

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

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

**NOTICE OF FINAL FEE APPLICATION OF SKADDEN, ARPS, SLATE,
MEAGHER & FLOM LLP FOR COMPENSATION FOR SERVICES REN-
DERED AND REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE
DEBTORS FOR THE PERIOD FROM JANUARY 11, 2005 THROUGH AND
INCLUDING JANUARY 11, 2006**

PLEASE TAKE NOTICE that on February 24, 2006, the debtors (the "Debtors") in the above-captioned jointly-administered cases (the "Bankruptcy Cases") filed and served the **Final Fee Application of Skadden, Arps, Slate, Meagher & Flom LLP for Compensation for Services Rendered and Reimbursement of Expenses as Counsel to the Debtors for the Period from January 11, 2005 Through and Including January 11, 2006** (the "Application").

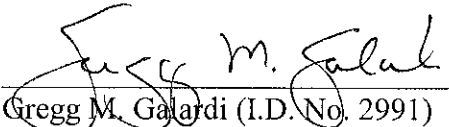
PLEASE TAKE FURTHER NOTICE that the Debtors have requested that objections, if any, to the Application or the relief requested therein must be made in writing, filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), 824 Market Street, Wilmington, Delaware 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.); and (6) Morris Anderson & Associates Ltd., #2 Pettinaro Drive, Millville, Delaware 19970 (Attn.: Mr. Robert Troisio) (collectively, the "Notice Parties").

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 24, 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 &
FLOM, LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899-0636
Telephone: (302) 651-3000
Facsimile: (302) 651-3001

Former counsel to the Debtors

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

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

**FINAL APPLICATION OF SKADDEN, ARPS, SLATE, MEAGHER & FLOM
LLP FOR COMPENSATION FOR SERVICES RENDERED AND REIM-
BURSEMENT OF EXPENSES AS COUNSEL TO THE DEBTORS FOR THE
PERIOD FROM JANUARY 11, 2005 THROUGH AND INCLUDING JANU-
ARY 11, 2006**

Name of Applicant: Skadden, Arps, Slate, Meagher & Flom LLP

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

Date of retention: Effective January 11, 2005

Period for which compensation and reimbursement are sought: January 11, 2005 through
and including January 11, 2006 (the "Entire Case Period")

Amount of compensation sought as actual, reasonable and necessary for the Entire Case
Period: \$3,006,601.01

Amount of expense reimbursement sought as actual, reasonable and necessary for the
Entire Case Period: \$310,520.42

Amount of compensation sought as actual, reasonable and necessary for the period
following the Effective Date: \$23,742.00¹

Amount of expense reimbursement sought as actual, reasonable and necessary for the
period following the Effective Date: \$2,643.28²

This is a: monthly interim final application.

¹ This amount includes an estimated \$10,000.00 for compensation for services rendered after the Effective Date for preparing this Final Application and the monthly fee applications for December, 2005 and January, 2006, and preparing for and attending the hearing on this Final Application, which services have occurred or will occur after the conclusion of the Entire Case Period.

² This amount includes an estimate of \$2,000.00 for reimbursement for expenses incurred after the Effective Date for preparing this Final Application and the monthly fee applications for December, 2005 and January, 2006, and preparing for and attending the hearing on this Final Application, which expenses were or will be incurred after the conclusion of the Entire Case Period.

**PRIOR APPLICATIONS
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP**

Date Filed	Period Covered	Requested Fees, Expenses		Paid Fees, Expenses	
1/25/06	December 1, 2005 to December 31, 2005	\$106,554.00	\$26,935.52	\$85,243.20	\$26,935.52
12/27/05	November 1, 2005 to November 30, 2005	\$151,381.50	\$33,641.61	\$121,105.20	\$33,641.61
11/28/05	October 1, 2005 to October 31, 2005	\$212,562.50	\$29,163.50	\$170,050.00	\$29,163.50
11/1/05	September 1, 2005 to September 30, 2005	\$169,376.00	\$20,030.36	\$169,376.00	\$20,030.36
10/3/05	August 1, 2005 to August 31, 2005	\$170,588.00 ³	\$16,468.00	\$170,588.00	\$16,468.00
8/25/05	July 1, 2005 to July 31, 2005	\$113,832.00 ⁴	\$7,961.00	\$113,832.00	\$7,961.00
7/25/05	June 1, 2005 to June 30, 2005	\$180,550.50	\$15,311.50	\$180,550.50	\$15,311.50

³ This amount reflects \$1,200.00 in accommodations arising from the fee examiner's review of Skadden, Arps' monthly fee application for August, 2005.

⁴ This amount reflects \$15,500.00 in accommodations arising from the fee examiner's review of Skadden, Arps' monthly fee applications for the period from January, 2005 through July, 2005.

Date Filed	Period Covered	Requested Fees, Expenses		Paid Fees, Expenses	
6/28/05	May 1, 2005 to May 31, 2005	\$253,180.50	\$34,862.50	\$253,180.50	\$34,862.50
6/13/05	April 1, 2005 to April 30, 2005	\$582,349.51	\$58,391.49	\$582,349.51	\$58,391.49
4/26/05	March 1, 2005 to March 31, 2005	\$455,724.50	\$26,683.50	\$455,724.50	\$26,683.50
3/25/05	February 1, 2005 to February 28, 2005	\$325,647.00	\$21,760.62	\$325,647.00	\$21,760.62
3/14/05	January 11, 2005 to January 31, 2005	\$268,474.00	\$15,803.00	\$268,474.00	\$15,803.00
	Total	\$2,990,220.01	\$307,012.60	\$2,896,120.41	\$307,012.60

**COMPENSATION BY PROFESSIONAL PERSON
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
(JANUARY 11, 2005 - JANUARY 11, 2006)**

<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
<u>PARTNERS</u>				
Allison Land Amorison	1993	\$630	6.40	\$ 4,032.00
Van C. Durrer II	1993	595	2.90	1,725.50
John P. Furfaro	1981	745	21.00	15,645.00
Gregg M. Galardi	1991	725	766.40	555,641.51
Bruce J. Goldner	1993	630	1.10	693.00
J. Eric Ivester	1985	765	30.00	22,951.00
Andre LeDuc	1978	745	9.70	7,226.50
Kayalyn A. Marafioti	1980	765	1.20	918.00
J. Gregory Milmoe	1976	825	0.70	577.50
Felicia Gerber Perlman	1992	630	45.80	28,854.00
Robert B. Pincus	1980	825	1.60	1,320.00
Randall J. Rademaker	1982	780	11.60	9,048.00
Rita A. Rodin	1994	660	3.50	2,310.00
Marian P. Wexler	1977	745	7.40	5,513.00
TOTAL PARTNERS			909.30	\$ 656,455.01
<u>OF COUNSEL</u>				
Joseph W. Halliday	1964	\$825	0.40	\$ 330.00
TOTAL OF COUNSEL			0.40	\$ 330.00
<u>SPECIAL COUNSEL</u>				
Gail Kendall	1969	\$535	89.50	\$ 47,882.50

	TOTAL SPECIAL COUNSEL		89.50	\$ 47,882.50
COUNSEL				
Steven P. Miriani	1987	\$535	33.70	\$ 18,029.50
Joseph P. Nisa	1988	535	0.90	481.50
	TOTAL COUNSEL		34.60	\$ 18,511.00
ASSOCIATES				
Faiz Ahmad	2002	\$375	11.90	\$ 4,462.50
Catherine E. Danz	2001	395	44.70	17,657.00
Gene A. DeAngelis	2004	265	80.10	21,226.00
		295	3.50	1,032.50
Mark L. Desgrosseilliers	1999	460	2,113.10	972,026.00
Thomas R. Fawkes	2002	375	55.80	20,927.50
Robert P. Gal	2001	395	83.60	33,022.50
Matthew M. Greenberg	1997	495	231.70	114,691.50
Danny J. Hart Jr.	2005	265	58.70	15,555.50
Tarik J. Haskins	2003	335	8.90	2,981.50
Laura A. Heiman	1994	495	4.50	2,227.50
Allison V. Herriott	2004	265	30.60	8,111.00
Kristy H. Hong	2005	295	3.80	1,121.00
Richard S. Horvath, Jr.	2004	295	5.40	1,593.00
Samuel W. Krause	1999	480	1.00	480.00
Melanie E. Larson	2003	375	9.70	3,637.50
Marc R. Lawrence	1995	430	41.30	17,759.00
Jason M. Liberi	2003	335	36.70	12,294.50
Dawn M. Pacifico	1998	480	46.30	22,224.00
Wenseng Pan	1999	480	75.80	36,384.00
Sarah E. Pierce	2005	265	29.80	7,897.00
		295	31.60	9,322.00

Anand Ramesh	2005	265	5.40	1,431.00
Kristin E. Rooney	1998	460	138.40	63,664.00
Kenneth A. Rubenstein	1997	495	8.30	4,108.50
Jason M. Rudinsky	2004	295	2.40	708.00
Jonathan Seiden	2002	395	8.20	3,239.00
Ronald J. Turiello, Jr.	1998	495	2.20	1,089.00
Matthew P. Ward	2003	335	1,756.10	588,295.00
Robert A. Weber	1991	495	49.40	24,453.00
Louis D. Wilson	2000	460	1.80	828.00
		TOTAL ASSOCIATES	4,980.70	\$2,014,448.50
SUMMER/WINTER ASSOCIATE				
Kristhy M. Peguero	n/a	\$170	5.70	\$ 969.00
		TOTAL SUM- MER/WINTER ASSOCI- ATE	5.70	\$ 969.00
PARAPROFESSIONALS				
David Barnes	n/a	\$195	9.00	\$ 1,755.00
Camilla K. Beattie	n/a	195	3.00	585.00
Autumn Bechler	n/a	195	0.60	117.00
Carolyn A. Beckman	n/a	80	3.50	280.00
Mark E. Bennett	n/a	195	10.70	2,086.50
Lynn T. Buckley	n/a	195	1.40	273.00
Pauline P. Chow	n/a	195	122.40	23,868.50
Martha F. Ellerson	n/a	195	49.30	9,613.50
Shannon M. Flynn	n/a	135	5.70	770.00
Carol L. Greenway	n/a	105	8.90	934.50
		115	4.50	517.50
William C. Hall	n/a	195	12.10	2,359.50

Christopher M. Heaney	n/a	180	163.30	29,394.00
		195	11.10	2,164.50
John D. Jaros	n/a	80	0.30	24.00
Beatrice M. Koveleski	n/a	105	1.00	105.00
Wendy K. LaManna	n/a	170	51.30	8,721.00
		195	1.40	273.00
Christopher Lano	n/a	195	863.50	168,382.50
Tracey L. Lewis	n/a	160	0.50	80.00
Michael C. McGuire	n/a	195	3.80	741.00
Larry S. Morton	n/a	195	1.10	214.50
Angeline M. Negron	n/a	70	26.30	1,841.00
Wiley Owens	n/a	80	4.60	368.00
Stacey J. Paranczak	n/a	115	9.50	1,092.50
Deborah Reusch	n/a	195	1.00	195.00
Domino A. Rosi	n/a	80	14.90	1,192.00
Shelley R. Saindon	n/a	195	0.40	78.00
Venda A. Skinner	n/a	70	5.50	385.00
Irene R. Thrasher	n/a	70	80.60	5,642.00
Ronald E. Wittman, Jr.	n/a	195	66.60	12,987.00
Toby M. Worscheck	n/a	70	109.50	7,665.00
	TOTAL PARAPROFESSIONALS		1,647.30	\$ 284,705.00
		TOTAL	7,667.50	\$3,023,301.01

COMPENSATION BY PROJECT CATEGORY
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
(JANUARY 11, 2005 - JANUARY 11, 2006)

Project Category	Total Hours	Total Fees
General Corporate Advice	100.80	\$ 51,067.50
Asset Analysis and Recovery	211.50	\$ 87,269.00
Asset Dispositions (General)	571.10	\$ 285,289.51
Asset Dispositions (Inventory)	455.20	\$ 206,611.00
Asset Dispositions (Real Property)	179.80	\$ 80,949.50
Automatic Stay (Relief Actions)	151.30	\$ 56,523.50
Business Operations/Strategic Planning	36.70	\$ 22,644.00
Case Administration	878.30	\$ 183,571.00
Claims Administration (General)	55.80	\$ 20,921.00
Claims Administration (Reclamation/Trust Funds)	87.10	\$ 37,111.50
Credit Card Agreement	77.00	\$ 33,394.50
Creditor Meetings/Statutory Committees	297.80	\$ 161,936.50
Disclosure Statement/Voting Issues	241.20	\$ 99,070.00
Employee Matters (General)	304.40	\$ 151,997.00
Environmental Matters	0.10	\$ 72.50
Executory Contracts (Personalty)	303.30	\$ 128,199.00
Financing (DIP and Emergence)	575.10	\$ 249,195.00
Insurance	40.20	\$ 17,205.00
Intellectual Property	1.20	\$ 502.00
Leases (Real Property)	648.00	\$ 241,470.50
Litigation (General)	60.10	\$ 22,002.50
Litigation (Insurance Recovery)	1.80	\$ 1,134.00
Liquidation/Feasibility	2.20	\$ 1,386.00
Nonworking Travel Time	26.90	\$ 14,688.00
Real Estate (Owned)	10.70	\$ 4,259.00

Project Category	Total Hours	Total Fees
Regulatory and SEC Matters	46.60	\$ 26,374.50
Reorganization Plan/Plan Sponsors	358.60	\$ 153,072.50
Reports and Schedules	208.20	\$ 71,317.00
Retention/Fee Matters (SASM&F)	348.90	\$ 102,436.00
Retention/Fee Matters/Objections (Others)	519.00	\$ 176,906.50
Secured Claims	10.00	\$ 3,650.00
Tax Matters	471.40	\$ 187,832.50
U.S. Trustee Matters	145.30	\$ 40,683.50
Utilities	75.60	\$ 29,472.00
Vendor Matters	34.00	\$ 18,006.50
Newco	132.30	\$ 55,081.00
TOTAL	7667.50	\$ 3,023,301.01

EXPENSE SUMMARY
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
(JANUARY 11, 2005 - JANUARY 11, 2006)

Expense Category	Total Expenses
Computer Legal Research	\$ 42,339.86
Long Distance Telephone	\$ 4,953.14
Local Telephone	\$ 2.60
Outside Telephone	\$ 155.46
In-House Reproduction (@ \$0.10 per page)	\$ 136,709.69
Outside Reproduction	\$ 34,374.06
Outside Research	\$ 11,828.83
Local Travel	\$ 702.21
Out-Of-Town Travel	\$ 10,275.92
Business Meals	\$ 975.64
Courier & Express Carriers (e.g., Federal Express)	\$ 26,200.97
Filing/Court Fees	\$ 9,050.50
Court Reporting	\$ 5,743.10
Postage	\$ 27,208.44
TOTAL	\$ 310,520.42

**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: 4/26/06 @ 9:30 a.m.**
----- X **Objections Due: 4/10/06 @ 4:00 p.m.**

**FINAL APPLICATION OF SKADDEN, ARPS, SLATE, MEAGHER & FLOM
LLP FOR COMPENSATION FOR SERVICES RENDERED AND REIM-
BURSEMENT OF EXPENSES AS COUNSEL TO THE DEBTORS FOR THE
PERIOD FROM JANUARY 11, 2005 THROUGH AND INCLUDING JANU-
ARY 11, 2006**

Skadden, Arps, Slate, Meagher & Flom LLP and affiliated law offices (collectively, "Skadden, Arps"), counsel for Ultimate Electronics, Inc. ("Ultimate") and the six direct and indirect subsidiaries that are debtors and debtors-in-possession in the above-captioned cases (together with Ultimate, the "Debtors"), submit this final application (the "Final Application") seeking allowance of interim compensation and reimbursement of expenses under 11 U.S.C. §§ 330 and 331 for the period from January 11, 2005 through and including January 11, 2006 (the "Entire Case Period"). Through the Final Application, Skadden, Arps also seeks approval of certain fees and expenses incurred after the Entire Case Period in connection with preparing and filing certain fee applications (including but not limited to the Final Application) and in connection with transferring pending matters in these bankruptcy

cases to counsel for the Plan Administrator, as defined in the Plan (as defined below). In support of the Final Application and the request for approval of fees incurred after the Entire Case Period, Skadden, Arps respectfully represents as follows:

BACKGROUND

1. On January 11, 2005 (the "Petition Date"), the Debtors⁵ 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. §§ 101-1532, as amended (the "Bankruptcy Code").

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

3. 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) (the "Store Closing Sales Order"), pursuant to which the Court authorized the Debtors to

⁵ The Debtors were Ultimate Electronics, Inc., Fast Trak, Inc., Ultimate Electronics Texas LP, Ultimate Leasing Corp., Ultimate Intangibles Corp., Ultimate Electronics Partners Corp. and Ultimate Electronics Leasing LP.

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.

4. 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 and (C) Granting Related Relief (Docket No. 485) (the "Asset 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.

5. On September 21, 2005, the Debtors and the Creditors' Committee filed the Disclosure Statement (as amended, 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, dated September 21, 2005 (Docket No. 1038), which Disclosure Statement attached the Plan as Exhibit A thereto.

6. On October 26, 2005, the Court entered an order (Docket No. 1131) (the "Solicitation Procedures Order") approving the Disclosure Statement and certain procedures in connection with soliciting acceptances of the Plan. On October

26, 2005, the Debtors filed a copy of the Disclosure Statement (Docket No. 1133) as approved by the Court pursuant to the Solicitation Procedures Order, along with a copy of the Plan attached as Exhibit A to such Disclosure Statement, which Plan the Debtors and the Creditors' Committee solicited for acceptance.

7. On December 7, 2005, the Debtors and the Creditors' Committee filed the Amended Joint Plan of Reorganization of Ultimate Electronics, Inc. and its Affiliated Debtors and Debtors-in-Possession, and the Official Committee of Unsecured Creditors, dated December 9, 2005 (Docket No. 1245) (as amended, the "Amended Plan"). Also on December 7, 2005, the Debtors and the Creditors' Committee filed a proposed form of Findings of Fact, Conclusions of Law and Order Confirming Joint Plan of Reorganization of Ultimate Electronics, Inc. and its Affiliated Debtors and Debtors-in-Possession, and the Official Committee of Unsecured Creditors (Docket No. 1248).

8. On December 9, 2005, after conducting the hearing on confirmation of the Plan (the "Confirmation Hearing"), the Court confirmed the Amended Plan and entered its Findings of Fact, Conclusions of Law and Order Confirming Joint Plan of Reorganization of Ultimate Electronics, Inc. and its Affiliated Debtors and Debtors-in-Possession, and the Official Committee of Unsecured Creditors (Docket No. 1265) (the "Confirmation Order").

JURISDICTION

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

10. The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

RETENTION OF SKADDEN, ARPS

11. On January 11, 2005, the Debtors applied to the Court for an order authorizing them to retain Skadden, Arps pursuant to an engagement agreement dated December 13, 2004 (the "Engagement Agreement") as their bankruptcy counsel, effective as of the Petition Date, to provide the following professional services:

- (a) advise the Debtors with respect to their powers and duties as debtors and debtors-in-possession in the continued management and operation of their businesses and properties;
- (b) attend meetings and negotiate with representatives of creditors and other parties in interest and advise and consult on the conduct of the chapter 11 cases, including all of the legal and administrative requirements of operating in chapter 11;
- (c) take all necessary action to protect and preserve the Debtors' estates, including the prosecution of actions on their behalf, the defense of any actions commenced against those estates, negotiations concerning all litigation in which the Debtors may be involved and objections to claims filed against the estates;

- (d) prepare on behalf of the Debtors all motions, applications, answers, orders, reports and papers necessary to the administration of the estates;
- (e) negotiate and prepare on the Debtors' behalf plan(s) of reorganization, disclosure statement(s) and all related agreements and/or documents and take any necessary action on behalf of the Debtors to obtain confirmation of such plan(s);
- (f) advise the Debtors in connection with any sale of assets;
- (g) appear before this Court, any appellate courts and the United States Trustee, and protect the interests of the Debtors' estates before such courts and the United States Trustee; and
- (h) perform all other necessary legal services and provide all other necessary legal advice to the Debtors in connection with these chapter 11 cases.⁶

12. The Court entered an order (Docket No. 309) (the "Retention Order") authorizing the Debtors to employ Skadden, Arps as their counsel effective as of the Petition Date pursuant to the terms of the Engagement Agreement. A copy of the Retention Order is attached hereto as Exhibit A.

13. On November 8, 2005, Skadden, Arps filed the Supplemental Declaration of Gregg M. Galardi under Fed. R. Bankr. P. 2014 and 2016 (Docket No. 1161).

