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Proposed Counsel to the Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
INSIGHT HEALTH SERVICES HOLDINGS CORP., et al.,[1]	)	Case No. 10-[_____] (___)
Debtors.	)	(Joint Administration Requested)

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: InSight Health Services Holdings Corp. (0028); InSight Health Services Corp. (2770); Comprehensive Medical Imaging Centers, Inc. (6946); Comprehensive Medical Imaging, Inc. (2473); InSight Health Corp. (8857); Maxum Health Services Corp. (5957); North Carolina Mobile Imaging I LLC (9930); North Carolina Mobile Imaging II LLC (0165); North Carolina Mobile Imaging III LLC (0251); North Carolina Mobile Imaging IV LLC (0342); North Carolina Mobile Imaging V LLC (0431); North Carolina Mobile Imaging VI LLC (0532); North Carolina Mobile Imaging VII LLC (0607); Open MRI, Inc. (1529); Orange County Regional PET Center - Irvine, LLC (0190); Parkway Imaging Center, LLC (2858); and Signal Medical Services, Inc. (2413). The location of the Debtors' corporate headquarters and the Debtors' service address is: 26250 Enterprise Court, Suite 100, Lake Forest, California 92630.

DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (A) AUTHORIZING THE DEBTORS TO (1) CONTINUE USING THE CASH MANAGEMENT SYSTEM, (2) MAINTAIN EXISTING BANK ACCOUNTS AND BUSINESS FORMS AND (3) MAINTAIN EXISTING INVESTMENT PRACTICES, AND (B) AUTHORIZING THE DEBTORS TO CONTINUE INTERCOMPANY ARRANGEMENTS AND GRANTING POSTPETITION INTERCOMPANY CLAIMS ADMINISTRATIVE EXPENSE PRIORITY

The above-captioned debtors and debtors in possession (collectively, the "Debtors") hereby move the Court, pursuant to this motion (this "Motion"), for the entry of interim and final orders, substantially in the forms attached hereto as Exhibit A and Exhibit B, respectively: (a) authorizing the Debtors to (i) continue to use their existing cash management system, (ii) maintain their existing bank accounts and business forms and (iii) maintain their existing investment practices; and (b) permitting continued intercompany transactions (including intercompany setoffs) and granting postpetition intercompany claims administrative expense priority. In support of this Motion, the Debtors respectfully state as follows:[2]

Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105(a), 345 and 503(b)(1) of the Bankruptcy Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code") and Rule 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

[2] The facts and circumstances supporting this Motion are set forth in the Declaration of Keith S. Kelson of InSight Health Services Holdings Corp. (I) in Support of Debtors' Chapter 11 Petitions and First Day Motions and (II) Pursuant to Local Bankruptcy Rule 1007-2 (the "First Day Declaration"), filed contemporaneously herewith and incorporated herein by reference.

Background

4. The Debtors and their affiliates are a leading diagnostic medical imaging services provider that own and operate a network of 62 fixed-site imaging centers and 104 mobile facilities in more than 30 states. Through their imaging centers and mobile facilities, the Debtors provide magnetic resonance imaging, ultrasound, x-ray and other diagnostic imaging services that generate representations of internal anatomy used by physicians for the diagnosis of certain medical conditions.

5. Through a prior restructuring, the Debtors converted their subordinated unsecured debt into common equity and, thereby, reduced their debt service costs and preserved liquidity. The Debtors believed, at that time, that they would be able to maintain competitive operations without the need for further deleveraging. However, as with other businesses and individuals, the significant economic downturn of 2008 and 2009, the effects of which are still felt today, reduced demand for the Debtors' services, making it necessary for the Debtors to further restructure their debt obligations.

6. Beginning in the fall of 2010, the Debtors engaged in discussions with their revolving loan agent and major senior secured noteholders regarding a consensual debt restructuring. Prior to filing these chapter 11 cases, the Debtors successfully negotiated and obtained agreement from their major creditor constituents to the restructuring and exchange embodied in their prepackaged chapter 11 plan, filed contemporaneously herewith.

7. The proposed prepackaged plan converts all of the Debtors' senior secured notes into new common equity, eliminating more than $290 million of debt. The plan also leaves the Debtors' general unsecured creditors unimpaired and provides them with a *full recovery* on their general unsecured claims. In connection with receiving their plan distribution, the senior secured

noteholders will convey warrants to acquire two percent of the new common stock exercisable when the enterprise value reaches a certain threshold to the Debtors' existing equity holders.

8. The Debtors launched solicitation of their plan prior to filing these chapter 11 cases to holders of the senior secured notes — the only class of claims or interests entitled to vote on the plan. As of the time of filing these chapter 11 cases, senior secured noteholders holding over two-thirds of the outstanding amount of the notes have voted to accept the plan. The Debtors expect to obtain further acceptance of the plan by the proposed December 27, 2010 voting deadline and anticipate confirming the plan expeditiously.

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

The Debtors' Cash Management System

10. To facilitate the efficient operation of their business, in the ordinary course of business, the Debtors utilize an integrated, centralized cash management system to collect, transfer and disburse funds generated by their operations (including the Bank Accounts, the Investment Practices, the Intercompany Arrangements (each as defined herein) and all other cash management and funds processing activities and arrangements utilized by the Debtors, the "Cash Management System"). The Cash Management System facilitates the Debtors' cash forecasting and reporting, monitoring the collection and disbursement of funds, maintenance of current and

accurate accounting records for all cash transactions and administration of approximately 100 bank accounts (collectively, the "Bank Accounts"), including those bank accounts set forth on Exhibit 1-A and Exhibit 1-B to each of Exhibit A and Exhibit B attached hereto and reflected on the funds flow chart of the Cash Management System attached hereto as Exhibit C.

11. The Cash Management System is similar to those commonly employed by businesses comparable to that of the Debtors. Indeed, large businesses use such systems because of the numerous benefits provided, including the ability to control funds, ensure cash availability to each of the Debtors and reduce administrative expenses by facilitating the movement of funds. Any disruption of the Cash Management System would be extremely detrimental to the Debtors' operations, as their business requires prompt access to cash to operate.

A. Description of Bank Accounts and Flow of Funds.

12. The Debtors' financial personnel manage the Cash Management System from the Debtors' offices in Lake Forest, California. The Cash Management System is comprised of the Bank Accounts as well as on-site cash and funds processing activities at the Debtors' facilities. The Cash Management System is specifically tailored to meet the Debtors' operating needs—enabling the Debtors effectively and centrally to control and monitor corporate funds, ensure cash availability and liquidity, invest excess cash, comply with the requirements of their financing agreements, reduce administrative expenses by facilitating the movement of funds, and enhance the development of accurate account balances and presentment information. These controls are crucial given the significant volume of cash transactions managed through the Cash Management System each day.

1. Description and Function of Bank Accounts.

13. The Debtors utilize the Bank Accounts to centrally manage deposited cash. The Bank Accounts serve dedicated functions and include the following Debtor-owned and

-controlled accounts: a main concentration and operating account (the "Concentration Account"); depository accounts at each of the Debtors' imaging facilities (each a "Center" and, collectively, the "Centers") for cash, check and credit card receipts as well as electronic funds transfers ("EFTs") from Medicare, Medicaid and other third-party payors (collectively, the "Center Depository Accounts"); "lockbox" accounts for deposits of certain EFTs and checks (collectively, the "Lockbox Accounts"), including one master lockbox account through which funds are transferred to the Concentration Account (the "Master Lockbox"); investment accounts (collectively, the "Investment Accounts"); credit and interest reserve and collateral accounts (the "Credit and Collateral Accounts"); a payroll disbursements account (the "Payroll Account"); an accounts payable disbursements account (the "A/P Account"); a patient refunds account (the "Refund Account"); and certain medical benefits programs accounts (the "Employee Benefits Accounts").

14. All of the Debtor-owned Bank Accounts are maintained at banks designated as authorized depositories by the Office of the United States Trustee (the "U.S. Trustee"). With the exception of one of the Center Depository Accounts (which is maintained at J.P. Morgan Chase & Co. ("J.P. Morgan")), the Debtor-owned Bank Accounts (including the Concentration Account, the remaining Center Depository Accounts, the Lockbox Accounts, the Investment Accounts, the Credit and Collateral Accounts, the Payroll Account, the A/P Account, the Refund Account, and the Employee Benefits Accounts) are maintained at Bank of America, N.A. ("Bank of America"), and, other than the Concentration Account and the Credit and Collateral Accounts, are generally zero-balance accounts (each a "ZBA" and, collectively, "ZBAs").

15. The Debtors' interests in their joint ventures, together with their contracts to manage the joint ventures and third-party-owned imaging facilities represent some of the most

valuable assets of the Debtors' estates and some of the most important components of the Debtors' businesses. In the Debtors' fiscal year ended June 30, 2010, the joint ventures accounted for approximately $46 million of the Debtors' approximately $190.9 million aggregate annual gross revenue. Generally, the Debtors have access to and manage (but actually do not own) the cash accounts of their joint ventures as well as those of third parties with which they have management services agreements. Accordingly, the Bank Accounts include the following Debtor-managed accounts: joint venture depository and operating accounts (collectively, the "Joint Venture Accounts"); and accounts managed by the Debtors pursuant to certain of the Debtors' management services agreements with third parties (collectively, the "MSA Accounts"). The Joint Venture Accounts are managed by the Debtors pursuant to agreements governing the Debtors' joint ventures, and the MSA Accounts are similarly managed by the Debtors pursuant to the management services agreements between the Debtors and certain third parties, often physicians groups or hospitals. The Debtors generally have authority to sign for and direct funds in the Joint Venture Accounts and MSA Accounts. Neither the Joint Venture Accounts nor the MSA Accounts are the property of any of the Debtors or their estates. The Debtors describe these accounts out of an abundance of caution but do not believe that Court authorization is necessary for the continued maintenance of the Joint Venture Accounts or the MSA Accounts.

