

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: :
: Chapter 11
INACOM CORP., et al. : Case No. 00-2426 (PJW)
: *OBJECTIONS DUE: 8/14/03 at 4:00 p.m.*
: *HEARING DATE: 9/19/03 at 9:30 a.m.*
Debtors. : (Jointly Administered)

FINAL APPLICATION FOR ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES TO DELOITTE CONSULTING LP, AS
RESTRUCTURING CONSULTANT TO THE DEBTORS FOR THE PERIOD JUNE 16,
2000 THROUGH NOVEMBER 30, 2000

Name of Applicant(s): Deloitte Consulting LP

Authorized to Provide
Professional Services to: InaCom Corp., et al.

Date of Retention: June 16, 2000

Date of Withdrawal: July 29, 2002

Period for which compensation
and reimbursement is sought: June 16, 2000 through November 30, 2000
(Final Application)

Amount of Compensation sought
as actual, reasonable and necessary: \$382,731.50 (previously paid)

Amount of Expense Reimbursement sought
as actual, reasonable and necessary: \$60,352.84 (previously paid)

This is an: Interim X Final Application

Deloitte Consulting LP is seeking final allowance of compensation and reimbursement of expenses for the post-petition period of June 16, 2000 to November 30, 2000. This is Deloitte Consulting LP's final fee application. No hours are being charged for preparation of this fee application.

In Re: InaCom Corp., et al.
Case No.: 00-2426 (PJW)

InaCom Corporation, et al.
Deloitte Consulting LP
Summary of Professional Fees and Expenses
 June 16, 2000 to November 30, 2000

<u>Date Filed</u>	<u>Period Covered</u>	<u>Requested Fees</u>	<u>Requested Expenses</u>	<u>Unpaid Fees</u>	<u>Unpaid Expenses</u>
09/01/00	06/16/00 – 07/29/00	\$192,462.00	\$27,010.70	\$0.00	\$0.00
10/17/00	07/30/00 – 08/26/00	118,125.50	18,632.34	0.00	0.00
1/12/01	07/27/00 – 11/30/00	<u>72,144.00</u>	<u>14,709.80</u>	<u>0.00</u>	<u>0.00</u>
Total		\$382,731.50	\$60,352.84	\$0.00	\$0.00

<u>Name</u>	<u>Position</u>	<u>Billing Rate</u>	<u>Hours</u>	<u>Fees</u>
Peterson, Chad	Business Analyst	185	650.5	\$120,342.50
Volkema, Tim	Business Analyst	185	340.4	62,974.00
Pidcock, John	Senior Consultant	325	528.2	171,665.00
Williamson, Tom	Principal	625	39.8	24,875.00
de Camara, Don	Principal	625	4.6	2,875.00
Total Professional Hours & Fees		\$244.79*	1,653.5	\$382,731.50

* Blended Hourly Rate

<u>Fees by Project Category</u>	<u>Total Hours</u>	<u>Total Fees</u>
Assest Disposition Analysis	24.0	\$4,440.00
Cash Management and Forecasting	1,271.1	315,255.50
Fee Applications and Interim Billing	33.5	10,023.50
Financial Projections	73.8	15,853.00
Forensic Accounting and Analysis	3.4	1,585.00
General Bankruptcy Matters	48.2	9,729.00
Income Tax Analysis	0.4	250.00
Required Court Filings	106.0	24,588.00
Tax Returns	<u>3.1</u>	<u>1,007.50</u>
Total	1,563.5	\$382,731.50

<u>Expenses by Category</u>	<u>Total Expenses</u>
Airfare	\$28,976.34
Hotel Accomodations	15,157.96
Automobile Rental, Taxis, and Parking	6,400.58
Meals	7,463.52
Faxing Services	12.54
Office Supplies	6.38
Cellular Telephone	559.13
Outside Reproduction	5.50
Remote Email Services	6.94
Express Mail	<u>1,763.95</u>
Total	\$60,352.84

