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6  
7 Bankruptcy Counsel for eStyle, Inc., Debtor  
and Debtor in Possession

**FILED**  
**MAY - 7 2008**  
CLERK, U.S. BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
BY: [Signature]

**ENTERED**  
**MAY - 9 2008**  
CLERK U.S. BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
BY: Deputy Clerk

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

10  
11 In re  
12 ESTYLE, INC., a Delaware corporation,  
13 dba babystyle, Cadeau, and Cadeau  
14 Designs,  
15 Debtor.

Case No. 2:08-bk-13518-SB  
Chapter 11

**ORDER APPROVING STIPULATION  
BETWEEN DEBTOR, OFFICIAL  
UNSECURED CREDITORS'  
COMMITTEE, AND SECOND PRIORITY  
"BRIDGE LENDERS", 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. REGARDING USE OF  
CASH COLLATERAL**

DATE: May 6, 2008  
TIME: 11:00 a.m.  
PLACE: Courtroom 1575  
255 East Temple Street  
Los Angeles, CA 90012

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23 The motion (the "Motion") by eStyle, Inc. (the "Debtor"), debtor in  
24 possession, for an order approving a stipulation between the Debtor, Oak Investment  
25 Partners, IX, Limited Partnership, a Delaware limited Partnership, Oak IX Affiliates Fund,  
26 Limited Partnership, a Delaware limited partnership, and Oak IX Affiliates Fund-A,  
27 Limited Partnership, a Delaware limited partnership (collectively, the "Oak Entities"), and  
28 GRP II, L.P., a Delaware limited partnership, GRP II Partners, L.P., a Delaware limited

1 partnership, and GRP II Investors, L.P., a Delaware limited partnership (collectively the  
2 "GRP Entities") was filed on April 4, 2008. The official unsecured creditors' committee  
3 (the "Committee") appointed in this case filed an objection (the "Objection") to the Motion  
4 on April 29, 2008. No other objections were filed with respect to the Motion. The Motion  
5 came on for initial hearing on April 29, 2008. The Court continued the hearing to May 6,  
6 2008, to allow the Debtor, the Committee, the Oak Entities, and the GRP Entities  
7 (collectively, the "Parties") to attempt to resolve the Objection. Prior to the continued  
8 hearing, the Parties resolved the Objection pursuant to a stipulation (the "Stipulation"). A  
9 copy of the Stipulation is attached hereto as Exhibit 1.

10 This matter came on for continued hearing on May 6, 2008, at 11:00 a.m.  
11 Appearances at the hearing are set forth in the record. The Court, having considered the  
12 Motion and the Stipulation, and good cause appearing therefor,

13 **IT IS HEREBY ORDERED** that the Stipulation is approved.

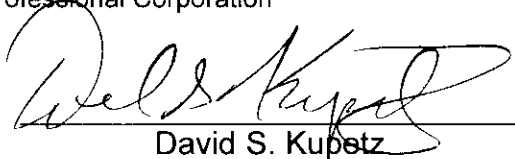
14 **MAY -7 2008**

15 DATED: \_\_\_\_\_

16   
17 \_\_\_\_\_  
18 HON. SAMUEL L. BUFFORD  
19 UNITED STATES BANKRUPTCY JUDGE

20 PRESENTED BY:

21 **SulmeyerKupetz**  
22 A Professional Corporation

23 By:   
24 \_\_\_\_\_  
25 David S. Kupetz  
26 Bankruptcy Counsel for eStyle, Inc.,  
27 Debtor and Debtor in Possession  
28

# EXHIBIT 1

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7 Bankruptcy Counsel for eStyle, Inc.,  
Debtor and Debtor in Possession

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

11 In re  
12 ESTYLE, INC., a Delaware corporation,  
13 dba babystyle, Cadeau, and Cadeau  
14 Designs,  
15  
16 Debtor.

Case No.

