UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
INSIGHT HEALTH SERVICES HOLDINGS CORP., et al.,[1]	)	Case No. 10-16564 (AJG)
Debtors.	)	Jointly Administered

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER (I) APPROVING (A) THE DEBTORS' DISCLOSURE STATEMENT PURSUANT TO SECTIONS 1125 AND 1126(B) OF THE BANKRUPTCY CODE, (B) SOLICITATION OF VOTES AND VOTING PROCEDURES, AND (C) FORMS OF BALLOTS; AND (II) CONFIRMING THE DEBTORS' PREPACKAGED JOINT CHAPTER 11 PLAN OF REORGANIZATION

The above-captioned debtors and debtors in possession (collectively, the "Debtors") having:

- commenced, on December 10, 2010 (the "Petition Date"), chapter 11 cases (collectively, the "Chapter 11 Cases") by voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code");

- continued to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code;

- filed, on December 10, 2010, the *Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization* [Docket No. 23] (as may be amended through the date hereof, the "Plan"), attached hereto as Exhibit A;[2]

[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 defined in these Findings of Fact, Conclusions of Law and Order (I) Approving (A) the Debtors' Disclosure Statement Pursuant to Sections 1125 And 1126(b) of the Bankruptcy Code,

- filed, on December 10, 2010, the *Debtors' Disclosure Statement for the Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization* [Docket No. 24] (as may be amended through the date hereof, the "Disclosure Statement");

- distributed solicitation materials prior to the commencement of the Chapter 11 Cases on December 10, 2010, consistent with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Bankruptcy Rules for the Southern District of New York (the "Local Bankruptcy Rules"), General Order M-387 of the Court, "Amended Procedural Guidelines for Prepackaged Chapter 11 Cases in the United States Bankruptcy Court for the Southern District of New York," dated November 24, 2009 (the "Prepack Guidelines") and the Scheduling Order (as defined below), as evidenced by the Affidavit of Service [Docket No. 29] (the "Affidavit of Service") filed by BMC Group, Inc., the Debtors' voting agent;

- published notice of the Confirmation Hearing (as defined below) (the "Confirmation Hearing Notice") in *The Wall Street Journal* and the *Los Angeles Times*, consistent with the Scheduling Order, as evidenced by the: *Affidavit of Publication of Joseph Svec in The Wall Street Journal* [Docket No. 115]; *Affidavit of Publication of Roy Oteo in The Wall Street Journal* [Docket No. 116]; and *Affidavit of Publication of Angelina de Cordova in the Los Angeles Times* [Docket No. 123] (collectively, the "Publication Affidavits");

- filed on December 11, 2010, the *Declaration of Proposed Claims and Noticing Agent Regarding Solicitation and Tabulation of Votes Received as of the Petition Date in Connection with the Debtors' Plan of Reorganization* [Docket No. 28];

- filed on January 18, 2011 and in accordance with Local Bankruptcy Rule 3018-1(a), the *Certification and Declaration of Notice and Claims Agent Regarding Solicitation and Tabulation of Votes in Connection with the Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization* [Docket No. 132] (the "Voting Report"); and

- filed on January 21, 2011, the *Debtors' Memorandum of Law in Support of Entry of an Order (I) Approving (a) The Debtors' Disclosure Statement Pursuant to Sections 1125 and 1126(b) of the Bankruptcy Code and (b) Solicitation of Votes; (II) Confirming the Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization and (III) In Response to Objections Thereto* [Docket No. 155] (the "Confirmation Brief"), together with the *Declaration of Timothy J. Hughes in Support of Confirmation of the Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization*, attached as Exhibit A to the Confirmation Brief (the "Hughes Declaration") and the *Declaration and Expert Report of Frank A. Merola in Support of Confirmation of the Debtors' Prepackaged Joint*

(B) Solicitation of Votes and Voting Procedures, and (C) Forms of Ballots; and (II) Confirming the Debtors' Joint Prepackaged Plan of Reorganization (this "Confirmation Order"), shall have the meanings ascribed to them in the Plan. This Confirmation Order shall be governed by the rules of interpretation set forth in Article I.B of the Plan.

Chapter 11 Plan of Reorganization, attached as Exhibit B to the Confirmation Brief (the "Merola Declaration").[3]

The Court having:

- entered an order on December 14, 2010 [Docket No. 59] (the "Scheduling Order"), which (a) scheduled an objection deadline and combined hearing on the adequacy of the Disclosure Statement and Plan Confirmation (the "Confirmation Hearing"); (b) approved the form and notice of the Confirmation Hearing Notice; (c) established procedures for objections to the Plan and Disclosure Statement; (d) approved certain solicitation, noticing, tabulation and other related procedures (the "Solicitation Procedures"); (e) approved certain documents to be distributed in connection with solicitation of the Plan pursuant to the Solicitation Procedures (the "Solicitation Package"); and (f) waived the requirement to hold a meeting of the creditors or equity holders.

- set January 25, 2011, at 10:00 a.m., (Eastern Time), as the date and time of the Confirmation Hearing pursuant to Bankruptcy Rules 3017 and 3018 and sections 1126, 1128 and 1129 of the Bankruptcy Code;

- reviewed the Plan, the Disclosure Statement, the Confirmation Brief, the Merola Declaration, the Hughes Declaration, the Voting Report and all filed pleadings, exhibits, statements and comments regarding Confirmation (collectively, the "Confirmation Papers");

- heard the statements of counsel in respect of Confirmation;

- considered all oral representations, testimony, documents, filings and other evidence regarding Confirmation; and

- taken judicial notice of the papers and pleadings on file in the Chapter 11 Cases.

NOW, THEREFORE, it appearing to the Court that (a) notice of the Confirmation Hearing was adequate and appropriate as to all parties to be affected by the Plan and the transactions contemplated thereby and (b) the legal and factual bases set forth in the Confirmation Papers and presented at the Confirmation Hearing establish just cause for the relief

[3] On January 27, 2011, the Debtors also filed the declaration of Keith Lockwood in support of Confirmation of the Plan, which contained substantially the same information as the Merola Declaration. For purposes of this Confirmation Order, any reference to the Merola Declaration shall constitute a reference to both declarations.

granted here; and after due deliberation thereon and good cause appearing therefor, the Court hereby makes and issues the following Findings of Fact, Conclusions of Law and Orders:[4]

I. FINDINGS OF FACT AND CONCLUSION OF LAW

IT IS HEREBY FOUND AND DETERMINED THAT:

A. Jurisdiction and Venue

1. Beginning on the Petition Date, the Debtors commenced the Chapter 11 Cases. Venue in the Court was proper as of the Petition Date pursuant to 28 U.S.C. §§ 1408 and 1409. Approval of the Solicitation Procedures, Disclosure Statement and confirmation of the Plan are core proceedings under 28 U.S.C. § 157(b)(2). The Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. § 1334. The Court has exclusive jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed.

B. Eligibility for Relief

2. The Debtors were and are entities eligible for relief under section 109 of the Bankruptcy Code.

C. Commencement and Joint Administration of the Chapter 11 Cases

3. On the Petition Date, the Debtors commenced the Chapter 11 Cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. By prior order of the Court, the Chapter 11 Cases have been consolidated for procedural purposes and are being jointly administered pursuant to Bankruptcy Rule 1015 [Docket No. 46]. The Debtors have operated their businesses and managed their properties as debtors in possession pursuant to

[4] This Confirmation Order constitutes the Court's findings of fact and conclusions of law under FED. R. CIV. P. 52, as made applicable by Bankruptcy Rules 7052 and 9014. Any and all findings of fact shall constitute findings of fact even if they are stated as conclusions of law, and any and all conclusions of law shall constitute conclusions of law even if they are stated as findings of facts.

sections 1107(a) and 1108 of the Bankruptcy Code. No official committee has been formed in the Chapter 11 Cases, and no trustee or examiner has been appointed in the Chapter 11 Cases.

D. Plan Supplement

4. On January 18, 2011, the Debtors filed the Plan Supplement [Docket No. 134], which was thereafter amended on January 26, 2011 [Docket No. 174] and January 27, 2011 [Docket No. 180]. The Plan Supplement complies with the terms of the Plan, and the filing and notice of such documents was good and proper in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Scheduling Order, and no other or further notice is or shall be required. The Debtors are authorized to modify the Plan Supplement following entry of this Confirmation Order in accordance with the terms of the Plan.

E. Modifications to the Plan

5. Any modifications to the Plan described or set forth herein constitute technical changes or changes with respect to particular Claims made pursuant to the agreement of the Holders of such Claims and do not materially or adversely affect or change the treatment of any other Claims or Interests. Pursuant to Bankruptcy Rule 3019, these modifications do not require additional disclosure under section 1125 of the Bankruptcy Code or the resolicitation of votes under section 1126 of the Bankruptcy Code, nor do they require that the Holders of Claims or Interests be afforded an opportunity to change previously cast acceptances or rejections of the Plan.

F. Judicial Notice

6. The Court takes judicial notice of (and deems admitted into evidence for Confirmation) the docket of the Chapter 11 Cases and all related adversary proceedings and appeals maintained by the clerk of the applicable court or its duly appointed agent, including all pleadings and other documents on file, all orders entered, all hearing transcripts, and all evidence

and arguments made, proffered, or adduced at the hearings held before the applicable court during the pendency of the Chapter 11 Cases. Any resolutions of objections to Confirmation explained on the record at the Confirmation Hearing are hereby incorporated by reference. All unresolved objections, statements, and reservations of rights are hereby overruled on the merits.

G. Scheduling Order and Voting Deadline

7. On December 14, 2010, the Court entered the Scheduling Order, which, among other things: (a) fixed November 15, 2010, as the record date for purposes of determining, among other things, Holders of Claims or Interests which are entitled to vote on the Plan; (b) fixed January 10, 2011, at 5:00 p.m. (Eastern Time), as the Voting Deadline, which deadline the Debtors had the right to extend to a date no later than ten days before the Confirmation Hearing without further order of the Court; (c) fixed January 18, 2011, at 5:00 p.m. (Eastern Time), as the deadline for objecting to the Plan; (d) fixed January 25, 2011, at 10:00 a.m. (Eastern Time), as the date and time for the commencement of the Confirmation Hearing; (e) approved the Solicitation Procedures and Solicitation Package; and (f) approved the form and method of notice of the Confirmation Hearing Notice set forth therein. The Debtors subsequently extended the Voting Deadline to January 14, 2011, at 5:00 p.m. (Eastern Time) [Docket No. 122].

