

**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.)	Re: Docket Nos: 18, 130, 138, 139
)	

**AGREED ORDER RESOLVING THE DEBTORS' MOTION
FOR ENTRY OF AN ORDER AUTHORIZING REJECTION OF CERTAIN
UNEXPIRED LEASES EFFECTIVE *NUNC PRO TUNCTO* TO THE PETITION DATE**

Upon the motion of the above-captioned Debtors for entry of an order authorizing the rejection of the leases and subleases listed on Exhibit 1 to the Motion *nunc pro tunc* to the Petition Date (D.I. 18) (the "*Motion*");² and upon the objection to the Motion (D.I. 130) (the "*ELPF Objection*") of ELPF Scranton Road, Limited Partnership ("*ELPF*"); and upon the objection to the Motion (D.I. 138) (the "*PRES Objection*") of PRES-4340 Von Karman, LP ("*PRES*"); and upon the limited objection to the Motion (D.I. 139) (the "*CCH Objection*" and collectively with the ELPF Objection and the PRES Objection, the "*Objections*") of CCH Incorporated ("*CCH*" and collectively with ELPF and PRES, the "*Objecting Parties*"); and upon consideration of the record of the hearing held on April 19, 2013 (the "*Hearing*") including the consensual resolution of the Objections approved by each applicable Objecting Party, the Debtors, the Official Committee of Unsecured Creditors (the "*Committee*") and the Debtors' secured lender QP SFM Capital Holdings Ltd. (the "*Secured Lender*") set forth on the record of

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: Conexant Systems, Inc. (9439); Conexant CF, LLC (6434); Brooktree Broadband Holding, Inc. (5436); Conexant, Inc. (8218); and Conexant Systems Worldwide, Inc. (0601). The Debtors' main corporate address is 4000 MacArthur Blvd., Newport Beach, California 92660

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

the Hearing (the "**Resolution**"), and all proceedings had before the Court; and the Court finding and determining that (a) it has jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334, (b) consideration of the Motion and the relief requested therein are a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue is proper in this District pursuant to 28 U.S.C. § 1408, (d) adequate and appropriate notice of the Motion, the Hearing and the Resolution under the circumstances were provided to all necessary and appropriate parties in accordance with the Bankruptcy Rules and local rules of this Court, (e) the relief sought in the Motion, as modified by this Order, is in the best interests of the Debtors' estates, their creditors, and other parties in interest, (f) the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and (g) all objections to the relief requested in the Motion are resolved pursuant to the terms of this Order; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED as follows:

1. The Motion is GRANTED as set forth herein.

CONSENSUAL RESOLUTION OF THE ELPF OBJECTION

2. The terms in paragraphs 2 through 14, which have been agreed to by ELPF, the Debtors, the Committee, and the Secured Lender, are hereby approved and shall govern the resolution of the ELPF Objection.

3. The Debtors' lease with ELPF (the "**ELPF Lease**") for the premises located at 9808 and 9868 Scranton Road, San Diego, CA 92121 (collectively, the "**ELPF Premises**") shall be rejected pursuant to section 365 of the Bankruptcy Code effective as of the date of entry of this Order.

4. All of the Debtors' subleases for space at the ELPF Premises (the "**ELPF**

Subleases)³, shall be rejected pursuant to section 365 of the Bankruptcy Code effective as of the date of entry of this Order.

5. ELPF shall have an allowed non-priority general unsecured claim of \$7,416,045 against debtor Conexant Systems, Inc. that is not subject to objection, disallowance, reduction or setoff by any party. ELPF need not, but may, file a proof of claim reflecting this allowed claim.

6. Within three (3) business days of this Order becoming final and non-appealable, (a) ELPF shall draw on its remaining letter of credit and the Debtors shall authorize the draw and comply with reasonable requests for the submission of documentation in support of the draw; (b) the Debtors shall pay ELPF in cash by wire transfer pursuant to instructions provided by ELPF (i) \$300,000, and (ii) all post-petition rent and other funds that the Debtors have received from the subtenants under the ELPF Subleases (the "*ELPF Subtenants*") for the period from the Petition Date through and including the date of rejection of the ELPF Subleases, and (c) the Debtors shall assign to ELPF all of the Debtors' rights to pursue the ELPF Subtenants for all unpaid post-petition obligations accrued or due under the ELPF Subleases.

