

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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

**ORDER AUTHORIZING THE EMPLOYMENT AND
RETENTION OF ZOLFO COOPER, LLC AS BANKRUPTCY CONSULTANTS AND
SPECIAL FINANCIAL ADVISORS FOR THE DEBTORS AND DEBTORS
IN POSSESSION EFFECTIVE *NUNC PRO TUNC* TO THE PETITION DATE**

This matter coming to be heard upon the annexed Application (the “Application”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for an order (this “Order”) authorizing the Debtors to retain Zolfo Cooper, LLC (“Zolfo Cooper,” “ZC” or the “Firm”) as bankruptcy consultants and special financial advisors to the Debtors; the Court having reviewed the Application and the appended Affidavit of Jonathan A. Mitchell, a managing director of ZC, in support of such Application (the “Affidavit”); the Court having heard the statements of counsel for the Debtors and all other parties appearing in Court at a hearing held by the Court; it appearing to the Court that: (a) notice of the filing of the Application and of the hearing thereon was adequate under the circumstances; (b) ZC does not hold or represent any

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.

interest adverse to the interests of the Debtors, their estates, their creditors or other parties in interest, the United States Trustee or anyone employed in the Office of the United States Trustee in the matters upon which ZC is to be engaged and is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code; (c) the Debtors require the assistance of knowledgeable Bankruptcy Consultants and Special Financial Advisors and desire to employ and retain ZC pursuant to section 327 of the United States Code, to render the essential services set forth in the Application as needed during the course of these chapter 11 proceedings and that ZC is well qualified to render such services; (d) this Court has proper jurisdiction with respect to the granting of the relief requested herein; and (e) the employment and retention of ZC is in the best interests of the Debtors, their respective estates, their creditors and other parties in interest herein; the Court being fully advised in the premises and having determined that the legal and factual bases set forth in the Application and the appended Affidavit, which are in full compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules, establish just and sufficient cause for the relief granted herein;

IT IS HEREBY ORDERED that, *nunc pro tunc* to the Petition Date:

1. The Debtors shall be, and hereby are, authorized to employ and retain ZC as their Bankruptcy Consultants and Special Financial Advisors in connection with these chapter 11 cases and the Debtors’ businesses generally, under a general retainer upon the terms and for the purposes set forth and as requested in the Application and appended Affidavit and attachments thereto.

2. ZC shall be, and hereby is, authorized to perform the following scope of services:
- a. advise and assist management regarding chapter 11 reporting;
 - b. advise and assist on other financial-related matters in the chapter 11 case, as may be requested by the Debtors and agreed by ZC;

- c. advise and assist management in connection with various due diligence activities; and
- d. such other services as may be required by the Debtors.

3. The professional services provided by ZC shall not be duplicative of those services provided by Jefferies & Company, Inc.

4. The Debtors shall be and hereby are authorized to pay professional fees and expenses to ZC pursuant to the terms of the Administrative Order filed in this case.

5. ZC shall be and hereby is authorized to hold its retainer after application of any outstanding prepetition fees and expenses, subject to further order of the Bankruptcy Court.

6. Subject to ZC's compliance with the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules in applying for allowance of ZC's compensation and reimbursement of ZC's out-of-pocket expenses, and the approval of the compensation and reimbursement of expenses as met with appropriate legal standards, ZC's billing practices, billing rates, methods of charging expenses, and staffing approach, be, and hereby are approved as enumerated in the Application and in the Affidavit.

7. ZC shall provide notice of ZC's intent to terminate services or increase its standard hourly rates, pursuant to the terms of the engagement letter with the Debtors to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the entities listed on the Consolidated List of Creditors Holding the 50 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to the agent for the Debtors' prepetition secured revolving loan and proposed postpetition secured lenders; (d) the indenture trustee for the Debtors' secured floating rate notes; (e) counsel to the ad hoc group of certain holders of the Debtors' secured floating rate notes; and (f) the Bankruptcy Court for the Southern District of New York.

8. The Debtors are authorized to indemnify and hold harmless ZC and its affiliates, their respective directors, officers, agents, employees and controlling persons, and each of their respective successors and assigns (collectively, the “Indemnified Persons”), pursuant to the terms and conditions set forth in the Engagement Letter, subject to the following conditions:

- a. all requests of Indemnified Persons for the payment of indemnity contribution or otherwise pursuant to the Engagement Letter shall be made by means of interim and final fee applications filed in accordance with the Bankruptcy Code, the local rules of this Court and any order establishing compensation procedures in these cases, and shall be subject to the approval of, and review by, the Court to ensure that such payment (i) conforms to the terms of the Engagement Letter, the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and the orders of this Court, and (ii) is reasonable based upon the circumstances of the litigation or settlement in respect of which the indemnity is sought; *provided, however,* that in no event shall any Indemnified Person be indemnified or receive contribution in the case of bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct on the part of that or any other Indemnified Persons; and
- b. in no event shall any Indemnified Person be indemnified or receive contribution or other payment under the Engagement Letter if the Debtors, their estates or any statutory committee that may be appointed in these chapter 11 cases asserts a claim for, and the Court determines by final order that such claim arose out of, bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct on the part of that or any other Indemnified Persons; and
- c. in the event that an Indemnified Person seeks reimbursement for attorneys' fees from the Debtors, the invoices and supporting time records from such attorneys shall be annexed to ZC's own interim and final fee applications, and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of expenses and the approval of the Court without regard to whether such attorney has been retained under sections 327 or 1103 of the Bankruptcy Code.
- d. No entity other than ZC and any U.S. and non-U.S. affiliates of ZC that provide services in this engagement and their respective directors, managers, officers, employees and agents may request payment of indemnity.

9. To the extent that this Order is inconsistent with the Engagement Letter with respect to the terms and conditions of ZC's retention and employment by the Debtors in these chapter 11 cases, the terms of this Order shall govern.

New York, New York
Date: January 4, 2011

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