

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

In re:)	Chapter 11
)	
CONEXANT SYSTEMS, INC., <i>et al.</i> , ¹)	Case No. 13-10367 (MFW)
)	(Jointly Administered)
)	
Debtors.)	Objection Deadline: 6/7/2013 at 4:00 p.m. (Eastern)

**FIRST MONTHLY FEE APPLICATION OF KELLEY DRYE & WARREN LLP FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES INCURRED AS COUNSEL TO THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF CONEXANT SYSTEMS, INC., ET AL., FOR THE
PERIOD FROM MARCH 8, 2013 THROUGH AND INCLUDING MARCH 31, 2013**

Name of Applicant:	Kelley Drye & Warren LLP
Authorized to Provide Professional Services to:	Counsel to the Official Committee of Unsecured Creditors
Date of Retention:	May 13, 2013, <i>nunc pro tunc</i> to March 8, 2013
Period for which compensation and reimbursement is sought:	March 8, 2013 through and including March 31, 2013
Amount of compensation sought as actual, reasonable and necessary:	\$260,927.00
Amount of expense reimbursement sought as actual, reasonable, and necessary:	\$2,588.33

This is a monthly application.

No time expended for preparation of this fee application is requested herein, but will be requested in Kelley Drye's subsequent fee applications.

¹ The Debtors in these cases are: Conexant Systems, Inc.; Conexant CF, LLC; Brooktree Broadband Holding, Inc.; Conexant, Inc.; and Conexant Systems Worldwide, Inc.

COMPENSATION BY TIMEKEEPER

Name of Professional Person	Position with Applicant	Year of Law School Graduation	Hourly Billing Rate	Total Billed Hours	Total Compensation
James S. Carr, Esq.	Partner	1987	\$750	48.8	\$36,600.00
Patricia M. Lee, Esq.	Partner	1983	\$720	1.5	\$1,080.00
Jack J. Miles, Esq.	Partner	1979	\$720	16.8	\$12,096.00
Craig A. Wolfe, Esq.	Partner	1998	\$670	109.3	\$73,231.00
Benjamin D. Feder, Esq.	Special Counsel	1985	\$645	24.4	\$15,738.00
Benjamin Blaustein, Esq.	Associate	2005	\$535	19.9	\$10,646.50
Casey Boyle, Esq.	Associate	2004	\$480	8.5	\$4,080.00
Timothy Martin, Esq.	Associate	2007	\$450	4.9	\$2,205.00
Gilbert R. Saydah, Jr., Esq.	Associate	2000	\$560	152.5	\$85,400.00
Catherine L. Thompson, Esq.	Associate	2010	\$345	54.9	\$18,940.50
Fayanne Betan	Paralegal	N/A	\$205	2.8	\$574.00
Marie Vicinanza	Paralegal	N/A	\$240	1.4	\$336.00
Total				445.7	\$260,927.00
Blended Rate				\$585.40	

COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees
Case Administration	36.9	\$19,545.00
Retention Matters (Applications & Objections)	28.4	\$13,195.50
Fee Matters (Applications & Objections)	1.2	\$543.00
Financing and Cash Collateral	18.5	\$12,321.00
Asset Analysis, Recovery and Disposition	88.5	\$56,921.50
Executory Contracts and Leases	12.5	\$6,550.00
Avoidance Actions	33.4	\$21,097.50
Claims Administration	1.8	\$1,350.00
Disclosure Statement and Plan of Reorganization	149.3	\$86,051.50
Committee and Creditor Communications	34.8	\$21,007.50
Business Operations	3.7	\$2,200.00
Relief from Stay/Adequate Protection	2.9	\$1,129.50
Employee Benefits/Pensions	3.1	\$2,111.00
Other Contested Matters	30.7	\$16,904.00
Total	445.7	\$260,927.00

EXPENSE SUMMARY

Expense Category	Total Expenses
Duplication	\$120.40
Telephone	\$86.42
Long Distance Travel	\$252.00
Binding	\$2.00
Westlaw Research	\$623.54
Lexis Research	\$1,503.97
Total	\$2,588.33