H. Notice and Transmittal, Mailing and Publication of Materials

8. As evidenced by the Affidavits of Service, due, adequate and sufficient notice of the Disclosure Statement, the Plan, the Plan Supplement and the Confirmation Hearing, together with all deadlines for voting on or objecting to the Plan, has been given to: (a) all known Holders of Claims and Interests; (b) parties that requested notice in accordance with Bankruptcy Rule 2002; (c) all counterparties to unexpired leases and executory contracts with the Debtors; and (d) all taxing authorities listed on the Debtors' Schedules or Claims Register, in substantial

compliance with the Scheduling Order and Bankruptcy Rules 2002(b), 3017 and 3020(b), and no other or further notice is or shall be required. Adequate and sufficient notice of the Confirmation Hearing, as may be continued from time to time and of any applicable bar dates and hearings described in the Scheduling Order was given in compliance with the Bankruptcy Rules and the Scheduling Order, and no other or further notice is or shall be required.

9. The Debtors published the Confirmation Hearing Notice once each in *The Wall Street Journal*, and the *Los Angeles Times*, on December 20, 2010, and December 21, 2010, both of which were dates no fewer than 14 calendar days prior to the Objection Deadline, in substantial compliance with the Scheduling Order and the Solicitation Procedures, as well as Bankruptcy Rule 2002(l), as evidenced by the Publication Affidavits.

I. Adequacy of Solicitation and Disclosure Statement

10. Because the Plan was solicited prior to the commencement of the Chapter 11 Cases, the adequacy of the Disclosure Statement is governed by sections 1125(b) and (g) of the Bankruptcy Code. As established by the Merola Declaration, the information contained in the Disclosure Statement contained extensive material information regarding the Debtors so that parties entitled to vote on the Plan could make informed decisions regarding the Plan. Additionally, the Disclosure Statement contains adequate information as that term is defined in section 1125(a) of the Bankruptcy Code and complies with any additional requirements of the Bankruptcy Code and the Bankruptcy Rules. Specifically, but without limitation, the Disclosure Statement complies with the requirements of Bankruptcy Rule 3016(c) by sufficiently describing in specific and conspicuous bold language the provisions of the Plan that provide for releases and injunctions against conduct not otherwise enjoined under the Bankruptcy Code and sufficiently indentifies the persons and entities that are subject to the releases and injunctions.

11. Sections 1125(g) and 1126(b) of the Bankruptcy Code apply to the solicitation of acceptances and rejections of the Plan prior to the commencement of the Chapter 11 Cases. Votes for acceptance or rejection of the Plan were solicited in good faith and in compliance with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018 and all other applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Prepack Guidelines and all other rules, laws and regulations. Holders of Claims in Class 4 (the "Voting Class") are entitled to vote and their votes were solicited pursuant to the Solicitation Procedures. Holders of Claims in Classes 1, 2, 3, 5, 6, 7, 8 and 9 are not entitled to vote and their votes were not solicited. In particular, the solicitation of the Plan commenced prior to the commencement of the Chapter 11 Cases on December 10, 2010, in accordance with applicable non-bankruptcy law, and the Voting Deadline remained open until January 14, 2010, although solicitation ceased on the Petition Date prior to the commencement of the Chapter 11 Cases. The period during which the Debtors solicited acceptances to the Plan was a reasonable period of time for Holders of Claims entitled to vote to accept or reject the Plan to make an informed decision to accept or reject the Plan. Accordingly, the solicitation of the Plan complied with the provisions of section 1125(g) of the Bankruptcy Code and the Prepack Guidelines. The form of the Ballots was adequate and appropriate and complied with Bankruptcy Rule 3018(c). The forms of the Ballots were sufficiently consistent with Official Form No. 14 and the form of ballot annexed to the Prepack Guidelines, adequately addressed the particular needs of the Chapter 11 Cases and were appropriate for the Voting Class.

12. The Debtors and all persons who solicited votes on the Plan, including the Third Party Releasees released pursuant to Article VIII.D of the Plan, solicited votes in good faith and in compliance with the applicable provisions of the Bankruptcy Code and are entitled to the

protections afforded by section 1125(e) of the Bankruptcy Code as well as the exculpation and limitation of liability provisions set forth in Article VIII.F of the Plan.

J. Voting Report

13. Prior to the Confirmation Hearing, on January 18, 2011, the Debtors filed the Voting Report, in compliance with Local Bankruptcy Rule 3018-1(a). All procedures used to tabulate the Ballots and the Master Ballots were fair and conducted in accordance with the Scheduling Order, the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and all other applicable rules, laws and regulations.

14. As set forth in the Plan and the Disclosure Statement, Holders of Claims in the Voting Class are eligible to vote on the Plan pursuant to the Solicitation Procedures. In addition, Holders of Claims in Classes 1, 2, 3, 5, 6 and 7 are Unimpaired and deemed to accept the Plan and, therefore, are not entitled to vote to accept or reject the Plan. Holders of Claims in Classes 8 and 9 (collectively, the "Deemed Rejecting Classes") are deemed to reject the Plan, and therefore, are not entitled to vote to accept or reject the Plan.

15. As evidenced by the Voting Report or otherwise, the Voting Class voted to accept the Plan. Affiliates of Bennett Management Corporation, including those Holders of certain Senior Secured Notes Claims, constitute insiders under section 101(31) of the Bankruptcy Code. The Debtors obtained the requisite votes accepting the Plan when including or excluding the votes submitted by insiders in connection with the tabulation of such votes. Votes to accept the Plan by each accepting creditor in the Voting Class were made in good faith

K. Compliance with Bankruptcy Rule 3016

16. The Plan is dated and identifies the entities submitting it, thereby satisfying Bankruptcy Rule 3016(a). The filing of the Disclosure Statement with the clerk of the Court satisfied Bankruptcy Rule 3016(b).

L. Satisfaction of Confirmation Requirements and Compliance with Section 1129 of the Bankruptcy Code

17. Based upon the findings of fact and conclusions of law set forth herein, the Plan satisfies the requirements for confirmation set forth in section 1129 of the Bankruptcy Code. In particular, the Plan complies with all applicable provisions of section 1129 of the Bankruptcy Code as follows:

1. Section 1129(a)(1)—Compliance of the Plan with Applicable Provisions of the Bankruptcy Code

18. The Plan complies with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including sections 1122 and 1123 of the Bankruptcy Code.

a. Sections 1122 and 1123(a)(1)—Proper Classification

19. The classification of Claims and Interests under the Plan is proper under the Bankruptcy Code. Pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, Article III of the Plan provides for the separate classification of Claims and Interests into 9 Classes, based on differences in the legal nature or priority of such Claims and Interests (other than Administrative Claims, Priority Tax Claims and DIP Facility Claims which are addressed in Article II of the Plan, and which are required not to be designated as separate Classes pursuant to section 1123(a)(1) of the Bankruptcy Code). Valid business, factual and legal reasons exist for the separate classification of the various Classes of Claims and Interests created under the Plan, the classifications were not done for any improper purpose, and the creation of such Classes does not unfairly discriminate between or among Holders of Claims or Interests.

b. Section 1123(a)(2)—Specification of Unimpaired Classes

20. Article III of the Plan specifies that Claims in Classes 1, 2, 3, 5, 6 and 7 are Unimpaired under the Plan. Additionally, Article II of the Plan specifies that Administrative

Claims, Priority Tax Claims and DIP Facility Claims are Unimpaired, although these Claims are not classified under the Plan. Accordingly, the requirements of section 1123(a)(2) of the Bankruptcy Code have been satisfied.

c. Section 1123(a)(3)—Specification of Treatment of Impaired Classes

21. Article III of the Plan specifies the treatment of each Impaired Class under the Plan, consisting of Classes 4, 8 and 9. Accordingly, the requirements of section 1123(a)(3) of the Bankruptcy Code have been satisfied.

d. Section 1123(a)(4)—No Discrimination

22. Pursuant to section 1123(a)(4) of the Bankruptcy Code, Article III of the Plan uniformly provides for the same treatment of each Claim or Interest in a particular Class, as the case may be, unless the Holder of a particular Claim or Interest has agreed to a less favorable treatment with respect to such Claim or Interest. Accordingly, the requirements of section 1123(a)(4) of the Bankruptcy Code have been satisfied.

e. Section 1123(a)(5)—Adequate Means for Plan Implementation

23. Pursuant to section 1123(a)(5) of the Bankruptcy Code, Article IV and various other provisions of the Plan specifically provide, in detail, adequate and proper means for the Plan's implementation. Moreover, as set forth in the Confirmation Papers, the Reorganized Debtors will have, immediately upon the Effective Date, sufficient Cash to make all payments required to be made on or around the Effective Date pursuant to the terms of the Plan. Accordingly, the requirements of section 1123(a)(5) of the Bankruptcy Code have been satisfied.

f. Section 1123(a)(6)—Voting Power of Equity Securities

24. Article 17 of the New Certificate of Incorporation of Reorganized Insight Health Services Holdings Corp., attached as Exhibit D-1 to the Plan Supplement, prohibits the issuance

of non-voting equity securities to the extent prohibited by section 1123(a)(6) of the Bankruptcy Code, thereby satisfying section 1123(a)(6) of the Bankruptcy Code.

g. Section 1123(a)(7)—Selection of Officers and Directors

25. The Plan Supplement and Article IV.J of the Plan contain provisions regarding the manner of selection of directors of the New Board and information regarding the officers and other directors and managers of the reorganized Debtors. Pursuant to Article IV.J of the Plan, the senior management of the Reorganized Debtors shall be Reorganized Insight Health Services Holding Corp.'s Chief Executive Officer and those individuals appointed in accordance with the Stockholders Agreement and the New By-Laws, consistent with Annex 1 to the Plan Term Sheet. The selection of the New Board and the officers and other directors of the Reorganized Debtors was, is and will be consistent with the interests of Holders of Claims and Interests and public policy. Accordingly, the requirements of section 1123(a)(7) of the Bankruptcy Code have been satisfied.

h. Section 1123(b)—Discretionary Contents of the Plan

26. The Plan contains various provisions that may be construed as discretionary, but are not required for Confirmation under the Bankruptcy Code. As set forth below, such discretionary provisions comply with section 1123(b) of the Bankruptcy Code and are not inconsistent with the applicable provisions of the Bankruptcy Code. Thus, section 1123(b) of the Bankruptcy Code is satisfied.

i. Section 1123(b)(1), (2)—Claims and Executory Contracts

27. Pursuant to sections 1123(b)(1) and 1123(b)(2) of the Bankruptcy Code, Article III of the Plan provides that the Plan impairs or leaves unimpaired, as the case may be, each Class of Claims and Interests, and Article V of the Plan provides for the assumption or rejection of the Debtors' Executory Contracts and Unexpired Leases not previously assumed or

rejected pursuant to section 365 of the Bankruptcy Code and appropriate authorizing orders of the Court.

ii. Section 1123(b)(3)—Settlement, Release, Exculpation, Injunction and Preservation of Claims and Causes of Action

28. **Settlement**. Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. Such compromise or settlement is in the best interests of the Debtors, their Estates and Holders of Claims and Interests and is fair, equitable and reasonable.

