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6 [Proposed] Counsel for Official Committee of Unsecured Creditors

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8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **LOS ANGELES DIVISION**

11 In re )  
12 ESTYLE, INC., a Delaware corporation, dba )  
babystyle, Cadeau, and Cadeau Designs, )  
13 Debtor. )

Case No. LA 08-13518 SB  
Chapter 11  
**OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS' LIMITED OPPOSITION TO  
DEBTOR'S MOTION FOR ORDER APPROVING  
STIPULATION REGARDING USE OF CASH  
COLLATERAL BETWEEN DEBTOR AND  
SECOND PRIORITY "BRIDGE LENDERS";  
DECLARATION IN SUPPORT**

Date: April 29, 2008  
Time: 11:00 a.m.  
Place: Ctrm "1575"  
255 E. Temple Street  
Los Angeles, CA 90012

22  
23 **TO THE HONORABLE SAMUEL L. BUFFORD, UNITED STATES BANKRUPTCY JUDGE, THE DEBTOR,**  
24 **ITS COUNSEL OF RECORD AND ALL OTHER INTERESTED PARTIES:**

25 The Official Committee of Unsecured Creditors (the "Committee") in the above-captioned Chapter 11  
26 case filed by eStyle, Inc., a Delaware corporation dba babystyle, Cadeau and Cadeau Designs, debtor and  
27 debtor-in-possession (the "Debtor"), hereby responds to the Debtor's Motion Pursuant to Section 363(c) of the  
28

1 Bankruptcy Code and Rule 4001(b) of the Federal Rules of Bankruptcy Procedure for Order Approving  
2 Stipulation Regarding Use of Cash Collateral Between Debtor and "Bridge Lenders"<sup>1</sup> (the "Motion") as follows:

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4 **I. INTRODUCTION**

5 On April 10, 2008, the Office of the United States Trustee ("OUST") formed the Committee and  
6 appointed Committee counsel, subject to Court approval. The Committee hereby submits its response to  
7 Debtor's Motion wherein the Debtor seeks an order approving a Stipulation with the Bridge Lenders for (1)  
8 Debtor's use of cash collateral to pay its normal and customary operating expenses, (2) replacement liens to  
9 Bridge Lenders in post-petition collateral to extent, validity and priority of their pre-petition liens, (3) a "carve-  
10 out" of its collateral for fees and expenses of only Debtor's professionals, and (4) termination date provisions  
11 for use of cash collateral.

12 The Committee submits that any order approving the Stipulation should (1) specifically preserve the  
13 Committee's right to object to any and all liens and claims of the Bridge Lenders as they are "insiders" of the  
14 Debtor and secured claim arose just a few months prior to the chapter 11 bankruptcy filing date; (2) require  
15 the Debtor to provide Committee counsel with any and all reports provided to the Bridge Lenders (see  
16 Stipulation, p.5, ¶ 7); (3) include a "carve-out" not just for the Debtor's professionals, but the Committee's  
17 professionals, as well (see Stipulation, p.5, ¶ 5); and (4) for any other and further relief as this Court deems  
18 just and proper. The Committee respectfully reserves its right to further respond at the hearing on the Motion.

19 **II. STATEMENT OF RELEVANT FACTS**

20 1. On March 19, 2008, the Debtor commenced this bankruptcy case by the filing of a voluntary  
21 petition under Chapter 11 (the "Petition Date").

22 2. On or about March 21, 2008, pursuant the Debtor's "emergency first day motions," the Court  
23 authorized, among other things, the Debtor's interim use of cash collateral (the "Interim Cash Collateral  
24 Order"). The final hearing on the Debtor's Motion for a final order authorizing its use of cash collateral took  
25 place on April 17, 2008.

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<sup>1</sup> The "Bridge Lenders" shall refer collectively to Oak Investment Partners, IX, Oak IX Affiliates Fund, Oak IX Affiliates Fund-A, GRP II, L.P., GRP II Partners, L.P., and GRP II Investors, L.P.



1 Court ordered at the April 17 Hearing). During this time, in conjunction with the Debtor, the Committee would  
2 like to analyze the various assets of Debtor's estates, among them, various nonresidential real property  
3 leases, the value of Debtor's operations as a whole, Debtor's online operations, etc. to identify the value for  
4 the benefit of this Estate.

5 **B. The Committee Conditionally Supports the Stipulation.**

6 1. The Stipulation Must Preserve The Committee's Right to Object to Any and All Liens of the  
7 "Insider" Bridge Lenders.

8 As provided in the Motion, the Bridge Lenders are "insiders" of the Debtor. 11 U.S.C. § 101.  
9 Specifically, the Bridge Lenders are equity holders in the Debtor, and one representative of Oak Entities and  
10 one of GRP Entities serve on the Debtor's board of directors. (Motion, p.2:17-19) Further, the Bridge Lenders  
11 financing and alleged secured claims first arose in November 2007 (just a few months prior to this chapter 11  
12 bankruptcy filing).

13 Based upon the foregoing, the Committee submits that it must preserve any and all rights to object to  
14 any and all liens of the Bridge Lenders. (See Stipulation, p.4, ¶ 3)

15 2. The Debtor Should Be Required to Provide the Committee with Any and All Reporting  
16 Provided to the Bridge Lenders.

17 The Stipulation provides that the Debtor shall provide monthly Interim Statements and Operating  
18 Reports that it files with the Office of the United States Trustee to the Bridge Lenders. (Stipulation, p.5, ¶ 7)  
19 The Committee submits all reports provided to the Bridge Lenders should be provided to the Committee.

20 3. The Stipulation Should Include a "Carve-out" For the Fees and Costs of BOTH the Debtor's  
21 Professionals AND the Committee's Professionals.

22 The cash collateral order and Budget, previously approved by the Court at the April 17 Hearing,  
23 already includes (1) a \$5,000 per week line item allocation (estimated) to the Committee for its fees and costs,  
24 and (2) a \$30,000 per week line item allocation for "Administrative Fees".<sup>2</sup> The Stipulation, however, only  
25 provides for a "carve-out" for the Debtor's professionals' fees and costs. (See Stipulation, p.5, ¶ 5) This is  
26 inconsistent with this Court's prior Order.

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28 <sup>2</sup> At the April 17 Hearing, the Court noted that the Committee is an "Administrative Fee".

1 Not only is the Stipulation inconsistent with the Court's prior order, the only way the Committee can  
2 be assured a voice in this case, on a level playing field with the Debtor's professionals, is a requirement to be  
3 provided funding along with the Debtor's professionals (as this Court already approved). The Committee is the  
4 only administrative professional that is not covered by any pre-petition retainer. The Committee submits that  
5 the Order on the pending Motion should include a requirement to provide a "carve-out" to the Committee for  
6 its professionals' fees and costs (subject to Court approval).

7 C. The Bridge Lenders Are Adequately Protected.

8 As provided in detail in the motion and related pleadings that were the subject of the April 17 Hearing,  
9 Wachovia and the Bridge Lenders (collectively, the "Secured Parties")<sup>3</sup> are adequately protected by a sizeable  
10 equity cushion, and, if necessary, a replacement lien on the Debtor's assets to the extent of any diminution in  
11 value of their collateral. Thus, payment of the administrative fees and costs, including those of the  
12 Committee, should be authorized through the use of cash collateral.

13 **IV. CONCLUSION**

14 **WHEREFORE**, the Committee hereby respectfully requests that this Court approve the Motion for an  
15 order approving the Stipulation subject to the conditions raised in the Motion to assure protections to the  
16 Committee, and for such other and further relief as this Court deems just and proper.

17  
18 Dated: April 29, 2008

LANDSBERG MARGULIES LLP

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20 By: /s/ Craig G. Margulies  
21 CRAIG G. MARGULIES  
22 [Proposed] Counsel for Official Committee of  
23 Unsecured Creditors  
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28 <sup>3</sup> The Committee reserves any and all rights to object to the alleged secured claims in this case, and merely makes such references for ease of this Response.

1 DECLARATION OF RONALD M. TUCKER

2 1. I am a Senior Commercial Law Attorney with Simon Property Group, Inc., the Chair of the  
3 Official Committee of Unsecured Creditors (the "Committee") in the Chapter 11 case of ESTYLE, INC., a  
4 Delaware corporation, dba babystyle, Cadeau, and Cadeau Designs. As such, I have personal knowledge of  
5 the facts attested hereto or have gained such knowledge by review of the files and bankruptcy docket in this  
6 bankruptcy case.

7 2. The Committee has reviewed the "Official Committee of Unsecured Creditors' Limited  
8 Opposition To Debtor's Motion For Order Approving Stipulation Regarding Use Of Cash Collateral Between  
9 Debtor And Second Priority 'Bridge Lenders'; Declaration In Support" and support the relief requested therein.

10 I declare under penalty of perjury under the laws of the United States of America that the foregoing is  
11 true and correct.

12 Executed this 29<sup>th</sup> day of April 2008 in Indianapolis, Indiana.

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14 /s/ Ronald M. Tucker  
15 Ronald M. Tucker, Chair  
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EXHIBIT "1"

**eStyle, Inc.**  
**Cash Collateral Model (Forecast 04/22/08 15 store model)**

April

	Actual Week 1 3/23-3/29	Actual Week 2 3/30-4/05	Actual Week 3 4/06-4/12	Actual Week 4 4/13-4/19	Actual Week 5 4/20-4/26	Total April
Net Cash Receipts from DTC Sales	\$314,615	\$271,417	\$282,554	\$385,367	\$366,477	\$1,620,430
Liquid rcts from CLAW/warehouse/jobber	5,401	978	-	\$19,246	\$20,127	\$45,752
Total DTC receipts	320,017	272,394	282,554	404,613	386,604	1,665,182
Net Cash Receipts from Retail Sales	\$371,010	\$407,389	\$394,366	\$395,332	\$421,862	\$1,979,962
Liquidation receipts from 5 stores**** (MVJ, BRC, WFM, WIL, RFD)	118,394	170,897	209,836	198,966	152,023	850,105
Net Cash Receipts Total DTC & Stores	\$809,412	\$850,679	\$876,758	\$998,911	\$960,489	\$4,496,249
Other Cash Receipts						
List Rental & Misc Receipts, chase reserve*	(37,464)	30,965	(200,000)	-	80,500	(128,599)
Cash Payments:						
Inventory	-	285,155	334,378	287,114	284,731	1,171,378
UPS Freight Services (Imports)	29,000	56,330	12,652	64,470	83,969	246,421
Packing/Gift Supplies & Domestic Freight In	-	3,418	5,365	22,924	20,882	52,370
DTC Shipping (UPS & USPS)	-	-	51,494	82,146	72,430	206,070
New Breed/Bergen (Distribution center)	-	-	49,552	89,433	87,627	226,611
Freight to Stores	-	-	953	13,374	16,349	30,676
Salaries, Wages, Benefits	15,694	385,708	44,508	400,000	27,333	873,244
Credit Card Processing****	19,131	20,208	20,588	23,631	22,713	108,271
Rent	455,780	8,165	962	52,000	-	516,906
Direct Mail	-	-	21,800	-	-	33,600
Marketing	3,121	752	4,242	10,000	-	28,115
Technology & CAPEX & CAP Leases	-	-	13,960	35,081	-	70,470
Corporate/Homebase**	15,099	19,336	13,980	35,081	21,429	70,470
Retail Store Expenses*****	9,175	8,065	3,978	124,274	121,925	340,442
Sales & Use Tax	-	-	-	73,337	65,958	180,513
Administrative fees (see memo# 8 below)	-	-	-	-	-	100,000
Creditors administrative fee	-	-	-	-	-	5,000
Total Cash Payments	\$546,999	\$787,137	\$602,440	\$1,299,585	\$931,926	\$4,168,087
Net Cash Flow	\$224,948	\$93,908	\$74,489	(\$300,674)	\$109,063	\$201,734
Credit Line Availability	2,609,264	2,090,810	1,870,216	2,586,323	2,459,573	2,459,573
Loan Balance	2,059,161	2,083,856	2,083,856	2,076,992	2,070,128	2,070,128
Remaining Credit Line Available	\$540,104	\$6,954	(\$213,640)	\$489,332	\$389,446	\$389,446
Roll forward B/S cash (beg of wk)	908,947	1,133,895	1,227,803	1,302,292	994,754	908,947
Credit line change	-	-	-	(6,864)	(6,864)	(13,728)
+/- Cash flow	224,948	93,908	74,489	(300,674)	109,063	201,734
End of wk B/S cash test	1,133,895	1,227,803	1,302,292	994,754	1,096,953	1,096,953