7. No party shall challenge ELPF's pre-petition or post-petition draw on its letter of credit, and the proceeds of that letter of credit shall not reduce the amount of ELPF's allowed general unsecured claim, the cash paid to ELPF, or any other consideration received by ELPF under this Order.

8. ELPF shall retain any property tax refund(s) for the ELPF Premises that ELPF is holding or receives in the future, and the Debtors shall assign to ELPF free and clear of any claims or interests any and all rights they may have to receive any such tax refunds for or relating to the ELPF Premises.

³ See Exhibit 1.

9. Except as provided in this Order, ELPF agrees that it shall not file any other claims (pre-petition or post-petition) regarding the ELPF Lease, ELPF Premises, ELPF Subleases or ELPF Subtenants against the Debtors or their estates, the Reorganized Debtors, the Secured Lender or any affiliate of the Secured Lender, or seek payment of any other obligations (pre-petition or post-petition) regarding the ELPF Lease, ELPF Premises, ELPF Subleases or ELPF Subtenants from the Debtors or their estates, the Reorganized Debtors, the Secured Lender or any affiliate of the Secured Lender (in its capacity as such), except to the extent that any such affiliate of the Secured Lender: (a) is an ELPF Subtenant, (b) is, or becomes, an assignee of an ELPF Subtenant; (c) enters, or has entered, into a separate contract with ELPF with respect to the ELPF Lease, ELPF Premises, ELPF Subleases or ELPF Subtenant; or (d) asserts any claims against ELPF relating to the ELPF Lease, ELPF Premises, ELPF Subleases or ELPF Subtenants.

10. ELPF agrees to affirmatively support and vote in favor of the Second Modified Joint Plan Of Reorganization Of Conexant Systems, Inc. And Its Debtor Affiliates Pursuant To Chapter 11 Of The Bankruptcy Code (as such plan may be modified or amended from time to time, the "*Plan*"), and/or be deemed to have affirmatively voted in favor of the Plan, including, without limitation, the Releases contained in Article VIII thereof, provided that any such modifications and/or amendments to the Plan after the date of this Order do not have a material negative impact on either ELPF itself or the proposed recovery for general unsecured creditors under the Plan, or ELPF consents to any material modifications or amendments to the Plan.

11. ELPF's agreement to accept \$300,000 and other consideration in satisfaction of all obligations arising or accruing under the ELPF Lease from the Petition Date through the date of rejection of the ELPF Lease is contingent on the Plan going effective. If the Plan does not go effective, ELPF shall retain its rights to seek additional post-petition obligations due under the

ELPF Lease from the Petition Date through the date of rejection of the ELPF Lease, less the cash it received under this Order and all of the Debtors' rights are equally reserved.

12. The Debtors and ELPF shall mutually release each other for all other matters related to the ELPF Lease, the ELPF Subleases and the ELPF Premises, and the Debtors shall have no go-forward obligations with respect thereto, except as otherwise provided in this Order.

13. Upon this Order becoming final and non-appealable, and without the need for further Court order, upon request by ELPF, the Debtors and ELPF shall enter into an agreement consistent with the terms of this Order, which agreement shall include, without limitation, the releases discussed herein which shall carve out the agreed upon claims and obligations, and the assignment of the Debtors' rights to pursue the ELPF Subtenants for unpaid postpetition obligations due under the ELPF Subleases and the Debtors' rights to receive or retain any tax refunds relating to the ELPF Premises.

14. Within five (5) business days of the entry of this Order, the Debtors shall deliver to ELPF (i) a list of all security deposits provided by the ELPF Subtenants to the Debtors and the remaining amounts, if any, of those security deposits, and (ii) any security deposits of the ELPF Subtenants currently held by the Debtors. Upon delivery of the remaining ELPF Subtenants' security deposits to ELPF, the Debtors and their estates shall have no further liability with respect to such remaining security deposits. ELPF and the ELPF Subtenants each reserve all rights and defenses with respect to the remaining security deposits and any potential deductions therefrom.

CONSENSUAL RESOLUTION OF THE PRES OBJECTION

15. The terms in paragraphs 15 through 27, which have been agreed to by PRES, the Debtors, the Committee, and the Secured Lender, are hereby approved and shall govern the

resolution of the PRES Objection.

16. The Debtors' lease with PRES (the "*PRES Lease*") for the premises located at 4340 Von Karman Avenue, Newport Beach, CA 92660 (the "*PRES Premises*") shall not be rejected, but rather the PRES Lease shall be terminated effective as of the date of entry of this Order.