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re:	:	
	:	Chapter 11
INACOM CORP., et al.	:	Case No. 00-2426 (PJW)
	:	
	:	
Debtors.	:	(Jointly Administered)

**FINAL APPLICATION FOR ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES TO DELOITTE CONSULTING LP, AS
RESTRUCTURING CONSULTANT TO THE DEBTORS FOR THE PERIOD JUNE 16, 2000
THROUGH NOVEMBER 30, 2000**

This Final Application For Allowance Of Compensation And Reimbursement Of Expenses (“Application”) is filed by Deloitte Consulting LP (“Deloitte” or the “Applicant”) for services rendered and expenses incurred as restructuring consultants to the above captioned debtors (the “Debtors”) for the period June 16, 2000 through November 30, 2000 (the “Application Period”). Deloitte has been fully paid for its fees and expenses and requests hereby and pursuant to Sections 330 and 331 of Title 11 of the United States Code of Bankruptcy Rule 2016 for an Order providing final allowance and authorization of these fees (\$382,731.50) and expenses (\$60,352.84) for the Application Period.

In support of this application, the Delolitte represents as follows:

BACKGROUND

1. On June 16, 2000 (the "Petition Date"), the Debtors commenced their respective reorganization cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. On June 30, 2000, the United States Trustee for the District of Delaware (the "Trustee") appointed an official committee of unsecured creditors (the "Creditor Committee") in these chapter 11 cases. To Applicant's knowledge, no trustee or examiner has been appointed herein.

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

3. The Debtors filed a motion requesting that their chapter 11 cases be consolidated for procedural purposes only and administered jointly.

4. Prior to commencement of these chapter 11 cases, the Debtors were a leading single-source provider of information technology products and technology management services to primarily Fortune 1000 clients. The Debtors distributed their products and services through a marketing network of approximately ninety (90) business centers owned by the Debtors throughout the United States. At that time, the Debtors also operated a network of approximately 875 independent dealers, each of which typically had a regional, industry or specific service focus.

5. On February 16, 2000 (the "Compaq Closing Date"), the Debtors sold their products-related businesses and assets to Compaq Corporation ("Compaq") for approximately \$369.5 million in cash (subject to adjustments) plus Compaq's assumption of certain liabilities. The Debtors' decision to pursue the sale of their products-related businesses was occasioned by significant shifts in the Debtors' industry, including the reduction of incentives from manufacturers of information technology products, many of which have

transitioned to direct sale strategies. These industry shifts resulted in reduced margins and acute liquidity difficulties for the Debtors.

6. In light of these developments, during the 1999 fiscal year, the Debtors re-evaluated their assets, systems, organizational structure and competitive strategy. As a result of such re-evaluation, the Debtors determined to transition out of the business of providing information technology products and to focus on the service-related aspects of their business. The Debtors entered into the Compaq transaction in order to implement this strategy, reduce long-term indebtedness, increase liquidity and position themselves primarily as providers of information technology services.

7. The Applicant and its affiliate, Deloitte & Touche LLP ("D&T") applied to serve as restructuring consultant to the Debtors under its Application dated June 28, 2000. The Retention Order approving Deloitte Consulting LP and D&T was signed on August 7, 2000, and was nunc pro tunc to June 16, 2000.

8. The Retention Order authorized the retention of Deloitte Consulting LP and D&T to render to the Debtors the following services, which included but were not limited to the following:

(a) assisting the Debtors in developing schedules and related information, including coordinating requirements with counsel regarding filing of papers and the statement of financial affairs, monthly operating reports, and the like;

(b) providing assistance to the Debtors' financial managers in understanding financial processes and supplementing and supporting existing financial and accounting processes;

(c) assisting the Debtors with liquidity management, including reading and challenging management's cash forecast, sensitivity analyses, reconciliation to

financial projections and identifying methods to improve forecasting process/controls and potential cash sources including cost reduction opportunities;

