

Exhibit A

Evidentiary Support

THE DEBTORS' FIRST DAY PLEADINGS

As explained in my declaration, the Debtors have requested a variety of relief in various “first day” motions and applications (each, a “*First Day Pleading*” and, collectively, the “*First Day Pleadings*”)¹ to minimize the adverse effects of the commencement of these chapter 11 cases on their businesses and to ensure that their restructuring goals can be implemented with limited disruption to operations. It is critically important for the Debtors to maintain the loyalty and goodwill of, among other constituencies, their vendors, employees and customers.

Several of the First Day Pleadings request authority to pay certain prepetition claims. I am told by my advisors that rule 6003 of the Federal Rules of Bankruptcy Procedures provides, in relevant part, that the Court shall not consider motions to pay prepetition claims during the first 21 days following the filing of a chapter 11 petition, “except to the extent relief is necessary to avoid immediate and irreparable harm.” In light of this requirement, and as set forth below, the Debtors have specified their requests for immediate authority to pay certain prepetition claims to those circumstances where the failure to pay such claims would cause immediate and irreparable harm to the Debtors and their estates. As part of this, certain requests for relief will be deferred for consideration at a later hearing.

I have reviewed each of the First Day Pleadings or had their contents explained to me. The facts stated therein and described below are true and correct to the best of my information and belief, and I believe that the relief sought in each of the First Day Pleadings is necessary to enable the Debtors to operate in chapter 11 with minimal disruption to their business operations and constitutes a critical element in successfully restructuring the Debtors’ business.

¹ Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the relevant First Day Pleading.

ADMINISTRATIVE MOTIONS

A. Debtors' Motion for Entry of an Order Directing Joint Administration of Related Chapter 11 Cases (the "*Joint Administration Motion*")

1. The Debtors request entry of an order directing joint administration of these chapter 11 cases for procedural purposes only. Specifically, the Debtors request that the Court maintain one file and one docket for all of the chapter 11 cases under the case of Conexant Systems, Inc. Further, the Debtors request that entry be made on the docket of each of the Debtors' chapter 11 cases, other than Conexant Systems, Inc., to reflect the joint administration of the chapter 11 cases.

2. Given the integrated nature of the Debtors' operations, I believe that joint administration will provide significant administrative convenience without harming the substantive rights of any party in interest. Conexant Systems, Inc. is the direct or indirect parent of each of the other four Debtors. As a result, each of the four Debtors are "affiliates" of Conexant Systems, Inc. as such term is defined in the Bankruptcy Code. Additionally, because of the Debtors' interrelated businesses, each of the motions filed in the chapter 11 cases will implicate many, if not all, of the Debtors. Joint administration will also reduce fees and costs by avoiding duplicative filings and objections and will allow the U.S. Trustee and all parties in interest to easily monitor these chapter 11 cases.

3. I believe that the relief requested in the Joint Administration Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be approved.

B. Debtors' Application for Entry of an Order Pursuant to 28 U.S.C. § 156(c) Authorizing the Employment and Retention of BMC Group, Inc. as Claims and Noticing Agent, Effective *Nunc Pro Tunc* to the Petition Date (the "*BMC Retention Application*")

4. The Debtors request entry of an order (a) authorizing the Debtors' employment and retention of BMC Group, Inc. ("*BMC*") as notice and claims agent for the Debtors in connection with these chapter 11 cases, pursuant to the terms and conditions set forth in the services agreement between the Debtors' and BMC (the "*Services Agreement*") and (b) approving the terms of BMC's employment and the indemnification provisions set forth in the Services Agreement, effective *nunc pro tunc* to the Petition Date.

5. The Debtors believe that they may have at least a few thousand potential creditors and parties-in-interest that must be given notice of developments related to these chapter 11 cases. With such a significant number of parties involved in these chapter 11 cases, it is likely that heavy administrative burdens will be imposed upon the Court and the Clerk of the United States Bankruptcy Court for the District of Delaware (the "*Clerk's Office*").

6. BMC is a claims administration firm that specializes in chapter 11 administration, consulting and analysis, including noticing, claims processing, voting and other tasks in the effective administration of chapter 11 cases. BMC has developed efficient and cost-effective methods to handle the voluminous mailings associated with chapter 11 noticing and claims processing that ensure the orderly and fair treatment of creditors, interest holders and all parties in interest.