17. All of the Debtors' subleases for space on the PRES Premises (the "*PRES Subleases*")⁴ shall be rejected pursuant to section 365 of the Bankruptcy Code effective as of the date of entry of this Order.

18. PRES shall have an allowed non-priority general unsecured claim of \$4.5 million against debtor Conexant Systems, Inc. that is not subject to objection, disallowance, reduction or setoff by any party. PRES need not, but may, file a proof of claim reflecting this allowed claim. Any distribution on such allowed claim shall be made to PRES by wire transfer to an account at U.S. Bank designated by PRES (the "*PRES 4340 Von Karman Loxbox Account*") pursuant to wire instructions that PRES shall provide to the Debtors or the applicable party.

19. Within three (3) business days of this Order becoming final and non-appealable, (a) the Debtors shall pay PRES in cash by wire transfer to the PRES 4340 Von Karman Loxbox Account (i) \$300,000 in resolution for all post-petition obligations under the PRES Lease through the date of its termination, and (ii) all post-petition rent and other funds that the Debtors have received from the subtenants under the PRES Subleases (the "*PRES Subtenants*") for the period from the Petition Date through and including the date of rejection of the PRES Subleases, and (b) the Debtors shall assign to PRES all of the Debtors' rights to pursue the PRES Subtenants for all unpaid post-petition obligations accrued or due under the PRES Subleases.

⁴ See Exhibit 2.

20. No party shall challenge PRES's pre-petition draw on a letter of credit securing obligations due under the PRES Lease, and the proceeds of that letter of credit shall not reduce the amount of PRES's allowed general unsecured claim, the cash paid to PRES, or any other consideration received by PRES under this Order.

21. PRES shall retain any property tax refund(s) for the PRES Premises that PRES is holding or receives in the future; and the Debtors shall assign to PRES free and clear of any claims or interests any and all rights they may have to receive any such tax refunds for or relating to the PRES Premises.

22. Except as provided in this Order, PRES agrees that it shall not file any other claims (pre-petition or post-petition) regarding the PRES Lease, PRES Premises, PRES Subleases or PRES Subtenants against the Debtors or their estates, the Reorganized Debtors, the Secured Lender or any affiliate of the Secured Lender, or seek payment of any other obligations (pre-petition or post-petition) regarding the PRES Lease, PRES Premises, PRES Subleases or PRES Subtenants from the Debtors or their estates, the Reorganized Debtors, the Secured Lender or any affiliate of the Secured Lender (in its capacity as such), except to the extent that any such affiliate of the Secured Lender: (a) is a PRES Subtenant, (b) is, or becomes, an assignee of a PRES Subtenant; (c) enters, or has entered, into a separate contract with PRES with respect to the PRES Lease, PRES Premises, PRES Subleases or PRES Subtenant; or (d) asserts any claims against PRES relating to the PRES Lease, PRES Premises, PRES Subleases or PRES Subtenants.

23. PRES agrees to affirmatively support and vote in favor of the Plan, and/or be deemed to have affirmatively voted in favor of the Plan, including, without limitation, the Releases contained in Article VIII thereof, provided that any such modifications and/or amendments to the Plan after the date of this Order do not have a material negative impact on

either PRES itself or the proposed recovery for general unsecured creditors under the Plan, or PRES consents to any material modifications or amendments to the Plan.

24. PRES' agreement to accept \$300,000 and other consideration in satisfaction of all obligations arising or accruing under the PRES Lease from the Petition Date through the date of termination of the PRES Lease is contingent on the Plan going effective. If the Plan does not go effective, PRES shall retain its rights to seek additional post-petition obligations due under the PRES Lease from the Petition Date through the date of termination of the PRES Lease, less the cash it received under this Order and all of the Debtors' rights are equally reserved.

25. The Debtors and PRES shall mutually release each other for all other matters related to the PRES Lease, the PRES Subleases and the PRES Premises and the Debtors shall have no go-forward obligations with respect thereto, except as otherwise provided in this Order.

26. Upon this Order becoming final and non-appealable, and without the need for further Court order, upon request by PRES, the Debtors and PRES shall enter into a formal lease termination agreement consistent with the terms of this Order, which agreement shall include, without limitation, general releases that carve out the agreed upon claims and obligations, and the assignment of the Debtors' rights to pursue the PRES Subtenants for unpaid postpetition obligations due under the PRES Subleases and the Debtors' rights to receive or retain any tax refunds relating to the PRES Premises.

