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9 Reorganization Counsel for Debtor and  
Debtor in Possession

10 Debtor's Mailing Address  
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13 **UNITED STATES BANKRUPTCY COURT**  
14 **NORTHERN DISTRICT OF CALIFORNIA**  
15 **OAKLAND DIVISION**

16 In re  
17 PREDIWAVE CORPORATION,  
18 a California corporation,  
19 Debtor.  
20 Fed. Tax I.D. No. 77-0494328  
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Case No. 06-40547 (RJN)

Chapter 11

**VERIFIED STATEMENT REGARDING  
ORDER FOR PAYMENT OF STATE AND  
FEDERAL TAXES  
(July 1, 2006 - July 31, 2006)**

1 Pursuant to the Court's *Order for Payment of State and Federal Taxes*, dated April 17,  
2 2006 (the "Order"), PrediWave Corporation, the debtor and debtor in possession in the above-  
3 captioned chapter 11 proceeding (the "Debtor"), hereby files a verified statement for the period  
4 July 1, 2006 through and including July 31, 2006; showing the following (collectively, the "Tax  
5 Information"): (1) the total amount expended for gross payroll; (2) the amounts collected, received  
6 or deducted for each taxing agency; (3) the amount received from gross sales; and (4) the amount  
7 paid to each applicable taxing agency and dates of payments. The Tax Information is set forth in  
8 **Exhibit A** hereto.

9  
10 Dated: August 21, 2006

11 Respectfully submitted,

12  
13 /s/ Stacia A. Neeley

14 Stacia A. Neeley, an Attorney with  
15 KLEE, TUCHIN, BOGDANOFF & STERN LLP  
16 Reorganization Counsel for  
17 Debtor and Debtor in Possession  
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KLEE, TUCHIN, BOGDANOFF & STERN LLP  
2121 AVENUE OF THE STARS, 33<sup>RD</sup> FLOOR  
LOS ANGELES, CALIFORNIA 90067-5061  
(310) 407-4000

Debtor:  
Case No.:  
Month Reported:

**PrediWave Corporation**  
06-40547 R.JN  
July 2006

**Monthly Tax Statement (1)**

	May-06		Jun-06		Jul-06		Total
<b>GROSS PAYROLL ( a )</b>	\$ 187,197.59		\$ 188,344.76		\$ 186,897.80		\$ 562,440.15
Federal Tax	\$ 39,185.18 (2)		\$ 39,403.13 (2)		\$ 39,031.82 (2)		\$ 117,620.13
State Tax	\$ 9,486.79 (2)		\$ 9,420.47 (2)		\$ 9,434.82 (2)		\$ 28,342.08
<b>Employer Tax ( b )</b>	\$ 12,511.57		\$ 12,599.37		\$ 11,870.87		\$ 36,981.81
<b>Total Payroll Liability ( a ) + ( b )</b>	\$ 199,709.16		\$ 200,844.13		\$ 198,768.67		\$ 599,421.86
Less 401-K Liability	\$ 16,938.37		\$ 17,167.29		\$ 13,672.75 (4)		\$ 47,778.35
Less Misc. Adjustments	\$ (3,195.12)		\$ 2,910.96		\$ 2,910.96		\$ 2,626.80
Date Remitted to Blays for 401-K	5/18/06 & 6/05/06		6/20/06 & 7/7/06		7/19/06 & 7/31/06 (4)		
<b>Total Liability to ADP</b>	\$ 185,965.91		\$ 180,865.94		\$ 182,184.96		\$ 549,016.81
<b>Total Amount Remitted to ADP</b>	\$ 231,448.71 (3)		\$ 180,865.94		\$ 182,184.96		\$ 594,499.61
Date Remitted to ADP	5/15/06 & 5/26/06		6/13/06 & 6/28/06		7/12/06 & 7/27/06		
<b>(Over)/Under Payment</b>	\$ (45,482.80) (3)		\$ -		\$ -		\$ (45,482.80)
<b>GROSS SALES</b>	\$ -		\$ -		\$ -		\$ -
Remittance to SBE	\$ -		\$ -		\$ -		\$ -
Date Remitted	N/A		N/A		N/A		
<b>OTHER TAXES</b>	\$ -		\$ -		\$ -		\$ -
Remittance	\$ -		\$ -		\$ -		\$ -
Date Remitted	N/A		N/A		N/A		

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Date: August 18, 2006

Signature: 

Print Name: Dawn Ragan  
Chief Financial Officer

<sup>(1)</sup> To comply with the court's Order For Payment Of State And Federal Taxes and the U.S. Trustee Guidelines, attach the signed original of this statement to the Monthly Operating Report filed with court, attach a copy to the copy of the Monthly Operating Report served on the United States Trustee; and transmit a copy of this statement to the IRS and the EDD. This statement is due on or before the 20th day of the month being reported.

<sup>(2)</sup> Both the Federal and State Taxes are included in the Gross Payroll remittance.

<sup>(3)</sup> Total amount paid to ADP: \$ 231,448.71  
Total Liability to ADP: 185,965.91  
Overpayment to ADP: \$ 45,482.80

The overpayment was deposited in July 2006.

<sup>(4)</sup> The 401-K plan was funded once on 7/19/06 for the 7/14 payroll, and was funded a second time in early August for the 7/31 payroll. The first transfer in the amount of \$7,562 tied to the July bank statement, however the second transfer of \$6,110 was to be made in early August. The August bank statement was not available at the time that this report was prepared, and as a result we used the date of the payroll run of 7/31. The amount of the second 401-K obligation, \$6,110, was obtained from the ADP records and was included, although not confirmed via the bank statement, so that the accurate liability to ADP would be reported above.

Debtor:  
Case No.:  
Month Reported:

**PrediWave Corporation**

06-40547 RJN  
July 2006

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Date Remitted to ADP	5/15/06 & 5/26/06		6/13/06 & 6/28/06		7/12/06 & 7/27/06		
<b>(Over)/Under Payment</b>	<b>\$ (45,482.80)</b>	(3)	<b>\$ -</b>		<b>\$ -</b>		<b>\$ (45,482.80)</b>
<b>GROSS SALES</b>	\$ -		\$ -		\$ -		\$ -
Remittance to SBE	\$ -		\$ -		\$ -		\$ -
Date Remitted	N/A		N/A		N/A		
<b>OTHER TAXES</b>	\$ -		\$ -		\$ -		\$ -
Remittance	\$ -		\$ -		\$ -		\$ -
Date Remitted	N/A		N/A		N/A		

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