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

In re:	Case No. 10-37144
AMCORE FINANCIAL, INC.,	*Chapter 11*
Debtor.	Hon. Susan Pierson Sonderby

DECLARATION OF JUDITH C. SUTFIN IN SUPPORT
OF CHAPTER 11 PETITION AND FIRST DAY PLEADINGS

I, Judith C. Sutfin, being duly sworn, deposes and says:

1. I am the Chief Financial Officer of AMCORE Financial, Inc. ("AMCORE," the "Company," or the "Debtor"), a company incorporated under the laws of the state of Nevada. I am authorized to submit this declaration (the "Declaration" or the "Sutfin Declaration") on behalf of the Debtor. As a result of my tenure with the Debtor, my review of relevant documents, and my discussions with other members of the Debtor's management team, I am generally familiar with the Debtor's day-to-day operations, business affairs, and books and records. If called to testify, I would testify competently to the facts set forth in this Declaration.

2. To facilitate the orderly transition into chapter 11, the Debtor intends to request various types of relief in "first day" applications and motions (collectively, the "First Day Motions"). I submit this Declaration (a) in support of (i) the Debtor's petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as amended (the "Bankruptcy Code") filed on the date hereof (the "Petition Date"), and

(ii) the First Day Motions,[1] and (b) to assist the Court (defined below) and other interested parties in understanding the circumstances that resulted in the commencement of this chapter 11 case (the "Chapter 11 Case"). Except as otherwise stated, all facts set forth in this Declaration are based on my personal knowledge, my discussions with other members of the Debtor's senior management and advisors, my review of relevant documents, or my opinion, based on my experience and knowledge of the Debtor's operations and financial condition.

3. Part I of this Declaration describes the Debtor's business and the circumstances surrounding the commencement of its Chapter 11 Case. Part II of this Declaration sets forth the relevant facts in support of the First Day Motions filed concurrently herewith.

I. BACKGROUND

A. The Chapter 11 Filing

4. On August 19, 2010, the Petition Date, the Debtor commenced a case by filing a petition for relief under chapter 11 of title 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court" or the "Court").

5. The Debtor continues to operate its business and manage its property as debtor and debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

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[1] Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the relevant First Day Motion.

6. No creditors' committee has been appointed in this Chapter 11 Case by the United States Trustee. No trustee or examiner has been appointed in the Debtor's Chapter 11 Case.

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

B. Background and Current Business Operations

8. Prior to the Bank Closure (defined below), AMCORE was a registered bank holding company incorporated under the laws of the State of Nevada in 1982. Corporate headquarters were at 501 Seventh Street, Rockford, Illinois, 61104. After the Bank Closure, AMCORE no longer has an office in Rockford. Instead, the Debtor's office is located at 200 South Wacker Drive, Suite 3100, Chicago, Illinois 60606.

9. AMCORE acted as a registered bank holding company for its wholly owned subsidiary, AMCORE Bank, N.A., a nationally chartered bank, (the "Bank"), whose deposits were insured by the Federal Deposit Insurance Corporation (the "FDIC") up to the maximum amount permitted by law. Prior to being closed, the Bank was subject to oversight and regulation by its primary regulator, the Office of the Comptroller of the Currency (the "OCC").

10. AMCORE, as a bank holding company, is subject to regulations under the Bank Holding Company Act of 1956, as amended, and is registered with the Federal Reserve Board ("FRB").

11. Prior to its closing, the Bank conducted business at more than 50 branch locations through northern Illinois and southern Wisconsin. The Bank's service areas (the "Service Areas") included Rockford, Illinois; the Chicagoland area; Madison, Wisconsin;

and Milwaukee, Wisconsin. Through its banking locations, the Bank provided various consumer banking, commercial banking, asset management, and related financial services.

12. On April 23, 2010, the Bank was closed by the OCC (the "Bank Closure"), and the FDIC was named receiver for the Bank. The FDIC sold substantially all of the assets of the Bank to Harris National Association ("Harris Bank"). In addition, Harris Bank assumed all of the deposits of the Bank, excluding those from brokers. As a result of the Bank Closure, the Company is no longer a bank holding company. Instead, it is a non-operating company seeking to liquidate its remaining assets.

C. Prepetition Capital Structure

13. Assets. AMCORE's principal asset was the capital stock it owned in the Bank. As a result of the closure of the Bank, AMCORE's remaining tangible assets are substantially less in value than its aggregate liabilities. As of the Petition Date, AMCORE had assets[2] of approximately $7.2 million and liabilities totaling approximately $73.6 million.