⁶ Information concerning the experience and standing at the bar of Skadden, Arps' senior attorneys on this engagement are described in the application and related materials filed by Skadden, Arps in support of its retention in this case (Docket No. 53) (the "Retention Application"), which is incorporated herein by reference.

PROFESSIONAL PAYMENT PROCEDURES

14. 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 copy of the Administrative Order is attached hereto as Exhibit B.

15. Pursuant to the terms of the Administrative Order, professionals of the Debtors and the Creditors' Committee were authorized to submit monthly applications for compensation (each a "Monthly Application"). If no objection was filed to a Monthly Application within twenty (20) days of the date of filing such application, then payment without further order of eighty percent (80%) of the fees and one hundred percent (100%) of the expenses set forth in the applicable Monthly Application was authorized.

16. Every three (3) months beginning with the three-month period ending March 2005, each professional was to file a quarterly interim fee application (each a "Quarterly Fee Application"). This Court would then make a determination, after hearing (each an "Interim Fee Hearing"), whether the remaining twenty percent (20%) of fees sought in the preceding months (the "Hold-Back"), as set forth in the Quarterly Fee Applications, could be paid by the Debtors.

17. As set forth in the chart preceding this Final Application, Skadden, Arps filed Monthly Applications for all periods through the Effective Date. Skadden, Arps also filed three Quarterly Fee Applications through the period ending September 30, 2005.

18. Pursuant to the Administrative Order, the Court held a hearing on the first Quarterly Fee Applications on July 15, 2005 at 3:00 p.m., during which the Court approved the payment of all Hold-Back amounts requested in the first Quarterly Fee Applications.

19. On September 14, 2005, the Court entered its Order Appointing Fee Auditor and Directing Related Procedures Concerning the Payment of Compensation and Consideration of Fee Applications (Docket No. 1014) (the "Fee Examiner Order").

20. Pursuant to the Fee Examiner Order, Robert F. Troisio of Morris Anderson & Associates, Ltd. (the "Fee Examiner") was appointed as fee examiner in the Debtors' chapter 11 cases. The Fee Examiner Order provided that the Fee Examiner would review all fee applications and, following such review and discussions with the professionals submitting such applications, submit a final report summarizing whether the requested fees and disbursements met 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"). Each professional submitting a fee application would then have twenty days after the filing of the Fee Examiner's final report to respond to such report. Otherwise, such professional could submit a certification of counsel, after which submission the Debtors were authorized to pay such professional the fees and expenses approved in the final report with respect to such professional's application.

21. In accordance with the Fee Examiner Order, all fee applications filed by Skadden, Arps to date have been reviewed by the Fee Examiner. Following such review, any issues were resolved through discussions with the Fee Examiner and/or adjustments to the fee applications. Accordingly, all fee applications of Skadden, Arps have been reviewed by the Fee Examiner and approved in the amounts set forth herein.

22. Pursuant to the Administrative Order, the Court held an Interim Fee Hearing on the second and third Quarterly Fee Applications on December 28, 2005 at 2:30 p.m., during which the Court approved the payment of all Hold-Back amounts requested in the second and third Quarterly Fee Applications that were filed in time to be considered at such Interim Fee Hearing. The Court has not held any subsequent Interim Fee Hearings in these bankruptcy cases. Accordingly, in addition to the amount sought herein for fees and expenses incurred after January 1, 2006 through the date of this Final Application, Skadden, Arps seeks approval of the

remaining amounts unpaid with respect to fee applications already filed for October, November and December, 2005.

23. The Amended Plan requires the filing of all final fee applications by no later than forty-five (45) days after the Effective Date, or February 25, 2006.⁷ The Amended Plan further provides for an objection deadline of forty-five (45) days after the filing date of each final fee application. This Final Application has been filed in accordance with the requirements of the Amended Plan.

24. In compliance with the procedures outlined in the Administrative Order, the Fee Examiner Order and the Amended Plan, Skadden, Arps is filing this Final Application for compensation for professional services rendered and reimbursement of disbursements made in these cases during the Entire Case Period.

PREPETITION RETAINER FUNDS

25. As disclosed to the Court in the initial retention declaration filed by Skadden, Arps,⁸ and the first Monthly Application for the period from January 11, 2005 through January 31, 2005 (Docket No. 288), Skadden, Arps held

⁷ Because the Effective Date occurred on January 11, 2006, the forty-fifth day would be February 25, 2006 (a Saturday). Accordingly, the deadline for filing final fee applications is Monday, February 27, 2006.

⁸ See Declaration of J. Eric Ivester under Fed. R. Bankr. P. 2014 and 2016 Application for Order under 11 U.S.C. §§ 327(a) and 329, Authorizing Employment and Retention of Skadden, Arps, Slate, Meagher & Flom LLP and Affiliates as Attorneys for Debtors-in-Possession, dated January 11, 2005 (Docket No. 21).

the remainder of a retainer paid prepetition as well as "on-account" cash and other funds for a total of \$128,003.00 (the "Retainer") to be applied against fees and disbursements incurred by Skadden, Arps. Skadden, Arps advised the Court that the Retainer was used to satisfy certain prepetition fees and expenses that remained outstanding as of the Petition Date. Following the application of the Retainer, Skadden, Arps held no additional amounts as unapplied cash, and Skadden, Arps wrote off the difference between the amount of the Retainer and the amount of the final prepetition invoice.

RELIEF REQUESTED

26. By this Final Application, Skadden, Arps seeks entry of an order granting final approval, and directing payment, to the extent not already paid, of (a) compensation in the amount of \$3,006,601.01 for professional services rendered during the Entire Case Period as counsel to the Debtors in these chapter 11 cases, which amount is derived solely from the applicable hourly billing rates of the firm's personnel who rendered such services, (b) reimbursement of actual and necessary out-of-pocket disbursements and charges in the amount of \$310,520.42 incurred in the rendition of required professional services on behalf of the Debtors during the Entire Case Period, (c) compensation in the amount of approximately \$13,742.00 for services rendered after the Effective Date (plus fees for any additional time incurred after the Effective Date that has not yet been posted to Skadden, Arps'

billing system, estimated to be approximately \$10,000.00) in connection with (i) preparing this Final Application and certain additional monthly applications and (ii) the transfer of certain active matters to counsel for the Plan Administrator and (d) reimbursement of actual and necessary out-of-pocket disbursements and charges in the amount of approximately \$643.28 (plus any additional expenses incurred after the Effective Date that have not yet been posted to Skadden, Arps' billing system, estimated to be approximately \$2,000.00) incurred after the Effective Date also in connection with such matters.⁹

27. The amounts of compensation and reimbursement sought herein with respect to the Entire Case Period are net of certain voluntary reductions made by Skadden, Arps in the aggregate amount of \$320,748.59. Specifically, Skadden, Arps raised its hourly rates effective September 1, 2005. Although the Engagement Agreement and Retention Order allow Skadden, Arps to seek compensation at such higher rates, Skadden, Arps has agreed to continue to use the hourly rates in effect as of the Petition Date throughout the duration of the Debtors' chapter 11 cases. Skadden, Arps' decision to continue to utilize the prior hourly rates results in an accommodation to the Debtors in the amount of \$102,091.50 for the Entire

⁹ To the extent that such amounts include estimated fees and expenses, such estimates shall be verified at or before the hearing on this Final Application. Skadden, Arps will also seek payment of actual fees and expenses incurred for or on behalf of the Debtors and/or (to the extent applicable) Liquidating Ultimate (as defined in the Plan) that may not be reflected in the invoice generated as of the filing of this Final Application at such hearing.

Case Period. During the Entire Case Period, Skadden, Arps also agreed to accommodations in the amount of \$16,700.00 arising from the Fee Examiner's review of Skadden, Arps' monthly fee applications. In addition to these accommodations, the fees and disbursements sought through the Entire Case Period reflect additional voluntary accommodations in the amount of \$201,957.09.¹⁰

28. This Final 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.

29. Skadden, Arps 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 Bankruptcy Code.

BASIS FOR RELIEF

30. Skadden, Arps submits that the legal services and advice that it rendered to the Debtors in connection with their chapter 11 cases during the Entire Case Period were necessary and beneficial to the Debtors, their creditors and their estates. Throughout these cases, Skadden, Arps provided a high level of service to the Debtors. Skadden, Arps devoted substantial time to researching, drafting,

¹⁰ In the event that any objections to this Final Application are filed, Skadden, Arps reserves the right to seek payment for all or any part of the client accommodation other than the accommodations made as a result of discussion with the Fee Examiner.

analyzing, negotiating and litigating numerous issues. Indeed, Skadden, Arps' efforts on behalf of the Debtors culminated in the Store Closing Sales and the Asset Sale and subsequent negotiation, documentation, confirmation and consummation of the Amended Plan. In addition, as set forth herein, the services of Skadden, Arps led to the successful resolution of a number of significant claims, including certain claims the resolution of which was important to the confirmation and implementation of the Amended Plan.

31. During the Entire Case Period, attorneys and paraprofessionals of Skadden, Arps devoted a total of 7,667.5 hours to representation of the Debtors in their chapter 11 cases. Of the aggregate time expended, 909.3 hours were spent by partners, 124.5 hours were spent by counsel, 5.7 hours were spent by summer associates, 4,980.7 hours were spent by associates and 1,647.3 hours were spent by paraprofessionals. Schedules showing the name and position of each such partner, counsel, associate, summer associate and paraprofessional, together with that person's first date of admission to the bar (if applicable), hours worked during the Entire Case Period and hourly billing rate are provided at the front of this Final Application.

32. Skadden, Arps included the detail by matter of legal services rendered and detail by category of expenses incurred with each Monthly Application through December 31, 2005. For the period from January 1, 2006 through and

including the Effective Date, the detail by matter of legal services rendered in these bankruptcy cases for the Debtors by Skadden, Arps is attached hereto as Exhibit C. A schedule showing the name and position of the professionals and paraprofessionals who rendered services for the Debtors for the period from January 1, 2006 through and including the Effective Date, together with such professionals' (as applicable) first date of admission to the bar, hours worked and hourly billing rate is provided below:

<u>NAME</u>	<u>YEAR OF ADMIS- SION</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
<u>PARTNERS</u>				
Gregg M. Galardi	1991	\$725	0.60	\$ 435.00
TOTAL PARTNERS			0.60	\$ 435.00
<u>ASSOCIATES</u>				
Mark L. Desgrosseilliers	1999	\$460	17.90	\$ 8,234.00
Matthew P. Ward	2003	335	17.20	5,762.00
TOTAL ASSOCIATES			35.10	\$13,996.00

PARAPROFESSIONALS				
Wendy K. LaManna	n/a	\$195	1.40	\$ 273.00
Christopher Lano	n/a	195	8.60	1,677.00
TOTAL PARAPROFESSIONALS			10.00	\$ 1,950.00
		TOTAL	45.70	\$16,381.00
BLENDED HOURLY RATE				\$358.45

33. Skadden, Arps' attorneys, legal assistants and support staff billed their services for the period from January 1, 2006 through and including the Effective Date, as they have through the course of the bankruptcy cases, to matters corresponding to particular activities in the bankruptcy cases. The following is a summary chart of those matters:

Project Category	Total Hours	Total Fees
Asset Dispositions (Real Property)	5.40	\$ 2,459.00
Automatic Stay (Relief Actions)	0.70	\$ 234.50
Case Administration	5.00	\$ 1,028.00
Insurance	0.30	\$ 138.00
Leases (Real Property)	6.90	\$ 2,924.00
Litigation (General)	2.20	\$ 665.50
Reorganization Plan/Plan Sponsors	7.90	\$ 2,906.50
Reports and Schedules	0.30	\$ 100.50
Retention/Fee Matters (SASM&F)	6.60	\$ 2,534.50
Retention/Fee Matters/Objections (Others)	7.00	\$ 2,064.00
Tax Matters	3.40	\$ 1,326.50
TOTAL	45.70	\$ 16,381.00

34. Skadden, Arps professionals also incurred certain expenses during the period from January 1, 2006 through and including the Effective Date. The following is a summary by category of the expenses incurred by Skadden, Arps for the period from January 1, 2006 through and including the Effective Date:

Expense Category	Total Expenses
Outside Telephone	\$ 1.13
In-House Reproduction (@ \$0.10 per page)	\$ 742.50
Outside Research	\$ 2,113.84
Out-Of-Town Travel	\$ 64.00
Courier & Express Carriers (e.g., Federal Express)	\$ 196.63
Court Reporting	\$ 26.40
Postage	\$ 363.32
TOTAL	\$ 3,507.82

The detail of expenses incurred for the period from January 1, 2006 through and including the Effective Date by category is attached hereto as Exhibit D.

35. The amounts of compensation and reimbursement sought with respect to services rendered between January 1, 2006 through and including the Effective Date are net of certain voluntary reductions made by Skadden, Arps in the aggregate amount of \$9,062.55. Specifically, Skadden, Arps' decision to continue to utilize the prior hourly rates results in an accommodation to the Debtors in the amount of \$3,307.50 for the period from January 1, 2006 through and including the Effective Date. In addition to this accommodation, the fees and disbursements sought for such period reflect additional accommodations in the amount of \$5,755.05.

36. In addition, the detail by matter of legal services rendered in these bankruptcy cases for the Debtors by Skadden, Arps after the Effective Date

(through February 15, 2006) is attached hereto as Exhibit E.¹¹ A schedule showing the name and position of the professionals and paraprofessionals who rendered services for Liquidating Ultimate (as defined in the Amended Plan) after the Effective Date, together with such professionals' (as applicable) first date of admission to the bar, hours worked after the Effective Date and hourly billing rate is provided below:

<u>NAME</u>	<u>YEAR OF ADMIS- SION</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
<u>ASSOCIATES</u>				
Mark L. Desgrosseilliers	1999	\$460	10.30	\$ 4,738.00
Matthew P. Ward	2003	335	24.20	8,107.00
TOTAL ASSOCIATES			34.50	\$12,845.00

¹¹ The time detail reflects efforts by Skadden, Arps following the Effective Date through February 15, 2006, i.e. from January 12, 2006 through and including February 15, 2006. Skadden, Arps reserves the right to supplement this detail and to seek further approval from the Court at the hearing on this Final Application or thereafter (or to seek payment from the Plan Administrator) for work performed after February 15, 2006, or for work performed after the Effective Date that is not reflected herein.

PARAPROFESSIONALS				
Christopher Lano	n/a	\$195	4.60	\$ 897.00
		TOTAL PARAPROFESSIONALS	4.60	\$ 897.00
			TOTAL	\$13,742.00
BLENDED HOURLY RATE				\$351.46

37. Skadden, Arps' attorneys, legal assistants and support staff billed their services in this case after the Effective Date, as they have through the course of the bankruptcy cases, to matters corresponding to particular activities in the bankruptcy cases. The following is a summary chart of those matters:

Project Category	Total Hours	Total Fees
Asset Analysis and Recovery	0.20	\$ 92.00
Case Administration	1.90	\$ 651.00
Claims Administration (General)	3.50	\$ 1,497.50
Employee Matters (General)	0.80	\$ 368.00
Litigation (General)	0.50	\$ 180.00
Reorganization Plan/Plan Sponsors	0.10	\$ 46.00
Retention/Fee Matters (SASM&F)	28.90	\$ 9,783.50
Retention/Fee Matters/Objections (Others)	3.20	\$ 1,124.00
TOTAL	39.10	\$ 13,742.00

38. Skadden, Arps professionals also incurred certain expenses after the Effective Date. The following is a summary by category of the expenses incurred by Skadden, Arps after the Effective Date:

Expense Category	Total Expenses
Long Distance Telephone	\$ 6.90
In-House Reproduction (@ \$0.10 per page)	\$ 524.20
Courier & Express Carriers (e.g., Federal Express)	\$ 75.10
Postage	\$ 37.08
TOTAL	\$ 643.28

The detail of expenses incurred after the Effective Date by category is attached hereto as Exhibit F.¹²

39. The amounts of compensation and reimbursement sought with respect to services rendered after Effective Date are net of certain voluntary reductions made by Skadden, Arps in the aggregate amount of \$6,948.50. Specifically, Skadden, Arps' decision to continue to utilize the prior hourly rates results in an accommodation to the Debtors in the amount of \$3,142.00 for the period after the Effective Date. In addition to this accommodation, the fees and disbursements

¹² The expense detail sets forth expenses incurred by Skadden, Arps and/or posted on Skadden Arps' billing system between January 12, 2006 and February 15, 2006. Skadden, Arps reserves the right to supplement this detail and to seek further approval from the Court at the hearing on this Final Application or thereafter (or to seek payment from the Plan Administrator) for fees incurred after February 15, 2006, or for fees incurred after the Effective Date that are not reflected herein.

sought for such period reflect additional accommodations in the amount of \$3,806.50.

DESCRIPTION OF SERVICES RENDERED

40. It is not practical to describe every phone call made, meeting attended, document generated or other service provided in the Debtors' cases during the Entire Case Period. Skadden, Arps' Monthly Applications on file in these cases provide summary descriptions of the services rendered by Skadden, Arps during the subject time periods for substantive project categories occupying significant amounts of professional time for such periods. Moreover, the time records attached to each such Monthly Application contain the detailed descriptions of each task performed during the subject time periods. The detail for the expenses incurred during the subject time periods is also included in such Monthly Applications.

41. This Final Application highlights, as set forth below, the most significant services performed by Skadden, Arps for the Debtors during these cases by focusing on project categories with aggregate fees of at least \$50,000.00 for the Entire Case Period. A summary by project category of the matters on which Skadden, Arps professionals spent time during the Entire Case Period is provided at the front of this Final Application.

A. Asset Dispositions (General)
(Amount Sought: \$285,289.51)

Skadden, Arps professionals assisted the Debtors with various issues relating to asset dispositions, including advising the Debtors of the requirement for court approval of non-ordinary course dispositions and the determination of whether particular dispositions were ordinary course or would require court approval. During the course of these bankruptcy cases, professionals at Skadden, Arps assisted the Debtors in disposing of substantially all of their assets pursuant to the Store Closing Sales and the Asset Sale and in disposing of certain other discrete assets, including the Debtors' headquarters and certain related real property and fixtures, in separate sales.

The majority of time spent by professionals at Skadden, Arps with respect to asset dispositions was devoted to matters related to the Store Closing Sales and the Asset Sale. In connection with the Asset Sale, Skadden, Arps prepared and filed a Motion for Order (I) Approving (A) Store Closing Sales or (B) Certain Asset Sales Pursuant to Sections 105 and 363 of the Bankruptcy Code, (II) Authorizing the Debtors to Enter into an Agency Agreement or Purchase Agreement with Respect Thereto, (III) Approving an Employee Retention Program in Connection with Any Store Closing Sales, and (IV) Granting Other Relief (Docket No. 425) (the "Asset Sale Motion"). In the Asset Sale Motion, the Debtors requested authority to sell certain of their assets remaining after the Store Closing Sales approved in the Store Closing Sales Order to Acquisition Partners. As a precautionary measure, the Debtors further requested in the Asset Sale Motion authority to conduct store closing sales and liquidate the inventory at all of the Debtors' retail locations, in the event that the Asset Sale for the assets remaining after the Store Closing Sales at the GOB Locations was not consummated with Acquisition Partners.

Skadden, Arps assisted the Debtors and other professionals employed by the Debtors in certain due diligence tasks undertaken by Acquisition Partners in connection with the contemplated Asset Sale. These efforts resulted in the negotiation and finalization of the Asset Purchase Agreement among Ultimate Electronics Inc., its Subsidiaries and Ultimate Acquisition Partners, L.P., dated April 20, 2005 (the "APA"), pursuant to which Acquisition Partners would purchase the assets that were the subject of the Asset Sale Motion.

Objections to the proposed Asset Sale were filed by numerous parties, including the Office of the United States Trustee, various taxing and governmental authorities, certain of the Debtors' landlords and certain other parties in interest. In response to such objections, Skadden, Arps professionals engaged in a series of negotiations with the objecting parties, and ultimately resolved certain of the objections to the proposed Asset Sale. Skadden, Arps then represented the Debtors at the contested hearing to approve the Asset Sale Motion. At the hearing, Skadden, Arps, on behalf of the Debtors, made an evidentiary presentation in support of the Asset Sale Motion. Prolonged negotiations with Acquisition Partners, the Debtors' prepetition lenders, the Creditors' Committee and various objecting parties led to the embodiment of the terms of the Asset Sale into the APA in a form that was acceptable to the Debtors, Acquisition Partners and the major creditor constituencies of the Debtors. As noted above, the Court entered the Asset Sale Order, approving the Asset Sale Motion, on April 19, 2005, and the sale to Acquisition Partners closed on April 20, 2005.

Professionals at Skadden, Arps continued to assist the Debtors in the closing of the Asset Sale by, among other things, preparing certain corporate documents required for the closing, reviewing and assembling a variety of schedules and other documents also required for the closing and addressing numerous service and filing issues in connection with the approval of the Asset Sale by the Court.