(d) assisting in communicating and negotiating with third parties by working with the Debtors' management to develop and deliver restructuring-related negotiations, and communications with key constituents, including secured and unsecured creditors, creating a detailed communications plan to ensure appropriate information flow to all third parties, including secured and unsecured creditors and their restructuring advisors, developing a baseline liquidation analysis and assisting the Debtors' management in dealing with and coordinating activities of the Debtors' banks' financial advisors and the financial advisors of any official committee of unsecured creditors;

(e) assisting with preparing for chapter 11 case filings and activities by assisting in developing appropriate communications plans, developing appropriate pre- and post-petition accounting cut-off procedures, developing a reclamation program, if necessary, and developing a claims program and reconciliation process;

(f) assisting in estate wind-down planning by assisting in developing wind-down scenario(s), timing, responsibilities and workplans and coordinating requirements with counsel;

(g) consistent with the scope of services set forth herein, as requested by the Debtors or their legal counsel and agreed to by Deloitte, attending and participating in appearances before the United States Bankruptcy Court; and

(h) providing such other necessary advice and services as may be requested by the Debtors or their counsel and agreed to by Deloitte.

10. The Applicant and D&T filed a motion dated July 10, 2002 (the "Motion") to withdrawal as reorganization consultants to the Debtors, which Motion was granted pursuant to this Court's order dated July 29, 2002.

THE APPLICATION

10. This Application is made by Deloitte in accordance with Local Order #32 dated December 12, 1996, the Guidelines adopted by the Executive Office for the United States Trustee and the Administrative Order, Pursuant to Section 105(a) and 331 of the Bankruptcy Code, Establishing Procedures for Compensation and Reimbursement of Expenses of Professionals dated June 19, 2000.

11. Fee and Expense Request – Applicant requests final approval of \$382,731.50 for professional services and reimbursement of \$60,352.84 for necessary expenses incurred on behalf of the Debtors during the period from June 16, 2000 to November 30, 2000. In completing these services, Deloitte worked diligently to assure an appropriate division of labor among the various professionals working with the Debtors to minimize duplication of effort and to efficiently provide support to the Debtor. Through Debtor payments and the application of a \$150,000.00 retainer, these fees and expenses have been fully paid.

12. In rendering the services described herein, Deloitte expended a total of 1,653.5 hours during the Application Period. The following table summarizes the total hours and professional fees charged by task description for the Application Period:

InaCom Corporation
Deloitte Consulting LP
Summary of Professional Fees
June 16, 2000 to November 30, 2000

<u>Fees by Project Category</u>	<u>Total Hours</u>	<u>Total Fees</u>
Assest Disposition Analysis	24.0	\$4,440.00
Cash Management and Forecasting	1,271.1	315,255.50
Fee Applications and Interim Billing	33.5	10,023.50
Financial Projections	73.8	15,853.00
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General Bankruptcy Matters	48.2	9,729.00
Income Tax Analysis	0.4	250.00
Required Court Filings	106.0	24,588.00
Tax Returns	<u>3.1</u>	<u>1,007.50</u>
Total	1,563.5	\$382,731.50

**SUMMARY OF SERVICES BY CODE AND DISCUSSION OF
NECESSITY AND BENEFIT TO THE ESTATE**

13. The services rendered by Deloitte during the Application Period can be grouped into the main categories as summarized in the chart above and described in greater detail below.

Asset Disposition Analysis – At direction of the Debtors’ and crisis managers, Deloitte monitored the status and analyzed sale of various assets and businesses. Analyses included potential proceeds, associated claims, mitigation strategies, and impact on cash recoveries.

Total Time Expended:	24.0 hours
Total Fees:	\$4,440.00

Cash Management and Forecast – Deloitte worked with the Debtor’s management to develop a cash budget that was approved by the bank group, and then submitted to the Bankruptcy Court. Subsequently, Deloitte developed weekly reporting formats, processes and procedures for a budget-to-actual comparison. In addition, Deloitte developed a daily cash report, allowing the Debtor’s management to determine the amount of cash needed to fund various operating activities. Deloitte worked closely with the bank group and its professionals to develop the reports. Deloitte also assisted the Debtor in assessing its ability to fund ongoing wind-down operations. Detailed analyses such as payroll by individual, breakdown of professional fees, and A/R wind-down analyses accompany this process. Through the Application Period, Deloitte had primary responsibility for the cash forecasting and reconciliation process.

