Bankruptcy Code**”), rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and rule 4001-2 of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”) for entry of ~~an interim~~ the Interim Order (as defined herein) and this final order (the “**Interim Final Order**”):

(a) authorizing the Debtors to use Cash Collateral (as defined herein), within the meaning of section 363(a) of the Bankruptcy Code, which Cash Collateral shall be used only in accordance with the Approved Budget (as defined herein) including, without limitation, cash collateral subject to the existing liens and security interests in favor of the Lenders and the Agent (each as defined herein) under the Credit Agreement (as defined herein) among Physiotherapy Associates Holdings, Inc., in its capacity as the borrower, the remaining Debtors in their respective capacities as guarantors, the lenders party thereto (collectively, the “**Lenders**”), and U.S. Bank National Association, as the administrative agent and the collateral agent (the “**Agent**” and together with the Lenders, the “**Secured Parties**”);

(b) granting, as of the Petition Date and in accordance with the relative priorities set forth herein, certain adequate protection to the Secured Parties, among other things, (a) Replacement Liens (as defined herein), (b) adequate protection payments, as set forth in the Approved Budget, and (c) reimbursement of fees and expenses of the Agent;

~~(c) — setting an interim hearing (the “**Interim Hearing**”) on the Motion to be held before this Court to consider entry of this Interim Order (a) authorizing the Debtors to use the Cash Collateral; and (b) granting adequate protection to the Secured Parties;~~

~~(d)(c) subject to entry of a Final Order (as defined herein) and to the extent set forth herein,~~ waiving the Debtors’ right to surcharge the Prepetition Collateral (as defined herein) pursuant to section 506(c) of the Bankruptcy Code;

~~(e)~~(d) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms of ~~this~~ Interim Order and this Final Order;

~~(e)~~(e) setting a final hearing (the “**Final Hearing**”) on the Motion to consider granting the relief requested in the Motion on a final basis pursuant to ~~the final order (the “this Final Order”)~~; and

~~(e)~~(f) waiving any applicable stay with respect to the effectiveness and enforceability of ~~this~~ Interim Order and this Final Order (including a waiver pursuant to Bankruptcy Rule 6004(h)).

~~The~~ An interim hearing (the “Interim Hearing”) on the Motion having been held by this Court on November 14, 2013; and this Court having entered the Interim Order (A) Authorizing Postpetition Use of Cash Collateral; (B) Granting Adequate Protection to Prepetition Secured Parties; (C) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(B); and (D) Granting Related Relief [Docket No. 48] (the “Interim Order”); and it appearing that due and appropriate notice of the Motion, the relief requested therein, the Interim Hearing, and the ~~Interim~~Final Hearing (the “**Notice**”) was served by the Debtors in accordance with Bankruptcy Rule 4001(b) and in accordance with the Interim Order on (i) the United States Trustee for the District of Delaware (the “**U.S. Trustee**”), (ii) the Agent, (iii) the Lenders, (iv) counsel to the Senior Notes Indenture Trustee, (v) counsel to the ad hoc committee of holders of Senior Notes (the “**Ad Hoc Committee of Senior Noteholders**”), (vi) counsel to certain Lenders under the Credit Agreement, (vii) the holders of the thirty (30) largest unsecured claims against the Debtors’ estates (the “**30 Largest Unsecured Creditors**”), (viii) counsel to the equity sponsor, (ix) each of the holders of equity interests in the Debtors, (x) the Delaware Secretary of State, (xi) the Delaware Secretary of Treasury, (xii) the Delaware State Attorney General, (xiii) the Office of the United States Attorney General for the State of Delaware, (xiv) the National Association of Attorneys General, (xv) the Internal Revenue Service, (xvi) the Securities and Exchange Commission, and (xvii) other parties entitled to notice; and the Final Hearing having

been held before this Court on December 6, 2013; and this Court having reviewed the Motion and any responses and objections thereto, the First Day Declaration, the other filings and pleadings made by the Debtors, the evidence and testimony presented at the Interim Hearing, and the Final Hearing; and the Court having determined that the legal and factual bases set forth in the Motion, at the Interim Hearing, and at the Final Hearing establish just cause for the relief granted herein on a final basis and after due deliberation and consideration and good and sufficient cause appearing therefor,

THE COURT MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:

A. Petition. On November 12, 2013 (the “**Petition Date**”), each Debtor filed a voluntary petition under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to Bankruptcy Code sections 1107(a) and 1108. A statutory committee of unsecured creditors (a “**Committee**”) has not been appointed in the Cases.

B. Jurisdiction and Venue. The Court has jurisdiction over this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. The Motion is a “core” proceeding as defined in 28 U.S.C. §§ 157(b)(2)(A), (D), (G) and (M). Venue in this Court over the Cases and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Notice. Under the circumstances, the Notice given by the Debtors of the Motion, the Interim Hearing, the Final Hearing, and the relief granted under this Interim Order and this Final Order constitutes due and sufficient notice thereof and complies with Bankruptcy Rule 4001(b).

D. Debtors’ Stipulations. Without prejudice to the rights of any other non-Debtor party in interest as provided in Paragraph 12 of this InterimFinal Order, the Debtors admit, stipulate, acknowledge, and agree that:

(i) *Credit Agreement.* As of the Petition Date, the Debtors and the Secured Parties are parties to that certain Credit Agreement, dated as of July 31, 2013, as amended by the First Amendment thereto, dated as of September 30, 2013 (collectively, the “**Credit Agreement**” and together with the other Loan Documents (as defined in the Credit Agreement), in each case as amended, amended and restated, supplemented or otherwise modified or replaced prior to the Petition Date, collectively, the “**Loan Documents**”). The Loan Documents provide that (a) the Debtors are obligated for principal, accrued and unpaid interest (including default interest), fees, costs, expenses, indemnities, and other amounts arising under the Loan Documents (the “**Prepetition Obligations**”), and (b) all of the Prepetition Obligations are secured by first priority liens granted to the Agent for the benefit of the Lenders (the “**Prepetition Liens**”) on substantially all of the personal and real property of the Debtors, as described and defined in the Loan Documents (collectively, the “**Prepetition Collateral**”), which includes Cash Collateral.

(ii) *Stipulations Regarding the Prepetition Obligations and the Prepetition Liens.* Without prejudice to the rights of any other non-Debtor party in interest as provided in Paragraph 12 of this ~~Interim~~Final Order, the Debtors hereby acknowledge, agree and stipulate (the “**Debtors’ Stipulations**”) that as of the Petition Date, the principal amount of the outstanding Prepetition Obligations totaled no less than \$140,000,000, exclusive of all accrued and unpaid interest, costs, expenses, and fees owed to the Secured Parties. The Debtors further acknowledge, agree and stipulate that (a) the Prepetition Liens (1) are valid, binding, enforceable and perfected liens in the Prepetition Collateral, (2) were granted to the Agent for the benefit of the Lenders for fair consideration and reasonably equivalent value, (3) are not subject to avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law, and (4) are subject and subordinate only to valid, perfected and unavoidable liens permitted under the applicable Loan Documents, but only to the extent that (x) such liens, if any, are permitted by the applicable Loan Documents to be senior to the applicable Prepetition Liens and (y) such liens, if any, are actually senior to the applicable Prepetition Liens under

applicable law or agreement ((x) and (y) together, the “**Permitted Liens**”), and (b)(1) all of the Prepetition Obligations constitute legal, valid and binding obligations of the applicable Debtors, enforceable in accordance with the terms of the applicable Loan Documents, (2) no setoffs, recoupments, offsets, defenses or counterclaims to any of the Prepetition Obligations exist, and (3) no portion of the Prepetition Obligations or any payments made to or for the benefit of the Agent or any of the Lenders are subject to avoidance, recharacterization, recovery, subordination, attack, offset, counterclaim, defense or “claim” (as defined in the Bankruptcy Code) of any kind pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