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Pursuant to 11 U.S.C. §§ 330 and 331 and in accordance with the Order of this Court establishing procedures for interim compensation and reimbursement of professionals dated April 11, 2013 (the “Interim Compensation Order”),³ Kelley Drye & Warren LLP (“Kelley Drye”) hereby submits its first monthly application (the “Application”) for compensation for professional services rendered and reimbursement of expenses incurred as counsel to the Official Committee of Unsecured Creditors (the “Committee”) of Conexant Systems, Inc., *et al.*, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), for the period from March 8, 2013 through and including March 31, 2013 (the “Application Period”). In support of its Application, Kelley Drye respectfully represents as follows:

BACKGROUND

1. On February 28, 2013 (the “Petition Date”), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

² The Debtors in these cases are: Conexant Systems, Inc.; Conexant CF, LLC; Brooktree Broadband Holding, Inc.; Conexant, Inc.; and Conexant Systems Worldwide, Inc.

³ D.I. 168.

2. Since the Petition Date, the Debtors have continued in possession of their properties and have continued to operate and manage their business as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On March 8, 2013, the Office of the United States Trustee for Region 3 appointed the Committee consisting of: PRES-4340 Von Karman LP; Samsung Electronics Co., LTD., and STATS ChipPAC Ltd.⁴ On March 8, 2013, the Committee selected Kelley Drye & Warren LLP to serve as counsel to the Committee and selected Womble Carlyle Sandridge & Rice, LLP as local counsel. No other official committee has been appointed in these cases.

4. On May 13, 2013, the Court entered an order approving and authorizing the Committee's retention of Kelley Drye, *nunc pro tunc* to March 8, 2013.⁵

5. On April 11, 2013, the Court entered the Interim Compensation Order. Pursuant to the terms of the Interim Compensation Order, if no objection to a monthly fee application is filed within twenty-one (21) days of filing the application, the respective professional may be paid eighty percent (80%) of the fees and one hundred percent (100%) of the expenses set forth in the applicable monthly fee application.

SUMMARY OF SERVICES RENDERED

6. Kelley Drye rendered professional legal services to the Committee throughout the Application Period, including, but not limited to:

- a. Evaluating and advising the Committee on the Debtors' postpetition financing arrangement, investigating the Debtors' financial affairs and assets and conducting legal research with respect to the postpetition financing;
- b. Investigating the validity of liens asserted by the Debtors' secured bondholders;

⁴ D.I. 72.

⁵ D.I. 236.

- c. Reviewing and analyzing all motions, applications, and related documents impacting the Debtors' estates, and corresponding with the Debtors and/or their professionals regarding the same;
- d. Assisting the Committee to quickly assess the Debtors' proposed chapter 11 plan of reorganization and corresponding disclosure statement and develop a strategy for protecting the interests of unsecured creditors, including the review and analysis of numerous documents produced by the Debtors and secured bondholders; and
- e. Preparing all necessary documents, correspondence and pleadings required to enable the Committee to conduct its business efficiently and effectively.

SUMMARY OF SERVICES BY PROJECT

7. To assist the Court in its review of the fees sought by Kelley Drye, the firm has divided its time entries into the project categories set forth below. The attachments hereto identify the attorneys and paraprofessionals that have rendered services in each category, along with the number of hours for each individual and the total compensation sought for each category.

Case Administration (Fees: \$19,545.00 – Hours: 36.9)

8. During the Application Period, Kelley Drye addressed numerous general and administrative matters in these cases, including creating and maintaining a critical dates chart, monitoring the docket, drafting the Committee by-laws and creating a contact list for all estate parties. Kelley Drye also prepared the necessary pro hac applications, and coordinated access to the Debtors' data room to facilitate due diligence and analyze the restructuring support agreement and the plan. Finally, Kelley Drye also analyzed various first-day pleadings and the relief requested to advise the Committee and facilitate the development of an overall case strategy.

Retention Matters (Applications and Objections) (Fees: \$13,195.50 – Hours: 28.4)

9. This category represents time spent by Kelley Drye to prepare and prosecute its application to be retained in these cases and analyzing, researching as necessary, and raising issues on the retention applications of other estate professionals and drafting revised retention orders for other estate professionals, including ordinary course professionals. During the Application Period, Kelley Drye also prepared its conflicts disclosures and drafted its retention application.

