

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

In re:

ATLS Acquisition, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 13-10262 (PJW)

(Joint Administration Requested)

NOTICE OF FILING OF EXHIBIT 1 TO THE PROPOSED INTERIM ORDER (I) AUTHORIZING THE USE OF CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION PURSUANT TO 11 U.S.C. §§ 361, 362, 363 AND 507, (III) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001(b) AND LOCAL RULE 4001-2, AND (IV) AND GRANTING RELATED RELIEF

PLEASE TAKE NOTICE that on February 16, 2013, the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) filed the *Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Use of Cash Collateral (II) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361, 362, 363 and 507, (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b) and Local Rule 4001-2, and (IV) and Granting Related Relief* [Docket No. 17] (the “**Motion**”) with the United States Bankruptcy Court for the District of Delaware.

PLEASE TAKE FURTHER NOTICE the Debtors hereby file the Initial Budget, as defined in the Motion and as identified as Exhibit 1 to the Proposed Interim Order. The Initial Budget sets forth on a line-item basis the Debtors’ anticipated cumulative cash receipts and expenditures on a weekly basis and all necessary and required cumulative expenses which the Debtors expect to incur during the initial seven weeks of these chapter 11 cases. The Debtors will file a budget with additional weeks prior to the final hearing on the Motion.

¹ The Debtors, along with the last four digits of each Debtor's tax identification number, are: ATLS Acquisition, LLC (9167); FGST Investments, Inc. (2110); Polymedica Corporation (3368); National Diabetic Medical Supply, LLC (0748); Liberty Lane Development Company, Inc. (1974); Liberty Healthcare Group, Inc. (6555); Liberty Medical Supply, Inc. (3983); Liberty Healthcare Pharmacy of Nevada (9809); Liberty Lane Condominium Association, Inc. (7018); and Liberty Marketplace, Inc. (8500). The Debtors’ business address is 8881 Liberty Lane, Port St. Lucie, FL 34952.

Dated: February 17, 2013

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Proposed Counsel for Debtors and Debtors-in-Possession

	Stub							7-week TOTAL
	Week 1 2/15/13	Week 2 2/22/13	Week 3 3/1/13	Week 4 3/8/13	Week 5 3/15/13	Week 6 3/22/13	Week 7 3/29/13	
Cash Receipts								
Medicare	\$ 653,398	\$ 2,646,518	\$ 2,651,697	\$ 2,651,697	\$ 2,651,697	\$ 2,221,704	\$ 2,220,729	\$ 15,697,440
Ernst & Young	605,418	3,027,089	3,027,089	3,027,089	3,027,089	3,027,089	3,027,089	18,767,954
Pharmacy	393,093	2,140,650	1,945,257	1,945,257	1,945,257	1,905,735	1,752,915	12,028,165
Member Co-Pays and Receipts	157,303	786,515	786,515	786,515	786,515	786,515	786,515	4,876,392
Rebates	-	-	56,686	56,686	56,686	56,686	56,686	283,432
Agamatrix Receivable	-	-	-	500,000	-	-	-	500,000
Total Cash Receipts	1,809,212	8,600,772	8,467,245	8,967,245	8,467,245	7,997,729	7,843,935	52,153,383
Operating Disbursements								
Product Supply	-	5,515,946	5,059,322	4,533,106	4,533,106	4,533,106	4,533,106	28,707,694
Labor	-	3,563,015	175,020	2,643,137	175,020	3,843,137	718,020	11,117,350
Shipping/Freight/Postage	-	448,662	407,980	215,410	215,410	215,410	215,410	1,718,282
Patient Refunds	-	565,000	120,000	120,000	120,000	120,000	120,000	1,165,000
Telephone & Utilities	-	131,486	107,580	95,627	95,627	95,627	95,627	621,572
Marketing & Advertising	-	56,659	48,909	31,000	31,000	31,000	31,000	229,569
Insurance	-	-	-	77,142	-	-	-	77,142
SG&A & Other	-	400,287	327,860	289,706	289,706	289,706	289,706	1,886,971
Total Operating Disbursements	-	10,681,056	6,246,671	8,005,129	5,459,869	9,127,987	6,002,869	45,523,581
Net Operating Cash Flow	1,809,212	(2,080,283)	2,220,573	962,116	3,007,376	(1,130,257)	1,841,066	6,629,802
Non-Operating Disbursements								
Taxes	-	500,000	-	-	-	500,000	-	1,000,000
Debt Service	-	137,500	-	-	275,000	-	-	412,500
Total Non-Operating Disbursements	-	637,500	-	-	275,000	500,000	-	1,412,500
Net Cash Flow Before Restructuring Costs	1,809,212	(2,717,783)	2,220,573	962,116	2,732,376	(1,630,257)	1,841,066	5,217,302
Restructuring-Related Disbursements								
Retained Professionals Fees	-	361,250	250,000	250,000	250,000	250,000	250,000	1,611,250
Critical Vendor Payments/ 503(b)(9) claims	-	200,000	200,000	200,000	200,000	200,000	200,000	1,200,000
Adequate Protection Payments - Utilities	-	100,000	100,000	100,000	-	-	-	300,000
Total Restructuring-Related Disbursements	-	661,250	550,000	550,000	450,000	450,000	450,000	3,111,250
Total Disbursements	-	11,979,806	6,796,671	8,555,129	6,184,869	10,077,987	6,452,869	50,047,330
Net Cash Flow	\$ 1,809,212	\$ (3,379,033)	\$ 1,670,573	\$ 412,116	\$ 2,282,376	\$ (2,080,257)	\$ 1,391,066	\$ 2,106,052
Cumulative Net Cash Flow	1,809,212	(1,569,821)	100,752	512,868	2,795,244	714,986	2,106,052	2,106,052
Beginning Cash Balance	\$ 35,216,493	\$ 37,025,705	\$ 33,646,672	\$ 35,317,245	\$ 35,729,361	\$ 38,011,737	\$ 35,931,479	\$ 35,216,493
Net Cash Flow	1,809,212	(3,379,033)	1,670,573	412,116	2,282,376	(2,080,257)	1,391,066	2,106,052
Ending Cash Balance	\$ 37,025,705	\$ 33,646,672	\$ 35,317,245	\$ 35,729,361	\$ 38,011,737	\$ 35,931,479	\$ 37,322,545	\$ 37,322,545

	Stub							7-week TOTAL	Monthly Run Rate
	Week 1 2/15/13	Week 2 2/22/13	Week 3 3/1/13	Week 4 3/8/13	Week 5 3/15/13	Week 6 3/22/13	Week 7 3/29/13		
Professional Fees									
Greenburg Traurig	\$ -	\$ 165,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 715,000	\$ 550,000
Ernst & Young	-	142,500	97,000	97,000	97,000	97,000	97,000	627,500	425,000
Claims Agent	-	12,500	10,000	10,000	10,000	10,000	10,000	62,500	50,000
UCC Legal Council	-	-	-	-	-	-	-	-	TBD
UCC Financial Advisor	-	-	-	-	-	-	-	-	TBD
Holland & Knight	-	6,250	5,000	5,000	5,000	5,000	5,000	31,250	25,000
Williams & Connolly	-	25,000	20,000	20,000	20,000	20,000	20,000	125,000	100,000
Grant Thornton	-	10,000	8,000	8,000	8,000	8,000	8,000	50,000	40,000
US Trustee	-	-	-	-	-	-	-	-	-
Total Professional Fees	\$ -	\$ 361,250	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,611,250	\$ 1,190,000