(iii) Any and all of the Debtors’ cash, including cash and other amounts on deposit or maintained in any account or accounts by the Debtors (including, without limitation, any and all accounts referred to in the *Debtors’ Motion for Entry of an Order Authorizing the Debtors to (A) Continue to Operate Their Cash Management Systems; (B) Maintain Existing Business Forms; and (C) Continue Intercompany Transactions and Accord Administrative Expense Status to Claims for Such Transactions* [Docket No. 13] (the “**Cash Management Motion**”), and any amounts generated by the collection of accounts receivable, the exercise of letter of credit rights, the sale of inventory, or other disposition of the Prepetition Collateral existing as of the Petition Date, and the proceeds of any of the foregoing or of the Prepetition Collateral, is the Secured Parties’ cash collateral within the meaning of section 363(a) of the Bankruptcy Code (the “**Cash Collateral**”).

E. Findings Regarding Adequate Protection.

(i) *Adequate Protection for Secured Parties.* The use of Cash Collateral has been negotiated in good faith and at arms’ length among the Debtors and the Agent on behalf of itself and the Lenders, and the use of the Prepetition Collateral, including Cash Collateral, by the Debtors, in accordance with the terms of ~~this~~ this Interim Order ~~shall be and this Final Order, is hereby~~ deemed ~~to have been~~ extended, issued, or made in “good faith” to fund the administration of the Debtors’ estates and continued operation of their businesses. ~~Subject to the entry and effectiveness of this Interim Order, the~~ The Agent on behalf of the

Lenders has agreed to permit the Debtors to use the Prepetition Collateral, including Cash Collateral, during the Cash Collateral Period (as defined herein), subject to the terms and conditions set forth herein. The Agent and the Lenders are entitled to the adequate protection as set forth herein pursuant to sections 361, 362, 363 and 507(b) of the Bankruptcy Code. Based on the Motion and on the record presented to the Court at the Interim Hearing [and the Final Hearing](#), the terms of the proposed adequate protection arrangements and use of Cash Collateral are fair and reasonable, reflect the Debtors' prudent exercise of business judgment and constitute reasonably equivalent value and fair consideration for the Agent's consent thereto.

(ii) *Approved Budget.* The Debtors have prepared and delivered to the Agent and the Lenders an Approved Budget. Such Approved Budget has been thoroughly reviewed by the Debtors and their management and sets forth, among other things, projections for the periods covered thereby. The Agent and the Lenders are relying upon the Debtors' compliance with the Approved Budget in accordance with this ~~Interim~~[Final](#) Order in their determination to consent to the use of Cash Collateral by the Debtors.

(iii) *Good Cause.* The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtors, their creditors and their estates, as its implementation will, among other things, provide the Debtors with the necessary liquidity to (a) minimize disruption to the Debtors' businesses and on-going operations, (b) preserve and maximize the value of the Debtors' estates for the benefit of all the Debtors' creditors, and (c) avoid immediate and irreparable harm to the Debtors, their creditors, their businesses, their employees, and their assets.

Based upon the foregoing, and after due consideration and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that:

1. Motion Granted. The Motion is hereby granted on ~~an interim~~ final basis as set forth herein. All actions taken in connection with or in reliance on the Interim Order are hereby reaffirmed in full as if taken in connection with or in reliance on this Final Order.

2. Cash Collateral Period. Notwithstanding any provision of the Bankruptcy Code or the Bankruptcy Rules to the contrary, this ~~Interim~~ Final Order shall take effect immediately upon entry and the Debtors' authority to use Cash Collateral on the terms and conditions set forth herein shall remain in effect ~~until the earlier of (a) 30 days after the Petition Date (unless such period is extended by an order of this Court) if the Final Order has not been entered by this Court on or before such date and (ii)~~ from the date hereof through the earlier of (a) the effective date of the Plan (as defined herein) or (b) the date of the occurrence of any Event of Default (as defined herein) (such period being referred to as the "**Cash Collateral Period**"); provided, that the Debtors' ability and authorization to use Cash Collateral during the Cash Collateral Period shall at all times be subject to the termination provisions of Paragraph 6 hereof; provided, further, that the Cash Collateral Period may be extended by written agreement among the Debtors and the Agent.

3. Authorized Use of Cash Collateral.

(a) *Use of Cash Collateral.* The Debtors are hereby authorized on ~~an interim~~ final basis to use Cash Collateral during the Cash Collateral Period subject to the conditions and limitations set forth herein. Subject to the terms and conditions of this ~~Interim~~ Final Order, each applicable Debtor is authorized to use Cash Collateral during the Cash Collateral Period for (i) working capital requirements; (ii) general corporate purposes; and (iii) the costs and expenses (including making adequate protection payments) of administering these Cases (including the Carve-Out) incurred in the Cases, in accordance with the Approved Budget; provided that each Debtor shall be enjoined and prohibited from, at any time, using proceeds of Cash Collateral except in accordance with the terms and conditions of this ~~Interim~~ Final Order; and further provided that the Debtors shall not be authorized to use Cash Collateral to (y) after delivery of a Trigger Notice (as defined herein), pay Professional Fees (as defined herein) in excess of the

Post Carve-Out Trigger Notice Cap (as defined herein) or (z) to initiate or prosecute proceedings or actions on account of any Claims and Defenses against the Secured Parties. Nothing in this InterimFinal Order shall authorize the disposition of any assets of the Debtors or their estates outside the ordinary course of business, or any Debtor's use of Cash Collateral or other proceeds resulting therefrom, except as specifically permitted in this InterimFinal Order.

(b) *Continuation of Prepetition Procedures.* All prepetition practices and procedures for the payment and collection of proceeds of the Prepetition Collateral are hereby approved and shall continue without interruption after the commencement of the Cases.

4. Approved Budget.

(a) Attached hereto as Exhibit 1 is a seven-week cash flow budget in form and substance satisfactory to the Agent on behalf of the Lenders (the "**Approved Budget**") which reflects, on a line-item basis for such seven-week period, the Debtors' projected cash receipts and disbursements (including ordinary course operating expenses, bankruptcy-related expenses under the Cases, capital expenditures and postpetition interest payable to, and fees and expenses of, the Secured Parties (including counsel, financial advisors and other professionals therefor)), and unrestricted cash on hand. ~~Beginning on the first Thursday that is more than one week after the Petition Date (by 12:00 noon prevailing Eastern Time), and every Thursday thereafter~~ On every Thursday from and after the date hereof (by 12:00 noon prevailing Eastern Time), the Debtors shall deliver to the Agent and any Committee an updated weekly cash flow budget (each such updated budget, a "**Supplemental Budget**") through the period ending on ~~the first Friday after the date set forth in Paragraph 6(a)(ix) of this Interim Order.~~ January 3, 2014. Each Supplemental Budget shall be provided for informational purposes only, except for purposes of determining whether an event of default has occurred under paragraph 6(a)(iii) hereof. For the avoidance of doubt, the Approved Budget shall not be replaced, extended, varied, supplemented, or otherwise modified at any time without the consent of the Agent, at the direction of the Required Lenders (as defined in the Credit Agreement).

