Court File No. CV-11-9514-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

APPLICATION OF HARTFORD COMPUTER HARDWARE, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION WITH RESPECT TO HARTFORD COMPUTER HARDWARE, INC., NEXICORE SERVICES, LLC, HARTFORD COMPUTER GROUP, INC. AND HARTFORD COMPUTER GOVERNMENT, INC. (COLLECTIVELY, THE "CHAPTER 11 DEBTORS")

MOTION RECORD
(returnable on February 1, 2012)

January 27, 2012

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

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MOTION RECORD
(returnable on February 1, 2012)

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TAB 1

Court File No. CV-11-9514-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

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AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION WITH RESPECT TO HARTFORD COMPUTER HARDWARE, INC., NEXICORE SERVICES, LLC, HARTFORD COMPUTER GROUP, INC. AND HARTFORD COMPUTER GOVERNMENT, INC. (COLLECTIVELY, THE "CHAPTER 11 DEBTORS")

NOTICE OF MOTION
(Returnable on February 1, 2012)

Hartford Computer Hardware, Inc. ("**Hartford**"), on its own behalf and in its capacity as foreign representative of Chapter 11 Debtors (the "**Foreign Representative**"), will make a motion before the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) on February 1, 2012 at 10:00 o'clock in the morning or as soon after that time as the motion can be heard at 330 University Avenue, in the City of Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order substantially in the form included in the Motion Record, *inter alia*:

(a) confirming that service of the Notice of Motion dated January 27, 2012 (the "**Notice of Motion**"), the affidavit of Brian Mittman sworn on January 27, 2012 (the "**Mittman Affidavit**") and the first report of FTI Consulting Canada Inc., ("**FTI**"), in its capacity as Information Officer (the "**Information Officer's First Report**") was appropriate and directing that no further service of the Notice of Motion, the Mittman Affidavit and the First Report is required such that this motion is properly returnable on February 1, 2012;

(b) Recognizing and implementing in Canada the following Orders of the United States Bankruptcy Court for the Northern District of Illinois Eastern Division (the "**U.S. Court**") made in the proceedings commenced by the Chapter 11 Debtors under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "**Chapter 11 Proceeding**") on January 26, 2012:

(i) A Final Order (i) prohibiting utilities from altering, refusing, or discontinuing services to, or discriminating against, the Chapter 11 Debtors; (ii) determining that the utilities are adequately assured of future payment; (iii) establishing procedures for determining requests for additional assurance; and (iv) permitting utility companies to opt out of the procedures established herein (the "**Final Utilities Order**");

(ii) An Order (i) approving bidding procedures, (ii) granting certain bid protections, (iii) approving form and manner of sale notices, and (iv) setting sale hearing date in connection with sale of substantially all of the Chapter 11 Debtors' assets (the "**Bidding Procedures Order**"); and

(iii) A Final Order (i) authorizing the debtors to obtain post-petition financing pursuant to 11 U.S.C. § 364, (ii) authorizing the use of cash collateral pursuant to 11 U.S.C. § 363, (iii) granting adequate protection to the prepetition secured lender pursuant to 11 U.S.C. §§ 361 and 363, and (iv) scheduling a final hearing pursuant to Bankruptcy Rule 4001 (the "**Final DIP Facility Order**"); and

(c) Approving the Information Officer's First Report and the Information Officer's activities and conduct reported therein; and

2. Such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. On December 12, 2011, the Chapter 11 Debtors commenced the Chapter 11 Proceeding by each filing a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code in the U.S. Court. Other than the Chapter 11 Proceedings and these proceedings, there are no other foreign proceedings in respect of the Chapter 11 Debtors;

2. On December 13, 2011, Justice Morawetz made an Order granting certain interim relief to the Chapter 11 Debtors including a stay of proceedings;

3. On December 15, 2011, the U.S. Court in the Chapter 11 Proceeding made an Order authorizing Hartford to act as the Foreign Representative of the Chapter 11 Debtors;

4. On December 21, 2011, Justice Morawetz made two Orders, an Initial

Recognition Order and a Supplemental Order, that, among other things: (i) declared the Chapter 11 Proceeding to be a foreign main proceeding pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"); (ii) recognized Hartford as the Foreign Representative of the Chapter 11 Debtors; (iii) appointed FTI as the Information Officer in these proceedings; (iv) granted a stay of proceedings; and (iv) recognized and made effective in Canada certain "first day" orders of the U.S. Court including an Interim Utilities Order and an Interim DIP Facility Order;

5. On January 26, 2012, the U.S. Court in the Chapter 11 Proceeding made, *inter alia*: (i) the Final Utilities Order; (ii) the Bidding Procedures Order; and (iii) the Final DIP Facility Order (collectively, the "**U.S. Orders**");

6. The Foreign Representative requests that this Honourable Court recognize and give effect in Canada to the U.S. Orders pursuant to paragraph 49 of the CCAA;

7. The Foreign Representative is of the view that recognition of the U.S. Orders by this Honourable Court is necessary for the protection of the Chapter 11 Debtors' property and the interest of the their creditors;

8. Section 49 of the CCAA;

9. Rules 2.03, 3.02, 14.05 and 17 of the *Rules of Civil Procedure*; and

10. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Affidavit of Brian Mittman sworn on January 27, 2012;

2. The Final Utilities Order;

3. The Bidding Procedures Order;

4. The Final DIP Facility Order;

5. The Information Officer's First Report; and

6. Such further and other material as counsel may advise and this Honourable Court may permit.

January 27, 2012

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Kyla Mahar (LSUC# 44182G)
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Lawyers for the Chapter 11 Debtors

TO: **THIS HONOURABLE COURT**

AND TO: **THE ATTACHED SERVICE LIST**

SCHEDULE "A"

EMAIL SERVICE LIST
AS AT JANUARY 27, 2012

TO: **THORNTON GROUT FINNIGAN LLP**
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Lawyers for Avnet International (Canada) Ltd. and Avnet, Inc.

AND TO: **CANADA REVENUE AGENCY**
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AND TO: **ONTARIO MINISTRY OF FINANCE**
Bankruptcy and Insolvency Unit
Collections Branch
33 King Street West, 6th Floor
Oshawa, ON L1H 8H5

Marielle Chabot, Senior Insolvency Officer
Tel: (866) 668-8297 ext. 18575
Fax: (905) 436-4524
Email: Marielle.Chabot@Ontario.ca

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AS AT JANUARY 27, 2012

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Winnipeg, MB R3T 0Y4

AND TO: **MINISTRY OF FINANCE (CANADA)**
1050 Notre Dame Avenue
Sudbury, ON P3A 5C1

AND TO: **QUEBEC MINISTRY OF REVENUE**
Case Postale 1364
Quebec, QC G1K 9B3

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

APPLICATION OF HARTFORD COMPUTER HARDWARE, INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

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Court File No. CV-11-9514-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

NOTICE OF MOTION
(returnable on February 1, 2012)

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Lawyers for the Chapter 11 Debtors

TAB 2

Court File No. CV-11-9514-00CL

ONTARIO
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(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

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AFFIDAVIT OF BRIAN MITTMAN
(Sworn on January 27, 2012)

I, Brian Mittman, of the City of Simi Valley, in the State of California, **MAKE OATH AND SAY:**

1. I am the President and Chief Executive Officer of Hartford Computer Group, Inc. ("**HCG**"), Hartford Computer Hardware, Inc. ("**HCH**" and the "**Foreign Representative**"), Hartford Computer Government, Inc. ("**HCGovernment**"), and Nexicore Services, LLC ("**Nexicore**" and, together with HCG, HCH, and HCGovernment, the "**Chapter 11 Debtors**") and as such I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true.

2. This Affidavit is filed in support of a Motion brought by the Foreign Representative for the relief set out in the Notice of Motion (the "**Notice of Motion**"). In particular, this Affidavit is sworn in support of the Foreign Representative's request for an order recognizing certain Orders made by the United States Bankruptcy Court for the Northern District of Illinois Eastern Division (the "**U.S. Court**") in the proceeding commenced by the Chapter 11 Debtors under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "**Chapter 11 Proceeding**") pursuant to section 49 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**").

3. On December 12, 2011, the Chapter 11 Debtors commenced the Chapter 11 Proceeding by each filing a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code in the U.S. Court. Other than the Chapter 11 Proceedings and these proceedings, there are no other foreign proceedings in respect of the Chapter 11 Debtors.

4. On December 13, 2011, Justice Morawetz made an Order granting certain interim relief to the Chapter 11 Debtors including a stay of proceedings.

5. On December 12 and 13, 2011, the Chapter 11 Debtors filed a number of motions seeking relief from the U.S. Court. A number of those motions were heard at the "first day" hearing in the U.S. Court on December 15, 2011. Others, including motions seeking the Final Utilities Order, the Bidding Procedures Order and the Final DIP Facility Order (each as defined herein) were scheduled to be heard by the U.S. Court on January 26, 2012.

6. On December 15, 2011, the U.S. Court in the Chapter 11 Proceeding made an a number of "first day" Orders including an Order authorizing HCH to act as the Foreign Representative of the Chapter 11 Debtors.

7. I submitted a declaration (the "**Declaration**") in the U.S. Court in support of the "first day" relief sought which included the U.S. Orders (as defined herein). A copy of the Declaration is attached hereto as Exhibit "A".

8. On December 21, 2011, Justice Morawetz made two Orders, an Initial Recognition Order and a Supplemental Order that, among other things: (i) declared the Chapter 11 Proceeding to be a foreign main proceeding pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"); (ii) recognized Hartford as the Foreign Representative of the Chapter 11 Debtors; (iii) appointed FTI as the Information Officer in these proceedings; (iv) granted a stay of proceedings; and (iv) recognized and made effective in Canada certain "first day" orders of the U.S. Court including an Interim Utilities Order and an Interim DIP Facility Order. Copies of the Interim Utilities Order and the Interim DIP Facility Order previously recognized in this proceeding are attached hereto as Exhibit "B" and "C", respectively.

9. On January 26, 2012, the U.S. Court in the Chapter 11 Proceeding made the following Orders (collectively, the "**U.S. Orders**"), *inter alia*:

(a) A Final Order (i) prohibiting utilities from altering, refusing, or discontinuing services to, or discriminating against, the Chapter 11 Debtors; (ii) determining that the utilities are adequately assured of future payment; (iii) establishing procedures for determining requests for additional assurance; and (iv) permitting utility companies to opt out of the procedures established herein (the "**Final Utilities Order**");

(b) An Order (i) approving bidding procedures, (ii) granting certain bid protections, (iii) approving form and manner of sale notices, and (iv) setting sale hearing date in connection with sale of substantially all of the Chapter 11 Debtors' assets (the "**Bidding Procedures Order**"); and

(c) A Final Order (i) authorizing the debtors to obtain post-petition financing pursuant to 11 U.S.C. § 364, (ii) authorizing the use of cash collateral pursuant to 11 U.S.C. § 363, (iii) granting adequate protection to the prepetition secured lender pursuant to 11 U.S.C. §§ 361 and 363, and (iv) scheduling a final hearing pursuant to Bankruptcy Rule 4001 (the "**Final DIP Facility Order**").

Copies of the Chapter 11 Debtors' motions filed in the U.S. Court followed by the corresponding U.S. Orders granted by the U.S. Court are attached hereto as Exhibits "D" through "I", respectively. The form Final DIP Facility Order required some modifications and is being sent to the U.S. Court to be entered today. The form of the Final DIP Facility Order that is being sent to the U.S. Court to be entered is attached hereto as Exhibit "I". I understand that certified copies of each of the entered U.S. Orders will be filed separately with the Court.

DIP FINANCING MOTION

10. Terms used in this section of my Affidavit shall have the meanings ascribed to them in the Final DIP Facility Order and all references to dollars are in U.S. dollars.

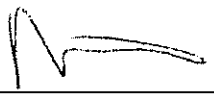
11. Paragraph 6 of the Final DIP Facility Order deems the Chapter 11 Debtors to have remitted to the Prepetition Secured Lender upon entry of the Order all Cash Collateral in their possession or control on the Petition Date or coming into their possession and control after the Petition Date and arising from and constituting proceeds of, the Prepetition Collateral for

application to and repayment of the Prepetition Revolving Debt and to have reborrowed a like amount as a DIP Obligation under the DIP Facility.

12. As of the Petition Date, the Chapter 11 Debtors' cash on hand consisted mostly of restricted funds. As at the end of December 2011, the Chapter 11 Debtors had borrowed $1 million under the Interim DIP Facility. The Cash Collateral on hand as of the Petition Date was effectively spent in the Chapter 11 Debtors operations and replaced with advances under the Interim DIP Facility in December 2011 such that all cash in the Chapter 11 Debtors' accounts as of the date of the Final DIP Facility Order are proceeds of the Interim DIP Facility.

13. I swear this Affidavit in support of the relief requested in the Applicants' Notice of Motion and for no other or improper purpose.

SWORN before me at the City of Simi Valley, in the State of California, this 27th day of January, 2012.



BRIAN MITTMAN

Commissioner or Notary for Taking Affidavits

EXHIBIT “A”

EXHIBIT "A"

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
HARTFORD COMPUTER HARDWARE, INC., *et al.*,[1]	)	Case No. 11-49744 (PSH)
	)	(Joint Administration Pending)
	)	
Debtors.	)	Hon. Pamela S. Hollis

DECLARATION OF BRIAN MITTMAN IN SUPPORT OF DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, Brian Mittman, hereby declare under penalty of perjury,

1. I am the President and Chief Executive Officer of Hartford Computer Group, Inc. ("HCG"), Hartford Computer Hardware, Inc. ("HCH"), Hartford Computer Government, Inc. (HCGovernment"), and Nexicore Services, LLC ("Nexicore" and, together with HCG, HCH, and HCGovernment, the "Debtors").[2] I am generally familiar with the Debtors' day-to-day operations, business affairs, and books and records.

2. On the date hereof (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") (collectively, these "Chapter 11 Cases").

3. The Debtors are operating their business and managing their property as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner, and no official committee has yet been appointed by the Office of the United States Trustee.

---

[1] The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the relevant First Day Motion (as hereinafter defined).

4. In order to enable the Debtors to minimize the adverse effects of the commencement of the Chapter 11 Cases on their business operations, the Debtors have requested various types of relief in certain "first day" motions (each, a "First Day Motion" and collectively, the "First Day Motions"). The First Day Motions seek relief aimed at, among other things: (a) preserving customer relationships; (b) maintaining vendor confidence and employee morale; (c) ensuring the continuation of the Debtors' cash management system and other business operations without interruption; (d) securing post-petition financing necessary to continue the Debtors' operations; (e) establishing certain administrative procedures to facilitate a smooth transition into, and uninterrupted operations throughout, the chapter 11 process; and (f) enabling the Debtors to move smoothly towards a sale of their assets. Gaining and maintaining the support of the Debtors' customers, employees, vendors and suppliers, and certain other key constituencies, as well as maintaining the Debtors' day-to-day business operations with minimal disruption, will be critical to the success of these Chapter 11 Cases and the Debtors' reorganization efforts.

5. I submit this declaration (the "Declaration") in support of the First Day Motions. I am familiar with the contents of each First Day Motion (including the exhibits thereto), and I believe that the relief sought in each First Day Motion (i) is necessary to enable the Debtors to operate in chapter 11 with minimum disruption or loss of productivity or value; (ii) constitutes a critical element in achieving a successful bankruptcy process; and (iii) is in the best interests of the Debtors, their estates and creditors.

6. Except as otherwise indicated, all facts set forth in this Declaration are based on my personal knowledge, on information supplied to me by other members of the Debtors' management teams and/or professionals retained by the Debtors, on information learned from my review of relevant documents, or on my opinion based upon my experience and knowledge of the Debtors' operations, financial condition, and present liquidity needs. If I were called upon

to testify, I could and would testify competently to the facts set forth herein. I am authorized to submit this Declaration on behalf of each Debtor.

7. Part I of this Affidavit provides an overview of the Debtors' business operations and describes the Debtors' corporate history and prepetition capital and debt structure and the circumstances surrounding the commencement of this Chapter 11 Cases. Part II sets forth the relevant facts in support of each of the First Day Motions.

PART I

A. Current Business Operations and Capital Structure

8. The Debtors are one of the leading providers of repair and installation services in North America for consumer electronics and computers. The Debtors operate in three complementary business lines: parts distribution and repair, depot repair, and onsite repair and installation. Products serviced include laptop and desktop computers, commercial computer systems, flat-screen television, consumer gaming units, printers, interactive whiteboards, peripherals, servers, POS devices, and other electronic devices. The Debtors also engage in hardware sales.

9. The Debtors operate out of five locations: Schaumberg, Illinois, Simi Valley, California, Tampa, Florida, Columbia, Maryland, and Markham, Ontario, Canada. The Debtors employ approximately 486 employees, including approximately 250 employees in California and 113 employees in Canada. The Debtors' senior management has almost 70 years of experience with the Debtors and includes me, as their president and chief executive officer, as well as Ron Brinckerhoff, as vice president of sales, Randy Hodgson as vice president of onsite operations, Rich Levin, as vice president of procurement, Jo Lamoreaux, as chief financial officer, John Nelson, as general manager in Canada, and Greg McDonald, as vice president of depot operations.

10. Over the past five years, the Debtors have implemented key turnaround initiatives that focused on creating an efficient operation capable of delivering high-quality service. With the operational turnaround largely complete, the Debtors are achieving significant momentum in each of their business lines. During that period, the companies' total revenues have grown from $55.1 million in 2006 to $95.1 million and earnings have increased at an even larger degree.

11. In addition to operational initiatives, the Debtors also engaged in out-of-court restructuring efforts. Effective as of May 9, 2005, the Debtors entered into that certain Master Restructuring Agreement (the "Restructuring Agreement") with Delaware Street Capital Master Fund, L.P.(the "Prepetition Senior Lender"), MRR Venture LLC ("MRR"), ARG Investments ("ARG"), SKM Equity Fund II, L.P. ("SKM I"), and SKM Investment Fund II ("SKM II" and together with MRR, ARG and SKM I, the "Subordinated Lenders"), HCG Financial Services, Inc. (the "Financial PO Lender"), and Enable Systems, Inc. Pursuant to the Restructuring Agreements, the Debtors amended and restructured their agreements with their various stakeholders. Specifically, after the execution and effectiveness of the Restructuring Agreement, the Debtors' long-term, secured debt was as follows: (a) pursuant to that certain Amended and Restated Loan and Security Agreement dated as of December 17, 2004 among the Debtors and the Prepetition Senior Lender and various promissory notes and other documents (collectively, as may have been amended, supplemented, and modified, the "Senior Credit Agreement"), the Debtors are indebted to the Prepetition Senior Lender, as of the Petition Date, the aggregate amount of $72,157,959; (b) pursuant to that certain Substituted and Amended Subordinated Promissory Note dated May 9, 2005, made by Hartford Computer Group, Inc. in favor of MRR Venture LLC (the "Prepetition Subordinated Lender"), Hartford Computer Group, Inc. was indebted to Prepetition Subordinated Lender in the approximate amount of $1,519,868; and (c) pursuant to that certain Revolving Credit Agreement by and between IBM Credit LLC ("IBM"),

HCH and HCGovernment, dated as of May 5, 2005 (the "IBM Credit Agreement"), HCH and HCGovernment were indebted to IBM in the amount of $1,030,545. On December 9, 2011, the IBM Credit Agreement was paid off in fully through the proceeds of a letter of credit that secured that facility.

12. As a result of that Restructuring Agreement, the Subordinated Lenders became holders of certain classes of preferred and common equity interests in HCG, which is the sole shareholder and member of Hardware and Nexicore. The remaining equity interest holders of HCG include the Prepetition Senior Lender and myself. Hardware is the sole shareholder of HCGovernment.

13. Pursuant to the Senior Credit Agreement, the Prepetition Senior Lender made certain loans and other financial accommodations to or for the benefit of the Debtors. In connection with the Senior Credit Agreement, the Debtors entered into certain collateral and ancillary documentation with the Prepetition Senior Lender (such collateral and ancillary documentation collectively with the Prepetition Credit Agreement, the "Prepetition Credit Documents"). All obligations of the Debtors arising under the Prepetition Credit Documents, including all loans, advances, debts, liabilities, principal, interest, fees, swap exposure, charges, expenses, indemnities, and obligations for the performance of covenants, tasks or duties, or for the payment of monetary amounts owing to the Prepetition Senior Lender by the Debtors, of any kind or nature, whether or not evidenced by any note, agreement or other instrument, shall hereinafter be referred to as the "Prepetition Obligations."

14. As of December 1, 2011, the Prepetition Obligations, not including fees or interest, included:

Revolver: $9,076,302 (the "Prepetition Revolving Debt")

Term Loan A: $27,482,409;

Term Loan B: $12,660,490;

Term Loan C: $5,748,432;

Term Loan D: $6,965,575; and

Term Loan E: $8,640,407 (collectively, the "Prepetition Term Debt").