Fee Matters (Applications and Objections) (Fees: \$543.00 – Hours: 1.2)

10. This category represents time spent on fee applications and fee-related matters. During the Application Period, Kelley Drye reviewed the interim compensation motion and proposed procedures.

Financing and Cash Collateral (Fees: \$12,321.00 – Hours: 18.5)

11. This category represents all matters related to the review, analysis and negotiation of the Debtors' post-petition secured financing and use of cash collateral. During the Application Period, Kelley Drye reviewed and analyzed the proposed debtor-in-possession financing, along with the corresponding budget, for its reasonableness. Kelley Drye also began drafting an objection to the DIP financing, and researched issues surrounding section 506(c) waivers and 507(b) administrative claims. Ultimately, Kelley Drye did not file its objection to the DIP financing, as the parties were able to consensually resolve the issues.

Asset Analysis, Recovery and Disposition (Fees: \$56,921.50 – Hours: 88.5)

12. This category represents time expended by Kelley Drye with respect to the use, sale or disposition of property of the Debtors' estates. During the Application Period, Kelley Drye reviewed and analyzed the Debtors' prepetition marketing efforts. Kelley Drye also

analyzed the Debtors' assets and valuation of those assets. Kelley Drye also performed extensive research on net operating losses, related valuation and lien issues and preservation of same through a bankruptcy reorganization. Kelley Drye also researched the implications of the restructuring support agreement, the valuation of the waived worthless stock deduction and the contribution by the equity sponsors.

Executory Contracts and Leases (Fees: \$6,550.00 – Hours: 12.5)

13. During the Application Period, Kelley Drye spent time on issues involving the administration, assumption and/or rejection of executory contracts and unexpired leases to which the Debtors were a party. Kelley Drye reviewed the lease rejection motions filed by the Debtors, the objections thereto by the landlords, and participated in settlement negotiations with all parties.

Avoidance Actions (Fees: \$21,097.00 – Hours: 33.4)

14. This category represents time spent by Kelley Drye to investigate avoidance actions. During the Application Period, Kelley Drye began its investigation of the secured bondholder's collateral, scope of its liens, and perfection thereof. Kelley Drye reviewed numerous documents relating to the security agreement, as provided by Debtors' counsel and counsel for the secured bondholders.

Claims Administration (Fees: \$1,350.00 – Hours: 1.8)

15. This category represents time spent by Kelley Drye in connection with the assertion, allowance, disallowance and reconciliation of claims against the Debtors. During the Application Period, Kelley Drye reviewed and analyzed the records regarding the Debtors' unsecured claims.

Disclosure Statement and Plan of Reorganization (Fees: \$86,051.50 – Hours: 149.3)

16. This category represents time spent by Kelley Drye in connection with the plan and disclosure statement. During the Application Period, Kelley Drye reviewed and analyzed the liquidation analysis, the restructuring support agreement and the proposed plan and disclosure statement. Kelley Drye participated in extensive negotiations with the Debtors and the secured bondholders regarding proposed revisions to the terms of the plan and disclosure statement. In doing so, Kelley Drye drafted an extensive plan position statement and settlement memorandum, which Kelley Drye presented to the Debtors and secured bondholders to further the goal of reaching a consensual plan and disclosure statement.

17. Kelley Drye also began drafting an objection to the proposed disclosure statement and plan. In so doing, Kelley Drye performed research on a variety of issues related to the Debtors' plan, including issues regarding valuation and net operating losses.

Committee and Creditor Communications (Fees: \$21,007.50 – Hours: 34.8)

18. This category represents time spent preparing for and conducting regular Committee meetings, as well as communicating with the Committee members on an individual basis from time to time regarding Committee business and related matters. During the Application Period, Kelley Drye attended the first Committee meeting, at which the Committee selected its counsel and discussed case strategy. Kelley Drye also coordinated and attended weekly Committee meetings and had numerous telephonic and email conversations with individual members of the Committee.