8. Payment from prior retailer (not in model)  
 9. Beginning month inventory at cost

6,508,579 6,197,564 6,049,525 5,899,275 5,738,504  
 16,531,244 15,741,292 15,365,285 14,983,683 14,675,318  
 5,810,530 5,532,872 5,400,710 5,286,574 5,123,046  
 3,741,389 3,449,016 3,316,854 3,189,582 3,052,919  
 381,810 445,966 496,284 519,988 665,967  
 300,000 300,000 300,000 300,000 300,000  
 4,423,179 4,194,982 4,113,138 4,009,550 4,018,886

50,000 50,000 50,000 50,000 50,000  
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**Abbreviations:**  
 DTC is short for Direct to consumer; CAPEX is short for Capital expenditures; CAP leases is short for Capital leases  
 \*Placetholder reserve estimated incase processor withhold additional funds (not anticipated as necessary)  
 \*\* (Factual Week 1) Estimate of chase reserve withheld this week (\$96k withheld of \$100k total due). Utility deposits reflected in cash payments  
 \*\*\* Corporate/homebase includes non-payroll overhead expenses such as insurance, employee expense reports, temp help,  
 professional fees, samples, office supplies  
 \*\*\*\* Credit card processing fees are deducted from cash payments received  
 \*\*\*\*\* Liquidation sales for Cadeau (Los Angeles) my happen in either the warehouse or in Cadeau (New York)  
 \*\*\*\*\* Retail store expenses include \$25k/store for 6 closing stores spread week 3 thru week 5, \$7-10k per store is designated as retention pay  
 \*\*\*\*\* Assumes additional return of Amex reserve of \$100k

Cash collateral model Feb-4-11 v1 (4-22-08) HC-JS  
 4/23/2008 2:04 PM  
 1 of 5  
 Page 1 of 5  
 4/23/2008 2:04 PM