After the entry of the Asset Sale Order, a motion to amend the Asset Sale Order (Docket No. 516) (the "Motion to Amend") was filed by the City of Westminster, Colorado. Professionals at Skadden, Arps assisted the Debtors in responding to and ultimately resolving the Motion to Amend.

Aside from the Store Closing Sales and the Asset Sale, professionals at Skadden, Arps also assisted the Debtors in obtaining Court approval of the sale of certain of the Debtors' receivables to Acquisition Partners. Skadden, Arps assisted the Debtors in their efforts to provide due diligence to Acquisition Partners in connection with such sale. Through the sale of the Debtors' receivables, Skadden, Arps was able to obtain considerable value for the Debtors and their estates.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 571.1 hours to matters involving general asset dispositions, for which compensation in the amount of \$285,289.51 is sought.

B. Financing
(Amount Sought: \$249,195.00)

Skadden, Arps professionals dedicated time during these bankruptcy cases to assisting the Debtors in their efforts to obtain authority to use cash collateral, procure postpetition debtor-in-possession ("DIP") financing and ultimately to resolve the claims of their prepetition lenders.

Specifically, at the commencement of these cases, Skadden, Arps professionals assisted the Debtors in their efforts to finalize and obtain court approval of a cash collateral order. Skadden, Arps provided extensive advice and services to the Debtors in connection with negotiating, drafting and revising documents and pleadings related to the Debtors' use of cash collateral, including a cash collateral motion for interim and final orders governing usage of cash collateral, granted on an interim basis on January 13, 2005, and on a final basis on February 14, 2005. Skadden, Arps also assisted the Debtors from time to time with the resolution of issues arising under the terms of the approved cash collateral order.

Skadden, Arps professionals also devoted significant legal resources to the Debtors' efforts to obtain DIP financing. Specifically, Skadden, Arps assisted with the preparation of a DIP credit agreement, analyzed the proposed lending transaction, participated in negotiations with counsel for the Debtors' postpetition lenders, reviewed and commented on credit agreement documents prepared by the postpetition lenders and drafted certain portions of the supporting documentation. Additionally, Skadden, Arps prepared and filed a motion for approval of the DIP credit agreement and provided comments on the proposed approval order.

As a result of the efforts of Skadden, Arps and the Debtors' other retained professionals, the Debtors received authority to obtain DIP financing from the Debtors' postpetition lenders. After approval was obtained, Skadden, Arps professionals assisted in the documentation and closing of the DIP financing transaction.

Following approval of the DIP financing, Skadden, Arps continued to represent the Debtors in negotiations with the agent for the Debtors' prepetition lenders and other parties. Professionals of Skadden, Arps also negotiated several amendments to the DIP financing documents. Finally, Skadden, Arps also negotiated with the agent for the Debtors' prepetition

lenders and the Office of the United States Trustee regarding the Debtors' compliance with the investment guidelines required by the Bankruptcy Code.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 575.1 hours to financing matters, for which compensation in the amount of \$249,195.00 is sought.

**C. Leases of Real Property
(Amount Sought: \$241,470.50)**

As of the Petition Date, the Debtors were parties to dozens of unexpired leases of real property. During the Entire Case Period, professionals at Skadden, Arps offered the Debtors legal advice with respect to the rejection and/or assumption of these leases. On an ongoing basis, in consultation with the Debtors' financial advisors, professionals at Skadden, Arps analyzed the Debtors' real estate leases to develop a strategy for the assumption or rejection of such leases in the manner most beneficial to the Debtors' estates. After conducting such analysis, the Debtors, in consultation with the Creditors' Committee and the Debtors' postpetition lenders, determined that it was in the estates' best interest to seek rejection of the leases for all of the GOB Locations. Accordingly, Skadden, Arps professionals prepared and filed numerous motions seeking to reject such leases, and successfully negotiated the resolution of these motions with the landlords under such leases.

Professionals at Skadden, Arps also filed motions to reject leases of certain real property that Acquisition Partners did not designate to be assumed and assigned and that would not provide a benefit to the Debtors and their estates.

To facilitate the rejection of the leases in an expeditious and efficient manner, the Debtors discussed with the Creditors' Committee and the Debtors' lenders procedures for rejecting real estate leases on an omnibus basis. Skadden, Arps professionals then prepared, filed and obtained Court approval of a motion to establish such procedures.

Subsequently, Skadden, Arps professionals worked with the Debtors addressing numerous issues that arose in connection with the lease rejections. Specifically, Skadden, Arps worked with the Debtors to return the premises to the Debtors' landlords. Professionals at Skadden, Arps also responded to various landlord inquiries, including inquiries from the landlords on the

Debtors' dozens of unexpired leases of nonresidential real property and inquiries regarding the turnover of certain locations to the landlords after the conclusion of Store Closing Sales at such locations.

Additionally, in accordance with the terms of the Sale Order and the APA, Skadden, Arps worked with professionals employed by the Creditors' Committee and Acquisition Partners to prepare and file motions seeking to assume and assign certain leases to Acquisition Partners in accordance with the APA, the Sale Order and Acquisition Partners' designation. Skadden, Arps professionals also negotiated with the Debtors' landlords regarding the cure costs associated with such assumptions and assignments, negotiated with Acquisition Partners regarding the allocation of such cure costs pursuant to the terms of the APA and the Asset Sale Order, and conducted research in connection with such negotiations. In connection with the proposed assumptions, Skadden, Arps professionals responded to numerous formal and informal inquiries, objections and comments raised by counsel for the landlords, and conducted necessary factual and legal research in connection therewith. During the Entire Case Period, Skadden, Arps professionals also successfully represented the Debtors at contested hearings on such motions. Skadden, Arps professionals also negotiated with Acquisition Partners regarding the lease of the Debtors' headquarters, and negotiated an easement on the headquarters with the City of Thornton.

Skadden, Arps professionals also analyzed numerous lease assignment agreements entered into by Acquisition Partners and several of the Debtors' former landlords, and addressed certain issues related to the allocation between the Debtors and Acquisition Partners of the cure costs arising from such assignments. Among other things, Skadden, Arps professionals resolved numerous formal and informal objections by the Debtors' landlords to the proposed cure amounts in connection with the assumptions and assignments of the Debtors' leases with such landlords.

Throughout the Entire Case Period, Skadden, Arps successfully moved for extensions of the period under Bankruptcy Code section 365(d)(4) during which the Debtors may assume or reject their real estate leases, and responded to several formal and informal objections regarding such motions. Skadden, Arps prepared for and successfully represented the Debtors at contested hearings on such motions. Skadden, Arps attorneys also engaged in discussions regarding and successfully requested Court approval of an

amendment of a lease with Pearse Investment Company to extend the term of a lease with that landlord.

Finally, during the Entire Case Period, the Debtors received numerous notices and/or demands for the payment of stub rent claims or for other purported administrative expenses in connection with certain real property leases. With respect to such demands, Skadden, Arps responded on the Debtors' behalf and continued to work with the Debtors to resolve payment issues. Specifically, Skadden, Arps professionals prepared responses to such requests, conducted necessary factual and legal research in connection therewith and ultimately successfully negotiated the resolution of such requests on terms that were in the best interests of the Debtors and their estates. Skadden, Arps also negotiated with certain of the Debtors' landlords to resolve motions for relief from the automatic stay.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 648.0 hours on matters related to the Debtors' leases of real property, for which compensation in the amount of \$241,470.50 is sought.

D. Asset Dispositions (Inventory)
(Amount Sought: \$206,611.00)

As set forth above, the majority of time spent by professionals at Skadden, Arps with respect to asset dispositions was devoted to matters related to the Store Closing Sales and the Asset Sale. In connection with the Store Closing Sales, as an initial step, on March 17, 2005, Skadden, Arps filed an Emergency Motion for Order (A) Establishing Bidding Procedures in Connection with the Selection of Store Closing Agent, (B) Approving Termination Fee, and (C) Setting a Hearing Date and Establishing Notice Procedures for Store Closing Motion (Docket No. 301) (the "Store Closing Sales Bidding Procedures Motion"), pursuant to which Skadden, Arps sought to obtain approval from this Court of suitable procedures for bidding on the inventory at the GOB Locations. An objection to the proposed bidding procedures was filed by the Office of the United States Trustee. After a contested hearing, the Court entered an order (Docket No. 327) approving the bidding procedures set forth in the Store Closing Sales Bidding Procedures Motion.

On March 24, 2005, Skadden, Arps filed a Motion for 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. 328) (the "Store Closing Sales Motion"). In the Store Closing Sales Motion, the Debtors requested, among other things, authority to liquidate their inventory and conduct Store Closing Sales at the GOB Locations.

Skadden, Arps then assisted the Debtors and other professionals employed by the Debtors in certain due diligence tasks undertaken by a joint venture among SB Capital Group, LLC, Tiger Capital Group, LLC and Gordon Brothers Retail Partners (the "Store Closing Sales Agent") and other potential bidders. In addition, professionals at Skadden, Arps negotiated the terms of a proposed Agency Agreement with the Store Closing Sales Agent pursuant to which the Store Closing Sales Agent conducted the Store Closing Sales.

As set forth above, Skadden, Arps attorneys also prepared and filed the Asset Sale Motion in which the Debtors as a precautionary measure requested, among other things, authority to conduct store closing sales and liquidate the inventory at all of the Debtors' retail locations, in the event that the Asset Sale for the assets remaining after the Store Closing Sales at the GOB Locations was not consummated with Acquisition Partners.

Professionals at Skadden, Arps then conducted the auction with respect to the Store Closing Sales and the Asset Sale and represented the interests of the Debtors and their estates at such auction. Subsequently, Skadden, Arps represented the Debtors at the hearing on the Store Closing Sales Motion. Prolonged negotiations with various taxing and governmental authorities, the Debtors' landlords, the Office of the United States Trustee, the Debtors' prepetition lenders and various other parties in interest ultimately led to the approval of the Agency Agreement at the hearing on the Store Closing Sales Motion in a form that was acceptable to the Debtors, the Store Closing Sales Agent and the major creditor constituencies of the Debtors. As set forth above, the Court entered the Store Closing Sales Order, granting the Store Closing Sales Motion, on April 19, 2005.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 455.2 hours to matters involving inventory asset dispositions, for which compensation in the amount of \$206,611.00 is sought.

E. Tax Matters
(Amount Sought: \$187,832.50)

Skadden, Arps tax professionals devoted considerable time to researching, analyzing, evaluating and advising the Debtors with respect to various tax issues arising in these chapter 11 cases, including the implications of federal, state and local tax laws and the tax implications associated with the Store Closing Sales and the Asset Sale. As part of this effort, Skadden, Arps professionals worked with the Debtors on numerous sales tax and real and personal property tax issues during the Entire Case Period, including several purported secured, priority and administrative expense claims for such taxes, and conducted research with respect to the validity of those claims. Professionals at Skadden, Arps consensually resolved numerous such claims and prepared motions and stipulated orders embodying the terms of the parties' resolutions.

Additionally, Skadden, Arps professionals devoted considerable time to objecting to and resolving significant claims filed by the Internal Revenue Service and the city of Westminster, Colorado, totalling in excess of nine million dollars. In connection with these efforts, Skadden, Arps professionals initially addressed and assisted the Debtors in responding to certain document requests from such claimants. Skadden, Arps professionals then prepared and filed objections to the claims, performed necessary factual and legal research related to the claims objections and prepared and filed a reply to the Internal Revenue Service's response to the Debtors' claims objection. Subsequently, Skadden, Arps professionals negotiated with the Internal Revenue Service and the City of Westminster to resolve the claims on a consensual basis, and developed litigation strategy with respect to the claims in the event that negotiations were unsuccessful. Skadden, Arps worked diligently to ultimately obtain a settlement of the claims of both the Internal Revenue Service and the City of Westminster that was favorable to the Debtors and their creditors. Skadden, Arps attorneys then prepared stipulations embodying the resolutions of the Debtors' claims objections and obtained Court approval of such stipulations.

During the course of the Debtors' bankruptcy cases, Skadden, Arps professionals also spent time responding to several audit requests from various of the Debtors' taxing authorities, including the City of Thornton, Colorado and the Texas Comptroller, and analyzing various legal issues in connection with these requests.

Additionally, Skadden, Arps attorneys advised the Debtors regarding payment of real property taxes arising from the Debtors' numerous leases. Skadden, Arps also analyzed various tax claims asserted by parties objecting to the sale of certain assets to Acquisition Partners. Finally, Skadden, Arps professionals worked with the Debtors to resolve an adversary proceeding filed by a government entity regarding the Debtors' purported nonpayment of certain transportation taxes. Skadden, Arps' efforts ultimately led to the dismissal of such action.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 471.4 hours to tax matters, for which compensation in the amount of \$187,832.50 is sought.

F. Case Administration
(Amount Sought: \$183,571.00)

Skadden, Arps devoted substantial resources to the efficient administration of the Debtors' bankruptcy cases. These efforts involved tasks that were typical in large, complex chapter 11 cases and were aimed at ensuring that the Debtors conducted their affairs in accordance with the Bankruptcy Code and applicable non-bankruptcy law.

In particular, Skadden, Arps professionals devoted time to (a) coordinating required notices and mailings, (b) reviewing creditor correspondences, (c) preparing for and attending hearings, (d) conducting conferences with the Debtors' management, professionals and various interested parties, (e) monitoring the Court's docket and (f) maintaining on a daily basis various files and databases critical to running the Debtors' chapter 11 cases.

More specifically, on an almost daily basis, Skadden, Arps professionals advised the Debtors' management with respect to specific bankruptcy reporting and general case administration questions posed by management and by events occurring in these bankruptcy cases. Additionally, Skadden, Arps prepared for, attended and represented the Debtors on all matters presented to the Court at omnibus hearings and other hearings, which typically involved multiple complex issues. Moreover, prior to Court hearings, Skadden, Arps drafted and filed hearing agendas detailing the matters to be heard during each Court hearing and prepared hearing binders for use by the Court at such hearing.

Finally, Skadden, Arps paraprofessionals maintained on a daily basis various materials critical to enabling Skadden, Arps and others to promptly address issues that arose during the Debtors' bankruptcy cases. Skadden, Arps docketed all pleadings and orders filed in the cases and worked to ensure that all entities entitled to notice were kept apprized of significant events in the cases. In addition, Skadden, Arps professionals and paraprofessionals maintained a case calendar to ensure that the numerous deadlines in these bankruptcy cases were met.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 878.3 hours to case administration matters, for which compensation in the amount of \$183,571.00 is sought.

G. Retention/Fee Matters/Objections (Others)
(Amount Sought: \$176,906.50)

Skadden, Arps assisted the Debtors with professional retention and compensation matters for both chapter 11 and ordinary course professionals. Specifically, Skadden, Arps assisted and represented the Debtors in their retention of numerous professionals needed by the Debtors to advance their chapter 11 cases, including the drafting and filing of numerous retention applications. In particular, Skadden, Arps assisted the Debtors with applications to retain: (i) Kurtzman Carson Consultants LLC as claims, noticing and balloting agent, (ii) FTI Consulting, Inc. as bankruptcy consultant and special financial advisor, (iii) Deloitte & Touche LLP as auditors and accountants, (iv) PricewaterhouseCoopers LLP as tax service providers and preparers of tax returns, (v) Hogan & Hartson LLP as corporate counsel for the Debtors and (vi) FTI Capital Advisors, LLC as investment banker to the Debtors. In this regard, Skadden, Arps also prepared necessary declarations and orders, and provided certain advice on various disclosure obligations. Skadden, Arps also worked on the Debtors' behalf to quickly resolve certain informal comments by the Office of the United States Trustee with respect to the retention of Deloitte & Touche LLP and PricewaterhouseCoopers LLP.

In response to this Court's request, Skadden, Arps also facilitated the appointment of Morris-Anderson & Associates Ltd. as fee examiner in the Debtors' chapter 11 cases. Skadden, Arps then ensured that the fee examiner received all fee applications, and worked with the fee examiner to resolve the fee examiner's various requests for accommodations with respect to such fee applications.

Skadden, Arps assisted the Debtors on retention and compensation procedures applicable to ordinary course professionals by providing such professionals with instructions on completing the necessary retention declarations and by assisting with the quarterly reporting of payments to such professionals. Skadden, Arps also assisted the Debtors in tracking and reporting on payment obligations to chapter 11 professionals by updating and circulating a periodic report.

Finally, Skadden, Arps coordinated and noticed all Interim Fee Hearings for the chapter 11 professionals. In addition, Skadden, Arps reviewed on the Debtors' behalf the many fee applications filed over the course of these bankruptcy cases by professionals employed by the Debtors and the Creditors' Committee.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 519.0 hours to retention and compensation matters involving other professionals, for which compensation in the amount of \$176,906.50 is sought.

H. Creditor Meetings/Committees
(Amount Sought: \$161,936.50)

Throughout the Debtors' bankruptcy cases, Skadden, Arps professionals addressed numerous matters involving the Debtors' creditors and creditor representatives and, in particular, the Creditors' Committee. Skadden, Arps continuously negotiated with the Creditors' Committee throughout all stages of the Bankruptcy Cases and responded to requests for information from the Creditors' Committee on an expedited basis. Skadden, Arps fielded requests for information from creditors and the Creditors' Committee and otherwise communicated with the Creditors' Committee's representatives regarding the progress and status of the Bankruptcy Cases. In addition, as set forth below, Skadden, Arps professionals responded to numerous requests by various former shareholders of the Debtors and other parties in interest to appoint an equity committee in these chapter 11 cases.

Early in these cases, Skadden, Arps assisted the Debtors in preparing for, and attended and participated in, the meeting conducted by the Office of the United States Trustee to form and appoint the members of the Creditors' Committee. Professionals at Skadden, Arps also spent time conferring and negotiating with proposed counsel for the Creditors' Committee. Skadden,

Arps assisted the Debtors from time to time in preparing presentations for the Creditors' Committee regarding the Debtors' operational status, business plans, reorganization goals and pending bankruptcy matters. Communications with counsel for the Creditors' Committee were conducted by or coordinated through Skadden, Arps.

Since the formation of the Creditors' Committee, and as part of its services with respect to this matter, Skadden, Arps also has represented the Debtors on several occasions at meetings with the Creditors' Committee and its legal advisors, including the meeting pursuant to Bankruptcy Code section 341.

Skadden, Arps professionals also responded to a series of requests from holders of equity securities of Ultimate that the Office of the United States Trustee appoint an official committee to represent their interests in the Debtors' bankruptcy cases. In addition, Skadden, Arps prepared an objection to a motion seeking an order from the Court granting similar relief. Skadden, Arps professionals worked closely with the Debtors and the Debtors' financial advisors to respond to a valuation presented by certain of these shareholders to the Office of the United States Trustee. Skadden Arps' efforts included conducting extensive research and factual analysis, including analysis of the Debtors' financial position, and participating in numerous teleconferences with the Debtors' financial advisors and senior management.

Skadden, Arps professionals later prepared for and attended a meeting of the Creditors' Committee following the Store Closing Sales and the Asset Sale. Skadden, Arps, in consultation with the Debtors' financial advisors, responded to numerous inquiries from the Creditors' Committee regarding the implementation of the Store Closing Sales and the sale of assets to Acquisition Partners.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 297.8 hours to creditor meetings and committee matters, for which compensation in the amount of \$161,936.50 is sought.

I. Reorganization Plan Matters
(Amount Sought: \$153,072.50)

Following the Store Closing Sales and the Asset Sale, the focus of the Debtors and their counsel and the Creditors' Committee and its counsel

during these cases turned to the development and implementation of a plan to distribute the proceeds from the Store Closing Sales and the Asset Sale, as well as dispositions of other assets, to the Debtors' creditors. As a result of Skadden, Arps' efforts, working closely with the Debtors' management team and other professionals initially and the Creditors' Committee and its professionals after the Store Closing Sales and the Asset Sale, a joint liquidating plan of reorganization was confirmed within one year of the Petition Date and within six months of the conclusion of the Store Closing Sales.

To allow sufficient time to develop a consensual plan, both before and after the consummation of the Store Closing Sales and the Asset Sale, Skadden, Arps professionals assisted in obtaining orders extending the exclusive period for filing chapter 11 plans and obtaining acceptances of such plans. Skadden, Arps negotiated with the Creditors' Committee and its professionals on the Debtors' behalf with respect to the extensions of the exclusive periods, ultimately agreeing to co-exclusivity with the Creditors' Committee after the Store Closing Sales and the Asset Sale. Extensions of exclusivity were successfully obtained through the confirmation of the Amended Plan.