15. Given the Debtors' recent performance, as well as its capital structure, the Debtors commenced an aggressive marketing and sales effort so as to take advantage of their improvements for the benefit of all their creditors.

B. The Debtors' Marketing and Sales Efforts

16. The Debtors, with the assistance of their advisors, actively marketed the company since late January 2011, focusing on a sale of substantially all of their assets as a going concern. Even before the Petition Date, the Debtors conducted a well-orchestrated sale process targeting the company's universe of potential strategic and financial buyers in an effort to maximize the value of the Debtors' assets.

17. Prior to the commencement of these Chapter 11 Cases, the Debtors retained Paragon Capital Partners, LLC ("Paragon") to act in an advisory capacity to explore strategic alternatives. As part of this evaluation, the Debtors and Paragon have aggressively pursued a potential sale of the Debtors' assets. The Debtors and Paragon undertook exhaustive efforts to solicit interest in the Debtors from third parties with the potential to acquire all or a substantial portion of the assets.

18. At the outset of this process, the Debtors determined, in consultation with their advisors and the Prepetition Senior Lender, to focus its sale efforts on locating a stalking horse bidder for substantially all of their assets. The Debtors believe that their businesses and assets have little value if liquidated separately (with the exception of HCH and HCGovernment, which together constitute a discrete business unrelated to the other Debtors), and that a sale process that

includes a sale of substantially all of the assets of HCG and Nexicore (the "Acquired Assets") as a going concern will maximize value to the estates.

19. During the marketing process, the Debtors and Paragon identified and contacted approximately ninety-one potential strategic and financial counterparties. Approximately thirty-two of these parties executed confidentiality agreements and received a confidential information memorandum providing extensive information relating to the Debtors' businesses, financial performance and projections, customers, programs, technology, information systems, operations, facilities, management and employees. Approximately eleven companies received a detailed management presentation, either in-person or by phone, and were given the opportunity to speak extensively with the Debtors and its advisors. Of these, eight companies were strategic buyers (including five public companies with a median market capitalization in excess of $4 billion), and three counterparties were major private equity firms with relevant portfolio companies and significant funds under management. Six of these parties submitted written indications of interest to acquire all of the Acquired Assets of the Debtors as a going concern (the Acquired Assets exclude the Debtors' hardware business). Five of these parties attended in-person management presentations conducted by the Debtors' senior management team, and conducted site visits with respect to the Acquired Assets. All of these parties were granted access to supplemental due diligence materials made available on an electronic data site (the "Data Site"). One of these parties, Avnet, Inc. ("Avnet"), submitted a preliminary proposal, and subsequently submitted a definitive agreement. As of November 3, 2011, Avnet had a market capitalization of approximately $4.6 billion. For its most recent fiscal year ending July 2, 2011, Avnet reported total sales of $26.5 billion and had cash on its balance sheet of $675 million.

20. Avnet's offer has been the basis for extensive discussions and negotiations with the Debtors, ongoing diligence and discussions with management, and visits to the Debtors'

facilities. As a result, on December 12, 2011, Avnet and Avnet International (Canada) Ltd. (together, the "Purchaser") executed an Asset Purchase Agreement (the "Agreement"), pursuant to which, among other things, the Purchaser will purchase, subject to higher and better bids and an order from this Court, substantially all of the assets of HCG and Nexicore. The purchase price under the Agreement consists of an initial cash payment of $35,500,000, subject to a working capital adjustment, plus a potential earn out, subject to certain adjustments described more fully below, plus the assumption of certain liabilities, including certain cure costs and certain post-petition administrative expenses. Avnet is a New York Stock Exchange-listed, Fortune 500 company engaged in, among other things, consumer electronic manufacture, repair, and distribution.

21. At this juncture, the Purchaser's bid is the highest and best that the Debtors have received. Now that the Debtors have concluded negotiations with the Purchaser as the stalking horse bidder (subject to approval by this Court), the Debtors have begun to (and plan to continue to) focus their attention, time, and energy on bidders with continuing interest in the Debtors' assets in order to pursue the possibility that value may be maximized at an Auction.

22. Because of various factors, including the requirements for the Debtors' maintenance of its debtor-in-possession financing, and the Purchaser's desire not to unnecessarily tie up capital or risk of losing other business opportunities, the Debtors have proposed to move forward with the sale process on an expedited basis and within a specified time frame. Consequently, the Debtors have determined that it is in the best interest of their estates, creditors, and other parties in interest to move forward with an expeditious sale process. The Debtors believe that a prompt auction and sale will generate the highest return to their creditors and other stakeholders.

23. The Purchaser was not interested in acquiring the assets related to the Debtors' hardware business, which is the business of HCH and HCGovernment. The hardware business has two main customer groups: the public school universities in Maryland and Sears Brands, LLC. The former business is the sole operation of HCGovernment (the "Maryland Business"), and the later is that of HCH, though HCH owned certain assets useful to the Maryland Business.

24. On November 22, 2011, HCH and HCGovernment entered into that Asset Purchase Agreement with HCGI-Hartford, Inc., pursuant to which HCH and HCGovernment sold all assets used in connection with the Maryland Business. The purchase price was $325,000, and $225,000 was paid upon closing; the remaining $100,000 purchase price will be paid 180 days after closing, which will be May 20, 2012. All of the proceeds have been transferred to the Prepetition Senior Lender in partial satisfaction of the obligations owing to them.

PART II

25. Concurrently with the filing of this Chapter 11 Cases, the Debtors have filed a number of First Day Motions, consisting of procedural motions and motions relating to the Debtors' business operations. The Debtors submit that approval of each First Day Motion is an important element of its reorganization efforts and is necessary to ensure a smooth transition into chapter 11 with minimal disruption to their operations. I have reviewed each of the First Day Motions, including the exhibits thereto, and believe that the relief requested therein is critical to the Debtors' ability to achieve a successful reorganization. Factual information with respect to each First Day Motion is provided below and in each First Day Motion.[3]

[3] All defined terms used in this Part II of this Declaration, but not otherwise defined, shall have the same meaning as set forth in the applicable first day motion referred to unless otherwise so stated.

A. Procedural Motions

(1) Debtors' Motion For an Order Pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure Directing the Joint Administration of Their Chapter 11 Cases

26. The Debtors in these Chapter 11 Cases are affiliated entities. The Debtors request that, in light of the fact that Hartford Computer Hardware, Inc. and its affiliates have each filed petitions in this Court, the Court can and should jointly administer the chapter 11 cases.

27. The joint administration of these Chapter 11 Cases will promote economical and efficient administration of the Debtors' estates. The Debtors anticipate that numerous motions, applications, notices, and orders will relate to several of the Debtors' cases. Joint administration of these Chapter 11 Cases will permit use of a single general docket for all of the Debtors' cases and avoid duplicative filings by the Court, the Debtors, and parties in interest. Thus, the Debtors believe joint administration of the Debtors' estates will reduce costs and minimize the potential for confusion, which is in the best interests of the Debtors' estates, their creditors and all other parties in interest.

(2) Debtors' Motion Pursuant to Section 1505 of the Bankruptcy Code For Authorization of Hartford Computer Hardware, Inc. to Act as the Debtors' Foreign Representative

28. Following the filing of the Chapter 11 Cases, HCG intends to commence Ancillary Proceeding under Part IV of the Companies' Creditors Arrangement Act ("CCAA") in the Ontario Court. HCH, as the proposed foreign representative for the Debtors in the Ancillary Proceeding, intends to seek recognition of these Chapter 11 Cases and certain orders entered in the Chapter 11 Cases.

29. In connection with the Ancillary Proceeding, the appointment of an information officer ("Information Officer") is standard practice. The Information Officer serves as an

independent party to the Ancillary Proceeding by relaying information between HCH and the court. By way of example, the Information Officer:

(a) reports to the court at least once every three months with respect to the status of the CCAA proceedings and the status of the Chapter 11 Cases, which reports may include information relating to Debtors' property, the business, or such other matters as may be relevant to the proceedings;

(b) obtains full and complete access to Debtors' property, including the premises, books, records, data, including data in electronic form, and other financial documents of Debtors, to the extent that is necessary to perform its duties; and

(c) shall be at liberty to engage independent legal counsel or such other persons as the Information Officer deems necessary or advisable respecting the exercise of its powers and performance of its obligations.

30. HCH intends to seek the appointment of FTI Consulting Canada Inc. as Information Officer.

31. Under the Ancillary Proceeding, HCH is responsible for paying the fees of the Information Officer and its independent counsel. Debtors' debtor-in-possession lender, Delaware Street Capital Master Fund, L.P. has agreed to fund the payment to the Information Officer pursuant to the budget submitted with the Debtors' Motion requesting authority for Debtors to enter into a senior secured post-petition loan agreement, pursuant to section 364 of the Bankruptcy Code, which is being filed contemporaneously herewith.

32. The Debtors believe that if the Ontario Court decides to recognize the Chapter 11 Cases as foreign main proceedings, the Debtors will benefit from the protection of an automatic stay against commencement or continuation of actions or proceedings concerning the Debtors' assets, rights, obligations, and liabilities in Canada.

(3) Debtors' Motion for An Order Extending The Time Within Which the Debtors Must File Their (i) Schedules of Assets and Liabilities, (ii) Schedule of Executory Contracts and Unexpired Leases, and (iii) Statement of Financial Affairs

33. The Debtors require additional time to bring their books and records up to date and to collect the data needed for the preparation and filing of the Schedules and Statements. Due to the complexity of the Debtors' business, the diversity of their operations and assets, and the limited staffing available to gather, process and complete the required Schedules and Statements in the limited time available prior to the commencement of this case, the Debtors do not believe the 14 day automatic extension of time provided for by Rule 1007(c) of the Bankruptcy Rules will be sufficient to permit completion of the Schedules and Statements.

34. The Debtors further believe that the vast amount of information that must be assembled and compiled, the multiple locations of such information, and the large amount of employee and professional hours required for the completion of the Schedules and Statements all constitute good and sufficient cause for granting the extension of time requested herein.

35. The Debtors believe an additional 28-day extension, for a total of 42 days, from the Petition Date would be a sufficient the date by which the Schedules and Statements must be filed.

(4) Debtors' Motion for an Order Appointing Kurtzman Carson Consultants LLC as the Official Claims and Noticing Agent and to Provide Other Essential Services to the Estates

36. The Debtors believe that the Debtors' retention of KCC as the Claims Agent is in the best interests of the Debtors, their estates and creditors.

37. The Debtors estimate that there are more than 1,120 potential creditors and other parties in interest who require notice of various matters. Given this estimate, it would be highly burdensome on the Court and the Clerk's Office to perform the services that KCC will perform.

To relieve the Clerk's Office of these burdens, the Debtors propose to appoint KCC as their notice and claims agent in these Chapter 11 Cases.

38. The Debtors believe that the retention of KCC is necessary for the Debtors to effectively: (a) maintain the list of creditors; (b) effect the noticing that may be required in these Chapter 11 Cases; (c) process the receipt, docketing, maintenance, recordation, and transmittal of proofs of claim in these Chapter 11 Cases; and (d) facilitate the Debtors' compliance with their reporting duties.

39. To the best of the Debtors' knowledge, information and belief, other than in connection with these Chapter 11 Cases, KCC has no material connection with the Debtors, the United States Trustee or the other parties in interest, or their respective attorneys or accountants, except as set forth therein.

40. To the best of the Debtors' knowledge, information and belief, KCC represents no interest materially adverse to the Debtors or their estates in the matters for which KCC is proposed to be retained. The Debtors believe that KCC is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code. I believe that employment of KCC is in the best interest of the Debtors and their estates and creditors. The Debtors' knowledge, information and belief regarding the matters set forth in this subsection are based on the Kass Declaration.

41. The Debtors believe that compensation proposed to be paid to KCC and the proposed indemnification provisions are fair, reasonable, and customary for these types of engagements.

B. Motions Relating to Business Operations

(1) Debtors' Motion for Interim and Final Order (i) Authorizing the Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. § 364, (ii) Authorizing the Use of Cash Collateral Pursuant to 11 U.S.C. § 363, (iii) Granting Adequate Protection to the Prepetition Senior Lender Pursuant to 11 U.S.C. §§ 361 and 363 and (iv) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001

42. Pursuant to the Prepetition Credit Documents (discussed above), the Prepetition Senior Lender was granted security interests in and continuing liens on substantially all Prepetition Collateral.

43. All of the Debtors' cash, including, without limitation, all cash and other amounts on deposit or maintained in the Debtors' primary deposit account and any amounts generated by collection of the Debtors' accounts receivable, the sale of the Debtors' inventory, or any other disposition of the Prepetition Collateral constitutes proceeds of the Prepetition Collateral and Cash Collateral

44. Beginning in June 2010, the Debtors, along with the assistance of their investment banker, Paragon, assessed their financing needs. Since that time, and, more specifically, over the past 4 weeks, the Debtors contacted various financial institutions to request financing.

45. The working capital facility of the type and magnitude needed in these cases could not have been obtained on an unsecured basis. Potential sources of debtor-in-possession financing for the Debtors, obtainable on an expedited basis and on reasonable terms, were practically nonexistent.

46. Because substantially all of the Debtors' assets are pledged to the Prepetition Secured Lender, and because the Prepetition Secured Lender appears to be undersecured, the Debtors' attempts to obtain unsecured credit or credit secured by a junior lien on their assets, were unavailing. Because of the Debtors' need for the liquidity, the Debtors have concluded that, in their business judgment, the Prepetition Secured Lender, who was already intimately

familiar with the Debtors' business operations, corporate structure, financing arrangements and collateral base, is the only lender able to offer a post-petition credit facility to meet the Debtors' working capital needs on the terms, and within the time frame, that the Debtors require.

47. The Prepetition Senior Lender has indicated a willingness to provide the Debtors with certain financing commitments but solely on the terms and conditions set forth in the Interim Order and the DIP Credit Documents. After considering all of their alternatives, the Debtors have concluded, in an exercise of their sound business judgment, that the financing to be provided by the Prepetition Senior Lender pursuant to the terms of the Interim Order and the DIP Credit Documents represents the best post-petition financing presently available to the Debtors.

48. The delays, cost and expense of placing this loan with a new lender, assuming one could be found, would be detrimental to the estates and ultimately diminish creditor recoveries.

49. In connection with the Debtors' determination that their best financing was through the DIP Facility, the Debtors negotiated, at arms'-length and in good faith, the DIP Credit Agreement and the DIP Credit Documents.

50. Without the liquidity provided by the DIP Facility, the Debtors would be unable to pay landlords, employees and other constituencies that are essential to the orderly operation of the business and the retention of the value of their assets through either a sale or an orderly liquidation of such assets.

51. Access to substantial credit is necessary to meet the substantial day-to-day costs associated with winding down the Debtors' affairs, distributing goods to customers, and marshalling and selling their assets. Access to sufficient cash is therefore critical to the Debtors. In the absence of immediate access to cash and credit, the Debtors' suppliers will refuse to sell critical supplies and services to the Debtors, and the Debtors will be unable to operate their business or maximize recoveries on their assets.

52. For these reasons, access to credit under the DIP Facility and the financial accommodations as provided thereby are critical to promote: (a) an orderly sale or liquidation of the Debtors' business assets as a going concern; (b) the maintenance of the value of the Debtors' assets; and (c) the Debtors' ability to effectively to maximize the value of their assets.

53. The Debtors submit that the proposed terms of the DIP Financing are fair, reasonable and adequate in that these terms neither tilt the conduct of these cases and prejudice the powers and rights that the Bankruptcy Code confers for the benefit of all creditors, nor prevent motions by parties in interest from being decided on their merits.

54. The Debtors believe the Interim Order represents a fair and reasonable interim arrangement for debtor-in-possession financing pending the Final Hearing. The Interim Order does not purport to make any findings with regard to the amount of the Pre-Petition Obligations owed by the Debtors to the Prepetition Senior Lender or the validity, extent and priority of the Prepetition Senior Lender's liens and security interests that bind any entity other than the Debtors. Accordingly, the rights of all parties in respect of such matters are fully reserved. Thus, unsecured creditors will not be prejudiced by entry of the Interim Order.

55. While the Interim Order binds the Debtors' with respect to the validity, perfection or amount of the Prepetition Senior Lender's prepetition lien and debt and waives Debtors' claims related thereto, the Debtors' believe these provisions are justified because they do not bind other interested parties and other interested parties are given the requisite investigation time to analyze and, if necessary, bring an action challenging the validity, priority, and extent of the liens.

56. The Debtors and the DIP Lender, who also was the Prepetition Senior Lender, have negotiated a Budget expected to be sufficient to ensure that all administrative expenses will be covered by the DIP Lender through the closing of the sale of substantially all of the Debtors'

assets, as well as a burial budget if unexpected events transpire that lead to a default and termination under the DIP Credit Documents. Given the Prepetition Senior Lender and the DIP Lender's willingness to "pay to play" in these Chapter 11 Cases, the Debtors' believe their waiving of section 506(c) rights is justified.

57. The Interim Order provides that any committee may only $20,000 of its fee carveout to investigate claims against the Prepetition Senior Lender; the Debtors believe this amount is appropriate given the relatively straightforward nature of the Prepetition Credit Agreement and the related liens.

58. While the Interim Order provides that the liens securing the DIP Facility and the Prepetition Senior Lender's adequate protection claims are senior to existing liens that were junior to the Prepetition Senior Lender's liens prior to the Petition Date, the Debtors believe that the claims of the Prepetition Senior Lender are undersecured, and thus any claims secured by junior liens on the Prepetition Collateral are effectively unsecured. Consequently, the Debtors believe the lien rights related to such claims are not entitled to adequate protection.

59. The Interim Order states that, in providing the DIP Facility, the DIP Lender shall not be deemed to be a party in control, responsible person or owner/operator.

60. The Interim Order provides that the DIP Lender and the Prepetition Senior Lender may take action necessary to permit the DIP Lender or the Prepetition Senior Lender to exercise, upon the occurrence and during the continuation of any Event of Default (under the DIP Credit Documents or the Interim Order), all rights and remedies provided in the DIP Credit Documents and to take any or all of the following actions without further order of or application to this Court: (a) immediately terminate the Debtors' use of Cash Collateral; (b) immediately declare all DIP Obligations to be due and payable; (c) immediately terminate the lending commitments under the DIP Credit Agreement; and (d) take any other actions or exercise any other rights or

remedies permitted under the Interim Order, the DIP Credit Documents or applicable law to effect the repayment of the DIP Obligations. However, the DIP Lender or the Prepetition Senior Lender, as applicable, are required to provide three (3) business days' written notice to counsel to the Debtors, counsel to the official committee of unsecured creditors (if one is appointed in these Chapter 11 Cases), and counsel to the U.S. Trustee prior to exercising any lien enforcement rights or remedies with respect to the DIP Collateral, which will provide the Debtors with sufficient time to challenge any such action if consistent with its fiduciary duties.

61. As set forth more fully in the proposed Interim Order, the proposed DIP Facility contemplates a modification of the automatic stay established pursuant to section 362 of the Bankruptcy Code to permit the Lender to execute upon their security interests or exercise other remedies under the DIP Credit Documents in the event of an Event of Default and take such other actions required or permitted by the DIP Loan Documents. The Debtors believe that stay modification provisions of this sort are ordinary and usual features of post-petition debtor-in-possession financing facilities and, in the Debtors' business judgment, are reasonable under the present circumstances. Moreover, the DIP Lender or the Prepetition Senior Lender, as applicable, are required to provide three (3) business days' written notice to counsel to the Debtors, counsel to the official committee of unsecured creditors (if one is appointed in these chapter 11 cases), and counsel to the U.S. Trustee prior to exercising any lien enforcement rights or remedies with respect to the DIP Collateral, which will provide the Debtors with sufficient time to challenge any such action if consistent with its fiduciary duties.

62. Attached to the Debtors' motion as **Exhibit B** is a six-month Budget. The Budget reflects on a line-item basis the Debtors' anticipated cumulative cash receipts and expenditures on a weekly basis and all necessary and required cumulative expenses which the Debtors expect to incur during each week of the Budget.

63. The Debtors require the use of Cash Collateral to fund their day-to-day operations. The use of Cash Collateral will enable the Debtors to continue to satisfy their vendors, service their customers, pay their employees and operate their businesses in the ordinary course and in an orderly and reasonable manner to preserve and enhance the value of their estates for the benefit of all stakeholders. Indeed, absent such relief, the Debtors' businesses will be brought to an immediate halt, with damaging consequences for the Debtors and their estates and creditors.

64. Pending the Final Hearing, the Debtors require immediate financing for, among other things, maintenance of their facilities and other working capital needs. It is essential that the Debtors immediately stabilize their operations and continue paying for ordinary, post-petition operating expenses, as well as the pre-petition expenses approved in the "first day" orders, to minimize the damage occasioned by its cash flow problems and maximize the potential value of their assets.