29. **Debtor Release**. The Debtor Release described in Article VIII.D of the Plan is an integral part of the Plan and represents a valid exercise of the Debtors' business judgment. Pursuing any such claims against the Debtor Releasees is not in the best interest of the Debtors' estates' various constituencies as the costs involved likely would outweigh any potential benefit from pursuing such claims. The Debtor Release is: (a) in exchange for good and valuable consideration provided by the Debtor Releasees; (b) a good-faith compromise and settlement of the Causes of Action released by the Debtor Releasees; (c) in the best interests of the Debtors and all Holders of Claims and Interests; (d) fair, equitable and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any of the Debtors, the Reorganized Debtors or any Holder of a Claim or Interest that would have been legally entitled to assert any Cause of Action on behalf of any of the Debtors or the Estates from asserting any Cause of Action released by the Debtor Release against any of the Debtor Releasees.

30. **Third Party Release**. The Third Party Release described in Article VIII.E of the Plan is an integral part of the Plan. The Third Party Release is: (a) in exchange for good and valuable consideration provided by the Third Party Releasees; (b) a good-faith compromise and settlement of the Causes of Action released by the Third Party Releasees; (c) in the best interests of the Debtors and all Holders of Claims and Interests; (d) fair, equitable and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any of the Releasing Parties asserting any Cause of Action released by the Third Party Release against any of the Third Party Releasees. The breadth of the Third Party Release described in Article VIII.E of the Plan is necessary to the Plan and bears a reasonable relationship to the protection of the Debtors' estates. Such releases are given by all Holders of Claims and Interests to the greatest extent permitted by applicable law, as such law may be extended or interpreted subsequent to the Effective Date. The Ballots and applicable notices clearly stated that the Plan contained the Third Party Release and that Holders of Claims or Interests may be subject to such releases Thus, the Debtors believe that all known Holders of Claims or Interests were given due and adequate notice that they would be granting the Third Party Release by acting in such a manner.

31. **Exculpation**. The Exculpation set forth in Article VIII.F of the Plan are essential to the Plan. The record in the Chapter 11 Cases fully supports the exculpation, and the exculpation provisions set forth in Article VIII.F of the Plan are appropriately tailored to protect the Exculpated Parties from inappropriate litigation.

32. **Injunction**. The injunction provisions set forth in Article VIII.H of the Plan are essential to the Plan and are necessary to preserve and enforce the Debtor Releases, the Third Party Releases and the exculpation provisions in Article VIII.H of the Plan, and are narrowly tailored to achieve that purpose.

33. The Debtor Release, the Third Party Release, the injunction and Exculpation provisions set forth in the Plan: (a) are within the jurisdiction of the Court under 28 U.S.C. §§ 1334(a), 1334(b), and 1334(d); (b) are an essential means of implementing the Plan pursuant to section 1123(a)(6) of the Bankruptcy Code; (c) are an integral element of the transactions incorporated into the Plan; (d) confer material benefits on, and are in the best interests of, the Debtors, the Estates and their creditors; (e) are important to the overall objectives of the Plan to finally resolve all Claims among or against the parties in interest in the Chapter 11 Cases with respect to the Debtors; and (f) are consistent with sections 105, 1123 and 1129 of the Bankruptcy Code, other provisions of the Bankruptcy Code and other applicable law. The record of the Confirmation Hearing and the Chapter 11 Cases is sufficient to support the Debtor Release, the Third Party Release and the injunction and exculpation provisions contained in Article VIII of the Plan.

34. **Preservation of Claims and Causes of Action**. Article IV.U of the Plan and Exhibit C of the Plan Supplement appropriately provides for the preservation by the Debtors of the Causes of Action in accordance with section 1123(b)(3)(B) of the Bankruptcy Code. The provisions regarding Causes of Action in the Plan are appropriate and are in the best interests of the Debtors, the Estates and Holders of Claims and Interests.

2. Section 1129(a)(2)—Compliance of the Debtors and Others with Applicable Provisions of the Bankruptcy Code

35. The Debtors, as proponents of the Plan, have complied with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(2) of the Bankruptcy Code, including sections 1122, 1123, 1124, 1125, 1126 and 1128 of the Bankruptcy Code and Bankruptcy Rules 3017, 3018 and 3019.

36. Votes to accept or reject the Plan were solicited by the Debtors and their respective members, partners, representatives, officers, directors, employees, advisors, attorneys and agents before the commencement of the case pursuant to section 1125(g) of the Bankruptcy Code.

37. The Debtors and their respective members, partners, representatives, officers, directors, employees, advisors, attorneys and agents (and to the extent applicable, all persons within the definition of Third Party Releasees) have solicited and tabulated votes on the Plan and have participated in the activities described in section 1125 of the Bankruptcy Code fairly, in good faith within the meaning of section 1125(e) of the Bankruptcy Code and in a manner consistent with the applicable provisions of the Scheduling Order, the Disclosure Statement, the Bankruptcy Code, the Bankruptcy Rules and all other applicable laws, rules and regulations and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation provisions set forth in Article VIII.F of the Plan.

38. The Debtors and their respective members, officers, directors, employees, advisors, attorneys and agents (and to the extent applicable, all persons within the definition of Third Party Releasees) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the offering, issuance and distribution of recoveries under the Plan and, therefore, are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or distributions made pursuant to the Plan, so long as such distributions are made consistent with and pursuant to the Plan.

3. Section 1129(a)(3)—Proposal of Plan in Good Faith

39. The Debtors have proposed the Plan in good faith and not by any means forbidden by law. In determining that the Plan has been proposed in good faith, the Court has examined

the totality of the circumstances surrounding the filing of the Chapter 11 Cases, the Plan itself and the process leading to its formulation. The Debtors' good faith is evident from the facts and record of the Chapter 11 Cases, the Disclosure Statement, and the record of the Confirmation Hearing and other proceedings held in the Chapter 11 Cases.

40. The Plan is the product of arm's-length negotiations between, among others, the Debtors and the Debtors' Ad Hoc Noteholders Committee. The Plan itself and the process leading to its formulation provide independent evidence of the Debtors' good faith, serve the public interest and assure fair treatment of Holders of Claims and Interests. Consistent with the overriding purpose of chapter 11, the Chapter 11 Cases were filed, and the Plan was proposed, with the legitimate purpose of allowing the Debtors to reorganize and emerge from chapter 11 with a capital structure that will allow them to satisfy their obligations with sufficient liquidity and capital resources. Accordingly, the requirements of section 1129(a)(3) of the Bankruptcy Code are satisfied.

4. Section 1129(a)(4)—Bankruptcy Court Approval of Certain Payments as Reasonable

41. The procedures set forth in the Plan for the Court's review and ultimate determination of the fees and expenses to be paid by the Debtors in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, satisfy the objectives of and are in compliance with section 1129(a)(4) of the Bankruptcy Code. Accordingly, the requirements of section 1129(a)(4) of the Bankruptcy Code are satisfied.

5. Section 1129(a)(5)—Disclosure of Identity of Proposed Management, Compensation of Insiders and Consistency of Management Proposals with the Interests of Creditors and Public Policy

42. The Plan complies with the requirements of section 1129(a)(5) of the Bankruptcy Code because, in the Disclosure Statement, the Plan and the Plan Supplement, the

Debtors have disclosed (a) the identity of the senior management of the Reorganized Debtors and the manner in which officers and directors of Reorganized Debtors will be chosen following Confirmation and (b) the identity of and nature of any compensation for any insider who will be employed or retained by the Reorganized Debtors. The method of appointment of directors and officers of the Debtors or Reorganized Debtors, as the case may be, was, is and will be consistent with the interests of Holders of Claims and Interests and public policy. Accordingly, the requirements of section 1129(a)(5) of the Bankruptcy Code are satisfied.

6. Section 1129(a)(6)—No Approval of Rate Changes

43. The Plan does not contain any rate changes subject to the jurisdiction of any governmental regulatory commission and therefore will not require governmental regulatory approval. Therefore, section 1129(a)(6) of the Bankruptcy Code is inapplicable to the Chapter 11 Cases.

7. Section 1129(a)(7)—Best Interests of Holders of Claims and Interests

44. The liquidation analysis attached as Exhibit D to the Disclosure Statement (the "Liquidation Analysis") and the other evidence related thereto in support of the Plan that was proffered or adduced at or prior to, or in declarations in connection with, the Confirmation Hearing: (a) are reasonable, persuasive, credible and accurate as of the dates such analysis or evidence was prepared, presented or proffered; (b) utilize reasonable and appropriate methodologies and assumptions; (c) have not been controverted by other evidence; and (d) establish that, as of the Effective Date, under the Plan, Holders of Allowed Claims or Interests in every Class will recover property on account of such Claims or Interests equal to or greater than the amount such Holders would receive if the Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code.

8. Section 1129(a)(8)—Conclusive Presumption of Acceptance by Unimpaired Classes; Acceptance of the Plan by Each Impaired Class

45. Claims in Classes 1, 2, 3, 5, 6 and 7 are Unimpaired Claims or Interests that are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code.

46. Because the Plan has not been accepted by the Deemed Rejecting Classes, the Debtors seek Confirmation under section 1129(b), rather than section 1129(a)(8), of the Bankruptcy Code. Thus, although section 1129(a)(8) of the Bankruptcy Code has not been satisfied with respect to the Deemed Rejecting Classes, the Plan is confirmable because the Plan does not discriminate unfairly with respect to the Deemed Rejecting Classes, is fair and equitable with respect to the Deemed Rejecting Classes and, thus, satisfies section 1129(b) of the Bankruptcy Code with respect to such Classes as described further below. As a result, the requirements of section 1129(b) of the Bankruptcy Code are satisfied.