Skadden, Arps attorneys participated in numerous plan strategy sessions with the Debtors and the Creditors' Committee's professionals. Skadden, Arps advised the Debtors with respect to the legal requirements of a plan of reorganization under the Bankruptcy Code, and the legal ramifications of various plan structures. In addition, Skadden, Arps assisted the Debtors and their financial advisors on issues regarding classification and treatment of secured and unsecured claims and tax considerations in connection with the Amended Plan.

Skadden, Arps also analyzed numerous other issues that arose during plan negotiations between and among the Debtors and their advisors on the one hand, and counsel for the Creditors' Committee and its financial advisors on the other hand. Skadden, Arps researched a myriad of legal issues relating to plan structure and classification, treatment, voting and confirmation matters. Among other things, Skadden, Arps attorneys worked with counsel for the Creditors' Committee to develop certain funding mechanisms for the Amended Plan, including mechanisms to ensure payment to holders of smaller claims.

Skadden, Arps filed the Debtors' and the Creditors' Committee's initial plan of reorganization on September 21, 2005. Skadden, Arps served the initial plan on all parties requesting notice pursuant to Bankruptcy Rule 2002. As the plan process moved forward, Skadden, Arps revised the plan to incorporate resolution of certain objections or informal comments with respect to the plan or the related disclosure statement, and re-filed it on October 25, 2005, the day before the hearing on the adequacy of the disclosure statement. The Plan was filed in final form for solicitation purposes by Skadden, Arps on October 26, 2005, which Plan reflected certain resolutions reached at the hearing on the disclosure statement. Skadden, Arps worked with the Debtors' claims, noticing and balloting agent to serve the Plan in its solicitation form on November 3, 2005 on all parties requesting notice pursuant to Bankruptcy Rule 2002 and all parties entitled to vote to accept or reject such Plan. On November 22, 2005, Skadden, Arps filed a supplement containing certain exhibits to the Plan that were not originally filed with such Plan.

Prior to confirmation of the Amended Plan, professionals at Skadden, Arps negotiated on the Debtors' behalf with various parties in interest, including but not limited to taxing and governmental authorities, the Office of the United States Trustee, certain of the Debtors' former landlords and holders of purported secured claims. Skadden, Arps ultimately resolved all objections and informal comments with respect to the Amended Plan prior to the Confirmation Hearing, and on December 7, 2005, two days prior to the Confirmation Hearing, Skadden, Arps filed the Amended Plan as modified embodying such resolutions. Skadden, Arps served the Amended Plan filed on December 7, 2005 on all parties requesting notice pursuant to Bankruptcy Rule 2002 and all parties asserting objections or providing informal comments with respect to such plan.

Skadden, Arps professionals devoted significant time to preparing for the Confirmation Hearing. Time was spent researching numerous issues expected to be raised in opposition to the Amended Plan. Additional time was spent preparing witnesses for the Confirmation Hearing. Moreover, Skadden, Arps professionals assisted the Creditors' Committee's professionals with their preparation in support of the Debtors' request for confirmation.

As a result of the efforts of Skadden, Arps and the Creditors' Committee's professionals, the Debtors and the Creditors' Committee obtained an order confirming the Amended Plan on December 9, 2005 (Docket No.

1265). Following confirmation of the Amended Plan, Skadden, Arps professionals, along with counsel for the Creditors' Committee, supervised implementation of the Amended Plan.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 358.6 hours to reorganization plan matters, for which compensation in the amount of \$153,072.50 is sought.

J. Employee Matters
(Amount Sought: \$151,997.00)

During the Debtors' chapter 11 cases, Skadden, Arps professionals devoted time to researching, analyzing, responding to inquiries regarding and advising the Debtors' representatives concerning many employee matters, including but not limited to insurance issues, severance and vacation pay issues, retention issues and confidentiality issues.

As an initial matter, Skadden, Arps worked closely with the Debtors before the filing of the bankruptcy cases and immediately thereafter to ensure that appropriate relief was in place to protect the compensation and benefits of the Debtors' employees and to avoid the attrition and morale problems that often plague employers in bankruptcy. Skadden, Arps reviewed of the Debtors' compensation and benefit programs and then finalized, filed and obtained court approval of the "first day" motion seeking authority to continue all such programs.

Skadden, Arps also devoted time and resources to addressing certain issues that arose in connection with reductions in work force levels instituted by the Debtors. Specifically, Skadden, Arps advised the Debtors concerning modifications to the Debtors' 401(k) benefits plan as well as the applicability and effect of COBRA and the WARN Act. Skadden, Arps professionals also addressed certain issues that arose in connection with the payment of vacation time or other benefits to the Debtors' employees. Attorneys at Skadden, Arps addressed certain alleged employment discrimination claims and various inquiries from certain of the Debtors' former employees and government authorities regarding COBRA. In conjunction with these efforts, Skadden, Arps professionals prepared responses to certain of those claims, and performed necessary research in connection with such responses.

Additionally, Skadden, Arps confronted attempts by the Debtors' competitors to tortiously interfere with the Debtors' contractual and business relationships by attracting senior employees to switch their employment from the Debtors to those competitors. Such efforts included substantial research and correspondences with those competitors.

During the Entire Case Period, Skadden, Arps also advised the Debtors regarding issues relating to the transition of services pursuant to the APA, and performed necessary research in connection therewith. Following the implementation of the Asset Sale, Skadden, Arps devoted significant attention, working with the Debtors and the Creditors' Committee, to the development of a key employee retention plan that would incentivize two of the Debtors' valuable employees to remain with the Debtors for the duration of the chapter 11 cases. Specifically, Skadden, Arps, along with the advisors to the Creditors' Committee, prepared and filed a joint motion for approval of a key employee retention plan with respect to those two key employees. After a series of negotiations with the Office of the United States Trustee, Skadden, Arps and counsel for the Creditors' Committee obtained for the Debtors a court order approving the retention program. Skadden, Arps attorneys subsequently participated in the documentation and implementation of the key employee retention plan.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 304.4 hours to employee matters, for which compensation in the amount of \$151,997.00 is sought.

K. Executory Contracts/Personalty
(Amount Sought: \$128,199.00)

Throughout the Entire Case Period, Skadden, Arps professionals assisted the Debtors in evaluating their various contractual relationships with numerous third parties, including vendors, equipment lessors and service contractors, to determine whether such contracts were necessary to the ongoing operation of their businesses.

In particular, Skadden, Arps professionals advised the Debtors of their rights and obligations under the Bankruptcy Code with respect to certain contracts and leases, assisted in the analysis, research and overall consideration of issues impacting the Debtors' decisions to assume or reject certain contracts and leases (such as determining their status as executory and

unexpired) and assisted the Debtors with the calculation of cure costs and rejection damages associated with each contract and lease.

Skadden, Arps professionals worked with the Debtors to advance the process of identifying and rejecting nonessential contracts and leases, thereby eliminating the Debtors' administrative expense obligations for such contracts and leases. To this end, Skadden, Arps prepared and filed numerous rejection motions.

In addition, Skadden, Arps responded to motions to compel assumption or rejection that were filed or threatened by non-Debtor parties, including Weingarten Realty Investors, GE Money Bank and Norman E. Dyer, and negotiated settlements resolving those motions. Additional time was spent in connection with the Asset Sale negotiating with various parties to contracts that were to be assumed and assigned as part of the Asset Sale to Acquisition Partners.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 303.3 hours to executory contract matters, for which compensation in the amount of \$128,199.00 is sought.

L. Retention/Fee Matters (SASM&F)
(Amount Sought: \$102,436.00)

Skadden, Arps' role as bankruptcy counsel to the Debtors required compliance with the retention and compensation procedures imposed by the Bankruptcy Code, the Bankruptcy Rules and this Court. Under established case law, Skadden, Arps is permitted to be compensated for its compliance activities.

Specifically, as required, Skadden, Arps prepared, filed and obtained Court approval of a retention application. In support of the retention application, Skadden, Arps identified key parties in interest, reviewed its client database to ascertain any connections with such parties in interest and drafted and filed a detailed declaration disclosing all such known connections. Skadden, Arps was also required to update and supplement its declaration as additional information became known to it. The reasonable time expended by Skadden, Arps in connection with these retention projects was billed to the client.

Skadden, Arps also complied with the requirements of the Administrative Order with respect to compensation for services rendered and reimbursement of expenses incurred. Specifically, Skadden, Arps prepared and filed twelve (12) Monthly Applications, three (3) Quarterly Fee Applications and this Final Application.

The preparation of each of the Monthly Applications was time consuming because such preparation required inclusion of detailed time records and expense statements submitted by numerous bankruptcy and non-bankruptcy timekeepers in compliance with applicable bankruptcy rules.

Skadden, Arps professionals and paraprofessionals reviewed all time entries to ensure compliance with the rules, which resulted in corrections to time entries and in some cases significant reductions in fees. As part of its review process, Skadden, Arps routinely eliminated substantially all of the time entries of de minimis timekeepers. In addition, pursuant to the Court's request made prior to the original hearing scheduled on Skadden, Arps' and the other professionals' second Quarterly Fee Applications, Skadden, Arps facilitated the appointment of the Fee Examiner in the Debtors' chapter 11 cases. Following the appointment of the Fee Examiner and his review of Skadden, Arps' fee applications, Skadden, Arps professionals worked with the Fee Examiner to resolve his comments on a consensual basis.

In the aggregate, as a result of its thorough review process, and its consensual resolution of the comments provided by the Fee Examiner with respect to Skadden, Arps' fee applications, Skadden, Arps made voluntary reductions to fees and expenses in the aggregate amount of approximately \$320,748.59. Although the review process is necessary in any event, these reductions more than compensate the Debtors for the cost of the process.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 348.9 hours to retention and fee matters involving Skadden, Arps, for which compensation in the amount of \$102,436.00 is sought.

M. Disclosure Statement/Voting Issues
(Amount Sought: \$99,070.00)

Skadden, Arps professionals also devoted significant time to matters related to the development of a disclosure statement to accompany, ulti-

mately, the Amended Plan, obtaining approval of that disclosure statement and the process of soliciting votes on the Amended Plan.

Initially, Skadden, Arps filed a disclosure statement along with the Debtors' and the Creditors' Committee's original joint plan of reorganization on September 21, 2005. Skadden, Arps' work on the disclosure statement included drafting disclosures of background information describing the Debtors, their businesses, management and financial condition, descriptions of the chapter 11 case history and developments, plan provision summaries and various other sections of the disclosure statement document. The draft document was updated, supplemented and revised from time to time to incorporate new developments in the cases, additional information received from the Debtors, revisions to the plan and comments provided by the Debtors and their various professional advisors. Skadden, Arps' banking, tax, corporate and securities lawyers all assisted with refinements to the document to reflect their areas of responsibilities. Skadden, Arps professionals coordinated with and assisted the Debtors as necessary to disclose and include financial information needed in the disclosure statement, including valuation information, projections, liquidation analyses and claim amounts by class. As set forth above, following the closing of the Store Closing Sales and the Asset Sale, Skadden, Arps professionals intensified their efforts to finalize the disclosure statement, working closely with the Creditors' Committee and its professionals and ultimately submitting with the Creditors' Committee the disclosure statement accompanying the initial version of the joint plan on September 21, 2005.

Skadden, Arps handled various service issues that arose in connection with the filing of the disclosure statement. In addition, Skadden, Arps subsequently handled requests for copies of the disclosure statement and addressed numerous inquiries from creditors about the disclosure statement and plan process and the status and proposed treatment of claims. Skadden, Arps subsequently revised and supplemented the disclosure statement to reflect comments received from various parties in interest, and to otherwise update the document in preparation for the hearing on the adequacy of the disclosure statement. Skadden, Arps filed the amended disclosure statement incorporating these revisions on October 25, 2005.

The Court held a hearing on October 26, 2005 to consider the adequacy of the disclosure statement. In advance of the hearing, formal objections filed with the Court by the Office of the United States Trustee,

Maricopa County Treasurer and the City and County of Denver, Colorado were analyzed, addressed and, ultimately, resolved. The disclosure statement was approved by order of the Court dated October 26, 2005. After the hearing concluded, on October 26, 2005, the Debtors filed a copy of the disclosure statement (Docket No. 1133) as approved by the Court pursuant to the Solicitation Procedures Order, along with a copy of the Plan attached as Exhibit A to such disclosure statement, which Plan the Debtors and the Creditors' Committee solicited for acceptance.

Skadden, Arps prepared a motion, granted by the Court on October 26, 2005, that sought approval of, among other things, procedures for soliciting votes on the Amended Plan. This motion reflected significant work by Skadden, Arps on solicitation procedures, pleadings and forms. Skadden, Arps prepared customized ballots for voting classes; notices of non-voting status for holders of contingent, unliquidated and disputed claims, holders of unimpaired claims and holders of claims and interests receiving no distributions under the Amended Plan; and confirmation hearing notices for mailing and publication.

In connection with the disclosure statement, Skadden, Arps finalized all appendices and solicitation documents for delivery to the printer, and coordinated with the printer and Kurtzman Carson Consultants LLC to ensure proper assembly of complete solicitation packages for mailing. Skadden, Arps helped the Debtors and Kurtzman Carson Consultants LLC classify claims by plan class and identify groups of claimants and other parties in interest entitled to receive the special notices approved by the Court.

Based upon the procedures developed and assistance provided by Skadden, Arps, the voting process was conducted properly. Moreover, the Amended Plan was accepted by the two classes eligible to vote.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 241.2 hours to disclosure statement and voting issues, for which compensation in the amount of \$99,070.00 is sought.

N. **Asset Analysis and Recovery**
(Amount Sought: \$87,269.00)

During the Debtors' chapter 11 cases, professionals at Skadden, Arps worked to recover certain amounts, including accounts receivable, held by

parties with which the Debtors did business prior to the Petition Date. As a result, the Debtors were able to recover millions of dollars owed without the necessity for costly and time-consuming litigation.

As part of these efforts, Skadden, Arps negotiated with Panasonic Corporation of North America, JVC Americas Corp., Epson America, Inc., Samsung Electronics America, Inc., Mitsubishi Digital Electronics America, Inc., Sony Electronics, Inc., Krell Industries, Inc., Apex Digital Inc., Memorex Products, Inc., Philips Consumer Electronics and Canon USA, Inc. in an effort to reach consensual resolution of the Debtors' accounts. Skadden, Arps prepared or revised separate letter agreements or stipulations with these vendors incorporating the terms of such resolutions, and performed necessary factual and legal research relating to the terms of those stipulations or agreements. During the Debtors' bankruptcy cases, Skadden, Arps professionals also prepared, filed and obtained Court approval of motions seeking approval of the stipulations. During the Debtors' chapter 11 cases, Skadden, Arps' efforts resulted in the Debtors' recovery of substantial receivables which in part provided the Debtors' estates with sufficient assets for the Amended Plan to become effective.

Skadden, Arps professionals, in consultation with the Debtors and the Creditors' Committee, also continued implementation of a strategy regarding pursuit of certain avoidable transfers.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 211.5 hours to asset analysis and recovery matters, for which compensation in the amount of \$87,269.00 is sought.

O. Asset Dispositions (Real Property)
(Amount Sought: \$80,949.50)

In accordance with the terms of the Store Closing Sales Order, the APA and the Asset Sale Order, the Debtors have sold or otherwise disposed of substantially all of their assets, including certain real property and improvements located in Thornton, Colorado. During the Entire Case Period, Skadden, Arps professionals, along with the legal and financial advisors for the Creditors' Committee, assisted the Debtors in connection with an offer to participate from Alliance Commercial Partners, LLC ("Alliance") with respect to the potential sale of the Debtors' headquarters and related improvements (the "Headquarters"). Skadden, Arps also conducted certain research

related to the offer to participate. The efforts of Skadden, Arps and the professionals employed by the Creditors' Committee culminated in the preparation and filing of a joint motion by the Debtors and the Creditors' Committee for approval of the Debtors' entry into the offer to participate with Alliance. Skadden, Arps professionals then resolved an objection by the Office of the United States Trustee to the motion and successfully represented the Debtors at the hearing to approve the letter agreement embodying the terms of Alliance's offer to participate.

Professionals at Skadden, Arps prepared a joint motion by the Debtors and the Creditors' Committee for approval of a modified termination fee in connection with the offer to participate by Alliance in the sale of the Headquarters, and obtained Court approval of such motion on an expedited basis. Skadden, Arps professionals then negotiated the terms for the sale with Alliance, subject to Acquisition Partners' right of first refusal, and embodied those terms in the Purchase and Sale Contract, dated October 18, 2005.

Skadden, Arps attorneys subsequently prepared procedures to conduct an auction for the sale of the Headquarters, and prepared a joint motion by the Debtors and the Creditors' Committee to approve the sale of the Headquarters to Alliance or some other party making a higher or otherwise better offer for the Headquarters, and to approve the auction procedures with respect to the sale. In connection with obtaining Court approval of the sale motion, Skadden, Arps professionals worked to resolve certain formal and informal objections to the sale motion and related auction procedures (including objections asserted by the Office of the United States Trustee, the agent for the Debtors' postpetition lenders, the United States Department of Health and Human Services, Acquisition Partners and Adams County, Colorado), and performed necessary factual and legal research in connection with such efforts. Professionals at Skadden, Arps ultimately obtained Court approval of the motion. The sale of the Headquarters, in turn, was critical to the consummation of the Amended Plan.

During the Entire Case Period, Skadden, Arps professionals, along with the legal and financial advisors for the Creditors' Committee, also assisted the Debtors in connection with the sale of approximately 11 acres of real property surrounding the Headquarters (the "Northern Property"). Specifically, Skadden, Arps professionals negotiated the terms of the sale of the Northern Property to Jerry Nolan, subject to Acquisition Partners' right of first refusal, and embodied those terms in the Purchase and Sale Contract,

dated November 15, 2005. Skadden, Arps professionals then prepared and filed a joint motion by the Debtors and the Creditors' Committee to approve the sale of the Northern Property and worked to resolve certain formal and informal objections to such motion asserted by the United States Department of Health and Human Services, Acquisition Partners and Adams County, Colorado. Skadden, Arps, along with counsel for the Creditors' Committee, then revised an order approving the Northern Property sale to embody the resolution with Acquisition Partners and other objecting parties. Skadden, Arps attorneys subsequently represented the Debtors at a hearing at which the Court approved the sale of the Northern Property.

Finally, during the Entire Case Period, Skadden, Arps professionals addressed certain issues arising from the exercise by Acquisition Partners of a right of first refusal with respect to the sales of the Headquarters and the Northern Property. Attorneys at Skadden, Arps also worked with counsel for Acquisition Partners and the Creditors' Committee to prepare for the closing of those sales.

During the Entire Case Period, professionals at Skadden, Arps spent 179.8 hours on matters related to the sale or other disposition of the real property assets of the Debtors, for which compensation in the amount of \$80,949.50 is sought.

**P. Reports and Schedules
(Amount Sought: \$71,317.00)**

Skadden, Arps assisted the Debtors in satisfying their filing and reporting obligations under the Bankruptcy Code, the Bankruptcy Rules and the guidelines of the Office of the United States Trustee. A substantial portion of the work performed in this area occurred during the initial months of these cases and related to the requirement for filing schedules of assets, liabilities and executory contracts and separate statements of financial affairs (collectively, the "Schedules and Statements"). Skadden, Arps finalized, filed and obtained court approval of a motion seeking an extension of the 15-day deadline for filing the Schedules and Statements, and then continued to work with the Debtors to ensure the completion of the Schedules and Statements by the requested extended date.

Skadden, Arps professionals spent time assisting the Debtors in the preparation of separate Schedules and Statements for each of the Debtors,

which process included meetings, teleconferences and correspondences with the Debtors' officers and employees to compile and verify information necessary to prepare and finalize the Schedules and Statements. Additionally, Skadden, Arps professionals analyzed, reviewed and revised the draft Schedules and Statements generated from the compiled documents and other information. The Schedules and Statements were filed on April 5, 2005 (Docket Nos. 369-394).

Moreover, throughout these cases, Skadden, Arps professionals assisted the Debtors in the preparation of their monthly operating reports (the "Reports"). This service included advising the Debtors with respect to the information to be compiled and submitted with the Reports, and reviewing, revising and filing the Reports. Skadden, Arps professionals also responded to questions and negotiated with the Office of the United States Trustee regarding the particular documents and other schedules to be submitted with the Reports.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 208.2 hours to reports and schedules, for which compensation in the amount of \$71,317.00 is sought.

Q. Automatic Stay (Relief Actions)
(Amount Sought: \$56,523.50)

A number of the Debtors' landlords moved -- or threatened to move -- to modify the section 362 automatic stay in these cases. Skadden, Arps represented and advised the Debtors in these matters, and undertook necessary analysis and due diligence with respect to underlying facts. As necessary, Skadden, Arps attorneys drafted and filed responses in opposition to these motions and represented the Debtors at hearings on these motions.

As a result of Skadden, Arps' efforts and advice to the Debtors in respect of automatic stay matters, all lift-stay motions filed in the Debtors' cases were resolved on terms acceptable to the Debtors.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 151.3 hours to matters related to the automatic stay and/or relief therefrom, for which compensation in the amount of \$56,523.50 is sought.

R. Newco
(Amount Sought: \$55,081.00)

During the Debtors' chapter 11 cases, Skadden, Arps professionals performed certain services that were largely for the benefit of Acquisition Partners. Shortly after the closing of the Asset Sale, Skadden, Arps began billing all such services to a new matter number. Acquisition Partners agreed to reimburse the Debtors for all professional fees paid and expenses incurred that Skadden, Arps billed to this new matter number. Accordingly, payment for services rendered for the benefit of Acquisition Partners would not diminish the Debtors' estate and the assets available for distribution to the Debtors' creditors.

As part of the services rendered at the request of Acquisition Partners, Skadden, Arps, in consultation with Acquisition Partners and its potential lenders, prepared and filed a motion to extend the period in which the Debtors must assume or reject their leases of real property with respect to which Acquisition Partners held designation rights. Skadden, Arps subsequently negotiated with numerous landlords objecting to the motion, and then successfully represented the Debtors at a hearing with respect to the motion.

Skadden, Arps' services rendered for the benefit of Acquisition Partners also included obtaining two separate extensions of the time period during which Acquisition Partners must exercise its designation rights with respect to certain contracts between the Debtors and Qwest Corporation and Qwest Communications Corporation. In connection with these efforts, Skadden, Arps professionals drafted and negotiated the terms of two stipulations embodying the extensions, and sought and obtained Court approval of those stipulations. Prior to the expiration of the extended deadline, Skadden, Arps then worked with counsel for the Creditors' Committee and counsel for Qwest to resolve certain disputes. As a result of Skadden, Arps' efforts, the parties agreed to assumption and assignment of certain of the contracts with Qwest to Acquisition Partners, the rejection of the remainder of the contracts and the consensual resolution of all claims between Qwest and the Debtors. Skadden, Arps then reviewed and revised a stipulation embodying this resolution, and prepared and filed a motion to approve the stipulation. Skadden, Arps then obtained Court approval of the motion and stipulation.

Additionally, Skadden, Arps professionals analyzed various issues related to Acquisition Partners' efforts to obtain replacement financing.

Included in these efforts, Skadden, Arps professionals reviewed a landlord waiver and related documents provided by a potential lender to Acquisition Partners.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 132.3 hours to matters related to or for the benefit of Acquisition Partners, for which compensation in the amount of \$55,081.00 is sought.

**S. General Corporate Advice
(Amount Sought: \$51,067.50)**

Skadden, Arps professionals advised the Debtors with respect to general corporate matters and responded to questions of the Debtors' officers and employees with respect to general bankruptcy matters, including the Debtors' rights and obligations under the Bankruptcy Code and the Bankruptcy Rules. Additionally, at various times during these cases, Skadden, Arps professionals prepared for and participated in various board of directors meetings.

Skadden, Arps professionals also analyzed, prepared and revised various SEC filings and related documents to ensure compliance with the federal securities laws. (Related services were also charged to the separate project category for regulatory matters.)

Throughout these chapter 11 cases, Skadden, Arps professionals also assisted the Debtors with various matters involving business operations. Initially, Skadden, Arps professionals assisted the Debtors in maintaining their normal business operations by carefully explaining the chapter 11 process to various employees and vendors of the Debtors. Attorneys at Skadden, Arps also spent time reviewing various business plans proposed by the Debtors, certain cash flow analyses and budget forecasts provided to the Debtors' prepetition lenders and/or the Creditors' Committee.

During the Entire Case Period, Skadden, Arps professionals devoted a total of 100.8 hours to general corporate advice, for which compensation in the amount of \$51,067.50 is sought.

T. Other Matters
(Aggregate Amount Sought: \$293,506.50)

Skadden, Arps professionals also devoted time to numerous other matters for the Debtors, the time value of which is less than \$50,000.00 for each matter. These matters include, among other things, business operations and strategic planning, general, reclamation and trust fund claims administration, credit card agreement matters, environmental matters, insurance matters, intellectual property matters, general and insurance litigation, liquidation and feasibility matters, matters related to the Debtors' owned real estate, regulatory and SEC matters, secured claims matters, matters related to the Office of the United States Trustee, utilities matters and vendor matters. Services relating to these matters were all necessary to the success of the Debtors' cases. In addition, Skadden, Arps professionals billed time to matters specifically designated for non-working travel.¹³ The total time value of all such matters was \$293,506.50.

ALLOWANCE OF COMPENSATION

42. 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. Skadden, Arps respectfully submits that its request for a final award of compensation for the Entire Case Period satisfies that standard.

43. Gregg M. Galardi was the principal Skadden, Arps partner working on these bankruptcy cases. Mr. Galardi is a member of the firm's corporate

¹³ In accordance with Local Rule 2016-2(d)(viii), non-working travel time is billed at fifty percent (50%) of regular hourly rates.

restructuring department, and the principal Skadden, Arps attorney working on the engagement from the firm's Delaware office. Mr. Galardi has extensive experience in reorganization cases including debtor representation before this Court in In re SLI, Inc., In re The IT Group, Inc., In re Tokheim Corp., In re Polaroid Corp., In re Diamond Bands Operating Corp., In re ICG Communications, Inc. and In re Stone & Webster, Inc.

44. Because of the benefits realized by the Debtors, the nature of these cases, the standing at the bar of the attorneys who rendered services, the amount of work done, the time consumed and the skill required, Skadden, Arps requests final approval of compensation earned during the Entire Case Period for a total of \$3,006,601.01. In addition, Skadden, Arps seeks final approval of approximately \$13,742.00 in fees incurred after the Effective Date through February 15, 2006 (plus fees for any additional time incurred after the Effective Date that has not yet been posted to Skadden, Arps' billing system, estimated to be approximately \$10,000.00) in connection with transferring certain pending matters to counsel for the Plan Administrator and preparing fee applications required to be filed. Skadden, Arps reserves the right to return to this Court to seek payment for services performed or expenses incurred during the Entire Case Period or after the Effective Date (to the extent necessary) but not yet reflected in the firm's accounting system because of

customary delays, or to amend the amounts listed herein to correct any inadvertent bookkeeping errors.

45. Skadden, Arps achieved cost efficiencies by employing a streamlined case management structure. Instead of assigning various attorneys to the myriad of tasks that arose during the Debtors' cases, Skadden, Arps identified and employed a core group of attorneys who were assigned responsibility for specific matters and types of matters. This allowed (a) certain attorneys to work almost exclusively on certain discrete matters in the Debtors' cases, (b) Skadden, Arps to staff the case with as little partner involvement as possible and (c) Skadden, Arps to avoid the performance of duplicative or unnecessary work.

46. Other than between Skadden, Arps and its affiliated law practices and their members, no agreement or understanding exists between Skadden, Arps and any other person or persons for the sharing of compensation received or to be received for professional services rendered in or in connection with these cases, nor will any be made except as permitted under Bankruptcy Code section 504(b)(1).

47. Skadden, Arps has received no promise of payment for professional services rendered in these cases other than in accordance with the provisions of the Bankruptcy Code.

REIMBURSEMENT OF EXPENSES

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

49. According to the Engagement Agreement entered into between Skadden, Arps and the Debtors, Skadden, Arps and the Debtors have agreed that Skadden, Arps' bundled rate structure will apply to these cases. Therefore, Skadden, Arps is not seeking to be separately compensated for certain staff, clerical and resource charges. Moreover, under the bundled rate structure applicable to the Debtors, copying costs are charged at \$0.10 per page, computerized research and telephone calls are billed at provider cost without reference to Skadden, Arps' internal capital costs or overhead, and document production (including secretarial and word processing time), facsimile services, proofreading, overtime meals and overtime travel allowances are not charged for separately on an incurrence basis.

50. Consistent with the firm's policy with respect to its other clients, Skadden, Arps is seeking reimbursement for other 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.

51. A complete description of each expense incurred during these cases can be obtained in the Monthly Applications. Additionally, a chart summarizing the expenses for the Entire Case Period is included at the front of this Final Application. Skadden, Arps' policy requires all attorneys to retain and submit for review receipts and/or invoices for all disbursements incurred through outside vendors. Skadden, Arps maintains all receipts and/or invoices related to each client's disbursement account in a central storage facility, and such records can be produced upon request.

52. Skadden, Arps has disbursed, and requests reimbursement for, \$310,520.42, which represents actual, necessary expenses incurred in the rendition of professional services in these cases during the Entire Case Period. In addition, Skadden, Arps seeks reimbursement of actual and estimated expenses incurred or posted to Skadden, Arps' billing system after the Effective Date of \$643.28 (plus any additional expenses incurred after the Effective Date that have not yet been posted to Skadden, Arps' billing system, estimated to be approximately \$2,000.00).

CERTIFICATE OF COMPLIANCE AND WAIVER

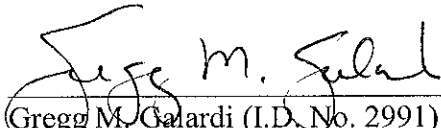
53. Finally, the undersigned representative of Skadden, Arps certifies that he has reviewed the requirements of Local Rule 2016-2 and that the Final Application substantially complies with that Local Rule. To the extent that the Final Application does not comply in all respects with the requirements of Local

Rule 2016-2, Skadden, Arps believes that such deviations are not material and respectfully requests that any such requirements be waived.

WHEREFORE Skadden, Arps respectfully requests that the Court enter an order granting final approval, and directing payment of (a) compensation for professional services rendered as attorneys for the Debtors during the Entire Case Period in the sum of \$3,006,601.01; (b) reimbursement of actual and necessary expenses incurred during the Entire Case Period in the sum of \$310,520.42; (c) compensation for professional services rendered as attorneys for the Debtors after

the Effective Date in the sum of approximately \$13,742.00 for services rendered after the Effective Date (plus fees for any additional time incurred after the Effective Date that has not yet been posted to Skadden, Arps' billing system, estimated to be approximately \$10,000.00);¹² and (d) reimbursement of actual and necessary expenses incurred after the Effective Date in the sum of approximately \$643.28 (plus any additional expenses incurred after the Effective Date that have not yet been posted to Skadden, Arps' billing system, estimated to be approximately \$2,000.00);¹³ and that the Court grant such other and further relief as is just and proper.

Dated: Wilmington, Delaware
February 24, 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
& FLOM LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899-0636
Telephone: (302) 651-3000
Facsimile: (302) 651-3001

Former counsel to the Debtors

¹² Subject to the right of Skadden, Arps to seek payment of additional fees for services rendered after the Effective Date from the Plan Administrator and/or through an application with this Court.

¹³ Subject to the right of Skadden, Arps to seek reimbursement for additional expenses incurred after the Effective Date from the Plan Administrator and/or through an application with this Court.

Exhibit A

Retention Order

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 Nos.: 21, 188

**ORDER PURSUANT TO 11 U.S.C. §§ 327(a) AND 329
AUTHORIZING THE EMPLOYMENT AND RETENTION OF SKADDEN,
ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATED LAW
PRACTICE ENTITIES AS ATTORNEYS FOR THE DEBTORS**

Upon the application (the "Application")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"), applied to this Court for entry of an order, pursuant to 11 U.S.C. §§ 327(a) and 329, authorizing each of the Debtors to employ and retain the law firm of Skadden, Arps, Slate, Meagher & Flom LLP and its affiliated law practice entities (collectively, "Skadden" or the "Firm") under a general retainer as their attorneys; and upon the Declaration and Statement of J. Eric Ivester (the "Ivester Declaration"), a member of Skadden, Arps, Slate, Meagher & Flom LLP and the Affidavit of David A. Carter, in

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


Support of Chapter 11 Petitions and First Day Orders; and the Court being satisfied with the representations made in the Application and the Ivester Declaration that said attorneys represent no interest adverse to any of the Debtors' estates, that they are disinterested persons as that term is defined under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, that their employment is necessary and would be in the best interests of each of the Debtors' estates; and it appearing that proper and adequate notice has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Application is granted on a final basis.
2. Pursuant to sections 327(a), 328(a) and 329 of the Bankruptcy Code, each of the Debtors, as a debtor-in-possession, is authorized to employ and retain Skadden as its attorneys under a general retainer as of the Petition Date to perform the services as set forth in the Application and the Engagement Agreement, dated as of December 16, 2004, attached hereto as Exhibit 1.
3. Skadden shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules and Local Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court.

4. Skadden is authorized to apply the Retainer (as such term is defined in the Application) to pay any fees, charges and disbursements that relate to services rendered to the Debtors prior to the Petition Date (as such term is defined in the Application) and that remain unpaid as of such date and shall hold the remaining portion of the Retainer for application to fees, charges and disbursements relating to services rendered subsequent to the Petition Date as may be further ordered by the Court.

Dated: Wilmington, Delaware
March 15, 2005



The Honorable Peter J. Walsh
United States Bankruptcy Judge

EXHIBIT 1

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

333 WEST WACKER DRIVE
CHICAGO, ILLINOIS 60606-1255

TEL: (312) 407-0700
FAX: (312) 407-0711
www.skadden.com

WMM/AFFILIATE OFFICES

BOSTON
HOUSTON
LOS ANGELES
NEW YORK
PALM BEACH
SAN FRANCISCO
WASHINGTON, D.C.
WILMINGTON
BEIJING
BRUSSELS
FRANKFURT
HONG KONG
LONDON
MOSCOW
PARIS
SINGAPORE
SYDNEY
TOKYO
TORONTO
VIENNA

DIRECT DIAL
312-407-0820
GENERAL FAX
312-407-0411
EMAIL ADDRESS
EMERTEN@SKADDEN.COM

December 13, 2004

PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc.
321 West 84th Avenue
Suite A
Thornton, Colorado 80260

Attention: David A. Carter
Senior Vice President of Finance & Administration and
Chief Financial Officer

Re: Engagement Agreement with Skadden

Dear Mr. Carter:

We are pleased that Ultimate Electronics, Inc., for itself and each of its subsidiaries for which there is no disqualifying conflict and which Skadden, Arps, Slate, Meagher & Flom LLP and its affiliated law practices ("Skadden" or the "Firm") has agreed to represent (collectively, the "Company"), has decided to engage Skadden as special counsel in connection with the matters described below in the "Scope of Engagement" section of this Engagement Agreement and such other matters as are assigned to us in the future and that we agree to undertake (the "Engagement"). Accordingly, the Engagement is limited to those specific matters enumerated in and/or contemplated by this Engagement Agreement.

This letter sets forth the terms of our engagement arrangements for all matters (whether pending or prospective), including staffing, fees and waivers, the scope of our engagement, the basis on which the Firm will present its bills for fees, related charges and disbursements, and certain limitations on the Firm's services arising from potential conflicts of interest. As usual, our Engagement is to represent

the Company and not its individual directors, officers, employees or shareholders. However, we anticipate that in the course of that Engagement, we may provide information or advice to directors, officers or employees in their corporate capacities.

Scope of Engagement

We have agreed to represent the Company as special counsel in the Company's efforts to work out its present financial circumstances, which may include restructuring its financial affairs and capital structure, in addition to ongoing and future representation of the Company on matters for which the Firm is or in the future may be engaged by the Company not related to the Company's efforts to work out its present financial circumstances. The services to be provided by the Firm in connection with the Engagement will encompass all services normally and reasonably associated with this type of engagement which the Firm is requested and is able to provide and which are consistent with its ethical obligations. As legal counsel, we are not in a position to, and the Company has not retained us to, provide financial advice. With respect to all matters of our Engagement, we will coordinate closely with the Company as to the nature of the services to be rendered by us and the scope of our engagement.

In addition to certain matters with respect to which we are providing legal services to the Company, in connection with the Company's restructuring activities, the Engagement may involve advice as to corporate transactions and corporate governance, negotiations, out-of-court agreements with creditors, equity holders, prospective acquirers and investors, review of documents, preparation of agreements, review and preparation of pleadings, court appearances and such other actions as both of us deem necessary and desirable. While the Company has advised us that it is actively pursuing a series of out-of-court restructuring initiatives to maximize the enterprise value of the Company for its stakeholders, we agree that the Engagement also will include advice to, and representation of the Company, as debtors and debtors-in-possession, should the Company seek relief pursuant to the provisions of the Bankruptcy Code subject to the approval of our retention by the Bankruptcy Court.

If the Company determines that reorganization cases under chapter 11 of the Bankruptcy Code are appropriate, we will prepare for the filing of the chapter 11 petitions, including review of documents and preparation of the petitions with supporting schedules and statements. During the cases and subject to our ethical

obligations discussed above, we will advise and consult on the conduct of the cases, including all of the legal and administrative requirements of operating in chapter 11; prepare such administrative and procedural applications and motions as may be required for the sound conduct of the cases; prosecute and defend litigation that may arise during the course of the cases; consult with you concerning and participate in the formulation, negotiation, preparation and filing of a plan or plans of reorganization and disclosure statement(s) to accompany the plan(s); review and object to claims; analyze, recommend, prepare, and bring any routes of action created under the Bankruptcy Code; take all steps necessary and appropriate to bring the cases to a conclusion; and perform the full range of services normally associated with matters such as this which the Firm is in a position to provide.

In the event that chapter 11 cases are commenced and our retention is authorized, our representation will include, as noted above, serving as principal bankruptcy counsel to the debtor-in-possession under a general retainer, subject to court approval. Such representation also will encompass all out-of-court planning and negotiations attendant to these tasks. Although it is hoped that litigation can be avoided, subject to ethical constraints regarding conflicts of interest, we also will be available to serve the Company in any litigation capacities that become necessary to the extent that any required court approval is obtained.

Case Management and Coordination of Outside Counsel

The Company is presently using more than one law firm for representation of its interests on substantive matters. It is likely that more than one law firm may be needed for such representation, particularly to represent the Company in connection with the numerous labor-intensive day-to-day tasks associated with the Company's present restructuring efforts. Other than the general representation of the Company by Skadden as restructuring counsel and in the cases (if filed) pursuant to this Engagement Agreement, the Company will continue to have discretion to assign specific tasks to co-counsel, adjunct counsel, or special counsel (collectively, "Other Counsel"), as the case may be. If, as outlined below, we are unable to obtain court approval for all matters in potential chapter 11 cases that you wish us (and we agree) to undertake, our representation would include as many of those matters as are approved. We are committed to working with the Company and in full cooperation with Other Counsel to manage the Engagement on a cost-efficient and productive basis. To the extent possible, given the nature and magnitude of the Engagement, steps have been taken and should continue to be taken by the Company to coordinate

tasks and, when practical, to divide these tasks to avoid unnecessary duplication of effort between us and Other Counsel.

Engagement Personnel

I will coordinate all Engagement matters on behalf of Skadden. Additional lawyers, including those in other practice areas, will be added to the Engagement on an as needed basis.

Fees, Charges and Disbursements

Our fees will be based primarily on the time involved in the Engagement and our bundled hourly time charges. A list of our current bundled hourly time charges using the Firm's bundled rate structure as will be in effect as of September 1, 2004 is attached as Exhibit A. As part of the Firm's ordinary business practices, hourly time charges are periodically reviewed and revised.

If the Engagement results in one or more transactions or a direct economic benefit to the Company, our fee would reflect a variety of factors. These factors include bundled hourly time charges, the significance of the Firm's role, the importance of the Firm's expertise, the complexity of the matter, the outcome of the matter, the Firm's contribution to the results obtained, the size and significance of the matter, the intensity and duration of the Firm's efforts, the amount of fees we have received in other comparable matters, and the views of our client. As to the latter factor, we consider it very important and would not submit a final statement for services rendered without having discussed our fee in advance with the Company based on the factors mentioned above and obtaining your concurrence.

As to billing, we will submit a client level on-account statement for all Engagement matters approximating bundled hourly time charges for payment on not less than a monthly basis, and at each matter's conclusion, we will submit a final statement for services rendered which will be based upon our bundled hourly time charges and, if appropriate, the factors outlined above, and which would credit all prior payments. Each statement submitted would be accompanied by a summary of attorney time showing the time worked by each lawyer working on an Engagement matter and the guideline hourly rate for each lawyer. In addition, our billing statements will include charges and disbursements incurred by us in the course of per-

Ultimate Electronics, Inc.
December 13, 2004
Page 5

forming legal services in accordance with our standard practice as described in the summary attached as Exhibit B, which may be periodically updated.

From time to time, the Company may request a fee range estimate for a particular Engagement matter. Any such estimate would be premised upon certain assumptions, including, but not limited to, completion of the matter by a particular target date, no unusual issues or problems arising, no litigation, counsel for the other parties sufficiently experienced and competent to perform such counsel's normal functions in this type of matter and so forth. In such situations, we will respond promptly to the Company's request in writing although it is agreed that such estimates shall not constitute a fee cap or amendment of this Engagement Agreement and all such discussions and written estimates would be handled through the undersigned in respect of the overall Engagement on behalf of the Firm.

Fee Structure and Retainers

It is customary in matters of this nature for us to receive a reasonable retainer / on account payment and to be paid promptly for services rendered and charges and disbursements incurred on behalf of the Company, including payment for the services rendered and charges and disbursements incurred prior to the date hereof. Given the size and complexity of the Company's affairs, we have requested a payment in the amount of \$350,000, representing a retainer / on account payment for professional services rendered and to be rendered and charges and disbursements incurred by us to the Company's account in connection with our representation of the Company including with respect to any consensual non-judicial restructuring as well as any initial preparation that you authorize for cases under chapter 11 of the Bankruptcy Code that may be filed by or against the Company (the "Initial Retainer"). The Company agrees to supplement the Initial Retainer from time to time during the course of the Engagement in such amounts as we mutually shall agree are reasonably necessary to maintain the Initial Retainer at a level that will be sufficient to fund Engagement fees, charges and disbursements to be incurred for time periods to be covered by the Initial Retainer.

Should the Company subsequently decide to seek chapter 11 relief, we will also require an additional retainer / on account payment to supplement the Initial Retainer in order to cover Engagement fees, charges and disbursements to be incurred during the initial phase of the reorganization cases (the "Filing Retainer"). We will determine and discuss the amount of the Filing Retainer with you prior to the initiation of any chapter 11 case or at such earlier time as either we or the Company deems appropriate or desirable. Of course, the reasonableness of the Filing Retainer remains subject to review by the court in any ensuing cases.

In the future, we will send the Company periodic invoices (not less frequently than monthly) for services rendered and charges and disbursements incurred on the basis discussed above. Each invoice constitutes a request for an interim payment against the reasonable fee to be determined at the conclusion of our representation. Upon transmittal of the invoice, unless the Company elects to promptly pay the presented statement by wire transfer, the Firm shall draw upon the Initial Retainer (as may be supplemented from time to time by supplemental retainers) in the amount of the invoice. The Company agrees upon submission of each such invoice, if so requested by the Firm, to wire the invoice amount to us as replenishment of the Initial Retainer (together with any supplemental amount to which the Firm reasonably requests), without prejudice to the Company's right to advise us of any differences it may have with respect to such invoice. We have the right to apply to any outstanding invoice (including amounts billed prior to the date hereof), up to the remaining balance, if any, of the Initial Retainer (as may be supplemented from time to time by supplemental retainers) at any time subject to (and without prejudice to) the Company's opportunity to review our statements.

In the event that the Company subsequently determines to seek bankruptcy court protection and subject to the terms of any professional compensation order entered in the Company's chapter 11 cases, the issuance of our periodic invoice shall constitute a request for an interim payment against the reasonable fee to be determined at the conclusion of the representation. Although the Company may pay us from time to time for services rendered in our capacity as special counsel for various matters, some fees, charges, and disbursements incurred before the filing of bankruptcy petitions (voluntary or involuntary) may remain unpaid as of the date of the bankruptcy filings. Any portion of the Initial Retainer (as may be supplemented from time to time by supplemental retainers or the Filing Retainer) not otherwise properly applied will be held by us for the payment of any such unpaid fees, charges and disbursements (whether or not billed).

Ultimate Electronics, Inc.
December 13, 2004
Page 7

If orders for relief relating to the Company are entered, the unused portion, if any, of the Initial Retainer (as may be supplemented from time to time by supplemental retainers or the Filing Retainer) will be applied to any unpaid prepetition invoices and unbilled fees, charges and disbursements, although any requisite court permission will be obtained in advance. Postpetition fees, charges and disbursements will be due and payable immediately upon entry of an order containing such court approval or at such time thereafter as instructed by the court, it being agreed and understood that the unused portion, if any, of the Initial Retainer (as may be supplemented from time to time by supplemental retainers or the Filing Retainer) shall be held by us and applied against the final fee application filed and approved by the court. The Company understands that while the arrangement in this paragraph may be altered in whole or in part by the bankruptcy court, the Company shall nonetheless remain liable for payment of court approved postpetition fees and expenses. Such items are afforded administrative priority under 11 U.S.C. § 503 (b)(1). The Bankruptcy Code provides in pertinent part, at 11 U.S.C. § 1129(a)(9)(A), that a plan of reorganization cannot be confirmed unless these priority expenses are paid in full (unless such claimants agree to different treatment) in cash on the effective date of any reorganization plan.

If a dispute develops about our fees, you may be entitled under Part 137 of the Rules of the Chief Administrator of the New York Courts to arbitration of that dispute if it involves more than one thousand and less than fifty thousand dollars.

Confidentiality and Related Matters

Confidential communications between a client and counsel are ordinarily privileged, but the commencement of a bankruptcy case may severely limit this attorney-client privilege. Specifically, if a trustee is appointed in any case concerning a corporate debtor or partnership, the trustee will be able to obtain from us or other counsel and disclose to others information communicated by the Company to counsel. Some courts also have held that an examiner may invade the attorney-client privilege.

Because of the nature of the Firm's practice (involving more than 1,600 lawyers throughout the United States and in various international offices), from time to time we concurrently may represent one client in a particular matter and the adversary of that client in an unrelated matter. Thus, for example, while representing

Ultimate Electronics, Inc.
December 13, 2004
Page 8

the Company, we may represent a third party who is adverse to the Company in a matter unrelated to the matters covered by this Engagement Agreement. In addition, while representing the Company, we may represent an account debtor of the Company as a debtor in a reorganization case or in connection with out-of-court negotiations with such entity's creditors concerning that entity's ability to pay its debts generally.

Despite any such concurrent representation, we strictly preserve all client confidences and zealously pursue the interests of each of our clients. The mutual understanding reflected in this Engagement Agreement, including the waivers set forth below, are, of course, premised on the Firm's adherence to its professional obligation not to disclose any confidential information or to use it for another party's benefit.

With respect to third parties and based on our initial discussions concerning the Company's capital structure and given the Company's business relationships, we have identified certain entities (or their affiliates) involved with the Company as our clients on matters unrelated to the Company including, but not limited to, Bank of America, N.A. and Wells Fargo Bank. (In the event that chapter 11 cases are commenced, we will prepare a disclosure summary which will be publically disclosed and will be updated periodically thereafter in connection with the filing of interim fee applications and as otherwise required.) Accordingly, while for purposes of this Engagement Agreement, the Company should assume that we represent a substantial number of the Company's creditors and stakeholders on matters unrelated to the Company, we will, at the Company's request, furnish you with a list of relevant clients when we receive updated information from the Company from time to time regarding its creditors and other stakeholders.

We do not provide certain kinds of opinion letters in connection with restructuring and bankruptcy reorganization cases to clients or to others who may wish to rely upon such letters. We do not alter this policy except under very unusual circumstances and then only upon further written agreement.

Waivers and Related Matters

The Firm represents a broad base of clients on a variety of legal matters. Accordingly, absent an effective conflicts waiver, conflicts of interest may arise that could adversely affect your ability and the ability of other clients of the Firm to choose the Firm as its counsel and preclude the Firm from representing you or other clients of our Firm in pending or future matters. Given that possibility, we wish to be fair not only to you, but to our other clients as well. Accordingly, this letter will confirm our mutual agreement that the Firm may represent other present or future parties on matters other than those for which it had been or then is engaged by the Company, whether or not on a basis adverse to the Company or any of its affiliates, including in litigation, legal or other proceedings or matters, which are referred to as "Permitted Other Representation." In furtherance of this mutual agreement, the Company agrees that it will not for itself or any other party assert the Firm's representation of the Company, either previously, in its then existing representation in the Engagement, or in any other matter in which the Company retains the Firm, as a basis for disqualifying the Firm from representing another party in any Permitted Other Representation and agrees that any Permitted Other Representation does not constitute a breach of duty. Permitted Other Representation would include, without limitation, representing a client over which the Company might be seeking to acquire influence or control, or from which the Company may wish to buy assets, or representing a client regarding its interest at the time in acquiring influence or control over an entity in which the Company then has a similar interest. Notwithstanding the foregoing waivers, the Firm agrees that, during the pendency of any chapter 11 reorganization cases involving the Company in which the Firm is acting as bankruptcy and restructuring counsel pursuant to a general retainer pursuant to 11 U.S.C. § 327 (a), the Firm will not represent present or future clients of the Firm on matters adverse to the Company in such chapter 11 reorganization cases.

Our representation of the Company is premised on the Firm's adherence to its professional obligation not to disclose any confidential information or to use it for another party's benefit without the Company's consent. Provided that the Firm acts in the manner set forth in this paragraph, the Company would not for itself or any other party assert that the Firm's possession of such information, even though it may relate to a matter for which the Firm is representing another client or may be known to someone at the Firm working on the matter, (a) is a basis for disqualifying the Firm from representing another of its clients in any matter in which the Company

or any other party has an interest; or (b) constitutes a breach of any duty owed by the Firm.

With respect to parties affiliated with the Company generally, including parties owned by the Company and parties that hold direct or indirect interests in the Company, it is our understanding that the Firm is not being asked to provide, and will not be providing, legal advice to, or establishing an attorney-client relationship with, any such affiliated party or person in their individual capacity and will not be expected to do so unless the Firm has been asked and has specifically agreed to do so. Finally, it is our understanding that if the Firm acts as counsel for any other party as to which the Company then owns completely, directly or indirectly, all of the common stock or similar voting interest (other than directors' qualifying shares, if any), the mutual agreement reflected in this letter, including the waivers, would apply to that party as well.

* * *

The provisions of this letter will continue in effect, including if the Firm's representation of the Company was ended at your election (which, of course, the Company would be free to do at any time) or by the Firm for Good Cause (which would be subject to ethical requirements). Good Cause includes the Company's breach of this agreement (including any material change in our engagement responsibilities without our consent or the failure to pay any payment when due under this Engagement Agreement), the Company's refusal or failure to cooperate with us or provide us with continuing access to the Board of Directors and senior management officers of the Company as appropriate, any fact or circumstance that would render our continuing representation unlawful or unethical, or, in our reasonable judgment, resignation of the engagement becomes necessary or appropriate. Any unused portion of the retainers we have received will be applied to our outstanding fees, charges and disbursements and the Company will promptly pay to us the remaining balance owed to us, if any. To the extent that the remaining amount of the retainers exceeds the amount of such fees, charges and disbursements, we will pay such amount to the Company. In addition, the provisions of this Engagement Letter will apply to future engagements of the Firm by the Company unless we mutually agree otherwise.

The Company agrees to make appropriate employees available to us to assist in factual inquiries and factual determinations, court hearings and appearances,

Ultimate Electronics, Inc.
December 13, 2004
Page 11

transactions and dealings in relation to the subject matter with regard to which we have been retained.

This agreement shall be governed by and interpreted in accordance with the laws of the State of New York without regard to its conflicts of laws principles. For purposes of this letter, references to Skadden or the Firm include our affiliated law practice entities. There are no representations or promises other than as expressly set forth herein.

If the foregoing terms of our representation meet with your approval and accurately represent your understanding of the Company's retention agreement with us, we would appreciate your signing one copy of this Engagement Agreement and returning it to us.

Again, we very much appreciate the opportunity to work with Ultimate Electronics, Inc. and look forward to doing so.

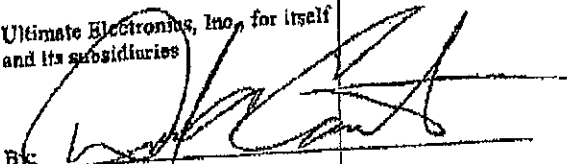
Sincerely yours,


Eric Ivesta

Attachments

AGREED AND ACKNOWLEDGED:

Ultimate Electronics, Inc. for itself
and its subsidiaries

By: 
David A. Carter
Senior Vice President of Finance & Administration
Chief Financial Officer

Dated: As of December 15, 2004
X 16, 2004

SKADDEN ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
Policy Statement Concerning Charges and Disbursements
Under Standard Bundled Rate Structure
Effective 9/1/03

Skadden Arps bills for reasonable charges and disbursements incurred in conjunction with an engagement. Clients are billed for external charges at the actual cost billed by the vendor except in a few cases noted below; charges for internal support services are billed at rates derived from internal cost analyses or at rates set at or below comparable outside vendor charges.

I. Research Services. Charges for on-line computerized research (LexisNexis, Westlaw and financial services) and use of outside research services and materials are billed at the actual amounts charged by vendors, which have been reduced by discounts the Firm receives from vendors.

SEC filings reviewed using the Disclosure system in our library are charged based on standard vendor rates derived from an internal cost analysis.

The State of Delaware Database provides computer access to a corporations database in Dover, Delaware. The charge for this service is \$30 per transaction, which is the average amount charged by outside services.

II. Travel-Related Expenses. Out-of-town travel expenses are billed at actual cost and include air or rail travel, lodging, car rental, taxi or car service, tips and other reasonable miscellaneous items associated with travel. Corporate and/or negotiated discounted rates are passed on to the client. Specific Firm policies for expenditures relating to out-of-town travel include:

- **Air Travel.** Coach travel is used for all U.S. domestic flights unless upgrades are available at little additional cost or prior client approval is obtained for a different class. For international flights from the United States, business class is used. Travel by attorneys based outside the United States is consistent with those policies.
- **Lodging.** Overnight accommodations are generally booked with hotels with which the Firm has a corporate rate or, when this is not possible, with hotels suggested by the client.

Local travel charges include commercial transportation and, when a private car is used, mileage, tolls and parking. Specific policies govern how and when a client is charged for these expenses; those include:

- **Fares for commercial transportation** (e.g., car service, taxi or rail) are charged at the actual vendor invoice amount. The charge for private car usage is the IRS rate allowance per mile for the equivalent outside the United States) plus the actual cost of tolls and parking.

- Round-trip transportation to the office is not charged separately for attorneys who work weekends or holidays, nor is transportation home on business days when an attorney works past a certain hour (typically 8:30 p.m.).

- Local travel for support staff is not charged when a staff member works after 8:00 p.m. specifically for the client.

III. Word Processing and Secretarial and other Special Task-Related Services. Routine secretarial tasks (correspondence, filing, travel and/or meeting arrangements, etc.) are not charged to clients. There is no separate charge for word processing and secretarial services associated with preparing legal documents.

Multi-function personnel, such as qualified secretaries and word processors, may also perform other specialized tasks (such as EDGAR filings or legal assistant services). Such work is recorded in the appropriate billing category (for example, legal assistant services are recorded as fee in "Legal Assistant Support" on bills).

IV. Reproduction and Electronic Document Management. Photocopying services (including copying, collating, tabbing and velo binding) performed in-house is charged at 10 cents per page, which represents the average internal cost per page. Color photocopies are charged at 50 cents per page (based on outside vendor rates). Photocopying projects performed by outside vendors are billed at the actual invoice amount. Special arrangements can be made for unusually large projects.

Electronic Data Management services (e.g., scanning, OCR processing, printing from scanned files, and conversions) performed by outside vendors are billed at the actual invoice amount and those performed in-house are billed at rates comparable to those charged by outside vendors.

V. Electronic Communications. Clients are charged for communications services as follows:

- **Telephone Charges.** There is no charge for local telephone calls or facsimile services. Long distance telephone calls made from the Firm are charged based on applicable rates in tariff tables and are allocated

within a client based on the hours worked by attorneys on various matters for that client. Collect, credit card and third party calls are charged at the vendor rate plus applicable taxes and are assigned to the specific matter for which such charges were incurred.

- Facsimile Charges. There is no charge for outgoing or incoming facsimiles.

VI. Postage and Courier Services. Outside messenger and express carrier services are charged at the actual vendor invoice amount which frequently involves discounts negotiated by the Firm. Postage is charged at actual mail rates. On certain occasions, internal staff may be required to act as messengers; a standard rate is charged for their time.

VII. MCC Filing and Searches. Charges for filings and searches, in most instances, are based on standard amounts determined by the vendor. Unusual filings and searches will be charged based on vendor invoice.

VIII. Meals. Business meals with a client are charged at actual cost. Luncheon and dinner meetings with the client at the Firm are charged based on the costs developed by our food service vendor. Breakfast, beverage and snack services at the Firm's offices are not charged, except in unusual circumstances. Overtime meals are not charged separately to clients.

IX. Direct Payment by Clients of Other Disbursements. Other major disbursements incurred in connection with an engagement will be paid directly by the client. (Those which are incurred and paid by the Firm will be charged to the client at the actual vendor's invoice amount.) Examples of such major disbursements that clients will pay directly include:

- Professional Fees (including disbursements for outside professional services such as local counsel, accountants, witness and other professional fees).
- Filing/Court Fees (including disbursements for agency fees for filing documents, standard witness fees, juror fees).
- Transcription Fees (including disbursements for outside transcribing agencies and courtroom stenographer transcripts).
- Other Disbursements (including any other required out-of-pocket expenses incurred for the successful completion of a matter).

CONFIDENTIAL

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
& AFFILIATES

STANDARD BUNDLED HOURLY TIME CHARGE SCHEDULE*

January 1st, 2005

	<u>Rate</u>
<u>PARTNERS and OF COUNSEL:</u>	\$540 - \$825
<u>COUNSEL/SPECIAL COUNSEL:</u>	\$535 - \$640
<u>ASSOCIATES:</u>	
<u>Level</u>	
9	\$495
8	495
7	480
6	460
5	430
4	395
3	375
2	335
1	265**
<u>LEGAL ASSISTANTS:</u>	\$90 - \$195

* These are the Firm's standard hourly fee rates for most attorneys and legal assistants in the Firm's "bundled rate" structure for clients who are not billed separately for certain charges (e.g., secretarial and word processing time preparing legal documents, proofreading, facsimile services, overtime meals and overtime travel allowances). In-house reproduction under the bundled rate structure is charged at \$0.10 per page. Please note that in a limited number of cases or for specific types of work (e.g., M&A transactions, certain types of tax matters, etc.), individual rates may be higher or lower than those stated.