7. I believe that engaging BMC as an independent, third-party notice and claims agent to effectively and efficiently serve notice upon all creditors and other relevant constituencies in these chapter 11 cases, as well as transmit, receive, docket and maintain all proofs of claim and proofs of interest filed in these chapter 11 cases will relieve the Clerk's

Office of these burdens and comply with the Local Rules. Further, I believe that such assistance will expedite service of notices, streamline the claims administration process and enable the Debtors to focus on their reorganization efforts.

8. I believe that the relief requested in this application is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors and their professionals to focus on key aspects of the Debtors' reorganization efforts. Accordingly, on behalf of the Debtors, I respectfully submit that the BMC Retention Application should be approved.

OPERATIONAL MOTIONS

A. Motion for Entry of an Order Authorizing the Debtors to (A) Continue to Operate Their Existing Cash Management System; (B) Maintain Existing Business Forms; and (C) Grant Administrative Priority to Intercompany Claims and Perform Under Certain Intercompany Arrangements and Historical Practices Between Debtors and Non-Debtor Subsidiaries (the "*Cash Management Motion*")

9. The Debtors request the authority to: (a) continue to operate the Cash Management System, (b) maintain existing business forms and (c) grant administrative priority to intercompany claims and continue to perform under certain intercompany arrangements consistent with historical practices between the Debtors and certain of their non-Debtor affiliates and subsidiaries (collectively, the "*Foreign Affiliates*").

10. In addition, the Debtors request that the Court authorize the Banks to (a) continue to maintain, service and administer the Bank Accounts and (b) debit the Bank Accounts in the ordinary course of business on account of (i) checks or electronic funds transfers drawn on the Bank Accounts that are presented for payment at the Banks or exchanged for cashier's checks before the Petition Date, (ii) checks or other items deposited in the Bank Accounts before the Petition Date that have been dishonored or returned unpaid for any reason (including any associated fees and costs) to the same extent the Debtors were responsible for such items before

the Petition Date and (iii) undisputed, outstanding service charges owed to the Banks as of the Petition Date on account of the maintenance of the Debtors' Cash Management System, if any.

11. In the ordinary course of business, the Debtors use an integrated, centralized cash management system, based in Newport Beach, California, to meet their specific operating needs to, among other things: enable the efficient transfer of funds domestically and internationally, thereby reducing the administrative burden of manual transfers and the costs associated therewith; enable management to control and monitor corporate funds by creating status reports on the location and amount of funds; and to simply ensure cash availability and liquidity.

12. The businesses and financial affairs of the Debtors are complex. While the majority of the Debtors' operations are located in the United States, the Debtors rely heavily on the Foreign Affiliates to provide research and development and sales services in the European and Asian marketplaces. Because each Foreign Affiliate provides goods or services exclusively for the benefit of the Debtors, the Foreign Affiliates do not independently generate their own cash flow, but rely on intercompany payments from Debtors. As such, the Cash Management System is not only essential to domestic operations, but provides the mechanism for cash to flow throughout the enterprise both domestically and abroad.

13. Absent authority enabling the Debtors to continue to operate their Cash Management System, I believe the Debtors would be unable to effectively maintain their financial operations, which would cripple the Debtors' business and cause significant harm to the Debtors, their estates, creditors and all parties in interest. Additionally, I believe that if the Debtors were required to comply with the U.S. Trustee Chapter 11 Guidelines, the burden of opening new accounts, revising cash management procedures, instructing customers to redirect payments, and the immediate ordering of new checks with a "Debtor in Possession" legend

would disrupt the Debtors' business at this critical time. I further believe that maintaining the existing Cash Management System, including their Bank Accounts, will not harm parties in interest because the Debtors have implemented internal control procedures that prohibit payments on account of prepetition debts without the prior approval of the Debtors' finance department.

14. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Cash Management Motion should be approved.