16. To minimize expenses to the Debtors' estates and avoid the unnecessary and potentially detrimental establishment of a new cash management system comprised of new bank accounts, the Debtors request that the Court allow them to continue to use all of the Bank Accounts as the Bank Accounts were in use immediately prior to the Petition Date.

17. The functions of the Bank Accounts are as follows:

a. ***Concentration Account.*** The Debtors maintain the Concentration Account as the Cash Management System's central account. Proceeds deposited into ZBAs are swept daily into the Concentration Account and transferred from the Concentration Account to other accounts as needed to fund disbursements from those accounts. All payments and other transactions from the Cash Management System are settled against the Concentration Account. As of the Petition Date, the Concentration Account's aggregate balance is approximately $4.1 million.

b. ***Center Depository Accounts.*** The Debtors maintain Center Depository Accounts for each of the Centers,[3] into which are deposited all of the respective Centers' cash, check and credit card receipts as well as Medicare, Medicaid and other third-party payor EFTs. As noted above, all but one of the Center Depository Accounts are maintained with Bank of America. The Bank of America Center Depository Accounts are ZBAs, and funds from these Center Depository Accounts are transferred (through the Master Lockbox) to the Concentration Account on a daily basis.[4]

c. ***Lockbox Accounts.*** The Debtors maintain the six (6) Lockbox Accounts (including the Master Lockbox) to process certain EFTs and checks from wholesale and other customers, including customers of the Debtors' non-debtor joint ventures and certain third parties that have contracted with the Debtors to manage non-debtor-owned imaging centers. The Lockbox Accounts are ZBAs, and funds from the Lockbox Accounts are transferred (through the Master Lockbox) to the Concentration Account on a daily basis.

d. ***Investment Accounts.*** The Investment Accounts are two (2) external money market investment accounts, into which the Debtors may transfer excess cash at their discretion based on rates of return and other business considerations. As of the Petition Date, the Investment Accounts carry no balance.

e. ***Credit and Collateral Accounts.*** Pursuant to the terms of their prepetition revolving credit facility and the indenture for their prepetition senior secured notes, the Debtors maintain deposit accounts for credit and collateral reserves, including cash collateral for the Debtors' letters of

[3] The Debtors maintain separate Center Depository Accounts for each of the Centers because applicable Medicare and state Medicaid regulations require a separate account for each location, among other reasons.

[4] The Debtors utilize one Center Depository Account with J.P. Morgan for cash and check deposits for a Center not located near a Bank of America branch. This Center also maintains a Center Depository Account with Bank of America for credit card receipts and EFT payments. The J.P. Morgan Center Depository Account is swept into the Bank of America Center Depository Account (and into the Concentration Account) on a weekly basis.

credit. Pursuant to the governing credit documents, the funds in the Credit and Collateral Accounts may only be used for limited purposes. For instance, the Debtors use funds in the Credit and Collateral Account holding cash collateral for the Debtors senior secured notes for acquisitions and asset purchases. The Credit and Collateral Accounts do not bear interest. As of the Petition Date, the Credit and Collateral Accounts' aggregate balance is approximately $3.3 million.

f. ***Payroll Account.*** The Debtors maintain the Payroll Account to fund payroll obligations. Payroll is issued from this account on a bi-weekly basis, depending on applicable class of employees. The Debtors pre-fund the gross amount of their payroll taxes into the Payroll Account from the Concentration Account immediately before such taxes are paid. In all other cases, the Payroll Account operates as ZBA, and disbursements from the Payroll Account are automatically debited against the Concentration Account.

g. ***A/P Account.*** The Debtors maintain the A/P Account to pay trade accounts payable arising in the ordinary course of the Debtors' business. The A/P Account is a ZBA funded through the Concentration Account on an as-needed basis.

h. ***Refund Account.*** The Debtors maintain the Refund Account to fund patient refunds upon receiving final payment from a patient's health insurance provider. Refunds are issued from this account on a weekly basis. The Refund Account is a ZBA, and disbursements from the Refund Account are automatically debited against the Concentration Account.

i. ***Employee Benefits Accounts.*** The Debtors maintain the Employee Benefits Accounts to cover disbursements for certain health savings account and flexible spending account medical benefits for the Debtors' employees. The Employee Benefits Accounts are funded on an as-needed basis from the Concentration Account as benefits accrue and become payable and may maintain a standing balance until the Debtors' employees cash all outstanding benefits checks.

j. ***Joint Venture Accounts.*** The Joint Venture Accounts are not owned by the Debtors. The Debtors participate in approximately 15 non-debtor joint ventures and perform management services (including with respect to cash management responsibilities) for the majority of the joint ventures. The Debtors manage (but technically do not own) the respective Bank Accounts for these joint ventures. In certain cases, the Debtors pay joint-venture obligations and reimburse themselves on a weekly basis from the Joint Venture Accounts. The Debtors also transfer certain joint-venture customer payments deposited into the Lockbox Accounts through the Concentration Account to the Joint Venture Accounts. In addition, the Debtors are paid monthly management fees from certain of the Joint

Venture Accounts. As of the Petition Date, the Joint Venture Accounts' aggregate balance is approximately $5.4 million.

k. ***MSA Accounts.*** The MSA Accounts, like the Joint Venture Accounts, are not owned by the Debtors. Pursuant to certain management services agreements, the Debtors manage (but technically do not own) third party imaging and diagnostic centers, including with respect to the related MSA Accounts and cash management functions. The Debtors transfer certain payments from customers of the third-party account owners deposited into the Lockbox Accounts through the Concentration Account to the MSA Accounts. The Debtors are paid monthly management fees and/or reimbursed for certain operating and management expenses from the MSA Accounts. As of the Petition Date, the MSA Accounts' aggregate balance is approximately $1.1 million.

2. Description of Funds Processing.

18. A diagram setting forth the flow of funds among the Bank Accounts is attached hereto as Exhibit C. To maintain the benefit of the Cash Management System and minimize expenses to the Debtors' estates, the Debtors respectfully request that the Court allow them to continue to utilize the Cash Management System in the manner in place immediately prior to the Petition Date.

19. ***Receipts.*** After daily receipts have been collected and accounted for, the Centers prepare daily deposits, comprised of checks and excess cash not needed for daily operations. In each case, these deposits, together with any credit card charges via automated clearing house direct deposits ("ACH Payments") and EFTs from Medicare, Medicaid and other third-party payors are made to the respective Center Depository Accounts. Further, certain EFTs and checks are deposited into the Lockbox Accounts. As described above, receipts deposited into the Center Depository Accounts and the Lockbox Accounts are swept daily into the Concentration Account (through the Master Lockbox). In addition, the Debtors manage and monitor the funds in the Joint Venture Accounts and the MSA Accounts and, in certain cases, deposit collections into the applicable accounts. In accordance with the respective governing documents, the Debtors

receive expense reimbursements and/or management fees from the Joint Venture Accounts and the MSA Accounts on a regular basis, which receipts are deposited into the Concentration Account.

20. ***Disbursements.*** The Debtors approve, process and pay vendor invoices, employee payroll and other obligations and patient refunds in the ordinary course of business. The Debtors' accounts payable department enters approved invoices for payment by check, wire or ACH Payment. As noted above, funds for such payments are transferred from the Concentration Account to the A/P Account, the Payroll Account, the Refund Account or the Employee Benefits Accounts, as applicable, on an as-needed basis.

21. ***Excess Cash from Operations.*** As described above, the Debtors deposit receipts into the Center Depository Accounts or the Lockbox Accounts and transfer cash from ordinary-course operations in the non-interest-bearing Concentration Account. At the Debtors' discretion, certain excess cash may be transferred from the Concentration Account to the Investment Accounts.

22. ***Collateral Reserves and Asset Sales.*** In accordance with the Debtors' credit documents, the Debtors maintain the Credit and Collateral Accounts. One of the Credit and Collateral Accounts holds any collateral reserves for the Debtors' approximately $1.65 million of letter-of-credit exposure.[5] The other Credit and Collateral Account is held as a collateral reserve for the Debtors' senior secured floating rate notes. Pursuant to the indenture governing the Debtors' senior secured notes, proceeds from non-ordinary-course sales of any of the Debtors' imaging centers or assets are immediately transferred to this Credit and Collateral Account.

[5] As of the Petition Date, the letter-of-credit Credit and Collateral Account's balance is $20.00. To the extent that the Debtors were to satisfy or otherwise were relieved of their letter-of-credit obligations, any funds remaining in this Credit and Collateral Account at that time would revert to the Concentration Account.

B. The Debtors' Existing Business Forms and Books and Records.

23. In connection with the Cash Management System, the Debtors use a variety of preprinted business forms (including, without limitation, checks, letterhead and correspondence forms, purchase orders and invoices) in the ordinary course of business (collectively, the "Business Forms"). The Debtors also maintain books and records to document, among other things, their financial results and a wide array of necessary operating information (collectively, the "Books and Records"). To minimize expenses to the Debtors' estates and avoid unnecessarily confusing their employees, customers and vendors and other commercial counterparties, the Debtors request that the Court allow them to continue to use all of their Business Forms and Books and Records in use immediately prior to the Petition Date—without reference to the Debtors' status as chapter 11 debtors in possession—rather than requiring the Debtors to incur the expense and delay of ordering entirely new business forms.