(b) *Budget Covenants.* ~~Beginning on the first Thursday that is more than one week after the Petition Date (by 12:00 noon prevailing Eastern Time), and every Thursday thereafter~~ On every Thursday from and after the date hereof (by 12:00 noon prevailing Eastern Time), the Debtors shall provide to any Committee and the Agent for circulation to the Lenders a variance report (a “**Variance Report**”) in the form attached hereto as Exhibit 2 with respect to the immediately prior weeks, setting forth (i) the actual cash receipts, expenditures and disbursements for the immediately preceding week and each prior week beginning with the first projected week in the Approved Budget, as well as available cash on hand as of the end of such weeks, and (ii) the variance in dollar amounts of the actual expenditures and disbursements for each prior weekly period from those reflected for the corresponding periods in the Approved Budget. The Debtors shall be deemed to be in compliance with the Approved Budget so long as, on a cumulative basis for all actual cash expenditures and disbursements beginning with the first projected week in the Approved Budget and through the week immediately preceding delivery of a Variance Report, the aggregate expenditures and disbursements by the Debtors for such cumulative period shall not exceed by more than 15% the aggregate expenditures and disbursements set forth in the Approved Budget for such time period; provided, however, that Professional Fees shall not be subject to the foregoing 15% variance for testing of aggregate expenditures and disbursements.

(c) *Payments on Account of Prepetition Obligations.* Without limiting the foregoing, the Debtors shall not be permitted to make any payments on account of any prepetition debt or obligation prior to the effective date of a chapter 11 plan or plans with respect to the Debtors, except payments that are both (i) set forth in the Approved Budget and either (A) authorized in the first day orders, which first day orders shall be in form and substance reasonably acceptable to the Secured Parties, or (B) authorized in other orders entered by the Court pursuant to motions, orders and requests for relief filed by the Debtors.

(d) *Enforceable Obligations.* Subject to the reservation of rights contained in Paragraph 12 of this ~~Interim~~ Final Order, no obligation, payment, transfer or grant of security

under this ~~Interim~~Final Order shall be stayed, restrained, voidable, avoidable or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under sections 502(d), 544, 547, 548 or 549 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law), or subject to any avoidance, reduction, setoff, recoupment, offset, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaim, cross-claim, defense or any other challenge under the Bankruptcy Code or any applicable law or regulation by any person or entity.

5. Adequate Protection.

(a) *Replacement Liens.* As adequate protection for the diminution in value of their interests in the Prepetition Collateral (including Cash Collateral) on account of the Debtors' use of such Prepetition Collateral (including Cash Collateral), the imposition of the automatic stay, and the subordination to the Carve-Out (as defined herein), the Agent, for the benefit of itself and the Lenders, is hereby granted in respect of the Prepetition Obligations, pursuant to sections 361 and 363 of the Bankruptcy Code, valid, binding, enforceable and perfected replacement liens upon and security interests (the "**Replacement Liens**") in (1) all of the Prepetition Collateral and the proceeds thereof, (2) all real and personal property and interests in real or personal property owned by any of the Debtors as of the Petition Date in which the Agent and the Lenders do not hold a valid, enforceable, perfected and unavoidable lien or security interest and the proceeds therefrom, and (3) all property which becomes part of the Debtors' estates on or after the Petition Date and the proceeds therefrom (collectively, the "**Adequate Protection Collateral**"); provided that with respect to any leased property of the Debtors that is subject to a lease that prohibits a leasehold mortgage or lien thereon, the Replacement Liens will be limited to and shall attach solely to any proceeds of the sale or assignment of such lease; provided, further, that the Adequate Protection Collateral shall not include the Debtors' claims and causes of action under sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code (collectively, the "**Avoidance**");

Actions"); provided, further, that, ~~subject to entry of the Final Order~~, the Adequate Protection Collateral shall include any proceeds or property recovered in respect of any Avoidance Actions except to the extent such Avoidance Actions are Contributed Claims that will be transferred to the Litigation Trust (as such terms are defined in the Plan (as defined herein)) upon consummation of the Plan. The Replacement Liens shall be junior and subordinate only to (i) ~~the~~ Carve-Out and (ii) the Permitted Liens. For the avoidance of doubt, except as set specifically set forth in this Paragraph 5(a), the Adequate Protection Collateral shall include (a) all property which would have constituted Prepetition Collateral but for the institution of these Cases, (b) any unencumbered asset of any Debtor, and (c) any cash or cash equivalents acquired by the Debtors on or after the Petition Date.

(b) *Automatic Postpetition Lien Perfection.* This ~~Interim~~Final Order shall be sufficient and conclusive evidence of the validity, enforceability, perfection and priority of the Replacement Liens without the necessity of (i) filing or recording any financing statement, deed of trust, mortgage, or other instrument or document which may otherwise be required under the law of any jurisdiction or (ii) taking any other action to validate or perfect the Replacement Liens or to entitle the Replacement Liens to the priorities granted herein. Notwithstanding the foregoing, the Agent may, in its sole and absolute discretion, file financing statements, mortgages, security agreements, notices of liens and other similar documents, and is hereby granted relief from the automatic stay under section 362 of the Bankruptcy Code, in order to do so, and all such filed documents shall be deemed to have been filed or recorded at the time as of the Petition Date. The applicable Debtors are authorized and, upon the reasonable request of the Agent, directed to (i) execute and deliver to the Agent all such financing statements, mortgages, notices and other documents as such parties may reasonably request to evidence, confirm, validate or perfect, or to insure the contemplated priority of the Replacement Liens granted pursuant hereto, and (ii) pay all reasonable fees and expenses that are reasonably required or necessary to facilitate any such filings or recordings elected to be made by the Agent. Without limiting the foregoing, the Agent, in its sole and absolute discretion, may file a photocopy of this

InterimFinal Order as a financing statement with any recording officer designated to file financing statements or with any registry of deeds or similar office in any jurisdiction in which any Debtor has real or personal property, and in such event, the subject filing or recording officer shall be authorized to file or record such copy of this InterimFinal Order. Should the Agent attempt to file, record or register this InterimFinal Order or any other instrument as authorized hereunder, no defect or failure in connection with such attempt shall in any way limit, waive or alter the validity, enforceability, attachment, or perfection of the Replacement Liens.

(c) *Nullifying Prepetition Restrictions on Adequate Protection Collateral.*

~~Subject to entry of the Final Order, to~~To the maximum extent permitted under the Bankruptcy Code or other applicable law, notwithstanding anything to the contrary contained in any prepetition agreement, contract, lease, document, note or instrument to which any Debtor is a party or under which any Debtor is obligated, except as otherwise permitted under the Loan Documents, any provision that restricts, limits or impairs in any way any Debtor from granting to the Agent, for the benefit of the Lenders, security interests in or liens upon any of the Debtors' assets or properties (including, among other things, any anti-lien granting or anti-assignment clauses in any contractual arrangements to which any Debtor is a party) under this InterimFinal Order, or otherwise entering into and complying with all of the terms, conditions and provisions hereof shall not (i) be effective and/or enforceable against any such Debtor, the Agent, or any Lender or (ii) adversely affect the validity, priority or enforceability of the Replacement Liens, claims, rights, priorities and/or protections granted to the Agent or the Lenders pursuant to this InterimFinal Order; provided that with respect to any leased property of the Debtors that is subject to a lease that prohibits a leasehold mortgage or lien thereon, the Adequate Protection Collateral will be limited to the proceeds of the sale or assignment of such lease.