27. Except with respect to CCH which is addressed herein at paragraph 30, within five (5) business days of the entry of this Order, the Debtors shall deliver to PRES (i) a list of all security deposits provided by the PRES Subtenants to the Debtors and the remaining amounts, if any, of those security deposits, and (ii) any remaining security deposits of the PRES Subtenants currently held by the Debtors. All PRES Subtenants' security deposits shall be paid to PRES in

cash by wire transfer to the PRES 4340 Von Karman Loxbox Account. Upon delivery of the PRES Subtenants' remaining security deposits to PRES, the Debtors and their estates shall have no further liability with respect to such remaining security deposits. PRES and the PRES Subtenants each reserve all rights and defenses with respect to the remaining security deposits and any potential deductions therefrom.

CONSENSUAL RESOLUTION OF THE CCH OBJECTION

28. The terms in paragraphs 28 through 31, which have been agreed to by CCH, PRES, the Debtors, the Committee, and the Secured Lender, are hereby approved and shall govern the resolution of the CCH Objection which relates to the Debtors' sublease with CCH (the "*CCH Sublease*") for the space subleased by CCH (the "*CCH Premises*") located on the PRES Premises.

29. Immediately upon the Debtors' rejection of the CCH Sublease, the CCH Sublease shall be deemed terminated without further order of the Court or notice to any party. Notwithstanding the termination of the CCH Sublease, PRES agrees that CCH shall have up to and including sixty (60) days after termination of the CCH Sublease (or such longer time as is mutually agreed by PRES and CCH) to vacate the CCH Premises. CCH shall deliver e-mail notice to Charles Hurst (churst@buchalter.com) and David Bonaparte (dbonaparte@prescompanies.com) at least five (5) days prior to the date that CCH expects to completely vacate the CCH Premises. Immediately upon completely vacating the CCH Premises, CCH shall return all keys, key codes, and alarm codes, as applicable, as directed by PRES.

30. Prior to CCH vacating the CCH Premises, and notwithstanding the termination of the CCH Sublease and the PRES Lease, (a) CCH shall pay Monthly Base Rent and Sublessee's

Percentage as set forth in the CCH Sublease; provided, however, that (i) such amounts shall be paid *pro rata* for only the days that CCH occupies the CCH Premises, and (ii) CCH shall pay such *pro rata* amounts directly to PRES, and not to the Debtors, by wire transfer to the PRES 4340 Von Karman Loxbox Account (which wire instructions shall be provided by PRES to CCH), and (b) CCH shall maintain all insurance required under the CCH Sublease, and PRES shall be named as an additional insured under such insurance. During CCH's occupancy of the CCH Premises after termination of the CCH Sublease and before completely vacating the CCH Premises, except as otherwise set forth herein, CCH and PRES shall be bound by and comply with the terms of the CCH Sublease and/or the PRES Lease, as applicable, as if the CCH Sublease had not been rejected or terminated and the PRES Lease had not been terminated. After CCH completely vacates the CCH Premises and pays the aforementioned *pro rata* Monthly Base Rent and Sublessee's Percentage to PRES, CCH shall owe no other or further obligations to the Debtors or PRES on account of the CCH Sublease or the termination thereof; provided, however, that this sentence does not operate to release CCH from liability to the Debtors or PRES for damage to the CCH Premises (covered by CCH's insurance, security deposit or otherwise) which occurred or occurs during CCH's occupancy of the CCH Premises (before or after termination of the CCH Sublease), and for which CCH was or would be responsible under the CCH Sublease. All rights and defenses of all parties with respect to such damage claims are fully reserved.

31. Within five (5) business days of the entry of this Order, the Debtors shall deliver to PRES CCH's security deposit in cash by wire transfer to the PRES 4340 Von Karman Loxbox Account to be held by PRES in trust for the benefit of CCH, pending an inspection of the CCH Premises by PRES after CCH completely vacates the CCH Premises. Upon delivery of CCH's

security deposit to PRES, the Debtors and their estates shall have no further liability with respect to CCH's security deposit. If CCH would be otherwise entitled under the CCH Sublease to receive back its security deposit, then PRES shall promptly deliver the security deposit to CCH following the inspection. CCH and PRES each reserve all rights and defenses with respect to the security deposit and any potential deductions therefrom.

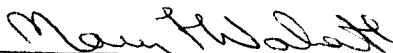
APPLICABLE TO ALL PARTIES

32. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

33. The Debtors and Objecting Parties are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

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

Dated: May 17, 2013
Wilmington, Delaware



THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE