

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

INACOM CORP., et al.

Debtors.

Case No. 00-2426(PJW)

Jointly Administered

Chapter 11

Objection Due By: 8/14 2003 at 4:00 p.m.

Hearing Date: 9/19/03 at 9:30 a.m.

**QUARTERLY AND FINAL APPLICATION FOR APPROVAL AND ALLOWANCE
OF COMPENSATION, FOR APPROVAL AND ALLOWANCE OF
REIMBURSEMENT OF EXPENSES AND FOR PAYMENT OF HOLDBACKS FOR
THE PERIOD OF OCTOBER 1, 2002 THROUGH JUNE 9, 2003**

Name of Applicant:	PricewaterhouseCoopers LLP
Authorized to Provide Professional Services to:	InaCom Corp., et al.
Date of Retention:	December 23, 2002
Period for which Compensation and Reimbursement is Sought:	October 1, 2002 to June 9, 2003
Amount of Compensation Sought as Actual, Reasonable and Necessary not yet received:	\$14,218 ¹
Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary not yet received:	\$0 ²

¹ We are requesting payment for the twenty percent holdback for the March 15, 2003 Fee Application of \$8,035, April 15, 2003 Fee Application of \$2,677, and the expected holdback for the May 15, 2003 Fee Application of \$2,784 and the June 9, 2003 Fee Application of \$722 for at total of \$14,218. Total fees incurred during our retention on this were \$194,531 of which we expect to have received a total of \$180,313 before the approval of this application.

² We anticipate that expense reimbursement will be received as requested as in prior Fee Applications.

This is an: __ monthly __ interim X final application.

The total time expended for fee application preparation is approximately 141.2 hours and the corresponding compensation requested is approximately \$24,939.

This is PricewaterhouseCoopers Final fee application.

Prior Applications Filed:

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
January 15, 2003	10/01/02 - 12/15/03	78,433	1,888	78,433	1,888
February 11, 2003	12/16/02 - 1/15/03	26,644	1,222	26,644	1,222
March 26, 2003 (Omnibus Order Entered)	10/01/02 - 2/15/03	18,470	337	18,470	337
April 17, 2003	2/16/03 - 3/15/03	40,176	1,011	32,141	1,011
June 9, 2003	3/16/03 - 4/15/03	13,274	484	10,598	484
July 7, 2003	4/16/03 - 5/15/03	13,922	323	Pending	Pending
To Be Filed	5/16/03 - 6/09/03	3,612	221	Pending	Pending
Totals		194,531	5,486	166,286	4,942

Amount currently outstanding	28,789
Amount expected to be outstanding as of September 15, 2003³	14,218

³ We are expecting to receive all expenses and eighty percent of fees for the above Fee Applications still pending before approval of this application. Please see the footnotes on the previous page for more information.

InaCom Corporation, et al.
PricewaterhouseCoopers LLP
Summary of Fees by Category
 October 1, 2002 to June 9, 2003

Category Description	Hours	Fees
<u>Compliance Projects:</u>		
3 Federal and State Income Tax Returns for the year ended April 30, 2002 and 2003	184.5	45,129
4 Initial Retention Application	27.7	8,390
5 Resubmit application, additional Compaq disclosure, and revising application for 3rd time	30.1	6,178
6 Fee Application and Interim Billing	141.2	24,939
Total Professional Hours and Fees for Compliance Projects	383.5	84,636
<u>Consulting Projects:</u>		
1 Tax advice related to maximizing the value of InaCom's net operating losses	8.1	3,964
2 Tax advice related to the liquidation plan (Liquidating trust vs. C-Corporation)	91.4	45,112
7 IRS Statute of limitations extension and expedite of refund on account with Joint Committees	84.3	37,837
8 Unemployment Tax Issues	6.2	1,850
9 NY Income Tax questions related to NY audit	34.8	13,555
10 IRS Interest Refund Opportunities	16.2	7,577
Total Professional Hours and Fees for Consulting Projects	241.0	109,895
Total Professional Hours and Fees	624.5	194,531

InaCom Corporation, et al.
PricewaterhouseCoopers LLP
Summary of Fees by Professional
October 1, 2002 to June 9, 2003

