

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

In re:	)	
	)	Chapter 11
CONEXANT SYSTEMS, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 13-10367 (MFW)
	)	
Debtors.	)	Joint Administration Requested
	)	
	)	<b>Related to Docket No. 8</b>

**INTERIM ORDER AUTHORIZING THE DEBTORS TO PAY PREPETITION  
CLAIMS OF CERTAIN FOREIGN VENDORS AND LIEN CLAIMANTS**

Upon the motion (the “*Motion*”)<sup>2</sup> of the Debtors for entry of an interim order (this “*Order*”) pursuant to sections 105(a), 362(b)(3), 363(b), 363(e), 546(b), 1107(a) and 1108 of the Bankruptcy Code, Rules 6003 and 6004(h) of the Bankruptcy Rules and Rule 9013-1(m) of the Local Rules, (a) authorizing, but not directing, the Debtors to pay prepetition Foreign Vendor Claims on an interim basis up to \$4.5 million and prepetition Lien Claims on an interim basis of up to \$55,000, all in accordance with the Procurement Policy set forth on Exhibit 1 attached hereto and the form vendor agreement attached hereto as Exhibit 2 (the “*Vendor Agreement*”), (b) authorizing financial institutions to receive, process, honor and pay all related checks and electronic payment requests for payment of prepetition claims of certain Foreign Vendors and Lien Claimants and (c) scheduling a Final Hearing to the extent a hearing is necessary, all as more fully described in the Motion and the relief requested therein in accordance with 28 U.S.C.

<sup>1</sup> 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.

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

§§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the Motion (the “*Hearing*”); and upon consideration of the Hassel Declaration, the record of the Hearing and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors’ estates, their creditors and other parties in interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED:

1. The Motion is granted on an interim basis to the extent provided herein.
2. The Debtors are authorized, but not required, to pay or honor prepetition claims of Foreign Vendors and Lien Claimants pursuant to the Procurement Policy; *provided, however*, that the Debtors shall only be authorized to pay Foreign Vendor Claims up to a maximum aggregate cap of \$4.5 million and Lien Claims up to a maximum aggregate cap of \$55,000 prior to the Final Hearing on the Motion.
3. The Debtors shall make a reasonable effort to condition payment to any Foreign Vendor or Lien Claimant upon an agreement by the party in question to provide Customary Trade Terms, including reasonable and customary price, service, quality and payment terms to the Debtors on a postpetition basis, in accordance with the Procurement Policy attached hereto as **Exhibit 1**, which is incorporated herein by reference. In the event that the Debtors and the Foreign Vendor or Lien Claimant in question are not, despite diligent efforts, able to come to a

resolution pursuant to the Procurement Policy, the Debtors are authorized, but not directed, in the exercise of their business judgment and after good-faith negotiations, to make full or partial payment to a Foreign Vendor or Lien Claimant only to the extent that the Debtors deem such payment is necessary to ensure that the particular vendor will provide necessary goods and services to the Debtors on a postpetition basis.

4. The Debtors are hereby authorized to issue postpetition checks and to make postpetition fund transfer requests to replace any prepetition checks and prepetition transfers to Foreign Vendors or Lien Claimants that may be dishonored by any bank.

5. Nothing herein shall prejudice the Debtors' rights to request additional authority to pay the prepetition claims of Foreign Vendor and Lien Claimants pursuant to this Order.

6. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim against the Debtors, a waiver of the Debtors' rights to subsequently dispute such claim or the assumption or adoption of any agreement, contract or lease under section 365 of the Bankruptcy Code.

7. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

8. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as being approved by this Order.

9. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any approved debtor-in-possession financing facility, or budget in connection therewith approved by this Court in these cases.

10. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or are otherwise deemed waived.

11. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this Order shall be immediately effective and enforceable upon its entry. The Final Hearing on the Motion shall be held on April 10, 2013 at 11:30 a.m./p.m. prevailing Eastern Time. Any objections or responses to entry of the proposed Final Order shall be filed **seven days before** the Final Hearing and served on the following parties: (a) the Debtors, 4000 MacArthur Blvd., Newport Beach, California 92660, Attn: Dennis Gallagher, Esq.; (b) proposed counsel for the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, Esq.; (c) proposed co-counsel for the Debtors, Klehr Harrison Harvey Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801, Attn: Domenic E. Pacitti, Esq.; (d) counsel to the senior secured noteholders, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: Michael S. Stamer, Esq.; (e) counsel to Golden Gate Private Equity, Inc., DLA Piper, 203 North LaSalle Street, Suite 1900, Chicago, Illinois 60601, Attn: Chris L. Dickerson, Esq.; (f) counsel to August Capital, Cooley LLP, 101 California Street, 5th Floor, San Francisco, California 94111-5800, Attn: Robert L. Eisenbach III, Esq.; (g) counsel to any statutory committee appointed in these chapter 11 cases; and (h) the office of the United States Trustee for the District of Delaware, Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington,

Delaware 19801, Attn: Tiiara Patton, Esq. In the event no objections to entry of the Final Order are timely received, the Court may enter the Final Order without need for the Final Hearing.

12. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Date: March 1, 2013  
Wilmington, Delaware

Mary Walden  
United States Bankruptcy Judge

**Exhibit 1**

**Procurement Policy**

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

In re:  CONEXANT SYSTEMS, INC., <i>et al.</i> , <sup>1</sup>  <div style="text-align: right;">Debtors.</div>	) ) ) ) ) ) ) ) )	Chapter 11  Case No. 13-10367 (MFW)  Joint Administration Requested
--	---	---

**PROCUREMENT POLICY**

Pursuant to the *Interim Order Authorizing the Debtors to Pay Prepetition Claims of Certain Foreign Vendors and Lien Claimants* (the “**Order**”),<sup>2</sup> the following procurement procedures shall apply in the chapter 11 cases of Conexant Systems, Inc. and its affiliated debtors and debtors in possession (collectively, the “**Debtors**”) with respect to the payment of prepetition claims of Foreign Vendors and Lien Claimants:

- a. To ensure that the Foreign Vendors and Lien Claimants deal with the Debtors on customary trade terms (the “**Customary Trade Terms**”) (it being understood that Customary Trade Terms shall be no less favorable than those trade terms provided by each such Foreign Vendor or Lien Claimant to the Debtors before the Petition Date), the Debtors may, in their discretion, send a letter substantially in the form attached hereto as **Exhibit 2** to Foreign Vendors and Lien Claimants, along with a copy of the Order (each a “**Vendor Agreement**”). The Vendor Agreement will require that the Foreign Vendor or Lien Claimant enter into an agreement with the Debtors that includes the following information and terms:

---

<sup>1</sup> 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.

<sup>2</sup> All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the *Debtors’ Motion for Entry of Interim and Final Orders Authorizing the Debtors to Pay Prepetition Claims of Certain Foreign Vendors and Lien Claimants*.

- (i) the amount of such Foreign Vendor's or Lien Claimant's estimated claim, accounting for any setoffs, other credits and discounts thereto, which shall be mutually determined in good faith by the Foreign Vendor or Lien Claimant and the Debtors (but such amount shall be used only for the purposes of determining the amount of such claim under the Order and shall not be deemed a claim allowed by the Court, and the rights of all interested persons to object to such claim shall be fully preserved until further order of the Court);
  - (ii) a description of the Customary Trade Terms between such Foreign Vendor or Lien Claimant and the Debtors, or such more favorable terms as to which the Foreign Vendor or Lien Claimant and the Debtors may agree, and the creditor's agreement to provide goods and services to the Debtors based upon Customary Trade Terms or upon more favorable terms as the Debtors and the Foreign Vendor or Lien Claimant may agree;
  - (iii) the Foreign Vendor's or Lien Claimant's acknowledgement that it has reviewed the terms and provisions of the Order and consents to be bound thereby; and
  - (iv) the Foreign Vendor's or Lien Claimant's agreement that it will not separately seek payment for reclamation claims outside the terms of the Order.
- b. To the extent the Debtors and the Foreign Vendor or Lien Claimant in question have not, despite diligent efforts, entered into a Vendor Agreement, the Debtors shall have the right to pay such Foreign Vendor or Lien Claimant if they determine, in their sole business judgment, that failure to pay such Foreign Vendor or Lien Claimant is likely to result in irreparable harm to the Debtors' business operations. The Debtors further retain the right, on a case-by-case basis, to obtain other written acknowledgement from a Foreign Vendor or Lien Claimant of the Customary Trade Terms to which the parties have agreed.
- c. Designation of Vendor Payments: Any checks used to pay claims pursuant to the Order (to the extent checks are issued) or the letter sent in accordance with paragraph (a) above (to the extent payments are made by electronic transfer), shall contain a legend substantially in the following form:

"By accepting this payment, the payee agrees to the terms of that certain Order of the United States Bankruptcy Court of the District



of Delaware (the “**Bankruptcy Court**”), dated \_\_\_\_\_, 2013 in the payor’s chapter 11 case (Jointly Administered under Case No. 13-\_\_\_\_\_ ( ), entitled ‘[Interim/Final] Order Authorizing The Debtors To Pay Prepetition Claims of Certain Foreign Vendors And Lien Claimants’ and submits to the jurisdiction of the Bankruptcy Court for enforcement thereof.”