B. Debtors' Motion for Entry of Interim and Final Orders Authorizing, but not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Other Compensation and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs (the "*Wages and Benefits Motion*")

15. The Debtors request entry of interim and final orders (a) authorizing, but not directing, the Debtors to pay prepetition wages, salaries, other compensation and reimbursable employee expenses, (b) authorizing, but not directing, the Debtors to continue employee benefits programs and (c) authorizing financial institutions to receive, process, honor and pay all related checks and electronic payment requests for payment of prepetition employee obligations.

16. Specifically, the Debtors request an interim order authorizing the Debtors to pay (a) Unpaid Compensation in an amount not to exceed \$11,725 per individual Employee or Independent Contractor for outstanding prepetition obligations related thereto; (b) Unpaid Payroll Service Fees; (c) Unremitted Deductions; (d) Unremitted Payroll Taxes; (e) Unpaid Health Benefits; (f) Flexible Benefits Plan Obligations; (g) Unpaid Employee Insurance Coverage; and (h) Unremitted 401(k) Contributions in an amount not to exceed \$770,000.

17. In addition, the Debtors request authority, solely upon entry of a final order, authorizing them to honor, pay, satisfy or remit certain claims and prepetition obligations related to the following Employee Obligations: (a) Unpaid Vacation Time owed to the Debtors' current and former Employees, to the extent that such prepetition amounts are outstanding, and (b) Unpaid Reimbursable Expenses.

18. As of the Petition Date, the Debtors and their non-Debtor affiliates employ approximately 406 employees worldwide. The Debtors employ approximately 205 employees (the "**Employees**"), of which approximately 202 are located in the United States (the "**U.S.**") and 3 are located in France. In addition, the Debtors supplement their business needs and workforce with approximately 37 independent contractors (the "**Independent Contractors**").

19. In the absence of such payments, I believe that the Debtors' Employees and Independent Contractors may seek alternative employment opportunities, perhaps with the Debtors' competitors. Such a development would deplete the Debtors' workforce, hinder the Debtors' ability to meet its customer obligations and likely diminish creditors' confidence in the Debtors. Moreover, the loss of valuable individuals and the recruiting efforts that would be required to replace them would be a massive and costly distraction at a time when the Debtors should be focusing on stabilizing their operations.

20. I believe that the relief requested in the Wages and Benefits Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Wages and Benefits Motion should be approved.

C. Debtors' Motion for Entry of an Order Authorizing, but not Directing, the Debtors to Maintain and Administer Customer Programs and Honor Prepetition Obligations Related Thereto (the "*Customer Programs Motion*")

21. The Debtors request entry of an order authorizing, but not directing, the Debtors to: (a) maintain and administer the Debtors' customer-related programs, including equipment manufacturer and distributor price adjustments, independent sales representative commissions, rebates, and warranty programs (collectively, the "*Customer Programs*") and (b) make payments to customers or otherwise honor accrued prepetition obligations incurred by the Debtors under their Customer Programs (collectively, and as identified below, the "*Customer Program Obligations*") and to continue, replace, modify or terminate any Customer Program in the ordinary course of business.

22. The Debtors have created numerous long-standing customer relationships through their distribution channels. These relationships have, in large part, been sustained by the Customer Programs, which encourage sales, foster brand loyalty, manage pricing and establish (and maintain) customer goodwill. Failure to continue the Customer Programs and honor the Customer Program Obligations will erode hard-earned customer loyalty and goodwill, substantially reducing sales and jeopardizing the Debtors' ability to effectuate a successful reorganization. Because the Debtors' industry is highly competitive, these customers will seek to replace the Debtors as suppliers if the Debtors fail to honor Customer Programs, likely crippling revenue, collection of accounts receivable and the Debtors' opportunity to effectively reorganize. I believe that the relief requested in the Customer Programs Motion will pay dividends with respect to the long-term reorganization of the Debtors' business because customer relationships will be maintained and business operations can continue uninterrupted notwithstanding the restructuring process.

23. I believe that the relief requested in the Customer Programs Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Customer Programs Motion should be approved.