**eStyle, Inc.**  
**Cash Collateral Model (Forecast 04/22/08 15 store model)**

May

	Week 1 4/27-5/03	Week 2 5/04-5/10	Week 3 5/11-5/17	Week 4 5/18-5/24	Total May
<b>Net Cash Receipts from DTC Sales</b>	\$366,405	\$392,367	\$356,689	\$425,272	\$1,520,713
Liquid rcpts from CL/Awarehouse/jobber	\$40,000	\$40,000	\$40,000	\$40,000	\$160,000
<b>Total DTC receipts</b>	\$386,405	\$432,367	\$396,689	\$465,272	\$1,680,713
<b>Net Cash Receipts from Retail Sales</b>	\$441,075	\$443,919	\$421,920	\$384,849	\$1,691,763
Liquidation rcpts from 3 stores (MVJ, GLN, WCH)	107,716	136,109	139,074	98,447	481,346
<b>Net Cash Receipts Total DTC &amp; Stores</b>	\$935,196	\$1,012,395	\$957,663	\$948,568	\$3,853,822
<b>Other Cash Receipts</b>	-	-	-	84,145	84,145
List Rental & Misc Receipts, chase reserve*	-	-	-	84,145	84,145
<b>Cash Payments:</b>					
Inventory	370,643	241,264	194,669	312,427	1,119,003
UPS Freight Services (Imports)	58,036	10,361	15,154	41,215	124,766
Packing/Gift Supplies & Domestic Freight In	10,445	11,792	10,854	10,284	43,375
DTC Shipping (UPS & USPS)	36,789	42,622	38,092	46,799	164,302
New Breed/Bergen (Distribution center)	47,914	51,926	48,999	50,506	199,345
Freight to Stores	6,071	6,417	6,206	5,347	24,041
Salaries, Wages, Benefits	356,230	11,638	359,230	20,971	748,068
Credit Card Processing***	22,137	24,026	22,674	22,759	91,596
Rent****	419,632	-	72,129	-	491,761
Direct Mail	2,250	2,250	2,250	2,250	9,000
Marketing	9,008	9,008	9,008	9,008	36,034
Technology & CAPEX & CAP Leases	13,069	15,802	13,636	17,367	59,674
Corporate/homebase**	56,408	54,781	27,161	32,195	170,545
Retail Store Expenses	95,643	26,538	5,993	23,768	151,942
Sales & Use Tax	90,000	-	-	210,455	300,455
Administrative fees (see memo# 8 below)	5,000	5,000	30,000	30,000	60,000
Creditors administrative fee	1,599,276	513,224	861,055	840,351	3,813,906
<b>Total Cash Payments</b>	<b>\$564,079</b>	<b>\$499,171</b>	<b>\$96,607</b>	<b>\$192,362</b>	<b>\$124,061</b>
<b>Net Cash Flow</b>	<b>2,424,911</b>	<b>2,325,078</b>	<b>2,158,944</b>	<b>2,089,246</b>	<b>1,096,953</b>
Credit Line Availability	2,082,487	1,904,940	1,770,316	1,727,543	1,096,953
Loan Balance	<b>\$362,423</b>	<b>\$420,138</b>	<b>\$388,628</b>	<b>\$361,703</b>	<b>\$342,585</b>
<b>Remaining Credit Line Available</b>	<b>1,096,953</b>	<b>425,233</b>	<b>768,857</b>	<b>728,840</b>	<b>728,840</b>
Roll forward B/S cash (beg of wk)	(7,640)	(157,547)	(134,624)	(42,773)	(342,585)
Credit line change	(864,079)	499,171	96,607	192,362	124,061
+/- Cash flow	425,233	768,857	728,840	878,429	878,429
<b>End of wk B/S cash fcst</b>	<b>5,820,683</b>	<b>5,564,478</b>	<b>5,303,525</b>	<b>5,142,724</b>	<b>4,242,061</b>
<b>Memo:</b>					
1. Ending inventory	14,784,046	14,133,307	13,470,507	13,062,087	13,062,087
2. Inventory @ retail (60.3% mark-up)	5,196,411	4,967,685	4,734,719	4,591,164	4,591,164
3. Orderly liquidation @35% of retail	3,133,924	3,062,745	2,964,403	2,863,621	2,863,621
4. Wachovia collateral inventory equity	417,851	446,121	410,464	421,166	421,166
5. A/R Equity value	300,000	300,000	300,000	300,000	300,000
6. Other estimated collateral (F&E, equip, etc.)	3,651,775	3,808,865	3,674,867	3,584,787	3,584,787
7. Wachovia total collateral equity (4+5+6)	50,000	50,000	-	-	-
8. Payment from prior retainer (not in model)	-	-	-	-	-

**Abbreviations:**

DTC is short for Direct to consumer, CAPEX is short for capital expenditures, CAP leases is short for Capital leases

\*Placcholder reserve estimated increase processor withhold additional funds (not anticipated as necessary)

\*\* Corporate/homebase includes non-payroll overhead expenses such as insurance, employee expense reports, temp help, professional fees, samples, office supplies

\*\*\*Credit card processing fees are deducted from cash payments received

\*\*\*\* Miscellaneous receipts in week 4 includes \$15k/store for receipts from sale of fixture etc for 6 closing stores

\*\*\*\*\* Added \$100k for 5 store \$40k in week 1 and corporate office \$20k in week 3

had cleared at the time of preparing this cash collateral model.  
This is therefore an estimate of cash