(d) *Superpriority Administrative Expense Claim.* To the extent that the Replacement Liens are insufficient protection against the diminution in value of their interests in the Prepetition Collateral (including Cash Collateral) on account of the Debtors' use of such Prepetition Collateral (including Cash Collateral), the imposition of the automatic stay and the

subordination to the Carve-Out, the Agent, for the benefit of the Lenders, in respect of the Prepetition Obligations, is hereby granted, pursuant to section 507(b) of the Bankruptcy Code, an allowed superpriority administrative expense claim in each of the Cases and any Successor Cases having priority in right of payment over any and all other obligations, liabilities, and indebtedness of the Debtors, whether now in existence or hereafter incurred by the Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia, sections 105, 326, 328, 330, 331, 503(b), 507(a), 507(b), 546(c), 726 or 1114 of the Bankruptcy Code (the “**Super-Priority Claims**”). The Super-Priority Claims shall be an obligation of, and enforceable against, each Debtor on a joint and several basis and shall be junior and subordinate only to (i) the Carve-Out and (ii) the Permitted Liens.

(e) *Adequate Protection Payments.* In addition to the foregoing, during the Cash Collateral Period, the Agent, for the benefit of itself and the Lenders, shall receive from the Debtors, as additional adequate protection, monthly adequate protection payments in accordance with, and in the amounts set forth in, the Approved Budget and, except as otherwise set forth herein, such monthly adequate protection payments will be applied in accordance with the terms of the Credit Agreement. The Debtors shall also pay, no later than seven (7) days following receipt by the Debtors of any invoice therefore, the reasonable and documented fees and expenses incurred by (i) one counsel and one local counsel for the Agent, including the Agent’s counsel, and (ii) Latham & Watkins LLP as counsel for certain of the Lenders (including any fees and expenses incurred prior to the Petition Date) and one local counsel for the Lenders if necessary (collectively, the “**Lender Professionals**”). Payment of such fees and expenses shall not be subject to approval by the Court or be required to comply with the United States Trustee Guidelines, but the Lender Professionals shall submit copies of invoices to the U.S. Trustee, who shall have five (5) business days to object to the reasonableness of the fees and expenses of any Lender Professional by an objection (a “**Fee Objection**”) filed with the Court and served on such Lender Professional. If the Debtors, the U.S. Trustee and the applicable Lender Professional

cannot consensually resolve such Fee Objection within ten (10) days of its filing, the matter shall be scheduled for the next available hearing and shall be determined by the Court.

(f) *Monitoring Prepetition Collateral.* The Agent shall be permitted to retain expert consultants and financial advisors at the expense of the Debtors, which consultants and advisors shall be given reasonable access (at reasonable times during normal business hours) for purposes of monitoring the businesses of the Debtors and the Prepetition Collateral and/or the Adequate Protection Collateral.

(g) *Financial Reporting.* The Debtors shall provide the Agent for distribution to the Lenders, counsel to the Ad Hoc Committee of Senior Noteholders, any Committee, and counsel to certain Lenders under the Credit Agreement with the following information during the Cash Collateral Period:

- i. On Thursday of every week, a Supplemental Budget;
- ii. On Thursday of every week, a Variance Report;
- iii. Every week, an updated weekly cash forecast through the period ending on ~~the first Friday after the date set forth in Paragraph 6(a)(ix) of this Interim Order~~ January 3, 2014 in form consistent with the form of the Approved Budget and supporting information in detail reasonably acceptable to the Agent on behalf of the Lenders (an “**Updated Cash Forecast**”);
- iv. Concurrently with the delivery of the Updated Cash Forecast, a report, in form and with supporting information in detail reasonably acceptable to the Agent on behalf of the Lenders, reconciling the Debtors’ sources, uses, and disbursements of cash for the week most recently ended with the sources, uses and disbursements projected for such week in the Approved Budget, along with a certification of an executive officer of the Debtors certifying (x) the amount of cash and cash equivalents of the Debtors, in the aggregate, as of the last day of the week then ended, and (y) that the Debtors are in compliance with the disbursements limitations set forth in Paragraph 3(a) of this ~~Interim~~ Final Order as of the end of the week most recently ended;

v. Copies of all written reports that are required pursuant to the Loan Documents, as applicable, and this [InterimFinal](#) Order; and

vi. Copies of all reports provided to any Committee, the U.S. Trustee, or any other party-in-interest in these Cases.

(h) *Right to Seek Additional Adequate Protection.* Under the circumstances, the Court finds that the above described adequate protection is consistent with the Bankruptcy Code and is reasonable. The Agent or any Lender, however, may request further or different adequate protection, and the Debtors or any other party in interest may contest any such request.

(i) *Interest.* Interest on the Prepetition Obligations shall accrue at the rates (including applicable default rates) under the Loan Documents, which shall be payable in arrears as set forth in the Approved Budget.

6. Termination of Debtors' Ability to Use Cash Collateral.

(a) *Events of Default.* The Debtors' ability to use Prepetition Collateral (including Cash Collateral) during the Cash Collateral Period will automatically terminate immediately upon the occurrence of any of the following events of default (collectively, the "**Events of Default**") with no further notice or action (including, without limitation, further notice, motion or application to, order of, or hearing before the Court) except as set forth in Paragraph 6(b) of this [InterimFinal](#) Order, unless the occurrence of such Event of Default is waived by the Agent on behalf of the Lenders:

i. without limiting payments benefitting the Carve-Out or the Debtors' obligation to fund the Carve-Out Reserve as provided herein, the expiration of the Cash Collateral Period; provided that, for purposes of this Paragraph 6(a), if the expiration of such period occurs on a day that is not a business day, the expiration shall not be deemed to occur until the next day that is a business day;

ii. the incurrence or payment by the Debtors of any expenses other than in accordance with the Approved Budget (subject to the applicable variance permitted under Paragraph 4(b) of this [InterimFinal](#) Order);

- iii. the projected or actual incurrence or payment by the Debtors of any Professional Fees (as defined herein) in excess of the line-item amount budgeted for such Professional Fees in the Approved Budget;
- iv. the entry of an order by the Court invalidating, disallowing, avoiding, recharacterizing, subordinating, offsetting or limiting in any respect, as applicable, either (A) the legality, enforceability, priority, validity and binding nature of the Prepetition Liens or Replacement Liens securing the Prepetition Obligations or (B) any of the Prepetition Obligations or Super-Priority Claims;
- v. the incurrence after the Petition Date of indebtedness that is (A) secured by a security interest, mortgage, collateral interest or other lien on all or any portion of the Prepetition Collateral or the Adequate Protection Collateral or (B) entitled to administrative priority status (except, in the case of this clause (B) indebtedness incurred in the ordinary course of business with a priority that is junior to the Super-Priority Claims granted to the Secured Parties), and any such indebtedness used to refinance the Prepetition Obligations indefeasibly in full in cash;
- vi. the Debtors shall fail to maintain the Prepetition Collateral (including the Adequate Protection Collateral) or fail to maintain insurance with respect to the Prepetition Collateral, consistent with the requirements of the Loan Documents;
- vii. the commencement of any action by the Debtors against the Agent or any Lender, or their respective agents, advisors or employees, to subordinate or avoid any liens or claims that arose in connection with the Loan Documents;
- viii. the effective date of 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 (as amended, supplemented and modified from time to time, the “**Plan**”) has not occurred by December 31, 2013;

ix. the Debtors shall assert in any pleading filed in any court that any material provision of this ~~Interim~~Final Order is not valid and binding for any reason;

x. reversal, vacatur, modification, supplement, extension or amendment (without the express prior written consent of the Agent on behalf of the Lenders in its sole discretion) of this ~~Interim~~Final Order;

xi. any material provision of this ~~Interim~~Final Order shall, for any reason, cease to be valid and binding without the prior written consent of the Agent, which consent may be withheld in the Agent's sole and absolute discretion;

xii. if the Debtors seek any extension or modification of this ~~Interim~~Final Order without obtaining the Agent's written consent, which consent may be withheld in the Agent's sole and absolute discretion;