65. Absent immediate use of financing, the Debtors will be unable to pay operating expenses and move toward the sale of their business assets as a going concern pending the Final Hearing. Consequently, if interim relief is not obtained, the Debtors' assets will be immediately and irreparably jeopardized, to the detriment of the estates, their creditors and other parties in interest.

66. Accordingly, the Debtors request that, pending the Final Hearing, the Court schedule the Interim Hearing as soon as practicable to consider the Debtors' request to obtain emergency interim credit under the DIP Facility in accordance with and pursuant to the terms and conditions contained in the DIP Credit Agreement and the Interim Order.

(2) Debtors' Motion for An Order (i) Approving Continued Use of Existing Bank Accounts, Business Forms, and Cash Management System, and (ii) To Obtain Limited Waiver of the Requirements of 11 U.S.C. § 345(b)

67. The Debtors utilize the Cash Management System in the day-to-day operations of their business. In connection with the Cash Management System, prior to the Petition Date, the Debtors maintained thirteen bank accounts in the ordinary course of their business, including five blocked depository accounts, three payroll accounts, one savings account, and four certificates of deposit (collectively, and as they may be modified, the "Bank Accounts"). The Bank Accounts are maintained at Wells Fargo Bank, National Association ("Wells Fargo"), The Royal Bank of Scotland N.V. ("RBS"), and the Bank of Montreal ("BMO"; collectively with Wells Fargo and RBS, the "Banks").

68. The Bank Accounts and the Cash Management System are listed and demonstratively described on **Exhibit A** to the Debtors' motion for continued use of their Cash Management System.

69. The Debtors fund their operations through four blocked depositary accounts, two accounts are held at Wells Fargo, one account is held at RBS, and one account is held at BMO. The Debtors also maintain a lock box at each of the banks to receive checks and cash directly from the Debtors' customers. Funds are swept daily from the lock box accounts into the respective depositary accounts, which the Debtors utilize to fund their operations.

70. In addition to the checks and cash collected from the lock box accounts, each of the Wells Fargo depository accounts receive electronic transfers and credit card payments in U.S. dollars from the Debtors' customers. The Debtors maintain a separate account with BMO that receives credit card payments in Canadian dollars.

71. Payroll for the Debtors' U.S. employees is funded through a zero balance payroll account at Wells Fargo, which is funded by one of the Wells Fargo depositary accounts.

Similarly, the payroll of the Debtors' Canadian employees is funded by a zero balance payroll account at RBS, which is funded by the RBS depository account.

72. At the time the Debtors commenced these Chapter 11 Cases, they were in the process of changing their Canadian payroll and operating bank accounts from RBS to BMO. As of the Petition Date, the Debtors have opened the new BMO accounts, but have not begun using them in their businesses. Although the Debtors will begin utilizing the BMO accounts in the near future, the RBS operating account will remain active to collect customer payments.

73. Periodically, funds from the Wells Fargo depositary accounts are used to supplement the cash in the RBS depositary account if necessary to make payroll for the Debtors' Canadian operations.

74. The Debtors' restricted accounts are comprised of a savings account and three certificates of deposit, all held with Wells Fargo, which secure certain letters of credit issued to IBM Credit LLC and Sony Electronics, Inc. ("Sony"). The IBM letter of credit was issued in connection with IBM's revolving loan to HCH, and it is secured a certificate of deposit of approximately $1.5 Million. The letter of credit to Sony secures the vendor's accounts payable, and it is collateralized by two certificates of deposit in the approximate aggregate amount of $741,000. The $40,000 savings account also acts as collateral for the Sony letter of credit. On December 9, 2011, IBM Credit LLC drew on the letter of credit and repaid in full the IBM revolving loan obligations of HCH.

75. The Cash Management System constitutes a customary and essential business practice. It is similar to those commonly employed by corporate enterprises comparable to the Debtors in size and complexity. The widespread use of such systems, moreover, is attributable to the numerous benefits they provide, including the ability to (a) control and monitor corporate

funds, (b) ensure cash availability, and (c) reduce administrative expenses by facilitating the movement of funds.

76. In light of the substantial size and complexity of the Debtors' operations, the Debtors' efforts to preserve and enhance the value of their estates will be hampered if their cash management procedures are disrupted.

77. For much the same reasons, the Debtors further seek the authority to implement ordinary course changes to their Cash Management System, without further order of the Court, in the event that the Debtors conclude that changes in the Cash Management System are beneficial to their estates. In addition, the Debtors request authority to open and close bank accounts. The Debtors request that the Banks be authorized to honor the Debtors' requests to open or close any bank accounts.

78. As set forth above, within their Cash Management System, the Debtors maintain thirteen Bank Accounts. To avoid substantial disruption to the normal operation of their business and to preserve a "business as usual" atmosphere with respect to cash management function, as part of their request to maintain their Cash Management System, the Debtors also request permission to continue to use their Bank Accounts.

79. The Debtors request further that the Banks be authorized to continue to follow the instructions of all parties authorized to issue instructions with respect to the Bank Accounts. Allowing these accounts to be maintained with the same account numbers will assist the Debtors in accomplishing a smooth transition to operating as debtors in possession.

80. As part of the requested relief, the Debtors seek a waiver of the requirement to establish specific bank accounts for tax payments. The Debtors believe that tax obligations can be paid most efficiently out of the existing Bank Accounts, that the U.S. Trustee can adequately monitor the flow of funds into, among and out of the Bank Accounts, and that the creation of

new debtor in possession accounts designated solely for tax obligations would be unnecessary and inefficient.

81. To protect against the possible inadvertent payment of prepetition claims, the Debtors will immediately advise their Banks not to honor checks issued prior to the Petition Date, except as otherwise expressly permitted by an order of the Court and directed by the Debtors.

82. In the ordinary course of their business, the Debtors use a variety of Business Forms. By virtue of the nature and scope of the Debtors' business operations and the large number of suppliers of goods and services with whom the Debtors deal on a regular basis, it is important that the Debtors be permitted to continue to use their Business Forms without alteration or change. To avoid disruption to the Cash Management System and unnecessary expense, the Debtors request authorization to continue to use their Business Forms substantially as such forms exist immediately before the Petition Date, without reference to their status as debtors in possession and the bankruptcy cases number.

83. The Debtors also request authorization to use their existing check stock, provided, however, that upon depletion of the Debtors' check stock, the Debtors will obtain new check stock reflecting their status as debtors in possession.

84. In the absence of such relief, the Debtors' estates will be required to bear a potentially significant expense, which the Debtors respectfully submit is unwarranted.

85. Concurrently herewith, the Debtors have filed motions requesting authority to pay, in their sole discretion and in the ordinary course of their business, certain prepetition obligations to customers, taxing authorities, employees, essential shippers, and other entities. With respect to some of that debt, prior to the Petition Date, the Debtors may have issued checks that have yet to clear the banking system. In other cases, the Debtors would issue the relevant

checks postpetition on account of such prepetition debt once the Court entered an order permitting the Debtors to do so. The Debtors intend to inform their Banks which prepetition checks should be honored pursuant to orders of the Court authorizing such payment.

86. The Debtors submit that the Banks should not be liable to any party on account of (a) following the Debtors' instructions or representations as to any order of this Court, (b) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) an innocent mistake made despite implementation of reasonable item handling procedures. The Debtors believe such relief is reasonable and appropriate because the Banks are not in a position to independently verify or audit whether a particular item may be paid in accordance with the Court's order or otherwise.

87. In light of the amount of funds that will flow through the estates, the regular deposits and sweeps, and the minimal or zero balances of certain of the Bank Accounts, the Debtors believe it would be unnecessary and wasteful for the Debtors to be forced to incur the expense of obtaining a bond given the safeguards embedded in the Debtors' Cash Management System for the preservation of the funds therein. The Debtors submit that their current practices provide sufficient protection for their cash and that it would be in the estates' best interests for the Debtors to continue to follow these practices. Moreover, Wells Fargo and RBS (where the Debtors maintain their operating Accounts) are well-known and fiscally strong institutions, which provide services critical to the Debtors' operations. For these reasons, the Debtors request that this Court's order provide a waiver of the provisions of section 345 of the Bankruptcy Code.

(3) Debtors' Motion for Entry of An Order Authorizing the Debtors to Pay Prepetition Sales, Use and Other Tax Obligations

88. The Debtors, in the ordinary course of business, are required to collect certain Taxes in connection with the operation of their business and must remit these Taxes and to the Taxing Authorities of the jurisdictions in which the Debtors conduct business. Prior to the

Petition Date, the Debtors incurred obligations to federal, state, and local governments and other governmental agencies. As of the Petition Date, certain Taxes were outstanding and/or had accrued but were not yet due. For example, Taxes attributable to the prepetition portion of the 2011 and 2012 tax years will not be due until the applicable monthly, quarterly, or annual payment dates.

89. The process by which the Debtors remit such Taxes varies depending on the nature of the tax at issue and the Taxing Authority to which the relevant tax is paid. For instance, the Taxes accrue daily in the ordinary course of the Debtors' business, and are calculated based upon statutorily mandated percentages of the Debtors' sales. In some cases, Taxes are paid in arrears, once they are collected by the Debtors. Many jurisdictions, however, require the Debtors to remit estimated Taxes on a periodic basis. The Debtors then generally file a sales and use tax return with the relevant taxing authority reporting the actual sales and use tax due, and paying any further amounts owed for the period.

90. As an initial matter, the Debtors submit that most, if not all, of the Taxes likely constitute so-called "trust fund" taxes which are required to be collected from third parties and held in trust for payment to the Taxing Authorities. By far, most of the Taxes to be paid pursuant this motion constitute "trust fund" taxes, including certain provincial sales taxes due in Canada. Certain of those Canadian provincial sales taxes are subject to dispute or compromise, so the Debtors are seeking authority to pay up to the amount of the Taxes, though the actual amount paid may be less.

91. Payment of the Taxes when they become due will, however, relieve the Debtors and their estates from significant administrative burdens. The Debtors' estimate that, if granted, they may pay up to approximately $1,430,000 in Taxes pursuant to the motion, though that figure includes claims that are subject to compromise.

92. Payment of the Taxes to the Taxing Authorities in full and on time is undeniably justified under the circumstances of these cases. If the Debtors fail to timely pay the Taxes, or withhold payment of the Taxes as a precaution, the Taxing Authorities would likely take precipitous actions, such as seeking to impose liens on the Debtors' assets. The Debtors may also experience a marked increase in audits from the Taxing Authorities. Such actions would unnecessarily divert the Debtors' attention from the bankruptcy process and waste valuable estate resources. An improper lien or the failure to pay certain taxes might also affect the Debtors' good standing in certain states, which may hinder the Debtors' ability to engage in certain transactions.

93. Personal liability actions against the Debtors' officers or directors for the payment of "trust fund" taxes would be extremely distracting for the Debtors' directors and officers, whose full time focus must be to formulate and implement a value maximizing plan for the Debtors. The Debtors submit that it is in their best interests, as well as the best interests of their creditors, to eliminate the possibility of such time consuming and potentially damaging distractions. Prompt and regular payment of the Taxes would avoid any such unwarranted governmental action and the associated administrative burden on the Debtors' estates.

94. As a result, payment of the Taxes to the Taxing Authorities in full and on time is justified under the circumstances of these cases.

(4) Debtors' Motion for Entry of an Order (i) Authorizing the Payment of Certain Prepetition Shipping Charges and (ii) Granting Certain Related Relief

95. In the ordinary course of their business, the Debtors rely on the United Parcel Service of America, Inc., as its Shipper, to transport products from the Debtors' customers to the Debtors' repair facilities and from the Debtors' repair facilities to the Debtors' customers. The services of the Shipper are critical to the Debtors' operations.

96. As of the Petition Date, the Debtors estimate that the total unpaid prepetition amount owed to the Shipper is approximately $60,000. The Shipper has advised the Debtors that it will not provide any services to the Debtors unless it receives payment on account of the Debtors' prepetition obligation.

97. The Shipper's employees are well-trained and experienced in the business of delivering products to consumers. The Debtors also have intricate IT links with the Shippers that are critical for the Debtors' shipment processing that could not be immediately replaced. The Debtors do not believe that they could replace the Shipper on an expedited basis so as to avoid disruption of the flow of products to their customers, nor do they believe it would be prudent to hire another shipping company and risk that goods will be damaged during the transporting and delivery process.

98. Unless the Debtors are able to continue processing and delivering goods, their business operations will be severely disrupted, the Debtors' customers will be harmed, the Debtors' ability to generate revenue will be impaired, and the Debtors' sale or reorganization efforts may be hampered.

99. Paying the Shipper will benefit the Debtors' estates and their creditors by allowing the Debtors' business operations to continue without interruption.

100. If the Shipper exercises "self-help" remedies to secure payment of its claims, failure to satisfy the Shipper's claims will have a material adverse effect that will devastate the operations of the Debtors' business to the detriment of the Debtors' creditors.

101. The value of the goods in the possession of the Shipper will far exceed the value of their respective claims and satisfaction of prepetition claims of such parties will help preserve the going-concern value of the Debtors' business.

102. The Debtors have determined that (i) payment of the Shipper's Claims is critical to their efforts to sell their business assets as a going concern; (ii) payment of the Shipper's Claims is necessary to facilitate the sale; and (iii) following payment of the Shipper's Claims, non-Shippers will be at least as well off as they would otherwise be if the Shipper's Claims are not paid.

(5) Debtors' Motion for Entry of an Order Authorizing Debtors to (A) Honor Certain Prepetition Obligations to Customers and (B) Continue Their Customer Programs and Practices in the Ordinary Course of Business

103. The Debtors' customers include leading national retailers and hardware distributors, OEMs, IT service companies, third-party administrators of extended warranty programs, and commercial companies.

104. Prior to the Petition Date, and in the ordinary course of their businesses, the Debtors engaged in certain practices to develop and sustain positive reputations in the marketplace for their products and services, including the provision of warranties and rebates pursuant to contracts with each of its customers.

105. The Debtors provide warranties to all of their Customers for parts they provide to their Customers and/or the labor required to perform services for their Customers. The labor and parts warranties vary in length, type and agreement. However, the Debtors' parts warranties typically last anywhere from 30 to 365 days after the provision of the parts. The Debtors' labor warranties typically last up until a year after the labor was initially performed for the Customer.

106. The Debtors provide a rebate program to Best Buy, one of their Customers. The Debtors provide services and products to Best Buy. In some cases the Debtors are the exclusive provider of services and products to Best Buy and in other cases the Debtors are a Non-Exclusive Provider to Best Buy. The Debtors' provide Best Buy a rebate of two percent of the overall

revenue the Debtors receive from Best Buy (after any returns of the products provided) as a Non-Exclusive Provider.

107. The Debtors desire to continue, during the postpetition period, those cost-effective Customer Programs that were beneficial to their businesses during the prepetition period. The Customer Programs have proven to be successful business strategies in the past and responsible for generating valuable goodwill, repeat business, and net revenue increases.

108. Permitting the Debtors to continue to honor their Customer Programs will enable a successful sale of their business assets as a going concern. The Debtors have determined that (i) continuation of their Customer Programs is critical to their efforts to sell their business assets as a going concern; (ii) payment of any claims related to their Customer Programs is necessary to facilitate the sale; and (iii) permitting the Debtors to honor their Customer Programs will leave the Debtors at least as well off as they would otherwise be if the Customer Programs were not honored.

109. The Debtors seek to continue their Customer Programs as they have proven to be successful business strategies in the past and responsible for generating valuable goodwill, repeat business, and net revenue increases. The Debtors believe that continuing these benefits throughout these Chapter 11 Cases is essential to maintaining the value of the Debtors' estates as they attempt to sell the assets as a going concern.

110. Moreover, any creditors not receiving the benefit of the continued Customer Programs will be at least as well off as they would have been had the Customer Programs not been continued. Maintaining the Customer Programs is vital to the Debtors' continuing business operations and the success of these Chapter 11 Cases. In addition, the Debtors have conducted an extensive analysis and review of the Debtors' immediate trade needs and supplier base and has concluded that there is a significant risk that the Customers will cease doing business with

the Debtors unless the Customer Programs are honored. Should any Customer with the benefit of a Customer Program stop purchasing services and/or goods from the Debtors, their businesses would be adversely affected as a result of, among other things, an adverse impact on the Debtors' ability to continue operating toward a sale. Any interruption of the Debtors' operations could cost the Debtors' estates millions of dollars in lost revenues and furthermore, could cause the Debtors to lose a significant amount of Customers and value of their sale. Accordingly, the harm that would stem from the failure to uphold any Customer Programs is disproportionate to the cost of continuing such programs.

111. As such, the Debtors submit that the cost of continuing the Customer Programs pales in comparison to the likely damage to the Debtors' businesses and estates should the relief requested herein not be granted. In light of the foregoing, the Debtors submit that continuing to honor the Customer Programs is plainly in the best interests of its estate and creditors.

112. The Debtors further believe that their Customers participating in the Customer Programs will not continue doing business with the Debtors without the benefit of the Customer Programs.

(6) Debtors' Motion for Order: Pursuant to Sections 105(a) and 363 of the Bankruptcy Code (I) Authorizing the Debtor to Honor Prepetition Insurance Policies and Renew Such Policies in the Ordinary Course of Business; and (II) Granted Related Relief

113. In the ordinary course of the Debtors' businesses, the Debtors retain and maintain the Insurance Policies providing coverage for, inter alia, property and casualty liability, pension bond insurance, customs bond, worker's compensation, and directors' and officers' liability. A detailed listing of the Insurance Policies that are currently held by the Debtors is attached to the motion as **Exhibit A**.

114. The Insurance Policies are essential to the preservation of the Debtors' businesses, property, and assets, and, in many cases, such coverages are required by various regulations, laws, and contracts that govern the Debtors' commercial activity.

115. The annual premiums for the Insurance Policies, which the Debtors maintain through a handful of different insurance carriers, total approximately $202,000.

116. It is the Debtors' business practice to pay Insurance Premiums in a timely fashion and they do not believe that they have any unpaid Insurance Premiums as of the Petition Date. However, given the timing of the bankruptcy filing, it is possible that some of the Insurance Premiums may not have been paid as of the Petition Date. Failure to make these ongoing premium payments when due will cause harm to the Debtors' estates in several ways. First, if the Debtors fail to make their payments, the insurers may seek to terminate the Insurance Policies to recoup their losses. The Debtors would then be required to obtain replacement insurance on an expedited basis. This replacement insurance likely would require not only that the Debtors pay a lump-sum premium for the insurance policy in advance, but would involve a higher overall cost than the premium the Debtors currently pay.

117. Even if the insurers were not permitted to terminate the Insurance Policies, any interruption of payment would have a severe and adverse impact on the Debtors' ability, in the ordinary course of their businesses, to renew any Insurance Policies that expire postpetition.

118. In light of the importance of maintaining the Insurance Policies with respect to their business activities, the Debtors need to honor their obligations under the existing Insurance Policies. As described above, any other alternative would likely require considerable additional cash expenditures. Granting the relief requested in this motion will enhance the likelihood of the Debtors' successful rehabilitation, maximize the value of the estates' assets, and thus benefit the estates' creditors.

(7) **Debtors' Motion for Interim and Final Orders (i) Prohibiting Utilities From Altering, Refusing or Discontinuing Services to, or Discriminating Against, the Debtors, (ii) Determining That the Utilities Are Adequately Assured of Future Payment; (iii) Establishing Procedures for Determining Requests for Additional Assurance; and (iv) Permitting Utility Companies to Opt Out of the Procedures Established Herein**

119. The Debtors currently use electric, natural gas, heat, water, telecommunications, and other services of the same general type or nature provided by approximately 29 Utility Companies (including agents, divisions, affiliates and subsidiaries). A list of the Debtors' Utility Companies is set forth on **Exhibit A** to their motion. It is possible that, despite the Debtors' efforts, certain Utility Companies have not yet been identified by the Debtors or included on the Utility Service List. The Debtors estimate that their average monthly obligations to the Utility Companies on account of services rendered total approximately $60,000.00.

120. Because the Utility Companies provide services essential to the Debtors' operations, any interruption in utility services could prove damaging. The Debtors could not maintain and operate their business in the absence of continuous utility service. Should any Utility Company refuse or discontinue service, even for a brief period, the Debtors would be forced to cease the operation of the affected location, resulting in a substantial loss of revenue. The temporary or permanent discontinuation of utility services at any of the Debtors' facilities therefore could irreparably harm the Debtors' estates.

121. The Debtors intend to pay in a timely manner their post-petition obligations to the Utility Companies. Furthermore, the Debtors have previously provided security deposits to three of the Utility Companies in an aggregate amount of approximately $19,700.00.

122. The Debtors further submit that the Proposed Adequate Assurance constitutes sufficient adequate assurance of future payment to the Utility Companies to satisfy the requirements of section 366 of the Bankruptcy Code.