**eStyle, Inc.**  
**Cash Collateral Model (Forecast 04/22/08 15 store model)**

June

	Week 1 5/25-5/31	Week 2 6/01-6/07	Week 3 6/08-6/14	Week 4 6/15-6/21	Total June
<b>Net Cash Receipts from DTC Sales</b>	\$319,567	\$334,895	\$306,892	\$367,225	\$1,328,579
Liquid rcts from CLAWarehouse/jobber	\$0	\$0	\$0	\$0	\$0
<b>Total DTC receipts</b>	\$319,567	\$334,895	\$306,892	\$367,225	\$1,328,579
<b>Net Cash Receipts from Retail Sales</b>	365,230	379,875	353,474	354,288	1,452,867
Liquidation receipts from 3 stores	89,784	-	-	-	89,784
<b>Net Cash Receipts Total DTC &amp; Stores</b>	\$774,582	\$714,770	\$660,366	\$721,513	\$2,871,231
<b>Other Cash Receipts</b>	-	-	-	-	-
List Rental & Misc Receipts, chase reserve*	-	-	-	\$4,269	\$4,269
<b>Cash Payments:</b>					
Inventory	156,599	228,228	218,169	420,927	1,023,923
UPS Freight Services (Imports)	19,775	29,775	24,774	46,600	120,924
Packing/Gift Supplies & Domestic Freight In	8,519	7,193	6,219	7,153	29,083
DTC Shipping (UPS & USPS)	33,221	35,167	31,612	39,270	139,270
New Breed/Bergien (Distribution center)	43,429	41,684	38,974	42,791	166,878
Freight to Stores	6,653	5,821	5,529	5,538	23,542
Salaries, Wages, Benefits	333,393	10,770	312,842	10,770	667,773
Credit Card Processing***	18,356	17,112	15,784	17,411	68,663
Rent	314,245	52,000	-	-	366,245
Direct Mail	2,250	2,250	2,250	2,250	9,000
Marketing	5,342	5,342	5,342	5,342	21,370
Technology & CAPEX & CAP Leases	11,944	12,754	11,208	14,517	50,424
Corporate/Homebase**	36,725	65,350	63,295	40,222	205,593
Retail Store Expenses	58,331	33,180	796	632	92,939
Sales & Use Tax	145,000	-	-	29,373	174,373
Administrative fees	30,000	30,000	30,000	30,000	120,000
Creditors administrative fee	5,000	5,000	5,000	5,000	20,000
<b>Total Cash Payments</b>	1,228,733	581,625	771,796	717,797	3,300,011
<b>Net Cash Flow</b>	<b>(\$454,201)</b>	<b>\$133,145</b>	<b>(\$111,430)</b>	<b>\$57,985</b>	<b>(\$374,501)</b>
Credit Line Availability	1,941,862	1,930,030	1,893,250	2,019,015	
Loan Balance	1,589,777	1,605,498	1,565,574	1,500,000	
<b>Remaining Credit Line Available</b>	<b>\$324,085</b>	<b>\$324,532</b>	<b>\$327,676</b>	<b>\$519,016</b>	
Roll forward B/S cash (beg of wk)	878,429	286,463	435,329	283,974	878,429
Credit line change	(137,766)	15,721	(39,924)	(65,574)	(227,543)
+/- Cash Flow	(454,201)	133,145	(111,430)	57,985	(374,501)
<b>End of wk B/S cash fcst</b>	<b>286,463</b>	<b>435,329</b>	<b>283,974</b>	<b>276,385</b>	<b>276,385</b>
<b>Memo:</b>					
1. Ending inventory	4,966,935	4,916,846	4,891,782	5,089,590	
2. Inventory @ retail (60.3% mark-up)	12,615,588	12,488,375	12,424,715	12,927,132	
3. Orderly liquidation @35% of retail	4,434,229	4,389,511	4,367,135	4,543,729	
4. Wachovia collateral inventory equity	2,844,452	2,784,013	2,801,561	3,043,729	
5. A/R Equity value	361,676	374,889	350,641	377,502	
6. Other estimated collateral (F&E, equip, etc.)	300,000	300,000	300,000	300,000	
7. Wachovia total collateral equity (4+5+6)	3,506,128	3,458,902	3,452,202	3,721,231	

**Abbreviations:**  
DTC is short for Direct to consumer; CAPEX is short for capital expenditures; CAP leases is short for Capital leases

\* Placeholder reserve estimated In case processor withholds additional funds (not anticipated as necessary)  
\*\* Corporate/homebase includes non-payroll overhead expenses such as insurance, employee expense reports, temp help,  
\*\*\* Professional fees, shipping, office supplies

Cash collateral model prepared by: 4/23/2008 2:04 PM  
Credit card processing fees are deducted from cash payments received

Note: There was uncertainty as to whether some checks had cleared at the time of preparing this cash collateral model. This is therefore an estimate of cash.

