

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

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In re: : Chapter 11
: :
ULTIMATE ELECTRONICS, INC., et al. : Case No. 05-10104 (PJW)
: :
Debtors. : Jointly Administered
: :
: **Hearing Date: 4/26/06 @ 9:30 a.m. (Eastern)**
----- X **Objections Due: 4/10/06 @ 4:00 p.m. (Eastern)**

**NOTICE OF FINAL APPLICATION OF FTI CAPITAL ADVISORS, LLC
FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSE-
MENT OF EXPENSES AS INVESTMENT BANKER TO THE DEBTORS
FOR THE PERIOD FROM MARCH 30, 2005 THROUGH AND INCLUDING
APRIL 27, 2005**

PLEASE TAKE NOTICE that on February 23, 2006, the debtors (the "Debtors") in the above-captioned jointly-administered cases (the "Bankruptcy Cases") filed and served the **Final Application of FTI Capital Advisors, LLC for Compensation for Services Rendered and Reimbursement of Expenses as Investment Banker to the Debtors for the Period from March 30, 2005 Through and Including April 27, 2005** (the "Application").

PLEASE TAKE FURTHER NOTICE that the Debtors have requested that objections, if any, to the Application or the relief requested therein must be made in writing, filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), 824 Market Street, Wilmington, Delaware 19801, and

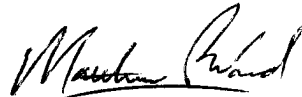
served so as to be received no later than **4:00 p.m. (Eastern) on April 10, 2006** by:

(1) undersigned former counsel to the Debtors; (2) the Plan Administrator for Liquidating Ultimate, 321 W. 84th Ave., Suite A, Thornton, Colorado 80260 (Attn.: David Carter); (3) Office of the U.S. Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn.: William K. Harrington, Esq.); (4) counsel for the Agent for the Debtors' Prepetition and Post-Petition Lenders, Bingham McCutchen LLP, 150 Federal Street, Boston, Massachusetts 02110 (Attn.: Robert A.J. Barry, Esq.), Bingham McCutchen LLP, 399 Park Avenue, New York, New York 10022 (Attn.: Tina L. Brozman, Esq., and Jeffrey T. Kirshner, Esq.) and Richards, Layton & Finger, PA, One Rodney Square, P.O. Box 551, Wilmington, Delaware 19899 (Attn.: Daniel J. DeFranceschi, Esq., and Jason M. Madron, Esq.); (5) counsel for the Plan Administrator and former counsel for the Official Committee of Unsecured Creditors, Haynes and Boone, LLP, 901 Main Street, Suite 3100, Dallas, Texas 75202-3789 (Attn.: Robin E. Phelan, Esq., and Mark X. Mullin, Esq.) and Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., 919 North Market Street, 16th Floor, P.O. Box 8705, Wilmington, Delaware 19801 (Attn.: Laura Davis Jones, Esq., and Sandra G. M. Selzer, Esq.); (6) Morris Anderson & Associates Ltd., #2 Pettinaro Drive, Millville, Delaware 19970 (Attn.: Mr. Robert Troisio) (collectively, the "Notice Parties"); and (7) FTI Capital Advisors, LLC, 1201 Eye Street, NW, Suite 400, Washington, DC 20005 (Attn.: Jeffrey R. Manning, W. Christopher

Weber) and FTI Capital Advisors, LLC, 633 West 5th Street, Suite 1600, Los Angeles, California 90071-2027 (Attn.: Robert M. Werle).

PLEASE TAKE FURTHER NOTICE that the Debtors have requested that a hearing with respect to the Application be held on **April 26, 2006 at 9:30 a.m. (Eastern)** before the Honorable Peter J. Walsh in the Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801. Only those objections made in writing and timely filed with the Bankruptcy Court and received by undersigned counsel may be considered by the Bankruptcy Court at such hearing.

Dated: Wilmington, Delaware
February 23, 2006



Gregg M. Galardi (I.D. No. 2991)
Mark L. Desgrosseilliers (I.D. No. 4083)
Matthew P. Ward (I.D. No. 4471)
SKADDEN, ARPS, SLATE MEAGHER &
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Former counsel to the Debtors

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COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES AS INVESTMENT BANKER TO THE DEBTORS FOR THE
PERIOD FROM MARCH 30, 2005 THROUGH AND INCLUDING APRIL 27,
2005**

Name of Applicant: FTI Capital Advisors, LLC

Authorized to provide professional services to: Ultimate Electronics, Inc., et al.

Date of retention: effective April 2, 2005

Period for which compensation and reimbursement are sought: March 30, 2005
through and including April 27, 2005.

Amount of compensation sought as actual, reasonable and necessary: \$500,000.00¹

Amount of expense reimbursement sought as actual, reasonable and necessary:
\$8,066.06

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

¹ Out of an abundance of caution, this amount includes a \$200,000.00 Retainer Fee, as set forth in the Engagement Letter (as defined herein), approved by the Court on April 8, 2005.

**SUMMARY OF HOURS BY PERSON
FTI CAPITAL ADVISORS, LLC
(MARCH 30, 2005 – APRIL 27, 2005)**

NAME OF PROFESSIONAL	RELEVANT INVESTMENT BANKING EXPERIENCE	TOTAL BILLED HOURS
Jeffrey Manning	Senior Managing Director with over 21 years of Investment Banking Experience	1.00
Robert Werle	Senior Managing Director with over 19 years of Investment Banking Experience	145.00
Howard Loewenberg	Senior Managing Director with over 15 years of Investment Banking Experience	8.00
W Christopher Weber	Senior Analyst with 1 year of Investment Banking Experience and 4 years of Corporate Restructuring Experience	118.00

GRAND TOTAL 272.00

**EXPENSE SUMMARY
FTI CAPITAL ADVISORS, LLC
(MARCH 30, 2005 – APRIL 27, 2005)**

EXPENSE CATEGORY	TOTAL BILLED EXPENSES
Airfare	\$ 3,848.60
Lodging	3,617.41
Meals / Entertainment	203.34
Sundry	104.25
Transportation	1,044.46

TOTAL EXPENSES \$ 8,818.06

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PERIOD FROM MARCH 30, 2005 THROUGH AND INCLUDING APRIL 27,
2005**

FTI Capital Advisors, LLC ("FTICA"), Investment Banker for
Ultimate Electronics, Inc. ("Ultimate") and the six (6) of its subsidiaries and affiliates
that are debtors and debtors-in-possession in the above-captioned cases (collectively,
the "Debtors"), submit this final application (the "Final Application") seeking
allowance of compensation and reimbursement of expenses under 11 U.S.C. §§ 330
and 331 for the period from March 30, 2005, through and including April 27, 2005,
and represent as follows:

BACKGROUND

1. On January 11, 2005 (the "Petition Date"), the Debtors each filed a voluntary petition in this Court for reorganization relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code"). The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. The United States Trustee appointed the Official Committee of Unsecured Creditors (the "Creditors Committee") on or about January 21, 2005. No trustee or examiner has been appointed in the Debtors' chapter 11 cases.

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

4. The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code.

RELIEF REQUESTED

5. By this Application, the Debtors request approval and payment of compensation and reimbursement of expenses for FTICA, Investment Banker to the Debtors, under 11 U.S.C. §§ 330 and 331 for the period from March 30, 2005 through and including April 27, 2005.

RETENTION OF FTICA AND COMPENSATION PROCEDURES

6. On April 2, 2005, the Debtors applied to the Court for an order authorizing them to retain FTICA pursuant to an engagement agreement dated April 2, 2005 (the "Engagement Agreement"), a true and correct copy of which is attached hereto as Exhibit A, as their investment banker, effective as of the Petition Date, to provide the following professional services:

- (a) endeavoring to obtain one or more commitments for new capital from one or more financial institutions or other sources (the "Financing");
- (b) working to raise new capital by identifying opportunities for the sale of substantially all of the operating and real assets of the Debtors under Section 363 of Code, advising the Debtors concerning opportunities for such sale, whether or not identified by FTICA, as requested by the Debtor and participating on the Debtor's behalf in negotiations concerning such sale;
- (c) developing, in consultation with the Debtors, a list of entities that FTICA believes might be potential providers of capital and/or purchasers of essentially all the operating and real asset of Debtor, its subsidiaries, its affiliates and/or any of their respective assets;
- (d) initiating discussions with potential purchasers, participating in the negotiations of possible transactions and advising the Debtor as to negotiating strategy and other matters in connection therewith;
- (e) assisting the Debtors in preparing a document or documents (collectively, the "Documents") to describe the Debtors and their management and financial status for use in discussions with prospective purchasers; and

- (f) providing other investment banking services as requested by the Debtor's management of the Board of Directors.

7. The Court entered an order (Docket No. 421) (the "Retention Order") authorizing the Debtors to employ FTICA as their Investment Bankers effective as of the Petition Date pursuant to the terms of the Engagement Agreement and in accordance with the terms of the Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (Docket No. 197) (the "Administrative Order"). A true and correct copy of the Retention Order is attached hereto as Exhibit B. A true and correct copy of the Administrative Order is attached hereto as Exhibit C.

8. Upon the entry of the Retention Order, FTICA was entitled to receive, and was in fact paid, a Retainer Fee (as defined in the Engagement Letter) in the amount of \$200,000. As set forth in the Engagement Letter, such fee was deemed earned when paid and was nonrefundable.

9. The Court subsequently entered its Order Appointing Fee Auditor and Directing Related Procedures Concerning the Payment of Compensation and Consideration of Fee Applications (Docket No. 1014) (the "Compensation Order").

10. Pursuant to the Compensation Order, Robert F. Troisio of Morris Anderson & Associates, Ltd. (the "Fee Examiner") was appointed as fee

examiner in the Debtors' chapter 11 cases. The Compensation Order provided that the Fee Examiner would review all fee applications and, following such review and discussions with the professionals submitting such applications, would submit a final report summarizing whether the requested fees and disbursements meet the applicable standards of section 330 of the Bankruptcy Code and Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules").

**SALE OF THE DEBTORS' ASSETS AND CONFIRMATION
OF THE AMENDED PLAN**

11. Prior to the Petition Date, Ultimate was a leading specialty retailer of high-end home entertainment and consumer electronics with sixty-five (65) stores, including fifty-four (54) stores in Arizona, Idaho, Illinois, Iowa, Kansas, Minnesota, Missouri, Nevada, New Mexico, Oklahoma, South Dakota, Texas, and Utah under the trade name Ultimate Electronics, and eleven (11) stores in Colorado under the trade name SoundTrack.

12. With the assistance of FTICA, the Debtors marketed their assets and ultimately conducted an auction of such assets. Following such auction and a hearing, on April 19, 2005, this Court entered an Order (A) Approving the Conduct of Store Closing Sales Pursuant to Sections 105 and 363 of the Bankruptcy Code, (B) Authorizing the Debtors to Enter into the Agency Agreement with the Store Closing Agent to Conduct the Store Closing Sales, (C) Approving an

Employee Retention Program, and (D) Granting Other Relief (Docket No. 483), pursuant to which the Court authorized the Debtors to conduct going out of business sales (the "Store Closing Sales") at approximately 30 stores and certain other locations (the "GOB Locations"). The Store Closing Sales concluded on or before June 30, 2005, and the Debtors have rejected all of the leases for the GOB Locations.

13. Also on April 19, 2005, this Court entered an Order Authorizing and Approving (A) Sale of Assets Free and Clear of All Liens, Claims, Rights, Interests and Encumbrances, and (B) the Consummation of the Transaction Contemplated by Purchase Agreement (the "Asset Purchase Agreement") and (C) Granting Related Relief (Docket No. 485) (the "Sale Order"), pursuant to which the Court authorized the Debtors to sell (the "Asset Sale") certain of their assets to Ultimate Acquisition Partners, L.P. ("Acquisition Partners"). The Asset Sale closed on April 20, 2005.

14. The services of FTICA effectively concluded upon the approval of the Asset Sale by the Court. Upon the closing of the Asset Sale, FTICA was entitled to an incremental retainer of \$300,000. Through this Final Application, FTICA seeks approval of this incremental retainer and Retainer Fee, in the total amount of \$500,000, on a final basis.

15. On September 21, 2005, the Debtors and the Official Committee of Unsecured Creditors (the "Creditors' Committee") filed the Disclosure

Statement with Respect to Joint Plan (as amended, the "Plan") of Reorganization of Ultimate Electronics, Inc. and its Affiliated Debtors and Debtors-in-Possession, and the Official Committee of Unsecured Creditors (Docket No. 1038) (as amended, the "Disclosure Statement"), which Disclosure Statement attached the Plan as Exhibit A thereto.

16. On December 9, 2005 (the "Confirmation Date"), the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Plan. The Plan became effective on January 11, 2006 (the "Effective Date").

PAYMENT OF FEES AND EXPENSES OF FTICA

17. Pursuant to the Administrative Order, FTICA filed one interim fee application (Docket No. 590) (the "Monthly Application") for compensation for professional services rendered and reimbursement of disbursements made in these cases during the period from March 30, 2005 through and including April 27, 2005 (the "Application Period") on May 9, 2005. A true and correct copy of the Monthly Application is attached hereto as Exhibit D.