(8) Debtors' Motion for the Entry of an Order (i) Authorizing Payment of Prepetition Employee Obligations and Related Withholding Taxes; (ii) Authorizing the Prepetition Employee Benefits and Continuation of the Employee Benefit Plans; and (iii) Directing all Banks to Honor Prepetition Checks for Payment of Prepetition Employee Obligations

123. As of October 31, 2011, the Debtors employed approximately 486 persons in the aggregate (the "Employees"), of which approximately 401 are salaried Employees and approximately 85 are paid on an hourly basis. All Employees are paid bi-weekly every other Friday. In addition, certain Employees, mainly sales representatives and customer service representatives associated with sales, are entitled to bonuses and/or commissions based on the level of sales generated throughout the year. These commissions are generally paid during the last payroll cycle of each quarter.

124. As of the Petition Date, the Debtors estimate that the aggregate amount owed in the form of accrued but unpaid salary, wages, paid time off, bonuses and commissions is approximately $1,300,000 (collectively, the "Unpaid Compensation"). Of the Unpaid Compensation, the Debtors seek to pay approximately $500,000 in accrued salary and wages. The Debtors do not intend to pay Unpaid Compensation to any one Employee in excess of the $11,725 cap imposed by section 507(a)(4) of the Bankruptcy Code.

125. Items of Unpaid Compensation were due and owing on the Petition Date because, among other things, the Debtors' bankruptcy cases were filed in the midst of the Debtors' regular and customary salary and hourly wage payroll periods, and some payroll checks issued to employees prior to the Petition Date may not have been presented for payment or cleared the banking system and therefore not honored and paid as of Petition Date.

126. The Debtors offer incentive bonuses in their discretion, and pursuant to a limited number of compensation agreements, to certain Employees based on the achievement of established goals, objectives or quotas (collectively, the "Bonus Plans"). The Bonus Plans are

designed to provide market-competitive cash bonus payments based on several measurements, including position-specific goals, customer service ratings, and production and sales growth.

127. Specifically, awards are made based on the quality and efficiency of service provided by the Employee. Bonus awards are payable throughout the year, but are generally paid to Employees monthly in arrears.

128. Approximately 104 Employees (who are not "insiders" under the Bankruptcy Code) are entitled to bonuses, in the aggregate, of approximately $30,000 under the Bonus Plans as of the Petition Date. The average bonus for eligible Employees is approximately $315; thus, payment of the bonuses will not cause any Employee to receive Unpaid Compensation in excess of the 507(a)(4) cap. The Debtors seek authority to continue to honor and perform all Bonus Plans in the ordinary course of business, including payment of any prepetition claims to non-insider Employees on account of such plans.

129. In addition to their ordinary and customary wages, the Debtors provide regular, full-time Employees with paid time off to cover, among other things, vacation, sick days and holidays (collectively, "Paid Time Off"), which accrues for each Employee based on his or her length of service with the Debtors. For example, Employees that have been employed by the Debtors from zero to four years receive 4.92 hours of Paid Time Off per pay period, while Employees who have worked for the Debtors for ten years or more receive 8 hours of Paid Time Off per pay period. Accordingly, Employees could earn 16 to 26 days of Paid Time Off per year. If Employees do not use their Paid Time Off, it continues to accrue up to an established maximum amount based on years of service, which ranges between 24 to 39 days. As of the Petition Date, the Debtors estimate that a total of approximately $771,251 in earned but unpaid Paid Time Off has accrued for eligible Employees.

130. Prior to the Petition Date and in the ordinary course of business, the Debtors reimbursed Employees for certain expenses incurred in the scope of their employment, including business-related travel expenses, vendor purchases, business meals, phone costs, and miscellaneous business expenses (collectively, the "Reimbursable Expenses"). The Debtors also provide travel stipends of $50 to $200 for up to twenty-five Employees who use their personal vehicles to travel to the Debtors' customers to install and repair products.

131. In addition, certain Employees pay for the Reimbursable Expenses with their personal or corporate credit cards. The credit card companies then invoice the Debtors directly for these charges and, following the Debtors' review of the invoices, such charges are paid directly by the Debtors to the credit card companies. Although the Debtors pay the invoices directly for the corporate credit cards of certain Employees, the accounts are held in the names of the Employees. Therefore, to the extent the Debtors fail to remit payment to the credit card companies for valid and legitimate Reimbursable Expenses, the credit card companies may seek to collect such unpaid amounts directly from the Employees, which may negatively impact the Employees' credit.

132. All Reimbursable Expenses were incurred as business expenses on the Debtors' behalf and with the understanding that the Employees would be reimbursed in the normal course. The Debtors estimate that, as of the Petition Date, less than $15,000 was owed on account of outstanding Reimbursable Expenses to Employees. Accordingly, to avoid harm to individual Employees, the Debtors seek authorization, in their sole discretion, to pay the Reimbursable Expenses to the Employees in the ordinary course of business.

133. The Debtors offer all of their full-time Employees certain benefits, including health insurance, dental insurance, vision care, flexible spending accounts, a 401(k)/profit sharing plan, term life insurance, accidental death and disability insurance, short-term disability,

long-term disability, and COBRA (collectively the "Employee Benefits"). The Debtors seek to continue to provide the Employee Benefits on a postpetition basis, and to honor all prepetition obligations relating thereto.

134. The Debtors offer health care coverage, including prescription drug coverage and dental and vision care, to approximately 401 full-time Employees and their dependents. The Debtors pay for all health care benefits of their Canadian Employees and share the cost of providing these benefits with their U.S. Employees. In addition, the Debtor fund a portion of the health care benefits offered to their U.S. Employees, the rest of which are funded by the U.S. Employees through funds withheld from their paychecks. In 2010, the Debtors paid approximately $1.6 million for Employee health care benefits.

135. The Debtors offer their full-time Employees a medical plan, dental plan, and flexible spending reimbursement accounts (the "Medical and Dental Benefits") through Anthem Blue Cross and United Concordia Dental. The Medical and Dental Benefits represent an integral component of each Employee's employment, and without these benefits the Debtors believe they would be unable to retain all of their personnel. Additionally, discontinuance of these benefits would impose a severe hardship on the Employees and their families.

136. The Debtors believe that they have paid all administrative costs that have come due prior to the Petition Date. However, to the extent that any premiums due for the Medical and Dental Benefits or any claims in connection therewith, insofar as such premiums and claims relate to the prepetition period, remain unpaid on the Petition Date, the Debtors are seeking authorization to pay those amounts.

137. The Debtors provide workers' compensation insurance for their Employees at the statutorily-required level for each state in which the Debtors have business operations. As of the Petition Date, the Debtors do not believe they owe any prepetition amounts on account of

workers' compensation insurance. However, out of an abundance of caution, the Debtors request authority to pay any petition amounts that may be outstanding.

138. The Debtors also provide basic life insurance through a premium based insurance policy through Lincoln National Life Insurance Company. Voluntary supplemental life insurance and voluntary long-term and short-term disability are also offered by the Debtors as premium based and fully paid by the employee through payroll deductions. As of the Petition Date, the Debtors do not believe they owe any prepetition amounts on account of life insurance. However, out of an abundance of caution, the Debtors request authority to pay any petition amounts that may be outstanding.

139. The Debtors maintain a qualified defined contribution savings plan for the benefit of all eligible Employees meeting the requirements of section 401(k) of the Internal Revenue Code. The Debtors provide a 401(k) plan for Employees that have worked for the Debtors for at least three consecutive months. Employees may elect to contribute between 1% and 15% of their pay, or up to federally regulated dollar maximum per calendar year. The Debtors have the discretion to make matching contributions under the 401(k) plan. As of the Petition Date, the Debtors do not believe they owe any prepetition amounts in connection with the 401(k) plan. However, out of an abundance of caution, the Debtors are requesting authority to pay any pre-petition amounts that may be outstanding.

140. In the ordinary course, the Debtors deduct from their Employees' paychecks (a) payroll taxes and the Employees' portion of FICA and unemployment taxes, (b) Employee contributions to 401(k) plans and 401(k) loan repayments (the "401(k) Deductions"); (c) Employee voluntary insurance premiums, (d) Employee health benefit premiums and reimbursement/savings accounts; and (e) legally ordered deductions such as wage garnishments, child support and tax levies (collectively, the "Employee Deductions").

141. Due to the commencement of these cases, funds may have been deducted from Employee paychecks but may not have been forwarded to appropriate third-party recipients. Failure to forward the 401(k) Deductions to the 401(k) plan administrator may be a violation of the Employee Retirement Income Security Act of 1974, potentially resulting in the Debtors' officers and directors being held personally liable for such amounts. The Debtors are seeking authority to forward the Employee Deductions to the appropriate parties.

142. If the Debtors fail to pay or honor the Employees' prepetition compensation, reimbursement procedures and Employee benefits, the Employees will suffer extreme personal hardship and in many cases will be unable to pay their basic living expenses. This clearly would destroy Employee morale and result in unmanageable Employee turnover during the critical early stages of these Chapter 11 Cases. The Debtors submit that any significant deterioration in morale at this time will substantially and adversely impact the Debtors and their ability to maximize the value of the their estates, thereby resulting in immediate and irreparable harm to the Debtors and their estates.

143. The Debtors do not believe that any of their current Employees are owed amounts for services rendered prior to the Petition Date in excess of the $11,725 amount to which such employee would be entitled to priority under section 507 of the Bankruptcy Code.

144. The Debtors further submit that the amounts to be paid the Employees pursuant to their motion are reasonable compared with the importance and necessity of preserving Employee loyalty and morale, and with the difficulties and losses the Debtors likely will suffer if those amounts are not paid. Failure to pay the current employees for their prepetition services in full would likely hinder the Debtors' ability to maximize the value of their assets and to administer these Chapter 11 Cases in an orderly fashion.

C. **Sale Related Motion**

Debtors' Motion Pursuant to 11 U.S.C. §§ 105(a), 363, 365 and Fed. R. Bankr. P. 2002, 6004, 6006 For (I) Entry of an Order (A) Approving Bidding Procedures; (B) Granting Certain Bid Protections; (C) Approving Form and Manner of Sale Notices; (D) Setting Sale Hearing Date in Connection with Sale of Substantially all of Debtors' Assets; and (II) Entry of an Order (A) Approving the Sale of Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; (C) the Assumption of Certain Liabilities; and (D) Granting Certain Related Relief

145. As set forth in detail above, the Debtors, with the assistance of their advisers, actively marketed the company since late January 2011, focusing on a sale of substantially all of their assets as a going concern. Even before the Petition Date, the Debtors conducted a well-orchestrated sales process targeting the company's universe of potential strategic and financial buyers in an effort to maximize the value of the Acquired Assets.

146. As a result of their efforts, the Debtors have identified a Purchaser of the Acquired Assets and executed the Agreement with the Purchaser for the purchase of the Acquired Assets for the aggregate price of $35.5 million, subject to a working capital adjustment, plus an earn out and assumption of certain liabilities.

147. The Debtors have determined that a prompt Sale of the Acquired Assets is the best way to maximize the value of the Acquired Assets for their respective estates and creditors.

148. The Debtors have sound business justifications for selling the Acquired Assets at this time. While the Debtors currently have limited access to capital, they are endowed with a strong customer base, well-respected brands, and solid operations. Accordingly, the Debtors have determined that the best option for maximizing the value of their estates for the benefit of their creditors is through the Sale of all or a portion of the Acquired Assets.

149. The Sale of any of the Debtors' Acquired Assets will be subject to competing bids, enhancing the Debtors' ability to receive the highest or otherwise best value for the Acquired Assets. Consequently, the fairness and reasonableness of the consideration to be

received by the Debtors will ultimately be demonstrated by a "market check" through the auction process, which is the best means for establishing whether a fair and reasonable price is being paid.

150. To provide the Purchaser with an incentive and compensation for entering into the Agreement and for the extensive fees and costs it will incur by serving as the stalking horse purchaser, the Debtors have agreed to a Break-Up Fee. The Debtors believe that offering the Break-Up Fee to the Purchaser will benefit the Debtors' estates by establishing a floor and promoting more competitive bidding. Without such a fee, bidding on the Debtors' Acquired Assets would likely be reduced. The availability of the Bid Protections is necessary in order to provide the Purchaser with some assurance that it will be compensated for the time and expense it has spent in putting together its offer for the Acquired Assets and for the risk that arises from participating in the Sale and subsequent bidding process as the stalking horse bidder.

151. The Debtors believe that the Bidding Procedures are appropriate to ensure that the bidding process is fair and reasonable and will yield the maximum value for their estates and creditors. The Bidding Procedures proposed are designed to maximize the value received for the Acquired Assets by facilitating a competitive bidding process in which all potential bidders are encouraged to participate and submit competing bids. The Bidding Procedures provide potential bidders with sufficient notice and an opportunity to acquire information necessary to submit a timely and informed bid. At the same time, the Bidding Procedures provide the Debtors with the opportunity to consider all competing offers and to select the highest and best offer for portions of the Acquired Assets or the Acquired Assets as a whole as determined by the Debtors.

I believe that the commencement of this Chapter 11 Cases is in the best interests of the Debtors' stakeholders and other parties-in-interest. As it did during the prepetition period, the

Debtor, with the assistance of its professionals, will continue to maintain and enhance the going concern value of the companies while pursuing its reorganization strategy.

I declare under penalty of perjury that the forgoing is true and correct.

Dated: December 12, 2011

Brian N. Mittman
President of CEO of the Debtors

EXHIBIT “B”

EXHIBIT "B"

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
HARTFORD COMPUTER HARDWARE,	)	
INC., *et al.*,[1]	)	Case No. 11-49744 (PSH)
	)	(Joint Administration Pending)
Debtors.	)	
	)	Hon. Pamela S. Hollis

INTERIM AND PROPOSED FINAL ORDER(I) PROHIBITING UTILITIES FROM ALTERING, REFUSING, OR DISCONTINUING SERVICES TO, OR DISCRIMINATING AGAINST, THE DEBTORS; (II) DETERMINING THAT THE UTILITIES ARE ADEQUATELY ASSURED OF FUTURE PAYMENT; (III) ESTABLISHING PROCEDURES FOR DETERMINING REQUESTS FOR ADDITIONAL ASSURANCE; AND (IV) PERMITTING UTILITY COMPANIES TO OPT OUT OF THE PROCEDURES ESTABLISHED HEREIN

This matter coming before the Court on the Motion of the Debtors for Interim and Final Orders: (I) Prohibiting Utilities from Altering, Refusing or Discontinuing Services to, or Discriminating Against the Debtors; (II) Determining That the Utilities are Adequately Assured of Future Payment; (III) Establishing Procedures for Determining Requests for Additional Assurance; and (IV) Permitting Utility Companies to Opt Out of the Procedures Established Herein (the "Motion")[2]; the Court having reviewed the Motion and the Declaration in Support of First Day Relief; the Court having found that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) venue is proper in this district pursuant to 28 U.S.C. § 1408 and 1409, (c) this is a core proceeding pursuant to 28 U.S.C. § 157(b), (d) notice of the Motion having been sufficient under the circumstances; and the Court having determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein;

[1] The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).

[2] Capitalized terms not defined herein shall have the meaning given to them in the Motion.

IT IS HEREBY ORDERED as follows:

1. The Motion is GRANTED.

2. All objections to the Motion or the relief requested therein that have not been made, withdrawn, waived, or settled, and all reservations of rights included therein, hereby are overruled on the merits.

3. Notice of the Motion was proper, timely, adequate and sufficient under the particular circumstances.

4. Subject to the procedures described below, no Utility Company may (a) alter, refuse, terminate, or discontinue utility services to, and/or discriminate against, the Debtors on the basis of the commencement of these chapter 11 cases or on account of outstanding prepetition invoices or (b) require additional assurance of payment, other than the Proposed Adequate Assurance, as a condition to the Debtors receiving such utility services pending the entry of a Final Order or this Order becoming a Final Order as set forth below.

5. Utility Companies (excluding De Minimis Providers) shall be entitled to an Adequate Assurance Deposit in the amount set forth on Exhibit A to the Motion, within twenty days of the first day hearing (the "First Day Hearing"), provided that such Utility Company is not currently paid in advance for its services or holding a deposit (after taking into account any valid offsets of the Debtors' prepetition debts against such deposit under applicable law) equal to or greater than the Adequate Assurance Deposit (which remaining deposit shall be deemed to be the Adequate Assurance Deposit for purposes of this Order).

6. As a condition of accepting an Adequate Assurance Deposit, the accepting Utility Company shall be deemed to have stipulated that the Adequate Assurance Deposit constitutes adequate assurance of future payment to such Utility Company within the meaning of section

366 of the Bankruptcy Code, and shall further be deemed to have waived any right to seek additional adequate assurance during the Debtors' bankruptcy cases, unless the Utility Company makes an additional adequate assurance request (each, an "Additional Assurance Request") at least five days prior to the final hearing date (the "Final Hearing Date") on the Motion as set by the Court (the "Request Deadline").

7. Any Adequate Assurance Deposit requested by, and provided to, any Utility Company pursuant to the procedures described herein shall be returned to the Debtors at the conclusion of these chapter 11 cases, if not returned or applied earlier.

8. The following Adequate Assurance Procedures are approved in all respects:

a. Any Utility Company desiring assurance of future payment for utility service beyond the Proposed Adequate Assurance must serve an Additional Assurance Request so that it is received by the Debtors' counsel by the Request Deadline at the following address: Katten Muchin Rosenman LLP, 525 W. Monroe Street, Chicago, Illinois 60661 (Attn: John P. Sieger, Esq.).

b. Any Additional Assurance Request must (i) be made in writing, (ii) set forth the location(s) for which utility services are provided and the relevant account number(s), (iii) describe any deposits, prepayments or other security currently held by the requesting Utility Company, (iv) describe any payment delinquency or irregularity by the Debtors for the postpetition period, and (v) specify the amount and nature of assurance of payment that would be satisfactory to the Utility Company. Any Additional Assurance Request that fails to meet these requirements shall be deemed an invalid request for adequate assurance.

c. Upon the Debtors' receipt of an Additional Assurance Request at the addresses set forth above, the Debtors shall have the greater of (i) 14 days from the receipt of such Additional Assurance Request or (ii) 30 days from the Petition Date (collectively, the "Resolution Period") to negotiate with the requesting Utility Company to resolve its Additional Assurance Request. The Resolution Period may be extended by agreement of the Debtors and the applicable Utility Company.

d. The Debtors, in their discretion, may resolve any Additional Assurance Request by mutual agreement with the requesting Utility Company and without further order of the Court, and may, in connection with any such

resolution, in their discretion, provide the requesting Utility Company with additional assurance of future payment in a form satisfactory to the Utility Company, including, but not limited to, cash deposits, prepayments and/or other forms of security, if the Debtors believe such additional assurance is reasonable.

e. If the Debtors determine that an Additional Assurance Request is not reasonable, and are not able to resolve such request during the Resolution Period, the Debtors, during or immediately after the Resolution Period, will request a hearing before this Court to determine the adequacy of assurances of payment made to the requesting Utility Company (the "Determination Hearing"), pursuant to section 366(c)(3)(A) of the Bankruptcy Code.

f. Pending the resolution of the Additional Assurance Request at a Determination Hearing, the Utility Company making such request shall be restrained from discontinuing, altering or refusing service to the Debtors on account of unpaid charges for prepetition services or on account of any objections to the Proposed Adequate Assurance.

g. Other than through the Opt-Out Procedures, any Utility Company that does not comply with the Adequate Assurance Procedures is deemed to find the Proposed Adequate Assurance satisfactory to it and is forbidden from discontinuing, altering or refusing service on account of any unpaid prepetition charges, or requiring additional assurance of payment (other than the Proposed Adequate Assurance).

9. The following Opt-Out Procedures are approved in all respects:

a. A Utility Company that desires to opt-opt of the Determination Procedures must file an objection (a "Procedures Objection") with the Court and serve such Procedures Objection so that it is *actually received* within 15 days of entry of this Order by the Debtors at the following address: Katten Muchin Rosenman LLP, 525 W. Monroe Street, Chicago, Illinois 60661 (Attn: John P. Sieger, Esq.).

b. Any Procedures Objection must (i) be made in writing; (ii) set forth the location(s) for which utility services are provided and the relevant account number(s); (iii) describe any deposits, prepayments or other security currently held by the objecting Utility Company; (iv) explain why the objecting Utility Company believes the Proposed Adequate Assurance is not sufficient adequate assurance of future payment; and (v) identify, and explain the basis of, the Utility Company's proposed adequate assurance requirement under section 366(c)(2) of the Bankruptcy Code.

c. The Debtors, in their discretion, may resolve any Procedures Objection by mutual agreement with the objecting Utility Company and without further order of the Court, and may, in connection with any such resolution and in its discretion, provide a Utility Company with assurance of future payment, including, but not limited to, cash deposits, prepayments or other forms of security, if the Debtors believe such assurance of payment is reasonable.

d. If the Debtors determine that a Procedures Objection is not reasonable and is not able to reach a prompt alternative resolution with the objecting Utility Company, the Procedures Objection will be heard at the Final Hearing.

e. Any Utility Company that does not timely file a Procedures Objection is deemed to consent to, and shall be bound by, the Adequate Assurance Procedures.