C. The Debtors' Investment Practices.

24. The Debtors currently maintain no balance in any of the Investment Accounts. Nonetheless, from time to time, the Debtors administer investments under their Cash Management System in accordance with certain prudent investment practices (collectively, the "Investment Practices"), which have a primary goal of protecting principal and a secondary goal of maximizing yield and liquidity. The Debtors seek, in the exercise of their business judgment, to maintain certain excess cash in income-producing investments. From time to time, the Debtors transfer certain excess cash in the Bank Accounts into pre-approved, highly rated investment vehicles, which may include, among others, the Investment Accounts, U.S. Treasury Bills, U.S. Treasury Funds, highly rated commercial paper and money market accounts and overnight bank deposits at highly rated banking institutions. Substantially all of these investments are short term in nature (i.e., from overnight to up to three months, depending on

forecasted cash needs) and diversified across multiple established, stable and highly rated banking institutions. In addition, in the exercise of their business judgment and in the ordinary course of business, the Debtors enter into certain longer-term hedging transactions to protect their business from, among other things, interest rate fluctuations and volatility. These investment practices focus on capital preservation and liquidity, as they represent the operating cash of the Debtors. By this Motion, the Debtors respectfully request that the Court authorize, but not direct, the Debtors to continue to manage their investments in their discretion pursuant to the Investment Practices.

D. The U.S. Trustee Guidelines and Section 345 Investment Requirements.

25. Pursuant to 28 U.S.C. § 586(a)(3) and the "Operating Guidelines and Financial Reporting Requirements Required in All Cases Under Chapter 11" (the "U.S. Trustee Guidelines") established by the U.S. Trustee, debtors in possession are required to, among other things: (a) close all existing bank accounts and open new debtor-in-possession bank accounts; (b) establish one debtor-in-possession account for all estate monies required for payment of taxes, including payroll taxes; (c) physically set aside all monies required by law to be withheld from employees or collected from others for taxes; (d) open a new set of books and records upon the commencement of a chapter 11 case; (e) use new business forms indicating the debtor-in-possession status of the chapter 11 debtor; and (f) make all disbursements of estate funds by check with a notation representing the reason for the disbursement. See U.S. Trustee Guidelines. These requirements are intended to provide a clear line of demarcation between prepetition and postpetition transactions and operations, and to prevent inadvertent payment of prepetition claims. Due to the integrated nature of the Debtors' Cash Management System and the Medicare payment process required of the Debtors' businesses, however, effecting these changes could materially impair the Debtors' businesses and operations.

26. The Cash Management System includes a sophisticated network of Bank Accounts controlled by the Debtors using an integrated and established management process. To re-create this network from scratch by opening new accounts could create unnecessary disruption and potential confusion at a critical point of these chapter 11 cases as the Debtors transition to in-bankruptcy operations. In addition, pursuant to applicable Medicare regulations, closing the Bank Accounts and opening new accounts would require the Debtors to re-apply for Medicare billing numbers, which applications could take months to be approved. Pending the issuance of new Medicare billing numbers, the Debtors would be unable to receive Medicare payments and so would lose a significant revenue stream. Such a significant delay in cash receipts could be crippling to the Debtors' businesses. The Cash Management System provides sophisticated financial controls that can address the U.S. Trustee Guidelines' goals in a far less disruptive manner, and, by this Motion, the Debtors respectfully request a waiver of the U.S. Trustee Guidelines.

27. Additionally, section 345(a) of the Bankruptcy Code authorizes a debtor in possession to deposit or invest money of the estates, such as cash, "as will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." If deposits or investments are not insured or guaranteed by the United States or backed by the full faith and credit of the United States, section 345(b) of the Bankruptcy Code provides that, unless the Court orders otherwise for cause, the estates must require the entity with which the money is deposited or invested to obtain a bond in favor of the United States that is secured by the undertaking of an adequate corporate surety. Because the Debtors believe that the Investment Practices provide the protection contemplated by the "corporate surety" requirement

of the Bankruptcy Code, the Debtors respectfully request a waiver of the requirements of section 345(b) of the Bankruptcy Code.

E. The Debtors' Intercompany Transactions.

28. In the ordinary course of business, certain of the Debtors maintain business relationships with each other, resulting in intercompany receivables and payables (the "Intercompany Claims"). For instance, from time to time, one of the Debtors may pay invoices or expenses which include amounts allocable to another of the Debtors, or a Debtor may provide services to another Debtor and charge the Debtor (at cost) for the service. The balances of the Intercompany Claims net to zero (i.e., the amount of the receivable recorded by one Debtor equals the corresponding liability recorded by the other Debtor). Generally, a Debtor will not immediately repay its obligations on account of a particular Intercompany Claim to another Debtor. Rather, funds are periodically transferred among the Debtors as needed to fund operations and to make capital improvements, among other things, and such transfers include amounts sufficient to satisfy applicable Intercompany Claims. By this Motion, the Debtors respectfully request that the Court grant administrative expense priority status to the Intercompany Claims to ensure that the Debtors may continue to engage in the ordinary-course transactions giving rise to the Intercompany Claims.

29. Additionally, as discussed above, certain of the Debtors provide corporate management and administrative services to and administer the expenses of other Debtors and certain non-debtor affiliates, including the Debtors' joint ventures (collectively, the "Intercompany Arrangements"). Certain management and administrative functions of the Debtors and certain of their non-debtor joint ventures are integrated. The continued performance of the ordinary-course intercompany transactions and other functions pursuant to the Intercompany Arrangements is crucial to ensuring the Debtors' ability to operate their business

as debtors in possession. For instance, certain Debtors process and pay ordinary-course invoices for other Debtors and non-debtor joint ventures (many of which have no practical capability to make their own disbursements) and are then reimbursed for the payments on a weekly basis. If the Debtors were not to continue to make these payments, it could be very damaging to the value of the Debtors' estates. Because the Debtors engage in the Intercompany Arrangements on a regular basis and such arrangements are common among enterprises similar to the Debtors, the Debtors believe that the Intercompany Arrangements represent ordinary-course transactions within the meaning of section 363(c)(1) of the Bankruptcy Code and, thus, do not require the Court's approval. Nonetheless, out of an abundance of caution, by this Motion, the Debtors respectfully request express authority, but not direction, to continue the Intercompany Arrangements on a postpetition basis.

Relief Requested

30. For the reasons set forth herein, by this Motion, the Debtors hereby seek the entry of an order authorizing, but not directing, continued use of the Cash Management System, including, without limitation:

a. authorizing, but not directing, continued use of the: (i) Bank Accounts (as well as authorizing the Debtors to open and close new bank accounts as appropriate); (ii) Business Forms; and (iii) Books and Records;

b. authorizing and directing the Debtors' banks to continue to maintain, service and administer the Bank Accounts and to debit the Bank Accounts in the ordinary course of business on account of: (i) all checks drawn on the Bank Accounts and which are cashed at the banks' counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (ii) all checks or other items deposited in one of the Debtors' Bank Accounts prior to the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent that the Debtors were responsible for such items prior to the Petition Date; and (iii) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to the banks as service charges for the maintenance of the Cash Management System;

c. authorizing, but not directing, the Debtors' continued adherence to their Investment Practices;

d. waiving the requirements of the U.S. Trustee Guidelines and section 345(b) of the Bankruptcy Code and excusing the Debtors from compliance therewith; and

e. authorizing, but not directing, continued intercompany funding through the Debtors' Cash Management System and granting administrative expense priority status to the Intercompany Claims held by one Debtor against another Debtor and approving the Intercompany Arrangements.

31. In addition, the Debtors request that the Court schedule a final hearing within approximately 25 days of the Petition Date to consider approval of this Motion on a final basis.

Basis for Relief

A. The Continued Use of the Debtors' Cash Management System and Bank Accounts Is Essential to the Debtors' Ongoing Operations and Restructuring Efforts.

32. The Debtors' continued use of the Cash Management System, including, without limitation, the Bank Accounts, the Business Forms, the Books and Records, the Investment Practices and movement of cash by ETF or ACH Payment, is essential to the Debtors' ongoing operations and restructuring efforts. If the Debtors are required to comply with the U.S. Trustee Guidelines and forced to alter the Cash Management System, their operations will be harmed irreparably by the disruption, confusion, delay and cost that will most certainly result from the closure of the Bank Accounts (including, notably, the delay in Medicare payments pending the Debtors' obtaining replacement billing numbers), the opening of new accounts, and the immediate printing of new business forms including a "debtor in possession" designation. Additionally, altering the Investment Practices to comport with section 345(b) of the Bankruptcy Code would only cause unnecessary cost and potential disruption to the Debtors' operations at this critical juncture, because the Investment Practices already provide sufficient protection for the Debtors' cash assets.

33. The Court may authorize the Debtors to continue to use the Cash Management System, pursuant to Section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). As set forth herein, the Debtors submit that approval of the continued use of the Debtors' routine Cash Management System and Bank Accounts is appropriate and justified.

34. Further, in complex chapter 11 cases such as these, courts in this district recognize the benefit of debtors' continued use of their cash management system and often grant relief similar to the relief requested herein. See, e.g., In re Metro-Goldwyn-Mayer Studios Inc., Case No. 10-15774 (SMB) (Bankr. S.D.N.Y. Nov. 8, 2010); In re Blockbuster Inc., Case No. 10-14997 (BRL) (Bankr. S.D.N.Y. Oct. 21, 2010); In re NR Liquidation III Co. (f/k/a Neff Corp.), Case No. 10-12610 (SCC) (Bankr. S.D.N.Y. June 9, 2010); In re St. Vincent's Catholic Med. Ctrs. of N.Y., Case No. 10-11963 (CGM) (Bankr. S.D.N.Y. May 7, 2010); In re CIT Group, Inc., Case No. 09-16565 (ALG) (Bankr. S.D.N.Y. Nov. 3, 2009); In re Motors Liquidation Corp. (f/k/a Gen. Motors Corp.), Case No. 09-50026 (REG) (Bankr. S.D.N.Y. June 25, 2009); In re Old Carco LLC (f/k/a Chrysler LLC), Case No. 09-50002 (AJG) (Bankr. S.D.N.Y. May 20, 2009); In re BearingPoint, Inc., Case No. 09-10691 (REG) (Bankr. S.D.N.Y. Mar. 13, 2009).