14. The Debtor's tangible assets on its balance sheet, as of the Petition Date, generally consist of (a) approximately $3.1 million in cash in various bank accounts;[3] (b) approximately $3.3 million in cash currently being held by the Wilmington Trust Company related to the Company's deferred compensation program; (c) a state tax refund receivable with respect to the 2007 Illinois State income tax return, estimated to be

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[2] The assets listed here do not include the approximately $74.7 million investment in the bank, which was seized by the OCC on April 23, 2010. It also does not include its $1.547 million investment in its capital trust subsidiary, AMCORE Capital Trust II (described in more detail below). In addition, the Debtor's assets may also include, among other things, claims against various third parties. The validity and recoverability of any such claims, however, has not been thoroughly analyzed at this time.

[3] The Debtor's Bank Accounts are attached hereto as Exhibit A, and described in more detail below.

$300,000, due from the state of Illinois, stemming from an overpayment of tax by AMCORE to the state and owed to the Debtor; (d) insurance refund proceeds of approximately $114,900, stemming from the cancellation of certain insurance policies; (e) approximately $26,000 in artwork, valued at cost and not depreciated; (f) approximately $10,700 in furniture, fixtures, and equipment at net book value; however, a third party estimate said it would cost more to remove the furniture, fixtures, and equipment than it could get by selling the furniture, fixtures, and equipement; and (g) approximately $8,500 in an annuity policy.

15. Liabilities. As of the Petition Date, the Debtor's liabilities were approximately $73.6 million and consisted of a credit facility; various "other liabilities," including accrued expenses under a deferred compensation plan, a supplemental executive retirement plan, and director emeritus benefits; and junior subordinated debentures and the related trust securities (all described in more detail below).

16. JPM Credit Facility. As of December 31, 2009, AMCORE had $12.5 million outstanding from a $20 million senior credit facility with JP Morgan Chase Bank, N.A. ("JPM"), pursuant to that certain credit agreement, dated as of August 8, 2007, as amended (the "Credit Agreement").

17. The debt facility was originally scheduled to mature in April 2010. In July 2009, AMCORE received a waiver from JPM of a technical default, paid the facility down by $7.5 million, and the maturity of the remaining $12.5 million was extended to April 2011. On September 30, 2009, as a result of dropping below "adequately capitalized" at the consolidated level, the Company once again was in technical default under the facility. On December 18, 2009, AMCORE and JPM entered into an

amendment (the "Amendment") to the Credit Agreement that modified the covenant relating to capitalization at the parent and Bank level so that AMCORE remained in compliance with the terms of the Credit Agreement.

18. Contemporaneously with the Amendment, on December 18, 2009, the Debtor entered into a deposit account pledge agreement where the Debtor granted a security interest in a certain demand deposit account (the "Pledged Demand Deposit Account"), which had an opening balance of $1,092,972, which equaled the anticipated interest payments due from the date of the Amendment through the amended maturity date of the facility. AMCORE made monthly interest payments out of the Pledged Demand Deposit Account, which had a remaining balance of $812,778, as of March 31, 2010 (the "Remaining Balance"). On April 27, 2010, JPM exercised its right of setoff against the Remaining Balance in the Pledged Demand Deposit Account.

19. On April 29, 2010, JPM sent AMCORE a notice of default and demand for payment of the amounts due to it under the Credit Agreement due to the occurrence of events of default under the Credit Agreement. As of the Petition Date, the balance due under the Credit Agreement consisted of principal in the amount of $11,687,222 and accrued interest in the amount of $246,733, for an aggregate amount of $11,933,955 (the "Aggregate Amount"). The Aggregate Amount takes into account the setoff of the Remaining Balance in the Pledged Demand Deposit Account.

20. Other liabilities. AMCORE has approximately $6.0 million in other liabilities, which includes approximately $4.0 million in accrued expenses for a supplemental executive retirement plan, approximately $1.1 million in deferred

compensation, approximately $106,000 in accrued expenses for director emeritus benefits, $25,000 related to director annual retainer payments, and other miscellaneous expenses.

21. Junior Subordinated Debentures and Trust Securities. The Debtor is obligated under an indenture, dated as of March 27, 2007 (the "Subordinated Indenture") between AMCORE and Wilmington Trust Company, as trustee (the "Trustee"), for approximately $51.5 million, in principal amount, of Fixed/Floating Rate Deferrable Interest Junior Subordinated Debt Securities due 2037 (the "Junior Subordinated Debentures").