18. Following the filing of the Monthly Application, in accordance with the Administrative Order, FTICA filed its First Interim Application for Compensation for Services Rendered and Reimbursement of Expenses as Investment Bankers for the Period from March 30, 2005 through April 27, 2005 (Docket No. (the "Interim Application"). The Court approved the payment of the hold-back

amount on an interim basis, as requested in the Interim Application, through an order entered on July 15, 2005 (Docket No. 846). In addition, in accordance with the Compensation Order, the Fee Examiner reviewed the Monthly Application and issued its report (Docket No. 1162) (the "Fee Examiner Report") with respect to such application on November 9, 2005. As set forth in the Fee Examiner Report, the Fee Examiner required only an adjustment of \$750.00 to the total fees and expenses sought by FTICA. Accordingly, FTICA seeks approval through this Final Application of the fees and expenses sought in the Monthly Application less the adjustment required by the Fee Examiner.

RELIEF REQUESTED

19. Pursuant to the Administrative Order and the terms of the Plan and Confirmation Order, through this Application, FTICA seeks final approval of the fees and expenses set forth in the Monthly Application.

20. Specifically, through this Application, FTICA seeks final approval of \$300,000.00 in fees for professional services rendered by FTICA during the Application Period as counsel to the Debtors in these chapter 11 cases, plus, out of an abundance of caution, the Retainer Fee, in the amount of \$200,000.00. This amount is derived solely from work performed in accordance with the terms of the Engagement Letter. FTICA also requests final approval of the reimbursement of the actual and necessary out-of-pocket disbursements and charges incurred during the

Application Period (as reduced by agreement with the Fee Examiner) equal to \$8,066.06

21. FTICA has received no promise of payment for professional services rendered or to be rendered in this case other than in accordance with the provisions of the Code.

BASIS FOR RELIEF

22. It is not practical to describe every phone call made, meeting attended, document generated, or other service provided, in the Debtors' cases during the Application Period. Thus, this Final Application highlights the most significant services performed by FTICA for the Debtors during the Application Period, and the time detail attached to the Monthly Application.

23. As set forth in the summary, attached to the Monthly Application, FTICA performed investment banking services for the Debtors during the Application Period in accordance with the terms of the Engagement Letter.

A. Allowance of Compensation

24. Bankruptcy Code section 330 authorizes the Court to award "reasonable compensation for actual, necessary services rendered by the professional person." 11 U.S.C. § 330. In order to evaluate a request for allowance of fees by a professional person, a court must determine whether the services rendered were actual and necessary and the fees requested are reasonable. FTICA respectfully

submits that its request for a final award of compensation for the Application Period satisfies that standard.

25. Because of the benefits realized by the Debtors, the nature of these cases, the expedited nature of the services provided, the time consumed and the skill required, FTICA requests final approval of compensation earned during the Application Period for a total of \$500,000.00.

26. FTICA has received no promise of payment for professional services rendered in these cases other than in accordance with the provisions of the Bankruptcy Code.

B. Reimbursement of Expenses

27. Bankruptcy Code section 330(a)(1)(B) provides for reimbursement to approved professionals for all "actual, necessary expenses."

28. According to the Engagement Letter entered into between FTICA and the Debtors, FTICA and the Debtors agreed that the Debtors would reimburse FTICA for all charges and disbursements incurred as out-of-pocket expenses in the rendition of necessary services to the Debtors and their estates. These charges and disbursements include, among other things, costs for telephone charges, photocopying, travel, business meals, computerized research, messengers, couriers, postage, witness fees and other fees related to trials and hearings.

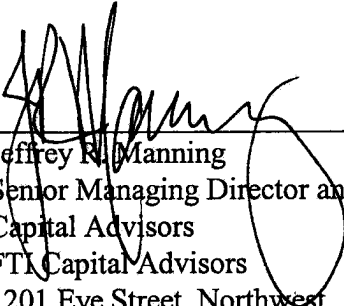
29. A complete description of each expense incurred during these cases is set forth in the Monthly Application. Additionally, a chart summarizing these expenses is included at the front of this Final Application. FTICA has disbursed, and requests reimbursement for, \$8,066.06, which represents actual, necessary expenses incurred in the rendition of professional services in these cases during the Application Period, as reduced by agreement with the Fee Examiner.

C. Certificate of Compliance and Waiver

30. The undersigned representative of FTICA certifies that he has reviewed the requirements of Local Rule 2016-2 and that the Final Application substantially complies with that Local Rule. To the extent that the Final Application does not comply in all respects with the requirements of Local Rule 2016-2, FTICA believes that such deviations are not material and respectfully requests that any such requirements be waived.

WHEREFORE FTI Capital Advisors, LLC respectfully requests final approval of the Debtors' prior payment of (a) compensation for professional services rendered as investment bankers for the Debtors in the sum of \$300,000.00; (b) the Retainer Fee in the amount of \$200,000.00; (c) reimbursement of actual and necessary expenses incurred in the sum of \$8,066.06; and (d) such other and further relief as is just and proper.

Dated: Wilmington, Delaware
February 23, 2006



Jeffrey R. Manning
Senior Managing Director and Leader of FTI
Capital Advisors
FTI Capital Advisors
1201 Eye Street, Northwest
Washington, DC 20005
Phone: 202-312-9100

EXHIBIT A



FTI CAPITAL ADVISORS, LLC
Member NASD/SIPC

1201 Eye Street, NW
Suite 400
Washington, DC 20005

202.312.9100 telephone
202.312.9108 facsimile

www.fticonsulting.com

April 2, 2005

CONFIDENTIAL

James Marcum
Board of Directors
Ultimate Electronics, Inc.
321 W. 84th Ave.
Suite A
Thornton, CO 80260

Subject: Engagement of FTI Capital Advisors, LLC

Dear Jim:

This letter is to confirm our understanding of the basis upon which FTI Capital Advisors, LLC ("FTICA"), the wholly-owned investment banking subsidiary of FTI Consulting, Inc. ("FTI"), is being engaged by Ultimate Electronics, Inc. (the "Debtor") to provide the services described herein. The Debtor and six of its affiliates and/or subsidiaries are operating under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware, and this agreement (the "Agreement") is subject to review and approval by the Bankruptcy Court. The engagement of FTICA by the Debtor becomes effective as of the date of entry court order.

1. The Debtor hereby engages FTICA as the Debtor's sole and exclusive investment banker for the purpose of endeavoring to obtain one or more commitments for the new capital from one or more financial institutions or sources other than Mark J. Wattles and/or a Mark J. Wattles Affiliate, as defined herein (the "Financing"). In a parallel process to raising new capital, FTICA will (a) identify opportunities for the sale of essentially all of the operating and real assets of the Debtor under section 363 of the Bankruptcy Code; (b) advise the Debtor concerning opportunities for such sale, whether or not identified by FTICA; and (c) as requested by the Debtor, participate on the Debtor's behalf in negotiations concerning such sale.

2. In connection with our engagement, FTICA will develop, in consultation with the Debtor, a list of entities other than Mark J. Wattles and/or any entity affiliated with Mark J. Wattles that FTICA believes might be potential providers of capital and/or purchasers

of essentially all the operating and real assets of Debtor, its subsidiaries, its affiliates and/or any of their respective assets. FTICA will initiate discussions with potential purchasers, participate in the negotiations of possible transactions and advise the Debtor as to negotiating strategy and other matters in connection therewith.

3. The Debtor will furnish FTICA with all information and material regarding the Debtor as FTICA may reasonably request in connection with the performance of its obligations hereunder. FTICA will assist the Debtor in preparing a document or documents (collectively, "Documents") to describe the Debtor and its management and financial status for use in discussions with prospective purchasers. The Debtor will make its management and other personnel and appropriate representatives of its independent public accountants and its advisors available to FTICA for discussions and consultations at such times as FTICA may reasonably request in connection with the performance of its obligations hereunder. The Debtor represents and warrants that it will exercise its reasonable best efforts to ensure that all information made available to FTICA by the Debtor or contained in the Documents will, at all times during the period of the engagement of FTICA hereunder, be complete and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances under which such statements are made. The Debtor further represents and warrants that any projections provided to FTICA or contained in the Documents will have been prepared in good faith and will be based upon assumptions which, in light of the circumstances under which they are made, are reasonable. The Debtor acknowledges and agrees that in rendering its services hereunder, FTICA assumes no responsibility for the accuracy or completeness of information regarding the Debtor and will be using and relying, without any independent investigation or verification thereof, on the accuracy and completeness of all information that is or will be furnished to FTICA by or on behalf of the Debtor and on publicly available information, and FTICA will not in any respect be responsible for the accuracy or completeness of any of the foregoing types of information (included in the Documents or otherwise). The Debtor understands that in rendering services hereunder FTICA will also rely upon the advice of counsel to the Debtor and other advisors to the Debtor as to legal, tax and other matters relating to any transaction or proposed transaction contemplated by the Agreement. FTICA will not undertake to make an independent appraisal of any of the assets of the Debtor or any of its subsidiaries or affiliates. The Debtor will promptly notify FTICA if an event occurs that would otherwise cause any information previously delivered to FTICA to be untrue in any material respect.

4. For the purposes of this Agreement:

(a) A "sale" of the assets of the Debtor shall mean any transaction or series or combination of transactions, other than in the ordinary course of trade or business, whereby, directly or indirectly, control of or a material interest in the Debtor or its subsidiaries or affiliates, or any of their respective businesses (a "Business") or any of their respective assets, is transferred for consideration, including, without limitation, a sale or exchange of capital stock or assets, a lease of assets with or without a purchase

option, a merger or consolidation, a recapitalization, a tender or exchange offer, a leveraged buy-out, the formation of a joint venture, minority investment or partnership, or any similar transaction.

(b) "Consideration" shall mean the full transaction value of any sale of the Debtor including, without limitation, the total value of all cash, securities, other property, payments made in installments, amounts payable under consulting agreements, above-market employment agreements, non-compete agreements and any contingent, earned or other consideration paid or payable, directly or indirectly, by an acquiring party to a selling party or to a participant in the transaction in connection with a sale of the Debtor. In the case of a recapitalization, "Consideration" shall include the aggregate amount of indebtedness incurred or equity raised by the Debtor or a successor thereof in connection with such recapitalization.

(c) "Mark J. Wattles Affiliate" means any entity with respect to which entity Mark J. Wattles owns or controls more than fifty percent (50%).

5. As compensation for the services rendered by FTICA hereunder, the Debtor shall pay or cause FTICA to be paid as follows:

(a) Retainer Fee. An initial fee of two hundred thousand dollars (\$200,000), payable as soon as practical following the approval by the court of this Agreement. The initial fee shall be earned when paid and shall be nonrefundable.

(b) Placement Fee. In the event the Company completes a Financing, then FTICA shall earn a financing fee (the "Placement Fee") equal to: i) 7.0 percent (700 basis points) on any new equity investment, including preferred and common private equity; ii) 4.0 percent (400 basis points) on any mezzanine debt capital issued, if any; and iii) 2.0 percent (200 basis points) on any new commitment of senior debt. The Placement Fee is due and payable to FTICA on the first to occur of the date of the first closing or funding of the Financing, subject to bankruptcy court review, application, and approval. Such Placement Fee will not be paid on any capital provided directly by Mark Wattles.

(c) Transaction Fee. During the term of FTICA's engagement hereunder, regardless of whether the party or parties to the sale were identified by FTICA and/or FTICA rendered advice concerning the sale, or at any time during a period of twelve (12) months following the effective date of termination of FTICA's engagement hereunder, then, upon consummation of the sale, the Debtor shall pay to FTICA a transaction fee ("Transaction Fee") as follows: (i) 3.0% of the increment of the Recovery above 73 percent of the inventory level determined by an inventory assessment ("Company Inventory Levels"), up to and including 83 percent of the Company Inventory Levels, and (ii) 6.0% of the increment of the Recovery above 83 percent of the Company Inventory Levels; provided however that nothing in this subparagraph (c) shall entitle FTICA to any fee for any assets of the Debtor sold by another entity; provided further, however, that the Debtor will have the right to sell any of its real property through any broker in its sole discretion.

(d) Wattles Transaction. To the extent that a transaction is consummated with Mark J. Wattles and/or any Mark J. Wattles Affiliate (a "Wattles Transaction"), then FTICA shall receive an incremental retainer of \$300,000, but forego any Placement Fees or Transaction Fees.

6. In addition to the fees described in Section 5 above and the obligation of the Debtor to pay certain expenses set forth in Section 7 below, subject to bankruptcy court review and approval, and whether or not any sale of the Debtor is consummated, the Debtor will pay as requested from time to time all of FTICA's reasonable out-of-pocket expenses (including document and presentation material expenses and the reasonable fees and expenses of its counsel) incurred in negotiating the terms of and in carrying out its duties under this engagement.

7. In connection with engagements of the nature covered by this Agreement, it is FTICA's practice to provide for indemnification, contribution, and limitation of liability. By signing this Agreement, the Debtor agrees to the provisions attached to this Agreement (Attachment A), which provisions are expressly incorporated by reference herein.