35. An integrated cash management system "allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash." In re Columbia Gas Sys., Inc., 136 B.R. 930, 934 (Bankr. D. Del. 1992), aff'd in part and rev'd in part, 997 F.2d 1039 (3d Cir. 1993); see also In re US Airways, Inc., No. 04-13819 (SSM) (Bankr. E.D. Va. Sept. 14, 2004); In re NTELOS, Inc.,

No. 03-32094 (DOT) (Bankr. E.D. Va. Mar. 4, 2003). As a result, courts have concluded that the requirement to maintain all accounts separately "would be a huge administrative burden and economically inefficient." Columbia Gas, 997 F.2d at 1061; see also In re Southmark Corp., 49 F.3d 1111, 1114 (5th Cir. 1995) (cash management system allows debtor "to administer more efficiently and effectively its financial operations and assets").

36. Consistent with the foregoing authority, the Debtors seek authority to continue to use their integrated Cash Management System, including the continued use of their Bank Accounts, with the same names and account numbers as existed immediately prior to these chapter 11 cases and to pay any fees, whether pre- or postpetition, incurred by the banks related to the Cash Management System. The Debtors also seek authority to deposit funds in and withdraw funds from their Bank Accounts by all usual means, including, but not limited to, checks, wire transfers, electronic funds transfers, ACH Payments and other debits and to otherwise treat their prepetition Bank Accounts (and any accounts opened postpetition) for all purposes as debtor-in-possession accounts, including the payment of any fees owed to the banks, whether pre- or postpetition. The Debtors also request that the Court waive any requirement to establish separate accounts for general expenses, payroll and tax escrows.

1. Opening New Accounts Will Cause Substantial Disruption to the Debtors' Businesses.

37. Given the substantial economical scale and geographic reach of the Debtors' business operations, a successful reorganization of the Debtors' businesses, as well as the preservation and enhancement of the Debtors' respective values as a going concern entity, simply cannot be achieved if the Debtors' cash management procedures are substantially disrupted and their Bank Accounts are closed. Further, all of the Debtor-owned Bank Accounts are maintained with banks designated as authorized depositories by the U.S. Trustee.

38. If the Debtors were required to open separate accounts as debtors in possession and rearrange the Cash Management System, it would necessitate opening numerous new accounts for collections, cash concentration and disbursements. It would require the Debtors to re-apply for Medicare billing numbers and cause significant delays in and losses of cash receipts. In fact, because of the scale of the Debtors' business and governing Medicare and state Medicaid regulations, the Debtors would need to open dozens of new bank accounts, and, if their existing Bank Accounts were to close, the Debtors would suffer an irreparable loss of income. Thus, the Debtors' treasury, accounting and bookkeeping employees would be forced to focus exclusively on immediately opening new accounts, instead of on their daily responsibilities during this critical juncture. The opening of new accounts would certainly increase operating costs, thereby negatively impacting the Debtors' cash flow. Most importantly, the delay and loss of income that would result from opening new accounts, revising cash management procedures and instructing customers to redirect payments would negatively impact the Debtors' ability to operate their business while pursuing these arrangements.

39. Additionally, the Debtors would be subject to significant administrative burdens and expenses because they would need to execute new signatory cards and depository agreements and create an entirely new manual system for issuing checks and paying postpetition obligations, all as generally would be required by the U.S. Trustee Guidelines. See U.S. Trustee Guidelines.

2. Maintaining the Existing Cash Management System Facilitates a Smooth Transition into Chapter 11 and Does Not Harm Parties in Interest.

40. By contrast, maintaining their Bank Accounts would greatly facilitate the Debtors' transition in connection with operating under chapter 11 by, among other things, avoiding administrative inefficiencies and expenses and minimizing delays in paying debts

incurred postpetition. Thus, the Debtors believe it would be extremely beneficial to continue to maintain their existing Bank Accounts and, if necessary, to open new accounts and close existing accounts in the ordinary course of business.

41. Importantly, parties in interest would not be harmed by the Debtors' maintenance of the existing Cash Management System, including their Bank Accounts, because the Debtors have implemented appropriate mechanisms to ensure that payments will not be made on any debts incurred by them before the Petition Date, other than those authorized by the Court, and to eliminate the risk of other errors or misunderstandings. Specifically, the Debtors have centralized their accounts payable systems and implemented software restrictions that prohibit payments to be issued without prior approval of the Debtors' treasury department. In turn, the Debtors' senior treasury personnel (assisted by their advisors) are aware of, and will comply with, the Bankruptcy Code and the U.S. Trustee Guidelines except as modified by order of the Court. Further, the Debtors' personnel will consult with the Debtors' advisors and bankruptcy counsel, as appropriate, in connection with such payment approvals. Finally, while some of the banks listed on Exhibit C with respect to non-Debtor-owned Bank Accounts are not listed in the U.S. Trustee Guidelines, all of the Debtor-owned accounts are maintained at authorized depositories, and all of the Debtors' cash flows through those lending institutions approved under the U.S. Trustee Guidelines.

42. The Debtors have utilized the Cash Management System in its current form for a number of years as part of their ordinary and usual business practices. In light of the substantial size and complexity of the Debtors' and their non-debtor affiliates' operations, a successful reorganization of the Debtors' businesses, as well as the preservation of the Debtors' and their non-debtor affiliates' values as going concern businesses, mandate that the Debtors' Cash

Management System not be disrupted. In addition, the continued maintenance of the Cash Management System is essential for the Debtors' ability to comply with their covenants and reporting requirements under their proposed postpetition financing facility. Under these circumstances, the Debtors believe that maintaining the Cash Management System is in the best interests of their respective estates and creditors. Indeed, the Debtors believe preserving the "business as usual" atmosphere and avoiding the unnecessary distractions that would inevitably be associated with any substantial disruption in the Cash Management System will facilitate the Debtors' overall reorganization efforts.

43. The Debtors further request that the Court authorize and direct all banks with which the Debtors maintain their Bank Accounts to continue to maintain, service and administer such accounts, except that such banks shall not be authorized to honor any check issued or dated prior to the Petition Date absent an order of the Court. To ensure that prepetition checks are not honored except as provided herein or pursuant to further order of the Court, the Debtors have or will serve a copy of this Motion with exhibits and any order entered approving the relief requested herein on the banks that make disbursements under the Cash Management System as soon as practicable. The Debtors also have or will serve upon such banks a copy of any pleadings filed by the Debtors on the Petition Date seeking to honor prepetition obligations.

B. The Court Should Authorize the Debtors to Use Existing Business Forms and Books and Records.

44. The Debtors submit that parties in interest will benefit if the Debtors are authorized to continue to use their Business Forms and Books and Records substantially in the forms existing immediately prior to the Petition Date. Because the commencement of these cases likely will be reported in the media, and because the Debtors will take steps to make parties doing business with them aware of their status as debtors in possession (including, among other

things, providing notice of the commencement of these cases, as appropriate), changing business forms is unnecessary and unduly burdensome.

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

C. Cause Exists for the Debtors to Continue the Investment Practices and for Waiving the Requirements of Section 345 of the Bankruptcy Code.

46. The Debtors also submit that the Investment Practices comport with the requirements of section 345 of the Bankruptcy Code relating to the investment and deposit of money of the estate. As noted, section 345(a) of the Bankruptcy Code authorizes the deposit or investment of money of estates, such as cash, that "will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." 11 U.S.C. § 345(a). While section 345(b) of the Bankruptcy Code generally requires that, with respect to investments other than investments "insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States," the estate must require the entity with which the money is invested or deposited to obtain a bond in favor of the United States secured by the undertaking of a corporate surety approved by the United States Trustee, section 345(b) allows the court to dispense with this limitation "for cause." 11 U.S.C. § 345(b).

47. For several reasons, cause exists in these chapter 11 cases for the Court to allow the Debtors to continue their Investment Practices, including (a) the Investment Practices are structured so as to comport with the investment objectives of section 345(a) by being prudent and having a primary goal of protection of principal and a secondary goal of maximizing yield and liquidity, (b) the Debtors' banks are highly rated, federally-chartered banks subject to the supervision by federal banking regulators, (c) the Debtors retain the right to remove funds held at the banks and establish new bank accounts as needed and (d) the cost associated with satisfying the requirements of section 345 is burdensome and would lead to administrative inefficiencies in the management of the Debtors' businesses. Furthermore, a bond secured by the undertaking of a corporate surety would be prohibitively expensive, if available at all. The Investment Practices, therefore, provide sufficient protection for the Debtors' cash assets and it would be in the best interests of their estates and creditors for the Debtors to continue to follow them. Accordingly, the Debtors seek a waiver of the "corporate surety" requirement of section 345 of the Bankruptcy Code to the extent set forth above.

48. In other large chapter 11 cases, courts in this jurisdiction have waived the requirements of section 345(b) of the Bankruptcy Code. See, e.g., In re Metro-Goldwyn-Mayer Studios Inc., Case No. 10-15774 (SMB) (Bankr. S.D.N.Y. Nov. 8, 2010); In re Blockbuster Inc., Case No. 10-14997 (BRL) (Bankr. S.D.N.Y. Oct. 21, 2010); In re NR Liquidation III Co. (f/k/a Neff Corp.), Case No. 10-12610 (SCC) (Bankr. S.D.N.Y. June 9, 2010); In re St. Vincent's Catholic Med. Ctrs. of N.Y., Case No. 10-11963 (CGM) (Bankr. S.D.N.Y. May 7, 2010); In re CIT Group, Inc., Case No. 09-16565 (ALG) (Bankr. S.D.N.Y. Nov. 3, 2009); In re Motors Liquidation Corp. (f/k/a Gen. Motors Corp.), Case No. 09-50026 (REG) (Bankr. S.D.N.Y. June 25, 2009); In re Metaldyne Corp., Case No. 09-13412 (MG) (Bankr. S.D.N.Y. May 29, 2009,

June 22, 2009); In re Old Carco LLC (f/k/a Chrysler LLC), Case No. 09-50002 (AJG) (Bankr. S.D.N.Y. May 20, 2009). For the reasons set forth above, cause exists for a similar waiver in these cases.