9. Section 1129(a)(9)—Treatment of Claims Entitled to Priority Pursuant to Section 507(a) of the Bankruptcy Code

47. The treatment of Allowed Administrative Claims, DIP Facility Claims and Allowed Priority Tax Claims under Article II, Article VI and Article X of the Plan satisfies the requirements of, and complies in all respects with, section 1129(a)(9) of the Bankruptcy Code. Accordingly, the requirements of section 1129(a)(9) of the Bankruptcy Code are satisfied.

10. Section 1129(a)(10)—Acceptance by at Least One Impaired Class

48. As set forth in the Voting Report, the Voting Class voted to accept the Plan. Specifically, the requisite majority of Holders of Claims in Class 4 voted to accept the Plan. See Voting Report. As such, there is at least one Class of Claims that is Impaired under the Plan and has accepted the Plan, determined without including any acceptance of the Plan by any insider (as defined by the Bankruptcy Code). Accordingly, the requirements of section 1129(a)(10) of the Bankruptcy Code have been satisfied.

11. Section 1129(a)(11)—Feasibility of the Plan

49. The Plan satisfies section 1129(a)(11) of the Bankruptcy Code. The evidence supporting the Plan proffered or adduced by the Debtors in Exhibit C of the Disclosure Statement and at, prior to or in declarations filed in connection with the Confirmation Hearing: (a) is reasonable, persuasive, credible and accurate as of the dates such analysis or evidence was prepared, presented or proffered; (b) utilizes reasonable and appropriate methodologies and assumptions; (c) has not been controverted by other evidence; (d) establishes that the Plan is feasible and Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Reorganized Debtors or any successor to the Reorganized Debtors under the Plan; and (e) establishes that the Reorganized Debtors will have sufficient funds available to meet their obligations under the Plan. Accordingly, the requirements of section 1129(a)(11) of the Bankruptcy Code have been satisfied.

12. Section 1129(a)(12)—Payment of Bankruptcy Fees

50. Article XIII.C of the Plan provides that all fees payable pursuant to section 1930 of the United States Judicial Code, as determined by the Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid for each quarter (including any fraction thereof) until the earliest of the Chapter 11 Cases' being converted, dismissed or closed. Accordingly, the requirements of section 1129(a)(12) of the Bankruptcy Code have been satisfied.

13. Section 1129(a)(13)—Retiree Benefits

51. Section 1129(a)(13) of the Bankruptcy Code requires a plan to provide for "retiree benefits" (as defined in section 1114 of the Bankruptcy Code) at levels established pursuant to section 1114 of the Bankruptcy Code. Article IV.R of the Plan provides that, on and after the Effective Date, the Reorganized Debtors' obligations, if any, to pay all retiree benefits shall

continue. Accordingly, the requirements of section 1129(a)(13) of the Bankruptcy Code have been satisfied.

14. Section 1129(b)—Confirmation of Plan Over Nonacceptance of Impaired Class

52. Notwithstanding the fact that the Deemed Rejecting Classes have been deemed not to accept the Plan, the Plan may be confirmed pursuant to section 1129(b)(1) of the Bankruptcy Code because, as evidenced in the Confirmation Brief and the Confirmation Papers: (a) the Voting Class has voted to accept the Plan; and (b) the Plan does not discriminate unfairly with respect to the Deemed Rejecting Classes and is fair and equitable with respect to the Deemed Rejecting Classes. The Plan has been proposed in good faith, is reasonable and meets the requirements that no Holder of any Claim or Interest that is junior to each such Class will receive or retain any property under the Plan on account of such junior Claim or Interest and no Holder of a Claim in a Class senior to such Classes is receiving more than 100% on account of its Claim. Accordingly, the Plan is fair and equitable towards all Holders of Claims and Equity Interests in the Deemed Rejecting Classes. As a result, the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code. Thus, the Plan may be confirmed even though section 1129(a)(8) of the Bankruptcy Code is not satisfied. After entry of this Confirmation Order and upon the occurrence of the Effective Date, the Plan shall be binding upon the members of the Deemed Rejecting Classes.

15. Section 1129(c)—Only One Plan

53. Other than the Plan, no other chapter 11 plan has been filed in the Chapter 11 Cases. Accordingly, the requirements of section 1129(c) of the Bankruptcy Code have been satisfied.

16. Section 1129(d)—Principal Purpose of the Plan Is Not Avoidance of Taxes

54. No governmental unit has requested that the Court refuse to confirm the Plan on the grounds that the principal purpose of the Plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act. As evidenced by its terms, the principal purpose of the Plan is not such avoidance. Accordingly, the requirements of section 1129(d) of the Bankruptcy Code have been satisfied.

M. Burden of Proof

55. The Debtors, as proponents of the Plan, have met their burden of proving the elements of sections 1129(a) and 1129(b) of the Bankruptcy Code by a preponderance of the evidence, which is the applicable evidentiary standard for Confirmation. Further, the Debtors have proven the elements of sections 1129(a) and 1129(b) of the Bankruptcy Code by clear and convincing evidence. Each of the witnesses who testified on behalf of the Debtors were credible, reliable and qualified to testify as to the topics addressed in his or her testimony.

N. Good Faith

56. The Debtors have proposed the Plan in good faith, with the legitimate and honest purposes of reorganizing the Debtors' ongoing business and maximizing the value of each of the Debtors and the recovery to stakeholders. The Plan gives effect to many of the Debtors' restructuring initiatives. Accordingly, the Debtors, the Debtors' Ad Hoc Noteholders Committee and all consenting noteholders party to the Restructuring Support Agreement (and all of their respective current and former affiliates, subsidiaries, managed accounts or funds, officers, directors, partners, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies and officers, directors, partners, principals, employees and agents thereof, fund advisors and other professionals) have acted, are acting and will continue to act in good faith if they proceed to: (a) consummate the

Plan and all of the agreements, settlements, transactions and transfers contemplated thereby (including, without limitation, the entry into, performance under and effectuation of the Exit Facility Documents, the Warrant Agreement, the Registration Rights Agreement, the Stockholders Agreement, the Management Equity Plan, the New Certificates of Incorporation and the New By-Laws); and (b) take the actions authorized and directed or contemplated by this Confirmation Order. Therefore, the Plan has been proposed in good faith to achieve a result consistent with the objectives and purposes of the Bankruptcy Code.

O. Disclosure of Agreements and Other Documents

57. The Debtors have timely disclosed all material facts regarding: (a) the adoption of the New Certificates of Incorporation and the New By-Laws and adoption and entry into the Registration Rights Agreement and the Stockholders Agreement and similar constituent documents; (b) the selection of directors and officers for the Reorganized Debtors; (c) the distribution of Cash; (d) the issuance of new equity or other securities in Reorganized InSight Health Services Holdings Corp. consisting of the New Common Stock and the Warrants; (e) the entry into the Exit Facility Documents; (f) the adoption, execution, and implementation of the other matters provided for under the Plan involving corporate action to be taken by or required of the Reorganized Debtors; (g) the Management Equity Plan; (h) securities registration exemptions; (i) the exemption under section 1146(a) of the Bankruptcy Code; and (j) the adoption, execution and delivery of all contracts, leases, instruments, securities, releases, indentures and other agreements related to any of the foregoing.

P. Transfers by Debtors; Vesting of Assets

58. Except as otherwise provided in the Plan, this Confirmation Order or any agreement, instrument or other document incorporated therein, on the Effective Date, all property in each Debtor's Estate, all Causes of Action, and any property acquired by any of the

Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan or this Confirmation Order, each Reorganized Debtor may operate its business and may use, acquire or dispose of property and compromise or settle any Claims, Interests or Causes of Action without supervision or approval by the Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules.

Q. Valuation

59. As set forth in the liquidation analysis included as Exhibit D of the Disclosure Statement and in the Merola Declaration, the distributable value of the Debtors is insufficient to support a distribution to Holders of Claims or Interests not entitled to receive distributions under the Plan under absolute priority principles. The valuation set forth in the liquidation analysis of the Disclosure Statement and in the Merola Declaration was prepared by the Debtors' financial advisor, Jefferies & Company, Inc., in accordance with standard and customary valuation principles and practices and is a fair and reasonable estimate of the value of the Debtors' businesses as a going concern.

R. Satisfaction of Conditions Precedent to Consummation

60. Each of the conditions precedent to the Effective Date, as set forth in Article X of the Plan, will have been satisfied or waived in accordance with the provisions of the Plan, or is reasonably likely to be satisfied.

S. Implementation

61. All documents and agreements necessary to implement the Plan, including those contained in the Plan Supplement, and all other relevant and necessary documents (including, without limitation, the entry into, amendment of, performance under and effectuation of the Exit Facility Documents, the Warrants, the Registration Rights Agreement, the Stockholders

Agreement, the Management Equity Plan, the New Certificates of Incorporation and New By-Laws and any other document assumed or contained within the Plan Supplement), have been negotiated in good faith and at arm's length and are in the best interests of the Debtors and the Reorganized Debtors and shall, upon completion of documentation and execution be valid, binding and enforceable documents and agreements not in conflict with any federal or state law. The Restructuring Support Agreements is valid, in full force and effect and has not been terminated.

T. Issuance of Common Stock and the Warrants

62. The issuance of the New Common Stock and the Warrants is an essential element of the Plan and is in the best interests of the Debtors, their Estates and their Creditors.

U. Entry into Exit Facility

63. The entry into the Exit Facility is an essential element of the Plan and is in the best interests of the Debtors, their Estates and their Creditors.

64. Upon diligent inquiry, the Debtors have determined that an exit facility (the "Exit Facility"), upon the terms set forth in Exhibit E to the Plan Supplement or to be documented in a definitive term sheet or exit facility agreement (collectively, the "Exit Facility Documents"), including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, presents the best alternative available to the Debtors. The Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, have been negotiated in good faith and on an arm's length basis, without intent to hinder, delay or defraud any creditor of the Debtors, and each party thereto may rely upon the provisions of this Confirmation Order in closing the Exit Facility Documents, including any and

all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby. The Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, are necessary to the consummation of the Plan. The terms and conditions of the Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, are fair and reasonable, reflects the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, are supported by reasonably equivalent value and fair consideration and are in the best interests of the Debtors' estates and their creditors. The execution, delivery or performance by the Debtors or the Reorganized Debtors, as the case may be, of or in accordance with any documents in connection with the Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, and compliance by the Debtors or the Reorganized Debtors, as the case may be, with the terms thereof are authorized by and will not conflict with the terms of the Plan or this Confirmation Order. The financial accommodations to be extended pursuant to the Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, are being extended in good faith, for legitimate business purposes, and are reasonable. The Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, shall constitute legal, valid, binding and authorized obligations of the

Debtors and the Reorganized Debtors enforceable in accordance with their terms and will not conflict with any federal or state law. The Debtors have provided sufficient and adequate notice of the Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, to all parties in interest in the Chapter 11 Cases. On the Effective Date, all of the liens and security interests to be granted in accordance with the Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, shall be deemed approved and shall be legal, valid, binding and enforceable liens on the collateral therefor. The security interests and liens granted in accordance with the Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law. The Debtors, the Reorganized Debtors and the persons granted such liens and security interests are authorized to make all filings and recordings and to obtain any and all governmental approvals and consents necessary to establish and perfect such liens and security interests under the provisions of the applicable state, provincial, federal or other law (whether domestic or foreign) that would be applicable in the absence of this Confirmation Order. All fees, costs and expenses paid in connection with the Exit Facility or Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements,

instruments, certificates or documents related thereto and any and all transactions contemplated thereby are hereby ratified and approved.