8. The Debtor represents and warrants to FTICA that this Agreement has been duly authorized and when executed by the Debtor will constitute a legal, valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms and that neither the execution, delivery or performance of this Agreement by the Debtor nor the consummation of the transactions contemplated hereby requires the approval or consent of any governmental or regulatory agency or results in a violation or breach of any law, regulation, agreement or order binding upon or applicable to the Debtor.

9. Except as contemplated by the terms hereof or as required by applicable law, FTICA shall keep confidential all material non-public information provided to it by the Debtor, and shall not disclose such information to any third party, other than such of its employees, affiliates, agents and advisors as FTICA determines to have a need to know.

10. FTICA is being retained to serve as financial advisor solely to the Debtor, and it is agreed that the engagement of FTICA is not, and shall not be deemed to be, on behalf of, and is not intended to confer rights or benefits upon, any shareholder or creditor of the Debtor or its subsidiaries or upon any other person or entity. No one other than the Debtor is authorized to rely upon this engagement of FTICA or any statements, conduct or advice of FTICA, and no one other than the Debtor is intended to be a beneficiary of this engagement. All opinions, advice or other assistance (whether written or oral) given by FTICA in connection with this engagement are intended solely for the benefit and use of the Debtor and will be treated by the Debtor as confidential, and no opinion, advice or other assistance of FTICA shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose, nor shall any public or other references to FTICA (or to such

opinions, advice or other assistance) be made without the express prior written consent of FTICA.

11. The Debtor agrees that, following the closing or consummation of a sale of the Debtor, FTICA has the right to place advertisements in financial and other newspapers and journals at its own expense, describing its services to the Debtor hereunder, provided that FTICA will submit a copy of any such advertisements to the Debtor for its prior approval, which approval shall not unreasonable withheld.

12. The term of this engagement will continue until the earlier of one year from the date hereof, the closing or consummation of a sale of the Debtor or until terminated in the manner provided for in this Section. Either party may terminate FTICA's engagement hereunder at any time by giving the other party at least 30 days' prior written notice. Within 30 days after the effective date of any such termination, FTICA will deliver to the Debtor a copy of the List as then constituted. The provisions of Sections 7, 8, and 10 hereof shall survive any expiration or termination of this Agreement.

13. The Debtor represents and warrants that there are no brokers, representatives or other persons which have an interest in any compensation due to FTICA from any transaction contemplated herein.

14. The terms and provisions of this Agreement are solely for the benefit of the Debtor and FTICA and the other Indemnified Persons and their respective successors, assigns, heirs and personal representatives, and no other person or entity shall acquire or have any right by virtue of this Agreement. This Agreement represents the entire understanding between the Debtor and FTICA with respect to FTICA's engagement hereunder, and all prior discussions are merged herein. This Agreement shall be governed by, and construed in accordance with the Bankruptcy Code and with the laws of the State of Delaware without regard to such state's principles of conflicts of laws, and may be amended, modified or supplemented only by written instrument executed by each of the parties hereto.

15. Money Laundering Activities. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all broker dealers to obtain, verify, and record information that identifies each entity that becomes a new client of FTICA. In establishing a new client relationship with the Debtor, FTICA is required to ask for certain information including but not limited to Employer Identification Numbers (EIN) and other corporate documents that will allow FTICAMA to identify the legal existence of the Debtor.

16. Notice. All notices provided under this Agreement shall be in writing and shall be considered effective (i) when delivered personally to the party for whom intended, or (ii) five (5) days following deposit of the same into the United States mail, certified mail, return receipt requested, first class postage prepaid, addressed to the party at the address set forth below:

If to FTICA:
FTICA Capital Advisors, LLC.
1201 "Eye" Street N.W., ste. 400
Washington, DC 20005
Facsimile: 202-312-9108
Attn: Jeffrey R. Manning, Senior Managing Director

If to the Debtor:

James Marcum
Ultimate Electronics, Inc.
321 W. 84th Ave.
Suite A
Thornton, CO 80260

17. Assignment. This Agreement and all rights, liabilities and obligations hereunder are solely for the benefit of the Debtor, FTICA and the Indemnified Persons (as defined in Exhibit I), and shall be binding upon and inure to the benefit of each party's successors, but shall not be assigned to any party without the prior written approval of the other party.

[the next paragraph is the signature paragraph]

If the foregoing correctly sets forth the entire understanding and agreement between FTICA and the Debtor, please so indicate in the space provided for that purpose below and return an executed copy to us, whereupon this letter shall constitute a binding agreement as of the date first above written.

Sincerely,

FTI Capital Advisors, LLC

/s/ Robert M. Werle

Robert M. Werle
Senior Managing Director

AGREED:

Ultimate Electronics, Inc.

By: /s/ James Marcum
James Marcum
Director
Ultimate Electronics, Inc.

INDEMNIFICATION

The Debtor and its successors and assigns (collectively, the 'Indemnifying Persons") shall indemnify and hold harmless FTICA, its controlling person and each of their respective directors, officers, members, agents, representatives, employees and any affiliate, (collectively, the "Indemnified Persons") from and against any and all claims, liabilities, losses, expenses and damages (and any actions, mediations, arbitrations, and administration, regulatory or other proceedings, inquiry or investigation in respect thereof), joint or several (each a "Loss" and collectively, the "Losses") related to or arising in any manner from, or based upon any Transaction (as defined in the agreement to which this Exhibit I is attached (the "Agreement")) or the services performed by FTICA pursuant to the Agreement and the Debtor agrees that no Indemnified Person shall have any liability to the Debtor or its owners, parents, affiliates, security holders or creditors for any losses that arise out of this engagement. Notwithstanding the foregoing, the Debtor shall not be responsible for any Loss to the extent the same is determined in a final judgment by a court of competent jurisdiction to have resulted primarily from the gross negligence or willful misconduct. The Debtor's obligations hereunder shall be in addition to any rights that any Indemnified Person may have at common law or otherwise. The Debtor shall also promptly reimburse any Indemnified Person for all expenses, including, without limitation, any legal and other fees or expenses (the "Expenses"), as incurred in connection with or relating to investigating, preparing to defend or defending any pending or threatened actions, claims or other proceedings (including any administrative or other investigation or inquiry) related to or arising out of any Transaction or the services performed by FTICA pursuant to the Agreement (whether or not such Indemnified Person is a named party in such proceeding).

If so requested by FTICA, the Debtor shall assume the defense of any such Loss, including the employment of counsel satisfactory to FTICA. FTICA shall have the right to retain counsel of its own choice and the Debtor shall pay the expenses of its counsel.

The Debtor, without FTICA's prior written consent, shall not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought hereunder (whether or not FTICA or any other Indemnified Person is an actual or potential party to such claim, action or proceeding), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Person from all liability arising out of such claim, action or proceeding.

If the foregoing indemnification or reimbursement is for any reason unavailable or insufficient to hold any Indemnified Person harmless, the Debtor shall contribute to the amount paid or payable by such Indemnified Person as a result of such loss, claim or damage in such proportion as is appropriate to reflect the relative benefits received by each of the Debtor and each Indemnified Person, on the one hand, and the relative fault of each of the Debtor and each Indemnified Person on the other, as well as any equitable considerations, arising out of the matters contemplated by the Agreement (whether or not the Transaction is consummated) , subject to the limitation that FTICA's aggregate contribution shall not exceed the amount of fees actually received under the Agreement. The Debtor agrees that for purposes of this paragraph (i) the relative benefits to the Debtor and FTICA in connection with the matters covered by this Agreement will be deemed to be in the same proportion that the total value paid or received or to be paid or received by the Debtor in connection with the transactions contemplated by this

Agreement, whether or not consummated, bears to the fees paid to FTICA under this Agreement, and (ii) relative fault shall be determined by reference to, among other things, whether any alleged untrue statement or omission or any alleged conduct relates to information provided by the Debtor or other conduct by the Debtor on the one hand, or by FTICA on the other hand.

If any of FTICA's past, present or future managers, directors, senior managing directors, managing directors, officers, members, agents, representatives, employees and affiliates is requested or required to appear as a witness in connection with any action, claim or proceeding related to or arising out of the Transaction or the services performed by FTICA pursuant to the Agreement, the Debtor shall reimburse FTICA for all reasonable expenses incurred by it in connection with any such individual appearing and preparing to appear as a witness, including, without limitation, the reasonable fees and disbursements of its legal counsel. The Debtor shall compensate FTICA in an amount to be mutually agreed upon per person per day for each day that such personnel is involved in preparation, discovery proceedings or testimony pertaining to such action, claim or proceeding.

The indemnity, reimbursement and contribution obligations of the Debtor shall be in addition to any liability or obligation which the Debtor may otherwise have, and shall be binding upon and inure to the benefit of successors, assigns, heirs and personal representatives of the Debtor and any Indemnified Person.

If multiple claims are brought against FTICA with respect to at least one of which indemnification is permitted under applicable law and provided for under this Exhibit I, the Debtor agrees that any judgment, arbitration award or other monetary award shall be conclusively deemed to be based on the Losses as to which indemnification is so permitted and provided for.

The provisions of this Exhibit I shall apply to FTICA's engagement by the Debtor as described in the Agreement (including related activities prior to the date hereof) and any modification thereof and shall remain in full force and effect, notwithstanding (i) any withdrawal, termination, consummation of or failure to initiate or consummate any transaction referred to in the Agreement, (ii) any investigation made by or on behalf of any Indemnified Party, or (iii) any termination, completion or expiration of the Agreement or FTICA's engagement by the Debtor.

The Debtor hereby consents, solely for the purpose of allowing an indemnified party to enforce its rights hereunder, to personal jurisdiction and service and venue in the courts of the State of Delaware. The Debtor also hereby irrevocably waives any right it may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or the transactions contemplated hereby and consents to personal jurisdiction, service of process and venue in any court in which any claim covered by the provisions of this Exhibit I may be brought against an Indemnified Person..

The terms of this Exhibit I may not be amended or otherwise modified except by an instrument signed by both the Debtor and FTICA. If any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision of this Agreement, which shall remain in full force and effect. If there are more indemnitors than one hereunder, each indemnifying person agrees that its liabilities hereunder shall be joint and several.

END OF EXHIBIT II

 F T I

EXHIBIT B

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

-----	x	
	:	
	:	
In re:	:	Chapter 11
	:	
ULTIMATE ELECTRONICS, INC., <u>et al.</u> ,	:	Case No. 05-10104 (PJW)
	:	
Debtors.	:	Jointly Administered
	:	
-----	x	Related Docket No. 349

**ORDER AUTHORIZING RETENTION OF FTI CAPITAL
ADVISORS, LLC, AS INVESTMENT BANKER TO THE
DEBTORS AND DEBTORS-IN-POSSESSION
NUNC PRO TUNC TO APRIL 2, 2005**

Upon the application dated April 2, 2005 (the "Application"),¹ wherein Ultimate Electronics, Inc. ("Ultimate ") and the six (6) subsidiaries and affiliates that are debtors and debtors-in-possession in the above-captioned cases (with Ultimate, the "Debtors"), moved this Court for entry of an order, pursuant to Bankruptcy Code sections 327(a) and 328(a) authorizing them to retain FTI Capital Advisors, LLC ("FTI") as investment bankers; and upon the Affidavit of Robert Werle in support of the Application; and due and adequate notice of the Application having been given under the circumstances; and it appearing that no other or further notice need be given; and it

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Application and/or the Engagement Letter.

DKT. NO. 421
DT. FILED 4/8/05

appearing that FTI neither holds nor represents any interest adverse to the Debtors' estates; and it appearing that FTI is "disinterested," as that term is defined in section 101(14) of the Bankruptcy Code; and it appearing that the relief requested in the Application is in the best interest of the estates and their creditors; after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Application is GRANTED.
2. In accordance with Bankruptcy Code sections 327(a) and 328(a), the Debtors are authorized to employ and retain FTI as of April 2, 2005, as their investment banker on the terms set forth in the Application and the Engagement Letter; and
3. FTI shall be compensated in accordance with the procedures set forth in Bankruptcy Code sections 330 and 331, and such Bankruptcy Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court.
4. Any and all amounts due and owing to FTI and/or Consulting under the terms of the Engagement Letter or this Order are subordinated to any and all claims and amounts due and owing to the DIP Agent and the DIP Lenders under the Final DIP Order and/or the DIP Credit Agreement, as amended from time to time. Further, as has been agreed to by FTI and Consulting, any right that FTI and/or Consulting may have to seek to have the Debtors or their estates seek to surcharge the DIP Agent and/or the DIP Lenders under section 506(c) of the Bankruptcy Code, or otherwise, for any amounts due

and owing to FTI or Consulting under the terms of the Engagement Letter or this Order,
is deemed to have been waived in full.

Dated: Wilmington, Delaware
April 8, 2005

A handwritten signature in black ink, appearing to read "P. J. Walsh", is written over a horizontal line.