D. Cause Exists to Authorize and Direct the Debtors' Financial Institutions to Honor Checks and Electronic Fund Transfers.

49. The Court should authorize and direct the banks to debit the Debtors' Bank Accounts in the ordinary course of business on account of: (a) all checks drawn on the Debtors' accounts which are cashed at the banks' counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (b) all checks or other items deposited in one of the Bank Accounts prior to the Petition Date which have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to the banks as service charges for the maintenance of the Cash Management System.

50. The Debtors have sufficient availability of funds to pay the amounts described herein in the ordinary course of business by virtue of cash reserves and expected cash flows from ongoing business operations, and will have additional funds under their proposed postpetition financing facility, if approved. Also, under the Debtors' existing Cash Management System, checks or wire transfer requests can readily be identified as relating to an authorized payment. Accordingly, the Debtors believe that unauthorized checks or wire transfer requests will not be honored inadvertently.

E. The Debtors Should Be Allowed to Continue the Intercompany Arrangements, and the Intercompany Claims Should Be Afforded Administrative Expense Priority

51. The Intercompany Arrangements in which the Debtors and certain of their non-debtor affiliates engage reduce the administrative costs incurred by the Debtors and allow for the

efficient operation of the Debtors' business. In addition, the Intercompany Arrangements decrease costs for the Debtors' Centers and enable essential non-debtor affiliates to obtain funding necessary to continue their operations and to provide the Debtors with cashflow from those operations. If the Intercompany Arrangements were discontinued, the Cash Management System and related administrative controls would be disrupted to the detriment of the Debtors and their estates. The Debtors thus submit that the continuation of the Intercompany Arrangements is in the best interests of the Debtors' respective estates and creditors.

52. If the Court authorizes the continuation of Intercompany Arrangements, at any given time there may be balances due and owing from or to one Debtor to another Debtor or non-debtor affiliate. To ensure that each individual Debtor will not, at the expense of its creditors, fund the operations of another entity, the Debtors will continue to maintain records of such transfers, including records of all current intercompany loans and accounts receivable (including with respect to reimbursements and management fees owed to the debtors out of the Joint Venture Accounts and MSA Accounts) and payable. Additionally, the Debtors respectfully request that, pursuant to section 364(c)(1) of the Bankruptcy Code, all Intercompany Claims arising after the Petition Date be accorded superpriority status, with priority over any and all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, subject and subordinate only to valid liens and security interests, including the secured claims, if any, of the Debtors' prepetition secured lenders.

53. The Debtors also seek authorization to preserve and exercise intercompany setoff rights that arise through the operation of the Cash Management System. Section 553(a) of the Bankruptcy Code provides in pertinent part that:

> Except as otherwise provided in this section and in sections 362 and 363 of this title, this title does not affect any right of a creditor to offset a mutual debt owing by such creditor to the debtor that arose before the commencement of the case under this title against a claim of such creditor against the debtor that arose before the commencement of the case.

11 U.S.C. § 553(a).

54. A creditor need only establish two elements before a setoff may be asserted: mutuality and timing. See Official Comm. of Unsecured Creditors v. Mfrs. & Traders Trust Co. (In re Bennett Funding Grp., Inc.), 212 B.R. 206, 212 (B.A.P. 2d Cir. 1997); see also In re Verco Indus., 704 F.2d 1134, 1139 (9th Cir. 1983). Although courts have not uniformly defined the elements of mutuality, most courts require the following elements: that the debts are (a) owed between the same parties and (b) in the same right or capacity. See 5 COLLIER ON BANKRUPTCY ¶ 553.03[3][a] (16th ed.). Timing requires that both claims arise prepetition. See Packaging Indus. Grp., Inc. v. Dennison Mfg. Co. (In re Sentinel Prods. Corp.), 192 B.R. 41, 45 (N.D.N.Y. 1996) ("[T]he offset debts must be mutual, prepetition debts."); Scherling v. Hellman Elec. Corp. (In re Westchester Structures), 181 B.R. 730, 739 (Bankr. S.D.N.Y. 1995) ("Courts have interpreted debts in the same right to mean that a pre-petition debt cannot offset a post-petition debt." (internal quotation omitted)). In other words, a creditor may not set off a claim that arose pre petition against a postpetition debt the creditor owes the debtor. In addition, courts have allowed the parties to offset claims postpetition in the same manner as a prepetition setoff, as long as the mutuality requirements are met. See, e.g., U.S. v. Gordon Sel-Way, Inc. (In re Gordon Sel-Way, Inc.), 239 B.R. 741, 751 (E.D. Mich. 1999), aff'd, 270 F.3d 280 (6th Cir. 2001); In re Mohawk Indus., Inc., 82 B.R. 174, 179 (Bankr. D. Mass. 1987).

55. Similar relief to that requested here, including administrative expense treatment for intercompany claims, has been granted in other comparable chapter 11 cases in this district.

See, e.g., In re Metro-Goldwyn-Mayer Studios Inc., Case No. 10-15774 (SMB) (Bankr. S.D.N.Y. Nov. 8, 2010); In re Blockbuster Inc., Case No. 10-14997 (BRL) (Bankr. S.D.N.Y. Oct. 21, 2010); In re NR Liquidation III Co. (f/k/a Neff Corp.), Case No. 10-12610 (SCC) (Bankr. S.D.N.Y. June 9, 2010); In re CIT Group, Inc., Case No. 09-16565 (ALG) (Bankr. S.D.N.Y. Nov. 3, 2009); In re Motors Liquidation Corp. (f/k/a Gen. Motors Corp.), Case No. 09-50026 (REG) (Bankr. S.D.N.Y. June 25, 2009); In re Metaldyne Corp., Case No. 09-13412 (MG) (Bankr. S.D.N.Y. May 29, 2009, June 22, 2009); In re Old Carco LLC (f/k/a Chrysler LLC), Case No. 09-50002 (AJG) (Bankr. S.D.N.Y. May 20, 2009).

The Requirements of Bankruptcy Rule 6003 Are Satisfied

56. Pursuant to Bankruptcy Rule 6003, the Court may authorize the Debtors to continue using the Cash Management System and may grant the other relief requested by this Motion because the relief is necessary to avoid immediate and irreparable harm. Immediate and irreparable harm would occur because, absent the relief requested herein, the Debtors' ability to continue its business would be impaired, to the detriment of the Debtors' estates and creditors.

57. The Cash Management System is crucial to the Debtors' continued operations. Because of the complexity of the Debtors' operations, any disruption to the Cash Management System, including the Bank Accounts, would seriously harm the Debtors' estates. Indeed, without the Cash Management System, ordinary-course business payments could not be made in time, the Debtors could experience significant delays in cash receipts or loss of income, significant and the Debtors would be unable to track incoming receipts. The Debtors would face customers and vendors unwilling to do business with the Debtors and potentially could be deprived of critical information on current liquidity, both of which could cause a significant diminution in the value of the Debtors' estates to the detriment of all parties in interest. As a

result, immediate and irreparable harm would result without the relief requested herein being granted.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

58. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

Motion Practice

59. This Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to this Motion. Accordingly, the Debtors submit that this Motion satisfies Rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York.

Notice

60. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the entities listed on the Consolidated List of Creditors Holding the 50 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to the agent for the Debtors' prepetition secured revolving loan and proposed postpetition secured lenders; (d) the indenture trustee for the Debtors' secured floating rate notes; (e) counsel to the ad hoc group of certain holders of the Debtors' secured floating rate notes; (f) the Internal Revenue Service; (g) the Securities and Exchange Commission; and (h) the banks at which the Debtors maintain the Bank Accounts. In light of the nature of the relief requested, the Debtors respectfully submit that no further notice is necessary.

No Prior Request

61. No prior request for the relief sought in this Motion has been made to this or any other court.

WHEREFORE, the Debtors respectfully request entry of interim and final orders, substantially in the forms attached hereto as Exhibit A and Exhibit B, respectively: (a) authorizing the Debtors to (i) continue to use their existing cash management system, (ii) maintain their existing bank accounts and business forms and (iii) maintain their existing investment practices; (b) permitting continued intercompany transactions (including intercompany setoffs) and granting postpetition intercompany claims administrative expense priority; and (c) granting such other further relief as is just and proper.