V. Assumption and Rejection of Executory Contracts and Unexpired Leases

65. Except as otherwise provided in the Plan, in this Confirmation Order or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party, pursuant to section 365 of the Bankruptcy Code, unless such contract or lease (a) was previously assumed or rejected by the Debtors, (b) previously expired or terminated pursuant to its own terms, (c) is the subject of a motion to reject filed by the Debtors on or before the Confirmation Date or (d) is set forth in a schedule, as an executory contract or unexpired lease to be rejected, if any, filed by the Debtors as part of the Plan Supplement.

66. The Plan satisfies all requirements for the assumption or rejection of executory contracts and unexpired leases contained in the Bankruptcy Code, including, without limitation, the requirement that the Debtors cure all outstanding defaults, if any, and to provide adequate assurance of performance under any such contracts and leases.

W. Sources of Consideration for Plan Distribution

67. All consideration necessary for the Reorganized Debtors to make payments or distributions pursuant hereto shall be obtained from the Exit Facility, the issuance of the New Common Stock or other Cash from the Debtors, including Cash from operations.

X. Substantive Consolidation

68. Pursuant to section 1123(a)(5)(C) of the Bankruptcy Code, the Plan provides for the limited substantive consolidation of all of the Estates of the Debtors into a single consolidated Estate for all purposes associated with Confirmation and Consummation. On and

after the Effective Date, all assets and liabilities of the Debtors shall be treated as though they were merged into the Estate of InSight Health Services Holdings Corp. for all purposes associated with Confirmation and Consummation, and all guarantees by any Debtor of the obligations of any other Debtor shall be eliminated so that any Claim and any guarantee thereof by any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be treated as one collective obligation of the Debtors. Such limited substantive consolidation shall not affect the legal and organizational structure of the Reorganized Debtors or their separate corporate existences or any prepetition or postpetition guarantees, Liens or security interests that are required to be maintained under the Bankruptcy Code, under the Plan or in connection with contracts or leases that were assumed or entered into during the Chapter 11 Cases. Any alleged defaults under any applicable agreement with the Debtors, the Reorganized Debtors or their Affiliates arising from substantive consolidation under the Plan shall be deemed cured as of the Effective Date.

69. For the reasons set forth in the Merola Declaration, substantive consolidation is an essential element of the Plan. Further, substantive consolidation of the Estates is in the best interests of the Debtors, their Estates and all Holders of Claims in the Chapter 11 Cases and is necessary and appropriate in the Chapter 11 Cases.

Y. Retention of Jurisdiction

70. The Court properly may retain jurisdiction over the matters set forth in Article XII and other applicable provisions of the Plan.

II. ORDER

BASED ON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

A. Order

71. This Confirmation Order shall confirm the Plan. A copy of the Plan is attached hereto as Exhibit A.

B. Objections

72. To the extent that any objections (including the objection filed at Docket No. 139 and the motion filed at Docket No. 158), reservations of rights, statements or joinders to Confirmation have not been withdrawn, waived, settled or otherwise resolved prior to entry of this Confirmation Order or otherwise resolved as stated on the record of the Confirmation Hearing, they are hereby overruled on the merits.

C. Findings of Fact and Conclusions of Law

73. The findings of fact and the conclusions of law set forth herein shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by Bankruptcy Rule 9014. All findings of fact and conclusions of law announced by the Court at the Confirmation Hearing in relation to Confirmation are hereby incorporated herein to the extent not inconsistent herewith. To the extent that any of the following constitute findings of fact or conclusions of law, they are adopted as such. To the extent any of the prior findings of fact or conclusions of law constitutes an order of the Court, they are adopted as such.

D. Approval of the Disclosure Statement and Related Matters

74. Pursuant to Bankruptcy Rule 3017(b), the Disclosure Statement: (a) complies in all respects with any disclosure requirements of applicable non-bankruptcy law, including the Securities Act, to the extent applicable, (b) contains "adequate information" (as such term is defined in section 1125(a)(1) and used in section 1126(b)(2) of the Bankruptcy Code) with respect to the Debtors, the Plan, and the transactions contemplated therein, and (c) is approved in

all respects. To the extent that the Debtors' solicitation of acceptances of the Plan is deemed to constitute an offer of new securities, the Debtors are exempt from the registration requirements of the Securities Act (and of any equivalent state securities or "blue sky" laws) with respect to such solicitation under section 4(2) of the Securities Act and Regulation D promulgated thereunder. Section 4(2) of the Securities Act exempts from registration under the Securities Act all "transactions by an issuer not involving any public offering." The Debtors have complied with the requirements of section 4(2) of the Securities Act, as the prepetition solicitation of acceptances would constitute a private placement of securities.

75. The Solicitation Procedures, including the procedures for transmittal of Solicitation Packages, the form of Ballots, and the Voting Deadline, are approved under sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, the Disclosure Statement, the Scheduling Order, the Prepack Guidelines, the Local Bankruptcy Rules, all other applicable provisions of the Bankruptcy Code, and all other rules, laws and regulations applicable to such solicitation. The solicitation materials are approved under sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, the Disclosure Statement, the Scheduling Order, the Prepack Guidelines, the Local Bankruptcy Rules, all other applicable provisions of the Bankruptcy Code and all other applicable rules, laws and regulations.

76. The Ballots are in compliance with Bankruptcy Rule 3018(c), conform to Official Form B14, and are approved in all respects.

77. Notice of the Confirmation Hearing complied with the terms of the Scheduling Order, was appropriate and satisfactory based upon the circumstances of the Chapter 11 Cases and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the

Local Bankruptcy Rules and applicable non-bankruptcy law, and no further or additional notice was necessary ore required.

E. Confirmation of the Plan and Related Matters

78. The Plan and Plan Supplement (as such may be amended by this Confirmation Order or in accordance with the Plan) and each of their provisions are confirmed in each and every respect pursuant to section 1129 of the Bankruptcy Code. The documents contained in the Plan Supplement, including any amendments, modifications and supplements thereto, all documents and agreements related thereto (including all exhibits and attachments thereto and documents referred to in such papers) and the execution, delivery and performance thereof by the Debtors or the Reorganized Debtors, are authorized and approved as finalized, executed and delivered. Without further order or authorization of the Court, the Debtors, the Reorganized Debtors, their respective successors and assigns and their members, partners, representatives, officers, directors, employees, advisors, attorneys and agents are authorized and empowered to make all modifications to all documents included as part of the Plan Supplement that are consistent with the Plan, as may be necessary to carry out its purpose and intent. As set forth in the Plan, once finalized and executed, the documents comprising the Plan Supplement and all other documents contemplated by the Plan shall constitute legal, valid, binding and authorized obligations of the respective parties thereto, enforceable in accordance with their terms and, to the extent applicable, shall create, as of the Effective Date, all Liens and other security interests purported to be created thereby.

79. The terms of the Plan, the Plan Supplement and any and all exhibits thereto are incorporated by reference into, and are an integral part of, this Confirmation Order. The terms of the Plan, the Plan Supplement, any and all exhibits thereto and all other relevant and necessary documents shall be effective and binding as of the Effective Date of the Plan.

F. Plan Classification Controlling

80. The terms of the Plan shall govern the classification of Claims and Interests for purposes of the distributions to be made thereunder. The classifications set forth on the Ballots tendered to or returned by the Holders of Claims or Interests in connection with voting on the Plan: (a) were set forth on the Ballots solely for purposes of voting to accept or to reject the Plan; (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification of such Claims and Interests under the Plan for distribution purposes; (c) may not be relied upon by any Holder of a Claim or Interest as representing the actual classification of such Claim or Interest under the Plan for distribution purposes; and (d) shall not be binding on the Debtors and the Reorganized Debtors except for voting purposes.

G. Compromise and Settlement

81. The compromise or settlement, pursuant to the Plan, of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim may have with respect to any Allowed Claim or Interest or any distribution to be made on account of such Allowed Claim or Interest, is approved. On or after the Effective Date, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities in accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Court.

H. Release, Injunctive, Exculpation and Related Provisions

1. Discharge of Claims and Termination of Interests

82. The discharge provisions set forth in Article VIII.A of the Plan are hereby approved and authorized in their entirety.

2. Debtor Release

83. The Debtor Release set forth in Article VIII.D of the Plan is hereby approved and authorized in its entirety.

3. Third Party Release

84. The Third Party Release set forth in Article VIII.E of the Plan is hereby approved and authorized in its entirety; provided that such Third Party Release shall not operate to waive or release any claims of any Releasing Party arising out of fraud, gross negligence and willful misconduct.

4. Exculpation

85. The exculpation provisions set forth in Article VIII.F of the Plan are hereby approved and authorized in their entirety; provided, however, that any such liability of the Debtors' professionals to their respective clients will not be limited contrary to the requirement of rule 1.8(h)(1) of the New York State Rules of Professional Conduct.

5. Injunction

86. The injunction provisions set forth in Article VIII.H of the Plan are hereby approved and authorized in their entirety.

6. Indemnification

87. The indemnification provisions set forth in Article VIII.G of the Plan are hereby approved and authorized in their entirety.

I. Setoffs

88. Except as otherwise provided herein, each Reorganized Debtor pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law or as may be agreed to by the Holder of a Claim or Interest, may set off against any Allowed Claim (other than DIP Facility Claims) or Interest and the distributions to be made pursuant to

the Plan on account of such Allowed Claim or Interest (before any distribution is made on account of such Allowed Claim or Interest), any Claims, rights and Causes of Action of any nature that such Debtor or Reorganized Debtor, as applicable, may hold against the Holder of such Allowed Claim or Interest, to the extent such Claims, rights or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest pursuant to the Plan shall constitute a waiver or release by such Reorganized Debtor of any such Claims, rights and Causes of Action that such Reorganized Debtor may possess against such Holder.