Chapter 11

**STIPULATION BETWEEN DEBTOR IN  
POSSESSION, OFFICIAL UNSECURED  
CREDITORS' COMMITTEE, AND  
"BRIDGE LENDERS", 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. REGARDING USE OF  
CASH COLLATERAL**

1 This Stipulation is entered into, by and between, the eStyle, Inc., a Delaware  
2 corporation, and debtor and debtor-in-possession in the above-captioned Chapter 11  
3 Bankruptcy Case (the "Debtor"), the official committee of unsecured creditors appointed  
4 in this case (the "Committee"), and Oak Investment Partners, IX, Limited Partnership, a  
5 Delaware limited Partnership, Oak IX Affiliates Fund, Limited Partnership, a Delaware  
6 limited partnership, and Oak IX Affiliates Fund-A, Limited Partnership, a Delaware limited  
7 partnership (collectively, the "Oak Entities"), GRP II, L.P., a Delaware limited partnership,  
8 GRP II Partners, L.P., a Delaware limited partnership, and GRP II Investors, L.P, a  
9 Delaware limited partnership (collectively the "GRP Entities"). The Oak Entities and GRP  
10 Entities are sometimes collectively referred to herein as the "Bridge Lenders". The  
11 Stipulation is entered into with respect to the following facts:

12  
13 I.

14 **RECITALS**

15 A. The Debtor commenced its bankruptcy case (the "Bankruptcy Case") by  
16 filing a voluntary petition under Chapter 11 of the U.S.C. § 101 et seq. (the "Bankruptcy  
17 Code") on March 20, 2008 (the "Petition Date"). The Debtor is operating its business and  
18 managing its financial affairs as a debtor in possession pursuant to sections 1107 and  
19 1108 of the Bankruptcy Code.

20 B. On or about November 21, 2007, the Debtor executed a "Secured  
21 Convertible Promissory Note" in favor of the GRP Entities, pursuant to which the GRP  
22 Entities loaned the Debtor \$1,000,000 (hereinafter the "GRP Entities Note").

23 C. On or about November 21, 2007, the Debtor executed a "Secured  
24 Convertible Promissory Note" in favor of the Oak Entities, pursuant to which the Oak  
25 Entities Loaned the Debtor \$1,000,000 (hereinafter the "Oak Entities Note").

26 D. On or about November 21, 2007, the Debtor, the GRP Entities and the Oak  
27 Entities executed a Secured Convertible Promissory Note Purchase Agreement, pursuant  
28

1 to which the Debtor agreed to sell the GRP Entities Note and the Oak Entities Note to  
2 each respective lender for the purchase price equal to the face value of each note.

3 E. The Oak Entities Note and the GRP Entities Note were secured by a  
4 security interest in all of the Debtor's assets. The secured claims of the GRP Entities and  
5 the Oak Entities are of equal priority.

6 F. On or about November 21, 2007, the Debtor, the GRP Entities, and  
7 Wachovia Capital Finance Corporation (Western) (hereinafter "Wachovia") entered into a  
8 Subordination Agreement whereby it was agreed that the claims and security interests of  
9 the GRP Entities would be subordinate in priority to Wachovia's secured claims and first  
10 priority security interests in the Debtor's assets.

11 G. On or about November 21, 2007, the Debtor, the Oak Entities, and  
12 Wachovia entered into a Subordination Agreement whereby it was agreed that the claims  
13 and security interests of the Oak Entities would be subordinate in priority to Wachovia's  
14 secured claims and first priority security interests in the Debtor's assets.

15 H. The Debtor requires the use of its cash collateral in order to (a) continue to  
16 operate its business, pay vendors and necessary costs of operation; and (b) to pay other  
17 administrative expenses of the business, and incurred in the course of the Bankruptcy  
18 Case.

19 I. As of the date of this Stipulation, the Court has authorized the Debtor's use  
20 of cash collateral through June 24, 2008, and a further hearing regarding the Debtor's  
21 continued use of cash collateral thereafter is set for June 24, 2008.

22 J. On April 29, 2008, the Committee filed its limited objection (the "Objection")  
23 to the Debtor's motion (the "Motion") set for hearing on that date seeking approval of the  
24 stipulation that had been entered by the Debtor with the Bridge Lenders. This Stipulation  
25 resolves the Objection as set forth below.