New York, New York
Dated: December 10, 2010

/s/ *Edward O. Sassower*

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Proposed Counsel to the Debtors and
Debtors in Possession

EXHIBIT A

Proposed Interim Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
INSIGHT HEALTH SERVICES HOLDINGS CORP., et al.,[1]	)	Case No. 10-[_____] (___)
Debtors.	)	(Joint Administration Requested)

INTERIM ORDER (A) AUTHORIZING THE DEBTORS TO (1) CONTINUE USING THE CASH MANAGEMENT SYSTEM, (2) MAINTAIN EXISTING BANK ACCOUNTS AND BUSINESS FORMS AND (3) MAINTAIN EXISTING INVESTMENT PRACTICES, AND (B) AUTHORIZING THE DEBTORS TO CONTINUE INTERCOMPANY ARRANGEMENTS AND GRANTING POSTPETITION INTERCOMPANY CLAIMS ADMINISTRATIVE EXPENSE PRIORITY

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for the entry of an interim order (this "Order"): (a) authorizing the Debtors to (i) continue to use their existing cash management system, (ii) maintain their existing bank accounts and business forms and (iii) maintain their existing investment practices; (b) permitting continued intercompany transactions (including intercompany setoffs) and granting postpetition intercompany claims administrative expense priority and upon the First Day Declaration; it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; the Court having

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: InSight Health Services Holdings Corp. (0028); InSight Health Services Corp. (2770); Comprehensive Medical Imaging Centers, Inc. (6946); Comprehensive Medical Imaging, Inc. (2473); InSight Health Corp. (8857); Maxum Health Services Corp. (5957); North Carolina Mobile Imaging I LLC (9930); North Carolina Mobile Imaging II LLC (0165); North Carolina Mobile Imaging III LLC (0251); North Carolina Mobile Imaging IV LLC (0342); North Carolina Mobile Imaging V LLC (0431); North Carolina Mobile Imaging VI LLC (0532); North Carolina Mobile Imaging VII LLC (0607); Open MRI, Inc. (1529); Orange County Regional PET Center - Irvine, LLC (0190); Parkway Imaging Center, LLC (2858); and Signal Medical Services, Inc. (2413). The location of the Debtors' corporate headquarters and the Debtors' service address is: 26250 Enterprise Court, Suite 100, Lake Forest, California 92630.

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

jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; notice of the Motion having been adequate and appropriate under the circumstances; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Motion is granted as set forth herein on an interim basis.

2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2010 at__:__ _.m. (Eastern Time). Any objections or responses to entry of the final order shall be filed on _____, 2010 at__:__ _.m. Eastern Time and served on the following parties: (a) the Debtors and their proposed counsel; (b) the Office of the United States Trustee for the Southern District of New York; (c) those parties that have formally appeared in these chapter 11 cases and requested service pursuant to Bankruptcy Rule 2002; and (d) the banks listed on Exhibit 1 attached hereto.

3. The Debtors are authorized and empowered, pursuant to sections 105(a) and 363(c) of the Bankruptcy Code: (a) to continue using the Cash Management System; (b) to implement ordinary course changes to the Cash Management System; and (c) to open and close bank accounts without need of further order of the Court.

4. The Debtors are authorized, but not directed, to continue, during the pendency of these chapter 11 cases, to use their existing Bank Accounts, lockboxes, and other components of the Cash Management System at each bank and are authorized, but not directed, to continue using existing business forms and records associated with the Cash Management System. The Debtors are authorized, but not directed, to: (a) designate, maintain and continue to use any or

all of their existing Bank Accounts, including the Debtor-owned Bank Accounts identified on Exhibit 1-A attached hereto, in the names and with the account numbers existing immediately before the Petition Date; (b) manage and maintain all of their actions with respect to any or all of the existing Bank Accounts managed (but not owned) by the Debtors, including the Bank Accounts identified on Exhibit 1-B attached hereto (c) deposit funds in and withdraw funds from these accounts by all usual means, including, without limitation, checks, wire transfers, automated transfers and other debits; and (d) treat their prepetition Bank Accounts for all purposes as debtor-in-possession accounts for the respective Debtors.

5. The Debtors are authorized, but not directed, to continue using their Business Forms and Books and Records as described in the Motion, without having to mark "Debtor-in-Possession" on their Business Forms (including checks).

6. The requirements relating to the investment and deposit of money of the estate, with respect to (a) the U.S. Trustee Guidelines and (b) section 345(b) of the Bankruptcy Code are waived.

7. The requirement to establish separate accounts for cash collateral and/or tax payments is hereby waived.

8. The Debtors are authorized, but not directed, to continue using their existing Investment Practices as described in the Motion.

9. As soon as practicable after entry of this Order, the Debtors shall serve a copy of this Order on each bank and financial institution at which the Bank Accounts are maintained (each individually a "Bank" and, collectively, the "Banks").

10. Each Bank is authorized and directed to continue to service and administer the respective Bank Accounts as depository accounts of the respective Debtors as debtors in

possession, without interruption and in the ordinary course of business, and to receive, process, honor and pay, in accordance with this Order, any or all checks, drafts or wires drawn on such Bank Accounts before, on or after the Petition Date or automated clearinghouse transfers ("ACH Transfers") drawn on such Bank Accounts before, on or after the Petition Date to the extent of good and available funds.

11. Each Bank is authorized and directed to accept and rely upon, without further inquiry, all representations from any Debtor as to which checks, drafts, wires or ACH Transfers are dated prior to, on or after the Petition Date, regardless of whether or not such payment or honoring is or is not authorized by an order of the Court. No Bank shall incur, and is hereby released from, any liability for relying upon a Debtors' instructions as to which checks, drafts, wires or ACH Transfers should be honored or dishonored or for such Bank's inadvertence in honoring any check, draft, wire or ACH Transfer at variance from the Debtors' instructions unless such inadvertence constituted gross negligence or willful misconduct on the part of such Bank. The Debtors shall promptly provide a list of checks to each Bank, specifying by check sequencing number and including dollar amount and payee information for each Bank Account maintained at such Bank, those checks that are to be dishonored by such Bank, which checks may include those issued before, on or after the Petition Date as well as those issued prior to the Petition Date that are not to be honored or paid according to any order of the Court. Nothing in this Order shall prejudice the Debtors' right to seek recovery of any payments from any payee of a check as permitted under sections 547, 548, 549 or any other applicable provision of the Bankruptcy Code or applicable non-bankruptcy law.

12. Except for those checks, drafts, wires or ACH Transfers that are authorized or required to be honored under a Court order, the Debtors shall not instruct or request any Bank to

pay or honor any check, draft or other payment item issued on a Bank Account prior to the Petition Date but presented to such Bank for payment after the Petition Date.

13. Each Bank shall be authorized to exercise rights of offset with respect to any indebtedness at any time owed by any Debtor to such Bank that arises out of or relates to the respective Debtor's Cash Management System at such Bank, regardless of whether such indebtedness was incurred or arose prior to or after the Petition Date, including, without limitation, (a) all fees and expenses (including, without limitation, analysis and overdraft fees or charges) related to the maintenance or administration of any Bank Account or lockbox or the processing of any ACH Transfer or wire transfer, (b) all overdrafts in any Bank Account and any indebtedness arising from returned checks initially deposited in a Bank Account, and (c) all amounts payable or reimbursable to such Bank at any time in respect of ACH Transfers or wire transfers.

14. Notwithstanding anything to the contrary herein, no Bank shall be obligated to (a) honor any check or other payment item drawn on a Bank Account at such Bank unless there are sufficient and collected funds in such Bank Account or (b) process any ACH Transfer or wire transfer except upon terms and conditions that are acceptable to such Bank in its discretion.

15. The Debtors and each Bank are authorized to continue to perform pursuant to the terms of any prepetition agreement that exists between them relating to any Bank Accounts or other cash management services except to the extent otherwise expressly provided in this Order, and the parties to such agreements shall continue to enjoy the rights, benefits, liens, offset rights, privileges and remedies afforded them under such agreements except to the extent expressly modified by the terms of this Order.

16. The Debtors are authorized, in their sole discretion, to enter into, engage in and effect Intercompany Arrangements and take any actions related thereto, and to pay prepetition obligations related thereto. All Intercompany Claims against a Debtor by another Debtor or a non-debtor affiliate, arising after the Petition Date as a result of the Intercompany Arrangements, are hereby accorded superpriority administrative expense status, with priority over any and all administrative expenses specified in sections 503(b) and 507(b) of the Bankruptcy Code except those claims granted superpriority status under sections 364(c)(1) and 507(b) of the Bankruptcy Code under the interim and final orders approving the Debtors' postpetition financing facility. In connection therewith, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all transactions, including Intercompany Arrangements, may be readily ascertained, traced and recorded properly on applicable intercompany accounts.

17. The Debtors and their non-debtor affiliates (including, without limitation, their joint ventures) are authorized, but not directed, in the Debtors' sole discretion, to set off mutual prepetition obligations relating to intercompany receivables and payables through the Cash Management System, and the Debtors and their non-debtor affiliates (including, without limitation, their joint ventures) are authorized, in the Debtors' sole discretion, to set off mutual postpetition obligations relating to intercompany receivables and payables through the Cash Management System. In connection therewith, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all transactions, including Intercompany Arrangements, may be readily ascertained, traced and recorded properly on applicable intercompany accounts. Notwithstanding the foregoing, no Debtor shall be authorized to use any balances in a Bank Account at Bank of America to settle any intercompany receivable or payable other than by checks drawn on, or wires or ACH Transfers from, the Debtors' Concentration

Account at Bank of America (with account number ending in -6521) to the extent of good and available balances therein.

18. The Debtors and the Banks may, without further order of the Court, agree to and implement changes to the cash management systems and procedures in the ordinary course of business, including, without limitation, the opening and closing of bank accounts as set forth in paragraph 3 herein.

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

20. Notwithstanding any other provision of this Order, to the extent there is a conflict between this Order and (a) the interim and final orders approving the Debtors' postpetition financing facility or (b) the Debtors' postpetition financing facility credit agreement, the conflicting term of the interim or final order approving the Debtors' postpetition financing facility or the Debtors' postpetition financing facility credit agreement, as applicable, shall control and govern.

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

22. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or otherwise deemed waived.

23. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such motion and the requirements of Bankruptcy Rule 6004(a) and the local rules of the Court are satisfied by such notice.