Name	Position	Hourly Billing Rate	Hours	Fees
<u>For Compliance Projects:</u>				
Reinkemeyer, Joe W.	Partner	460	39.0	17,940
Farr, Deidra	Manager	310	105.5	32,767
Yeagle, Holly	Manager	310	8.4	2,604
Malessa, Edward	Senior Associate	208	44.0	9,152
Dougal, Kay	Associate	125	38.1	4,763
Furman, Jessie	Associate	125	3.5	438
Milam, Liberty	Associate	125	124.0	15,500
Trugman, Seth	Associate	125	2.7	338
Carpenter, Michael	Administration	62	3.9	242
Cummings, Angela	Administration	62	13.9	862
Fitzgerald, Linda	Administration	62	0.5	31
Total Professional Hours and Fees for Compliance Projects*		221	383.5	84,636
<u>For Consulting Projects:</u>				
Reinkemeyer, Joe W.	Partner	586	31.9	18,693
Aeder, Mitchel	Partner	649	3.6	2,336
Miyares, Henry	Partner	649	26.0	16,874
Carlow, Louis	Director	472	9.0	4,248
Donelson, James	Director	472	43.7	20,626
Dunn, Gergory	Director	472	8.0	3,776
Verde,	Director	472	16.0	7,552
Dreyer, Timothy	Senior Manager	472	2.0	944
Page, Gretchen	Senior Manager	472	1.7	802
Ryan, Sarah	Senior Manager	472	14.4	6,797
Farr, Deidra	Manager	414	40.9	16,933
Parker, Carrie	Manager	470	5.5	2,585
Szelwach, Robert	Consultant	278	12.0	3,336
Cho, Angela	Associate	167	2.0	334
McKenna, Kerri	Associate	167	3.3	551
Milam, Liberty	Associate	167	6.7	1,119
Thurman, Stephanie	Associate	167	14.3	2,388
Total Professional Hours and Fees for Consulting Projects*		456	241.0	109,895
Total Professional Hours and Fees *		311	624.5	194,531

* Blended Hourly Rate

InaCom Corporation, et al.
PricewaterhouseCoopers LLP
Summary of Expenses by Category
October 1, 2002 to June 9, 2003

Expense Category	Service Provider	Total Expenses
Airfare	N/A	-
Hotel	N/A	-
Auto/Taxi/Parking	N/A	200
Meals	N/A	-
Other *	N/A	5,287
Total Professional Expenses		5,487

* Other expenses include general office services, such as computer usage, telephone charges, facsimile transmissions, postage and photocopying.

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**QUARTERLY AND FINAL FEE APPLICATION FOR APPROVAL AND
ALLOWANCE OF COMPENSATION, FOR APPROVAL AND ALLOWANCE OF
REIMBURSEMENT OF EXPENSES AND FOR PAYMENT OF HOLDBACKS FOR
THE PERIOD OF OCTOBER 1, 2002 THROUGH JUNE 9, 2003**

Pursuant to sections 330 and 331 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Delaware Bankruptcy Court's Standing Order no. 32, and the Court's Order approving Debtor's Motion For Modification of Prior Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, entered on December 12, 2000 (the "Modified Fee Order"), PricewaterhouseCoopers LLP (hereinafter referred to as "PwC" or the "Applicant") hereby files this Quarterly and Final Application For Approval And Allowance of Compensation, For Approval And Allowance of Reimbursement of Expenses and For Payment of Holdbacks for October 1, 2002 through June 9, 2003.

PwC seeks this Court's approval for the Debtors to pay currently a total of \$14,218 in respect of fees for \$14,218⁴ incurred but not yet paid for the period October 1, 2002 through June 9, 2003 (the "Final Period"). In support of the Application, PwC respectfully represents as follows:

⁴ We are requesting payment for the twenty percent holdback for the March 15, 2003 Fee Application of \$8,035, April 15, 2003 Fee Application of \$2,677, and the expected holdback for the May 15, 2003 Fee Application of \$2,784 and the June 9, 2003 Fee Application of \$722 for at total of \$14,218.

BACKGROUND

1. On July 31, 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. No trustee or examiner has been appointed herein.

2. The Debtors are continuing in possession of their respective properties and are operating and managing their businesses, as debtors in possession, pursuant to sections 117 and 1108 of the Bankruptcy Code.

3. 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).

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

5. The Debtors maintained their principal executive offices in Omaha, Nebraska, and Malvern, Pennsylvania. For the fiscal year ended January 26, 1998, on a consolidated basis, the Debtors had revenues of approximately \$6.9 billion and assets of approximately \$1.9 billion. Prior to February 16, 2000 (the "Compaq Closing Date"), 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.²

6. On 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

² Certain of the Debtors, and various non-debtor affiliates of the Debtors, have international locations in Central America, South America and Mexico and international affiliations in Europe, Asia, the Caribbean, the Middle East, Africa and Canada. In addition, certain of Debtors' affiliates provide international logistics and customization services in Mexico, the Caribbean and Central and South America.

certain post-closing adjustments) plus Compaq's assumption of certain liabilities. The Debtor's decision to pursue the sale of their products-related businesses was occasioned by significant shifts in the Debtor's 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.

7. 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.

8. PwC applied to serve as Tax Advisor to the Debtors under its Application dated October 25, 2002. The Retention Order approving PwC was signed on December 23, 2002, and was nunc pro tunc to October 1, 2002.