~~xiii. —the Bankruptcy Court shall have not entered the Final Order in form and substance reasonably satisfactory to the Agent on behalf of the Lenders within 30 days after the Petition Date (unless such period is extended by an order of this Court);~~

~~xiv.~~xiii. the Debtors shall file a motion, or other pleading, seeking conversion or dismissal of any of any of these Cases under section 1112 of the Bankruptcy Code, or otherwise;

~~xv.~~xiv. the entry by the Court of an order, or the filing by the Debtors of a motion which seeks entry of an order, (A) dismissing any of the Cases, (B) converting any of the Cases to cases under chapter 7 of the Bankruptcy Code, or (C) appointing a trustee or examiner with the expanded powers to operate the Debtors' business pursuant to section 1104 of the Bankruptcy Code in any of the Cases;

~~xvi.~~xv. the entry of an order of the Court granting relief from the automatic stay to the holder of any claim against one or more of the Debtors equal to or exceeding \$250,000;

~~xvii.~~xvi. if any material contract of the Debtors is rejected or otherwise terminated or any material property of the Debtors is sold, in each instance, without the express written consent of the Agent in its sole and absolute discretion; or

~~xviii.~~xvii. any material breach by the Debtors of any of the obligations, representations, warranties or covenants set forth in this InterimFinal Order, which material breach is not cured on or within three (3) business days after giving of written notice of such breach to the Debtors by the Agent on or within the cure period, if any, provided for under this InterimFinal Order.

(b) Any automatic stay otherwise applicable to the Secured Parties is hereby modified, without requiring prior notice to or authorization of this Court, to the extent necessary to permit the Secured Parties, upon three (3) business days' prior written notice (the "**Default Notice Period**") of the occurrence and continuance of an Event of Default to the Debtors, the U.S. Trustee, any Committee (or, if no Committee, the 30 Largest Unsecured Creditors), counsel to the Ad Hoc Committee of Senior Noteholders, and counsel to certain Lenders under the Credit Agreement to declare a termination, reduction or restriction on the ability of the Debtors to use any Cash Collateral, including Cash Collateral derived solely from the proceeds of Adequate Protection Collateral, and to use Prepetition Collateral (any such declaration under this Paragraph 6(b) to be made to the respective lead counsel to the Debtors, the Agent, the Lenders, counsel to the Ad Hoc Committee of Noteholders, counsel to certain Lenders under the Credit Agreement, any other Committee, and the U.S. Trustee, and to be referred to herein as a "**Termination Declaration**") and the date which is the earliest to occur of any such Termination Declaration being herein referred to as the "**Termination Declaration Date**"); provided, that during the Default Notice Period, any Cash Collateral, including proceeds of Adequate Protection Collateral, shall only be used in accordance with the Approved Budget (subject to the applicable variances permitted under Paragraph 4(b) of this InterimFinal Order); provided, further, that without limiting Paragraph 14 hereof, nothing in this InterimFinal Order shall in any way prejudice the Debtors' rights to seek authority from the Court to use the Cash Collateral

without the consent of the Secured Parties, upon the occurrence of the Termination Declaration Date.

(c) In addition to the remedies described above, upon an Event of Default, the Agent on behalf of the Lenders shall be entitled to an emergency hearing before this Court to seek relief from the automatic stay based on the occurrence of an Event of Default. Neither the Debtors nor, ~~subject to entry of the Final Order,~~ any Committee may invoke section 105 of the Bankruptcy Code in an effort to restrict or preclude the Agent on behalf of the Lenders from exercising rights or remedies, and the sole issue before this Court shall be whether an Event of Default has occurred and is continuing. Immediately upon an order of this Court granting the Agent relief from the automatic stay, the Agent, on behalf of the Lenders, may foreclose on, or otherwise realize on their Prepetition Liens and the Replacement Liens on, all or any portion of the Prepetition Collateral and the Adequate Protection Collateral, including collecting accounts receivable and applying the proceeds thereof to the Prepetition Obligations, occupying the Debtors' premises to sell or otherwise dispose of the Prepetition Collateral and the Adequate Protection Collateral, or otherwise exercising remedies against the Prepetition Collateral and the Adequate Protection Collateral permitted by applicable non-bankruptcy law.

(d) In addition, and without limiting the foregoing, upon the occurrence of an Event of Default and after providing five (5) business days' prior written notice (the "**Enforcement Notice**") to counsel for the Debtors, counsel for any Committee, counsel to the Ad Hoc Committee of Senior Noteholders, counsel to certain Lenders under the Credit Agreement, and the U.S. Trustee, the Agent, acting on behalf of itself and the Lenders, shall be entitled to take any action and exercise all rights and remedies provided to it by this ~~Interim~~Final Order or applicable law as the Agent may deem appropriate in its sole discretion to, among other things, proceed against and realize upon the Prepetition Collateral (or the Adequate Protection Collateral) or any other assets or properties of Debtors' estates upon which the Agent, for the benefit of itself and the Lenders, has been or may hereafter be granted liens or security interests to obtain the full and indefeasible repayment of all Prepetition Obligations, provided, however,

that so long as the Debtors seek an emergency hearing with the Court within the period established by the Enforcement Notice to determine whether an Event of Default has occurred and raise other equitable objections and such hearing occurs within ten (10) days of the filing date of the motion for such emergency hearing, the Lenders shall be held in abeyance from exercising any and all rights set forth herein pending such hearing before the Court.

7. Relief From the Automatic Stay. The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified and vacated without further notice, application or order of the Court, solely to the extent necessary, to permit the Agent, on behalf of itself and the Lenders, to perform any act authorized or permitted under or by virtue of this InterimFinal Order, including, without limitation, to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the Prepetition Collateral (or the Adequate Protection Collateral).

8. Carve-Out. Subject to the terms and conditions contained in this Paragraph 8, each of the Prepetition Liens, Replacement Liens, and Super-Priority Claims shall be subject and subordinate in all respects to payment of the Carve-Out:

(a) For purposes of this InterimFinal Order, “Carve-Out” means (i) all unpaid fees required to be paid in these Cases to the Clerk of the Court and to the U.S. Trustee under 28 U.S.C. § 1930 and 31 U.S.C. § 3717, whether arising prior to or after the delivery of the Carve-Out Trigger Notice (as defined herein); (ii) fees and expenses of up to \$25,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) all reasonable and documented unpaid fees, costs, disbursements and expenses (the “**Debtors’ Professional Fees**”) of professionals retained by the Debtors in these Cases (collectively, the “**Debtors’ Professionals**”) that are incurred at any time before or on the first business day after the delivery by the Agent on behalf of the Lenders a Carve-Out Trigger Notice (whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice) (the “**Pre-Trigger Date Fees**”); (iv) all reasonable and documented unpaid fees and expenses (the “**Committee Professional Fees**” and together with the Debtors’ Professional Fees, the “**Professional Fees**”) of professionals retained by any