22. Specifically, the Debtor established AMCORE Capital Trust II (the "Trust"), an unconsolidated subsidiary of the Debtor,[4] for the sole purpose of issuing and selling certain securities representing undivided beneficial interests in the assets of the Trust. The securities, which were purchased by certain purchasers pursuant to that certain purchase agreement dated as of March 27, 2007 (the "Purchase Agreement") and issued by the Trust pursuant to the Amended and Restated Declaration of Trust dated as of March 27, 2007 (the "Trust Agreement"), consisted of $50 million of capital securities (the "Capital Securities") and $1.547 million in common securities[5] (the "Common Securities," and together with the Capital Securities, the "Trust Securities").

23. The entire proceeds from the sale of the Trust Securities were used by the Trust to purchase the Junior Subordinated Debentures from the Debtor, with terms

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[4] The Trust is a Delaware statutory trust.

[5] The Debtor owns 100% of the Common Securities, which Common Securities equal an approximately 3% minority interest in the Trust. The Capital Securities own the remaining majority interest in the Trust.

essentially identical to the Trust Securities (collectively, the Junior Subordinated Debentures together with the TRUPs, the "Debt Securities").

24. Trust preferred securities, such as the Debt Securities, also known as TRUPS, are hybrid securities, possessing characteristics of both debt and equity. Given certain regulatory and tax advantages, TRUPs have been a preferred method to raise capital for certain bank holding companies.

25. The Junior Subordinated Debentures represent all of the assets of the Trust. The Company fully and unconditionally guarantees the Capital Securities through the combined operation of a Guarantee Agreement dated as of March 27, 2007 among the Company, the Trust, and the Trustee (the "Guarantee Agreement"), and other related documents. The Company's obligations under the Guarantee Agreement are unsecured and subordinate to senior indebtedness of the Company. In addition, pursuant to the Subordinated Indenture, the Junior Subordinated Debentures are subordinated to all Senior Indebtedness, as defined in the Subordinated Indenture, of the Company.

26. The Debtor can defer interest payments under the Debt Securities. In the first quarter of 2009, the Company elected to defer regularly scheduled quarterly interest payments on the Debt Securities. The deferral of interest did not constitute an event of default. But while the Company deferred the payment of interest, it continued to accrue expense for interest owed at a compounded rate. As of the Petition Date, the accrued but unpaid interest on the Debt Securities was approximately $5.9 million.

27. On June 1, 2010, AMCORE received from the Trustee a "Notice of Event of Default" (the "Notice of Default") under the terms of AMCORE's Debt Securities. The Notice of Default asserts that the naming of the FDIC as receiver of the Bank and

Harris Bank's assumption of all of the deposits of the Bank, excluding those from brokers, constitutes a default under the Subordinated Indenture. The Debtor does not believe these events in and of themselves constitute a default. Upon the occurrence of an event of default under the Subordinated Indenture, subject to any applicable cure period, the entire principal, premium, and any accrued unpaid interest may be declared immediately due and payable by either the trustee or the holders of the Debt Securities.

28. The Trustee has informed the Debtor that it will take no further action under the Indenture, unless it receives written direction and indemnity satisfactory to it from the holders of the Debt Securities.

29. Equity. As of the Petition Date, there were approximately 23.1 million shares of AMCORE's common stock outstanding. Until recently, the Company's common stock was listed on the NASDAQ Global Select Market ("NASDAQ" or the "NASDAQ Stock Market"). Trading in the Company's common stock was halted on the NASDAQ Stock Market on April 23, 2010. On April 26, 2010, AMCORE received a NASDAQ staff determination letter notifying AMCORE that the Company's common stock would be delisted. On or about May 18, 2010, NASDAQ removed the AMCORE common stock from its listing, effective at the opening of the trading session on May 28, 2010, because the NASDAQ staff determined AMCORE no longer qualified for listing.