J. Release of Liens

89. Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Reorganized Debtor and its successors and assigns.

K. Preservation of Rights of Action

90. The provisions of Article IV.U of the Plan are hereby approved. In accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including, but not limited to, any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence,

prosecute or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date.

91. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against them. The Debtors or Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Person, except as otherwise expressly provided in the Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon, after or as a consequence of the Confirmation or the Effective Date.

L. Notice of this Confirmation Order

92. In accordance with Bankruptcy Rules 2002 and 3020(c), as soon as practicable after the Effective Date, the Debtors shall serve notice of Confirmation and of the occurrence of the Effective Date, in substantially the form attached hereto as Exhibit B, by United States mail, first class postage prepaid, by hand or by overnight courier service to all parties served with the Confirmation Hearing Notice; provided, however, that no notice or service of any kind shall be required to be mailed or made upon any Entity to whom the Debtors mailed a Confirmation Hearing Notice, but received such notice returned marked "undeliverable as addressed," "moved, left no forwarding address" or "forwarding order expired" or for similar reason, unless the Debtors have been informed in writing by such Entity, or are otherwise aware, of that Entity's

new address. To supplement the notice described in the preceding sentence, the Debtors shall publish notice of Confirmation and of the occurrence of the Effective Date, again in substantially the form attached hereto as Exhibit B, once in *The Wall Street Journal* (National Edition) and in the *Los Angeles Times*. Mailing and publication of the notice of Confirmation and of the occurrence of the Effective Date in the time and manner set forth in the this paragraph shall be good and sufficient notice under the particular circumstances and in accordance with the requirements of Bankruptcy Rules 2002 and 3020(c), and no further notice is necessary.

93. The notice of Confirmation and of the occurrence of the Effective Date shall have the effect of an order of the Court, shall constitute sufficient notice of the entry of this Confirmation Order to such filing and recording officers and shall be a recordable instrument notwithstanding any contrary provision of applicable non-bankruptcy law.

M. Professional Compensation, Administrative Claims and Bar Dates

1. Professional Compensation

94. All Professionals' final requests for payment of Fee Claims shall be Filed no later than 30 days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Court, the Allowed amounts of such Fee Claims shall be determined by the Court.

95. On the Effective Date, the Reorganized Debtors shall fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount for all Professionals. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals with respect to unpaid fees or expenses or for whom fees or expenses have been held back pursuant to the Interim Compensation Order. Such funds shall not be property or be deemed property of the Reorganized Debtors. The Reorganized Debtors shall cause Accrued Professional Compensation to be paid in Cash to such Professionals from the Professional Fee

Escrow Account when such Claims are Allowed by a Bankruptcy Court order; provided that the Debtors' or the Reorganized Debtors' liability for Accrued Professional Compensation shall not be limited nor be deemed to be limited to the funds available from the Professional Fee Escrow Account. When all Allowed Fee Claims have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, shall be paid to the Reorganized Debtors.

96. Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Reorganized Debtors shall, in the ordinary course of business and without any further notice to or action, order or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional or other fees and expenses related to implementation and Consummation of the Plan incurred by the Debtors or the Reorganized Debtors, as the case may be. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional for services rendered or expenses incurred after the Confirmation Date in the ordinary course of business without any further notice to any party or action, order, or approval of the Bankruptcy Court; provided, however, that counsel to the Ad Hoc Noteholders Committee shall receive notice before any payments being made to Professionals for services rendered or expenses incurred after the Confirmation Date through the Effective Date.

97. Notwithstanding any provision in the Plan to the contrary, the Debtors or Reorganized Debtors shall promptly pay in Cash in full (a) the Noteholders Professional Fees including the reasonable and documented fees and expenses of Skadden, Arps, Slate, Meagher & Flom LLP and FocalPoint Securities, LLC in their capacities as professional advisors to the Ad Hoc Noteholders Committee, and the legal counsel and financial advisor of the Indenture Trustee

and the Collateral Agent, whether or not the Plan is ultimately consummated and (b) the reasonable and documented fees and expenses, not to exceed $50,000 in the aggregate, of Akin Gump Strauss Hauer & Feld LLP and Ropes & Gray LLP incurred in connection with these chapter 11 cases. All amounts distributed and paid to the foregoing parties pursuant to the Plan shall not be subject to setoff, recoupment, reduction or allocation of any kind.

2. Priority Tax Claims Bar Date

98. Notwithstanding anything herein to the contrary, any Creditor holding (1) a Priority Tax Claim or (2) a Claim that may otherwise be a Priority Tax Claim or Claim for escheatment or unclaimed property but for the fact that such Claim arose prior to the applicable statutory period set forth by section 507(a)(8) of the Bankruptcy Code must File a Proof of Claim on account of such Claim, and such Proof of Claim must be Filed with the Bankruptcy Court on or before the Priority Tax Claims Bar Date. All (1) Priority Tax Claims or (2) Claims that may otherwise be Priority Tax Claims or Claim for escheatment or unclaimed property but for the fact that such Claims arose prior to the applicable statutory period set forth by section 507(a)(8) of the Bankruptcy Code for which a Proof of Claim is not timely Filed will be forever barred from assertion against the Debtors or the Reorganized Debtors, their Estates and their property unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Priority Tax Claims or Claims that would otherwise be Priority Tax Claims but for the fact that such Claims arose prior to the applicable statutory period set forth by section 507(a)(8) of the Bankruptcy Code shall, as of the Effective Date, be subject to the discharge and permanent injunction set forth in Article VIII.A and Article VIII.H of the Plan.

3. Administrative Claims Bar Date

99. All requests for payment of an Administrative Claim must be Filed with the notice and claims agent and served upon counsel to the Debtors or Reorganized Debtors, as

applicable, on or before the date that is 30 days after the Effective Date. The Reorganized Debtors may settle and pay any Administrative Claim in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court. In the event that any party with standing objects to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with respect to an Administrative Claim previously Allowed by Final Order.

N. United States Trustee Fees

100. Notwithstanding anything to the contrary in the Plan or this Confirmation Order, the quarterly fees of the United States Trustee for the Southern District of New York shall be paid in accordance with section 1930 of title 28 of the United States Code until the earlier of entry of a final decree of the Court closing the Chapter 11 Cases or dissolution of the Debtors under applicable law.

O. Exemption from Securities Laws

101. The solicitation of acceptances and rejections of the Plan was exempt from the registration requirements of the Securities Act and applicable state securities laws, and no other non-bankruptcy law applies to the solicitation.

102. Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance and distribution of the New Common Stock and the Warrants pursuant to the Plan (including any securities of the Reorganized Debtors issued or issuable pursuant to the terms of the Warrants or any other securities of the Reorganized Debtors distributed pursuant to the Plan) (collectively, the "Plan Securities") and any and all settlement agreements incorporated herein shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, distribution or sale of

Plan Securities. In addition, under section 1145 of the Bankruptcy Code, all Plan Securities and any and all agreements incorporated therein, including the New Common Stock and the Warrants, will be freely tradable by the recipients thereof, subject to (1) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act; (2) compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Plan Securities or instruments; (3) the restrictions, if any, on the transferability of such Plan Securities and instruments, including, without limitation, those set forth in Article IV.D, Article IV.E, Article IV.F and Article IV.H of the Plan; and (4) applicable regulatory approval.

P. Exemption from Taxation

103. Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and this Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to (1) the creation of any mortgage, deed of trust, lien or other security interest; (2) the making or assignment of any lease or sublease; (3) any restructuring transaction authorized by Article IV.N of the Plan; or (4) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation or dissolution; (c) deeds; (d) bills of sale; or (e) assignments executed in connection with any Restructuring Transaction occurring under the Plan.

Q. Retention of Jurisdiction

104. Notwithstanding the entry of this Confirmation Order and the occurrence of the Effective Date, the Court shall retain jurisdiction over all matters arising out of or related to the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including as set forth in Article XII of the Plan.

R. References to Plan Provisions

105. The failure specifically to include or to refer to any particular article, section or provision of the Plan, Plan Supplement or any related document in this Confirmation Order shall not diminish or impair the effectiveness of such article, section, or provision it being the intent of the Bankruptcy Court that the Plan and any related documents be confirmed in their entirety.

S. Treatment of Executory Contracts and Unexpired Leases

106. The provisions regarding Executory Contracts and Unexpired Leases set forth in Article VI of the Plan shall be approved and hereby are approved in their entirety.

T. Provisions Governing Distributions

107. Except as otherwise provided herein, the provisions governing distributions set forth in Article V of the Plan shall be approved and hereby are approved in their entirety; provided, however, the Senior Secured Notes Claims shall be Allowed and deemed to be Allowed Claims in the amount of $295,280,903, plus any other fees due and owing with respect to the Senior Secured Notes under the Indenture..

108. Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Distribution Agent or by the Indenture Trustee in connection with distributions under the Plan on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable attorney

fees and expenses) made by the Distribution Agent shall be paid in Cash by the Reorganized Debtors.

U. Procedures for Resolving Disputed, Contingent and Unliquidated Claims or Interests

109. The procedures for resolving Disputed Claims and Interests set forth in Article VII of the Plan shall be approved and are hereby approved in their entirety.

V. New Common Stock and Other Securities

110. The issuance of the New Common Stock, including the shares of the New Common Stock, Warrants, options or other equity awards reserved for the Management Equity Plan (if any), is authorized without the need for any further corporate action or without any further action by a Holder of Claims or Interests. On the Effective Date, or as soon as reasonably practicable thereafter, the New Common Stock shall be issued to the Holders of Senior Secured Notes Claims. The Management Equity Plan will provide for a certain percentage of New Common Stock, not to exceed eight percent (8%) of the fully diluted New Common Stock, to be reserved for issuance as options, equity or equity-based grants in connection with the Reorganized Debtors' management equity incentive program and/or director equity incentive program. In accordance with the terms of Article IV.D of the Plan, on the Effective Date, or as soon as reasonably practicable thereafter, the Reorganized Debtors shall issue or reserve for issuance all Plan Securities, without need for any further corporate or shareholder action, including, without limitation, the New Common Stock and the Warrants. Upon issuance, all shares of New Common Stock and any securities of the Reorganized Debtors delivered upon the exercise of the Warrants shall be deemed validly issued.