D. Debtors' Motion for Entry of Interim and Final Orders (I) Determining Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Service Providers From Altering, Refusing or Discontinuing Utility Service and (III) Establishing Adequate Assurance Procedures (the "*Utilities Motion*")

24. The Debtors request the entry of an order: (a) determining that the Debtors' utility providers have been provided with adequate assurance of payment, (b) approving the Debtors' proposed adequate assurance, (c) prohibiting the utility providers (collectively the "*Utility Providers*") from altering, refusing or discontinuing services on account of prepetition amounts outstanding or on account of any perceived inadequacy of the Debtors' proposed adequate assurance and (d) determining that the Debtors are not required to provide any additional adequate assurance beyond what is proposed by this motion and the adequate assurance procedures.

25. In the ordinary course of business, the Debtors incur expenses for water, sewer, electric, natural gas, telephone, and waste removal utility services provided by approximately 386 utility providers. As of the Petition Date, approximately 30 Utility Providers render these services to the Debtors. On average, the Debtors spend approximately \$145,000 per month for utility services.

26. The Debtors intend to pay postpetition obligations owed to the Utility Providers in a timely manner. Contemporaneously herewith, the Debtors have filed a motion seeking authority to enter into a \$15 million debtor in possession credit facility (the "*Proposed DIP*")

Facility”). The Debtors expect that cash flows from operations and borrowings under the Proposed DIP Facility will be sufficient to pay postpetition obligations related to their utility services. To provide additional assurance of payment for future services to the Utility Providers, the Debtors propose to deposit \$72,000 – which represents an amount equal to the estimated aggregate cost for two weeks of utility service, calculated as a historical average over the past twelve months – into a segregated, interest-bearing account for the benefit of Utility Providers on or before the date that is 20 days after the Petition Date.

27. Uninterrupted utility services are essential to the Debtors’ ongoing operations and, therefore, to the success of their reorganization. Indeed, any interruption of utility services, even for a brief period of time, would negatively affect the Debtors’ operations, customer relationships, revenues and profits, seriously jeopardizing the Debtors’ reorganization efforts and, ultimately, value and creditor recoveries. It is critical that utility services continue uninterrupted during the chapter 11 cases.

28. I believe that the relief requested in the Utilities Motion is in the best interests of the Debtors’ estates, their creditors and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Utilities Motion should be approved.

THE DEBTORS’ MOTIONS REQUESTING RELIEF AT A LATER DATE

Contemporaneously herewith, the Debtors have filed a number of pleadings for which they do not intend to seek interim relief at the First Day Hearing.

OPERATIONAL MOTIONS

A. Debtors' Motion for Entry of an Order Authorizing, but not Directing, the Debtors to Pay Certain Taxes and Fees (the "*Taxes and Fees Motion*")

29. The Debtors request the authority to pay any Taxes and Fees (as defined herein) that, in the ordinary course of business, accrued or arose before the Petition Date. In the ordinary course of business, the Debtors remit and pay (a) certain franchise, sales and use taxes and other taxes and (b) certain business license, patent, United States customs and other fees (collectively, the "*Taxes and Fees*") to various Authorities. The Debtors must continue to pay the Taxes and Fees to continue operating in certain jurisdictions and to avoid costly distractions during the chapter 11 cases.

30. Specifically, it is my understanding that the Debtors' failure to pay the Taxes and Fees could adversely affect the Debtors' business operations because the Authorities could suspend the Debtors' operations, file liens, or seek to lift the automatic stay. In addition, certain Authorities may take precipitous action against the Debtors' directors and officers for unpaid Taxes, which undoubtedly would distract those key personnel from their duties related to the Debtors' restructuring.

31. I believe that the relief requested is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. The Debtors do not believe any amounts of the Taxes and Fees will come due within 21 days of the Petition Date. Accordingly, on behalf of the Debtors, I respectfully submit that the Taxes and Fees Motion should be approved.

B. Debtors' Motion for Entry of Interim and Final Orders Authorizing, but not Directing, the Debtors to (I) Continue Prepetition Insurance Coverage and (II) Maintain Financing of Insurance Premiums (the "*Insurance Motion*")

32. The Debtors request an entry of an order (a) authorizing, but not directing, the Debtors to (i) continue prepetition insurance policies and (ii) maintain financing of certain insurance premiums under a prepetition financing agreement (the "*Financing Agreement*") and (b) authorizing financial institutions to receive, process, honor and pay all related checks and electronic payment requests for payment of the related Insurance Policies. Specifically, the Debtors seek authority to (a) continue the Insurance Policies, including renewal or modification of the Insurance Policies as necessary in the ordinary course of business; (b) maintain, renew or cancel insurance premium financing arrangements under the Financing Agreement in the ordinary course of business and (c) to pay approximately \$94,000 in prepetition premiums arising from recently opened year-end audits on the Debtors' Insurance Policies.

