



**For Immediate Release**

**CHALLENGER CAPITAL SERVES AS ADVISOR FOR  
MARK WATTLES ON ULTIMATE ELECTRONICS M&A DEAL**

***Dallas Firm Guides Acquisition of  
Ultimate Electronics and Soundtrak Stores and Assets***

Dallas – April 20, 2005 – Challenger Capital Group, Ltd., a Dallas-based full-service investment bank, has advised Mark J. Wattles and Ultimate Acquisitions Partners (UAP) on the acquisition of certain assets of Ultimate Electronics Inc. (NASDAQ: ULTEQ).

Through the transaction, UAP acquired 32 Ultimate Electronics and Soundtrak stores together with their trade names and other corporate assets. UAP is owned by Wattles Enterprises, LLC, which is controlled by Wattles and invests primarily in public and private companies in the consumer products and retail sectors. Wattles is the founder and former Chairman and CEO of Hollywood Entertainment Corp. (NASDAQ: HLYW).

With the purchase of these stores, UAP plans to enhance Ultimate Electronics' product inventory, as well as assume employee management of the stores and the company's corporate headquarters. Wattles will direct operations as Chairman and CEO of UAP.

“This acquisition allows Ultimate Electronics to continue to invigorate its best performing stores, with the benefit of Wattles' extensive retail experience,” said Mark Stephens, Executive Director and CEO of Challenger. “We were pleased to partner with Wattles again and provide the necessary resources to finalize a successful deal for all involved parties.”

Under the terms of the transaction, UAP provided \$47.1 million, \$43.6 million in cash and \$3.5 million in a note, to purchase 32 stores in the following Metropolitan areas: Albuquerque, N.M.; Boulder, Colo.; Colorado Springs, Colo.; Denver; Fort Collins, Colo.; Las Vegas; Minneapolis; Oklahoma City; Phoenix; St. Louis; and Tulsa, Okla. Wells Fargo Retail Finance provided partial financing.

Earlier this year, Challenger advised Wattles and his Mark Wattles Enterprises, which owns UAP, on the purchase of 6.85 million shares of Ultimate Electronics Inc. common stock for \$4.5 million. Wattles Enterprises also gained the option to purchase another 1.80 million shares as part of a voting agreement covering a total of 2.7 million shares. Further, Wattles Enterprises participated in a debtor-in-possession credit facility for Ultimate Electronics Inc., as did Wells Fargo Retail Finance.

“Again, Stephens and Challenger Capital showed both creativity and tenacity in bringing together a successful conclusion to a complicated financial situation,” said Wattles.

About Ultimate Electronics Inc.

Ultimate Electronics Inc. (NASDAQ: ULTEQ) is a leading specialty retailer of home entertainment and consumer electronics products in 14 states. The Company operates 65 stores, including 54 stores in Arizona, Idaho, Illinois, Iowa, Kansas, Minnesota, Missouri, Nevada, New Mexico, Oklahoma, South Dakota, Texas and Utah under the trade name Ultimate Electronics(R) and 11 stores in Colorado under the trade name SoundTrack(R). In addition, the Company operates Fast Trak Inc., an independent electronics repair company and a wholly owned subsidiary of Ultimate Electronics. During the past two years, the Company received numerous industry awards including Audio Video International's 2003 "Top 10 Audio/Video Retailer of the Year."

About Challenger Capital Group, Ltd.

Challenger Capital Group is a Dallas-based investment bank serving the corporate finance needs of middle-market growth companies. Challenger specializes in private placements of equity, mezzanine and debt, as well as advisory services, including mergers and acquisitions, divestitures, corporate real estate and business strategy. The Challenger staff has exceptional experience, having completed more than 400 transactions representing over \$246 billion in aggregate transaction value. Challenger's broad industry expertise includes transactions in the consumer products, energy, entertainment, food service, healthcare, industrial products, media, natural gas, oilfield service, publishing, retail and telecom sectors. For more information, visit [www.challengercapitalgroup.com](http://www.challengercapitalgroup.com).

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