

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11  
TWEETER HOME ENTERTAINMENT : Case No. 07-10787 (PJW)  
GROUP, INC., et al. :  
 : Jointly Administered  
Debtors. : Hearing Date: 6/26/07 at 3:00 p.m.  
Obj. Due: 6/25/07 at 5:00 p.m.  
-----X **Related Docket No. 111**

STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
REGARDING THE DEBTORS' MOTION FOR ORDER (I) APPROVING PROCEDURES  
IN CONNECTION WITH SALE OF ALL OR SUBSTANTIALLY ALL OF THE  
BUSINESS, (II) AUTHORIZING THE DEBTORS TO ENTER INTO  
STALKING HORSE AGREEMENTS IN CONNECTION WITH GOING CONCERN,  
STORE CLOSING AND MISCELLANEOUS ASSET SALE, (III) APPROVING THE  
PAYMENT OF TERMINATION FEE IN CONNECTION THEREWITH, AND  
(IV) SETTING AUCTION AND HEARING DATES PURSUANT  
TO BANKRUPTCY CODE SECTIONS 105 AND 363

The Official Committee of Unsecured Creditors (the "Committee") of Tweeter Home Entertainment Group, Inc., et al. (the "Debtors") by its proposed undersigned co-counsel, Otterbourg, Steindler, Houston & Rosen, P.C. and Pachulski Stang Ziehl Young Jones Weintraub LLP, hereby submits this Statement with respect to the Debtors' Motion for Order (I) Approving Procedures in Connection with Sale of All or Substantially All of the Business, (II) Authorizing the Debtors to Enter Into Stalking Horse Agreements in Connection with Going Concern Store Closing and Miscellaneous Asset Sale, (III) Approving the Payment of Termination Fee in Connection therewith, and (IV) Setting Auction and Hearing Dates Pursuant



to Bankruptcy Code Sections 105 and 363 (the “Motion”). In support thereof, the Committee respectfully represents and alleges, as follows:

### INTRODUCTION

1. The Committee was formed on Friday, June 22, 2007, only three calendar days ago. During the intervening weekend, the Committee and its advisors worked tirelessly to attempt to understand and appreciate the Debtors’ current financial and operational condition. As would be expected, even considering the efforts of the Committee, its advisors, and the Debtors’ advisors in bringing the Committee up to speed, the Committee is still seeking a more complete understanding of these important issues. Nevertheless, the helpful communications that have occurred over the weekend and today have led the Committee to believe that the process outlined in the Debtors’ Motion is in fact appropriate under the circumstances and, hopefully, will lead to spirited bidding. Thus, based on the information known by the Committee to date, the Committee is supportive of the Debtors’ Motion, including its request for the approval of breakup fees for stalking horse bidders.

2. Notwithstanding the Committee’s support for the Debtors’ auction process, it bears repeating that the Committee was formed only days ago and is still evaluating a vast amount of information only recently conveyed by the Debtors. Therefore, the Committee, as a fiduciary for all unsecured creditors, reserves all of its rights, including the right to file a motion seeking to extend the auction and/or sale approval dates proposed in the Motion in the event that the Committee determines that doing so would be to the benefit of the Debtors’ estates.

## BACKGROUND

3. On June 11, 2007 (the “Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to Bankruptcy Code Sections 1107 and 1108. On June 22, 2007, the Office of the United States Trustee appointed the Committee. The Committee consists of Ryder Truck Rental, Inc., Polk Audio, Inc., Simon Property Group, Inc., The Quest Group, and OmniMount Systems, Inc. On June 22, 2007, the Committee selected the law firm of Otterbourg, Steindler, Houston & Rosen, P.C. to serve as lead co-counsel, and the law firm of Pachulski Stang Ziel Young Jones Weintraub LLP to serve as Delaware co-counsel. Also on June 22, 2007, the Committee selected the firm of BDO Seidman LLP (“BDO”) to serve as financial advisors.

4. Almost immediately following the 8:00 p.m. conclusion of the initial meeting of the Committee on Friday, June 22<sup>nd</sup>, the Committee’s financial and legal advisors began nearly “round the clock” dialogue with the Debtors’ advisors regarding the sale process and other important issues in the case that required the immediate attention of the Committee. Recognizing the onerous timing placed upon the Committee, the Debtors and their advisors have been forthcoming and cooperative in an effort to facilitate the Committee’s understanding of the Debtors’ current situation. BDO immediately began its review of information made available by the Debtors on a secure website in order to quickly assist the Committee in becoming more fully informed. These efforts have greatly enhanced the Committee’s ability to evaluate the merits of the Debtors’ Motion.