33. The Debtors maintain 14 insurance policies that are administered by several third-party insurance carriers. Collectively, these policies provide coverage for, among other things: (a) general commercial liability; (b) commercial excess liability; (c) umbrella excess liability; (d) professional liability (errors and omissions); (e) director and officer fiduciary and crime liability; (f) director and officer excess liability; (g) property; (h) cargo; (i) business automobile; (j) foreign credit insurance and (k) foreign liability (collectively, the "*Insurance Policies*"). As of the Petition Date, approximately \$94,000 in prepetition premiums arising from audits on the Debtors' Insurance Policies remain due and owing.

34. From time to time, the Debtors set up installment payment programs with their insurance carriers, or, alternatively, finance the premiums associated with certain of these Insurance Policies (collectively, the "*Financed Insurance Policies*"). Because it is not economically advantageous for the Debtors to consistently pay premiums in full up front, the

Debtors have financed the premiums for the Financed Insurance Policies under two financing agreements.

35. In connection with the Insurance Policies, Equity Risk Partners, a third-party insurance broker (the “*Insurance Broker*”), assists the Debtors in obtaining comprehensive insurance coverage in the most cost-effective manner. In connection herewith, the Debtors are liable for certain fees associated with obtaining such coverage. Specifically, the Insurance Broker earns a commission of approximately 15 percent of all premium payments under the Insurance Policies. The Broker commission is included in the premium payments.

36. I believe continuation of the Insurance Policies is essential to the preservation of the value of the Debtors’ businesses, properties and assets. Moreover, in many cases, coverage provided by the Insurance Policies is required by the regulations, laws and contracts that govern the Debtors’ commercial activities. I believe that the relief requested in the Insurance Motion is in the best interests of the Debtors’ estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. The Debtors do not believe any amounts related to the Insurance Policies will come due within 21 days of the Petition Date. Accordingly, on behalf of the Debtors, I respectfully submit that the Insurance Motion should be approved.

C. Debtors’ Motion for Entry of an Order Authorizing the Rejection of Certain Unexpired Leases (the “*Lease Rejection Motion*”)

37. The Debtors seek entry of an order authorizing the rejection of (a) office space leases located at 9808 and 9868 Scranton Road in San Diego, California, and all associated subleases and (b) an office space lease located at 4340 Von Karman Avenue Suite 300, Newport Beach, California, and all associated subleases (collectively, the “*Office Leases*”) effective as of the Petition Date.

38. Before the Petition Date, with the assistance of their advisors, the Debtors began the process of reviewing and analyzing their real estate portfolio to identify leases that are burdensome to their estates and should be rejected pursuant to section 365 of the Bankruptcy Code. Throughout the past few years, the Debtors' have sold certain business segments, resulting in a significant reduction of their workforce and leaving the Debtors with more facilities than their current businesses require. The Office Leases represent real property leases for office space that the Debtors do not occupy. The Debtors' monthly aggregate rent for the Office Leases is approximately \$595,000. In an effort to reduce the cash drain from the unoccupied space, the Debtors sublet parts of the office facilities. Despite the Debtors' best efforts to produce income-producing or break-even subleases, the above-market rates of the original leases — combined with structural and use limitations — have limited the monthly sublease income to approximately \$290,000 to the Debtors (resulting in a monthly net loss to the Debtors of approximately \$305,000). Thus, the Debtors have determined to reject the Office Leases, in their sound business judgment, and avoid the continued cash burn.

39. I believe that the relief requested in the Lease Rejection Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. The Debtors do not believe any amounts related to the Lease Rejection Motion will come due within 21 days of the Petition Date. Accordingly, on behalf of the Debtors, I respectfully submit that the Lease Rejection Motion should be approved.