** First year associates will move to \$295/hr. at the later of April 1st, 2005 or the date of passing bar exam.

Exhibit B

Administrative Order

**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 6th, 2005



The Honorable Peter J. Walsh
United States Bankruptcy Judge

Exhibit C

Time Detail for the Period January 1, 2006 Through the Effective Date

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Asset Dispositions (Real Property)

Bill Date: 02/16/06
Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/04/06	2.90	REVIEW CLOSING SHEET RE: REQUIRED PAYMENTS (0.2); DISCUSSIONS WITH CLIENT RE: SAME (0.2); REVIEW/REVISE ASSET PURCHASE AGREEMENT AND CLOSING DOCUMENTS FOR NORTHERN PROPERTY AND HEADQUARTERS PROPERTY SALES (2.3); RESEARCH RE: FEES DUE TO CBRE AS REAL ESTATE ADVISOR ON CLOSING OF SALES (0.2).
DESGROSSEILLIERS ML	01/05/06	2.30	CONTINUE TO REVIEW CLOSING DOCUMENTS RE: HEADQUARTERS AND NORTHERN PROPERTY SALES (2.3).
		5.20	
WARD MP	01/05/06	0.20	TELECONFERENCE WITH G. PETERSON OF BH PROPERTIES RE: HEADQUARTERS SALE (0.2).
		0.20	
Total Associate		5.40	
TOTAL TIME		<u>5.40</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Automatic Stay (Relief Actions)

Bill Date: 02/16/06
Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
WARD MP	01/04/06	0.70	TELECONFERENCE AND CORRESPONDENCE WITH M. MULLIN RE: M. GRILLS REQUEST FOR STAY RELIEF TO PURSUE INSURANCE PROCEEDS (0.2); CORRESPONDENCE WITH D. CARTER RE: SAME (0.1); FACTUAL RESEARCH RE: SAME (0.4).
		0.70	
Total Associate		0.70	
TOTAL TIME		<u>0.70</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Case Administration

Bill Date: 02/16/06
Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/09/06	0.20	TELECONFERENCE WITH COURT RE: SCHEDULING OMNIBUS HEARING DATES AND FINAL FEE APPLICATION HEARING (0.1); REVIEW/REVISE CERTIFICATION OF COUNSEL AND PROPOSED ORDER RE: SAME (0.1).
		0.20	
Total Associate		0.20	
LAMANNA WK	01/03/06	1.40	REVIEW AND DOCKET CASE DOCUMENTS (0.6); CODE DOCUMENTS FOR ELECTRONIC DOCUMENT DATABASE (0.8).
		1.40	
LANO C	01/03/06	0.60	REVISE CASE CALENDAR (0.4); DRAFT JANUARY 6, 2006 AGENDA FAX SHEET (0.2).
LANO C	01/04/06	1.40	PREPARATION OF JANUARY 6, 2006 AGENDA BINDER (0.3); DRAFT JANUARY 6, 2006 TRANSCRIPT REQUEST (0.1); REVISE DOCKET INDEX (0.2); PREPARE, FILE, AND SERVE JANUARY 6, 2006 AGENDA (0.6); DRAFT DECLARATION OF SERVICE RE: JANUARY 6, 2006 AGENDA (0.2).
LANO C	01/06/06	0.20	REVISE DOCKET INDEX (0.2).
LANO C	01/09/06	0.70	DRAFT CERTIFICATION OF COUNSEL RE: FINAL FEE HEARING (0.4); REVISE CASE CALENDAR RE: HEARING DATE (0.3).
LANO C	01/10/06	0.20	FILE CERTIFICATION OF COUNSEL RE: HEARING DATES (0.2).
LANO C	01/11/06	0.30	REVIEW ORDER SCHEDULING HEARING DATES (0.2); PREPARE ADDITIONAL LABELS AND SERVICE OF ORDER (0.1).
		3.40	
Total Legal Assistant		4.80	
TOTAL TIME		<u>5.00</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Insurance

Bill Date: 02/16/06
Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/03/06	0.30	COMMUNICATION WITH CLIENT AND AGENT RE: INSURANCE POST-EFFECTIVE DATE (0.1); RESEARCH RE: SAME (0.2).
		0.30	
Total Associate		0.30	
TOTAL TIME		<u>0.30</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
 Leases (Real Property)

Bill Date: 02/16/06
 Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/03/06	1.80	CONTINUE TO RESEARCH RE: CURE RECONCILIATION WITH UAP (1.3); DISCUSSIONS WITH CLIENT, D. CARTER RE: SAME (0.2); REVIEW/REVISE SIDE LETTER RE: SAME (0.3).
DESGROSSEILLIERS ML	01/04/06	3.10	CONTINUE TO RESEARCH RE: CURE AMOUNTS OWED TO UAP IN CONNECTION WITH ASSUMPTION AND ASSIGNMENT OF LEASES OF REAL PROPERTY (1.9); REVIEW/REVISE SIDE LETTER RE: SAME (0.3); DISCUSSIONS WITH COUNSEL FOR UAP RE: SAME (0.2); DISCUSSIONS WITH CLIENT AND COUNSEL FOR COMMITTEE RE: SAME (0.3); RESEARCH RE: REJECTION DAMAGES CLAIM BY NORM DYER, LANDLORD FOR STORE 783 (0.3); COMMUNICATION WITH CLIENT, D. CARTER RE: SAME (0.1).
		4.90	
WARD MP	01/03/06	0.70	ANALYZE CURE RECONCILIATION ISSUES RE: DENVER, COLORADO STORE 102 (0.7).
WARD MP	01/04/06	0.40	TELECONFERENCE WITH T. HORAN AT MORRIS JAMES RE: KIMCO ADMINISTRATIVE EXPENSE CLAIM (0.2); CORRESPONDENCES WITH P. GLOVER RE: SAME (0.2).
WARD MP	01/06/06	0.90	ADDRESS TRANSITION ISSUES RE: LEASES (0.9).
		2.00	
Total Associate		6.90	
TOTAL TIME		<u>6.90</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
 Litigation (General)

Bill Date: 02/16/06
 Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/03/06	0.10	REVIEW REMOVAL NOTICE, MOTION AND ORDER (0.1).
		0.10	
WARD MP	01/03/06	1.50	REVISE MOTION AND ORDER TO EXTEND REMOVAL DEADLINE (1.3); TELECONFERENCE WITH M. MULLIN RE: SAME (0.2).
		1.50	
Total Associate		1.60	
LANO C	01/03/06	0.50	DRAFT DECLARATION OF SERVICE RE: MOTION TO EXTEND TIME TO REMOVE ACTIONS (0.3); FILE AND SERVE MOTION TO EXTEND (0.1); DRAFT AGENDA RE: JANUARY 30 HEARING ON MOTION TO EXTEND REMOVAL DEADLINE (0.1).
LANO C	01/04/06	0.10	DRAFT CERTIFICATE OF NO OBJECTION RE: MOTION TO EXTEND TIME TO REMOVE ACTIONS (0.1).
		0.60	
Total Legal Assistant		0.60	
TOTAL TIME		<u>2.20</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
 Reorganization Plan/Plan Sponsors

Bill Date: 02/16/06
 Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/03/06	1.50	RESEARCH RE: OPEN ISSUES FOR PLAN EFFECTIVE DATE (0.9); DISCUSSIONS WITH CLIENT, D. CARTER RE: SAME (0.4); COMMUNICATIONS WITH M. MULLIN RE: SAME (0.2).
DESGROSSEILLIERS ML	01/05/06	0.60	CONTINUE TO REVIEW PLAN RE: REQUIREMENTS FOR EFFECTIVE DATE (0.2); RESEARCH RE: CLOSING BANKRUPTCY CASES (0.3); COMMUNICATION WITH U.S. TRUSTEE AND COMMITTEE COUNSEL, M. MULLIN RE: SAME (0.1).
DESGROSSEILLIERS ML	01/06/06	0.60	REVIEW/REVISE NOTICE OF EFFECTIVE DATE (0.2); RESEARCH RE: PAYMENT OF U.S. TRUSTEE FEES (0.3); DISCUSSIONS WITH CLIENT, D. CARTER RE: SAME (0.1).
DESGROSSEILLIERS ML	01/10/06	0.30	FINALIZE NOTICE OF EFFECTIVE DATE (0.1); COMMUNICATE WITH COUNSEL TO COMMITTEE, M. MULLIN RE: SAME (0.1); COMMUNICATE WITH S. BETANCE AT KCC RE: SAME (0.1).
DESGROSSEILLIERS ML	01/11/06	0.20	FOLLOW-UP WITH COMMITTEE COUNSEL TRANSITION ISSUES IN CONNECTION WITH EFFECTIVE DATE (0.2).
		3.20	
WARD MP	01/03/06	1.70	RESEARCH RE: TRANSITION TO PLAN ADMINISTRATOR UNDER PLAN OF REORGANIZATION (1.7).
WARD MP	01/04/06	0.80	CONTINUE TO RESEARCH RE: TRANSITION TO PLAN ADMINISTRATOR UNDER PLAN OF REORGANIZATION (0.8).
WARD MP	01/05/06	0.70	REVIEW/REVISE NOTICE OF EFFECTIVE DATE (0.5); ADDRESS SERVICE ISSUES RE: SAME (0.2).
WARD MP	01/06/06	0.50	REVIEW/REVISE NOTICE OF EFFECTIVE DATE (0.3); CORRESPONDENCES WITH M. MULLIN RE: SAME (0.2).
		3.70	
Total Associate		6.90	
LANO C	01/03/06	0.30	RESEARCH AND PROVIDE NOTICE OF FILING OF BLACKLINE DISCLOSURE STATEMENT (0.3).

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

LANO C	01/11/06	0.70	FILE AND SERVE NOTICE OF EFFECTIVE DATE (0.3); REVISE AND FILE DECLARATION OF SERVICE RE: SAME (0.4).
		1.00	
Total Legal Assistant		1.00	
TOTAL TIME		<u>7.90</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Reports and Schedules

Bill Date: 02/16/06
Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
WARD MP	01/03/06	0.20	CORRESPONDENCES WITH S. MYRLAND RE: DECEMBER MONTHLY OPERATING REPORT (0.2).
WARD MP	01/05/06	0.10	CORRESPONDENCES WITH S. MYRLAND RE: DECEMBER MONTHLY OPERATING REPORT (0.1).
		0.30	
Total Associate		0.30	
TOTAL TIME		<u>0.30</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Retention/Fee Matters (SASM&F)

Bill Date: 02/16/06
Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
GALARDI GM	01/06/06	0.40	ATTEND INTERIM FEE HEARING (0.4).
GALARDI GM	01/11/06	0.20	REVIEW AND FINALIZE DISENGAGEMENT LETTER (0.2).
		0.60	
Total Partner		0.60	
DESGROSSEILLIERS ML	01/03/06	0.20	PREPARE FOR INTERIM HEARING ON SKADDEN'S FEES FOR PERIOD APRIL THROUGH SEPTEMBER, 2005 (0.2).
DESGROSSEILLIERS ML	01/05/06	0.60	CONTINUE TO PREPARE FOR INTERIM HEARING ON SKADDEN'S FEES (0.6).
DESGROSSEILLIERS ML	01/11/06	0.70	PREPARE/DRAFT DISENGAGEMENT LETTER FOR ULTIMATE MATTER IN CONNECTION WITH NOTICE OF EFFECTIVE DATE (0.3); RESEARCH RE: SAME (0.2); REVIEW/REVISE SAME (0.2).
		1.50	
WARD MP	01/04/06	2.60	REVISE SKADDEN FINAL FEE APPLICATION (2.1); PREPARE ORDER RE: SAME (0.5).
WARD MP	01/05/06	1.20	PREPARE FOR SECOND INTERIM FEE APPLICATION HEARING (0.8); FACTUAL RESEARCH RE: SAME (0.4).
		3.80	
Total Associate		5.30	
LANO C	01/05/06	0.10	DRAFT CERTIFICATION OF COUNSEL RE: SKADDEN NOVEMBER 2005 FEE APPLICATION (0.1).
LANO C	01/10/06	0.60	REVISE PROFESSIONAL FEE CHART (0.3); REVISE THIRD INTERIM FEE INDEX (0.3).
		0.70	
Total Legal Assistant		0.70	
TOTAL TIME		<u>6.60</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Retention/Fee Matters/Objections (Others)

Bill Date: 02/16/06
Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/03/06	0.30	RESEARCH RE: HAYNES & BOONE INTERIM APPLICATION AND U.S. TRUSTEE OBJECTION (0.1); COMMUNICATIONS WITH M. MULLIN AND W. HARRINGTON RE: SAME (0.2).
DESGROSSEILLIERS ML	01/06/06	0.30	COMMUNICATION WITH M. RENZI AT FTI RE: FEE APPLICATION HEARING AND FILING OF REMAINING FEE APPLICATIONS (0.1); REVIEW CDS ADMINISTRATIVE EXPENSE MOTION (0.2).
DESGROSSEILLIERS ML	01/07/06	0.10	COMMUNICATIONS WITH FTI RE: OUTSTANDING FEE APPLICATIONS (0.1).
DESGROSSEILLIERS ML	01/11/06	0.30	COMMUNICATIONS WITH RETAINED PROFESSIONALS AND FEE EXAMINER RE: EFFECTIVE DATE AND DEADLINE FOR FILING FINAL FEE APPLICATIONS (0.2); RESEARCH RE: SAME (0.1).
		1.00	
WARD MP	01/03/06	1.10	REVISE ORDER RE: SECOND INTERIM FEE APPLICATION HEARING (0.4); TELECONFERENCE WITH CHAMBERS RE: SAME (0.1); REVISE AGENDA RE: SAME (0.4); CORRESPONDENCE WITH M. MULLIN RE: SAME (0.1); CORRESPONDENCE WITH R. PARADINE RE: ORDINARY COURSE PROFESSIONALS PAYMENT CHART (0.1).
WARD MP	01/04/06	1.30	PREPARE OMNIBUS FINAL FEE APPLICATION ORDER (0.9); FACTUAL RESEARCH RE: SAME (0.4).
WARD MP	01/06/06	0.70	RESEARCH RE: CDS MOTION FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIM (0.4); CORRESPONDENCE WITH D. CARTER AND M. MULLIN RE: SAME (0.1); TELECONFERENCE WITH J. MARCUM RE: SAME (0.2).
		3.10	
Total Associate		4.10	
LANO C	01/04/06	1.60	REVIEW AND REVISE PROFESSIONAL FEE CHART (0.6); REVISE THIRD INTERIM FEE APPLICATION INDEX (0.4); PREPARE AND ORGANIZE DOCUMENTS FOR THIRD INTERIM FEE APPLICATION (0.6).

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

LANO C	01/05/06	0.40	DRAFT DECLARATION OF SERVICE RE: SIGNED ORDER RE: FEE APPLICATIONS (0.1); PREPARE LABELS FOR SERVICE OF ORDER (0.1); PREPARE ORDER AND RELATED DOCUMENTS FOR FEE APPLICATION ORDER (0.2).
LANO C	01/06/06	0.40	REVIEW SIGNED ORDER GRANTING PROFESSIONAL FEES (0.1); PREPARE ADDITIONAL LABELS AND SERVICE OF ORDER (0.2); REVISE AND FILE DECLARATION OF SERVICE RE: SIGNED ORDER (0.1).
LANO C	01/09/06	0.50	REVISE PROFESSIONAL FEE CHART AND INDEX (0.4); REVISE SERVICE LIST AND LABELS FOR FINAL FEE HEARING (0.1).
		2.90	
Total Legal Assistant		2.90	
TOTAL TIME		<u>7.00</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Tax Matters

Bill Date: 02/16/06
Bill Number: 1092995

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/03/06	0.30	RESEARCH RE: REQUIRED PAYMENT TO IRS (0.2); COMMUNICATION WITH CLIENT, D. CARTER RE: SAME (0.1).
DESGROSSEILLIERS ML	01/04/06	0.20	COMMUNICATION WITH CLIENT, D. CARTER RE: IRS SETTLEMENT (0.1); COMMUNICATIONS WITH DOJ COUNSEL, S. FISCHBEIN, RE: SAME (0.1).
DESGROSSEILLIERS ML	01/05/06	0.20	RESEARCH RE: MINNESOTA TAX SETTLEMENT (0.2).
DESGROSSEILLIERS ML	01/09/06	0.40	REVIEW/REVISE LETTER RESPONDING TO TAX CLAIM BY THE STATE OF MINNESOTA (0.4).
DESGROSSEILLIERS ML	01/10/06	0.10	RESPOND TO INQUIRY FROM J. MCMANUS AT ULTIMATE RE: MINNESOTA TAX CLAIM (0.1).
DESGROSSEILLIERS ML	01/11/06	0.30	RESEARCH RE: GRAVOIS BLUFFS COMPLAINT AND DISMISSAL OF SAME (0.3).
		1.50	
WARD MP	01/03/06	1.30	TELECONFERENCE WITH J. MCMANUS RE: TEXAS COMPTROLLER CLAIMS (0.2); RESEARCH RE: SAME (0.5); RESEARCH RE: FENTON, MISSOURI TRANSPORTATION TAX COMPLAINT (0.4); TELECONFERENCE WITH D. CARTER RE: PRIORITY TAX CLAIMS RECONCILIATION (0.1); CORRESPONDENCE WITH P. GLOVER RE: IRS SETTLEMENT (0.1).
WARD MP	01/05/06	0.60	RESEARCH RE: MISCELLANEOUS CLAIMS ASSERTED BY MINNESOTA AND OKLAHOMA TAXING AUTHORITIES (0.6).
		1.90	
Total Associate		3.40	
TOTAL TIME		<u>3.40</u>	
CLIENT TOTAL		<u>45.70</u>	

Exhibit D

Expense Detail for the Period January 1, 2006 Through the Effective Date

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES

Ultimate Electronics, Inc. (DIP)
Asset Dispositions (Real Property)

Bill Date: 02/16/06
Bill Number: 1092995

Disbursement	Date	Vendor/Employee/Dept.	Amount
In-house Reproduction	01/06/06	Copy Center, D	0.20
		TOTAL IN-HOUSE REPRODUCTION	\$0.20
Messengers/ Courier	01/03/06	Dist Serv/Mail/Page, D	15.71
		TOTAL MESSENGERS/ COURIER	\$15.71
Telco-Non Astra	12/29/05	Telecommunications, D	1.13
		TOTAL TELCO-NON ASTRA	\$1.13
		TOTAL MATTER	\$17.04

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES

Ultimate Electronics, Inc. (DIP)
Case Administration

Bill Date: 02/16/06
Bill Number: 1092995

Disbursement	Date	Vendor/Employee/Dept.	Amount
In-house Reproduction	01/03/06	Copy Center, D	20.40
In-house Reproduction	01/06/06	Copy Center, D	90.00
In-house Reproduction	01/10/06	Copy Center, D	26.50
		TOTAL IN-HOUSE REPRODUCTION	\$136.90
Messengers/ Courier	01/04/06	Dist Serv/Mail/Page, D	14.99
Messengers/ Courier	01/11/06	Dist Serv/Mail/Page, D	6.14
		TOTAL MESSENGERS/ COURIER	\$21.13
Court Reporting	01/11/06	Transcripts Plus	26.40
		TOTAL COURT REPORTING	\$26.40
Outside Research/Internet Services	01/06/06	Pacer Service Center	628.32
Outside Research/Internet Services	01/06/06	Pacer Service Center	44.72
Outside Research/Internet Services	01/06/06	Pacer Service Center	1,440.80
		TOTAL OUTSIDE RESEARCH/INTERNET SERVICES	\$2,113.84
		TOTAL MATTER	\$2,298.27

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES

Ultimate Electronics, Inc. (DIP)
Litigation (General)

Bill Date: 02/16/06
Bill Number: 1092995

Disbursement	Date	Vendor/Employee/Dept.	Amount
In-house Reproduction	01/06/06	Copy Center, D	459.00
		TOTAL IN-HOUSE REPRODUCTION	\$459.00
Postage	01/03/06	Office Admin, D	245.00
		TOTAL POSTAGE	\$245.00
Messengers/ Courier	01/03/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/03/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/03/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/03/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/03/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/03/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/03/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/03/06	Dist Serv/Mail/Page, D	10.34
		TOTAL MESSENGERS/ COURIER	\$53.32
		TOTAL MATTER	\$757.32

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES

Ultimate Electronics, Inc. (DIP)
Reorganization Plan/Plan Sponsors

Bill Date: 02/16/06
Bill Number: 1092995

Disbursement	Date	Vendor/Employee/Dept.	Amount
Postage	01/04/06	Office Admin, D	4.90
		TOTAL POSTAGE	\$4.90
Messengers/ Courier	01/11/06	Dist Serv/Mail/Page, D	5.97
Messengers/ Courier	01/11/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/11/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/11/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/11/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/11/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/11/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/11/06	Dist Serv/Mail/Page, D	10.34
		TOTAL MESSENGERS/ COURIER	\$53.15
		TOTAL MATTER	\$58.05

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES

Ultimate Electronics, Inc. (DIP)
Retention/Fee Matters (SASM&F)

Bill Date: 02/16/06
Bill Number: 1092995

Disbursement	Date	Vendor/Employee/Dept.	Amount
Out-of-Town Travel	09/16/05	The Eagle's Nest, Inc.	64.00
		TOTAL OUT-OF-TOWN TRAVEL	\$64.00
		TOTAL MATTER	\$64.00

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES

Ultimate Electronics, Inc. (DIP)
Retention/Fee Matters/Objections (Others)

Bill Date: 02/16/06
Bill Number: 1092995

Disbursement	Date	Vendor/Employee/Dept.	Amount
In-house Reproduction	01/06/06	Copy Center, D	27.40
In-house Reproduction	01/10/06	Copy Center, D	119.00
		TOTAL IN-HOUSE REPRODUCTION	\$146.40
Postage	01/06/06	Office Admin, D	112.36
Postage	01/06/06	Office Admin, D	1.06
		TOTAL POSTAGE	\$113.42
Messengers/ Courier	01/06/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/06/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/06/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/06/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/06/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/06/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/06/06	Dist Serv/Mail/Page, D	10.34
Messengers/ Courier	01/06/06	Dist Serv/Mail/Page, D	6.14
		TOTAL MESSENGERS/ COURIER	\$53.32
		TOTAL MATTER	\$313.14
		TOTAL CLIENT	\$3,507.82

Exhibit E

Time Detail for the Period from the Effective Date Through February 15, 2006

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Asset Analysis and Recovery

Bill Date: 02/16/06
Bill Number: 1093607

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/12/06	0.20	FOLLOW-UP WITH USI RE: PAYMENT OF PREFERENCE SETTLEMENT AMOUNT (0.2).
		0.20	
Total Associate		0.20	
TOTAL TIME		<u>0.20</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Case Administration

Bill Date: 02/16/06
Bill Number: 1093607

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/26/06	0.90	ADDRESS ISSUES RE: FILING OF NOTICE OF AGENDA (0.3); REVIEW/REVISE AGENDA AND PREPARE SAME FOR FILING (0.4); REVIEW/REVISE CERTIFICATE OF NO OBJECTION FOR REMOVAL MOTION AND PREPARE SAME FOR FILING (0.2).
		0.90	
WARD MP	01/26/06	0.30	REVISE AGENDA FOR JANUARY 30 HEARING (0.3).
		0.30	
Total Associate		1.20	
LANO C	01/26/06	0.70	PREPARE CERTIFICATE OF NO OBJECTION BINDER (0.2); PREPARE AND FILE CERTIFICATE OF NO OBJECTION RE: EXTENDING TIME TO REMOVE ACTIONS (0.1); PREPARE, FILE AND SERVE JANUARY 30, 2006 AGENDA (0.4).
		0.70	
Total Legal Assistant		0.70	
TOTAL TIME		<u>1.90</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
 Claims Admin. (General)