10. The Debtors are authorized, as necessary, to provide notice and a copy of the Interim Order (which, for purposes of this paragraph, shall be the Final Order after entry of such Final Order) to the Utility Companies not listed on the Utility Service List (collectively, the "Additional Utility Companies"), as such Utility Companies are identified. The Interim Order, including the Adequate Assurance Procedures, shall apply to any Additional Utility Companies; provided, however, that (a) the Opt-Out Procedures shall apply only to the extent that a Procedures Objection made by an Additional Utility Company is filed with the Court and submitted to the Debtors' counsel no later than 4:00 p.m. (CST) on the date that is the earlier of (i) five business days before the Final Hearing or (ii) 10 days after service of the Interim Order on such Additional Utility Company and (b) the deadline for an Additional Utility Company to submit an Additional Assurance Request under the Adequate Assurance Procedures will be 25 days after the date the Interim Order is served upon such Additional Utility Company.

11. A Final Hearing to resolve any Procedures Objections shall be conducted on JAN 26, 2012 at 10:30 a.m., Central Time.

12. A Utility Company shall be deemed to have adequate assurance of payment under section 366 of the Bankruptcy Code unless and until: (a) the Debtors, in their discretion, agree to (i) an Additional Assurance Request or (ii) an alternative assurance of payment with the Utility Company during the Resolution Period; or (b) this Court enters an order at the Final Hearing or any Determination Hearing requiring that additional adequate assurance of payment be provided.

13. Nothing herein constitutes a finding that any entity is or is not a Utility Company hereunder or under section 366 of the Bankruptcy Code, whether or not such entity is listed on the Utility Service List.

14. The Debtors shall serve a copy of this Order on each Utility Company listed on the Utility Service List within two business days of the date this Order is entered.

15. The terms and conditions of this Order shall be effective and enforceable immediately upon its entry. This Order shall be deemed to be the Final Order with respect to any Utility Company that does not file a timely Procedures Objection as described herein.

16. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this order.

Dated: DEC 15 2011, 2011

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT “C”

EXHIBIT "C"

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
HARTFORD COMPUTER HARDWARE, INC., *et al.*,[1]	)	Case No. 11-49744 (PSH)
	)	(Joint Administration Pending)
	)	
Debtors.	)	Hon. Pamela S. Hollis

INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO OBTAIN POST-PETITION FINANCING PURSUANT TO 11 U.S.C. § 364, (II) AUTHORIZING THE USE OF CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363, (III) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED LENDER PURSUANT TO 11 U.S.C. §§ 361 AND 363, AND (IV) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001

Upon the motion of Hartford Computer Group, Inc., Nexicore Services, LLC, Hartford Computer Hardware, Inc., and Hartford Computer Government, Inc., the debtors and debtors in possession (the "Debtors") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), dated December 12, 2011 (the "Motion") [Docket No. 13], (a) seeking the entry of an interim order (the "Order") and a final order (the "Final Order"): (i) authorizing the Debtors to enter into a senior secured post-petition loan agreement (the "DIP Facility"), pursuant to section 364 of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code"), with Delaware Street Capital Master Fund, L.P. ("Delaware Street" or the "DIP Lender"), in substantially the form attached hereto as Exhibit A (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "DIP Credit Agreement"), pursuant to the terms of this Order, the DIP Credit Agreement, and any related documents required to be delivered by or in connection with the DIP Credit Agreement, including, without limitation, any security agreements, pledge agreements, UCC financing statements, and other collateral documents (collectively with the DIP Credit Agreement, the "DIP Credit

[1] The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).

Documents") and to perform such other and further acts as may be required in connection with the DIP Credit Documents; (ii) granting security interests, liens, and superpriority claims (including a superpriority administrative claim pursuant to section 364(c)(1) of the Bankruptcy Code, liens pursuant to sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code, and priming liens pursuant to section 364(d) of the Bankruptcy Code) to the DIP Lender to secure all obligations of the Debtors under and with respect to the DIP Facility; (iii) authorizing Debtors' use of the Cash Collateral (as hereinafter defined) solely on the terms and conditions set forth in this Order and in the DIP Credit Agreement; and (iv) granting adequate protection to Delaware Street in its capacity as the Prepetition Secured Lender (as hereinafter defined); (b) requesting, pursuant to Rule 4001 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), that an emergency interim hearing (the "Interim Hearing") on the Motion be held for the Court to consider entry of this Order; and (c) requesting, pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2), that the Court (i) schedule a final hearing (the "Final Hearing") on the Motion within thirty (30) days of the Petition Date (as hereinafter defined) to consider entry of the Final Order attached hereto as Exhibit B, and (ii) approve certain notice procedures with respect thereto; and the Interim Hearing having been held by this Court on December 15, 2011; and the Court having considered the Motion and all pleadings related thereto, including the record made by the Debtors at the Interim Hearing; and after due deliberation and consideration, and good and sufficient cause appearing therefor:

THE COURT HEREBY FINDS AND CONCLUDES AS FOLLOWS:

A. On December 12, 2011 (the "Petition Date"), the Debtors filed with this Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are continuing to operate their businesses and are managing their respective properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner and no official committee of unsecured creditors has been appointed in these Chapter 11 Cases.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

C. The Debtors have provided notice of the Motion and the Interim Hearing by facsimile, electronic mail, or overnight mail to: (i) the Office of the United States Trustee (the "U.S. Trustee"); (ii) the thirty (30) largest unsecured creditors of the Debtors; (iii) counsel to the DIP Lender; (iv) counsel to the Prepetition Secured Lender; (v) all known parties with liens of record on assets of the Debtors as of the Petition Date; (vi) all financial institutions at which the Debtors maintain deposit accounts; (vii) the landlords for all non-residential real properties occupied by the Debtors as of the Petition Date; (viii) the Internal Revenue Service; and (ix) all other parties requesting notice pursuant to Bankruptcy Rule 2002. The Court concludes that the foregoing notice was sufficient and adequate under the circumstances and complies with Bankruptcy Rule 4001 in all respects.

D. Without prejudice to the rights of any other party, but subject to the limitations thereon set forth in paragraph 29 below, the Debtors admit, stipulate and agree that:

(1) Pursuant to that certain Loan and Security Agreement dated as of December 17, 2004 (as amended, supplemented or otherwise modified prior to the date hereof, the "Prepetition Credit Agreement"), by and among, on the one hand, Hartford Computer Group, Inc., and Nexicore Services, LLC, as the borrowers, and by Hartford Computer Hardware, Inc., and Hartford Computer Government, Inc., as the guarantors, and, on the other hand, Delaware Street as the lender (the "Prepetition Secured Lender"), the Prepetition Secured Lender made certain loans and other financial accommodations to or for the benefit of the Debtors. In connection with the Prepetition Credit Agreement, the Debtors entered into certain collateral and ancillary documentation with the Prepetition Secured Lender (such collateral and ancillary documentation collectively with the Prepetition Credit Agreement, the "Prepetition Credit Documents"). All

obligations of the Debtors arising under the Prepetition Credit Documents, including all loans, advances, debts, liabilities, principal, interest, fees, swap exposure, charges, expenses, indemnities, and obligations for the performance of covenants, tasks or duties, or for the payment of monetary amounts owing to the Prepetition Secured Lender by the Debtors, of any kind or nature, whether or not evidenced by any note, agreement or other instrument, shall hereinafter be referred to as the "Prepetition Obligations."

(2) As of December 1, 2011, the Debtors were truly and justly indebted to the Prepetition Secured Lender pursuant to the Prepetition Credit Documents, without defense, counterclaim or offset of any kind, in the following aggregate amounts in respect of loans and other financial accommodations made by the Prepetition Secured Lender pursuant to and in accordance with the terms of the Prepetition Credit Documents, not including (i) interest accruing after December 1, 2011 and (ii) fees: (a) Revolver Loan: $9,076,302 (the "Prepetition Revolving Debt"); (b) Term Loan A: $27,482,409; Term Loan B: $12,660,490; Term Loan C: $5,748,432; Term Loan D: $6,965,575; Term Loan E: $8,640,407 (Term Loan A, B, C, D, and E, collectively, the "Prepetition Term Debt").

(3) In addition as of the Petition Date, the Debtors were further truly and justly indebted to the Prepetition Secured Lender pursuant to the Prepetition Credit Documents, without defense or setoff of any kind, in the aggregate amounts of (i) all other accrued or hereafter accruing and unpaid interest on the Prepetition Revolving Debt and the Prepetition Term Debt, (ii) all unpaid fees and expenses (including the fees and expenses of attorneys and financial advisors for the Prepetition Secured Lender) now or hereafter due under the Prepetition Credit Documents, and (iii) any other obligations of the Debtors under the Prepetition Credit Documents.

(4) Pursuant to the Prepetition Credit Documents, the Prepetition Obligations are secured by valid, duly perfected first-priority security interests in and continuing liens on substantially all of the assets and property of the Debtors, including, but not limited to, all personal

and fixture property of every kind and nature, including without limitation, all goods (including inventory, equipment, and any accessions thereto), instruments, documents, accounts receivable, chattel paper (including electronic chattel paper), the Debtors' lockbox and cash concentration account, letter of credit rights, commercial tort claims, securities and all other investment property, insurance claims and proceeds, intellectual property, and all general intangibles, and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing, in each case wherever located, whether then owned or existing or thereafter acquired or arising. All collateral granted or pledged by the Debtors to the Prepetition Secured Lender pursuant to the Prepetition Credit Documents shall collectively be referred to herein as the "Prepetition Collateral."

(4) Substantially all of the Debtors' cash, including, without limitation, all cash and other amounts on deposit or maintained in the Debtors' lockbox and cash concentration account by the Debtors and any amounts generated by collection of the Debtors' accounts receivable, the sale of the Debtors' inventory, or any other disposition of the Prepetition Collateral constitutes proceeds of the Prepetition Collateral and therefore constitutes cash collateral of the Prepetition Secured Lender within the meaning of section 363(a) of the Bankruptcy Code (the "Cash Collateral").

(5) All Prepetition Credit Documents executed and delivered by the Debtors to the Prepetition Secured Lender are valid and enforceable by the Prepetition Secured Lender against the Debtors. The Prepetition Secured Lender duly perfected its liens upon and security interests in the Prepetition Collateral in accordance with applicable law. The liens and security interests of the Prepetition Secured Lender in the Prepetition Collateral, as security for the Prepetition Obligations, constitute valid, binding, enforceable and perfected first priority liens and security interests and are not subject to avoidance, disallowance, subordination or re-characterization pursuant to the Bankruptcy Code or applicable non-bankruptcy law (except insofar as such liens are subordinated to the DIP Liens, and the Carve-Out (as each term is

hereinafter defined) in accordance with this Order).

(6) The Prepetition Obligations constitute legal, valid and binding obligations of the Debtors, no offsets, defenses or counterclaims to the Prepetition Obligations exist, and no portion of the Prepetition Obligations is subject to avoidance, disallowance, reduction, subordination or re-characterization pursuant to the Bankruptcy Code or applicable non-bankruptcy law. The Debtors have no valid claims (as such term is defined in section 101(5) of the Bankruptcy Code) or causes of action against the Prepetition Secured Lender with respect to the Prepetition Credit Documents or otherwise, whether arising at law or at equity, including, without limitation, any re-characterization, subordination, avoidance or other claims arising under or pursuant to sections 105, 510 or 542 through 553, inclusive, of the Bankruptcy Code. The Debtors irrevocably waive any right to (i) challenge or contest the liens or security interests of the Prepetition Secured Lender in the Prepetition Collateral, (ii) challenge or contest the validity of the Prepetition Obligations, or (iii) assert any claims or causes of action against the Prepetition Secured Lender or any of its affiliates, agents, attorneys, financial advisors, officers, managers, directors or employees under the Bankruptcy Code or applicable non-bankruptcy law.

E. The Debtors have an immediate and critical need to obtain post-petition financing under the DIP Facility in order to operate their businesses as Debtors in Possession and comply with their obligations as Debtors in Possession.

F. The Debtors also have an immediate and critical need to use Cash Collateral pursuant to the terms of this Order to, among other things, finance the ordinary costs of their operations, maintain business relationships with vendors, suppliers and customers, make payroll, and satisfy other working capital and operational needs. The Debtors' access to sufficient working capital and liquidity through the use of Cash Collateral pursuant this Order is vital to the preservation and maintenance of the going concern value of the Debtors' estates. Consequently, without the continued use of Cash Collateral by the

Debtors, to the extent authorized pursuant to this Order, the Debtors and their estates would suffer immediate and irreparable harm.

G. The Debtors are unable to obtain (i) adequate unsecured credit allowable either under (a) sections 364(b) and 503(b)(1) of the Bankruptcy Code or (b) section 364(c)(1) of the Bankruptcy Code, (ii) adequate credit secured either by (x) a senior lien on unencumbered assets of their estates under section 364(c)(2) of the Bankruptcy Code or (y) a junior lien on encumbered assets of their estates under section 364(c)(3) of the Bankruptcy Code, or (iii) secured credit under section 364(d)(1) of the Bankruptcy Code from sources other than the DIP Lender on terms more favorable than the terms of the DIP Facility. The only funding available to the Debtors is the DIP Facility.

H. The DIP Lender has represented to the Court that it is willing to provide the Debtors with certain financing commitments but solely on the terms and conditions set forth in this Order and the DIP Credit Documents. After considering all of their alternatives, the Debtors have concluded, in an exercise of their sound business judgment, that the financing to be provided by the DIP Lender pursuant to the terms of this Order and the DIP Credit Documents represents the best post-petition financing presently available to the Debtors.

I. The Prepetition Secured Lender has represented to the Court that it is prepared to consent to: (i) the imposition of certain liens under section 364(d)(1) of the Bankruptcy Code in favor of the DIP Lender, but solely on the terms and conditions set forth in this Order and in the DIP Credit Documents, which liens will prime the Primed Liens (as hereinafter defined), and (ii) the Debtors' use of the Prepetition Collateral (including the Cash Collateral), provided that the Court authorizes the Debtors, pursuant to sections 361, 363 and 364 of the Bankruptcy Code, to grant to the Prepetition Secured Lender, as adequate protection for the Adequate Protection Obligations (as hereinafter defined), but subject to the Carve-Out (a) replacement security interests in and liens and mortgages upon (collectively, the "Adequate Protection Liens") all of the DIP

Collateral (as hereinafter defined), and (b) a superpriority administrative expense claim under section 507(b) of the Bankruptcy Code (the "Adequate Protection Priority Claim"), which Adequate Protection Priority Claim shall be subordinate in priority only to the Carve-Out, and the superpriority claim under section 364(c)(1) of the Bankruptcy Code in favor of the DIP Lender. The Adequate Protection Liens and the Adequate Protection Priority Claim shall secure the payment of the Prepetition Obligations in an amount equal to any diminution in the value of the Prepetition Secured Lender's interests in the Prepetition Collateral, including the Cash Collateral from and after the Petition Date (the aggregate amount of such diminution, the "Adequate Protection Obligations") including, without limitation, any diminution resulting from: (i) the Debtors' use of the Prepetition Collateral, (ii) the imposition of the DIP Liens, which will prime the Primed Liens, and (iii) the imposition of the automatic stay pursuant to section 362(a) of the Bankruptcy Code or any comparable provision under Canadian Law. The Adequate Protection Liens shall be junior to the Carve-Out, the DIP Liens, and the Permitted Liens (as hereinafter defined) with respect to the collateral encumbered by any Permitted Liens to the extent such Permitted Liens are senior to the liens securing the Prepetition Obligations.

J. The consent of the Prepetition Secured Lender to the priming of its liens by the DIP Liens is limited to the DIP Facility presently before the Court, with Delaware Street as the DIP Lender, and shall not extend to any other post-petition financing or to any modified version of such DIP Facility. Furthermore, the consent of the Prepetition Secured Lender to the priming of its liens by the DIP Liens does not constitute, and shall not be construed as constituting, an acknowledgment or stipulation by the Prepetition Secured Lender that its interests in the Prepetition Collateral are adequately protected pursuant to this Order or otherwise. The Prepetition Secured Lender does not consent to the Debtors' use of the Prepetition Collateral, including the Debtors' use of the Cash Collateral, except on the terms of this Order.

K. The security interests and liens granted pursuant to this Order to the DIP Lender are appropriate under section 364(d) of the Bankruptcy Code because, among other things: (i) such security interests and liens do not impair the interests of any holder of a valid, perfected, and non-avoidable prepetition security interest in or lien upon the property of the Debtors' estates, or (ii) the holders of such valid, perfected, prepetition security interests and liens have consented to the security interests and priming liens granted pursuant to this Order to the DIP Lender.

L. Good cause has been shown for immediate entry of this Order pursuant to Bankruptcy Rules 4001(b)(2) and (c)(2). In particular, the authorization granted herein for Debtors to continue using Cash Collateral and for the Debtors to execute the DIP Credit Documents and obtain interim financing in an amount not to exceed $2,750,000, including on a priming lien basis, is necessary to avoid immediate and irreparable harm to the Debtors and their estates. Entry of this Order is in the best interest of the Debtors, their estates and creditors. The terms of the DIP Credit Documents and the terms of the Debtors' continued use of Cash Collateral pursuant to this Order are fair and reasonable under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

M. The Debtors, the DIP Lender, and the Prepetition Secured Lender have negotiated the terms and conditions of the DIP Credit Documents and this Order (including the Debtors' use of Cash Collateral pursuant hereto) in good faith and at arm's-length, and any credit extended and loans made to the Debtors pursuant to this Order and the DIP Credit Documents shall be, and hereby are, deemed to have been extended, issued or made, as the case may be, in "good faith" within the meaning of section 364(e) of the Bankruptcy Code.

N. Based on the foregoing, and upon the record made before this Court at the Interim Hearing, and good and sufficient cause appearing therefore,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is approved on the terms and conditions set forth in this Order. Any objections to the Motion that have not previously been withdrawn or resolved are hereby overruled on the merits. This Order shall become effective and binding upon all parties in interest immediately upon its entry. To the extent the terms of the DIP Credit Documents differ in any material respect from the terms of this Order, this Order shall control and all references terms or provisions of the DIP Credit Agreement and the DIP Credit Documents in this Order are qualified to the extent that they are ineffective to the extent inconsistent with any express term of this Order. Without limiting the generality of the foregoing, the Debtors shall have no obligation to pay any fees or expenses of the DIP Lender, and shall have no indemnification obligations to the DIP Lender, prior to entry of the Final Order.

2. The Debtors are hereby authorized to execute the DIP Credit Documents, including the DIP Credit Agreement and such additional documents, instruments, and agreements as may be reasonably required by the DIP Lender to implement the terms or effectuate the purposes of this Order.

3. The Debtors are hereby authorized to use the Cash Collateral and to incur DIP Obligations (as hereinafter defined) solely in accordance with the Budget (as hereinafter defined) and the other terms and conditions set forth in the DIP Credit Agreement and in this Order; *provided, however*, that the Debtors authority to incur DIP Obligations under the DIP Credit Documents and this Order shall be limited to $2,750,000 (the "Interim Borrowing Limit") pending the entry of a Final Order; *and provided further*, that $750,000 of the Interim Borrowing Limit may be used to post cash collateral backing a letter of credit for Sony Corporation (the "Sony LC") so long as: (a) the terms of the Sony LC provide that it may only be drawn to pay post-petition obligations of the Debtors to Sony Corporation; (b) the terms of the Sony LC are substantially similar to the terms of the letter of credit posted by the Debtors for Sony Corporation prior to the Petition Date, and (c) the terms of the Sony LC are acceptable to the

DIP Lender in its reasonable discretion.

4. [Intentionally Omitted.]

5. Upon execution and delivery of the DIP Credit Documents, the DIP Credit Documents shall constitute valid and binding obligations of the Debtors and shall be enforceable against the Debtors in accordance with the terms thereof. No obligation, payment, transfer or grant of security under the DIP Credit Documents or this Order shall be stayed, restrained, voided, voidable, or recoverable under the Bankruptcy Code or under any applicable non-bankruptcy law, or subject to any defense, reduction, setoff, recoupment or counterclaim.

6. [Intentionally Omitted.]