THE COMMITTEE IS SUPPORTIVE OF THE PROCESS

5. The Committee has unfortunately found itself parachuted into a sale process that cannot easily be delayed without putting the estates at risk. As a result of the tireless efforts of the Committee and the Debtors, the Committee has concluded that, based on the information currently known to it, the process outlined in the Motion is in the best interests of the Debtors' estates. While the Committee certainly would have appreciated the benefit of additional time to (a) evaluate the sale process undertaken by the Debtors and (b) determine whether there existed additional sources of financing or restructuring opportunities for the Debtors, that does not appear possible under the current circumstances.

6. The Committee will continue to conduct its due diligence and will continue to become more familiar with the myriad facts regarding, among other things, the sale process and the Debtors' current debtor-in-possession financing facility. In the event that the Committee's due diligence determines that it is in the best interests of the Debtors' estates to extend the sale process, by, for example, extending the dates for the auction, or delaying the July 13, 2007 sale approval hearing date, the Committee respectfully reserves its right to file any and all appropriate motions, including a motion seeking extension(s) of the proposed auction and sale approval dates.

WHEREFORE, the Committee respectfully requests that the Court approve the Debtors' Motion, subject to the reservation of rights as detailed herein.

DATED: June 25, 2007

Respectfully submitted,

PACHULSKI STANG ZIEHL YOUNG JONES &  
WEINTRAUB LLP



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William P. Weintraub (WW-2897)  
Bruce Grohsgal (DE Bar No. 3583)  
919 North Market Street  
17th Floor  
Wilmington, DE 19899  
Telephone: (302) 652-4100  
Facsimile: (212) 561-7777

- and -

OTTERBOURG, STEINDLER, HOUSTON &  
ROSEN, P.C.

Scott L. Hazan (SH-0650)  
Lorenzo Marinuzzi (LM-7099)  
230 Park Avenue  
New York, New York 10169  
Telephone: (212) 661-9100  
Facsimile: (212) 682-6104

[Proposed] Attorneys for the Official Committee of  
Unsecured Creditors of Tweeter Home  
Entertainment Group, Inc., et al.

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FOR THE DISTRICT OF DELAWARE

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TWEETER HOME ENTERTAINMENT ) Case No. 07-10787 (PJW)  
GROUP, INC., et al. ) (Jointly Administered)  
)  
Debtors. )

**CERTIFICATE OF SERVICE**

I, Bruce Grohsgal, hereby certify that on the 25<sup>th</sup> day of June, 2007, I caused a copy of the following documents to be served on the individuals on the attached service list in the manner indicated:

**Statement of The Official Committee of Unsecured Creditors Regarding the Debtors' Motion for Order (I) Approving Procedures in Connection with Sale of All or Substantially All of the business, (II) Authorizing the Debtors to Enter Into Stalking Horse Agreements in Connection with Going Concern, Store Closing and Miscellaneous Asset Sale, (III) Approving the Payment of Termination Fee in Connection Therewith, and (IV) Setting Auction and Hearing Dates Pursuant to Bankruptcy Code Sections 105 and 363**

June 25, 2007



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Bruce Grohsgal (Bar No. 3583)

Tweeter Home Entertainment Group, Inc.  
Service List Re: Statement of Creditors'  
Committee Re: Sale Motion  
Case No. 07-10787  
Document No. 128577  
01 – Electronic Delivery  
03 – Hand Delivery  
01 – First Class Mail

***Via Electronic Delivery***

Raj.barry@bingham.com

(Counsel to GEEC)

Robert A.J. Barry, Esquire  
Bingham McCutchen LLP  
150 Federal Street  
Boston, MA 02110

***Hand Delivery***

(Counsel to Debtors)

Gregg M. Galardi, Esquire  
Skadden, Arps, Slate, Meagher & Flom LLP  
One Rodney Square  
PO Box 636  
Wilmington, DE 19899

***Hand Delivery***

(Counsel to GEEC)

Mark D. Collins, Esquire  
Richards, Layton & Finger, P.A.  
One Rodney Square  
920 North King Street  
Wilmington, DE 19801

***Hand Delivery***

(United States Trustee)

Mark Kenney, Esquire  
Office of the United States Trustee  
844 North King Street, Room 2207  
Lockbox 2207  
Wilmington, DE 19801

***First Class Mail***

([Proposed] Counsel for Official Committee  
of  
Unsecured Creditors)  
Scott L. Hazan, Esquire  
Lorenzo Marinuzzi, Esquire  
Otterbourg, Steindler, Houston & Rosen,  
P.C.  
230 Park Avenue  
New York, NY 10169