



Signed: August 11, 2006

A handwritten signature in black ink that reads "Randall J. Newsome".

RANDALL J. NEWSOME  
U.S. Bankruptcy Judge

1 LEE R. BOGDANOFF  
(State Bar No. 119542)  
2 THOMAS A. PATTERSON  
(State Bar No. 130723)  
3 MICHAEL L. TUCHIN  
(State Bar No. 150375)  
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14 **UNITED STATES BANKRUPTCY COURT**  
15 **NORTHERN DISTRICT OF CALIFORNIA**  
16 **OAKLAND DIVISION**

18 In re  
19 **PREDI WAVE CORPORATION,**  
20 a California Corporation,  
21 Debtor.

22 Fed. Tax I.D. No. 77-0494328  
23  
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Case No.: 06-40547-RJN

Chapter 11

**ORDER APPROVING MOTION FOR  
AUTHORITY TO ESTABLISH  
PROCEDURES FOR INTERIM  
PAYMENT OF FEES AND  
REIMBURSEMENT OF EXPENSES**

**Hearing**

Date: July 27, 2006  
Time: 10:00 am  
Place: Courtroom 220  
1300 Clay Street  
Oakland, CA 94612

1 PrediWave Corporation, a California corporation, the debtor and debtor in possession in  
2 the above-captioned case ("PrediWave" or the "Debtor"), has filed its "Motion For Authority To  
3 Establish Procedures For Interim Payment Of Fees And Reimbursement Of Expenses" [Docket #  
4 209] (the "Motion"). Pursuant to the Motion, PrediWave sought entry of an order to establish  
5 interim fee procedures with respect to certain professionals employed by and to be employed  
6 by order of the Court (collectively referred to as the "Professionals"<sup>1</sup>).

7 The Office of the United States Trustee filed an objection to the Motion [Docket # 239]  
8 (the "UST Objection"). There were no other objections filed.

9 The Court conducted a hearing (the "Hearing") on the Motion on July 27, 2006.  
10 Appearances were made as reflected in the record. The Court has reviewed and considered the  
11 Motion, the Memorandum of Points and Authorities in Support of the Motion [Docket # 211],  
12 the Declaration of Vincent Lin in Support of the July 27 Motions [Docket # 217], the UST  
13 Objection, and all other pleadings, exhibits, documents and evidence submitted in conjunction  
14 with the Motion; the arguments and representations of counsel; and the record in this case.  
15 Based on that review and consideration, the Court finds that:

16 A. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and  
17 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The matter is a core  
18 proceeding pursuant to 28 U.S.C. § 157(b)(2).

19 B. Notice of the Motion and the Hearing was adequate and appropriate under the  
20 particular circumstances and complies with the applicable provisions of the Bankruptcy Code,  
21 the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Bankruptcy Local  
22 Rules for the Northern District of California (the "Bankruptcy Local Rules"), and no other notice  
23 need be given.

24  
25 <sup>1</sup> The Professionals include: (a) Klee, Tuchin, Bogdanoff & Stern, LLP, the Debtor's reorganization  
26 counsel, (b) XRoads Solutions Group, LLC, the Debtor's financial and restructuring advisor and employer  
27 of debtor's proposed chief restructuring officer and chief financial officer, (c) Latham & Watkins, LLP,  
28 special litigation counsel to the Debtor; and (d) Pachulski, Stang, Ziehl, Young, Jones & Weintraub, LLP,  
counsel to the Official Committee of Unsecured Creditors, and (e) except as otherwise provided pursuant  
to further order of the Court, other reorganization and other professionals that may be employed by the  
Debtor or its estate in the future.

C. Good and sufficient cause exists to grant the relief requested in the Motion (as set forth herein).

**NOW, THEREFORE, IT HEREBY IS ORDERED THAT:**

1. The Motion is GRANTED as set forth herein.

2. Commencing in August 2006 and continuing each month thereafter, each Professional may prepare an abbreviated monthly fee statement (the "Monthly Statement") relating to the services rendered and expenses incurred by that Professional during the prior month (or, in the case of the first Monthly Statement, for the period from the April 14, 2006 (the "Petition Date") to and through the prior month). The Monthly Statement shall: (a) relate to the services rendered and expenses incurred during the prior month (or, in the case of the first Monthly Statement, the services rendered and expenses incurred from the Petition Date to and through the prior month); (b) indicate the total amount of compensation sought for such services; (c) provide a brief description of the results obtained for each project as contemplated in Paragraph 3 of the "Guidelines for Compensation and Expense Reimbursement of Professionals and Trustees" promulgated by this Court pursuant to Bankruptcy Local Rule 9029-1 (the "Guidelines"); and (d) in the version of the Monthly Statement filed with the Court and served on the U.S. Trustee only, include exhibits indicating (i) the services rendered, the total time expended, the names of the specific individuals who performed the services for which compensation is requested, and the hourly billing rate for each such individual, (ii) a detailed listing of the time entries relating to all individuals who performed services in compliance with Paragraph 11 of the Guidelines and (iii) a detailed listing of all expenses incurred during the applicable period (collectively, the "Exhibits").