7. All draws made on the DIP Facility and all interest thereon owing by the Debtors to the DIP Lender or any other parties under the DIP Credit Documents and this Order shall hereinafter be referred to as the "DIP Obligations." The DIP Obligations shall: (a) be evidenced by the books and records of the DIP Lender; (b) bear interest and be subject to fees payable at the rates and in the amounts set forth in the DIP Credit Agreement; (c) be secured in the manner set forth in paragraphs 13 and 14 below; (d) be payable in accordance with the terms of the DIP Credit Documents; and (e) comply with and otherwise be governed by the terms of this Order and the terms of the DIP Credit Documents.

8. Subject to the terms and conditions set forth in this Order and in the DIP Credit Documents (including the Budget), the Debtors may use the Cash Collateral to: (a) pay interest, fees and expenses associated with the DIP Facility, as provided in the DIP Credit Documents, and (b) fund its general corporate and working capital requirements (including, without limitation, certain administrative expenses in the Chapter 11 Cases), in each case in accordance with the Budget and the terms of this Order.

9. Attached hereto as Exhibit C is a budget (the "Budget") for the period

commencing on the Petition Date and ending on May 2012. The Budget reflects on a line-item basis the Debtors' anticipated cumulative cash receipts and expenditures on a monthly basis and all necessary and required cumulative expenses which the Debtors expect to incur during each month of the Budget. Subject to the variances permitted under § 14.1 of the DIP Credit Agreement, the Debtors shall not make any payments or other disbursements other than as set forth in the Budget, without the prior written consent of the DIP Lender and the Prepetition Secured Lender. Failure by the Debtors to comply with the Budget variance provisions set forth in this paragraph 9 and in § 14.1 of the DIP Credit Agreement shall constitute an Event of Default under the DIP Credit Agreement and this Order. The Budget shall not be modified without the prior written consent of the DIP Lender and the Prepetition Secured Lender. The Debtors shall comply with all reporting requirements set forth in the DIP Credit Documents and shall provide the Prepetition Secured Lender with such additional financial reports as the Prepetition Secured Lender may reasonably request from time to time.

10. On the earliest to occur of: (a) January 26, 2012 (unless a Final Order, in form and substance acceptable to the DIP Lender, shall have been entered on or before such date); (b) the occurrence of the effective date under any plan of reorganization or liquidation for the Debtors; (c) the closing of the sale or any other disposition by the Debtors of all or any material portion of the Debtors' assets; and (d) the occurrence and continuation of an Event of Default under this Order or the DIP Credit Agreement, the Debtors shall be required to repay the DIP Lender in full and in cash all outstanding DIP Obligations.

11. The Debtors' authority to use Cash Collateral in accordance with this Order and the Budget shall terminate on the earliest to occur (the "Cash Collateral Termination Event") of: (a) January 26, 2012 (unless a Final Order, in form and substance acceptable to the DIP Lender, shall have been entered on or before such date); (b) the occurrence of the effective date under any plan of reorganization or liquidation for the Debtors; (c) the closing of the sale or any other

disposition by the Debtors of all or any material portion of the Debtors' assets; and (d) the occurrence and continuation of an Event of Default under this Order or the DIP Credit Agreement and a determination by the Prepetition Secured Lender, by written notice delivered by hand-delivery, overnight mail, facsimile, or email to counsel for the Debtors, to terminate the Debtors' use of Cash Collateral pursuant to the terms of this Order.

12. The occurrence of any of the events set forth in clauses (a) through (n) below shall constitute an immediate Event of Default under this Order and the DIP Credit Agreement: (a) failure by the Debtors to make any payment to the DIP Lender; (b) failure by the Debtors to comply with any provision of this Order or the DIP Credit Agreement including, without limitation, the Budget variance provisions set forth in § 14.1 of the DIP Credit Agreement and paragraph 9 hereof, and any other affirmative or negative covenants set forth in this Order or the DIP Credit Documents, or any other "Event of Default" shall have occurred and be continuing under and as defined in the DIP Credit Documents; (c) the Debtors shall take any material action in the Chapter 11 Cases that is adverse to the Prepetition Secured Lender or its interests in the Prepetition Collateral; (d) failure by the Debtors to obtain an order of this Court, in form and substance satisfactory to the DIP Lender and the Prepetition Secured Lender, approving the motion for approval of bidding and sale procedures for the sale of all or substantially all of the Debtors' assets by January 15, 2012; (e) any of the Chapter 11 Cases are dismissed or converted to a chapter 7 case, or a chapter 11 trustee, a responsible officer, or an examiner with enlarged powers relating to the operation of the Debtors' business is appointed in any of the Chapter 11 Cases; (f) this Court enters an order granting relief from the automatic stay to the holder or holders of any security interest to permit an exercise of remedies with respect to any of the Debtors' assets; (g) an order is entered reversing, amending, supplementing, staying, vacating or otherwise modifying this Order without the consent of the Prepetition Secured Lender and the DIP Lender; (h) the Debtors create, incur or

suffer to exist any post-petition liens or security interests other than: (A) those granted pursuant to this Order, and (B) any other junior liens or security interests that the Debtors are permitted to incur under the Prepetition Credit Agreement or under the DIP Credit Documents; (i) the filing by the Debtors of any motion, application or adversary proceeding challenging the validity, enforceability, perfection or priority of the liens securing the Prepetition Obligations or asserting any claim or cause of action against and/or with respect to the Prepetition Obligations, the liens securing the Prepetition Obligations, or the Prepetition Secured Lender or any of its affiliates, agents, attorneys, financial advisors, officers, managers, directors or employees (or if the Debtors support any such motion, application or adversary proceeding commenced by any third party); (j) this Court enters an order terminating the Debtors' exclusive period to file a plan of reorganization; (k) the Debtors file, or support the filing of, any plan of reorganization or liquidation that is not acceptable to the DIP Lender and the Prepetition Secured Lender; (l) Brian Mittman ceases to be the Chief Executive Officer of the Debtors; (m) any misrepresentation of a material fact made after the Petition Date by the Debtors or any of their agents to the Prepetition Secured Lender about (A) the financial condition of the Debtors, (B) the nature, extent, location or quality of any Prepetition Collateral, or (iii) the disposition or use of any Prepetition Collateral, including the Cash Collateral; or (n) without the consent of the Prepetition Secured Lender and the DIP Lender, the Debtors file, or support the filing of, a motion seeking the authority for the Debtors to abandon any of the Prepetition Collateral pursuant to section 554 of the Bankruptcy Code or otherwise.

13. As security for the full and timely payment of the DIP Obligations, the DIP Lender is hereby granted, pursuant to sections 364(c)(2), 364(c)(3) and 364(d)(1) of the Bankruptcy Code, valid, enforceable, unavoidable, and fully perfected security interests in and liens and mortgages (collectively, the "DIP Liens") upon all prepetition and post-petition real and personal property of the Debtors (including, without limitation, all right, title and interest in all now owned and hereafter acquired accounts, chattel paper, deposit accounts, cash collateral, cash, money, cash

equivalents, rights with respect to letters of credit, documents, equipment, motor vehicles, fixtures, general intangibles, instruments, inventory, investment property, commercial tort claims, intellectual property, intercompany advances, leasehold interests and fee simple interests in real property and licenses and easements with respect to real property, and all products, accessions and proceeds with respect to any of the foregoing), whether now existing or hereafter acquired or arising and of any nature whatsoever, including, without limitation, (a) all Prepetition Collateral, and (b) all assets of the Debtors that do not constitute Prepetition Collateral and the proceeds thereof ((a) and (b) collectively, the "DIP Collateral").

14. The DIP Liens shall be subject and subordinate to the Carve-Out and shall: (a) pursuant to section 364(c)(2) of the Bankruptcy Code, constitute first priority security interests in and liens upon all DIP Collateral that is not otherwise subject to any valid, perfected, enforceable and non-avoidable lien in existence as of the Petition Date; (b) pursuant to section 364(d)(1) of the Bankruptcy Code, be senior to and prime (i) those liens on the Prepetition Collateral in favor of the Prepetition Secured Lender with respect to the Prepetition Obligations, (ii) any and all valid, perfected, enforceable and non-avoidable liens on the Prepetition Collateral that are junior in priority to the liens of the Prepetition Secured Lender, and (iii) the Adequate Protection Liens ((i), (ii) and (iii) above, collectively, the "Primed Liens"); and (c) pursuant to section 364(c)(3) of the Bankruptcy Code, be immediately junior in priority to any and all valid, properly perfected, enforceable and non-avoidable liens other than the Primed Liens on assets of the Debtors in existence as of the Petition Date, but only to the extent such liens are senior in priority to the Primed Liens (collectively, the "Permitted Liens").

15. The DIP Liens and the Adequate Protection Liens shall not be subject to challenge and shall attach and become valid, perfected, enforceable, non-avoidable and effective by operation of law as of the Petition Date without any further action by the Debtors, the DIP Lender or the Prepetition Secured Lender, and without the necessity of execution by the Debtors, or the

filing or recordation, of any financing statements, security agreements, vehicle lien applications, mortgages, fixture filings, filings with the U.S. Patent and Trademark Office, or other documents. All DIP Collateral shall be free and clear of other liens, claims and encumbrances, except the Primed Liens, the Permitted Liens, the Carve-Out, and other permitted liens and encumbrances as provided in the DIP Credit Documents. If the DIP Lender hereafter requests that the Debtors execute and deliver to the DIP Lender any financing statements, security agreements, collateral assignments, mortgages, fixture filings, or other instruments and documents considered by the DIP Lender to be reasonably necessary or desirable to further evidence the perfection of the DIP Liens, the Debtors are hereby authorized and directed to execute and deliver such financing statements, security agreements, mortgages, fixture filings, collateral assignments, instruments, and documents, and the DIP Lender is hereby authorized to file or record such documents in its discretion, in which event all such documents shall be deemed to have been filed or recorded at the time and on the date of entry of this Order.

16. In addition to the priming liens and security interests granted to the DIP Lender pursuant to this Order, pursuant to section 364(c)(1) of the Bankruptcy Code, all DIP Obligations shall constitute allowed superpriority administrative expense claims (the "Superpriority Claims") with the priority accorded under 364(c)(1), which Superpriority Claims shall, subject to the Carve-Out, be payable from and have recourse to all pre- and post-petition property of the Debtors and all proceeds thereof (except, pending entry of the Final Order, all avoidance actions of the Debtors' estates arising under chapter 5 of the Bankruptcy Code (the "Avoidance Actions") and the proceeds thereof).

17. Upon the occurrence and during the continuation of a Cash Collateral Termination Event, to the extent unencumbered funds are not available to pay administrative expenses in full, the DIP Liens, the Superpriority Claims, and the Primed Liens shall be subject to the payment of the Carve-Out. For purposes of this Order, the "Carve-Out" shall mean,

collectively: (a) all statutory fees payable by the Debtors pursuant to 28 U.S.C. 1930(a)(6) and (b) the sum of (i) any unpaid professional fees and expenses specified in the Budget that were incurred but not paid as of the date of such Cash Collateral Termination Event (provided that such unpaid professional fees and expenses together with all previously paid professional fees and expenses shall not exceed the aggregate amount of professional fees and expenses set forth in the Budget for the period prior to such Cash Collateral Termination Event) of the professionals retained by the Debtors, and any official committee of unsecured creditors (if one is appointed in the Chapter 11 Cases) that are subsequently allowed by order of this Court, in each case only to the extent not subsequently paid, and (ii) any fees and expenses incurred after such Cash Collateral Termination Event by the professionals retained by the Debtors in an aggregate amount not to exceed $150,000. Notwithstanding any other provision of this Order or the DIP Credit Documents, all liens, claims and interests of the DIP Lender and the Prepetition Secured Lender shall be subject and subordinate to the Carve-Out.

18. No portion of the DIP Facility, the DIP Collateral, the Prepetition Collateral, the Cash Collateral, or the Carve-Out, and no disbursements set forth in the Budget, shall be used for the payment of professional fees, disbursements, costs or expenses incurred in connection with asserting any claims or causes of action against the Prepetition Secured Lender or the DIP Lender, or any of their respective affiliates, agents, attorneys, financial advisors, officers, managers, directors or employees, including, without limitation, any action challenging or raising any defenses to the Prepetition Obligations or the DIP Obligations, the liens of the Prepetition Secured Lender or the DIP Lender, or the validity or enforceability of the DIP Credit Documents or the Prepetition Credit Documents; provided, however, that no more than $20,000 of the proceeds of the DIP Collateral may be used by the official committee of unsecured creditors (if one is appointed in the Chapter 11 Cases) to investigate the prepetition liens and claims of the Prepetition Secured Lender.

19. As adequate protection for the payment of the Adequate Protection Obligations and subject to the Carve-Out, the Prepetition Secured Lender shall be granted the Adequate Protection Liens (as defined in paragraph I above) and the Adequate Protection Priority Claim (as defined in paragraph I above). The Adequate Protection Liens shall be junior in priority to the Carve-Out, the DIP Liens, and the Permitted Liens with respect to the collateral encumbered by any such Permitted Liens to the extent such Permitted Liens were senior to the liens of the Prepetition Secured Lender securing the Prepetition Obligations as of the Petition Date, and senior to any other liens. The Adequate Protection Priority Claim shall be junior in priority to the Carve-Out, and the Superpriority Claims and senior to all other administrative claims. As additional adequate protection, (a) except for the DIP Facility and the DIP Liens granted to the DIP Lender pursuant to this Order, the Debtors shall be prohibited from incurring additional indebtedness having priority claims or liens equal to or senior in priority to the Prepetition Obligations or the liens securing such obligations, and (b) the Prepetition Secured Lender shall be entitled to receive all reporting due to the DIP Lender under the DIP Credit Agreement. Without the prior written consent of the DIP Lender and the Prepetition Secured Lender, no portion of the DIP Collateral or the Prepetition Collateral (including any Cash Collateral) shall except as expressly permitted under the terms of the Budget, be used by the Debtors to satisfy chapter 11 administrative expenses.

20. Nothing herein shall preclude the Prepetition Secured Lender from (i) seeking additional adequate protection from the Debtors at any time, (ii) seeking to terminate the Debtors' use of Cash Collateral, or (iii) seeking the payment of all interest accruing under the Prepetition Credit Agreement from and after the Petition Date. Furthermore, nothing herein shall be construed as an acknowledgment or stipulation by the Prepetition Secured Lender that its interests in the Prepetition Collateral are adequately protected.

21. [Intentionally omitted.]

22. [Intentionally omitted.]

23. None of the DIP Liens, the Superpriority Claims, the Adequate Protection Liens, the Adequate Protection Priority Claims or the Carve-Out shall be (a) subject or subordinated to, or made *pari passu* with, any lien that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code, or (b) subject or subordinated to, or made, *pari passu* with, any other lien or security interest, whether under sections 363 or 364 of the Bankruptcy Code or otherwise. The Adequate Protection Liens granted pursuant to this Order shall constitute valid, enforceable and duly perfected security interests and liens upon entry of this Order and the Prepetition Secured Lender shall not be required to file or serve financing statements, notices of lien or similar instruments which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such security interests and liens. Failure by the Debtors to execute any documentation relating to the Adequate Protection Liens shall in no way affect the validity, enforceability, perfection or priority of such Adequate Protection Liens.

24. [Intentionally omitted.]

25. The provisions of this Order shall be binding upon and inure to the benefit of the DIP Lender, the Prepetition Secured Lender, the Debtors, and their respective successors and assigns. The provisions of this Order and any actions taken pursuant thereto (a) shall survive the entry of any order: (i) confirming any plan of reorganization in these Chapter 11 Cases; (ii) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code; or (iii) dismissing the Chapter 11 Cases; and (b) shall continue in full force and effect notwithstanding the entry of any such order, and the claims, liens, and security interests granted pursuant to this Order shall maintain their priority as provided by this Order until all of the DIP Obligations and Adequate Protection Obligations are indefeasibly paid in full and discharged in accordance with the terms of the DIP Credit Agreement and this Order.

26. If any or all of the provisions of this Order are hereafter reversed, modified, vacated or stayed, such reversal, modification, vacatur or stay shall not affect (a) the validity of any DIP Obligations or Adequate Protection Obligations incurred prior to the actual receipt by the DIP Lender or the Prepetition Secured Lender, as applicable, of written notice of the effective date of such reversal, modification, vacatur or stay, or (b) the validity or enforceability of any claim, lien, security interest or priority authorized or created hereby or pursuant to the DIP Credit Documents with respect to any DIP Obligations or Adequate Protection Obligations. Notwithstanding any such reversal, modification, vacatur or stay, any use of Cash Collateral or the incurrence of DIP Obligations or Adequate Protection Obligations by the Debtors prior to the actual receipt by the DIP Lender of written notice of the effective date of such reversal, modification, vacatur or stay, shall be governed in all respects by the provisions of this Order, and the DIP Lender and the Prepetition Secured Lender shall be entitled to all of the rights, remedies, protections and benefits granted under section 364(e) of the Bankruptcy Code, this Order, and the DIP Credit Documents with respect to all uses of Cash Collateral and the incurrence of the DIP Obligations and Adequate Protection Obligations by the Debtors.

27. Notwithstanding anything else herein to the contrary, the DIP Lender and the Prepetition Secured Lender may, upon the occurrence and during the continuation of any Event of Default (under the DIP Credit Documents or this Order), (a) immediately terminate the Debtors' use of Cash Collateral; (b) immediately declare all DIP Obligations to be due and payable; and (c) immediately terminate the lending commitments under the DIP Credit Agreement and, (d) subject to automatic stay, exercise all rights and remedies provided in the DIP Credit Documents and applicable law. The rights and remedies of the DIP Lender and the Prepetition Secured Lender specified herein are cumulative and not exclusive of any rights or remedies that the DIP Lender and the Prepetition Secured Lender may have under the DIP Credit Documents, the Prepetition Credit Documents, or otherwise.

28. The Debtors are hereby authorized, without further order of this Court, to enter into agreements with the DIP Lender providing for any non-material modifications to any DIP Credit Document or the Budget, or for any other modifications to any DIP Credit Document necessary to conform such DIP Credit Document to this Order.

29. The stipulations and admissions contained in this Order, including, without limitation, in recital paragraphs D(1) through D(6) of this Order, shall (a) be binding on the Debtors under all circumstances and (b) subject to and upon entry of the Final Order, be binding upon all other parties in interest unless, and solely to the extent that, (i) no later than the earlier of (A) seventy-five (75) days from the Petition Date and (B) sixty (60) days after the date of appointment of an official committee of unsecured creditors (if one is appointed in the Chapter 11 Cases), a party in interest with requisite standing has timely filed an adversary proceeding or contested matter in this Court (subject to the limitations set forth in paragraph 18 hereof) challenging the amount, validity, or enforceability of the Prepetition Obligations, or the perfection or priority of the Prepetition Secured Lender's liens on and security interests in the Prepetition Collateral, or otherwise asserting any Avoidance Actions or any other claims or causes of action on behalf of the Debtors' estates against the Prepetition Secured Lender or any of its affiliates, agents, attorneys, financial advisors, officers, managers, directors or employees under the Bankruptcy Code or non-bankruptcy law, and (ii) the Court enters a final order in favor of the plaintiff in any such timely filed adversary proceeding or contested matter. If no such adversary proceeding or contested matter is timely filed in respect of the Prepetition Obligations, (x) the Prepetition Obligations shall constitute allowed claims, not subject to counterclaim, setoff, subordination, re-characterization, defense or avoidance, for all purposes in the Chapter 11 Cases and any subsequent chapter 7 case, (y) the liens on the Prepetition Collateral securing the Prepetition Obligations shall be deemed to have been, as of the Petition Date, and to be, legal, valid, binding, and perfected first priority liens not subject to defense, counterclaim, re-characterization, subordination or avoidance, and (z) the

Prepetition Obligations and the liens on the Prepetition Collateral granted to secure the Prepetition Obligations shall not be subject to any other or further challenge by any party-in-interest, and all such parties-in-interest shall be enjoined from seeking to exercise the rights of the Debtors' estates, including without limitation, any successor thereto (including, without limitation, any estate representative or trustee appointed or elected for any of the Debtors' estates). If any such adversary proceeding or contested matter is timely filed, the stipulations and admissions contained herein shall nonetheless remain binding and preclusive (as provided in the second sentence of this paragraph) on all parties-in-interest, except as to any such findings and admissions that were successfully challenged in such adversary proceeding or contested matter.

30. Nothing in this Order shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Lender or the Prepetition Secured Lender any liability for any claims arising from the prepetition or post-petition activities of the Debtors or any of their affiliates.