D. Pending Litigation

30. On April 14, 2010, a civil action was filed by Merry F. Shane in the United States District Court for the Northern District of Illinois, Western Division, seeking to bring claims individually and on behalf of all others similarly situated under the AMCORE Financial Security Plan (the "401-K Plan") against the Debtor and certain of the Debtor's former and current executive officers and directors. The complaint is

styled Merry F. Shane, Individually And On Behalf Of All Others Similarly Situated, Plaintiff v. AMCORE Financial, Inc., John A. Halbrook, Frederick D. Hay, Steven S. Rogers, John W. Gleeson, William R. McManaman, Jack D. Ward, Paula A. Bauer, Paul Donovan, Teresa Iglesias-Solomon, Judith Carre Sutfin, David (sic) H. Wilson, and John Does 1-20, Defendants. The plaintiff alleges, among other things, breach of fiduciary duty under the Employee Retirement Income Security Act ("ERISA") by each of the defendants for allegedly failing to prudently and loyally manage the 401-K Plan's investment in common stock of AMCORE.

31. On May 24, 2010, a civil action was filed by Michelle Kretsinger and Keith Kretsinger in the United States District Court for the Northern District of Illinois, Western Division, seeking to bring claims individually and on behalf of all others similarly situated under the 401-K Plan, against the Debtor and certain of the Debtor's former and current executive officers and directors. The complaint is styled Michelle Kretsinger and Keith Kretsinger, individually and on behalf of all others similarly situated, Plaintiffs v. AMCORE Financial, Inc., Kenneth E. Edge, William R. McManaman, Paula A. Bauer, Paul Donovan, Teresa Iglesias-Solomon, John A. Halbrook, Frederick D. Hay, Stephen S. Rogers, John W. Gleeson, Jack D. Ward, Lori M. Burke, Judith Carre Sutfin, Donald H. Wilson and Does 1-10, Defendants. The plaintiffs allege, among other things, breach of fiduciary duty under ERISA.

32. On May 25, 2010, Michael Reno and others filed a lawsuit in the Circuit Court of the Ninth Judicial Circuit in and for Orange County, Florida against AMCORE, the Bank, and AMCORE Investment Services, Inc., alleging, among other things, negligence, self-dealing, and mismanagement with respect to the plaintiff's trust accounts,

which contained AMCORE stock. No officers or directors of AMCORE are named in that suit. The complaint is styled Michael G. Reno, individually and as Trustee for the Michael G. Reno Trust; Susan M. Reno, individually and as Trustee for the Susan M. Reno Trust; Sheri J. Rudolph, individually and as Trustee for the Sheri J. Rudolph Trust; and David Rudolph, individually, Plaintiffs v. AMCORE Financial, Inc.; AMCORE Bank, N.A.; AMCORE Investment Services, Inc., Defendants.

33. The Debtor has no reason to believe that any of the litigation contains any meritorious claims, and is defending each of the cases filed against it. The Debtor's exposure, if any, to an award of damages is not susceptible to accurate determination at this time. In addition, under the Bankruptcy Code, any claims arising from rescission of a purchase or sale of a security of the Debtor, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a claim are subordinated. The Debtor believes that all litigation against it is stayed by the filing of this Chapter 11 Case unless and until otherwise ordered by the Court.

E. Events Leading To The Chapter 11 Filing

34. The Company's financial difficulties primarily stem from the Bank Closure. The Bank's difficulties, in turn, stemmed from, among other things, the deteriorating global market, the credit crunch, and the economic conditions which began to accelerate in the second half of 2008. As has been well documented, the United States financial and credit markets, including the residential housing market, experienced nearly unprecedented disruptions over the last couple of years.

35. Generally, the recent severe downturn in global economic conditions, lack of confidence in the financial sector generally, increased volatility in the financial

markets, reduced business activity, and the contraction of capital markets that ultimately resulted in difficulty obtaining available credit and increased borrowing costs all impaired the Company's and the Bank's liquidity and their ability to service their debt. More specifically, the Bank's Service Areas all experienced higher unemployment compared to a year ago, and the entire Midwest continues to experience deterioration in the real estate markets, with tightened liquidity, lengthening of the sales cycle, and declining collateral values. Falling home prices and increasing foreclosures and unemployment, resulted in significant write-downs of asset values. In addition, credit risk in the Bank's portfolio increased due to a concentration in commercial real estate loans with significant deterioration in asset quality and collateral values. Declining value of real estate collateral supporting many construction and land development loans, commercial loans, and multi-family loans adversely impacted the Company's financial condition.