111. All of the shares of New Common Stock issued pursuant to the Plan and the Stockholders Agreement shall be duly authorized, validly issued and fully paid and non-

assessable. Each distribution and issuance referred to in Article VI of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, including, but not limited to, the Stockholders Agreement, which terms and conditions shall bind each Entity receiving such distribution or issuance. Other than as provided in the Registration Rights Agreement, the Reorganized Debtors shall not be obligated to list the New Common Stock on a national securities exchange and shall not be required to (but may in its discretion) register with the SEC or other similar regulatory authority any class of equity securities of InSight Health Services Holdings Corp. or to file periodic reports under Section 13 or 15(d) of the Exchange Act.

112. Except as otherwise provided in the applicable Plan Supplement documents, the Reorganized Debtors shall not be required to make partial distributions or payments of fractions of shares of New Common Stock or Warrants.

W. Warrants

113. As described in Article III.B.4 of the Plan, the Holders of existing common stock in InSight Health Services Holdings Corp. on the Effective Date (immediately prior to the consummation of the Plan) shall receive the Warrants from the Reorganized Debtors on the Effective Date. The Warrants may be subject to certain transfer, exercise and other restrictions and appropriate legends pursuant to, among other things, the Warrant Agreement. Notwithstanding anything to the contrary in the Plan, in no event shall the terms of the Warrants cause Reorganized InSight Health Services Holdings Corp. to be required by the Securities Act or the Exchange Act, including without limitation Section 12(g) or 15(d) of the Exchange Act, or any other federal, state or local securities laws, to register with the SEC or other similar regulatory authority any class of equity securities of InSight Health Services Holdings Corp. or

to file periodic reports under Section 13 or 15(d) of the Exchange Act. The Warrant Agreement shall contain transfer, exercise and other restrictions and appropriate legends to the satisfaction of the Requisite Consenting Noteholders and consistent with the Warrant Term Sheet to ensure that the terms of the Warrants and the Warrant Agreement do not result in such registration or reporting requirements on the part of Reorganized InSight Health Services Holdings Corp.

X. Stockholders Agreement

114. As of the Effective Date, each person or entity that receives New Common Stock shall be deemed to be bound by the Stockholders Agreement regardless of whether such person or entity executes such Stockholders Agreement. All participants in the Management Equity Plan and each person that receives a Warrant shall execute a joinder to the Stockholders Agreement as a condition to the receipt of any New Common Stock pursuant to exercise of such Warrant or award under the Management Equity Plan.

Y. DIP Facility Claims

115. Subject to the terms of the DIP Credit Agreement, in full and fair satisfaction, settlement, release and discharge of and in exchange for each DIP Facility Claim, on the Effective Date, DIP Facility Claims shall be paid in full, in Cash with proceeds from the Exit Facility or shall be converted into obligations of the Debtors under the Exit Facility on a dollar-for-dollar basis.

Z. Exit Facility

116. On the Effective Date, the Reorganized Debtors will consummate the Exit Facility. In accordance with the Exit Facility Documents, including any and all amendments and modifications thereto and any other agreements, instruments, certificates or documents related thereto, the Reorganized Debtors will use proceeds of the Exit Facility to pay the DIP Facility Claims.

117. The Reorganized Debtors may use the Exit Facility for any purpose permitted thereunder, including the funding of obligations under the Plan and satisfaction of ongoing working capital needs. To the extent Revolving Credit Facility Claims are not refinanced by the DIP Facility as of the Effective Date, Revolving Credit Facility Claims shall be paid in full, in Cash with the proceeds from the Exit Facility.

118. Upon the satisfaction or waiver of the conditions precedent to effectiveness set forth in the Exit Facility Documents, the DIP Facility and the Revolving Credit Facility shall be refinanced and the Revolving Credit Agreement and the DIP Credit Agreement shall be deemed to have been terminated. Notwithstanding the foregoing, all obligations of the Debtors to the DIP Agent and the DIP Lenders under the DIP Credit Agreement which are expressly stated in the DIP Credit Agreement as surviving such agreement's termination shall, as so specified, survive without prejudice and remain in full force and effect.

119. The Exit Facility and the Exit Facility Documents, including any and all amendments and modifications thereto, any other agreements, instruments, certificates or documents related thereto and any and all transactions contemplated thereby, are hereby approved. The Debtors and the Reorganized Debtors, as the case may be, are hereby authorized to enter into and to execute the Exit Facility Documents, including any and all amendments and modifications thereto and any other agreements, instruments, certificates or documents related thereto, and are hereby authorized to enter into and to consummate any and all transactions contemplated thereby.

120. The automatic stay imposed pursuant to section 362 of the Bankruptcy Code is vacated and modified to the extent necessary to permit, without further application to the Court, the execution, delivery, filing and recordation of the Exit Facility Documents, including any and

all amendments and modifications thereto and any other agreements, instruments, certificates or documents related thereto, and all transactions contemplated by such documents with respect to the Exit Facility. The liens contemplated by and related to the Exit Facility shall be legal, valid and enforceable liens, as and to the extent provided in the Exit Facility Documents, including any and all amendments and modifications thereto and any other agreements, instruments, certificates or documents related thereto, and the documents to be executed and delivered pursuant thereto shall constitute the legal, valid and binding obligations of the Reorganized Debtors. The obligations under the Exit Facility and all related mortgages and security agreements shall, upon execution, constitute legal, valid, binding and authorized obligations of each of the parties thereto, enforceable in accordance with their terms and not in contravention of any state or federal law. Neither the obligations created under the Exit Facility, including any and all amendments and modifications thereto any other agreements, instruments, certificates or documents related thereto, nor the liens granted thereunder shall constitute a preferential transfer or fraudulent conveyance under applicable federal or state laws and will not subject the Exit Facility Agent or the Exit Facility Lenders to any liability by reason of incurrence of such obligation or grant of such liens under applicable federal or state laws, including, but not limited to, successor or transferee liability. In the event an order dismissing any of the Chapter 11 Cases under section 1112 of the Bankruptcy Code or otherwise is at any time entered, such liens shall not be affected and shall continue in full force and effect in all respects and shall maintain their priorities and perfected status as provided in such documents until all obligations in respect thereof shall have been paid and satisfied in full.

AA. Compensation and Benefit Programs

121. Subject to the provisions of the Plan, all Compensation and Benefits Programs shall be treated as Executory Contracts under the Plan and deemed assumed on the Effective

Date pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code, except for any prepetition employee equity or equity-based incentive plans, and any provisions set forth in the Compensation and Benefits Programs that provide for rights to acquire Equity Interests in InSight Health Services Holdings Corp. Any and all Compensation and Benefit Claims (including, but not limited to, Claims relating to the Debtors' supplemental employee retirement program) are Unimpaired and entitled to full payment.

122. Notwithstanding anything to the contrary in the Plan, this Confirmation Order or otherwise, (a) the Reorganized Debtors' obligations, if any, to pay all "retiree benefits" (as that term is defined in section 1114(a) of the Bankruptcy Code) shall continue and (b) all of the Debtors' qualified pension plans shall continue.

BB. Cancellation of Securities and Agreements

123. On the Effective Date, except to the extent otherwise provided by the Plan, the obligations under the Indenture and any other Certificate, share, note, bond, indenture, purchase right, option, warrant or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Interest shall be cancelled as to the Debtors and the Reorganized Debtors shall not have any continuing obligations thereunder.

124. On the Effective Date, except to the extent otherwise provided by the Plan, the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, by-laws or certificate or articles of incorporation or similar documents governing the shares, Certificates, notes, bonds, indentures, purchase rights, options, warrants or other instruments or documents evidencing or creating any indebtedness or obligation of the Debtors shall be released and discharged; provided that, notwithstanding Confirmation or the occurrence of the Effective Date, any such indenture or agreement that governs the rights of the

Holder of a Claim or Interest shall continue in effect solely for purposes of allowing Holders to receive distributions under the Plan and to preserve the lien rights of the Indenture Trustee under the Indenture.

125. As of the Effective Date, except to the extent otherwise provided by the Plan, any indenture relating to any of the foregoing, including the Indenture, shall be deemed to be cancelled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, as the obligations of the Debtors thereunder shall be fully released and discharged. After the Effective Date, the global note representing the Senior Secured Notes shall be surrendered and cancelled by the Indenture Trustee in accordance with the Indenture.

CC. Other Essential Documents and Agreements

126. On or immediately before the Effective Date, the Reorganized Debtors will file their respective New Certificates of Incorporation with the applicable Secretaries of State and/or other applicable authorities in their respective states of incorporation or formation in accordance with the corporate or other business entity laws of the respective states of incorporation or formation. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Certificates of Incorporation and New By-Laws and other constituent documents as permitted by the laws of their respective states of incorporation or formation and their respective New Certificates of Incorporation and New By-Laws or other constituent documents.

127. The New Certificate of Incorporation and New By-Laws of Reorganized InSight Health Services Holdings Corp., the Warrants, the Warrant Agreement, the Stockholders Agreement, the Registration Rights Agreement and any other agreements, instruments, certificates or documents related thereto and the transactions contemplated by each of the foregoing are approved in their entirety and, upon execution and delivery of the agreements and documents relating thereto by any required parties (or in the case of the Stockholders Agreement,

the deemed execution thereof) and any necessary filings of such documents with applicable governmental entities, the New Certificate of Incorporation and New By-Laws of Reorganized InSight Health Services Holdings Corp., the Warrants, the Warrant Agreement, the Stockholders Agreement, the Registration Rights Agreement and any other agreements, instruments, certificates or documents related thereto shall be in full force and effect and valid, binding and enforceable in accordance with their terms without the need for any further notice to or action, order or approval of the Court, or other act or action under applicable law, regulation, order or rule. The Debtors, and after the Effective Date, the Reorganized Debtors, are authorized, without further approval of the Court or any other party, to execute and deliver all agreements, documents, instruments, securities and certificates relating to such agreements and documents and perform their obligations thereunder, including, without limitation, pay all fees due thereunder or in connection therewith.

128. On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or Reorganized Debtors, as applicable, and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

DD. Governing Law

129. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of New York, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction and implementation of the Plan, any agreements, documents,

instruments or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control), and corporate governance matters; provided, however, that corporate governance matters relating to Debtors or Reorganized Debtors, as applicable, not incorporated in New York shall be governed by the laws of the state of incorporation of the applicable Debtor or Reorganized Debtor, as applicable.