Business Operations (Fees: \$2,200.00 – Hours: 3.7)

19. During the Application Period, Kelley Drye reviewed numerous motions regarding the Debtors' business practices, including the foreign vendors motion and the customer

programs motion. Kelley Drye provided comments and proposed revisions to the motions to the Debtors.

Relief From Stay/Adequate Protection (Fees: \$1,129.50 – Hours: 2.9)

20. During the Application Period, Kelley Drye reviewed the relief from stay motion filed by Comerica Bank, corresponded with various parties regarding the relief requested, and provided a summary of the motion to the Committee.

Employee Benefits/Pensions (Fees: \$2,111.00 – Hours: 3.1)

21. During the Application Period, Kelley Drye analyzed the Debtors' proposed severance motion and discussed the motion with the Committee, the Committee's financial advisors and the Debtors, raising questions and informal objections to the relief sought.

Other Contested Matters (Fees: \$16,904.00 – Hours: 30.7)

22. This category represents time spent by Kelley Drye on issues that are not properly included in the above categories. During the Application Period, Kelley Drye prepare a task list outlining all outstanding issues in these cases. Kelley Drye also reviewed several motions filed by the Debtors, including the taxes and utilities motion and provided comments regarding those motions to the Committee and the Debtors. Kelley Drye also began drafting an objection to several of the Debtors' first-day motions.

EXPENSES

23. Kelley Drye's out of pocket disbursements during the Application Period total \$2,588.33.⁶ These disbursements are broken down into categories of charges included in attachments hereto.

24. Kelley Drye represents as follows with regard to its charges for actual and

⁶ Kelley Drye reserves the right to request reimbursement of additional expenses incurred during the Application Period in subsequent applications, to the extent that any such additional expenses have not been processed to date in Kelley Drye's billing system.

necessary costs and expenses during the Application Period:

- a. Copy charges are \$0.10 per page, which charge is reasonable and customary in the legal industry representing costs of copy materials, outside service costs, acquisition, maintenance, storage, and operation of copy machines and a copy center, and in compliance with Local Rule 2016-2(e)(iii).
- b. Charges for meals are only included when they are necessitated by meetings with the Debtors or the Committee or when Kelley Drye's personnel worked on these cases past 8:00 p.m., or through a normal meal period.

VALUATION OF SERVICES

25. Attorneys and paraprofessionals of Kelley Drye billed a total of 445.7 hours in connection with these cases during the Application Period. A detailed breakdown of the hours spent and services performed by the attorneys and paraprofessionals is set forth in the attachments hereto.

26. The rates charged are Kelley Drye's normal hourly rates for work of this character. The reasonable value of the services rendered by Kelley Drye to the Committee during the Application Period is \$260,927.00.

27. At all relevant times, Kelley Drye has been a disinterested person as that term is defined in section 101(14) of the Bankruptcy Code and has neither represented nor held any interest adverse to the interest of the Committee.

28. Kelley Drye has reviewed the requirements of Local Bankruptcy Rule 2016-2 and believes that this Application complies with its requirements.

29. All services for which compensation is requested by Kelley Drye were performed for or on behalf of the Committee, and not on behalf of the Debtors or other persons. There is no agreement or understanding between Kelley Drye and any other persons, other than

members of the firm, for the sharing of compensation to be received for services rendered in these cases.

30. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount requested is fair and reasonable given (a) the complexity of these cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under this title.

31. The fees billed for this Application Period total \$260,927.00 and the expenses incurred during this Application Period are \$2,588.33. Pursuant to the Interim Compensation Order, if no objection is raised, 80% of the fees payable to Kelley Drye for the Application Period is \$208,741.60 and the expenses payable to Kelley Drye for the Application Period are \$2,588.33.

WHEREFORE, Kelley Drye respectfully requests: (i) interim allowance of compensation for necessary and valuable professional services rendered to the Committee in the sum of \$260,927.00 and reimbursement of actual and necessary expenses incurred in the sum of \$2,588.33 for the period from March 8, 2013 through March 31, 2013; (ii) payment as provided under the Interim Compensation Order, and (iii) such other relief as this Court deems just and proper.

Dated: May 17, 2013

KELLEY DRYE & WARREN LLP

By /s/ James S. Carr
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*Counsel for the Official Committee of the
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al.*

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