Total Time Expended:	1,271.1 hours
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Total Fees: \$315,255.50

Fee Applications and Interim Billing – Deloitte prepared applications for interim billings during the Application Period. This includes only the time expended between June 16, 2000 and November 30, 2000.

Total Time Expended: 33.5 hours

Total Fees: \$10,023.50

Financial Projections – Deloitte created a consolidated, analysis-based financial projection for the Debtor's wind-down operations in terms of receipts and disbursements. Through conversations with the Debtor's management and comprehensive research, Deloitte created a flexible, dynamic model to track financial performance against projected targets. In addition, the applicant developed a working asset framework for the Debtor, allowing the Debtor to evaluate strategic alternatives and analyze the respective values of its various businesses and assets. The framework broke down the Debtor's main asset and liability areas to provide usable data from which to analyze various financing options.

Total Time Expended: 73.8 hours

Total Fees: \$15,853.00

Forensic Accounting Analysis -- The Debtors' accounting situation was relatively complex; its pre-filing accounting was completed on different accounting packages (e.g., JDEdwards and Oracle). After the Compaq Closing Date, a subsidiary of Compaq known as Custom Edge provided accounting information for four of the Debtors' divisions (Administration, Centralized Services, Communication, and Direct Operations) under the terms of a shared service agreement. The Debtor had concluded that it was not able to determine the composition of certain balance sheet accounts or the nature aptness of the various intercompany transactions between InaCom and Custom Edge. As a result, Deloitte assisted the Debtor in

analyzing numerous asset and liability accounts and in analyzing the recorded transactions between the Debtor and Custom Edge according to both the shared service agreement and the asset sale agreement. In addition to this, Deloitte charted the internal processes and logistics for the Debtors' vendor payments and inventory management, particularly with respect to the Communications Division. The preponderance of this work was performed by D&T; Applicant's time and fees for this category is set forth below.

Total Time Expended: 3.4 hours

Total Fees: \$1,585.00

General Bankruptcy Matters -- Deloitte conducted activities and participated in various meetings and telephone calls with the Debtors, its representatives, and parties-in-interest concerning current issues, miscellaneous matters associated with the chapter 11 cases, and project planning and timing.

Total Time Expended: 48.2 hours

Total Fees: \$9,729.00

Income Tax Analysis – At direction of the Debtors' controller, Deloitte reviewed tax liabilities resulting from asset dispositions and closure of operations. The majority of the work for this category was done by other professionals, including D&T; Applicants time and fees for this category are set forth below.

Total Time Expended: 0.4 hours

Total Fees: \$250.00

Required Court Filings – Deloitte assisted the Debtor with preparation and filing

of the first day papers as well as the Schedules, Statements of Financial Affairs, and interim operating reports on a consolidated basis. Deloitte also advised the Debtors with regard to reporting issues for Schedules and Statement of Financial Affairs. Deloitte also assisted the Debtor in the preparation and filing of interim operating financial reports that were filed with the Bankruptcy Court. The preponderance of this work was performed by D&T; Applicant's time and fees for this category is set forth below.

Total Time Expended: 106.0 hours

Total Fees: \$24,588.00

Tax Returns – Deloitte assisted the Debtors with preparation and filing of the various state tax returns due to the expected sizeable tax return proceeds. Deloitte also advised the Debtors with regard to reporting issues for other tax implications such as employment taxes. The preponderance of this work was performed by D&T; Applicant's time and fees for this category is set forth below.

Total Time Expended: 3.1 hours

Total Fees: \$1,007.50

14. Such services were reasonable and necessary in order for Deloitte to discharge its duties and obligations to the Debtors and this Court. Applying the usual and customary billing rates for the types of services performed to the time spent as generally accepted by the Deloitte's clients, Deloitte incurred total gross fees of \$382,731.50 during the Application Period.