The Honorable Peter J. Walsh
United States Bankruptcy Judge

EXHIBIT C

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

----- x
: :
In re: : Chapter 11
: :
ULTIMATE ELECTRONICS, INC., et al., : Case No. 05-10104 (PJW)
: :
Debtors. : Jointly Administered
: :
----- x **Related Docket No. 20**

**ADMINISTRATIVE ORDER PURSUANT TO
11 U.S.C. §§ 105(a) AND 331 ESTABLISHING
PROCEDURES FOR INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

Upon the motion dated January 11, 2005 (the "Motion"),¹ wherein Ultimate Electronics, Inc. ("Ultimate Electronics") and six (6) of its subsidiaries and affiliates, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), moved this Court for entry of an administrative order, pursuant to sections 105(a) and 331 of the Bankruptcy Code, establishing procedures for interim compensation and reimbursement of expenses of professionals specifically retained by order of this Court; the Court finds that (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion related hereto.

Motion is in the best interests of the Debtors, their estates and their creditors;
(iv) proper and adequate notice of the Motion and the hearing thereon has been given
and no other or further notice is necessary; and (iv) upon the record herein, after due
deliberation thereon, good and sufficient cause exists for the granting of the relief as
set forth herein,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED.
2. Except as may otherwise be provided in Court orders authorizing the retention of specific professionals, all professionals in these cases may seek interim compensation in accordance with the following procedures:

- a. No earlier than the 25th day of each month following the month for which compensation is sought (the "Monthly Fee Application Date"), each Professional will file a monthly fee application (the "Monthly Fee Application") with the Court and shall serve the same on the following parties (collectively, the "Notice Parties"): (i) the Debtors at Ultimate Electronics, Inc., 321 W. 84th Avenue, Suite A, Thornton, CO 80260 (Attn: David A. Carter); (ii) counsel to the Debtors, Skadden, Arps, Slate, Meagher & Flom LLP, 333 West Wacker Drive, Suite 2100, Chicago, IL 60606 (Attn: J. Eric Ivester); (iii) counsel to the Debtors' postpetition lenders, Bingham McCutchen LLP, 150 Federal Street, Boston, MA 02110-1726 (Attn: Robert

Barry) and Baker Hotts L.L.P., 2001 Ross Avenue, Dallas, TX 75201-2980 (Attn: Jack Kenzie); (iv) counsel to any official committee appointed in these cases; and (v) the United States Trustee. The first Monthly Fee Application shall be filed on or about February 25, 2005 for the period ending January 31, 2005.

b. Each Notice Party will have twenty (20) days after service of a Monthly Fee Application to object (the "Objection Deadline") to such application. Upon the expiration of the Objection Deadline, each Professional may file a certificate of no objection or a certificate of partial objection with the Court, whichever is applicable, after which the Debtors are directed to pay each Professional an amount (the "Actual Interim Payment") equal to the lesser of (i) 80% of the fees and 100% of the expenses requested in the Monthly Fee Application (the "Maximum Payment") or (ii) 80% of the fees and 100% of the expenses not subject to an objection.

c. If any Notice Party objects to a Professional's Monthly Fee Application, the objecting party must file a written objection (each, an "Objection") with the Court and serve such Objection on the Professional and each of the Notice Parties so that such Objection is received on or before the Objection Deadline. Thereafter the objecting party and the Professional may attempt to resolve the Objection on a consensual basis. If the parties are

unable to reach a resolution of the Objection within 20 days after service of the Objection, then the Professional may either (i) file a response to the Objection with the Court, together with a request for payment of the difference, if any, between the Maximum Payment and the Actual Interim Payment made to the affected Professional (the "Incremental Amount"), or (ii) forgo payment of the Incremental Amount until the next interim or final fee application hearing, at which time the Court will consider and dispose of the Objection, if requested by the parties.

d. Beginning with the period ending March 31, 2005, at three-month intervals or at such other intervals convenient to the Court (the "Interim Fee Period"), each of the Professionals must file with the Court an interim fee application (the "Interim Fee Application") for compensation and reimbursement of expenses sought in the Monthly Fee Applications filed during such period. Each Professional shall serve (i) its Interim Fee Application on the Notice Parties and (ii) notice of its Interim Fee Application (which identifies the Professional seeking compensation, discloses the period for which the payment of fees and reimbursement of expenses are being sought and describes the amount of the fees and expenses sought) on all parties that have entered their appearance under Rule 2002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). The Interim Fee

Application must include a summary of the Monthly Fee Applications that are the subject of the request, but need not include the narrative discussion generally included in monthly fee applications. Each Professional must file its Interim Fee Application within forty-five (45) days after the end of the Interim Fee Period for which the request seeks allowance of fees and reimbursement of expenses. The first Interim Fee Application should cover the Interim Fee Period from the Petition Date through and including March 31, 2005. Any Professional that fails to file an Interim Fee Application when due will be ineligible to receive further interim payments of fees or expenses with respect to any subsequent Interim Fee Period until such time as an Interim Fee Application is filed and served by the Professional.

c. The Debtors shall request that the Court schedule a hearing on the Interim Fee Applications at least once every six months, or at such other intervals as the Court deems appropriate. The Court, in its discretion, may approve an uncontested Interim Fee Application without the need for a hearing, upon the Professional's filing of a certificate of no objection. Upon allowance by the Court of a Professional's Interim Fee Application, the Debtors shall promptly pay such Professional all requested fees (including the 20% holdback) and costs not previously paid.

f. The pendency of an Objection to payment of compensation or reimbursement of expenses will not disqualify a Professional from the future payment of compensation or reimbursement of expenses.

g. Neither the payment of nor the failure to pay, in whole or in part, monthly interim compensation and reimbursement of expenses, nor the filing of or failure to file an Objection, will bind any party in interest (including a party served with monthly statements pursuant to paragraph 2(a) hereof) or the Court with respect to the allowance of interim or final applications for compensation and reimbursement of expenses of the Professionals.

h. All fees and expenses paid to the Professionals are subject to disgorgement until final allowance by the Court.

3. Each member of the committee(s) (if appointed) is permitted to submit statements of expenses and supporting vouchers to counsel for the committee(s), and counsel for the committee(s) will collect and file such requests for reimbursement in accordance with the foregoing procedures for monthly and interim compensation and reimbursement of the Professionals.

4. Notice of interim and final fee applications and any hearings thereon given in accordance with the compensation procedures set forth above shall be deemed sufficient and adequate and in full compliance with the applicable

provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules of the United States Bankruptcy Court for the District of Delaware.


5. The Debtors shall include all payments to Professionals on their monthly operating reports, detailed so as to state the amount paid to each Professional.

6. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

7. Any and all other and further notice of the relief requested in the Motion is dispensed with and waived.

8. Notwithstanding anything herein to the contrary, the Debtors' rights to seek approval of alternative procedures for interim compensation and reimbursement of expenses of Professionals are preserved.

Dated: Wilmington, Delaware
February 6th, 2005



The Honorable Peter J. Walsh
United States Bankruptcy Judge

EXHIBIT D

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

----- X
In re: : Chapter 11
: :
ULTIMATE ELECTRONICS, INC., et al. : Case No. 05-10104 (PJW)
: :
Debtors. : Jointly Administered
: :
: **Hearing Date: TBD**
: **Objections Due: 5/30/05 @ 4:00 p.m. (Eastern)**
: :
----- X

NOTICE OF FIRST INTERIM APPLICATION OF FTI CAPITAL ADVISORS, LLC, FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS INVESTMENT BANKERS TO THE DEBTORS FOR THE PERIOD FROM MARCH 30, 2005 THROUGH AND INCLUDING APRIL 27, 2005

PLEASE TAKE NOTICE that on May 9, 2005, the debtors and debtors-in-possession (the "Debtors") in the above-captioned jointly administered bankruptcy cases (the "Bankruptcy Cases") filed and served the **First Interim Application of FTI Capital Advisors, LLC, for Compensation for Services Rendered and Reimbursement of Expenses as Investment Bankers to the Debtors for the Period from March 30, 2005 through and Including April 27, 2005** (the "Application"), a copy of which is attached hereto.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Application or the relief requested therein must be made in writing, filed with the

DKT. NO. 590
DT. FILED 5/19/05

United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), 824 Market Street, Wilmington, Delaware 19081, and served so as to be received no later than **4:00 p.m. (Eastern Time) on May 30, 2005** by: (1) under-signed counsel for the Debtors; (2) Ultimate Electronics, Inc., 321 W. 84th Ave., Suite A, Thornton, Colorado 80260 (Attn.: David Carter, President); (3) Office of the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn.: William K. Harrington, Esq.); (4) Counsel for the Debtors' Prepetition and Post-Petition Lenders, Bingham McCutchen LLP, 150 Federal Street, Boston, Massachusetts 02110 (Attn.: Robert A.J. Barry, Esq.), Bingham McCutchen LLP, 399 Park Avenue, New York, New York 10022 (Attn.: Tina L. Brozman, Esq., and Jeffrey T. Kirshner, Esq.) and Richards, Layton & Finger, PA, One Rodney Square, P.O. Box 551, Wilmington, Delaware 19899 (Attn.: Daniel J. DeFranceschi, Esq., and Jason M. Madron, Esq.); (5) Counsel for the Official Committee of Unsecured Creditors, Haynes and Boone, LLP, 901 Main Street, Suite 3100, Dallas, Texas 75202-3789 (Attn.: Robin E. Phelan, Esq., and Mark X. Mullin, Esq.) and Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., 919 North Market Street, 16th Floor, P.O. Box 8705, Wilmington, Delaware 19801 (Attn.: Laura Davis Jones, Esq., and Sandra G. McLamb, Esq.); and (6) FTI Capital Advisors, LLC, 633 West 5th Street, Suite 1600, Los Angeles, CA 90071 (Attn.: Robert M. Werle) (collectively, the "Notice Parties").

PLEASE TAKE FURTHER NOTICE that if an objection is properly filed and received in accordance with the above procedures, the Debtors will schedule a hearing on the Application, which hearing will be held at a time and date to be determined before the Honorable Peter J. Walsh in the United States Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801. Only those objections made in writing, timely filed with the Bankruptcy Court and received by the Notice Parties by the Objection Deadline, in accordance with the above procedures will be considered by the Bankruptcy Court at such hearing.

PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS TO THE APPLICATION ARE TIMELY FILED AND RECEIVED IN ACCORDANCE WITH THE ABOVE PROCEDURES, THE RELIEF REQUESTED IN THE APPLICATION WILL BE GRANTED WITHOUT FURTHER NOTICE OR A HEARING.

Dated: Wilmington, Delaware
May 9, 2005



Gregg M. Galardi (I.D. No. 2991)
Mark L. Desgrosseilliers (I.D. No. 4083)
Matthew P. Ward (I.D. No. 4471)
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899-0636
Telephone: (302) 651-3000
Facsimile: (302) 651-3001

**Counsel for the Debtors and
Debtors-in-Possession**

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

----- X
In re: : Chapter 11
: :
ULTIMATE ELECTRONICS, INC., et al. : Case No. 05-10104 (PJW)
: :
Debtors. : Jointly Administered
: :
: :
----- X

**FIRST INTERIM APPLICATION OF FTI CAPITAL ADVISORS, LLC FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES AS INVESTMENT BANKER TO THE DEBTORS FOR THE
PERIOD FROM MARCH 30, 2005 THROUGH AND INCLUDING APRIL 27,
2005**

Name of Applicant: FTI Capital Advisors, LLC

Authorized to provide professional services to: Ultimate Electronics, Inc., et al.

Date of retention: effective April 2, 2005

Period for which compensation and reimbursement are sought: March 30, 2005
through and including April 27, 2005.

Amount of compensation sought as actual, reasonable and necessary: \$300,000.00

Amount of expense reimbursement sought as actual, reasonable and necessary:
\$8,816.06

This is an: monthly X interim final application.

This application does not include compensation for services rendered in preparing this Application. The Applicant intends to seek such compensation at a later date.

**SUMMARY OF HOURS BY PERSON
FTI CAPITAL ADVISORS, LLC
(MARCH 30, 2005 – APRIL 27, 2005)**

NAME OF PROFESSIONAL	RELEVANT PROFESSIONAL EXPERIENCE	NUMBER OF HOURS
Jeffrey Manning	Senior Managing Director with over 21 years of Investment Banking Experience	1.00
Robert Werle	Senior Managing Director with over 19 years of Investment Banking Experience	145.00
Howard Loewenberg	Senior Managing Director with over 15 years of Investment Banking Experience	8.00
W Christopher Weber	Senior Analyst with 1 year of Investment Banking Experience and 4 years of Corporate Restructuring Experience	118.00

GRAND TOTAL 272.00

**EXPENSE SUMMARY
FTI CAPITAL ADVISORS, LLC
(MARCH 30, 2005 – APRIL 27, 2005)**

EXPENSE CATEGORY	AMOUNT
Airfare	\$ 3,848.60
Lodging	3,617.41
Meals / Entertainment	203.34
Sundry	104.25
Transportation	1,044.46

TOTAL EXPENSES **IN THE UNITED STATES BANKRUPTCY COURT** 8,818.06
FOR THE DISTRICT OF DELAWARE

----- x
 : Chapter 11
 In re: :
 : Case No. 05-10104 (PJW)
 ULTIMATE ELECTRONICS, INC., et al. :
 : Jointly Administered
 Debtors. :
 :
 :
 ----- x

**FIRST INTERIM APPLICATION OF FTI CAPITAL ADVISORS, LLC FOR
 COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT
 OF EXPENSES AS INVESTMENT BANKER TO THE DEBTORS FOR THE
 PERIOD FROM MARCH 30, 2005 THROUGH AND INCLUDING APRIL 27,
 2005**

FTI Capital Advisors, LLC ("FTICA"), Investment Banker for
 Ultimate Electronics, Inc. ("Ultimate") and the six (6) of its subsidiaries and affiliates
 that are debtors and debtors-in-possession in the above-captioned cases (collectively,
 the "Debtors"), submit this application (the "Application") seeking allowance of
 interim compensation and reimbursement of expenses under 11 U.S.C. §§ 330 and
 331 for the period from March 30, 2005, through and including April 27, 2005, and
 represent as follows:

BACKGROUND

1. On January 11, 2005 (the "Petition Date"), the Debtors each
 filed a voluntary petition in this Court for reorganization relief under chapter 11 of
 title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the "Bank-
 ruptcy Code"). The Debtors continue to manage and operate their businesses as
 debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. The United States Trustee appointed the Official Committee of Unsecured Creditors (the "Creditors Committee") on or about January 21, 2005. No trustee or examiner has been appointed in the Debtors' chapter 11 cases.