EE. Effectiveness of All Actions

130. Except as set forth in the Plan, all actions authorized to be taken pursuant to the Plan shall be effective on, prior to, or after the Effective Date pursuant to this Confirmation Order, without further application to, or order of the Court, or further action by the respective officers, directors, members or stockholders of the Reorganized Debtors and with the effect that such actions had been taken by unanimous action of such officers, directors, members, or stockholders. As of the Effective Date, the Debtors shall be substantively consolidated for the purposes set forth in the Plan.

FF. Approval of Consents and Authorization to Take Acts Necessary to Implement Plan

131. Pursuant to section 1142(b) of the Bankruptcy Code, section 303 of the Delaware General Corporation Law and any comparable provision of the business corporation laws of any other state, each of the Debtors and the Reorganized Debtors hereby is authorized and empowered to take such actions and to perform such acts as may be necessary, desirable or appropriate to comply with or implement the Plan, the Plan Supplement, the New Certificate of Incorporation and the New By-Laws of InSight Health Services Holdings Corp., the Exit Facility Documents, the Warrants, the Warrant Agreement, the Stockholders Agreement, the Registration Rights Agreement and any other Plan documents, including the election or appointment, as the case may be, of directors and officers of Reorganized InSight Health Services Holdings Corp. or

any other Reorganized Debtors as contemplated in the Plan, and all documents, instruments, securities and agreements related thereto and all annexes, exhibits and schedules appended thereto, and the obligations thereunder shall constitute legal, valid, binding and authorized obligations of each of the respective parties thereto, enforceable in accordance with their terms without the need for any stockholder or board of directors' approval. Each of the Debtors and the Reorganized Debtors hereby is authorized and empowered to take such actions, to perform all acts, to make, execute, and deliver all instruments and documents, and to pay all fees and expenses as set forth in the documents relating to the Plan and including without limitation, the Plan Supplement, the New Certificate of Incorporation and the New By-Laws of Reorganized InSight Health Services Holdings Corp., the Exit Facility Documents, the Warrants, the Warrant Agreement, the Stockholders Agreement, the Registration Rights Agreement, and any other Plan documents, including the election or appointment, as the case may be, of directors and officers of Reorganized InSight Health Services Holdings Corp. or any other Reorganized Debtors as contemplated in the Plan, and all documents, instruments, securities and agreements related thereto and all annexes, exhibits and schedules appended thereto and that may be required or necessary for its performance thereunder without the need for any stockholder or board of directors' approval. On the Effective Date, the appropriate officers of Reorganized InSight Health Services Holdings Corp. and members of the New Board are authorized and empowered to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors. Subject to the terms of this Confirmation Order, each of the Debtors, the Reorganized Debtors and the officers and directors thereof are authorized to take any such actions without further corporate action or action of the directors or stockholders of the Debtors or the Reorganized Debtors. On the Effective Date, or

as soon thereafter as is practicable, the Reorganized Debtors shall file their amended certificates of incorporation with the Secretary of State of the state in which each such entity is (or will be) organized, in accordance with the applicable general business law of each such jurisdiction.

132. This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules and regulations of all states and any other governmental authority with respect to the implementation or consummation of the Plan and any documents, instruments, agreements, any amendments or modifications thereto and any other acts and transactions referred to in or contemplated by the Plan, the Plan Supplement, the Disclosure Statement, and any documents, instruments, securities, agreements and any amendments or modifications thereto.

GG. Ownership and Control

133. The Consummation of the Plan shall not constitute a change of ownership or change in control, as such terms are used in any statute, regulation, contract or agreement, including, but not limited to, any credit agreement, indenture or other evidence of indebtedness, employment, severance, termination, or insurance agreements, in effect on the Effective Date and to which any of the Debtors is a party or under any applicable law of any applicable governmental unit, other than a change of control for purposes of section 382 of the U.S. Internal Revenue Code of 1986, as amended, on the Effective Date. Notwithstanding the foregoing, the Debtors and Reorganized Debtors reserve the right to selectively waive this provision of the Plan. The requirement that the Debtors comply with Bankruptcy Rule 2015.3 or any other similar reporting requirement shall be and hereby is waived, and the Debtors shall not be required to file any reports under Bankruptcy Rule 2015.3 or any similar reporting requirement.

HH. Effect of Conflict Between Plan and Confirmation Order

134. The provisions of the Plan and of this Confirmation Order shall be construed in a manner consistent with each other so as to effect the purposes of each; provided, however, that if there is determined to be any inconsistency between any Plan provision and any provision of this Confirmation Order that cannot be so reconciled, then, solely to the extent of such inconsistency, the provisions of this Confirmation Order shall govern and any such provision of this Confirmation Order shall be deemed a modification of the Plan and shall control and take precedence.

II. Immediate Binding Effect

135. Notwithstanding Bankruptcy Rules 3020(e), 6004(h) or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors and any and all Holders of Claims or Interests (irrespective of whether Holders of such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges and injunctions described in the Plan or herein, each Entity acquiring property under the Plan and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

JJ. Payment of Statutory Fees

136. All fees pursuant to section 1930(a) of the Judicial Code that are due and owing as of the Effective Date shall be paid by the Effective Date, and, thereafter, all fees pursuant to section 1930(a) of the Judicial Code shall be payable for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

KK. Reservation of Rights

137. Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter this Confirmation Order. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests prior to the Effective Date.

LL. Injunctions and Automatic Stay

138. Unless otherwise provided in the Plan or in this Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Court and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or this Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or this Confirmation Order shall remain in full force and effect in accordance with their terms.

139. This Confirmation Order will permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any Claims, Interests, Causes of Action, obligations, suits, judgments, damages, demands, debts, rights or liabilities released pursuant to the Plan.

MM. Nonseverability of Plan Provisions

140. Each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the consent of the Debtors, the Reorganized Debtors, or the Requisite Consenting Noteholders; and (3) nonseverable and mutually dependent.

NN. Waiver or Estoppel

141. Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Court prior to the Confirmation Date.

OO. Authorization to Consummate

142. The Debtors are authorized to consummate the Plan at any time after the entry of this Confirmation Order subject to satisfaction or waiver (by the required parties) of the conditions precedent to Consummation set forth in Article X.B of the Plan.

PP. Effect of Non-Occurrence of Conditions to the Effective Date

143. If the Effective Date does not occur, the Debtors may determine, upon notice to the Court, that the Plan is null and void in all respects, and nothing contained in the Plan, this Confirmation Order or the Disclosure Statement shall: (1) constitute a waiver or release of any Cause of Action or Claim; (2) constitute an admission, acknowledgment, offer or undertaking in any respect by any party, including the Debtors; or (3) otherwise prejudice in any manner the rights of any party, including the Debtors.

QQ. Specific Creditor Provisions

144. **U.S. Government.** Payments made to the United States treasury, Internal Revenue Service, in accordance with section 1129(a)(9)(C) of the Bankruptcy Code shall be paid quarterly and interest payments shall accrue in accordance with 26 U.S.C. § 6621. The Administrative Claims Bar Date in Article IV.V of the Plan shall not apply to the United States of America, its agencies, departments, agents or instrumentalities (collectively, the "U.S. Government") as set forth by section 503(b)(1)(D) of the Bankruptcy Code.

Notwithstanding anything contained in the Plan to the contrary, as to the U.S. Government, nothing in the Plan or this Confirmation Order shall discharge, release, or otherwise preclude: (1) any liability of the Debtors or Reorganized Debtors arising on or after the Effective Date to the U.S. Government; (2) any liability to the U.S. Government that is not a "claim" within the meaning of section 101(5) of the Bankruptcy Code; (3) any valid right of setoff or recoupment of the U.S. Government against any of the Debtors; or (4) any liability of the Debtors or Reorganized Debtors under environmental law to the U.S. Government as the owner or operator of property that such entity owns or operates after the Effective Date. Moreover, nothing in this Confirmation Order or the Plan shall release or exculpate any non-debtor, including any Released Party or Exculpated Party, from any liability to the U.S. Government, including but not limited to any liabilities arising under the Internal Revenue Code, the environmental laws, or the criminal laws against the Released Parties or the Exculpated Parties, nor shall anything in this Confirmation Order or the Plan enjoin the U.S. Government from bringing any claim, suit, action or other proceeding against the Released Parties or Exculpated Parties for any liability whatsoever; provided, however, that the foregoing sentence shall not limit the scope of discharge granted to the Debtors or Reorganized Debtors under sections 524 and 1141 of the Bankruptcy Code.

145. **United States Nuclear Regulatory Commission.** Whereas, on the Petition Date, the Debtors informed the United States Nuclear Regulatory Commission (the "NRC") by letter of the bankruptcy filing; whereas Debtor Insight Health Corporation ("IHC"), a wholly owned subsidiary of Debtor Insight Health Services Holdings Corp., currently holds a license from the NRC to use, possess, and store certain radioactive materials (by-product material for medical use) as described in NRC License No. 04-29403-01 (the "NRC License"); whereas IHC remains

responsible for all regulatory requirements under the NRC License; and whereas NRC notified IHC of its continuing obligation under the NRC License in a letter dated December 27, 2010; and NRC acknowledges and agrees that the NRC License is valid and after the Effective Date shall continue to be valid (and the Debtors shall not be required to purchase new licenses on account of their emergence from chapter 11) according to its terms for so long as IHC pays the annual fee with respect to the NRC License to NRC and otherwise complies with the terms and requirements of the NRC License; therefore, the Debtors and NRC stipulate and agree, and the Court orders that:

a. IHC shall continue to honor and comply with the terms and requirements of the NRC License;

b. IHC shall not directly or indirectly transfer the NRC License without prior written approval from the NRC;

c. IHC shall not dispose of any of the licensed material except in compliance with the NRC License and applicable laws and regulations; and

d. the NRC License shall continue to be valid, enforceable and in full effect so long as IHC pays the annual fee with respect to the NRC License to NRC and otherwise complies with the terms and requirements of the NRC License.

146. **Siemens.** The Plan will not effect a release or discharge of the defenses of Siemens Medical Solutions USA, Inc., Siemens Financial Services Inc., Siemens Building Tech, Siemens Credit Corporation, and Siemens Medical Systems Inc. (collectively, "Siemens") to the Debtors' Causes of Action retained pursuant to the Plan. Such retained Causes of Action will remain subject to Siemens's defenses, which will be preserved.

RR. Final Confirmation Order

147. This Confirmation Order is a final order and the period in which an appeal must be filed shall commence upon the entry hereof.

ORDERED.

New York, New York
Date: January 28, 2011

s/Arthur J. Gonzalez
Arthur J. Gonzalez
Chief United States Bankruptcy Judge