Committee in these Cases (collectively, the “**Committee Professionals**” and together with the Debtors’ Professionals, the “**Professional Persons**”) that are incurred and earned prior to the first business day after the delivery by the Agent of a Carve-Out Trigger Notice, are allowed by the Court under sections 105(a), 330 or 331 of the Bankruptcy Code or otherwise (whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice) and remain unpaid after application of any available funds remaining in the Debtors’ estates for such Committee Professionals; and (v) after the first business day following the delivery by the Agent of the Carve-Out Trigger Notice (the “**Trigger Date**”), to the extent allowed at any time, whether by interim order, procedural order or otherwise, the payment of (x) all Professional Fees of Professional Persons retained by the Debtors and (y) Professional Fees of Professional Persons retained by the Committee in an aggregate amount for clauses (x) and (y) not to exceed \$1,000,000 incurred on and after the Trigger Date (the amount set forth in this clause (v) being the “**Post Carve-Out Trigger Notice Cap**”) (plus all unpaid fees, costs, disbursements and expenses of the Debtors’ Professionals and Committee Professionals allowed by this Court at any time that were incurred on or prior to the first business day following the delivery of the Carve-Out Trigger Notice (as defined herein)) (clauses (i) through (v) collectively, the “**Carve-Out**”). Notwithstanding anything to the contrary in this [InterimFinal](#) Order, all liens and claims granted pursuant to the Interim [Order and this Final](#) Order, as well as all liens and claims granted pursuant to any Prepetition Obligations, shall be subject to the Carve-Out. The term “**Carve-Out Trigger Notice**” shall mean a written notice delivered by the Agent on behalf of the Lenders or its counsel to the Debtors’ lead counsel, the U.S. Trustee, counsel to the Ad Hoc Committee of Senior Noteholders, counsel to certain Lenders under the Credit Agreement, lead counsel to any Committee appointed in these Cases, delivered upon the occurrence of a Termination Declaration Date under this [InterimFinal](#) Order, expressly stating that the Carve-Out Trigger Notice has been invoked. For the avoidance of doubt and notwithstanding anything to the contrary herein or in any prepetition loan or financing documents, the Carve-Out shall be senior to all liens and claims, including the Replacement Liens, any Super-Priority Claims, the

Prepetition Liens, and any other liens, claims, or interest of any person. On the day on which a Carve-Out Trigger Notice is given to the Debtors, such Carve-Out Trigger Notice also shall constitute a demand to the Debtors to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund a reserve in an aggregate amount equal to the accrued and unpaid Pre-Trigger Date Fees, and the Debtors shall deposit and hold any such amounts in a segregated account in trust for the Professional Persons (the “**Carve-Out Reserve**”) (it being understood that the Secured Parties shall have a lien and security interest in any residual amount of such segregated account). After the Carve-Out Reserve has been fully funded, the Debtors may escrow additional monies in an amount not to exceed the amount of projected Professional Fees reasonably and in good faith anticipated by the Debtors to be incurred by the Debtors for the immediately succeeding 30-day period (the “**Additional Reserved Funds**”), and such Additional Reserved Funds shall reduce on a dollar for dollar basis the Post-Carve Out Trigger Notice Cap. Further, for the avoidance of doubt and notwithstanding anything herein to the contrary, following an Event of Default, the Secured Parties shall not sweep or foreclose on cash of the Debtors until the Carve-Out Reserve has been fully funded; provided, however, that in no event may the Additional Reserved Funds exceed the Post Carve-Out Trigger Notice Cap.

(b) Any payments actually made pursuant to sections 327, 328, 330, 331, 503 or 1103 of the Bankruptcy Code or otherwise to the Professional Persons shall not be paid from the proceeds of any Adequate Protection Collateral, Prepetition Collateral or Cash Collateral until such time as all retainers, if any, held by such Debtors’ Professionals or Committee Professionals have been reduced to zero. So long as no Carve-Out Trigger Notice has been delivered, the Debtors shall be permitted to pay the Professional Fees, allowed and payable under sections 328, 330 or 331 of the Bankruptcy Code, as the same may be due and payable, subject to the Approved Budget and Paragraph 4(b) hereof. Any compensation and expenses previously paid, or accrued but unpaid, prior to the delivery of the Carve-Out Trigger Notice and any fees, expenses, indemnities or other amounts paid to the Secured Parties or such party’s respective

attorneys and agents under the Prepetition Obligations or otherwise, shall not reduce the Post Carve-Out Trigger Notice Cap.

(c) Notwithstanding any provision in this Paragraph 8 to the contrary or otherwise, no portion of the Carve-Out, Cash Collateral, Prepetition Collateral or Adequate Protection Collateral shall be utilized for the payment of Professional Fees to the extent restricted under Paragraph 9 hereof.

(d) Nothing herein shall be construed as consent to the allowance of any Professional Fees of any of the Debtors, any Committee, any other official or unofficial committee in these Cases, or of any other person or entity, or shall affect the right of any Secured Party to object to the allowance and payment of such fees and expenses.

9. Restriction on Use of Prepetition Collateral Including Cash Collateral.

(a) No portion of the Prepetition Collateral, including without limitation, the Cash Collateral, may be used for the payment of the fees and expenses of any person incurred challenging, or in relation to the challenge of, (i) the Prepetition Liens of the Secured Parties, or the initiation or prosecution of any claim or cause of action (including any Claims and Defenses) against any or all of the Secured Parties, or (ii) any claims or causes of actions against any or all of the Secured Parties, their respective affiliates, agents, attorneys, financial advisors, consultants, officers, directors and employees, including formal discovery proceedings in anticipation thereof, and/or challenging any Lien or claim of any or all of the Secured Parties, or asserting any other lender liability or other claim or cause of action against any of the Secured Parties.

(b) Furthermore, none of the Prepetition Collateral, including, without limitation, the Cash Collateral, shall be used to prevent, hinder or delay the Secured Parties from exercising any default-related rights and remedies (including, without limitation, any enforcement or realization upon the Prepetition Collateral) once an Event of Default has occurred and is continuing (subject to the notice provisions contained in Paragraph 6(b)) under the Credit Agreement or this ~~Interim~~Final Order.

(c) Nothing herein shall be construed as consent to the allowance of any Debtors' Professional Fees, Committee Professional Fees or the professional fees or expenses of any unofficial committee or any other party in interest, or shall affect the right of the Secured Parties to object to the allowance and payment of such fees and expenses.

(d) The Secured Parties shall not be responsible for the direct payment or reimbursement of any fees, costs and disbursements of the Debtors' Professionals or any fees, costs or disbursements of any Committee Professionals incurred in these Cases or any Successor Case. Nothing in this ~~Interim~~Final Order or otherwise shall be construed (i) to obligate the Secured Parties in any way to pay compensation or to reimburse expenses of any of the Professional Persons or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement; or (ii) as consent to the allowance of any Professional Fees.

10. Cash Management System; Control Over Debtors' Accounts. ~~Fe~~Pursuant to the extentOrder 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 [Docket No. 47], the Court ~~authorizes~~granted the relief sought in the Cash Management Motion and authorized the Debtors to maintain their cash management system, ~~which is the subject of the Cash Management Motion, such.~~ Such system shall be maintained in a manner consistent with the manner set forth in the Loan Documents unless (a) the Agent, in its sole and absolute discretion, consents in writing to any proposed modification to such cash management system, or (b) the Court orders otherwise.