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

25. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

New York, New York
Date: _____, 2010

United States Bankruptcy Judge

EXHIBIT 1-A

Debtor-Owned Bank Accounts

Last Four Digits of Account No.	**Bank**	**Address**	**Account Type**
3784	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
7171	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Lockbox Account
7198	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
3145	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
3924	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
5489	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Credit and Collateral Account
1432	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
1602	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Credit and Collateral Account
6521	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Concentration Account
5578	Bank of America, N.A.	1655 Grant Street Concord, California 94520	A/P Account
1949	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Refund Account
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Last Four Digits of Account No.	**Bank**	**Address**	**Account Type**
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0431	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
3929	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
6436	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
04013	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
4037	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
3164	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
3981	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
3126	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
7081	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
7087	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account

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5244	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
7170	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
3948	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
3169	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
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7364	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
3183	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
7073	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
7092	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
7094	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
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7862	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Master Lockbox
1379	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
4051	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Center Depository Account
1627	J.P. Morgan Chase & Co.	1999 Avenue of the Stars, Floor 27 Los Angeles, California 90067	Center Depository Account
8766	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Investment Account
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EXHIBIT 1-B

Debtor-Managed Bank Accounts

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6891	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
3407	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
7071	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
5484	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
1633	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
7403	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
3901	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
3514	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
8324	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
3448	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account

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2970	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
7095	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
2947	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
0172	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
2950	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
8230	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
1849	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
2511	Citizens Bank of Pennsylvania	53 State Street Boston, Massachusetts, 02109	Joint Venture Account
1793	J.P. Morgan Chase & Co.	1999 Avenue of the Stars, Floor 27 Los Angeles, California 90067	Joint Venture Account
0222	T.D. Bank, N.A.	217 Maine Street Lewiston, Maine 04240	Joint Venture Account
4661	T.D. Bank, N.A.	481 Congress Street Portland, Maine 04101	Joint Venture Account
7727	Wells Fargo Bank, N.A.	303 Broad Street, 2nd Floor Red Bank, New Jersey 07701	Joint Venture Account
7730	Wells Fargo Bank, N.A.	303 Broad Street, 2nd Floor Red Bank, New Jersey 07701	Joint Venture Account
4260	Wells Fargo Bank, N.A.	303 Broad Street, 2nd Floor Red Bank, New Jersey 07701	Joint Venture Account
6684	Wells Fargo Bank, N.A.	2030 Maine Street, Suite 900 Irvine, California 92614	Joint Venture Account

Last Four Digits of Account No.	**Bank**	**Address**	**Account Type**
1055	Wells Fargo Bank, N.A.	2030 Maine Street, Suite 900 Irvine, California 92614	Joint Venture Account
1063	Wells Fargo Bank, N.A.	2030 Maine Street, Suite 900 Irvine, California 92614	Joint Venture Account
6024	Amegy Bank, N.A.	4400 Post Oak Parkway Houston, Texas 77027	MSA Account
21-33	California Bank and Trust	16041 Goldenwest Street Huntington Beach, California 92647	MSA Account
21-38	California Bank and Trust	16041 Goldenwest Street Huntington Beach, California 92647	MSA Account
01-30	California Bank and Trust	16041 Goldenwest Street Huntington Beach, California 92647	MSA Account
5702	J.P. Morgan Chase & Co.	1999 Avenue of the Stars, Floor 27 Los Angeles, California 90067	MSA Account
5199	J.P. Morgan Chase & Co.	1999 Avenue of the Stars, Floor 27 Los Angeles, California 90067	MSA Account
6559	J.P. Morgan Chase & Co.	1999 Avenue of the Stars, Floor 27 Los Angeles, California 90067	MSA Account
0099	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
0096	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
0094	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
8978	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
8943	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account

EXHIBIT B

Proposed Final Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
INSIGHT HEALTH SERVICES HOLDINGS CORP., et al.,[1]	)	Case No. 10-[_____] (___)
Debtors.	)	(Joint Administration Requested)

FINAL ORDER (A) AUTHORIZING THE DEBTORS TO (1) CONTINUE USING THE CASH MANAGEMENT SYSTEM, (2) MAINTAIN EXISTING BANK ACCOUNTS AND BUSINESS FORMS AND (3) MAINTAIN EXISTING INVESTMENT PRACTICES, AND (B) AUTHORIZING THE DEBTORS TO CONTINUE INTERCOMPANY ARRANGEMENTS AND GRANTING POSTPETITION INTERCOMPANY CLAIMS ADMINISTRATIVE EXPENSE PRIORITY

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for the entry of a final order (this "Order"): (a) authorizing the Debtors to (i) continue to use their existing cash management system, (ii) maintain their existing bank accounts and business forms and (iii) maintain their existing investment practices; (b) permitting continued intercompany transactions (including intercompany setoffs) and granting postpetition intercompany claims administrative expense priority and upon the First Day Declaration; it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; the Court having

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: InSight Health Services Holdings Corp. (0028); InSight Health Services Corp. (2770); Comprehensive Medical Imaging Centers, Inc. (6946); Comprehensive Medical Imaging, Inc. (2473); InSight Health Corp. (8857); Maxum Health Services Corp. (5957); North Carolina Mobile Imaging I LLC (9930); North Carolina Mobile Imaging II LLC (0165); North Carolina Mobile Imaging III LLC (0251); North Carolina Mobile Imaging IV LLC (0342); North Carolina Mobile Imaging V LLC (0431); North Carolina Mobile Imaging VI LLC (0532); North Carolina Mobile Imaging VII LLC (0607); Open MRI, Inc. (1529); Orange County Regional PET Center - Irvine, LLC (0190); Parkway Imaging Center, LLC (2858); and Signal Medical Services, Inc. (2413). The location of the Debtors' corporate headquarters and the Debtors' service address is: 26250 Enterprise Court, Suite 100, Lake Forest, California 92630.

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

jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); venue being proper before the court pursuant to 28 U.S.C. §§ 1408 and 1409; notice of the Motion having been adequate and appropriate under the circumstances; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Motion is granted as set forth herein on a final basis.

2. The Debtors are authorized and empowered, pursuant to sections 105(a) and 363(c) of the Bankruptcy Code: (a) to continue using the Cash Management System; (b) to implement ordinary course changes to the Cash Management System; and (c) to open and close bank accounts without need of further order of the Court.

3. The Debtors are authorized, but not directed, to continue, during the pendency of these chapter 11 cases, to use their existing Bank Accounts, lockboxes, and other components of the Cash Management System at each bank and are authorized, but not directed, to continue using existing business forms and records associated with the Cash Management System. The Debtors are authorized, but not directed, to: (a) designate, maintain and continue to use any or all of their existing Bank Accounts, including the Debtor-owned Bank Accounts identified on Exhibit 1-A attached hereto, in the names and with the account numbers existing immediately before the Petition Date; (b) manage and maintain all of their actions with respect to any or all of the existing Bank Accounts managed (but not owned) by the Debtors, including the Bank Accounts identified on Exhibit 1-B attached hereto (c) deposit funds in and withdraw funds from these accounts by all usual means, including, without limitation, checks, wire transfers,

automated transfers and other debits; and (d) treat their prepetition Bank Accounts for all purposes as debtor-in-possession accounts for the respective Debtors.

4. The Debtors are authorized, but not directed, to continue using their Business Forms and Books and Records as described in the Motion, without having to mark "Debtor-in-Possession" on their Business Forms (including checks).

5. The requirements relating to the investment and deposit of money of the estate, with respect to (a) the U.S. Trustee Guidelines and (b) section 345(b) of the Bankruptcy Code are waived.

6. The requirement to establish separate accounts for cash collateral and/or tax payments is hereby waived.

7. The Debtors are authorized, but not directed, to continue using their existing Investment Practices as described in the Motion.

8. As soon as practicable after entry of this Order, the Debtors shall serve a copy of this Order on each bank and financial institution at which the Bank Accounts are maintained (each individually a "Bank" and, collectively, the "Banks").

9. Each Bank is authorized and directed to continue to service and administer the respective Bank Accounts as depository accounts of the respective Debtors as debtors in possession, without interruption and in the ordinary course of business, and to receive, process, honor and pay, in accordance with this Order, any or all checks, drafts or wires drawn on such Bank Accounts before, on or after the Petition Date or automated clearinghouse transfers ("ACH Transfers") drawn on such Bank Accounts before, on or after the Petition Date to the extent of good and available funds.

10. Each Bank is authorized and directed to accept and rely upon, without further inquiry, all representations from any Debtor as to which checks, drafts, wires or ACH Transfers are dated prior to, on or after the Petition Date, regardless of whether or not such payment or honoring is or is not authorized by an order of the Court. No Bank shall incur, and is hereby released from, any liability for relying upon a Debtor's instructions as to which checks, drafts, wires or ACH Transfers should be honored or dishonored or for such Bank's inadvertence in honoring any check, draft, wire or ACH Transfer at variance from the Debtors' instructions unless such inadvertence constituted gross negligence or willful misconduct on the part of such Bank. The Debtors shall promptly provide a list of checks to each Bank, specifying by check sequencing number and including dollar amount and payee information for each Bank Account maintained at such Bank, those checks that are to be dishonored by such Bank, which checks may include those issued before, on or after the Petition Date as well as those issued prior to the Petition Date that are not to be honored or paid according to any order of the Court. Nothing in this Order shall prejudice the Debtors' right to seek recovery of any payments from any payee of a check as permitted under sections 547, 548, 549 or any other applicable provision of the Bankruptcy Code or applicable non-bankruptcy law.

11. Except for those checks, drafts, wires or ACH Transfers that are authorized or required to be honored under a Court order, the Debtors shall not instruct or request any Bank to pay or honor any check, draft or other payment item issued on a Bank Account prior to the Petition Date but presented to such Bank for payment after the Petition Date.

12. Each Bank shall be authorized to exercise rights of offset with respect to any indebtedness at any time owed by any Debtor to such Bank that arises out of or relates to the respective Debtor's Cash Management System at such Bank, regardless of whether such

indebtedness was incurred or arose prior to or after the Petition Date, including, without limitation, (a) all fees and expenses (including, without limitation, analysis and overdraft fees or charges) related to the maintenance or administration of any Bank Account or lockbox or the processing of any ACH Transfer or wire transfer, (b) all overdrafts in any Bank Account and any indebtedness arising from returned checks initially deposited in a Bank Account, and (c) all amounts payable or reimbursable to such Bank at any time in respect of ACH Transfers or wire transfers.