9. The Retention Order authorized the retention of PwC to render to the Debtors the following services, which include but are not limited to the following:

(a) advise the Debtors with respect to how to structure the liquidation plan to minimize adverse tax consequences;

(b) advise the Debtors with respect to their ability, if any, to generate value for the Debtors' estates in connection with the Debtors' significant net operating losses ;

(c) assisting in connection with filing tax returns in appropriate jurisdictions and addressing issues which have arisen with the Internal Revenue Service and various states; and

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

THE APPLICATION

10. This application is made by PwC in accordance with Local Order #32 dated January 12, 1996, the Guidelines adopted by the Executive Officer 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 July 17, 2000. Pursuant to this application, PwC has attached the following exhibits:

(a.) Exhibit A – Copy of the Retention Order authorizing employment of PwC;

(b.) Exhibit B – Summary schedules categorized by consulting projects and compliance projects showing professionals who performed services, the number of hours spent, the respective professional's billing rate and the total fee for such services;

(c.) Exhibit C – Summary by Project Code, Summary of Professional Fees and itemized records, in chronological order, of each specific service for which an award of compensation is sought. The itemized records include: (1) the date each service was rendered, (2) the professional(s) who performed the services, (3) the project category performed, (4) the hourly bill rate for the individual project, (5) the time spent performing the service in increments of tenth of an hour, and (6) a description of the services rendered, for the period October 1, 2002 to June 9, 2003;

(d.) Exhibit D – Expense Summary and Expense Detail by individual, which itemize total expenses for which reimbursement is sought. The basis for calculating expenses is based on reasonable out-of-pocket expenses and our internal charges for certain support activities as described in the Engagement Letter dated October 9, 2002. This basis is consistent with that used for non-bankruptcy clients; and

(e.) Exhibit E – Affidavit of Joe W. Reinkemeyer in accordance with Federal Bankruptcy rule 2106 and Local Order #32.

(f) Exhibit F – Order granting application of PricewaterhouseCoopers LLP for allowance of final compensation and reimbursement of expenses.

11. Fee and Expenses Request – Applicant requests an award of \$14,218 for professional services incurred on behalf of the Debtors during the period from October 1, 2002 to June 9, 2003. PwC has 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. PwC also maintains record of all actual and necessary expenses incurred in connection with this proceeding.

12. In rendering the services described herein, PwC expended a total of 624.5 hours during the period from October 1, 2002 to June 9, 2003. PwC has performed and completed a significant amount of work during the Application Period as reflected in this fee application. The following table summarizes the total hours and professional fees charged by task description for the Final Application Period:

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PricewaterhouseCoopers LLP
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October 1, 2002 to June 9, 2003

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2 Tax advice related to the liquidation plan (Liquidating trust vs. C-Corporation)	91.4	45,112
7 IRS Statute of limitations extension and expedite of refund on account with Joint Committees	84.3	37,837
8 Unemployment Tax Issues	6.2	1,850
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Total Professional Hours and Fees for Consulting Projects	241.0	109,895
Total Professional Hours and Fees	624.5	194,531

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

13. The services rendered by PwC during the Final Fee Period can be grouped into the main categories as summarized in the chart above and described in greater detail below. An even more detailed summary by task is included as Exhibit C. The professionals who rendered services relating to each category, along with the number of hours for each individual and the total compensation sought for each category are detailed in Exhibit C.

Category 1 – Tax advice related to maximizing the value of InaCom’s net operating losses – PwC researched, and documented in research memos, the potential for the Debtors to utilize accumulated NOLs. Further, PwC assessed limitations of Internal Revenue Code Section 382 on NOLs and evaluated the special bankruptcy rule herein.

Total Time Expended:	8.1 hours
Total Fees:	\$3,964

Category 2 – Tax advice related to the liquidation plan (Liquidating trust vs. C-Corporation) – PwC researched, and documented in research memos, the advantages of the Debtors continuing to operate as a C-Corp. or converting into a Liquidating Trust. Further, PwC held several conference calls to discuss this issue with the Creditor’s Committee, Bridge Associates LLC, Pachulski, Stang, Ziehl, Young and Jones, and internally. PwC also reviewed the tax portion of the disclosure statement concerning this issue.

Total Time Expended:	91.4 hours
Total Fees:	\$45,112

Category 3 – Federal and State Income/Franchise Tax Returns – PwC prepared the Federal and state tax returns for the period ended April 30, 2002 and also prepared the Federal and state extensions due for the period ending April 30, 2003. PwC gathered the information necessary to begin the preparation of the April 30, 2003 tax returns, including data retrieval, and discussions and

correspondence with the Debtor. Additional time was incurred discussing the Federal and state filing requirements with the new plan administrator.

Total Time Expended: 184.5 hours

Total Fees: \$45,129

Category 4 – Retention Application – PwC prepared the initial retention application, the Joe W. Reinkemeyer Affidavit, the Engagement Letter, and the Terms of Engagement required by the bankruptcy court in order to begin work related to the Debtors.