11. Non-Avoidance. Subject to Paragraph 12 hereof, any and all payments made and accepted by the Agent, on behalf of the Lenders, or made directly to the Lenders, whether prepetition or postpetition, in connection with the Prepetition Obligations, the Interim Order, or this ~~Interim~~Final Order, are final and not subject to avoidance or recovery by the Debtors or any other entity under chapter 5 of the Bankruptcy Code or otherwise.

12. Reservation of Certain Third Party Rights and Bar of Challenges and Claims. The Debtors' Stipulations shall be binding upon the Debtors in all circumstances upon the entry of ~~the Interim~~this Final Order. The Debtors' Stipulations shall be binding upon each other party in interest, including any Committee and any trustee of the Debtors' estates appointed in these Cases, unless (a) on or before either (A) if no Committee has been appointed, the earlier of (i) 75 days from the entry of ~~the~~is Final Order and (ii) the date on which objections to confirmation of the Debtors' chapter 11 plan or plans of reorganization for one or more of the Debtors are due, (B) if a Committee has been appointed, the earlier of (i) 60 days after such Committee selects its counsel and (ii) the date on which objections to confirmation of the Debtors' chapter 11 plan or plans of reorganization for one or more of the Debtors are due, or (C) if the Cases are converted to cases under chapter 7 of the Bankruptcy Code and if the period set forth in (A) or (B), as applicable, has not expired, 75 days from the date a chapter 7 trustee is appointed (such time period shall be referred to as the "**Challenge Period**") and the date that is the next calendar day after the termination of the Challenge Period, in the event that no objection or challenge is raised during the Challenge Period, shall be referred to as the "**Challenge Period Termination Date**"), such Committee, any trustee of the Debtors' estates appointed in these Cases, or other party in interest other than the Debtors obtains the authority to commence and actually commences, prior to the expiration of the Challenge Period, a contested matter or adversary proceeding (x) challenging or otherwise objecting to any part of the Debtors' Stipulations, or (y) against any or all of the Agent and/or the Lenders challenging any aspect of the Prepetition Obligations, Prepetition Liens or the actions or inactions of any of the Agent or the other Secured Parties arising out of or related to the Prepetition Obligations, or Prepetition Liens, including any claim against the Agent or any other Secured Party in the nature of "lender liability" causes of action, setoff, avoidance, counterclaim or defense to the Prepetition Credit Obligations (including but not limited to those under sections 544, 547, 548, 549, 550 and/or 552 of the Bankruptcy Code (the objections, challenges, actions and claims referenced in clauses (x) and (y), collectively, the "**Claims and Defenses**") and (b) this Court rules in favor of the plaintiff in any such timely and

properly commenced contested matter or adversary proceeding; provided, that as to the Debtors, for themselves and not their estates, all such Claims and Defenses are irrevocably waived and relinquished as of the Petition Date. If no Claims and Defenses have been timely asserted in any such adversary proceeding or contested matter, then, upon the Challenge Period Termination Date, and for all purposes in these Cases and any Successor Case, (i) no payments made to the Agent and other Secured Parties pursuant to ~~this~~ Interim [Order or this Final](#) Order or otherwise shall be subject to counterclaim, set-off, subordination, recharacterization, defense or avoidance, (ii) any and all such Claims and Defenses by any party in interest shall be deemed to be forever released, waived and barred, (iii) ~~the~~ Prepetition Obligations shall be deemed to be an allowed claim, and (iv) the Debtors' Stipulations shall be binding on all creditors and parties in interest, including any Committee and any subsequent trustee of the Debtors' estates in these Cases or in any Successor Case. Notwithstanding the foregoing, to the extent any Claims and Defenses are timely asserted in any such adversary proceeding or contested matter, (i) the Debtors' Stipulations and the other provisions in clauses (i) through (iv) in the immediately preceding sentence shall nonetheless remain binding and preclusive on any party in interest, including any Committee or any subsequent trustee of the Debtors' estates in these Cases or in any Successor Case from and after the Challenge Period Termination Date, except to the extent that such Debtors' Stipulations or the other provisions in clauses (i) through (iv) of the immediately preceding sentence were expressly challenged in such adversary proceeding or contested matter, and (ii) any portion of the Debtors' Stipulations or other provision in clauses (i) through (iv) in the immediately preceding sentence that is the subject of a timely filed Claim and Defense shall become binding and preclusive on any Committee (and any subsequent trustee of the Debtors' estates in these Cases or any Successor Case) and or any other party in interest to the extent set forth in any order of the Court resolving such Claim and Defense. Nothing in this ~~Interim~~[Final](#) Order vests or confers on any person or entity, including any Committee, standing or authority to pursue any cause of action belonging to any or all of the Debtors or their estates, including any

Claim and Defense or other claim against the Agent or any Lender, and the Secured Parties reserve all rights to challenge and object to such standing or authority.

13. Representations; Covenants; and Waivers.

(a) *Debtors' Waivers.* At all times during the Cases, and whether or not an Event of Default has occurred, the Debtors irrevocably waive any right that they may have to seek relief under the Bankruptcy Code, including without limitation, under section 105 of the Bankruptcy Code, to the extent that any such relief would directly restrict or impair any rights or remedies granted to the Agent or the Lenders under this ~~Interim~~Final Order.

(b) *Section 506(c) Claims.* ~~Subject to and effective upon entry of the Final Order, no~~No costs or expenses of administration which have or may be incurred in the Cases at any time shall be charged against the Agent, the Lenders, their respective claims or interests, the Prepetition Collateral (including the Cash Collateral), or the Adequate Protection Collateral pursuant to section 506(c) of the Bankruptcy Code or otherwise.

(c) *Collateral Rights.* Until all of the Prepetition Obligations shall have been indefeasibly paid and satisfied in full:

- i. no other party shall be entitled to enforce any junior lien or claim in any Prepetition Collateral or the Adequate Protection Collateral; and
- ii. upon and after the occurrence of an Event of Default, and subject to the Agent providing an Enforcement Notice in connection with an exercise of rights over any of the Prepetition Collateral or the Adequate Protection Collateral and the Debtors exercising any and all rights set forth in Paragraph 6(d) hereto, the Agent (or any of its employees, agents, consultants, contractors or other professionals), on behalf of itself and the Lenders, shall have the right, at the sole cost and expense of Debtors, to:
 - (A) enter upon, occupy and use any real or personal property, fixtures, equipment, leasehold interests or warehouse arrangements owned or leased by Debtors, (B) use any and all trademarks, tradenames, copyrights, licenses, patents or any other similar assets of Debtors, which are owned by or subject to a lien of any third party and which are used by

Debtors in their businesses, and (C) exercise any and all remedies available under applicable state law.

(d) *Release of Prepetition Claims.* Subject to Paragraph 12 hereof ~~and subject to entry of the Final Order~~, in consideration of the Agent's and the Lenders' consent to the Debtors' use of Cash Collateral, each Debtor, on behalf of itself and its respective successors, assigns, and other legal representatives (collectively, the "**Releasors**"), hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Agent and each Lender and their respective successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives (all such parties being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, including, without limitation, any so-called "lender liability" claims or defenses, that Releasors had, have or hereafter can or may have against Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Prepetition Obligations, the Loan Documents, and any loans or other financial accommodations made by the Agent or the Lenders to the Debtors pursuant to the Loan Documents; provided, however, that, notwithstanding anything herein to the contrary, in no case shall any Potential Defendants and Witnesses (as such term is defined in the Plan) be deemed Releasees or benefit in any way from the terms of this Paragraph 13(d).