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

4. The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code.

RELIEF REQUESTED

5. By this Application, the Debtors request approval and payment of interim compensation and reimbursement of expenses for FTICA, Investment Banker to the Debtors, under 11 U.S.C. §§ 330 and 331 for the period from March 30, 2005 through and including April 27, 2005.

RETENTION OF FTICA

6. On April 2, 2005, the Debtors applied to the Court for an order authorizing them to retain FTICA pursuant to an engagement agreement dated April 2, 2005 (the "Engagement Agreement"), a true and correct copy of which is attached hereto as Exhibit A, as their investment banker, effective as of the Petition Date, to provide the following professional services:

- (a) endeavoring to obtain one or more commitments for new capital from one or more financial institutions or other sources (the "Financing");
- (b) working to raise new capital by identifying opportunities for the sale of substantially all of the operating and real assets of the Debtors under Section 363 of Code, advising the Debtors concerning opportunities for such sale, whether or not identified by FTICA, as requested by the Debtor and participating on the Debtor's behalf in negotiations concerning such sale;
- (c) developing, in consultation with the Debtors, a list of entities that FTICA believes might be potential providers of capital and/or purchasers of essentially all the operating and real asset of Debtor, its subsidiaries, its affiliates and/or any of their respective assets;
- (d) initiating discussions with potential purchasers, participating in the negotiations of possible transactions and advising the Debtor as to negotiating strategy and other matters in connection therewith;
- (e) assisting the Debtors in preparing a document or documents (collectively, the "Documents") to describe the Debtors and their management and financial status for use in discussions with prospective purchasers; and
- (f) providing other investment banking services as requested by the Debtor's management of the Board of Directors.

7. The Court entered an order (Docket No. 421) (the "Retention Order") authorizing the Debtors to employ FTICA as their Investment Bankers effective as of the Petition Date pursuant to the terms of the Engagement Agreement. A true and correct copy of the Retention Order is attached hereto as Exhibit B

8. On February 14, 2005, this Court entered an Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (Docket No. 197) (the "Administrative Order"). A true and correct copy of the Administrative Order is attached hereto as Exhibit C.

9. Pursuant to the terms of the Administrative Order, if no objection is filed to a Monthly Application within twenty (20) days of the date of filing of that application, then the professional filing such monthly application may be paid eighty percent (80%) of the fees and one hundred percent (100%) of the expenses set forth in the applicable Interim Application.

10. Every three (3) months beginning with the three-month period ending in March 2005, this Court will then make a determination, after hearing, if the remaining twenty (20) percent of fees sought in the preceding three (3) months will be paid.

11. Pursuant to the Administrative Order, FTICA is filing this Application for compensation for professional services rendered and reimbursement of disbursements made in these cases during the period from March 30, 2005 through and including April 27, 2005 (the "Application Period").

RELIEF REQUESTED

12. Pursuant to the Administrative Order, FTICA is filing the attached fee statement (the "Statement") for compensation for professional services rendered and reimbursement of disbursements made in these cases during the Application Period. The Statement is annexed hereto as Exhibit D.

13. At this time, FTICA is seeking compensation equal to eighty percent (80%) of the \$300,000.00 in fees for professional services rendered by FTICA during the Application Period as counsel to the Debtors in these chapter 11 cases, for a total of \$240,000.00. This amount is derived solely from work performed in accordance with the terms of the Engagement Letter.

14. FTICA also requests reimbursement of one hundred percent (100%) of the actual and necessary out-of-pocket disbursements and charges incurred in the Application Period, equal to \$8,818.06

15. This Application is also made without prejudice to the firm's right to seek further interim allowances and/or a final allowance of compensation in the future in accordance with the Retention Order and the Administrative Order.

16. FTICA has received no promise of payment for professional services rendered or to be rendered in this case other than in accordance with the provisions of the Code.

BASIS FOR RELIEF

17. It is not practical to describe every phone call made, meeting attended, document generated, or other service provided, in the Debtors' cases during the Application Period. Thus, this Application highlights the most significant services performed by FTICA for the Debtors during the Application Period, and the time detail, attached hereto as Exhibit E, contain the detail of each task performed.

DESCRIPTION OF SERVICES RENDERED

18. As set forth in the summary attached hereto as Exhibit A FTICA performed investment banking services for the Debtors during the Application Period in accordance with the terms of the Engagement Letter.

WHEREFORE FTI Capital Advisors, LLC respectfully requests approval and payment of (a) interim compensation for professional services rendered as attorneys for the Debtors in the sum of \$240,000.00 for eighty percent (80%) of the fees incurred during the Application Period; (b) reimbursement of actual and necessary expenses incurred in the sum of \$8,816.06; and (c) such other and further relief as is just and proper.

Dated: Wilmington, Delaware
May 6, 2005



Robert M. Werle
Senior Managing Director
FTI Capital Advisors, LLC
633 West 5th Street, Suite 1600
Los Angeles, CA 90071
Office: (213) 452-6010
Fax: (213) 452-6099

EXHIBIT A



FTI CAPITAL ADVISORS, LLC
Member NASD/SIPC

1201 Eye Street, NW
Suite 400
Washington, DC 20005

202.312.9100 telephone
202.312.9108 facsimile

www.fticonsulting.com

April 2, 2005

CONFIDENTIAL

James Marcum
Board of Directors
Ultimate Electronics, Inc.
321 W. 84th Ave.
Suite A
Thornton, CO 80260

Subject: Engagement of FTI Capital Advisors, LLC

Dear Jim:

This letter is to confirm our understanding of the basis upon which FTI Capital Advisors, LLC ("FTICA"), the wholly-owned investment banking subsidiary of FTI Consulting, Inc. ("FTI"), is being engaged by Ultimate Electronics, Inc. (the "Debtor") to provide the services described herein. The Debtor and six of its affiliates and/or subsidiaries are operating under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware, and this agreement (the "Agreement") is subject to review and approval by the Bankruptcy Court. The engagement of FTICA by the Debtor becomes effective as of the date of entry court order.

1. The Debtor hereby engages FTICA as the Debtor's sole and exclusive investment banker for the purpose of endeavoring to obtain one or more commitments for the new capital from one or more financial institutions or sources other than Mark J. Wattles and/or a Mark J. Wattles Affiliate, as defined herein (the "Financing"). In a parallel process to raising new capital, FTICA will (a) identify opportunities for the sale of essentially all of the operating and real assets of the Debtor under section 363 of the Bankruptcy Code; (b) advise the Debtor concerning opportunities for such sale, whether or not identified by FTICA; and (c) as requested by the Debtor, participate on the Debtor's behalf in negotiations concerning such sale.

2. In connection with our engagement, FTICA will develop, in consultation with the Debtor, a list of entities other than Mark J. Wattles and/or any entity affiliated with Mark J. Wattles that FTICA believes might be potential providers of capital and/or purchasers

of essentially all the operating and real assets of Debtor, its subsidiaries, its affiliates and/or any of their respective assets. FTICA will initiate discussions with potential purchasers, participate in the negotiations of possible transactions and advise the Debtor as to negotiating strategy and other matters in connection therewith.

3. The Debtor will furnish FTICA with all information and material regarding the Debtor as FTICA may reasonably request in connection with the performance of its obligations hereunder. FTICA will assist the Debtor in preparing a document or documents (collectively, "Documents") to describe the Debtor and its management and financial status for use in discussions with prospective purchasers. The Debtor will make its management and other personnel and appropriate representatives of its independent public accountants and its advisors available to FTICA for discussions and consultations at such times as FTICA may reasonably request in connection with the performance of its obligations hereunder. The Debtor represents and warrants that it will exercise its reasonable best efforts to ensure that all information made available to FTICA by the Debtor or contained in the Documents will, at all times during the period of the engagement of FTICA hereunder, be complete and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances under which such statements are made. The Debtor further represents and warrants that any projections provided to FTICA or contained in the Documents will have been prepared in good faith and will be based upon assumptions which, in light of the circumstances under which they are made, are reasonable. The Debtor acknowledges and agrees that in rendering its services hereunder, FTICA assumes no responsibility for the accuracy or completeness of information regarding the Debtor and will be using and relying, without any independent investigation or verification thereof, on the accuracy and completeness of all information that is or will be furnished to FTICA by or on behalf of the Debtor and on publicly available information, and FTICA will not in any respect be responsible for the accuracy or completeness of any of the foregoing types of information (included in the Documents or otherwise). The Debtor understands that in rendering services hereunder FTICA will also rely upon the advice of counsel to the Debtor and other advisors to the Debtor as to legal, tax and other matters relating to any transaction or proposed transaction contemplated by the Agreement. FTICA will not undertake to make an independent appraisal of any of the assets of the Debtor or any of its subsidiaries or affiliates. The Debtor will promptly notify FTICA if an event occurs that would otherwise cause any information previously delivered to FTICA to be untrue in any material respect.

4. For the purposes of this Agreement:

(a) A "sale" of the assets of the Debtor shall mean any transaction or series or combination of transactions, other than in the ordinary course of trade or business, whereby, directly or indirectly, control of or a material interest in the Debtor or its subsidiaries or affiliates, or any of their respective businesses (a "Business") or any of their respective assets, is transferred for consideration, including, without limitation, a sale or exchange of capital stock or assets, a lease of assets with or without a purchase

option, a merger or consolidation, a recapitalization, a tender or exchange offer, a leveraged buy-out, the formation of a joint venture, minority investment or partnership, or any similar transaction.

(b) "Consideration" shall mean the full transaction value of any sale of the Debtor including, without limitation, the total value of all cash, securities, other property, payments made in installments, amounts payable under consulting agreements, above-market employment agreements, non-compete agreements and any contingent, earned or other consideration paid or payable, directly or indirectly, by an acquiring party to a selling party or to a participant in the transaction in connection with a sale of the Debtor. In the case of a recapitalization, "Consideration" shall include the aggregate amount of indebtedness incurred or equity raised by the Debtor or a successor thereof in connection with such recapitalization.

(c) "Mark J. Wattles Affiliate" means any entity with respect to which entity Mark J. Wattles owns or controls more than fifty percent (50%).

5. As compensation for the services rendered by FTICA hereunder, the Debtor shall pay or cause FTICA to be paid as follows:

(a) Retainer Fee. An initial fee of two hundred thousand dollars (\$200,000), payable as soon as practical following the approval by the court of this Agreement. The initial fee shall be earned when paid and shall be nonrefundable.

(b) Placement Fee. In the event the Company completes a Financing, then FTICA shall earn a financing fee (the "Placement Fee") equal to: i) 7.0 percent (700 basis points) on any new equity investment, including preferred and common private equity; ii) 4.0 percent (400 basis points) on any mezzanine debt capital issued, if any; and iii) 2.0 percent (200 basis points) on any new commitment of senior debt. The Placement Fee is due and payable to FTICA on the first to occur of the date of the first closing or funding of the Financing, subject to bankruptcy court review, application, and approval. Such Placement Fee will not be paid on any capital provided directly by Mark Wattles.

(c) Transaction Fee. During the term of FTICA's engagement hereunder, regardless of whether the party or parties to the sale were identified by FTICA and/or FTICA rendered advice concerning the sale, or at any time during a period of twelve (12) months following the effective date of termination of FTICA's engagement hereunder, then, upon consummation of the sale, the Debtor shall pay to FTICA a transaction fee ("Transaction Fee") as follows: (i) 3.0% of the increment of the Recovery above 73 percent of the inventory level determined by an inventory assessment ("Company Inventory Levels"), up to and including 83 percent of the Company Inventory Levels, and (ii) 6.0% of the increment of the Recovery above 83 percent of the Company Inventory Levels; provided however that nothing in this subparagraph (c) shall entitle FTICA to any fee for any assets of the Debtor sold by another entity; provided further, however, that the Debtor will have the right to sell any of its real property through any broker in its sole discretion.