36. As of the end of 2009, the Bank was below adequacy minimums for regulatory capital purposes. Specifically, the Bank was deemed "undercapitalized" for its Total Capital and Tier 1 Capital Ratios and "significantly undercapitalized" for its leverage ratio under applicable regulatory guidelines, including the prompt corrective action ("PCA") provisions of the Federal Deposit Insurance Corporation Improvement Act (the "FDICIA"). As a result, the Bank was no longer able to participate in the brokered CD market and was subject to limitations with respect to interest rates it could offer on deposits.

37. On May 15, 2008, the Bank entered into a written agreement with the OCC (the "OCC Agreement"). On June 25, 2009, the Bank agreed to the issuance of a

consent order (the "Consent Order"). AMCORE entered into a written agreement with the Federal Reserve Bank of Chicago (the "FRB Agreement") on June 26, 2009. The FRB Agreement restricted AMCORE from taking certain actions, including (i) incurring, increasing, or guaranteeing any debt without the prior written approval of the FRB; and (ii) declaring or paying any dividend to its shareholders without the prior written approval of the FRB. In addition, the FRB Agreement and the Consent Order contained requirements to develop plans to raise capital and to revise and maintain a liquidity risk management program.

38. Moreover, because the Bank was deemed undercapitalized within the meaning of the PCA provisions of the FDICIA it was required to submit a capital restoration plan (a "CRP"). See 12 U.S.C. § 1831o(e)(2)(A). To be accepted, a CRP must, among other things, be based on realistic assumptions and be likely to succeed in restoring the institution's capital. In addition, for a CRP to be accepted, any company having control of the undercapitalized institution must guarantee that the institution will comply with the CRP until the institution has been adequately capitalized on average during each of 4 consecutive calendar quarters and provide appropriate assurances of performance. See 12 U.S.C. § 1831o(e)(2)(C)(ii).

39. Consequently, the Bank developed a CRP and submitted it to the OCC. By letter dated November 4, 2009, the OCC notified the Bank of its finding that the CRP was "not acceptable" stating that the OCC was unable to determine that the CRP was "likely to succeed in restoring the Bank's capital." Similarly, by letter dated November 6, 2009, the FRB notified AMCORE its capital plan was unacceptable.

40. Subsequently, on or about December 4, 2009, the Bank resubmitted a CRP that contained Capital Restoration Plan Guaranty Agreement (the "CRP Guarantee Agreement"), whereby AMCORE guaranteed that the Bank would comply with the CRP and agreed to use its "best efforts" to "take any actions directly required of the holding company under the CRP." By return letter dated January 8, 2010, the OCC notified the Bank that its CRP was not acceptable, because it did not meet the statutory requirements of the FDICIA. On January 12, 2010, the FRB notified AMCORE that its capital plan continued to be unacceptable.

41. On April 23, 2010, the OCC closed the Bank, and the FDIC was appointed receiver for the Bank. Prior to the Petition Date, the FDIC sold substantially all of the assets of the Bank to Harris Bank (the "Sale"). Prior to the Bank Closure and Sale, AMCORE and the Bank engaged in various intercompany transactions with respect to taxes, insurance, and other business matters, and certain of these transactions were governed by contracts, including a tax sharing agreement (the "Tax Sharing Agreement"), which provided, among other things, for the allocation of tax liabilities and tax benefits among the parties to the agreement. Pursuant to the Tax Sharing Agreement, AMCORE transferred to the Bank $35,600,000 (thirty-five million six hundred thousand dollars) (the "Bank Portion of the Federal Tax Return") on account of the Bank's share of the $36,900,000 (thirty-six million nine hundred thousand dollar) federal tax return refund stemming from carrying back losses to years 2004 to 2007.

42. AMCORE's principal asset and source of income was its investment in the Bank. Historically, liquidity had been provided to the Debtor through the Bank in the

form of dividends. The Bank Closure has had a significant adverse affect on AMCORE's liquidity, capital resources, and financial condition.

43. All of the above factors led to the need for the Debtor to commence this Chapter 11 Case to liquidate its remaining assets and wind down its estate.

II. FIRST DAY MOTIONS

44. Contemporaneously with the filing of its chapter 11 petition, the Debtor also filed a number of First Day Motions (each described below) and proposed orders (collectively, the "Orders") and respectfully request that the Court enter the Orders.

45. I have reviewed each of the First Day Motions and Orders (including the exhibits to the Motions and Orders) and the facts set forth therein are true and correct to the best of my knowledge, information, and belief. Moreover, I believe that the relief sought in each of the First Day Motions and Orders will help the Debtor achieve a successful liquidation with minimal costs and expenses.