D. Debtors' Motion for Entry of an Order Authorizing the Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business (the "*OCP Motion*")

40. The Debtors request authority to (a) retain and compensate certain professionals the Debtors utilize in the ordinary course of business (each, an "*OCP*" and, collectively, the

“*OCPs*”) and (b) continue to retain and compensate, in the Debtors’ discretion, certain professional service providers utilized in the ordinary course of business (each, a “*Service Provider*” and, collectively, the “*Service Providers*”), without the need for such OCP or Service Provider to file a formal application for retention and compensation pursuant to sections 327, 328 or 330 of the Bankruptcy Code.

41. As described in this Declaration, the Debtors employ numerous OCPs, consisting of various attorneys and other professionals used in the ordinary course of their businesses. The OCPs provide services to the Debtors in a variety of matters unrelated to these chapter 11 cases, including specialized foreign and domestic legal and financial advice and litigation services, and tax, accounting and patent management services. The Debtors also employ, in the ordinary course of business, Service Providers such as communication specialists and actuaries. Although some of the Service Providers have professional degrees and certifications, they provide services to the Debtors that, while integral to the day-to-day operation of the Debtors’ business, do not relate directly to, or materially affect, the administration of these chapter 11 cases.

42. Additionally, the Debtors request that the Court approve compensation procedures which set forth a streamlined process for the retention and compensation of OCPs postpetition (the “*Compensation Procedures*”). The Compensation Procedures provide that all OCP fees and expenses (excluding costs and disbursements) do not exceed \$45,000 per month on a rolling three-month basis; *provided, however*, that the total amount disbursed to each OCP for the duration of the case does not exceed \$500,000. With respect to the Service Providers, the Debtors request permission from the Court to continue in their discretion, as of the Petition Date, to employ and pay the Service Providers in the ordinary course of business. Notwithstanding the foregoing, however, any Service Provider who becomes materially involved in the

administration of these chapter 11 cases will be retained by the Debtors pursuant to section 327 of the Bankruptcy Code.

43. While I anticipate that the OCPs and Service Providers will want to continue to represent the Debtors on an ongoing basis, some may not do so if the Debtors cannot meet their payment obligations on a regular basis. I believe that the continued employment and compensation of the OCPs and Service Providers is in the best interests of their estates, creditors and other parties in interest. Thus, to prevent immediate and irreparable harm to the Debtors' business, I respectfully submit that the relief requested in the OCP Motion should be granted.

RETENTION APPLICATIONS

A. Debtors' Motion for Entry of an Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals (the "*Interim Compensation Motion*")

44. The Debtors request authority to establish an orderly, regular process for the allowance and payment of compensation for professional services rendered and reimbursement of expenses incurred by attorneys and other professionals who will be retained pursuant to section 327 or 1103 of the Bankruptcy Code and are required to file applications pursuant to sections 330 and 331 of the Bankruptcy Code on terms that satisfy the requirements of Bankruptcy Rule 2016 and Local Rule 2016-2 (the "*Compensation Procedures*").

45. I believe that the proposed Compensation Procedures will enable the Debtors to (a) closely monitor the costs of administering these cases, (b) maintain an appropriate level of liquidity so as to ensure the Debtors' continued ability to satisfy such costs and (c) forecast level cash flows that account for the amount and timing of such costs. Moreover, the proposed Compensation Procedures will streamline the administration of these chapter 11 cases and otherwise expedite the bankruptcy process for the Court, the U.S. Trustee and all parties in interest. The Debtors do not believe any amounts relating to Interim Compensation will come

due within 21 days of the Petition Date. Accordingly, I believe the approval of the Compensation Procedures Motion is in the best interests of the Debtors' estates, creditors, and other parties in interest and respectfully submit that the relief requested in the Compensation Procedures Motion should be granted.

B. Debtors' Application for Entry of an Order Authorizing the Employment and Retention of BMC Group, Inc. as Administrative Agent Agent, Effective *Nunc Pro Tunc* to the Petition Date (the "*BMC Administrative Agent Retention Application*")

46. The Debtors request entry of an order (a) authorizing the Debtors' employment and retention of BMC Group, Inc. ("*BMC*") as administrative agent ("*Administrative Agent*") for the Debtors in connection with these chapter 11 cases, pursuant to the terms and conditions set forth in the services agreement between the Debtors' and BMC (the "*Services Agreement*") and (b) approving the terms of BMC's employment and the indemnification provisions set forth in the Services Agreement (as modified pursuant to this Application), effective *nunc pro tunc* to the Petition Date.