14. Other Rights and Obligations.

(a) *No Modification or Stay of This ~~Interim~~Final Order.* Notwithstanding (i) any stay, modification, amendment, supplement, vacating, revocation or reversal of this ~~Interim~~Final Order, or any term hereunder, or (ii) the dismissal or conversion of one or more of the Cases (each, a "**Subject Event**"), the acts taken by the Agent and the Lenders in accordance with this ~~Interim~~Final Order prior to the Agent's and the Lenders' actual receipt of written notice from the Debtors expressly describing the occurrence of such Subject Event shall, in each

instance, be governed in all respects by the original provisions of this InterimFinal Order, as applicable, and the acts taken by the Agent and the Lenders in accordance with this InterimFinal Order, and the liens granted to the Agent and the Lenders in the Prepetition Collateral and the Adequate Protection Collateral, and all other rights, remedies, privileges, and benefits in favor of the Agent and the Lenders pursuant to this InterimFinal Order shall remain valid and in full force and effect pursuant to section 364(e) of the Bankruptcy Code. For purposes of this InterimFinal Order, the term “appeal” (as used in section 364(e) of the Bankruptcy Code) shall be construed to mean any proceeding for reconsideration, amendment, rehearing, or reevaluation of this InterimFinal Order by this Court or any other tribunal.

(b) *Disposition of Prepetition Collateral.* The Debtors shall not, without the consent of the Agent in its sole and absolute discretion, (i) enter into any agreement to return any goods to any of their creditors for application against any prepetition indebtedness under any applicable provision in section 546 of the Bankruptcy Code, or (ii) consent to any creditor taking any setoff against any of its prepetition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise.

(c) *Agent and Lenders’ Reservation of Rights.* The terms, conditions and provisions of this InterimFinal Order are in addition to and without prejudice to the rights of the Agent, on behalf of the Lenders, and the Lenders (to the extent such rights otherwise exist under the Credit Agreement and applicable law) to pursue any and all rights and remedies under the Bankruptcy Code, or any other applicable law, including, without limitation, rights to seek additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for non-consensual use of Cash Collateral or granting of any interest in the Prepetition Collateral or the Adequate Protection Collateral or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of any Debtors’ Professionals, Committee Professionals, or other parties seeking compensation or reimbursement from the estates.

(d) *Debtors' Reservation of Rights.* Notwithstanding anything to the contrary herein, the entry of this [InterimFinal](#) Order and the grant of adequate protection to the Secured Parties pursuant to the terms hereof shall: (a) subject to the occurrence of the Termination Declaration Date, be without prejudice to the rights of the Debtors to seek authority to use the Cash Collateral without the consent of the Secured Parties; and (b) not constitute an admission nor be deemed an admission by the Debtors that the terms and conditions of this [InterimFinal](#) Order are required to adequately protect the Secured Parties in the event the Debtors seek to use Cash Collateral without the consent of any of the Secured Parties.

(e) *Binding Effect of [InterimFinal](#) Order.*

i. Immediately upon entry by this Court, this [InterimFinal](#) Order shall be valid and binding upon and inure to the benefit of the Agent, the Lenders, the Debtors, and the property of the Debtors' estates, all other creditors of any of the Debtors, any Committee, and all other parties in interest and their respective successors and assigns (including any chapter 11 or chapter 7 trustee or any other fiduciary hereafter appointed as a legal representative of the Debtors), in any of the Cases, any Successor Cases, or upon dismissal of any Case or Successor Case.

ii. Any order dismissing one or more of the Cases under section 1112 of the Bankruptcy Code or otherwise shall be deemed to provide (in accordance with sections 105 and 349 of the Bankruptcy Code) that (A) the Prepetition Liens, the Replacement Liens, and the Super-Priority Claims shall continue in full force and effect notwithstanding such dismissal until the Prepetition Obligations are indefeasibly paid and satisfied in full, and (A) this Court shall retain jurisdiction to the greatest extent permitted by applicable law, notwithstanding such dismissal, for the purposes of enforcing the Prepetition Liens, the Replacement Liens, and the Super-Priority Claims.

iii. In the event that any Court modifies any of the provisions of this [InterimFinal](#) Order, (a) such modifications shall not affect the rights or priorities

of the Agent or the Lenders pursuant to this InterimFinal Order with respect to the Prepetition Collateral or the Adequate Protection Collateral or any portion of the Prepetition Obligations which arises or is incurred or is advanced prior to such modifications, and (b) this InterimFinal Order shall remain in full force and effect except as specifically amended or modified.

(f) *Marshaling*. In no event shall the Agent or any Lender be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the Prepetition Collateral or the Adequate Protection Collateral. The Agent and the Lenders shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Agent and the Lenders with respect to proceeds, products, offspring or profits of any of the Prepetition Collateral or the Adequate Protection Collateral.

(g) *Limited Effect*. Unless this InterimFinal Order specifically provides otherwise, in the event of a conflict between the terms and provisions of any of the Loan Documents and this InterimFinal Order, the terms and provisions of this InterimFinal Order shall govern, interpreted as most consistent with the terms and provisions of the Loan Documents.

(h) *Objections Overruled*. All objections to the entry of this InterimFinal Order, to the extent not withdrawn or resolved, are hereby overruled.

15. Findings and Conclusions. This InterimFinal Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent that any finding of fact shall be determined to be a conclusion of law it shall be so deemed and vice versa.

16. No Prejudice. This InterimFinal Order shall not prejudice, impair, or adversely affect any of the Agent’s and the Lenders’ rights in connection with any of the Loan Documents, including any third-party guarantees.

~~17. Final Hearing. The Final Hearing is scheduled for _____, 2013 at _____ m., prevailing Eastern time, before this Court. The Debtors shall promptly mail copies of this Interim Order (which shall constitute adequate notice of the Final Hearing) to the parties~~

~~having been given notice of the Interim Hearing, and to any other party that has filed a request for notices with this Court and to any Committee. Any party in interest objecting to the relief sought at the Final Hearing shall serve and file written objections; which objections shall be served upon: (a) the Debtors, Whiteland Business Park, Suite 200, Exton, Pennsylvania 19341, Attn: General Counsel; (b) proposed 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.; (c) 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.; (d) the Agent, U.S. Bank, National Association, 214 N. Tryon Street, 26th Floor, Charlotte, North Carolina 28202, Attn: CDO Trust Services/James Hanley; (e) counsel for the Agent, Nixon Peabody LLP, 100 Summer Street, Boston, Massachusetts 02110, Attn: Catherine Ng, Esq.; (f) counsel for certain Lenders, Latham and Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071, Attn: Stacey Rosenberg, Esq.; (g) counsel for 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 for the Ad Hoc Committee of Senior Noteholders, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 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 for 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 any Committee appointed in these Cases; (l) 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.; (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; (n) the National Association of Attorneys General, 2030 M Street NW, 8th Floor, Washington, DC 20036, Attn: Karen Cordry; and (o) any party that has requested notice pursuant to Bankruptcy Rule 2002.~~

~~18.17. Retention of Jurisdiction.~~ The Court has and will retain jurisdiction to interpret and enforce the provisions of this ~~Interim~~Final Order.

~~19.~~18. Immediately Effective. This ~~Interim~~Final Order is hereby deemed effective immediately pursuant to Rule 6004(h) Federal Bankruptcy Rules of Procedure.

Dated: _____December
_____, 2013
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

APPROVED BUDGET

Exhibit 2

VARIANCE REPORT

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