13. Notwithstanding anything to the contrary herein, no Bank shall be obligated to (a) honor any check or other payment item drawn on a Bank Account at such Bank unless there are sufficient and collected funds in such Bank Account or (b) process any ACH Transfer or wire transfer except upon terms and conditions that are acceptable to such Bank in its discretion.

14. The Debtors and each Bank are authorized to continue to perform pursuant to the terms of any prepetition agreement that exists between them relating to any Bank Accounts or other cash management services except to the extent otherwise expressly provided in this Order, and the parties to such agreements shall continue to enjoy the rights, benefits, liens, offset rights, privileges and remedies afforded them under such agreements except to the extent expressly modified by the terms of this Order.

15. The Debtors are authorized, in their sole discretion, to enter into, engage in and effect Intercompany Arrangements and take any actions related thereto, and to pay prepetition obligations related thereto. All Intercompany Claims against a Debtor by another Debtor or a non-debtor affiliate, arising after the Petition Date as a result of the Intercompany Arrangements, are hereby accorded superpriority administrative expense status, with priority over any and all administrative expenses specified in sections 503(b) and 507(b) of the Bankruptcy Code except

those claims granted superpriority status under sections 364(c)(1) and 507(b) of the Bankruptcy Code under the interim and final orders approving the Debtors' postpetition financing facility. In connection therewith, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all transactions, including Intercompany Arrangements, may be readily ascertained, traced and recorded properly on applicable intercompany accounts.

16. The Debtors and their non-debtor affiliates (including, without limitation, their joint ventures) are authorized, but not directed, in the Debtors' sole discretion, to set off mutual prepetition obligations relating to intercompany receivables and payables through the Cash Management System, and the Debtors and their non-debtor affiliates (including, without limitation, their joint ventures) are authorized, in the Debtors' sole discretion, to set off mutual postpetition obligations relating to intercompany receivables and payables through the Cash Management System. In connection therewith, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all transactions, including Intercompany Arrangements, may be readily ascertained, traced and recorded properly on applicable intercompany accounts. Notwithstanding the foregoing, no Debtor shall be authorized to use any balances in a Bank Account at Bank of America to settle any intercompany receivable or payable other than by checks drawn on, or wires or ACH Transfers from, the Debtors' Concentration Account at Bank of America (with account number ending in -6521) to the extent of good and available balances therein.

17. The Debtors and the Banks may, without further order of the Court, agree to and implement changes to the cash management systems and procedures in the ordinary course of business, including, without limitation, the opening and closing of bank accounts as set forth in paragraph 3 herein.

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

19. Notwithstanding any other provision of this Order, to the extent there is a conflict between this Order and (a) the interim and final orders approving the Debtors' postpetition financing facility or (b) the Debtors' postpetition financing facility credit agreement, the conflicting term of the interim or final order approving the Debtors' postpetition financing facility or the Debtors' postpetition financing facility credit agreement, as applicable, shall control and govern.

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

24. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

New York, New York
Date: _____, 2010

United States Bankruptcy Judge

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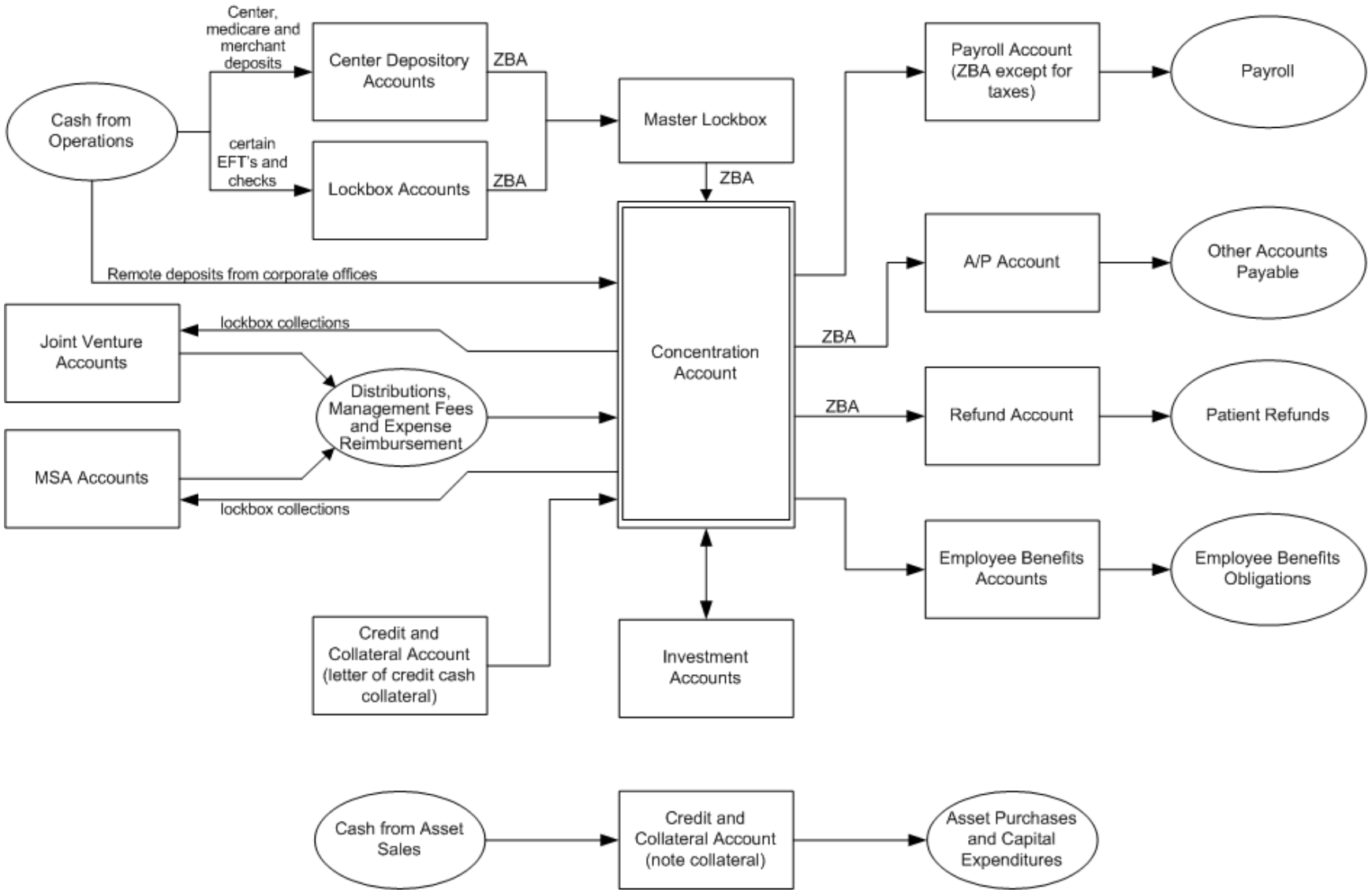
2876	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
6891	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
3407	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
7071	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
5484	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
1633	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
7403	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
3901	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
3514	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
8324	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
3448	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account

Last Four Digits of Account No.	**Bank**	**Address**	**Account Type**
2970	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
7095	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
2947	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
0172	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
2950	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
8230	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
1849	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
2511	Citizens Bank of Pennsylvania	53 State Street Boston, Massachusetts, 02109	Joint Venture Account
1793	J.P. Morgan Chase & Co.	1999 Avenue of the Stars, Floor 27 Los Angeles, California 90067	Joint Venture Account
0222	T.D. Bank, N.A.	217 Maine Street Lewiston, Maine 04240	Joint Venture Account
4661	T.D. Bank, N.A.	481 Congress Street Portland, Maine 04101	Joint Venture Account
7727	Wells Fargo Bank, N.A.	303 Broad Street, 2nd Floor Red Bank, New Jersey 07701	Joint Venture Account
7730	Wells Fargo Bank, N.A.	303 Broad Street, 2nd Floor Red Bank, New Jersey 07701	Joint Venture Account
4260	Wells Fargo Bank, N.A.	303 Broad Street, 2nd Floor Red Bank, New Jersey 07701	Joint Venture Account
6684	Wells Fargo Bank, N.A.	2030 Maine Street, Suite 900 Irvine, California 92614	Joint Venture Account

Last Four Digits of Account No.	**Bank**	**Address**	**Account Type**
1055	Wells Fargo Bank, N.A.	2030 Maine Street, Suite 900 Irvine, California 92614	Joint Venture Account
1063	Wells Fargo Bank, N.A.	2030 Maine Street, Suite 900 Irvine, California 92614	Joint Venture Account
6024	Amegy Bank, N.A.	4400 Post Oak Parkway Houston, Texas 77027	MSA Account
21-33	California Bank and Trust	16041 Goldenwest Street Huntington Beach, California 92647	MSA Account
21-38	California Bank and Trust	16041 Goldenwest Street Huntington Beach, California 92647	MSA Account
01-30	California Bank and Trust	16041 Goldenwest Street Huntington Beach, California 92647	MSA Account
5702	J.P. Morgan Chase & Co.	1999 Avenue of the Stars, Floor 27 Los Angeles, California 90067	MSA Account
5199	J.P. Morgan Chase & Co.	1999 Avenue of the Stars, Floor 27 Los Angeles, California 90067	MSA Account
6559	J.P. Morgan Chase & Co.	1999 Avenue of the Stars, Floor 27 Los Angeles, California 90067	MSA Account
0099	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
0096	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
0094	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
8978	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account
8943	Bank of America, N.A.	1655 Grant Street Concord, California 94520	Joint Venture Account

EXHIBIT C

Cash Management System Diagram

Cash Management System Diagram