(d) Wattles Transaction. To the extent that a transaction is consummated with Mark J. Wattles and/or any Mark J. Wattles Affiliate (a "Wattles Transaction"), then FTICA shall receive an incremental retainer of \$300,000, but forego any Placement Fees or Transaction Fees.

6. In addition to the fees described in Section 5 above and the obligation of the Debtor to pay certain expenses set forth in Section 7 below, subject to bankruptcy court review and approval, and whether or not any sale of the Debtor is consummated, the Debtor will pay as requested from time to time all of FTICA's reasonable out-of-pocket expenses (including document and presentation material expenses and the reasonable fees and expenses of its counsel) incurred in negotiating the terms of and in carrying out its duties under this engagement.

7. In connection with engagements of the nature covered by this Agreement, it is FTICA's practice to provide for indemnification, contribution, and limitation of liability. By signing this Agreement, the Debtor agrees to the provisions attached to this Agreement (Attachment A), which provisions are expressly incorporated by reference herein.

8. The Debtor represents and warrants to FTICA that this Agreement has been duly authorized and when executed by the Debtor will constitute a legal, valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms and that neither the execution, delivery or performance of this Agreement by the Debtor nor the consummation of the transactions contemplated hereby requires the approval or consent of any governmental or regulatory agency or results in a violation or breach of any law, regulation, agreement or order binding upon or applicable to the Debtor.

9. Except as contemplated by the terms hereof or as required by applicable law, FTICA shall keep confidential all material non-public information provided to it by the Debtor, and shall not disclose such information to any third party, other than such of its employees, affiliates, agents and advisors as FTICA determines to have a need to know.

10. FTICA is being retained to serve as financial advisor solely to the Debtor, and it is agreed that the engagement of FTICA is not, and shall not be deemed to be, on behalf of, and is not intended to confer rights or benefits upon, any shareholder or creditor of the Debtor or its subsidiaries or upon any other person or entity. No one other than the Debtor is authorized to rely upon this engagement of FTICA or any statements, conduct or advice of FTICA, and no one other than the Debtor is intended to be a beneficiary of this engagement. All opinions, advice or other assistance (whether written or oral) given by FTICA in connection with this engagement are intended solely for the benefit and use of the Debtor and will be treated by the Debtor as confidential, and no opinion, advice or other assistance of FTICA shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose, nor shall any public or other references to FTICA (or to such

opinions, advice or other assistance) be made without the express prior written consent of FTICA.

11. The Debtor agrees that, following the closing or consummation of a sale of the Debtor, FTICA has the right to place advertisements in financial and other newspapers and journals at its own expense, describing its services to the Debtor hereunder, provided that FTICA will submit a copy of any such advertisements to the Debtor for its prior approval, which approval shall not unreasonable withheld.

12. The term of this engagement will continue until the earlier of one year from the date hereof, the closing or consummation of a sale of the Debtor or until terminated in the manner provided for in this Section. Either party may terminate FTICA's engagement hereunder at any time by giving the other party at least 30 days' prior written notice. Within 30 days after the effective date of any such termination, FTICA will deliver to the Debtor a copy of the List as then constituted. The provisions of Sections 7, 8, and 10 hereof shall survive any expiration or termination of this Agreement.

13. The Debtor represents and warrants that there are no brokers, representatives or other persons which have an interest in any compensation due to FTICA from any transaction contemplated herein.

14. The terms and provisions of this Agreement are solely for the benefit of the Debtor and FTICA and the other indemnified Persons and their respective successors, assigns, heirs and personal representatives, and no other person or entity shall acquire or have any right by virtue of this Agreement. This Agreement represents the entire understanding between the Debtor and FTICA with respect to FTICA's engagement hereunder, and all prior discussions are merged herein. This Agreement shall be governed by, and construed in accordance with the Bankruptcy Code and with the laws of the State of Delaware without regard to such state's principles of conflicts of laws, and may be amended, modified or supplemented only by written instrument executed by each of the parties hereto.

15. Money Laundering Activities. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all broker dealers to obtain, verify, and record information that identifies each entity that becomes a new client of FTICA. In establishing a new client relationship with the Debtor, FTICA is required to ask for certain information including but not limited to Employer Identification Numbers (EIN) and other corporate documents that will allow FTICAMA to identify the legal existence of the Debtor.

16. Notice. All notices provided under this Agreement shall be in writing and shall be considered effective (i) when delivered personally to the party for whom intended, or (ii) five (5) days following deposit of the same into the United States mail, certified mail, return receipt requested, first class postage prepaid, addressed to the party at the address set forth below:

If to FTICA:

FTICA Capital Advisors, LLC.
1201 "Eye" Street N.W., ste. 400
Washington, DC 20005
Facsimile: 202-312-9108
Attn: Jeffrey R. Manning, Senior Managing Director

If to the Debtor:

James Marcum
Ultimate Electronics, Inc.
321 W. 84th Ave.
Suite A
Thornton, CO 80260

17. Assignment. This Agreement and all rights, liabilities and obligations hereunder are solely for the benefit of the Debtor, FTICA and the Indemnified Persons (as defined in Exhibit I), and shall be binding upon and inure to the benefit of each party's successors, but shall not be assigned to any party without the prior written approval of the other party.

[the next paragraph is the signature paragraph]

If the foregoing correctly sets forth the entire understanding and agreement between FTICA and the Debtor, please so indicate in the space provided for that purpose below and return an executed copy to us, whereupon this letter shall constitute a binding agreement as of the date first above written.

Sincerely,

FTI Capital Advisors, LLC

/s/ Robert M. Werle

Robert M. Werle
Senior Managing Director

AGREED:

Ultimate Electronics, Inc.

By: /s/ James Marcum
James Marcum
Director
Ultimate Electronics, Inc.

INDEMNIFICATION

The Debtor and its successors and assigns (collectively, the "Indemnifying Persons") shall indemnify and hold harmless FTICA, its controlling person and each of their respective directors, officers, members, agents, representatives, employees and any affiliate, (collectively, the "Indemnified Persons") from and against any and all claims, liabilities, losses, expenses and damages (and any actions, mediations, arbitrations, and administration, regulatory or other proceedings, inquiry or investigation in respect thereof), joint or several (each a "Loss" and collectively, the "Losses") related to or arising in any manner from, or based upon any Transaction (as defined in the agreement to which this Exhibit I is attached (the "Agreement")) or the services performed by FTICA pursuant to the Agreement and the Debtor agrees that no Indemnified Person shall have any liability to the Debtor or its owners, parents, affiliates, security holders or creditors for any losses that arise out of this engagement. Notwithstanding the foregoing, the Debtor shall not be responsible for any Loss to the extent the same is determined in a final judgment by a court of competent jurisdiction to have resulted primarily from the gross negligence or willful misconduct. The Debtor's obligations hereunder shall be in addition to any rights that any Indemnified Person may have at common law or otherwise. The Debtor shall also promptly reimburse any Indemnified Person for all expenses, including, without limitation, any legal and other fees or expenses (the "Expenses"), as incurred in connection with or relating to investigating, preparing to defend or defending any pending or threatened actions, claims or other proceedings (including any administrative or other investigation or inquiry) related to or arising out of any Transaction or the services performed by FTICA pursuant to the Agreement (whether or not such Indemnified Person is a named party in such proceeding).

If so requested by FTICA, the Debtor shall assume the defense of any such Loss, including the employment of counsel satisfactory to FTICA. FTICA shall have the right to retain counsel of its own choice and the Debtor shall pay the expenses of its counsel.

The Debtor, without FTICA's prior written consent, shall not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought hereunder (whether or not FTICA or any other Indemnified Person is an actual or potential party to such claim, action or proceeding), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Person from all liability arising out of such claim, action or proceeding.

If the foregoing indemnification or reimbursement is for any reason unavailable or insufficient to hold any Indemnified Person harmless, the Debtor shall contribute to the amount paid or payable by such Indemnified Person as a result of such loss, claim or damage in such proportion as is appropriate to reflect the relative benefits received by each of the Debtor and each Indemnified Person, on the one hand, and the relative fault of each of the Debtor and each Indemnified Person on the other, as well as any equitable considerations, arising out of the matters contemplated by the Agreement (whether or not the Transaction is consummated), subject to the limitation that FTICA's aggregate contribution shall not exceed the amount of fees actually received under the Agreement. The Debtor agrees that for purposes of this paragraph (i) the relative benefits to the Debtor and FTICA in connection with the matters covered by this Agreement will be deemed to be in the same proportion that the total value paid or received or to be paid or received by the Debtor in connection with the transactions contemplated by this

Agreement, whether or not consummated, bears to the fees paid to FTICA under this Agreement; and (ii) relative fault shall be determined by reference to, among other things, whether any alleged untrue statement or omission or any alleged conduct relates to information provided by the Debtor or other conduct by the Debtor on the one hand, or by FTICA on the other hand.

If any of FTICA's past, present or future managers, directors, senior managing directors, managing directors, officers, members, agents, representatives, employees and affiliates is requested or required to appear as a witness in connection with any action, claim or proceeding related to or arising out of the Transaction or the services performed by FTICA pursuant to the Agreement, the Debtor shall reimburse FTICA for all reasonable expenses incurred by it in connection with any such individual appearing and preparing to appear as a witness, including, without limitation, the reasonable fees and disbursements of its legal counsel. The Debtor shall compensate FTICA in an amount to be mutually agreed upon per person per day for each day that such personnel is involved in preparation, discovery proceedings or testimony pertaining to such action, claim or proceeding.

The indemnity, reimbursement and contribution obligations of the Debtor shall be in addition to any liability or obligation which the Debtor may otherwise have, and shall be binding upon and inure to the benefit of successors, assigns, heirs and personal representatives of the Debtor and any Indemnified Person.

If multiple claims are brought against FTICA with respect to at least one of which indemnification is permitted under applicable law and provided for under this Exhibit I, the Debtor agrees that any judgment, arbitration award or other monetary award shall be conclusively deemed to be based on the Losses as to which indemnification is so permitted and provided for.

The provisions of this Exhibit I shall apply to FTICA's engagement by the Debtor as described in the Agreement (including related activities prior to the date hereof) and any modification thereof and shall remain in full force and effect, notwithstanding (i) any withdrawal, termination, consummation of or failure to initiate or consummate any transaction referred to in the Agreement, (ii) any investigation made by or on behalf of any Indemnified Party, or (iii) any termination, completion or expiration of the Agreement or FTICA's engagement by the Debtor.

The Debtor hereby consents, solely for the purpose of allowing an indemnified party to enforce its rights hereunder, to personal jurisdiction and service and venue in the courts of the State of Delaware. The Debtor also hereby irrevocably waives any right it may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or the transactions contemplated hereby and consents to personal jurisdiction, service of process and venue in any court in which any claim covered by the provisions of this Exhibit I may be brought against an Indemnified Person..

The terms of this Exhibit I may not be amended or otherwise modified except by an instrument signed by both the Debtor and FTICA. If any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision of this Agreement, which shall remain in full force and effect. If there are more indemnitors than one hereunder, each indemnifying person agrees that its liabilities hereunder shall be joint and several.

[END OF EXHIBIT I]

 F T I

EXHIBIT B

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

-----	X	
	:	
In re:	:	Chapter 11
	:	
ULTIMATE ELECTRONICS, INC., <u>et al.</u> ,	:	Case No. 05-10104 (PJW)
	:	
Debtors.	:	Jointly Administered
	:	
-----	X	Related Docket No. 349

**ORDER AUTHORIZING RETENTION OF FTI CAPITAL
ADVISORS, LLC, AS INVESTMENT BANKER TO THE
DEBTORS AND DEBTORS-IN-POSSESSION
NUNC PRO TUNC TO APRIL 2, 2005**

Upon the application dated April 2, 2005 (the "Application"),¹ wherein Ultimate Electronics, Inc. ("Ultimate ") and the six (6) subsidiaries and affiliates that are debtors and debtors-in-possession in the above-captioned cases (with Ultimate, the "Debtors"), moved this Court for entry of an order, pursuant to Bankruptcy Code sections 327(a) and 328(a) authorizing them to retain FTI Capital Advisors, LLC ("FTI") as investment bankers; and upon the Affidavit of Robert Werle in support of the Application; and due and adequate notice of the Application having been given under the circumstances; and it appearing that no other or further notice need be given; and it

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Application and/or the Engagement Letter.


appearing that FTI neither holds nor represents any interest adverse to the Debtors' estates; and it appearing that FTI is "disinterested," as that term is defined in section 101(14) of the Bankruptcy Code; and it appearing that the relief requested in the Application is in the best interest of the estates and their creditors; after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Application is GRANTED.
2. In accordance with Bankruptcy Code sections 327(a) and 328(a), the Debtors are authorized to employ and retain FTI as of April 2, 2005, as their investment banker on the terms set forth in the Application and the Engagement Letter; and
3. FTI shall be compensated in accordance with the procedures set forth in Bankruptcy Code sections 330 and 331, and such Bankruptcy Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court.
4. Any and all amounts due and owing to FTI and/or Consulting under the terms of the Engagement Letter or this Order are subordinated to any and all claims and amounts due and owing to the DIP Agent and the DIP Lenders under the Final DIP Order and/or the DIP Credit Agreement, as amended from time to time. Further, as has been agreed to by FTI and Consulting, any right that FTI and/or Consulting may have to seek to have the Debtors or their estates seek to surcharge the DIP Agent and/or the DIP Lenders under section 506(c) of the Bankruptcy Code, or otherwise, for any amounts due

and owing to FTI or Consulting under the terms of the Engagement Letter or this Order,
is deemed to have been waived in full.