26 K. Nothing within this Stipulation shall be construed as a complete recitation of  
27 the facts of this matter nor a waiver or relinquishment of any of the Committee's rights,  
28

1 remedies, or claims against the Bridge Lenders, all of which are hereby expressly  
2 reserved.

3 L. Subject to the terms of this Stipulation, the Bridge Lenders consent to the  
4 Debtor's use of cash collateral, and further agree to subordinate their respective secured  
5 claims to the administrative claims incurred in the Bankruptcy Case, and the Committee  
6 withdraws the Objection and consents to the Stipulation.

7 II.

8 **STIPULATION**

9 NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises  
10 hereinafter contained, the Debtor and the Bridge Lenders hereby stipulate and agree as  
11 follows:

12 1. Incorporation of Recitals. The foregoing recitals in Paragraphs A  
13 and L, inclusive, are incorporated herein in full as part of this Stipulation. The parties to  
14 this Stipulation agree that the matters set forth therein are true and correct.

15 2. Use of Cash Collateral. From the Petition Date, and through the  
16 Stipulation Termination Date (the "Cash Collateral Term"), as that term is defined  
17 hereinbelow, the Debtor shall be authorized to use cash collateral in order to fund the  
18 expenses incurred during the operation of its business and the Bankruptcy Case.

19 3. Replacement Liens. As adequate protection for the use of cash  
20 collateral by the Debtor during the Cash Collateral Term, and subject to the terms of this  
21 Stipulation, the Bridge Lenders shall continue to hold a replacement lien and security  
22 interest in all assets of the Debtor (subject to the uses permitted by this Stipulation) (with  
23 the exception of any and all claims under 11 U.S.C. §§ 500, *et seq.*, including, but not  
24 limited to, actions under 11 U.S.C. § 507, and avoidance, preference and fraudulent  
25 transfer actions under 11 U.S.C. §§ 544 through 550, respectively<sup>1</sup>) produced by and/or  
26 derived from the Bridge Lender's pre-petition collateral, which replacement lien and

27 \_\_\_\_\_  
28 <sup>1</sup> These exceptions shall also apply to any claim the Bridge Lenders may assert for  
diminution in value under 11 U.S.C. § 507(b).

1 security interest shall have the same priority, extent, and validity as Bridge Lender's pre-  
2 petition secured interest in such collateral. The Committee shall be deemed to have  
3 waived, and shall be estopped from asserting, a claim or cause of action against the  
4 Bridge Lenders that challenges the amount, validity, perfection, priority or enforceability  
5 of the liens of the Bridge Lenders (any such claim or cause of action, an "Objection")  
6 unless on or prior to the date which is one hundred eighty (180) days (or such later date  
7 to which the Bridge Lenders may in writing agree) after the date of entry of an order of  
8 the Court approving this Stipulation, the Committee has provided written notice of such  
9 Objection to the Bridge Lenders.

10           4.     Stipulation Termination Date. The Debtor's authority to use Cash  
11 Collateral under this Stipulation shall terminate on the earlier of (a) the appointment of a  
12 chapter 11 trustee; (b) the conversion of the case to chapter 7 of the Bankruptcy Code;  
13 (c) the appointment of an examiner with enlarged powers (powers beyond those set forth  
14 in Sections 1106(a)(3) and (4) of the Bankruptcy Code); (d) the filing by the Debtor or any  
15 other interested party of any objection to the validity, amount, allowability, unavailability,  
16 perfection or priority of any of the Bridge Lenders' pre-petition claims or security interests;  
17 (e) the date any party obtains relief from the automatic stay under section 362 of the  
18 Bankruptcy Code to exercise its rights as a lienholder or secured party against any  
19 portion of the Bridge Lenders' pre-petition collateral; or (f) forty-five (45) days after written  
20 notification to the Debtor by the Bridge Lenders that its consent to the Debtor's use of  
21 cash collateral hereunder has been withdrawn.