Bill Date: 02/16/06
 Bill Number: 1093607

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/18/06	1.00	FOLLOW UP WITH D. CARTER RE: CONVENIENCE CLAIMS (0.3); FOLLOW-UP WITH D. CARTER RE: CLAIMS RECONCILIATION INFORMATION (0.7).
DESGROSSEILLIERS ML	02/02/06	0.60	COMMUNICATION WITH COUNSEL FOR LIQUIDATING ULTIMATE RE: DISCOVERY REQUEST IN CONNECTION WITH CDS ADMINISTRATIVE EXPENSE REQUEST (0.2); RESEARCH RE: SAME (0.4).
DESGROSSEILLIERS ML	02/07/06	0.40	TELECONFERENCE WITH M. MULLIN RE: CDS (0.1); RESEARCH RE: SAME (0.3).
DESGROSSEILLIERS ML	02/08/06	0.60	REVIEW CDS MOTION FOR ADMINISTRATIVE EXPENSE CLAIM (0.3); TELECONFERENCE WITH M. MULLIN AND J. MARCUM RE: SAME (0.2); FOLLOW-UP RE: SAME (0.1).
		2.60	
WARD MP	02/01/06	0.20	PREPARE LETTER TO M. MULLIN RE: PROOF OF CLAIM (0.2).
WARD MP	02/02/06	0.70	REVIEW DEPOSITION REQUEST RE: CDS (0.1); RESEARCH RE: SAME (0.2); TELECONFERENCE AND CORRESPONDENCES WITH M. MULLIN RE: SAME (0.4).
		0.90	
Total Associate		3.50	
TOTAL TIME		<u>3.50</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Employee Matters (General)

Bill Date: 02/16/06
Bill Number: 1093607

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	02/07/06	0.80	RESEARCH RE: ANGELA EASTER EEOC CLAIMS (0.8).
		0.80	
Total Associate		0.80	
TOTAL TIME		<u>0.80</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Litigation (General)

Bill Date: 02/16/06
Bill Number: 1093607

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/17/06	0.10	COMMUNICATION WITH COUNSEL FOR DEBTORS IN SECURITIES LITIGATION (0.1).
		0.10	
WARD MP	01/26/06	0.40	REVISE ORDER TO EXTEND REMOVAL DEADLINE AND CERTIFICATE OF NO OBJECTION RE: SAME (0.4).
		0.40	
Total Associate		0.50	
TOTAL TIME		<u>0.50</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Reorganization Plan/Plan Sponsors

Bill Date: 02/16/06
Bill Number: 1093607

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/12/06	0.10	FOLLOW UP WITH CLAIMS AGENT RE: SERVICE OF NOTICE OF EFFECTIVE DATE (0.1).
		0.10	
Total Associate		0.10	
TOTAL TIME		<u>0.10</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Retention/Fee Matters (SASM&F)

Bill Date: 02/16/06
Bill Number: 1093607

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/18/06	0.90	REVIEW/REVISE DECEMBER TIME AND EXPENSE DETAIL (0.9).
DESGROSSEILLIERS ML	01/19/06	0.60	CONTINUE TO REVIEW/REVISE DECEMBER TIME AND EXPENSE DETAIL (0.6).
DESGROSSEILLIERS ML	01/20/06	0.40	FINALIZE REVIEW OF DECEMBER TIME AND EXPENSE DETAIL (0.4).
DESGROSSEILLIERS ML	02/06/06	0.20	RESPOND TO FEE EXAMINER INQUIRY RE: SKADDEN DECEMBER FEE APPLICATION (0.1); REVIEW FEE EXAMINER REPORT RE: SKADDEN DECEMBER FEE APPLICATION (0.1).
DESGROSSEILLIERS ML	02/07/06	0.70	REVIEW TIME AND EXPENSE DETAIL FOR JANUARY (PRE-EFFECTIVE DATE) (0.4); REVIEW TIME AND EXPENSE DETAIL FOR JANUARY POST-EFFECTIVE DATE (0.3).
DESGROSSEILLIERS ML	02/12/06	1.60	REVIEW/REVISE SKADDEN FINAL FEE APPLICATION (1.6).
		4.40	
WARD MP	01/16/06	2.80	REVISE DECEMBER TIME AND EXPENSE DETAIL (2.8).
WARD MP	01/17/06	3.70	CONTINUE REVISING DECEMBER TIME AND EXPENSE DETAIL (0.8); BEGIN PREPARING SKADDEN DECEMBER FEE APPLICATION (2.9).
WARD MP	01/18/06	0.40	REVISE SKADDEN FINAL FEE APPLICATION (0.4).
WARD MP	01/19/06	0.30	REVISE CERTIFICATION OF COUNSEL RE: SKADDEN NOVEMBER FEE APPLICATION (0.2); CORRESPONDENCE WITH D. CARTER RE: SKADDEN NOVEMBER INVOICE (0.1).
WARD MP	01/20/06	0.50	REVISE DECEMBER TIME AND EXPENSE DETAIL (0.5).
WARD MP	01/23/06	1.90	REVISE SKADDEN DECEMBER FEE APPLICATION (1.9).
WARD MP	01/24/06	0.80	REVISE SKADDEN DECEMBER FEE APPLICATION (0.8).
WARD MP	02/01/06	3.70	REVISE SKADDEN FINAL FEE APPLICATION (3.5); CORRESPONDENCES WITH D. CARTER AND M. MULLIN RE: PAYMENT OF SKADDEN DECEMBER INVOICE (0.2).
WARD MP	02/02/06	2.70	REVISE SKADDEN FINAL FEE APPLICATION (2.7).

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

WARD MP	02/03/06	2.20	REVISE SKADDEN FINAL FEE APPLICATION (2.2).
WARD MP	02/06/06	1.90	REVISE JANUARY TIME AND EXPENSE DETAIL (1.8); REVIEW FEE EXAMINER REPORT RE: SKADDEN DECEMBER FEE APPLICATION (0.1).
WARD MP	02/07/06	0.40	REVISE JANUARY TIME AND EXPENSE DETAIL (0.4).
		21.30	
Total Associate		25.70	
LANO C	01/17/06	0.10	REVIEW DOCKET AND DRAFT CERTIFICATION OF COUNSEL RE: SKADDEN NOVEMBER 2005 FEE APPLICATION (0.1).
LANO C	01/20/06	0.40	DRAFT NOTICE AND CERTIFICATE OF SERVICE RE: SKADDEN DECEMBER 2005 FEE APPLICATION (0.1).
LANO C	01/25/06	0.30	FILE AND SERVE SKADDEN DECEMBER 2005 FEE APPLICATION (0.3).
LANO C	01/27/06	1.30	PREPARE AND FILE DECLARATION OF SERVICE RE: JANUARY 30, 2006 AGENDA (0.3); DRAFT CERTIFICATES OF NO OBJECTION RE: FTI'S JULY TO OCTOBER 2005 FEE APPLICATIONS (0.8); REVISE PROFESSIONAL FEE CHART (0.2).
LANO C	02/01/06	0.50	REVIEW/REVISE PROFESSIONAL FEE CHART AND ADDRESS ISSUES RE: TRANSITION OF SAME TO COUNSEL FOR PLAN ADMINISTRATOR (0.5).
LANO C	02/06/06	0.60	REVISE PROFESSIONAL FEE CHART (0.2); REVIEW DOCKET AND DRAFT CERTIFICATION OF COUNSEL RE: SKADDEN DECEMBER FEE APPLICATION (0.4).
		3.20	
Total Legal Assistant		3.20	
TOTAL TIME		<u>28.90</u>	

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES
ATTORNEY WORK PRODUCT
PRIVILEGED AND CONFIDENTIAL

Ultimate Electronics, Inc. (DIP)
Retention/Fee Matters/Objections (Others)

Bill Date: 02/16/06
Bill Number: 1093607

NAME	DATE	HOURS	DESCRIPTION
DESGROSSEILLIERS ML	01/17/06	0.10	CONTINUE TO FOLLOW-UP RE: FILING OF APPLICATIONS BY FTI (0.1).
DESGROSSEILLIERS ML	01/31/06	0.20	REVIEW FEE EXAMINER PAYMENT REQUEST AND FORWARD SAME TO LIQUIDATING ULTIMATE (0.2).
DESGROSSEILLIERS ML	02/01/06	0.20	CONTINUE TO FOLLOW-UP RE: PAYMENT OF FEE EXAMINER FEES AND EXPENSES (0.2).
DESGROSSEILLIERS ML	02/09/06	0.70	RESPOND TO INQUIRY FROM FEE EXAMINER RE: FINAL FEE APPLICATION HEARING AND PROCEDURES RELATED THERETO (0.7).
		1.20	
WARD MP	01/20/06	0.20	TELECONFERENCE WITH M. RENZI AT FTI RE: FEE APPLICATIONS (0.2).
WARD MP	01/25/06	0.20	RESEARCH RE: FTI FEE APPLICATIONS (0.2).
WARD MP	01/26/06	0.50	REVIEW FTI JULY THROUGH OCTOBER FEE APPLICATIONS (0.4); CORRESPONDENCE WITH M. RENZI AT FTI RE: SAME (0.1).
WARD MP	02/07/06	0.20	CORRESPONDENCE WITH NUMEROUS PROFESSIONALS RE: FINAL FEE APPLICATION HEARING (0.2).
WARD MP	02/09/06	0.20	CORRESPONDENCES WITH T. ARAGON AT HOGAN RE: FINAL FEE APPLICATION (0.2).
		1.30	
Total Associate		2.50	
LANO C	01/26/06	0.70	DRAFT NOTICES AND CERTIFICATES OF SERVICE RE: FTI'S JULY TO OCTOBER 2005 FEE APPLICATIONS (0.3); FILE AND SERVE FEE APPLICATIONS (0.4).
		0.70	
Total Legal Assistant		0.70	
TOTAL TIME		<u>3.20</u>	
CLIENT TOTAL		<u>39.10</u>	

Exhibit F

**Expense Detail for the Period from the Effective Date Through February 15,
2006**

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES

Ultimate Electronics, Inc. (DIP)
Case Administration

Bill Date: 02/16/06
Bill Number: 1093607

Disbursement	Date	Vendor/Employee/Dept.	Amount
Postage	02/01/06	Office Admin, D	0.63
		TOTAL POSTAGE	\$0.63
		TOTAL MATTER	\$0.63

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES

Ultimate Electronics, Inc. (DIP)
Retention/Fee Matters (SASM&F)

Bill Date: 02/16/06
Bill Number: 1093607

Disbursement	Date	Vendor/Employee/Dept.	Amount
In-house Reproduction	01/13/06	Copy Center, D	0.30
In-house Reproduction	01/18/06	Copy Center, D	44.50
In-house Reproduction	01/18/06	Copy Center, D	82.20
In-house Reproduction	01/18/06	Copy Center, D	1.10
In-house Reproduction	01/20/06	Copy Center, D	7.20
In-house Reproduction	01/20/06	Copy Center, D	7.10
In-house Reproduction	01/24/06	Copy Center, D	11.50
In-house Reproduction	01/24/06	Copy Center, D	6.60
In-house Reproduction	01/27/06	Copy Center, D	27.20
In-house Reproduction	01/27/06	Copy Center, D	328.10
In-house Reproduction	01/31/06	Copy Center, D	0.60
In-house Reproduction	02/10/06	Copy Center, D	7.80
		TOTAL IN-HOUSE REPRODUCTION	\$524.20
Telephone Expense	01/27/06	Telecommunications, D	0.31
Telephone Expense	01/27/06	Telecommunications, D	4.05
Telephone Expense	01/27/06	Telecommunications, D	2.54
		TOTAL TELEPHONE EXPENSE	\$6.90
Postage	01/25/06	Office Admin, D	36.45
		TOTAL POSTAGE	\$36.45
Messengers/ Courier	01/16/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/18/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/20/06	Dist Serv/Mail/Page, D	6.14
Messengers/ Courier	01/25/06	Dist Serv/Mail/Page, D	10.34
Messengers/ Courier	01/26/06	Dist Serv/Mail/Page, D	10.34
Messengers/ Courier	01/31/06	Office Admin, D	4.00
Messengers/ Courier	01/31/06	Office Admin, D	12.00
Messengers/ Courier	01/31/06	Office Admin, D	4.00

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AND AFFILIATES

Disbursement	Date	Vendor/Employee/Dept.	Amount
Messengers/ Courier	01/31/06	Office Admin, D	16.00
		TOTAL MESSENGERS/ COURIER	\$75.10
		TOTAL MATTER	\$642.65
		TOTAL CLIENT	\$643.28

**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
: Related Docket No. ____
----- X

**ORDER GRANTING PAYMENT OF FEES AND EXPENSES REQUESTED
IN FINAL APPLICATION OF SKADDEN, ARPS, SLATE, MEAGHER &
FLOM LLP FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE DEBTORS FOR
THE PERIOD FROM JANUARY 11, 2005 THROUGH AND INCLUDING
JANUARY 11, 2006**

This Court having previously authorized the employment of Skadden, Arps, Slate, Meagher & Flom, LLP and affiliated law offices (collectively, "Skadden, Arps") in the cases of the above-captioned debtors (collectively, the "Debtors"); a Notice of Hearing (the "Notice")¹ on the Final Application of Skadden, Arps, Slate, Meagher & Flom LLP for Compensation for Services Rendered and Reimbursement of Expenses as Counsel to the Debtors for the Period from January 11, 2005 Through and Including January 11, 2006 (the "Final Fee Application") having been filed and served; the Court having conducted a hearing on the Final Fee Application of

¹ Each capitalized term not otherwise defined herein shall have the meaning ascribed to it in the Notice.

Skadden, Arps and having determined that the Final Fee Application seeks reasonable compensation for actual, necessary services rendered by Skadden, Arps 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, including any fees and expenses incurred after the Effective Date for preparing the Final Fee Application or otherwise, are hereby approved and allowed on a final basis in the amounts set forth on Exhibit A attached to this Order.

2. Liquidating Ultimate and/or the Plan Administrator are hereby authorized and directed to promptly pay Skadden, Arps the difference, if any, between the allowed amount of fees and expenses approved by this Order and the actual payments received by Skadden, Arps. 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. Skadden, Arps 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 Skadden, Arps 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

Exhibit A

Date Filed	Period Covered	Requested Fees, Expenses		Paid Fees, Expenses		Fees, Expenses To Be Paid	
N/A	January 1, 2005 through and including Effective Date	\$16,381.00	\$3,507.82	\$0.00	\$0.00	\$16,381.00	\$3,507.82
1/25/06	December 1, 2005 to December 31, 2005	\$106,554.00	\$26,935.52	\$85,243.20	\$26,935.52	\$21,310.80	\$0.00
12/27/05	November 1, 2005 to November 30, 2005	\$151,381.50	\$33,641.61	\$121,105.20	\$33,641.61	\$30,276.30	\$0.00
11/28/05	October 1, 2005 to October 31, 2005	\$212,562.50	\$29,163.50	\$170,050.00	\$29,163.50	\$42,512.50	\$0.00
11/1/05	September 1, 2005 to September 30, 2005	\$169,376.00	\$20,030.36	\$169,376.00	\$20,030.36	\$0.00	\$0.00
10/3/05	August 1, 2005 to August 31, 2005	\$170,588.00 ²	\$16,468.00	\$170,588.00	\$16,468.00	\$0.00	\$0.00
8/25/05	July 1, 2005 to July 31, 2005	\$113,832.00 ³	\$7,961.00	\$113,832.00	\$7,961.00	\$0.00	\$0.00
7/25/05	June 1, 2005 to June 30, 2005	\$180,550.50	\$15,311.50	\$180,550.50	\$15,311.50	\$0.00	\$0.00
6/28/05	May 1, 2005 to May 31, 2005	\$253,180.50	\$34,862.50	\$253,180.50	\$34,862.50	\$0.00	\$0.00

² This amount reflects \$1,200.00 in accommodations arising from the fee examiner's review of Skadden, Arps' monthly fee application for August, 2005.

³ This amount reflects \$15,500.00 in accommodations arising from the fee examiner's review of Skadden, Arps' monthly fee applications for the period from January, 2005 through July, 2005.

Date Filed	Period Covered	Requested Fees, Expenses		Paid Fees, Expenses		Fees, Expenses To Be Paid	
6/13/05	April 1, 2005 to April 30, 2005	\$582,349.51	\$58,391.49	\$582,349.50	\$58,391.49	\$0.00	\$0.00
4/26/05	March 1, 2005 to March 31, 2005	\$455,724.50	\$26,683.50	\$455,724.50	\$26,683.50	\$0.00	\$0.00
3/25/05	February 1, 2005 to February 28, 2005	\$325,647.00	\$21,760.62	\$325,647.00	\$21,760.62	\$0.00	\$0.00
3/14/05	January 11, 2005 to January 31, 2005	\$268,474.00	\$15,803.00	\$268,474.00	\$15,803.00	\$0.00	\$0.00
	Total for Entire Case Period	\$3,006,601.01	\$310,520.42	\$2,896,120.40	\$307,012.60	\$110,480.60	\$3,507.82
	Post Effective Date (estimated)	\$23,742.00	\$2,643.28	\$0.00	\$0.00	\$23,742.00	\$2,643.28

CERTIFICATE OF SERVICE

I, Gregg M. Galardi, hereby certify that on the 24th day of February, 2006, I caused the foregoing **Final Fee Application of Skadden, Arps, Slate, Meagher & Flom LLP for Compensation for Services Rendered and Reimbursement of Expenses as Counsel to the Debtors for the Period from January 11, 2005 Through and Including January 11, 2006** to be served on the parties listed on Exhibit A attached hereto by first class mail, postage prepaid, unless otherwise indicated thereon.

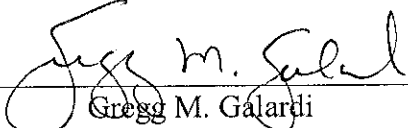

Gregg M. Galardi

Exhibit A
Ultimate Electronics, Inc.
Service List

Former Counsel to the Debtors:

Gregg M. Galardi, Esq.
Mark L. Desgrosseilliers, Esq.
Matthew P. Ward, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, DE 19899
Tel: 302-651-3000
Fax: 302-651-3001

Former Special Corporate Counsel to the Debtors:

Paul Hilton, Esq.
Hogan & Hartson L.L.P.
One Tabor Center, Suite 1500
1200 Seventeenth Street
Denver, CO 80202
Tel: 303-454-2414
Fax: 303-899-7333

Plan Administrator for Liquidating Ultimate:

David A. Carter
Ultimate Electronics, Inc.
321 W. 84th Avenue, Suite A
Thornton, CO 80260

Office of the United States Trustee:

Bill Harrington, Esq.
Office of the U.S. Trustee
844 King Street
Suite 2207, Lockbox 35
Wilmington, DE 19801
Tel: 302-573-6491
Fax: 302-573-6497

Counsel to the Agent for the Debtors'

Postpetition Lenders:

Robert A.J. Barry, Esq.
Bingham McCutchen LLP
150 Federal Street
Boston, MA 02110
Tel: 617-951-8000
Fax: 617-951-8736

Tina L. Brozman, Esq.
Jeffrey T. Kirshner, Esq.
Bingham McCutchen LLP
399 Park Avenue
New York, NY 10022
Tel: 212-705-7756
Fax: 212-702-3627

Daniel J. DeFranceschi, Esq.
Jason M. Madron, Esq.
Richards, Layton & Finger, PA
One Rodney Square
P.O. Box 551
Wilmington, DE 19899
Tel: 302-651-7700
Fax: 302-651-7701

Counsel to Ultimate Acquisition Partners, L.P.:

Jack Kinzie, Esq.
Baker Botts L.L.P.
2001 Ross Avenue
Dallas, TX 75201
Tel: 214-953-6500
Fax: 214-953-6503

Former Financial Advisors to the Debtors:

Robert J. Duffy
FTI Consulting
125 High Street, Suite 1402
Boston, MA 02110
Tel: 303-689-8829
Fax: 303-689-8802

Counsel to the Plan Administrator:

Robin E. Phelan, Esq.
Mark X. Mullin, Esq.
Haynes and Boone, LLP
901 Main Street, Suite 3100
Dallas, TX 75202-3789
Tel: 214-651-5000
Fax: 214-651-5940

Laura Davis Jones, Esq.
Sandra G. McLamb, Esq.
Pachulski, Stang, Ziehl, Young, Jones &
Weintraub P.C.
919 N. Market Street, 16th Floor
P.O. Box 8705
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