46. Specifically, the relief sought in the First Day Motions is intended to: (a) allow the Debtor to continue to operate to the extent necessary and appropriate to maximize the value of its assets and wind down its estate and (b) minimize potential adverse consequences that might otherwise result from the commencement of this Chapter 11 Case.

Cash Management Motion

47. Cash Management. Under the Debtor's Motion for Order Under 11 U.S.C. §§ 345 and 363 (I) Authorizing Continued Use of Cash Management System, Maintenance of Existing Bank Accounts, (II) Authorizing Waiving Investment and Deposit Requirements, and (III) Authorizing Continued Use of Business Forms (the

"Cash Management Motion"), the Debtor seeks entry of an order granting authority to: (a) continue to use the Debtor's Cash Management System (defined below); (b) continue to use, with the same account numbers, its two bank accounts (the "Bank Accounts"); (c) treat the Bank Accounts for all purposes as accounts of the Debtor as debtor in possession; (d) open new debtor-in-possession accounts, if needed; (e) waive certain investment and deposit requirements; (f) use, in their present form, all correspondence and business forms and other documents related to the Bank Accounts existing immediately before the date hereof, without reference to its status as debtor in possession; and (g) directing all banks to continue to maintain, service, and administer the Debtor's Bank Accounts. In addition, the Debtor further requests that the Court authorize the Debtor to make disbursements in the ordinary course of business by debit, wire, credit card, purchase card, automated clearing house, and other similar methods.

48. Before the commencement of this Chapter 11 Case, the Debtor had a relatively simple cash management system to collect, transfer, and disburse funds (the "Cash Management System") in the ordinary course of business.

49. Overall, the Cash Management System consists of two (2) checking accounts held by the Debtor, listed on Exhibit A attached hereto. One of the Bank Accounts is at Marshall & Ilsley Bank the other is at Harris Bank.

50. I believe the Debtor's smooth transition into chapter 11 will be facilitated by its ability to maintain these Bank Accounts and operate this Cash Management System without interruption. The Debtor will continue to maintain detailed records reflecting all transfers of funds.

51. Consequently, I believe that the maintenance of the existing Cash Management System is in the best interests of the debtor, all creditors, and other parties-in-interest.

52. Bank Accounts. As noted above, before the Petition Date, the Debtor maintained two Bank Accounts. I understand that the United States Trustee has established certain operating guidelines for debtors-in-possession to supervise the administration of chapter 11 cases. I believe that under the circumstances, a waiver of the United States Trustee's requirement that the Bank Accounts be closed and that new post-petition bank accounts be opened is warranted. Given that the Debtor has identified the Bank Accounts and will maintain records regarding any transfers to or from such accounts, any requirement to create new accounts would be inefficient and an unnecessary expense.

53. To avoid delays in payments to administrative creditors and to ensure minimal disruption, I believe that it is important that the Debtor be permitted to maintain its existing Bank Accounts and, if necessary, open new accounts.

54. Waiver of Investment and Deposit Requirements. I am advised by counsel that section 345 of the Bankruptcy Code establishes certain investment and deposit restrictions. I believe that the Debtor's use of the Bank Accounts substantially conforms with the approved investment practices identified in section 345 of the Bankruptcy Code, and that all deposits and investments into the Bank Accounts are safe, prudent, and designed to yield the maximum reasonable net return on the funds invested.

55. As described above, the Debtor's Cash Management System consists of two Bank Accounts utilized by the Debtor through which the Debtor is able to manage

cash receipts and disbursements. To the extent that any account is construed to have a balance substantial enough to fall within the ambit of the Bankruptcy Code section 345 protections, I believe that the safety presented by the financially stable banking institutions with whom the Debtor banks constitutes sufficient cause to allow the Debtor to deviate from approved investment and deposit practices established by the Bankruptcy Code. Consequently, in my opinion, a waiver of the section 345 requirements is in the best interests of the estate, all creditors, and other parties-in-interest.

56. Business Forms. In the ordinary course of business the Debtor used numerous business forms including, but not limited to, letterhead, purchase orders, invoices, contracts, and checks (collectively, the "Business Forms") prior to the Petition Date. In order to minimize expenses to the Debtor's estate, the Debtor is requesting authorization to continue to use all Business Forms subsequent to the Petition Date, without reference to the Debtor's status as debtor-in-possession.