31. The Final Hearing is scheduled for 10:30 a.m. (prevailing Central Time) on January 26, 2012 before this Court. The Debtors shall promptly serve a notice of entry of this Order and the Final Hearing, together with a copy of this Order, by first class mail, postage prepaid, upon: (i) counsel to the U.S. Trustee; (ii) the twenty (30) largest unsecured creditors of each Debtor; (iii) counsel to the DIP Lender; (iv) counsel to the Prepetition Secured Lender; (v) all known parties with liens of record on assets of the Debtors as of the Petition Date; (vi) all financial institutions at which the Debtors maintain deposit accounts; (vii) the landlords for all non-residential real properties occupied by the Debtors as of the Petition Date; (viii) the Internal Revenue Service; and (ix) all other parties requesting notice pursuant to Bankruptcy Rule 2002. The notice of the entry of this Order and the Final Hearing shall state that objections to the entry of the Final Order shall be filed with the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, by no later than 4:00 p.m. (prevailing

Central Time) on January 20, 2012 (the "Objection Deadline"), which objections shall be served so that the same are actually received before the Objection Deadline by (a) counsel to the Debtors, (b) counsel to the DIP Lender and the Prepetition Secured Lender, and (c) counsel to the U.S. Trustee. Any objections by creditors or other parties-in-interest to any provisions of this Order shall be deemed waived unless timely filed and served in accordance with the foregoing terms.

Dated: DEC 15 2011 ~~December 16, 2011~~

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT "D"

Docket #0032 Date Filed: 12/13/2011

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
HARTFORD COMPUTER HARDWARE, INC., *et al.*,[1]	)	Case No. 11-49744 (PSH)
	)	(Joint Administration Pending)
	)	
Debtors.	)	Hon. Pamela S. Hollis

DEBTORS' MOTION FOR INTERIM AND FINAL ORDERS (I) PROHIBITING UTILITIES FROM ALTERING, REFUSING OR DISCONTINUING SERVICES TO, OR DISCRIMINATING AGAINST, THE DEBTORS; (II) DETERMINING THAT THE UTILITIES ARE ADEQUATELY ASSURED OF FUTURE PAYMENT; (III) ESTABLISHING PROCEDURES FOR DETERMINING REQUESTS FOR ADDITIONAL ASSURANCE; AND (IV) PERMITTING UTILITY COMPANIES TO OPT OUT OF THE PROCEDURES ESTABLISHED HEREIN

The above-captioned debtors and debtors in possession (collectively, the "Debtors") submit this motion for of an interim order (the "Interim Order") (i) prohibiting the utility companies currently providing services, or that will provide services, to the Debtors (collectively, the "Utility Companies" and each, individually, a "Utility Company") from altering, refusing, or discontinuing services to, or discriminating against, the Debtors, pending entry of a final order granting the relief sought herein (the "Final Order"); (ii) determining that the Utility Companies have received adequate assurance of payment for future utility services, pending entry of the Final Order; (iii) establishing certain procedures for determining requests for additional assurance; (iv) permitting Utility Companies to opt out of the procedures established herein; and (v) scheduling a final hearing on the motion (the "Final Hearing") within 25 days of the Petition Date. In support of this motion, the Debtors submit the Declaration of

[1] The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).

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Brian Mittman in Support of Chapter 11 Petitions and First Day Motions and Applications, sworn to on the date hereof (the "Declaration in Support of First Day Relief"), and respectfully represent as follows:

INTRODUCTION

1. On the date hereof (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), together with various motions and applications seeking certain typical "first day" orders.

2. The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. No request has been made for the appointment of a trustee or examiner, and no official committee(s) has been appointed in these cases.

4. This Court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of the Debtors' chapter 11 cases and this motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b)(2).

5. The statutory bases for the relief requested herein is section 366 of the Bankruptcy Code.

BACKGROUND

6. The Debtors are one of the leading providers of repair and installation services in North America for consumer electronics and computers. The Debtors operate in three complementary business lines: parts distribution and repair, depot repair, and onsite repair and installation. Products serviced include laptop and desktop computers, commercial computer systems, flat-screen television, consumer gaming units, printers, interactive whiteboards, peripherals, servers, POS devices, and other electronic devices.

7. A more detailed explanation of the Debtors' businesses and operations, and the events leading to the commencement of these cases, is provided in the Declaration of Brian Mittman filed in Support of First Day Relief contemporaneously herewith and which is incorporated herein by reference.

8. The Debtors currently use electric, natural gas, heat, water, telecommunications, and other services of the same general type or nature provided by approximately 29 Utility Companies (including agents, divisions, affiliates and subsidiaries). A list of the Debtors' Utility Companies is set forth on **Exhibit A** attached hereto (the "Utility Service List").[2] The Debtors estimate that their average monthly obligations to the Utility Companies on account of services rendered total approximately $60,000.00.

9. Because the Utility Companies provide services essential to the Debtors' operations, any interruption in utility services could prove damaging. The Debtors could not maintain and operate their business in the absence of continuous utility service. Should any Utility Company refuse or discontinue service, even for a brief period, the Debtors would be forced to cease the operation of the affected location, resulting in a substantial loss of revenue. The temporary or permanent discontinuation of utility services at any of the Debtors' facilities therefore could irreparably harm the Debtors' estates.

[2] For each Utility Company, **Exhibit A** identifies: (a) the name and address of the Utility Company; (b) the account number(s) under which the Utility Company provides services to the Debtors; and (c) the cost of one month's worth of utility service. The inclusion of any entity on, as well as any omission of any entity from, **Exhibit A** is not an admission by the Debtors that such entity is or is not a utility within the meaning of section 366 of the Bankruptcy Code, and the Debtors reserve their rights with respect thereto. In addition, the Debtors are requesting that this motion apply to all of the Debtors' Utility Companies, whether or not any given Utility Company is included on the Utility Service List. The Debtors have proposed a procedure for supplementing the Utility Service List. Additionally, it is possible that certain entities may have been mistakenly included on the Utility Service List and, therefore, the Debtors reserve the right to assert that any such entities are not Utility Companies for the purposes of this motion or section 366 of the Bankruptcy Code.

10. The Debtors intend to pay in a timely manner their post-petition obligations to the Utility Companies. Furthermore, the Debtors have previously provided security deposits to three of the Utility Companies in an aggregate amount of approximately $19,700.00.

RELIEF REQUESTED

11. By this motion, the Debtors seek the entry of an Interim Order and a Final Order, pursuant to sections 105(a) and 366 of the Bankruptcy Code: (i) prohibiting the Utility Companies from altering, refusing, or discontinuing services to, or discriminating against, the Debtors, pending entry of a Final Order; (ii) determining that the Utility Companies have received adequate assurance of payment for future utility services, pending entry of the Final Order; (iii) establishing certain procedures for determining requests for additional assurance; (iv) permitting Utility Companies to opt out of the procedures established herein; and (v) scheduling a final hearing on the motion.[3]

A. The Proposed Adequate Assurance Deposit.

12. Pursuant to section 366(c)(2) of the Bankruptcy Code, a utility may alter, refuse or discontinue a chapter 11 debtor's utility service if the utility does not receive from the debtor or the trustee adequate "assurance of payment" within 30 days of the commencement of a debtor's chapter 11 cases.[4] Section 366(c)(1)(A) of the Bankruptcy Code defines the phrase "assurance of payment" to mean, among other things, a cash deposit.

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[3] Nothing herein is intended or should be construed as (a) an admission as to the validity or priority of any claim against the Debtors, (b) a waiver of the Debtors' rights to dispute any claim, including the validity or priority thereof, or (c) an approval or assumption of any agreement, contract or lease whether under section 365(a) of the Bankruptcy Code or otherwise. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

[4] There is an apparent discrepancy between subsections (b) and (c) of section 366 of the Bankruptcy Code because these two subsections set forth different time periods during which a utility is prohibited from altering, refusing or discontinuing utility service. Specifically, section 366(b) of the Bankruptcy Code allows a utility to alter, refuse, or (continued...)

13. Accordingly, the Debtors propose to provide all Utility Companies (excluding the De Minimis Providers, as defined below) a deposit in an amount equal to the Debtors' calculation of the cost of two-weeks' worth of utility service, based on an average from the most recent invoices, as adequate assurance (each, an "Adequate Assurance Deposit") within 20 days of the first day hearing (the "First Day Hearing"), provided that such Utility Company is not currently paid in advance for its services or holding a deposit (after taking into account any valid offsets of the Debtors' prepetition debts against such deposit under applicable law) equal to or greater than the Adequate Assurance Deposit (which remaining deposit shall be deemed to be the Adequate Assurance Deposit for purposes of this motion). As a condition of accepting an Adequate Assurance Deposit, the accepting Utility Company shall be deemed to have stipulated that the Adequate Assurance Deposit constitutes adequate assurance of future payment to such Utility Company within the meaning of section 366 of the Bankruptcy Code, and shall further be deemed to have waived any right to seek additional adequate assurance during the Debtors' bankruptcy cases, unless the Utility Company makes an additional adequate assurance request (each, an "Additional Assurance Request") at least five days prior to the final hearing date (the "Final Hearing Date") on this motion as set by the Court (the "Request Deadline"). The Debtors further request that any Adequate Assurance Deposit requested by, and provided to, any Utility

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(...continued)
discontinue service "if neither the trustee nor the Debtors, within 20 days after the date of the order for relief, furnishes adequate assurance of payment," while section 366(c)(2) of the Bankruptcy Code allows a utility in "a cases filed under chapter 11" to alter, refuse or discontinue service to a chapter 11 debtor "if during the 30-day period beginning on the date of the filing of the petition, the utility does not receive from the Debtors or the trustee adequate assurance of payment for utility service...." (emphases added).

Under the statutory construction canon *lex specialis derogat legi generali* ("specific language controls over general"), the language of section 366(c)(2) controls here because the Debtors are chapter 11 Debtors. *See* 3 *Collier on Bankruptcy* ¶ 66.03 [2] (Alan N. Resnick & Henry J. Sommer eds., 15th ed. rev. 2006) ("It is unclear how the 30-day period [in section 366(c)(2) of the Bankruptcy Code] meshes with the normal 20-day period in section 366(b). The better view is that, because section 366(c) is more specifically applicable to chapter 11 cases, the 30-day period, rather than the 20-day period in section 366(b), should apply.").

Company pursuant to the procedures described above be returned to the Debtors at the conclusion of these chapter 11 cases, if not returned or applied sooner.

14. The Debtors have included several Utility Companies, identified on **Exhibit A** hereto, with monthly service charges less than $1,000 (the "De Minimis Providers"). The Debtors propose to provide notice to the De Minimis Providers pursuant to the procedures detailed herein. However, the De Minimis providers will not receive an Adequate Assurance Deposit unless such deposit is otherwise agreed to by the Debtors or ordered by the Court.

15. The Debtors submit that the availability of the Adequate Assurance Deposit, in conjunction with the Debtors' ability to pay for future utility services in the ordinary course of business (collectively, the "Proposed Adequate Assurance"), constitutes sufficient adequate assurance of future payment to the Utility Companies to satisfy the requirements of section 366 of the Bankruptcy Code. Nonetheless, if any Utility Company believes additional assurance is required, they may request such assurance pursuant to the procedures described below.

B. The Proposed Adequate Assurance Procedures.

16. To address the right of any Utility Company under section 366(c)(2) of the Bankruptcy Code to seek adequate assurance satisfactory to it, the Debtors propose that the following procedures (the "Adequate Assurance Procedures") be adopted:

a. Any Utility Company desiring assurance of future payment for utility service beyond the Proposed Adequate Assurance must serve an Additional Assurance Request so that it is received by the Debtors' counsel by the Request Deadline at the following address: Katten Muchin Rosenman LLP, 525 W. Monroe Street, Chicago, Illinois 60661 (Attn: John P. Sieger, Esq.).

b. Any Additional Assurance Request must (i) be made in writing, (ii) set forth the location(s) for which utility services are provided and the relevant account number(s), (iii) describe any deposits, prepayments or other security currently held by the requesting Utility Company, (iv) describe any payment delinquency or irregularity by the Debtors for the postpetition period, and (v) specify the amount and nature of assurance of

payment that would be satisfactory to the Utility Company. Any Additional Assurance Request that fails to meet these requirements shall be deemed an invalid request for adequate assurance.

c. Upon the Debtors' receipt of an Additional Assurance Request at the addresses set forth above, the Debtors shall have the greater of (i) 14 days from the receipt of such Additional Assurance Request or (ii) 30 days from the Petition Date (collectively, the "Resolution Period") to negotiate with the requesting Utility Company to resolve its Additional Assurance Request. The Resolution Period may be extended by agreement of the Debtors and the applicable Utility Company.

d. The Debtors, in their discretion, may resolve any Additional Assurance Request by mutual agreement with the requesting Utility Company and without further order of the Court, and may, in connection with any such resolution, in their discretion, provide the requesting Utility Company with additional assurance of future payment in a form satisfactory to the Utility Company, including, but not limited to, cash deposits, prepayments and/or other forms of security, if the Debtors believe such additional assurance is reasonable.

e. If the Debtors determine that an Additional Assurance Request is not reasonable, and are not able to resolve such request during the Resolution Period, the Debtors, during or immediately after the Resolution Period, will request a hearing before this Court to determine the adequacy of assurances of payment made to the requesting Utility Company (the "Determination Hearing"), pursuant to section 366(c)(3)(A) of the Bankruptcy Code.

f. Pending the resolution of the Additional Assurance Request at a Determination Hearing, the Utility Company making such request shall be restrained from discontinuing, altering or refusing service to the Debtors on account of unpaid charges for prepetition services or on account of any objections to the Proposed Adequate Assurance.

g. Other than through the Opt-Out Procedures (as such term is defined below), any Utility Company that does not comply with the Adequate Assurance Procedures is deemed to find the Proposed Adequate Assurance satisfactory to it and is forbidden from discontinuing, altering or refusing service on account of any unpaid prepetition charges, or requiring additional assurance of payment (other than the Proposed Adequate Assurance). The Interim Order shall be deemed the Final Order with respect to all Utility Companies that do not timely file and serve a Procedures Objection (as defined below)

C. The Opt-Out Procedures.

17. As noted above, section 366(c) of the Bankruptcy Code requires the Debtors to provide Utility Companies, within 30 days of the Petition Date, with "adequate assurance of payment for utility service that is satisfactory to the utility." 11 U.S.C. § 366(c)(2). Thereafter, any such adequate assurance provided by the Debtors may be modified by the court after notice and a hearing under section 366(c)(3)(A) of the Bankruptcy Code. Under the Adequate Assurance Procedures, however, the Debtors may seek a determination of appropriate adequate assurance at a Determination Hearing held after the first 30 days of this cases, without providing interim assurances deemed "satisfactory" to the Utility Company. Although the Adequate Assurance Procedures are reasonable, certain Utility Companies might assert that the procedures as implemented are not strictly in compliance with section 366 of the Bankruptcy Code if an adequate assurance dispute is not resolved within the 30 days following the Petition Date. If, as a result, any Utility Companies wish to opt out of the Adequate Assurance Procedures, the Debtors submit that the Court should schedule a hearing and issue a ruling on the amount of adequate assurance to be provided such Utility Companies within 30 days of the Petition Date.

18. In particular, to avoid any argument that the Debtors have not fully complied with section 366 of the Bankruptcy Code, the Debtors propose the following procedures (the "Opt-Out Procedures"):

a. A Utility Company that desires to opt-opt of the Determination Procedures must file an objection (a "Procedures Objection") with the Court and serve such Procedures Objection so that it is actually received within 15 days of entry of the Interim Order by the Debtors at the following address: Katten Muchin Rosenman LLP, 525 W. Monroe Street, Chicago, Illinois 60661 (Attn: John P. Sieger, Esq.).

b. Any Procedures Objection must (i) be made in writing; (ii) set forth the location(s) for which utility services are provided and the relevant account number(s); (iii) describe any deposits, prepayments or other security currently held by the objecting Utility Company; (iv) explain why the

objecting Utility Company believes the Proposed Adequate Assurance is not sufficient adequate assurance of future payment; and (v) identify, and explain the basis of, the Utility Company's proposed adequate assurance requirement under section 366(c)(2) of the Bankruptcy Code.

c. The Debtors, in their discretion, may resolve any Procedures Objection by mutual agreement with the objecting Utility Company and without further order of the Court, and may, in connection with any such resolution and in their discretion, provide a Utility Company with assurance of future payment, including, but not limited to, cash deposits, prepayments or other forms of security, if the Debtors believe such assurance of payment is reasonable.

d. If the Debtors determine that a Procedures Objection is not reasonable and is not able to reach a prompt alternative resolution with the objecting Utility Company, the Procedures Objection will be heard at the Final Hearing.

e. Any Utility Company that does not timely file a Procedures Objection is deemed to consent to, and shall be bound by, the Adequate Assurance Procedures.

D. Final Hearing Date.

19. To resolve any Procedures Objections within 30 days of the Petition Date, the Debtors request that the Court schedule the Final Hearing on any unresolved Procedures Objections approximately 25 days after the Petition Date.

E. Subsequent Modifications of Utility Service List.

20. It is possible that, despite the Debtors' efforts, certain Utility Companies have not yet been identified by the Debtors or included on the Utility Service List. Accordingly, the Debtors request that the Court: (a) authorize the Debtors to provide notice and a copy of the Interim Order (which, for purposes of this paragraph, shall be the Final Order on this motion after entry of such Final Order) to the Utility Companies not listed on the Utility Service List (collectively, the "Additional Utility Companies"), as such Additional Utility Companies are identified, and (b) provide that the Additional Utility Companies are subject to the terms of the Interim Order, including the Adequate Assurance Procedures; provided, however, that (a) the

Opt-Out Procedures shall apply only to the extent that a Procedures Objection made by an Additional Utility Company is filed with the Court and submitted to the Debtors' counsel no later than 4:00 p.m. (CST) on the date that is the earlier of (i) five business days before the Final Hearing or (ii) 10 days after service of the Interim Order on such Additional Utility Company and (b) the deadline for an Additional Utility Company to submit an Additional Assurance Request under the Adequate Assurance Procedures will be 25 days after the date the Interim Order is served upon such Additional Utility Company. As a result, the Additional Utility Companies will be afforded (a) 25 days from the service of the Interim Order on a particular Additional Utility Company to submit an Additional Assurance Request pursuant to the Adequate Assurance Procedures and (b) in some cases, up to 10 days from the date of service of the Interim Order on a particular Additional Utility Company to file a Procedures Objection pursuant to the Opt-Out Procedures.

BASIS FOR RELIEF

21. The policy underlying section 366 of the Bankruptcy Code is to protect Debtors from utility service cutoffs upon the filing of bankruptcy cases, while at the same time providing utility companies with adequate "assurance of payment" for postpetition utility service. *See* H.R. Rep. No. 95-595, at 350 (1978), *reprinted* in 1978 U.S.C.C.A.N. 5963, 6306. Section 366(c)(1) of the Bankruptcy Code defines "assurance of payment" to mean several enumerated forms of security (e.g., cash deposits, letters of credit, prepayment for utility service) while excluding from the definition certain other forms of security (e.g., administrative expense priority for a utility's claim). In addition, section 366(c)(3)(B) of the Bankruptcy Code provides that a court may not consider certain facts (*e.g.*, Debtors' prepetition history of making timely payments to a utility) in making a determination of adequate assurance of payment.

22. While the recently-amended section 366(c) clarifies what does and does not constitute "assurance of payment" and what can be considered in determining whether such assurance is adequate, Congress, in enacting that section, did not divest the Court of its power to determine what amount, if any, is necessary to provide adequate assurance of payment to a Utility Company. Indeed, section 366(c) of the Bankruptcy Code does not establish a minimum amount of adequate "assurance of payment," but explicitly empowers the Court to determine the appropriate level of adequate assurance required in these cases. *See* 11 U.S.C. § 366(c)(3)(A) ("On request of a party in interest and after notice and a hearing, the Court may order modification of the amount of an assurance of payment . . . .").

23. Thus, there is nothing within section 366 of the Bankruptcy Code that prevents a court from ruling that, on the facts of the cases before it, the amount required to adequately assure future payment to a utility company is nominal, or even zero. Prior to the enactment of section 366(c) of the Bankruptcy Code, courts enjoyed precisely the same discretion to make such rulings pursuant to section 366(b) of the Bankruptcy Code, and frequently did so. *See Virginia Elec. & Power Co. v. Caldor, Inc. – N.Y.*, 117 F.3d 646, 650 (2d Cir. 1997) ("Even assuming that 'other security' should be interpreted narrowly, we agree with the appellees that a bankruptcy court's authority to 'modify' the level of the deposit or other security, provided for under § 366(b), includes the power to require no 'deposit or other security' where none is necessary to provide a utility supplier with 'adequate assurance of payment.'").