3. Each Professional who submits a Monthly Statement shall, on or before the 20th day of the relevant month: (a) file the Monthly Statement (with the Exhibits) with the Court; (b) serve a copy of the Monthly Statement (with the Exhibits) on the Office of the United States Trustee (the "U.S. Trustee"), (c) serve a copy of the Monthly Statement (without the Exhibits) on counsel for the Debtor, counsel for the Official Committee of Unsecured Creditors (the "Committee"), and parties that have filed and served on the Debtor requests for special notice the

1 parties in 3.(b) and 3.(c) are collectively referred to as, the "Core Parties"); and (d) file and serve  
2 upon all parties entitled to notice in this case (the "Notice Parties") pursuant to Bankruptcy Rule  
3 2002 a notice setting forth the amount of compensation being requested pursuant to the Monthly  
4 Statement (the "Notice of Monthly Statement"). The Monthly Statement and Notice of Monthly  
5 Statement shall also provide that a copy of the Monthly Statement (with Exhibits) may be  
6 obtained upon written request from the applicable Professional.

7 4. Any party in interest who objects to the payment of compensation set forth in a  
8 Monthly Statement must, within fifteen (15) days after the Monthly Statement is served, file a  
9 written objection with the Court and serve that objection on the U.S. Trustee, counsel for the  
10 Debtor, counsel for the Committee, and the Professional whose Monthly Statement is the subject  
11 of the objection. Unless the Debtor or another party in interest files and serves an objection to  
12 the requested payment within fifteen (15) days of service of the Monthly Statement (with or  
13 without the Exhibits) and the Notice of Monthly Statement, the Debtor shall be authorized to pay  
14 100% of the fees and costs requested by each Professional in the ordinary course of its business  
15 on an interim basis as set forth in the Monthly Statement. If an objection is filed, the Debtor  
16 shall be authorized to pay 100% of any undisputed portion of the requested fees and 100% of the  
17 undisputed costs, pending resolution of any objections (consensually or by order of the Court).  
18 Upon resolution of any such objections, the Debtor shall pay the balance owed, subject to any  
19 agreed to adjustments.

20 5. Within thirty (30) days after the end of each four-month period (the "Interim Fee  
21 Period"), commencing with the period ended August 31, 2006, except as otherwise set forth in  
22 the order governing employment of a particular Professional, each Professional that filed a  
23 Monthly Statement or otherwise seeks interim compensation shall file with the Court and serve  
24 on the Core Parties an interim fee application (the "Interim Application") pursuant to  
25 Bankruptcy Code section 331, Bankruptcy Rule 2016, the Bankruptcy Local Rules, and the  
26 Guidelines. Pursuant to such Interim Applications, Professionals may seek approval and  
27 payment of up to 100% of the compensation relating to Professional fees and reimbursement of  
28 expenses incurred since the Petition Date or in the prior four-month period, as the case may be,

1 including any amounts withheld from monthly payments pursuant to Monthly Statements.

2           6. Before the deadline for filing Interim Applications, counsel for the Debtor shall  
3 obtain from the Court a date for a hearing on the Interim Applications at least forty-five (45)  
4 days in advance or on the second omnibus hearing date occurring after the deadline for filing the  
5 Interim Applications, and file and serve a notice of the intended hearing on the Interim  
6 Applications on the Core Parties and all Professionals and, not less than twenty (20) days prior  
7 to that hearing, file with the Court and serve on the Core Parties, the Notice Parties and all  
8 Professionals a notice that specifies the Interim Applications that have been filed, the total  
9 amount of compensation for services and reimbursement of expenses sought in each such  
10 Interim Application, and the date and time of the hearing on the Interim Applications. Any party  
11 in interest may file and serve a written objection in accordance with the applicable Federal Rules  
12 and Bankruptcy Local Rules. No party will be estopped from objecting to an Interim  
13 Application on the ground that such party failed to object to any Monthly Statement. No party  
14 will be estopped from objecting to a final fee application on the ground that such party failed to  
15 object to any Monthly Statement or Interim Application. If an objection to an Interim  
16 Application is sustained, or if the Court otherwise so orders, the Professional shall disgorge to  
17 the Debtor the disallowed portion of any payment it may have received.

18           7. Notwithstanding anything to the contrary in this Order, if any, the Debtor or the  
19 Committee, from time to time, may seek to employ attorneys, accountants, and other  
20 Professionals for a finite period of time or for a limited purpose, subject to this Court's approval,  
21 on terms and conditions different from those set forth herein, including, without limitation, on a  
22 retainer, an hourly basis, or a contingency fee basis.

23  
24 **PRESENTED BY:**

25 /s/ Jonathan S. Shenson  
26 JONATHAN S. SHENSON, a Member of  
27 KLEE, TUCHIN, BOGDANOFF & STERN LLP  
28 Reorganization Counsel for the Debtor  
and Debtor in Possession

1 **NO OBJECTION AS TO FORM:**

2 /s/ Minnie Loo

3 MINNIE LOO, Assistant United States Trustee  
4 OFFICE OF THE UNITED STATES TRUSTEE  
5 Attorneys for Acting United States Trustee, Sara Kistler

6 /s/ Karol Denniston

7 KAROL K. DENNISTON,  
8 PAUL HASTINGS JANOFSKY & WALKER LLP  
9 Counsel for New World TMT Limited

10 /s/ John Fiero

11 JOHN FIERO,  
12 PACHULSKI STANG ZIEHL YOUNG JONES  
13 & WEINTRAUB LLP  
14 Counsel for Official Committee of Unsecured Creditors

15 **\*\* END OF ORDER \*\***

## COURT SERVICE LIST

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