- d. Breach of Vendor Agreement: If a Foreign Vendor or Lien Claimant refuses to supply goods and/or services to the Debtors on Customary Trade Terms following receipt of payment on its claim, or fails to comply with any Vendor Agreement entered into between the parties, the Debtors may, in their sole discretion and without further order of the Court, declare that such Foreign Vendor or Lien Claimant is in breach of its Vendor Agreement with the Debtors. To the extent such Foreign Vendor or Lien Claimant fails to cure such default or reach a more favorable alternative agreement with the Debtors, the Debtors may: (i) seek appropriate relief from the Court, including injunctive relief to compel performance pursuant to the existing Vendor Agreement; (ii) declare the payment of the applicable claim a voidable postpetition transfer pursuant to section 549(a) of the Bankruptcy Code (or otherwise) that the Debtors may recover from such Foreign Vendor or Lien Claimant in cash or in goods; and (iii) demand that the Foreign Vendor or Lien Claimant immediately return such payment(s) in respect of its claim to the extent the aggregate amount of such payment(s) exceeds the postpetition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments or setoffs of any type whatsoever, and the Foreign Vendor’s or Lien Claimant’s claim shall be reinstated in such an amount as to restore the Debtors and the Foreign Vendor or Lien Claimant to their original positions, as if the agreement had never been entered into and the payment of the claim had not been made. In sum, the Debtors have the ability, in the event of a breach of a Vendor Agreement, to return the parties to their positions immediately before the entry of the Order.
- e. Vendor Payment List: The Debtors shall maintain a summary list of all payments to Foreign Vendors and Lien Claimants and shall provide, on a monthly basis, updated copies of such list to the Office of the United States Trustee for the District of Delaware, counsel to the agent for the Debtors’ proposed postpetition secured lenders, counsel to the agents for the Debtors’ prepetition lenders and counsel to any statutory committee appointed in these chapter 11 cases.

**Exhibit 2**

**Vendor Agreement**

\_\_\_\_\_, 2013

TO: [Foreign Vendor or Lien Claimant]  
[Name]  
[Address]

Dear [Foreign Vendor or Lien Claimant]:

On February 28, 2013 (the "**Petition Date**"), Conexant Systems, Inc. and certain of its affiliates (collectively, the "**Company**" or the "**Debtors**") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States District Court for the District of Delaware (the "**Bankruptcy Court**").

On the Petition Date, the Debtors requested the Bankruptcy Court's authority but not direction to pay certain suppliers or service providers in recognition of the importance of our relationship with such suppliers and service providers. The Bankruptcy Court entered an order authorizing this relief on \_\_\_\_\_, 2013, a copy of which is enclosed herewith (the "**Order**").

In accordance with the Order, the Debtors are prepared to enter into this vendor agreement (this "**Agreement**") in accordance with the following terms:

1. The estimated balance of the prepetition claim (net of any setoffs, credits or discounts) that is due and owing is \$ \_\_\_\_\_ (the "**Claim**").

2. The Debtors hereby agree to pay \$ \_\_\_\_\_ on account of the Claim (the "**Claim Payment**"), subject to the terms and conditions set forth herein, [it being understood that the remaining amount of your Claim against the Debtors shall be forever released and waived].

3. In consideration of the Claim Payment, you agree to continue providing and/or supplying goods or services to the Company based on acceptable and customary trade terms (the "**Customary Trade Terms**"), it being understood that the Customary Trade Terms shall be no less favorable than those trade terms provided by each such Critical Vendor to the Debtors before the Petition Date. For purposes of this Agreement, Customary Trade Terms consist of those terms provided [in the agreement attached hereto as **Exhibit A** and/or the following terms and conditions:].

4. You agree to continue providing and/or supplying goods or services to the Company pursuant to the Customary Trade Terms for at least 18 months following the effective date of a plan of reorganization in the Debtors' chapter 11 cases.

5. The Claim Payment may only be made upon execution of this Agreement by a duly authorized representative of your company. Your execution of this Agreement and the return of same to the Debtors constitute an agreement by you and the Debtors. You agree to be

bound by the terms of this Agreement and you submit to the jurisdiction of the Bankruptcy Court in connection with any enforcement of this Agreement. You further agree and/or represent:

- a. to the Customary Trade Terms and, subject to the reservations contained above, to the amount of the claim set forth above;
- b. that, from and after the effective date of this agreement you will continue to supply the Debtors with goods or services, as applicable, pursuant to the Customary Trade Terms and that the Debtors will pay for such goods in accordance with Customary Trade Terms;
- c. that you have reviewed the terms and provisions of the Order and Agreement and that you consent to be bound by such terms and provisions; and
- d. that you agree to not file or otherwise assert against the Debtors or their assets any lien (regardless of the statute or other legal authority upon which such lien is asserted) or seek payment for reclamation claims in any way related to prepetition amounts allegedly owed to you by Debtors arising from agreements, written or otherwise, entered into before the Petition Date.

6. Notwithstanding the foregoing, if you receive the Claim Payment from the Debtors and you do not extend to the Debtors all Customary Trade Terms, or fail to perform in accordance with any of the terms and provisions of this Agreement, you are required to return the Claim Payment to the Reorganized Debtors and the Company may take any of the remedial actions described in the Order.

7. Any dispute with respect to this Agreement and/or your participation in this payment program shall be determined by the Bankruptcy Court.

8. All terms of this Agreement (including the existence of this Agreement) are confidential between you and the Debtors.

If you have any questions about this Agreement or our financial restructuring, please do not hesitate to call (\_\_\_\_) \_\_\_\_\_ or (\_\_\_\_) \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
By:

Its:

Agreed and Accepted By:

[Name of Foreign Vendor or Lien Claimant