57. I believe that a requirement that the Debtor change its Business Forms would be expensive and burdensome to the Debtor's estate. This expense is further unnecessary because of the anticipated short duration of this Chapter 11 Case. Consequently, I believe that the costs and potential disruption are not justified in this case.

58. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interests. Accordingly, on behalf of the Debtor, I respectfully submit that the Cash Management Motion should be approved.

Employee Wages Motion

59. The Debtor's remaining employees have valuable skill sets, institutional knowledge, and an understanding of the Debtor's operations that make them essential to the Debtor's ability to preserve the value of its business. Accordingly, the Debtor seeks entry of an Order Under 11 U.S.C. §§ 105, 327(a), 328, 363(b), and 507 (i) Authorizing, but not Directing, Payment of Prepetition Wages, Salaries, Benefits, Business Expenses, and Related Items, (ii) Authorizing, but not Directing, the Continuation of Employee Benefit Programs, and (iii) Directing all Financial Institutions to Honor Checks for Payment of such Obligations.

60. To liquidate its assets and wind down its estate effectively, it will help the Debtor if it is able to retain its Employees' skill, institutional knowledge, and understanding of the Debtor's business. By ensuring the uninterrupted payment of the Prepetition Employee Obligations and continuation of certain Employee Benefit Programs, the Debtor's estate, its creditors, and all parties in interest will benefit.

61. Moreover, prepetition claims for wages, salaries, vacation, sick leave, and contributions to employee benefit plans are entitled to priority status under the Bankruptcy Code, so payment of these claims does not constitute preferential treatment.

62. Specifically, sections 507(a)(4) and (a)(5) of the Bankruptcy Code give priority up to $11,725 per individual for prepetition claims for wages, salaries, vacation and sick leave, and claims for contributions to employee benefit plans. The Debtor believes that the vast majority, if not all, of the Prepetition Employee Obligations that the Debtor seeks to pay are entitled to priority under sections 507(a)(4) and (a)(5) of the

Bankruptcy Code, and, as such, will be paid in full as a condition to confirmation of a chapter 11 plan. See 11 U.S.C. § 1129(a)(9).

63. To the extent that the Prepetition Employee Obligations are entitled to priority under section 507(a)(4) and (a)(5) of the Bankruptcy Code, payment in the ordinary course of business simply accelerates the timing of the payment of obligations that otherwise will have to be paid in any event, and therefore does not significantly alter the priority scheme set forth in the Bankruptcy Code.

64. I believe that the relief requested in the Employee Wages Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the Employee Wages Motion should be approved.

Prepetition Tax Motion

65. In the ordinary course of its business, the Debtor collects or remits certain taxes (collectively, the "Taxes") owed to certain taxing authorities (collectively, the "Taxing Authorities"). For example, the Debtor is required by law to withhold from the Employees' paychecks amounts related to federal, state, and local income tax, Social Security, and Medicare Taxes for remittance to the appropriate federal, state, or local Taxing Authority (collectively, the "Withheld Amounts"). In addition, the Debtor is required by applicable statutory authority to pay from its own funds Social Security, Medicare taxes, and additional amounts for federal and state unemployment insurance based on a percentage of gross payroll (the "Employer Payroll Taxes," and together with the Withheld Amounts, the "Payroll Taxes").

66. As of the Petition Date, the Debtor estimates that no Employer Payroll Taxes remain unpaid by the Debtor and that the Withheld Amounts have been collected from Employees' paychecks and have been transferred to the appropriate third parties. Even if such Employer Payroll Taxes were owed, they constitute "trust fund" taxes and the payment of such taxes will not prejudice general unsecured creditors given that the relevant taxing authorities would have a priority claim under section 507(a)(8) of the Bankruptcy Code in respect of such obligations and that such amounts are not property of the Debtor's estate.

67. Moreover, many Taxing Authorities impose personal liability on the officers and directors of entities responsible for the payment of such Taxes.

68. The Debtor, in its Motion for Order Under 11 U.S.C. § 363(b), 507, and 541 Confirming Authority to Pay Certain Prepetition Taxes (the "Prepetition Tax Motion"), thus, requests authority, but not direction, to forward any outstanding Payroll Taxes to the appropriate third parties and to continue to honor and process prepetition payment for Payroll Taxes on a postpetition basis, in the ordinary course of business, as routinely done prior to the Petition Date. Accordingly, on behalf of the Debtor, I respectfully submit that the Prepetition Tax Motion should be approved.