**eStyle, Inc.**  
**Cash Collateral Model (Forecast 04/22/08 15 store model)**  
**July**

	Week 1 6/22-6/28
Net Cash Receipts from DTC Sales	\$397,362
Liquid rcts from CLAWarehouse/jobber	-
<b>Total DTC receipts</b>	<b>\$397,362</b>
Net Cash Receipts from Retail Sales	\$354,404
Liquidation receipts	-
<b>Net Cash Receipts Total DTC &amp; Stores</b>	<b>\$751,765</b>
<b>Other Cash Receipts</b>	
List Rental & Misc Receipts	0

<b>Cash Payments:</b>	
Inventory	196,071
UPS Freight Services (imports)	18,935
Packing/Gift Supplies & Domestic Freight In	13,391
DTC Shipping (UPS & USPS)	40,434
New Breed	37,723
Freight to Stores (Gilbert)	3,921
Salaries, Wages, Benefits	324,376
Credit Card Processing *	17,959
Rent	-
Direct Mail	1,300
Marketing	3,279
Technology & CAPEX & CAP Leases	11,932
Corporate/Homebase	24,156
Retail Store Expenses	10,146
Sales & Use Tax	145,000
Administrative fees	0
Creditors administrative fee	5,000
<b>Total Cash Payments</b>	<b>853,622</b>
<b>Net Cash In/(Burn)</b>	<b>(\$101,857)</b>

Credit Line Availability	1,967,472
Loan Balance	1,492,739
<b>Remaining Credit Line Available</b>	<b>\$474,733</b>
Roll forward B/S cash (beg of wk)	276,385
Credit line change	(7,261)
+/- Cash Flow	(101,857)
<b>End of wk B/S cash fctst</b>	<b>167,267</b>

**Memo:**

1. Ending inventory	5,024,323
2. Inventory @ retail (60.3% mark-up)	12,761,358
3. Orderly liquidation @35% of retail	4,485,461
4. Wachovia collateral inventory equity	2,992,723
5. A/R Equity value	358,592
6. Other estimated collateral (F&E, equip, etc.)	300,000
7. Wachovia total collateral equity (4+5+6)	<b>3,651,315</b>

1 PROOF OF SERVICE

2 I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a  
3 party to the within action. My business address is 16030 Ventura Boulevard, Suite 470, Encino, CA 91436.

4 On **April 29, 2008** I served the within document(s) described as:

5 **OFFICIAL COMMITTEE OF UNSECURED CREDITORS' LIMITED OPPOSITION TO DEBTOR'S MOTION**  
6 **FOR ORDER APPROVING STIPULATION REGARDING USE OF CASH COLLATERAL BETWEEN**  
7 **DEBTOR AND SECOND PRIORITY "BRIDGE LENDERS"; DECLARATION IN SUPPORT**

8 on the interested parties in this action on the attached service list:

- 9  (BY MAIL) By placing a true copy of the foregoing document(s) in a sealed envelope addressed as  
10 set forth on the attached mailing list. I am readily familiar with this firm's practice for collection and  
11 processing of correspondence for mailing. Under that practice it would be deposited with the U.S.  
12 Postal Service on that same day with postage thereon fully prepaid in the ordinary course of  
13 business. I am aware that on motion of the party served, service is presumed invalid if postal  
14 cancellation date or postage meter date is more than one day after date of deposit for mailing  
15 contained in affidavit. I declare under penalty of perjury under the laws of the State of California that  
16 the foregoing is true and correct.
- 17  (BY EMAIL) By transmitting a true copy of the foregoing document(s) via email from this firm's email  
18 address, to each interested party set forth below or on the attached mailing list. Said transmission(s)  
19 were completed on the aforesaid date.
- 20  (BY FAX) By transmitting a true copy of the foregoing document(s) via facsimile transmission from  
21 this firm's facsimile machine, to each interested party set forth on the attached mailing list. Said  
22 transmission(s) were completed on the aforesaid date at the time stated on the transmission record  
23 issued by this firm's sending facsimile machine. Each such transmission was reported as complete  
24 and without error and a transmission report was properly issued by this firm's sending facsimile  
25 machine for each interested party served. A true copy of each transmission report is attached to the  
26 office copy of this proof of service and will be provided upon request.
- 27  (BY OVERNIGHT DELIVERY) I deposited in a box or other facility regularly maintained by Federal  
28 Express, an express service carrier, or delivered to a courier or driver authorized by said express  
service carrier to receive documents, a true copy of the foregoing document(s) in a sealed envelope  
or package designated by the express service carrier, addressed as set forth on the attached mailing  
list, with fees for overnight delivery paid or provided for.

Executed on April 29, 2008, at Los Angeles, California.

24 Craig G. Maraulies  
25 (Type or print name)

/s/ Craig G. Maraulies

(Signature)

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