Total Time Expended: 27.7 hours

Total Fees: \$8,390

Category 5 – Resubmit application, additional Compaq disclosure, and revising application for 3rd time – As requested by the bankruptcy court, the initial retention application had to be revised to meet the requests of the objection submitted by the Trustee. Further, the Trustee requested additional disclosure concerning services PwC has rendered, or is rendering, to Compaq Computer Corp., which PwC extensively researched in order to compile this information. PwC then revised the retention application for the third time to incorporate the additional disclosure related to services rendered to Compaq Computer Corp.

Total Time Expended: 30.1 hours

Total Fees: \$6,178

Category 6 – Fee Application and Interim Billing – PwC prepared seven monthly or quarterly Fee Applications, covering the period of October 1, 2002 through June 9, 2003. This amount is 12.8 % of the total fees incurred between October 1, 2002 and June 9, 2003.

Total Time Expended: 141.2 hours

Total Fees: \$24,939

Category 7 – IRS Statute of Limitations Extension – PwC assisted the Debtor with a request by the IRS to extend the Statute of Limitations for two tax years. PwC researched this matter and discussed the situation with Jeff Williams and Neal Wills with the IRS to reduce the length of the requested extension in order to expedite the receipt of an outstanding refund due to the Debtor.

Additionally, PwC used their internal resources to finalize the IRS Audit and to have the refunds deposited directly into the debtor's bank account.

Total Time Expended: 84.3 hours

Total Fees: \$37,837

Category 8 – Unemployment Tax Issues – PwC advised the debtor with regards to unemployment taxes on court settlements. Advice included treatment, timing, and withholding on back pay awards. Time incurred includes discussions and correspondence between Gretchen Page, PwC employment tax specialist, and Jeff Williams.

Total Time Expended: 6.2 hours

Total Fees: \$1,850

Category 9 – NY Income Tax questions related to NY Audit – At the request of Jeff Williams, PwC is providing assistance with the 1998 State of New York income tax audit. PwC New York Income Tax Specialist and former New York Revenue Agent, John Verde, is advising Jeff Williams. Issues include the potential inclusion of the VanStar Finance Company in the New York combined return and reduction of the apportionment percentage.

Total Time Expended: 34.8 hours

Total Fees: \$13,555

Category 10 – Phase I - IRS Interest Refund Opportunities – In order to determine if there is overpaid interest on account with the IRS, PwC will obtain and analyze the IRS income tax and employment tax transcripts. The initial analysis tracked IRS transactions among tax types and tax periods to ensure credits were properly applied by the IRS as part of our phase I analysis.

Total Time Expended: 16.2 hours

Total Fees: \$7,577

14. Such services were reasonable and necessary in order for PwC to discharge its duties and obligations to the Debtors and this Court. Applying the usual and

customary billing rate for the types of services performed to the time spent as generally accepted by the firm's clients, PwC incurred total fees of \$194,531 for the period from October 1, 2002 and June 9, 2003.

15. In rendering these services, PwC 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. The amount of services rendered by PwC 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. PwC judiciously allocated responsibilities to minimize possible duplication of efforts. Compensation 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. It is sometimes necessary for more than one professional to attend the meeting to facilitate communication of information rather than to relay the information from individual to individual.

16. Other than as provided in Section 504(b) of the Bankruptcy Code, PwC has not shared, or agreed to share, any compensation received as a result of this case with any person, firm or entity. The sole and exclusive source of compensation shall be funds of the Estate.

17. The Applicant asserts that compensation requested above is reasonable compensation for the actual and necessary services rendered based upon the time, nature and value of such services. PwC 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.

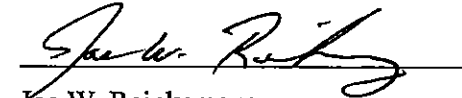
18. In accordance with U.S. Trustee Guidelines, this application has been provided simultaneously to the Debtor, but as of the date of this application the Debtors have not yet reviewed nor approved the application.

19. In accordance with the Administrative Order, Pursuant to Section 105(a) and 331 of the Bankruptcy Code, Establishing Procedures for Compensation and Reimbursement of Expenses of Professionals (the "Administrative Order") PwC has submitted for this Final Fee Application.

Wherefore, PwC respectfully request that the Court enter an Order, substantially in the form attached hereto as Exhibit F, granting final allowance of compensation for professional services rendered by PwC to the Debtors during the period October 1, 2002 and June 9, 2003 in the amount of \$14,218 and that pursuant to the Compensation Order the Debtor are authorized to pay the Application fees and expenses totaling \$14,218, and for such other and further relief as is just.

Dated: July 11, 2003

Respectfully submitted,



Joe W. Reinkemeyer
PricewaterhouseCoopers LLP
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