Dated: Wilmington, Delaware
April 8, 2005



The Honorable Peter J. Walsh
United States Bankruptcy Judge

EXHIBIT C

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

----- X
In re: : Chapter 11
: :
ULTIMATE ELECTRONICS, INC., et al., : Case No. 05-10104 (PJW)
: :
Debtors. : Jointly Administered
: :
----- X Related Docket No. 20

**ADMINISTRATIVE ORDER PURSUANT TO
11 U.S.C. §§ 105(a) AND 331 ESTABLISHING
PROCEDURES FOR INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

Upon the motion dated January 11, 2005 (the "Motion"),¹ wherein Ultimate Electronics, Inc. ("Ultimate Electronics") and six (6) of its subsidiaries and affiliates, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), moved this Court for entry of an administrative order, pursuant to sections 105(a) and 331 of the Bankruptcy Code, establishing procedures for interim compensation and reimbursement of expenses of professionals specifically retained by order of this Court; the Court finds that (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion related hereto.

Motion is in the best interests of the Debtors, their estates and their creditors;
(iv) proper and adequate notice of the Motion and the hearing thereon has been given
and no other or further notice is necessary; and (iv) upon the record herein, after due
deliberation thereon, good and sufficient cause exists for the granting of the relief as
set forth herein.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED.
2. Except as may otherwise be provided in Court orders authorizing the retention of specific professionals, all professionals in these cases may seek interim compensation in accordance with the following procedures:

- a. No earlier than the 25th day of each month following the month for which compensation is sought (the "Monthly Fee Application Date"), each Professional will file a monthly fee application (the "Monthly Fee Application") with the Court and shall serve the same on the following parties (collectively, the "Notice Parties"): (i) the Debtors at Ultimate Electronics, Inc., 321 W. 84th Avenue, Suite A, Thornton, CO 80260 (Attn: David A. Carter); (ii) counsel to the Debtors, Skadden, Arps, Slate, Meagher & Flom LLP, 333 West Wacker Drive, Suite 2100, Chicago, IL 60606 (Attn: J. Eric Ivester); (iii) counsel to the Debtors' postpetition lenders, Bingham McCutchen LLP, 150 Federal Street, Boston, MA 02110-1726 (Attn: Robert

Barry) and Baker Botts L.L.P., 2001 Ross Avenue, Dallas, TX 75201-2980 (Attn: Jack Kenzie); (iv) counsel to any official committee appointed in these cases; and (v) the United States Trustee. The first Monthly Fee Application shall be filed on or about February 25, 2005 for the period ending January 31, 2005.

b. Each Notice Party will have twenty (20) days after service of a Monthly Fee Application to object (the "Objection Deadline") to such application. Upon the expiration of the Objection Deadline, each Professional may file a certificate of no objection or a certificate of partial objection with the Court, whichever is applicable, after which the Debtors are directed to pay each Professional an amount (the "Actual Interim Payment") equal to the lesser of (i) 80% of the fees and 100% of the expenses requested in the Monthly Fee Application (the "Maximum Payment") or (ii) 80% of the fees and 100% of the expenses not subject to an objection.

c. If any Notice Party objects to a Professional's Monthly Fee Application, the objecting party must file a written objection (each, an "Objection") with the Court and serve such Objection on the Professional and each of the Notice Parties so that such Objection is received on or before the Objection Deadline. Thereafter the objecting party and the Professional may attempt to resolve the Objection on a consensual basis. If the parties are

unable to reach a resolution of the Objection within 20 days after service of the Objection, then the Professional may either (i) file a response to the Objection with the Court, together with a request for payment of the difference, if any, between the Maximum Payment and the Actual Interim Payment made to the affected Professional (the "Incremental Amount"), or (ii) forgo payment of the Incremental Amount until the next interim or final fee application hearing, at which time the Court will consider and dispose of the Objection, if requested by the parties.

d. Beginning with the period ending March 31, 2005, at three-month intervals or at such other intervals convenient to the Court (the "Interim Fee Period"), each of the Professionals must file with the Court an interim fee application (the "Interim Fee Application") for compensation and reimbursement of expenses sought in the Monthly Fee Applications filed during such period. Each Professional shall serve (i) its Interim Fee Application on the Notice Parties and (ii) notice of its Interim Fee Application (which identifies the Professional seeking compensation, discloses the period for which the payment of fees and reimbursement of expenses are being sought and describes the amount of the fees and expenses sought) on all parties that have entered their appearance under Rule 2002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). The Interim Fee

Application must include a summary of the Monthly Fee Applications that are the subject of the request, but need not include the narrative discussion generally included in monthly fee applications. Each Professional must file its Interim Fee Application within forty-five (45) days after the end of the Interim Fee Period for which the request seeks allowance of fees and reimbursement of expenses. The first Interim Fee Application should cover the Interim Fee Period from the Petition Date through and including March 31, 2005. Any Professional that fails to file an Interim Fee Application when due will be ineligible to receive further interim payments of fees or expenses with respect to any subsequent Interim Fee Period until such time as an Interim Fee Application is filed and served by the Professional.

c. The Debtors shall request that the Court schedule a hearing on the Interim Fee Applications at least once every six months, or at such other intervals as the Court deems appropriate. The Court, in its discretion, may approve an uncontested Interim Fee Application without the need for a hearing, upon the Professional's filing of a certificate of no objection. Upon allowance by the Court of a Professional's Interim Fee Application, the Debtors shall promptly pay such Professional all requested fees (including the 20% holdback) and costs not previously paid.

f. The pendency of an Objection to payment of compensation or reimbursement of expenses will not disqualify a Professional from the future payment of compensation or reimbursement of expenses.

g. Neither the payment of nor the failure to pay, in whole or in part, monthly interim compensation and reimbursement of expenses, nor the filing of or failure to file an Objection, will bind any party in interest (including a party served with monthly statements pursuant to paragraph 2(a) hereof) or the Court with respect to the allowance of interim or final applications for compensation and reimbursement of expenses of the Professionals.

h. All fees and expenses paid to the Professionals are subject to disgorgement until final allowance by the Court.

3. Each member of the committee(s) (if appointed) is permitted to submit statements of expenses and supporting vouchers to counsel for the committee(s), and counsel for the committee(s) will collect and file such requests for reimbursement in accordance with the foregoing procedures for monthly and interim compensation and reimbursement of the Professionals.

4. Notice of interim and final fee applications and any hearings thereon given in accordance with the compensation procedures set forth above shall be deemed sufficient and adequate and in full compliance with the applicable

provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules of the United States Bankruptcy Court for the District of Delaware.


5. The Debtors shall include all payments to Professionals on their monthly operating reports, detailed so as to state the amount paid to each Professional.

6. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

7. Any and all other and further notice of the relief requested in the Motion is dispensed with and waived.

8. Notwithstanding anything herein to the contrary, the Debtors' rights to seek approval of alternative procedures for interim compensation and reimbursement of expenses of Professionals are preserved.

Dated: Wilmington, Delaware
February 14, 2005



The Honorable Peter J. Walsh
United States Bankruptcy Judge

EXHIBIT D

TO FEE APPLICATION
SUMMARY OF FEES BY PROJECT CATEGORY
For the Period Covering March 30, 2005 through April 27, 2005

DATE	TIME	DESCRIPTION
03/30/05	4.0	See Summary of FTICA Services Provided
03/31/05	4.0	See Summary of FTICA Services Provided
04/01/05	7.0	See Summary of FTICA Services Provided
04/04/05	14.5	See Summary of FTICA Services Provided
04/05/05	16.0	See Summary of FTICA Services Provided
04/06/05	14.0	See Summary of FTICA Services Provided
04/07/05	22.0	See Summary of FTICA Services Provided
04/08/05	18.5	See Summary of FTICA Services Provided
04/11/05	18.0	See Summary of FTICA Services Provided
04/12/05	15.0	See Summary of FTICA Services Provided
04/13/05	22.0	See Summary of FTICA Services Provided
04/14/05	28.0	See Summary of FTICA Services Provided
04/15/05	35.0	See Summary of FTICA Services Provided
04/16/05	14.0	See Summary of FTICA Services Provided
04/18/05	10.0	See Summary of FTICA Services Provided
04/19/05	19.5	See Summary of FTICA Services Provided
04/20/05	1.5	See Summary of FTICA Services Provided
04/21/05	3.0	See Summary of FTICA Services Provided
04/22/05	2.0	See Summary of FTICA Services Provided
04/25/05	2.0	See Summary of FTICA Services Provided
04/27/05	2.0	See Summary of FTICA Services Provided
GRAND TOTAL	<u>272.00</u>	

TO FEE APPLICATION
SUMMARY OF FEES BY PROJECT CATEGORY
For the Period Covering March 30, 2005 through April 27, 2005

DATE	NAME	TIME	DESCRIPTION
03/30/05	Robert Werle	1.0	See Summary of FTICA Services Provided
03/30/05	Robert Werle	3.0	See Summary of FTICA Services Provided
03/31/05	Robert Werle	1.0	See Summary of FTICA Services Provided
03/31/05	Robert Werle	3.0	See Summary of FTICA Services Provided
04/01/05	Robert Werle	3.0	See Summary of FTICA Services Provided
04/01/05	Robert Werle	4.0	See Summary of FTICA Services Provided
04/04/05	Robert Werle	1.5	See Summary of FTICA Services Provided
04/04/05	Howard Loewenberg	6.0	See Summary of FTICA Services Provided
04/04/05	W Christopher Weber	7.0	See Summary of FTICA Services Provided
04/05/05	W Christopher Weber	11.0	See Summary of FTICA Services Provided
04/05/05	Howard Loewenberg	2.0	See Summary of FTICA Services Provided
04/05/05	Robert Werle	3.0	See Summary of FTICA Services Provided
04/06/05	Robert Werle	5.0	See Summary of FTICA Services Provided
04/06/05	W Christopher Weber	9.0	See Summary of FTICA Services Provided
04/07/05	Jeffrey Manning	1.0	See Summary of FTICA Services Provided
04/07/05	W Christopher Weber	10.0	See Summary of FTICA Services Provided
04/07/05	Robert Werle	4.0	See Summary of FTICA Services Provided
04/07/05	Robert Werle	7.0	See Summary of FTICA Services Provided
04/08/05	Robert Werle	11.5	See Summary of FTICA Services Provided
04/08/05	W Christopher Weber	7.0	See Summary of FTICA Services Provided
04/11/05	W Christopher Weber	10.0	See Summary of FTICA Services Provided
04/11/05	Robert Werle	3.0	See Summary of FTICA Services Provided
04/11/05	Robert Werle	1.0	See Summary of FTICA Services Provided
04/11/05	Robert Werle	1.0	See Summary of FTICA Services Provided
04/11/05	Robert Werle	3.0	See Summary of FTICA Services Provided
04/12/05	Robert Werle	5.0	See Summary of FTICA Services Provided
04/12/05	W Christopher Weber	10.0	See Summary of FTICA Services Provided
04/13/05	W Christopher Weber	10.0	See Summary of FTICA Services Provided
04/13/05	Robert Werle	7.0	See Summary of FTICA Services Provided
04/13/05	Robert Werle	5.0	See Summary of FTICA Services Provided
04/14/05	Robert Werle	18.0	See Summary of FTICA Services Provided
04/14/05	W Christopher Weber	10.0	See Summary of FTICA Services Provided
04/15/05	W Christopher Weber	17.0	See Summary of FTICA Services Provided
04/15/05	Robert Werle	18.0	See Summary of FTICA Services Provided
04/16/05	Robert Werle	8.0	See Summary of FTICA Services Provided
04/16/05	W Christopher Weber	6.0	See Summary of FTICA Services Provided
04/18/05	W Christopher Weber	3.0	See Summary of FTICA Services Provided
04/18/05	Robert Werle	7.0	See Summary of FTICA Services Provided
04/19/05	Robert Werle	3.5	See Summary of FTICA Services Provided
04/19/05	Robert Werle	7.0	See Summary of FTICA Services Provided
04/19/05	Robert Werle	9.0	See Summary of FTICA Services Provided
04/20/05	Robert Werle	1.5	See Summary of FTICA Services Provided
04/21/05	W Christopher Weber	3.0	See Summary of FTICA Services Provided
04/22/05	W Christopher Weber	2.0	See Summary of FTICA Services Provided
04/25/05	W Christopher Weber	1.0	See Summary of FTICA Services Provided
04/25/05	Robert Werle	1.0	See Summary of FTICA Services Provided
04/27/05	W Christopher Weber	2.0	See Summary of FTICA Services Provided
GRAND TOTAL		272.00	

TO FEE APPLICATION
EXPENSE SUMMARY AND EXPENSE DETAIL
 For the Period Covering March 30, 2005 through April 27, 2005