24. Moreover, Congress has not changed the requirement that the assurance of payment only be "adequate." Courts construing section 366(b) of the Bankruptcy Code have long recognized that adequate assurance of payment does not constitute an absolute guarantee of the Debtors' ability to pay. *See, e.g., In re Caldor, Inc. – N.Y.*, 199 B.R. 1, 3 (S.D.N.Y. 1996)

("Section 366(b) requires [a] [b]ankruptcy [c]ourt to determine whether the circumstances are sufficient to provide a utility with 'adequate assurance' of payment. The statute does not require an 'absolute guarantee of payment.'") (citation omitted), *aff'd sub nom., Virginia Elec. & Power Co. v. Caldor, Inc. – N.Y.*, 117 F.3d 646 (2d Cir. 1997); *In re Adelphia Bus. Solutions, Inc.*, 280 BR. 63, 80 (Bankr. S.D.N.Y. 2002) (same); *Steinebach v. Tucson Elec. Power Co (In re Steinebach)*, 2004 WL 51616, at *5 (Bankr. D. Ariz. Jan. 2, 2004) ("Adequate assurance of payment is not, however, absolute assurance . . . all § 366(b) requires is that a utility be protected from an unreasonable risk of non-payment"); *In re Penn Jersey Corp.*, 72 B.R. 981, 982 (Bankr. E.D. Pa. 1987) (stating that section 366(b) of Bankruptcy Code "contemplates that a utility receive only such assurance of payment as is sufficient to protect its interests given the facts of the Debtors' financial circumstances").[5] Therefore, despite its language allowing a utility to take adverse action against the Debtors should the Debtors fail to provide adequate assurance of future payment "satisfactory to the utility," section 366 of the Bankruptcy Code does not require that the assurance provided be "satisfactory" once a party seeks to have the Court determine the appropriate amount of adequate assurances.

25. The Debtors submit that, given the foregoing, entry of the Interim Order is consistent with, and fully satisfies, the requirements of section 366 of the Bankruptcy Code. Far from offering the Utility Companies nominal (or even no) additional assurance of payment, the Debtors propose to provide the Utility Companies with (a) significant cash deposits and (b) procedures pursuant to which the Utility Companies can seek greater or different security. Such

[5] Courts have recognized that "[i]n deciding what constitutes 'adequate assurance' in a given cases, a bankruptcy court must focus upon the need of the utility for assurance, and to require that the Debtors supply no more than that, since the Debtors almost perforce have a conflicting need to conserve scarce financial resources." *Caldor*, 117 F.3d at 650 (emphasis in original) (quoting *Penn Jersey*, 72 B.R. at 985).

assurance of payment significantly alleviates — if not eliminates — any honest concern of non-payment on the part of the Utility Companies, and is thus clearly "adequate."

26. Similar relief has been granted in other cases in this district. *See, e.g., In re Giordano's Enters., Inc.*, Case No. 11-06098 (ERW) (Bankr. N.D. Ill. Feb. 22, 2011); *In re Gas City, Ltd.*, Case No. 10-47879 (ERW) (Bankr. N.D. Ill. Nov. 19, 2010); *In re Hartmarx Corp.*, Case No. 09-02046 (BWB) (Bankr. N.D. Ill. Jan. 26, 2009); *In re Kimball Hill, Inc.*, Case No. 08-10095 (SPS) (Bankr. N.D. Ill. May 2, 2008); and *In re Enesco Group, Inc.*, Case No. 07-00565 (ABG) (Bankr. N.D. Ill. Jan. 25, 2007).

NOTICE

27. The Debtors will provide notice of this Motion to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee; (b) the Debtors' secured lenders; (c) the creditors holding the thirty (30) largest unsecured claims on a consolidated basis; (d) all known taxing authorities that have claims against the Debtors and (e) all utilities listed on **Exhibit A** hereto. In light of the nature of the relief requested, the Debtors submit that no further notice is required.

NO PRIOR REQUEST

28. No prior request for the relief sought in this motion has been made to this or any other Court.

[Continued on Following Page]

WHEREFORE, the Debtors respectfully request that the Court enter an Interim Order granting the relief requested herein and such other and further relief to the Debtors as the Court may deem proper.

Dated: December 12, 2011

Respectfully submitted,

By: /s/ John P. Sieger

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Proposed Counsel to the Debtors and Debtors in Possession

60897779

EXHIBIT A

Utility Service List

Name & Address	Account No(s).	Approximate Monthly Utility Cost	Proposed Adequate Assurance Deposit
Amerigas PO BOX 6522 Oxnard, CA 93031-6522	1061018316	$225.00	$0.00*
Anderson Rubbish Disposal PO Box 307 Simi Valley, CA 93062	138408	$2,237.00	$1,119.00
AT&T Phone Service PO Box 5019 Carol Stream, IL 60197-5019	831-000-0834 289	$1,839.00	$920.00
AT&T Universal Bill PO Box 5019 Carol Stream, IL 60197-5019	171-788-1853 952	$19,583.00	$9,792.00
AT&T Phone Service PO Box 5017 Carol Stream, IL 60197-5019	837694	$679.00	$0.00*
AT&T Mobility PO Box 6463 Carol Stream, IL 60197-5019	287237457274	$48.00	$0.00*
	835174406	$61.00	$0.00*
AT&T 4276 PO Box 5019 Carol Stream, IL 60197-5019	831-000-0861 687	$1,563.00	$782.00
AT&T Phone Service Payment Center Sacramento, CA 95887-0001	960 550-4876 555 5	$2,597.00	$1,299.00
	805 526-2107 485 8	$86.00	$0.00*
AT&T PO Box 16740 Mesa, AZ 85201	171-788-5908 876	$132.00	$0.00*
Bell Phone PO Box 9000 North York, Ontario M3C 2X7	905 943 9032	$62.00	$0.00*
BFI Canada Trash 650 Creditstone Road Concord, Ontario L4K 5C8	617-0049565-000	$2,387.00	$1,194.00
ComEd PO Box 6111 Carol Stream, IL 60197-6111	1251001083	$336.00	$0.00*

Name & Address	Account No(s).	Approximate Monthly Utility Cost	Proposed Adequate Assurance Deposit
Connex 7270 Woodbine Ave #301 Markham, Ontario L3R 4B9	50416177	$976.00	$0.00**
	50415133	$1,215.00	$0.00**
	50415832	$233.00	$0.00*
	50415095	$1,170.00	$0.00**
Direct TV PO Box 60036 Los Angeles, CA 90060-0036	15637515	$87.00	$0.00*
Enbridge 500 Consumers Road Toronto, Ontario M1K 5E3	16 35 15 44562 2 (until 12/1/11) 910007922524 (after 12/1/11)	$213.00	$0.00* $0.00***
Flood Brothers Disposal PO Box 95229 Palatine, IL 60095-0229	01-00529868 4	$145.00	$0.00*
Nicor Gas PO Box 0632 Aurora, IL 60507-0632	2541527	$33.00	$0.00*
PowerStream PO Box 3700 Concord, Ontario L4K 5N2	80-74-11090-143 (until 12/1/11) 7071-11471-124 (after 12/1/11)	$6,410.00	$3,205.00
Southern California Edison PO Box 300 Rosemead, CA 91772-0001	3-024-0317-60	$9,881.00	$0.00***
Verizon PO Box 15124 Albany, NY 12212-5124	718 326 0835 855 22 6	$195.00	$0.00*
Verizon Wireless PO Box 15062 Albany, NY 12212-5062	482657371-00001	$248.00	$0.00*
Verizon Wireless 7134 PO Box 660108 Dallas, TX 75266-0108	320047134-00001	$3,768.00	$1,884.00
Verizon Florida 3711 PO Box 920041 Dallas, TX 75392-0041	15 5322 0672 592029 07	$265.00	$0.00*

Name & Address	Account No(s).	Approximate Monthly Utility Cost	Proposed Adequate Assurance Deposit
Verizon Florida 3284 PO Box 920041 Dallas, TX 75392-0041	15 5322 0652 714447 09	$363.00	$0.00*
Xclutel Communications 2215 Enterprise Drive 1512 Westchester, IL 60154	X5269	$1,020.00	$510.00

* De Minimis Provider

** Utility receives payment in advance of providing services.

*** Utility holds a security deposit in excess of the monthly utility cost.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
HARTFORD COMPUTER HARDWARE,	)	
INC., *et al.*,[1]	)	Case No. 11-49744 (PSH)
	)	(Joint Administration Pending)
Debtors.	)	
	)	Hon. Pamela S. Hollis

INTERIM AND PROPOSED FINAL ORDER(I) PROHIBITING UTILITIES FROM ALTERING, REFUSING, OR DISCONTINUING SERVICES TO, OR DISCRIMINATING AGAINST, THE DEBTORS; (II) DETERMINING THAT THE UTILITIES ARE ADEQUATELY ASSURED OF FUTURE PAYMENT; (III) ESTABLISHING PROCEDURES FOR DETERMINING REQUESTS FOR ADDITIONAL ASSURANCE; AND (IV) PERMITTING UTILITY COMPANIES TO OPT OUT OF THE PROCEDURES ESTABLISHED HEREIN

This matter coming before the Court on the Motion of the Debtors for Interim and Final Orders: (I) Prohibiting Utilities from Altering, Refusing or Discontinuing Services to, or Discriminating Against the Debtors; (II) Determining That the Utilities are Adequately Assured of Future Payment; (III) Establishing Procedures for Determining Requests for Additional Assurance; and (IV) Permitting Utility Companies to Opt Out of the Procedures Established Herein (the "Motion")[2]; the Court having reviewed the Motion and the Declaration in Support of First Day Relief; the Court having found that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) venue is proper in this district pursuant to 28 U.S.C. § 1408 and 1409, (c) this is a core proceeding pursuant to 28 U.S.C. § 157(b), (d) notice of the Motion having been sufficient under the circumstances; and the Court having determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein;

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[1] The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).

[2] Capitalized terms not defined herein shall have the meaning given to them in the Motion.

IT IS HEREBY ORDERED as follows:

1. The Motion is GRANTED.

2. All objections to the Motion or the relief requested therein that have not been made, withdrawn, waived, or settled, and all reservations of rights included therein, hereby are overruled on the merits.

3. Notice of the Motion was proper, timely, adequate and sufficient under the particular circumstances.

4. Subject to the procedures described below, no Utility Company may (a) alter, refuse, terminate, or discontinue utility services to, and/or discriminate against, the Debtors on the basis of the commencement of these chapter 11 cases or on account of outstanding prepetition invoices or (b) require additional assurance of payment, other than the Proposed Adequate Assurance, as a condition to the Debtors receiving such utility services pending the entry of a Final Order or this Order becoming a Final Order as set forth below.

5. Utility Companies (excluding De Minimis Providers) shall be entitled to an Adequate Assurance Deposit in the amount set forth on **Exhibit A** to the Motion, within twenty days of the first day hearing (the "First Day Hearing"), provided that such Utility Company is not currently paid in advance for its services or holding a deposit (after taking into account any valid offsets of the Debtors' prepetition debts against such deposit under applicable law) equal to or greater than the Adequate Assurance Deposit (which remaining deposit shall be deemed to be the Adequate Assurance Deposit for purposes of this Order).

6. As a condition of accepting an Adequate Assurance Deposit, the accepting Utility Company shall be deemed to have stipulated that the Adequate Assurance Deposit constitutes adequate assurance of future payment to such Utility Company within the meaning of section

366 of the Bankruptcy Code, and shall further be deemed to have waived any right to seek additional adequate assurance during the Debtors' bankruptcy cases, unless the Utility Company makes an additional adequate assurance request (each, an "Additional Assurance Request") at least five days prior to the final hearing date (the "Final Hearing Date") on the Motion as set by the Court (the "Request Deadline").

7. Any Adequate Assurance Deposit requested by, and provided to, any Utility Company pursuant to the procedures described herein shall be returned to the Debtors at the conclusion of these chapter 11 cases, if not returned or applied earlier.

8. The following Adequate Assurance Procedures are approved in all respects:

a. Any Utility Company desiring assurance of future payment for utility service beyond the Proposed Adequate Assurance must serve an Additional Assurance Request so that it is received by the Debtors' counsel by the Request Deadline at the following address: Katten Muchin Rosenman LLP, 525 W. Monroe Street, Chicago, Illinois 60661 (Attn: John P. Sieger, Esq.).

b. Any Additional Assurance Request must (i) be made in writing, (ii) set forth the location(s) for which utility services are provided and the relevant account number(s), (iii) describe any deposits, prepayments or other security currently held by the requesting Utility Company, (iv) describe any payment delinquency or irregularity by the Debtors for the postpetition period, and (v) specify the amount and nature of assurance of payment that would be satisfactory to the Utility Company. Any Additional Assurance Request that fails to meet these requirements shall be deemed an invalid request for adequate assurance.

c. Upon the Debtors' receipt of an Additional Assurance Request at the addresses set forth above, the Debtors shall have the greater of (i) 14 days from the receipt of such Additional Assurance Request or (ii) 30 days from the Petition Date (collectively, the "Resolution Period") to negotiate with the requesting Utility Company to resolve its Additional Assurance Request. The Resolution Period may be extended by agreement of the Debtors and the applicable Utility Company.

d. The Debtors, in their discretion, may resolve any Additional Assurance Request by mutual agreement with the requesting Utility Company and without further order of the Court, and may, in connection with any such

resolution, in their discretion, provide the requesting Utility Company with additional assurance of future payment in a form satisfactory to the Utility Company, including, but not limited to, cash deposits, prepayments and/or other forms of security, if the Debtors believe such additional assurance is reasonable.

e. If the Debtors determine that an Additional Assurance Request is not reasonable, and are not able to resolve such request during the Resolution Period, the Debtors, during or immediately after the Resolution Period, will request a hearing before this Court to determine the adequacy of assurances of payment made to the requesting Utility Company (the "Determination Hearing"), pursuant to section 366(c)(3)(A) of the Bankruptcy Code.

f. Pending the resolution of the Additional Assurance Request at a Determination Hearing, the Utility Company making such request shall be restrained from discontinuing, altering or refusing service to the Debtors on account of unpaid charges for prepetition services or on account of any objections to the Proposed Adequate Assurance.

g. Other than through the Opt-Out Procedures, any Utility Company that does not comply with the Adequate Assurance Procedures is deemed to find the Proposed Adequate Assurance satisfactory to it and is forbidden from discontinuing, altering or refusing service on account of any unpaid prepetition charges, or requiring additional assurance of payment (other than the Proposed Adequate Assurance).

9. The following Opt-Out Procedures are approved in all respects:

a. A Utility Company that desires to opt-opt of the Determination Procedures must file an objection (a "Procedures Objection") with the Court and serve such Procedures Objection so that it is *actually received* within 15 days of entry of this Order by the Debtors at the following address: Katten Muchin Rosenman LLP, 525 W. Monroe Street, Chicago, Illinois 60661 (Attn: John P. Sieger, Esq.).

b. Any Procedures Objection must (i) be made in writing; (ii) set forth the location(s) for which utility services are provided and the relevant account number(s); (iii) describe any deposits, prepayments or other security currently held by the objecting Utility Company; (iv) explain why the objecting Utility Company believes the Proposed Adequate Assurance is not sufficient adequate assurance of future payment; and (v) identify, and explain the basis of, the Utility Company's proposed adequate assurance requirement under section 366(c)(2) of the Bankruptcy Code.

c. The Debtors, in their discretion, may resolve any Procedures Objection by mutual agreement with the objecting Utility Company and without further order of the Court, and may, in connection with any such resolution and in its discretion, provide a Utility Company with assurance of future payment, including, but not limited to, cash deposits, prepayments or other forms of security, if the Debtors believe such assurance of payment is reasonable.

d. If the Debtors determine that a Procedures Objection is not reasonable and is not able to reach a prompt alternative resolution with the objecting Utility Company, the Procedures Objection will be heard at the Final Hearing.

e. Any Utility Company that does not timely file a Procedures Objection is deemed to consent to, and shall be bound by, the Adequate Assurance Procedures.

10. The Debtors are authorized, as necessary, to provide notice and a copy of the Interim Order (which, for purposes of this paragraph, shall be the Final Order after entry of such Final Order) to the Utility Companies not listed on the Utility Service List (collectively, the "Additional Utility Companies"), as such Utility Companies are identified. The Interim Order, including the Adequate Assurance Procedures, shall apply to any Additional Utility Companies; provided, however, that (a) the Opt-Out Procedures shall apply only to the extent that a Procedures Objection made by an Additional Utility Company is filed with the Court and submitted to the Debtors' counsel no later than 4:00 p.m. (CST) on the date that is the earlier of (i) five business days before the Final Hearing or (ii) 10 days after service of the Interim Order on such Additional Utility Company and (b) the deadline for an Additional Utility Company to submit an Additional Assurance Request under the Adequate Assurance Procedures will be 25 days after the date the Interim Order is served upon such Additional Utility Company.

11. A Final Hearing to resolve any Procedures Objections shall be conducted on _____, 2011 at __.m., Central Time.

12. A Utility Company shall be deemed to have adequate assurance of payment under section 366 of the Bankruptcy Code unless and until: (a) the Debtors, in their discretion, agree to (i) an Additional Assurance Request or (ii) an alternative assurance of payment with the Utility Company during the Resolution Period; or (b) this Court enters an order at the Final Hearing or any Determination Hearing requiring that additional adequate assurance of payment be provided.

13. Nothing herein constitutes a finding that any entity is or is not a Utility Company hereunder or under section 366 of the Bankruptcy Code, whether or not such entity is listed on the Utility Service List.

14. The Debtors shall serve a copy of this Order on each Utility Company listed on the Utility Service List within two business days of the date this Order is entered.

15. The terms and conditions of this Order shall be effective and enforceable immediately upon its entry. This Order shall be deemed to be the Final Order with respect to any Utility Company that does not file a timely Procedures Objection as described herein.

16. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this order.

Dated: _____, 2011 _____
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT “E”

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

EXHIBIT "E"

In re:	)	Chapter 11
HARTFORD COMPUTER HARDWARE,	)	
INC., *et al.*,[1]	)	Case No. 11-49744 (PSH)
	)	(Jointly Administered)
Debtors.	)	
	)	Hon. Pamela S. Hollis

FINAL ORDER (I) PROHIBITING UTILITIES FROM ALTERING, REFUSING, OR DISCONTINUING SERVICES TO, OR DISCRIMINATING AGAINST, THE DEBTORS; (II) DETERMINING THAT THE UTILITIES ARE ADEQUATELY ASSURED OF FUTURE PAYMENT; (III) ESTABLISHING PROCEDURES FOR DETERMINING REQUESTS FOR ADDITIONAL ASSURANCE; AND (IV) PERMITTING UTILITY COMPANIES TO OPT OUT OF THE PROCEDURES ESTABLISHED HEREIN

This matter coming before the Court on the Motion of the Debtors for Interim and Final Orders: (I) Prohibiting Utilities from Altering, Refusing or Discontinuing Services to, or Discriminating Against the Debtors; (II) Determining That the Utilities are Adequately Assured of Future Payment; (III) Establishing Procedures for Determining Requests for Additional Assurance; and (IV) Permitting Utility Companies to Opt Out of the Procedures Established Herein (the "Motion")[2]; the Court having reviewed the Motion and the Declaration in Support of First Day Relief; the Court having found that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) venue is proper in this district pursuant to 28 U.S.C. § 1408 and 1409, (c) this is a core proceeding pursuant to 28 U.S.C. § 157(b), (d) the Court having entered in the Interim Order on the Motion on December 15, 2011 (the "Interim Order"), (e) notice of the Motion having been sufficient under the circumstances; and the Court having

[1] The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).

[2] Capitalized terms not defined herein shall have the meaning given to them in the Motion.

determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein;

IT IS HEREBY ORDERED as follows:

1. The Motion is GRANTED.

2. All objections to the Motion or the relief requested therein that have not been made, withdrawn, waived, or settled, and all reservations of rights included therein, hereby are overruled on the merits.

3. Notice of the Motion was proper, timely, adequate and sufficient under the particular circumstances.

4. Subject to the procedures described in the Interim Order, no Utility Company may (a) alter, refuse, terminate, or discontinue utility services to, and/or discriminate against, the Debtors on the basis of the commencement of these chapter 11 cases or on account of outstanding prepetition invoices or (b) require additional assurance of payment, other than the Proposed Adequate Assurance, as a condition to the Debtors receiving such utility services.

5. All Utility Companies shall be deemed to have waived any right to seek adequate assurance in addition to any Adequate Assurance they were granted under the Interim Order.

6. Any Adequate Assurance Deposit provided to any Utility Company shall be returned to the Debtors at the conclusion of these chapter 11 cases, if not returned or applied earlier.

7. All Utility Companies are hereby deemed to have been provided adequate assurance of payment under section 366 of the Bankruptcy Code unless and until: (a) the Debtors, in their discretion, agree to (i) any additional assurance request or (ii) an alternative assurance of payment with the Utility Company; or (b) this Court enters an order otherwise.

8. Nothing herein constitutes a finding that any entity is or is not a Utility Company hereunder or under section 366 of the Bankruptcy Code, whether or not such entity is listed on the Utility Service List.

9. The Debtors shall serve a copy of this Order on each Utility Company listed on the Utility Service List within two business days of the date this Order is entered.

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

11. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this order.

Dated: JAN 26 2012, 2012

UNITED STATES BANKRUPTCY JUDGE

60948039