47. BMC is one of the country's leading chapter 11 administrators, with significant experience in noticing, claims administration, solicitation, balloting and facilitating other administrative aspects of chapter 11 cases. BMC has substantial experience providing services, including administrative services, in matters comparable in size and complexity to this matter. I believe that using BMC as its Administrative Agent is the most cost-effective and efficient way for the Debtors to file these Chapter 11 Cases and solicit votes for the Plan.

48. I believe that the relief requested in this application is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors and their professionals to focus on key aspects of the Debtors' reorganization efforts. Accordingly, on behalf of the Debtors, I respectfully submit that the BMC Administrative Agent Retention Application should be approved.

C. Debtors' Application for Entry of an Order Authorizing the Employment and Retention of Alvarez & Marsal North America, LLC as Restructuring Advisor and Financial Advisor to the Debtors *Nunc Pro Tunc* to the Petition Date (the "A&M Retention Application")

49. The Debtors request entry of an order authorizing the Debtors' employment and retention of Alvarez & Marsal North America, LLC ("A&M") to serve as financial advisors to the Debtors in these chapter 11 cases, effective *nunc pro tunc* to the Petition Date.

50. In consideration of the size and complexity of their businesses, as well as the exigencies of the circumstances, the Debtors have determined that the services of experienced financial advisors will substantially enhance their attempts to maximize the value of their estates. A&M is a global provider of turnaround advisory services to companies in crisis or those in need of performance improvement in specific financial and operational areas. Specifically, A&M's specializes in interim management, crisis management, turnaround consulting, operational due diligence, creditor advisory services and financial and operational restructuring. Additionally, A&M has worked closely with the Debtors since its engagement on October 12, 2012 and A&M is familiar with the Debtors' businesses, financial affairs and capital structure.

51. I believe A&M is both well qualified and uniquely suited to deal effectively and efficiently with matters that may arise in the context of these cases. Additionally, I believe that the relief requested in the A&M Retention Application is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the A&M Retention Application should be approved.

D. Debtors' Application for Entry of an Order Authorizing the Employment and Retention of Klehr Harrison Harvey Branzburg LLP as Co-Counsel to the Debtors *Nunc Pro Tunc* to the Petition Date (the "*Klehr Harrison Retention Application*")

52. The Debtors request entry of an order authorizing the employment and retention of Klehr Harrison Harvey Branzburg LLP ("*Klehr Harrison*") as the Debtors' co-counsel in these chapter 11 cases, effective *nunc pro tunc* to the Petition Date.

53. Klehr Harrison has extensive experience and knowledge in the field of debtors' and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code and has expertise, experience and knowledge in practicing before this Court. I believe that Klehr Harrison is both well-qualified and uniquely able to represent the Debtors in these chapter 11 cases in an efficient and timely manner.

54. I believe that the relief requested in the Khler Harrison Retention Application is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Khler Harrison Retention Application should be approved.

E. Debtors' Application for Entry of an Order Authorizing the Retention and Employment of Kirkland & Ellis LLP as Attorneys for the Debtors and Debtors in Possession Effective *Nunc Pro Tunc* to the Petition Date (the "*K&E Retention Application*")

55. The Debtors request entry of an order authorizing the employment and retention of Kirkland and Ellis LLP ("*K&E*") as their attorneys in these chapter 11 cases, effective *nunc pro tunc* to the Petition Date.

56. K&E has recognized expertise and extensive experience and knowledge in the field of debtors' protections, creditors' rights, and business reorganizations under chapter 11 of the Bankruptcy Code. Moreover, in preparing for its representation of the Debtors in these

chapter 11 cases, K&E has become familiar with the Debtors' businesses and many of the potential legal issues that may arise in the context of these chapter 11 cases.

57. I believe that K&E is both well-qualified and uniquely able to represent the Debtors in these chapter 11 cases in an efficient and timely manner. I believe that the relief requested in the K&E Retention Application is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate in the ordinary course without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the K&E Retention Application should be approved.