Creditor Notification

69. Certain notices, including the notice of these First Day Motions, must be sent to all of the Debtor's creditors and parties-in-interest. The Debtor respectfully submits that the most effective and efficient manner by which to accomplish the process of photocopying and transmitting notices in this case is to authorize the Debtor or an independent third party to act as an authorized noticing agent of the Court.

70. The Debtor seeks KCC to act as its authorized noticing, claims, and solicitation agent. The Debtor believes that KCC is capable of handling the requisite noticing responsibilities, thereby relieving the Clerk, or in the alternative the Debtor, of such burden. I believe that such assistance will expedite service of notices, streamline the case administration process, and permit the Debtor to focus on liquidating its assets and maximizing the value of its estate. I believe that KCC is well-qualified to provide such services, expertise, consultation, and assistance.

Bar Date Motion

71. As a routine measure in chapter 11 cases, courts set bar dates by which creditors must file their proofs of claim that are unscheduled or scheduled as disputed, contingent, or unliquidated. Courts set bar dates because they are essential to the effective and efficient administration of a bankruptcy case, as well as for the prompt resolution of disputes. Under the Motion of the Debtor for an Order Under 11 U.S.C. § 105(a) and 502 and Fed. R. Bankr. P. 2002, 3003(c), and 9007 (I) Establishing Deadline and Procedures for Filing Proofs of Claim; and (II) Approving the Form, Manner, and Sufficiency of Notice Thereof (the "Bar Date Motion"), the Debtor seeks, among other things, entry of certain bar dates.

72. The Debtor's estate will benefit from a clear procedure to promptly and accurately identify the full nature, extent, and scope of all claims that may be asserted against its estate. To do so, the Debtor will require complete and accurate information regarding the nature, amount, and status of all such claims. As a result, it is in the best interests of the Debtor's estate to begin the claims analysis and reconciliation process as

soon as possible, pursuant to clearly established procedures that will limit confusion on the part of creditors and simplify the estate's claims administration process.

73. Accordingly, I believe that the relief requested in the Bar Date Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest, and I respectfully request, on behalf of the Debtor, that the Bar Date Motion should be approved.

Case Management Motion

74. Omnibus Hearing Dates. The Debtor has presented a motion requesting that the Bankruptcy Court enter an order providing for certain notice, hearing, and other case management procedures in this Chapter 11 Case (the "Case Management Motion"). Among other things, the Debtor has proposed that such hearing procedures include the designation of regularly scheduled omnibus hearing dates ("Omnibus Hearing Dates") at which the Court, the Debtor, and other parties in interest can address several motions at once, thereby avoiding the duplication of time and expense of scheduling separate hearings on each discrete matter. I believe that a lack of Omnibus Hearing Dates would create inefficiencies.

75. Service by Email. Further, the Debtor has requested authority to provide electronic mail service to all creditors in this Chapter 11 Case as set out in the Case Management Motion. The Debtor anticipates that many of its creditors and other parties-in-interest will request notice of papers filed in this Chapter 11 Case. The potential costs associated with copying and serving each document that the Debtor files with the Court via non-electronic methods will result in an unnecessary administrative and economic burden on the Debtor and its estate.

76. I believe the requested procedures will increase administrative efficiency and reduce attendant costs. In addition, I believe the relief requested in the Case Management Motion is in the best interests of the Debtor's estate, the creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the Case Management Motion should be approved.

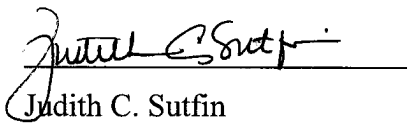
[Remainder of page intentionally blank.]

III. CONCLUSION

77. The Debtor's ultimate goal is to liquidate under the terms of a confirmed chapter 11 plan. I believe that if the Court grants the relief requested in each of the First Day Motions, the prospect for achieving this objective and completing a successful, rapid liquidation of the Debtor's business while maximizing value to creditors will be substantially enhanced.

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

Executed this 20th day of August 2010.

By: 

Judith C. Sutfin
Chief Financial Officer of
AMCORE Financial, Inc.

EXHIBIT A
BANK ACCOUNTS

Bank	**Type of Account**	**Account Number (last four digits)**	**Balance as of the Petition Date**
Marshall & Ilsley Bank	Checking	8069	$2,815,180
Harris Bank, formerly AMCORE Bank, N.A.	Checking	7895	$298,534