DATE	NAME	EXPENSE CODE	DESCRIPTION	BILLED AMOUNT
04/03/05	Jeffrey Manning	Sundry	Cingular Wireless (3/4 - 4/3/05): allocated portion of total charge	16.00
04/05/05	W Christopher Weber	Meals / Entertainment	In-office dinner	6.26
04/06/05	Robert Werle	Airfare	Airfare - LAX/Philadelphia/LAX - US	1,307.60
04/07/05	Robert Werle	Meals / Entertainment	Lunch at Backlot Deli in airport - self.	8.65
04/07/05	Robert Werle	Transportation	Empire Car Service - Philadelphia airport to	111.49
04/07/05	Robert Werle	Lodging	Room charges and fees at Hotel Dupont	288.05
04/07/05	W Christopher Weber	Meals / Entertainment	Dinner for me in the office re: Ultimate	7.35
04/08/05	Robert Werle	Transportation	Taxi - LAX to home	22.00
04/08/05	Robert Werle	Sundry	Phone charges at Hotel Dupont (total \$289.40).	0.75
04/08/05	Robert Werle	Meals / Entertainment	Out of town meal at Hotel Dupont	5.94
04/08/05	Robert Werle	Transportation	Boston Coach car service - Wilmington, DE	85.52
04/12/05	W Christopher Weber	Meals / Entertainment	Dinner for me in office	18.15
04/13/05	Robert Werle	Transportation	Taxi - home to LAX.	40.00
04/13/05	Robert Werle	Meals / Entertainment	Lunch at LAX - self.	13.61

TO FEE APPLICATION
EXPENSE SUMMARY AND EXPENSE DETAIL
 For the Period Covering March 30, 2005 through April 27, 2005

04/13/05	Robert Werle	Airfare	Airfare - LAX/JFK - AA#0011232527667 (4/13/05)	595.85
04/13/05	Robert Werle	Airfare	Airfare - JFK/LAX - AA #0011232527663 (4/17/05)	313.20
04/13/05	Robert Werle	Lodging	Room charges at Rihga Royal Hotel	464.32
04/14/05	Robert Werle	Meals / Entertainment	Out of town dinner at Rays Pizza - self.	23.92
04/14/05	Robert Werle	Transportation	Taxi - FTT office to 399 Park Avenue for client	6.00
04/14/05	Robert Werle	Transportation	Taxi - to Rihga Royal Hotel	6.00
04/14/05	Robert Werle	Transportation	Boston Coach car service - JFK to Rihga Royal	141.88
04/14/05	Robert Werle	Lodging	Room charges at Rihga Royal Hotel	456.32
04/14/05	W Christopher Weber	Transportation	Cab fare from Train Station to Hotel (NYC)	6.50
04/14/05	W Christopher Weber	Transportation	Train from DC to NYC for Ultimate Auction	147.00
04/14/05	W Christopher Weber	Sundry	Internet fees at hotel on 4/14	9.95
04/14/05	W Christopher Weber	Meals / Entertainment	Room service (dinner) at hotel on 4/14	43.28
04/15/05	Robert Werle	Meals / Entertainment	Breakfast for self.	3.50
04/15/05	Robert Werle	Transportation	Taxi - Rihga Hotel to 399 Park Avenue	5.00

TO FEE APPLICATION
EXPENSE SUMMARY AND EXPENSE DETAIL
 For the Period Covering March 30, 2005 through April 27, 2005

04/15/05	Robert Werle	Transportation	Taxi - to Rihga Royal Hotel	6.00
04/15/05	Robert Werle	Lodging	Room charges at Rihga Royal Hotel	456.32
04/15/05	Robert Werle	Airfare	Airfare - LAX/Philadelphia - UA #0161232529366	888.35
04/16/05	Robert Werle	Transportation	Taxi - Rihga Royal Hotel to 399 Park Avenue for	5.00
04/16/05	Robert Werle	Transportation	Taxi - to Rihga Royal Hotel.	6.00
04/16/05	Robert Werle	Lodging	Room charges at Rihga Royal Hotel	456.32
04/16/05	W Christopher Weber	Airfare	US Air from LGA to DC (After UBE Auction)	103.70
04/16/05	W Christopher Weber	Transportation	NYC cab fare from Hotel to LGA after Ultimate	28.10
04/16/05	W Christopher Weber	Transportation	Cab fare from National Airport to Apt	16.00
04/16/05	W Christopher Weber	Meals / Entertainment	Lunch for me at LGA after Ultimate Auction	6.05
04/16/05	W Christopher Weber	Lodging	Hotel fare in NYC for UBE auction process	1,375.58
04/17/05	Robert Werle	Meals / Entertainment	Out of town lunch at Mars 2112 - self	33.78
04/17/05	Robert Werle	Transportation	Taxi - LAX to home.	27.00
04/17/05	Robert Werle	Meals / Entertainment	Out of town meal - snack on flight from JFK to	10.00

TO FEE APPLICATION
EXPENSE SUMMARY AND EXPENSE DETAIL
 For the Period Covering March 30, 2005 through April 27, 2005

04/17/05	Robert Werle	Transportation	Boston Coach car service - Kinga Royal Hotel	167.50
04/18/05	Robert Werle	Meals / Entertainment	Lunch at LAX - self.	8.65
04/18/05	Robert Werle	Lodging	Room charges at Wyndham Hotel Wilmington	119.90
04/18/05	Robert Werle	Sundry	Local phone calls at Wyndham Hotel Wilmington	3.00
04/18/05	Robert Werle	Transportation	Boston Coach car service - Philadelphia airport	86.98
04/18/05	Robert Werle	Airfare	Airfare - change fee from World Travel	15.00
04/19/05	Robert Werle	Sundry	Local phone calls at Wyndham Hotel Wilmington	0.75
04/19/05	Robert Werle	Transportation	Taxi - Wilmington to Philadelphia airport.	70.00
04/19/05	Robert Werle	Transportation	Taxi - LAX to home.	22.00
04/19/05	Robert Werle	Meals / Entertainment	Out of town lunch	7.65
04/19/05	Robert Werle	Meals / Entertainment	Out of town lunch (pizza) at Dulles airport -	6.55
04/19/05	Robert Werle	Airfare	Airfare - misc charge by United Airlines	10.00
04/19/05	Robert Werle	Airfare	Airfare - Philadelphia/LAX - UAA#0162124319535	614.90
04/19/05	Robert Werle	Transportation	Boston Coach car service - no show/late	38.49

TO FEE APPLICATION
EXPENSE SUMMARY AND EXPENSE DETAIL
 For the Period Covering March 30, 2005 through April 27, 2005

04/25/05	Sean Shafik	Sundry	Cell phone allocation	20.00
04/29/05	W Christopher Weber	Sundry	Cell phone charge: allocation for April	53.80
GRAND TOTAL				\$ 8,818.06

EXHIBIT E

SUMMARY OF FTICA SERVICES PROVIDED:

In connection with our engagement, FTICA developed, in consultation with the Debtor, a list of entities that FTICA believed may have been potential providers of capital and/or purchasers of essentially all the operating and real assets of Debtor, its subsidiaries, its affiliates and/or any of their respective assets.

FTICA assisted the Debtor by preparing a Virtual Diligence Room ("VDR") available to interested parties containing documents necessary to describe the Debtor and its management and financial status for use in discussions with prospective purchasers.

FTICA prepared a three-page "Teaser" document summarizing the opportunities surrounding the Ultimate Electronics auction process.

FTICA initiated discussions with potential purchasers and / or capital providers and provided interested parties with Teasers and access to the VDR, participated in the negotiations of possible transactions and advised the Debtor as to negotiating strategies and other matters in connection therewith.

FTICA used the Internet as an alternative means of disseminating information as it related to the auction process and sale opportunities through TheDeal.com, a internet and print magazine for "all dealmakers covering M&A, bankruptcy, private equity, venture capital, law & tax, corporate restructuring..."

FTICA invited parties interested in purchasing all or part of the Company's assets to submit written expressions of interest to the Debtor in order to qualify to participate in scheduled auctions of the Debtor's assets. FTICA also invited potential capital sources to discuss with management of the Debtor the opportunity to provide financing for the business or any planned purchase of all or part of the business.

FTICA coordinated diligence with potential purchasers, including access to the VDR, onsite visits and other discussions with management and key personnel of the Debtor.

FTICA attended the auctions for the Debtor's assets and participated in an analysis of the comparison of the various offers received. FTICA also participated in numerous discussions with the Debtor and representatives of the unsecured creditors committee to ultimately participate in a consensus decision as to the determination of the highest and best offer(s) received. FTICA participated in bankruptcy court hearings seeking approval of same.

FTICA continues to work with the Debtor to identify potential purchasers for certain of its remaining assets, most notably certain real estate assets.

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

----- X
In re: : Chapter 11
ULTIMATE ELECTRONICS, INC., et al. :
 : Case No. 05-10104 (PJW)
 : Jointly Administered
Debtors. :
 :
----- X

**ORDER GRANTING PAYMENT OF FEES AND
EXPENSES REQUESTED IN FINAL APPLICATION OF
FTI CAPITAL ADVISORS, LLC FOR COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES
AS INVESTMENT BANKER TO THE DEBTORS FOR THE PERIOD
FROM MARCH 30, 2005 THROUGH AND INCLUDING APRIL 27, 2005**

This Court having previously authorized the employment of FTI Capital Advisors, LLC ("FTICA") in the cases of the above-captioned debtors (collectively, the "Debtors"); a Notice of Hearing (the "Notice") on the Final Application of FTI Capital Advisors, LLC for Compensation for Services Rendered and Reimbursement of Expenses as Investment Banker to the Debtors for the Period from March 30, 2005 through and including April 27, 2005 (the "Final Fee Application"), having been filed and served; the Court having conducted a hearing on the Final Fee Application and having determined that the Final Fee Application seeks reasonable compensation for actual, necessary services rendered by FTICA in these cases and reimbursement for actual, necessary expenses incurred in the rendition of such services; it appearing that the Notice has been properly and adequately served

and that no other or further notice is necessary; and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The fees and expenses requested in the Final Fee Application, specifically the Retainer Fee in the amount of \$200,000.00, the incremental retainer in the amount of \$300,000, and the actual, reasonable and necessary expenses in the amount of \$8,066.06, are hereby approved and allowed on a final basis.

2. Liquidating Ultimate and/or the Plan Administrator are hereby authorized and directed to promptly pay FTICA the difference, if any, between the allowed amount of fees and expenses approved by this Order and the actual payments received by FTICA. Such payment shall be made no later than five (5) business days from the entry of this order as a final order of this Court.

3. FTICA is authorized to apply any retainer funds previously advanced by the Debtors against any amounts approved by this Order.

4. This Order is without prejudice to the rights of FTICA to seek

further allowance and payment of compensation and reimbursement of expenses
upon application to this Court.

Dated: Wilmington, Delaware
April __, 2006

Honorable Peter J. Walsh
United States Bankruptcy Judge

CERTIFICATE OF SERVICE

I, Matthew P. Ward, hereby certify that on the 23rd day of February, 2006, I caused the foregoing **Final Fee Application of FTI Captial Advisors, LLC for Compensation for Services Rendered and Reimbursement of Expenses as Investment Banker to the Debtors for the Period from March 30, 2005 Through and Including April 27, 2005** to be served on the parties listed on Exhibits A and B, attached hereto, by first-class mail, postage prepaid, unless otherwise indicated thereon.



Matthew P. Ward

Exhibit A
Ultimate Electronics, Inc.
Service List

Former Counsel to the Debtors:

Gregg M. Galardi, Esq.
Mark L. Desgrosseilliers, Esq.
Matthew P. Ward, Esq.
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Fax: 302-651-3001

Former Special Corporate Counsel to the Debtors:

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Hogan & Hartson L.L.P.
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Fax: 303-899-7333

Plan Administrator for Liquidating Ultimate:

David A. Carter
Ultimate Electronics, Inc.
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Thornton, CO 80260

Office of the United States Trustee:

Bill Harrington, Esq.
Office of the U.S. Trustee
844 King Street
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Fax: 302-573-6497

Counsel to the Agent for the Debtors'

Postpetition Lenders:
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Former Financial Advisors to the Debtors:

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FTI Consulting
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Counsel to the Plan Administrator:

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Mark X. Mullin, Esq.
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Laura Davis Jones, Esq.
Sandra G. McLamb, Esq.
Pachulski, Stang, Ziehl, Young, Jones &
Weintraub P.C.
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Wilmington, DE 19899-8705
Tel: 302-652-4100
Fax: 302-652-4400

Fee Examiner:

Mr. Robert Troisio
Morris Anderson & Associates Ltd.
#2 Pettinaro Drive
Millville, DE 19970
By Overnight Delivery

Exhibit B

FTI Capital Advisors, LLC
1201 Eye Street, NW, Suite 400
Washington, DC 20005
Attn.: Jeffrey R. Manning
 W. Christopher Weber

FTI Capital Advisors, LLC
633 West 5th Street, Suite 1600
Los Angeles, CA 90071-2027
Attn.: Robert M. Werle