15. In rendering these services, Deloitte made every effort to maximize the benefit to the Estate and to work with other professionals employed in the case to avoid duplication of effort. In particular, Deloitte worked closely with financial professionals from the

Debtors, the bank group, and the Debtors' financial advisors, Restoration Management (now named Bridge Associates). The amount of services rendered by Deloitte to achieve the results obtained for the benefit of the Estate was reasonable in light of the size of the case and the complexity of the issues involved in this case. Deloitte judiciously allocated responsibilities to minimize possible duplication of efforts. Final authorization for the compensation received is sought for participation by more than one professional only in instances where joint participation was necessary because of the significant impact of a particular meeting, the complexity of the problem involved, the specialization required or the need to preserve a continuity of representation.

16. Other than as provided in Section 504(b) of the Bankruptcy Code, Deloitte has not shared, or agreed to share, any compensation received as a result of this case with any person, firm or entity. As disclosed in the Application for Retention of Deloitte, the Applicant and D&T received a joint Retainer in the amount of \$150,000. This Retainer was held by Deloitte for its sole use and application of outstanding fees and expenses owing by the Debtors. No promises concerning compensation have been made to Deloitte by any firm, person or entity. The sole and exclusive source of compensation has been funds of the Estate.

17. The Applicant asserts that compensation described above is reasonable compensation for the actual and necessary services rendered based upon the time, nature and value of such services. Deloitte further asserts that the cost of services rendered for and on behalf of the Debtors is comparable to the cost of similar services in matters other than under the Bankruptcy Code.

18. This application has been provided simultaneously to the Debtors, counsel to the Debtors and the parties listed in the attached fee application service list.

Notice

20. To Applicant's knowledge, no trustee or examiner has been appointed in these chapter 11 cases. An Official Committee of Unsecured Creditors was formed in these chapter 11 cases. Notice of this Application has been given to names listed on the attached Fee Application Service List and to parties required pursuant to the Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals dated June 22, 2000, as amended from time to time, including: (i) InaCom Corp., 13010 Morris Road, 6th Floor, Alpharetta, GA 30004, Attn: Thomas J. Fitzpatrick; (ii) counsel for the Debtor: Pachulski, Stang, Ziehl, Young & Jones P.C., 919 North Market Street, 16th Floor, P.O. Box 8705, Wilmington, Delaware 19899-8705, Attn: Laura Davis Jones, Esq.; (iii) counsel to the official committee of creditors: (A) Blank Rome LLP, Chase Manhattan Center, 1201 North Market Street, Suite 2100, Wilmington, DE 19801, Attn: Bonnie Glantz Fatell, Esq., and (B) Blank Rome Comisky & McCauley, LLP, One Logan Square, Philadelphia, Pennsylvania 19103, Attn: Regina Stango Kelbon, Esq.; (iv) counsel for the Deutsche Bank AG: (A) Greenberg Traurig, LLP, 1201 North Orange Street, 9th Floor, Wilmington, Delaware 19801, Attn: Scott D. Cousins, Esq., and (B) White & Case, LP, 1155 Avenue of the Americas, New York, New York 10036-2787, Attn: Howard Beltzer,; (v) the Office of the United States Trustee, 844 King Street, Room 2311, Wilmington, Delaware 19801, Attn: Daniel K. Astin, Esq.; and (vi) all parties requesting notice under Rule 2002 of the Federal Rules of Bankruptcy Procedure. In light of the nature of the relief requested herein, the Applicant submits that no other or further notice is required.

WHEREFORE, Deloitte respectfully requests that the Court enter an Order, substantially in the form attached hereto, granting final allowance of compensation (which compensation has been fully paid) for professional services rendered by Deloitte to the Debtors during the period June 16, 2000 to November 30, 2000 in the amount of \$382,731.50 and reimbursement of necessary and reasonable out-of-pocket expenses (which reimbursement has been fully paid) in the amount of \$60,352.84.

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Dated: July 7, 2003

DELOITTE CONSULTING L.P.
By: Deloitte Consulting (US) LLC

By: 

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