

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11  
: :  
Telogy, LLC, et al., : Case No. 10-10206 (MFW)  
: :  
Debtors. : Jointly Administered  
: :  
----- X Ref. Docket No.: 6

**ORDER: (I) AUTHORIZING DEBTORS  
TO (A) PAY PREPETITION EMPLOYEE WAGES, SALARIES AND  
OTHER COMPENSATION, PREPETITION EMPLOYEE BUSINESS  
EXPENSES, AND OTHER MISCELLANEOUS EMPLOYEE  
EXPENSES AND EMPLOYEE BENEFITS; AND (B) CONTINUE  
EMPLOYEE BENEFIT PROGRAMS; AND (II) GRANTING RELATED RELIEF**

Upon the motion (“**Motion**”) of the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”)<sup>1</sup>, for entry of an order, pursuant to sections 105(a), 363(b), and 507(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), as supplemented by Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”): (i) authorizing the Debtors to (a) pay prepetition employee wages, salaries and other compensation, prepetition employee business expenses, and other miscellaneous employee expenses and employee benefits; and (b) continue certain employee benefit plans, programs and policies in effect as of the Petition Date (as defined herein); and (ii) granting related relief; and upon the Affidavit of Gary B. Phillips, Chief Executive Officer of the Debtors, in Support of Chapter 11 Petitions and First Day Pleadings (the “**Phillips Affidavit**”); and notice of the Motion having been given as set forth in the Motion; and it appearing that no other or further notice need

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<sup>1</sup> The last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) e-Cycle, LLC (1582) and (ii) Telogy, LLC (1530). The Debtors’ executive headquarters are located at 3200 Whipple Road, Union City, California 94587.

be provided; and it appearing that the relief requested by this Motion is necessary and is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is hereby

**ORDERED, ADJUDGED AND DECREED, that:**

1. The Motion is granted as set forth herein.
2. Capitalized terms not otherwise defined herein have the meanings ascribed to such terms in the Motion.
3. The Debtors shall be and hereby are authorized to pay, in their sole discretion, the Prepetition Employee Obligations, including, but not limited to, Employee Wage Claims, Reimbursable Business Expenses, Employee Benefit Obligations, and to remit all Employee Deductions and Employer Taxes to the appropriate third parties, as and when such obligations are due, upon entry of this Order; provided, however, that: (i) any such payments by the Debtors to employees in respect of prepetition Employee Wage Claims (including Commissions) shall not exceed \$125,000 in the aggregate (the “**Employee Wage Cap**”); (ii) any such payments by the Debtors to any individual employee on account of prepetition Employee Wage Claims shall be subject to the \$10,950 per employee cap on priority claims under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code (the “**\$10,950 Cap**”); (iii) any such payments by the Debtors to employees on account of prepetition Reimbursable Business Expenses shall not exceed \$2,500 in the aggregate; and (iv) any such payments by the Debtors to the appropriate third parties on account of prepetition Employer Taxes shall not exceed \$65,000 in the aggregate.
4. The Debtors shall be and hereby are authorized, in their sole discretion, to honor and continue their Employee Benefit Programs that were in effect as of the Petition Date.

5. The Debtors shall be and hereby are authorized, but not directed, to continue honoring and paying all Employee Benefit Obligations in respect of the Employee Benefit Programs in the ordinary course of business; provided, however, that nothing contained herein authorizes the Debtors to pay employees for accrued but unused Vacation Time or Floating Holidays upon separation of employment.

6. Subject to the \$10,950 Cap and Employee Wage Cap, the Debtors hereby are authorized to continue to pay, in their sole discretion, Commissions in the ordinary course of business, regardless of when the Debtors' obligation to pay any such Commission accrued.

7. The Debtors are authorized, but not directed, to pay costs and expenses incidental to the payment of the Prepetition Employee Obligations, including all administration and processing costs and payments to third parties (including Ceridian), in the ordinary course of business, in order to facilitate the administration and maintenance of the Debtors' programs and policies related to the Prepetition Employee Obligations.

8. The Payroll Bank is hereby authorized and required to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors under this Order whether presented prior to or after the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Order.

9. Neither this Order nor any payment or performance by the Debtors authorized hereunder shall be deemed an assumption of any executory contract, including any Employee Benefit Programs, or otherwise affect the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with an Employee.

10. Authorizations given to the Debtors in this Order empower but do not direct the Debtors to effectuate the payments specified herein, and the Debtors shall retain the business judgment to make or not make such payments, in all instances subject to the condition that funds are available to effect any payment. In no event shall any person (director, creditor, officer, manager, member, Employee or otherwise of the Debtors) be personally liable for any amounts authorized for payment herein but not paid, and nothing in this Order shall be deemed to increase, reclassify, elevate to administrative expense status or otherwise effect such claims.

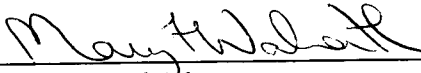
11. The relief requested in the Motion is necessary to avoid irreparable harm to the Debtors, and timely entry of this Order is not prohibited by Bankruptcy Rule 6003(b).

12. The notice requirements of Bankruptcy Rule 6004(a) are hereby deemed waived.

13. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be effective and enforceable immediately upon entry hereof.

14. This Court shall retain jurisdiction over any and all matters arising from or related to the implementation or interpretation of this Order.

Dated: Wilmington, Delaware  
January 26, 2010

  
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Mary F. Walrath  
United States Bankruptcy Judge