22           5.     Carve-Out for Professional Fees: The Bridge Lenders' secured  
23 claims, including the replacement liens provided hereunder, shall be subject and  
24 subordinate to all reasonable fees and costs incurred by (i) the Debtor's bankruptcy  
25 counsel, accountants, financial advisors, and other professionals retained by the Debtor  
26 pursuant to section 327 of the Bankruptcy Code, and (ii) the Committee's professionals  
27 retained pursuant to Court approval, up to an aggregate sum of the number of weeks  
28 from April 10, 2008 through the termination date of this Stipulation pursuant to paragraph

1 4 above (the "Committee Carve Out") multiplied by \$15,000, provided, however, in no  
2 event shall the Committee Carve Out include any fees or costs arising from any filed  
3 action (however, fees and expenses incurred by the Committee or its professionals, if  
4 any, in connection with the Committee's investigation are authorized under the  
5 Committee Carve Out) by the Committee to prosecute an Objection in an adversary  
6 proceeding or contested matter before any court having jurisdiction over the Bankruptcy  
7 Case or the Debtor. This provision shall survive the Stipulation Termination Date.

8           6.     Compliance With Local Bankruptcy Rule 4001-2. In accordance with  
9 Local Bankruptcy Rule 4001-2, the required Statement was attached to the stipulation  
10 filed as an exhibit to the Motion.

11           7.     Reporting. Concurrently with filing the Debtor's monthly Operating  
12 Reports with the Office of the United States Trustee, the Debtor shall serve a copy of  
13 such reports upon Bridge Lenders, with copies of such reports also to be provided at  
14 such time to the Committee.

15           8.     Headings. The headings set forth herein are inserted for  
16 convenience of the parties only, and shall not be used to interpret, construe, or in any  
17 way affect the meaning of the terms and provisions of this Stipulation.

18           9.     Neutral Construction. This Stipulation is the product of negotiation  
19 among the parties hereto and represents the jointly conceived, bargained-for, and  
20 agreed-upon language mutually determined by the parties to express their intentions of  
21 entering into this Stipulation. Any ambiguity or uncertainty in this Stipulation shall be  
22 deemed to be caused by, or attributable to all parties hereto collectively. In any action to  
23 enforce or interpret this Stipulation, the Stipulation shall be construed in a neutral  
24 manner, and no term or provision of this Stipulation or this Stipulation as a whole shall be  
25 construed more or less favorably to any one party, group, or groups of parties, to this  
26 Stipulation.

27           10.    Integration. Except as expressly provided for in this Stipulation, this  
28 Stipulation is the final written expression and complete and exclusive statement of all the

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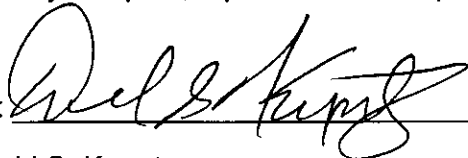
1 agreements, conditions, promises, and covenants among the parties with respect to the  
2 subject matter hereof, and supersedes all prior or contemporaneous agreements,  
3 negotiations, representations, understandings, and discussions among the parties and/or  
4 their respective counsel with respect to the subject matter conveyed hereby.

5 11. Counterpart Signatures. This Stipulation may be signed in  
6 counterpart and also via facsimile.

7 12. Bankruptcy Court Order. Debtor shall take all steps necessary to  
8 obtain Bankruptcy Court approval of this Stipulation.


9 IN WITNESS WHEREOF, the parties, either directly or through their  
10 respective attorneys of record, execute this Stipulation as of the date set forth opposite  
11 their respective signatures.

12  
13 SulmeyerKupetz, a professional corporation

14  
15 By:  \_\_\_\_\_

16 David S. Kupetz  
17 Bankruptcy counsel for ESTYLE, INC., a Delaware Corporation

18  
19 Dorsey & Whitney LLP

20  
21 By:  \_\_\_\_\_

22 Michael E. Foreman

23 Attorneys for

24 **OAK INVESTMENT PARTNERS IX, LIMITED PARTNERSHIP,**

25 A Delaware Limited Partnership

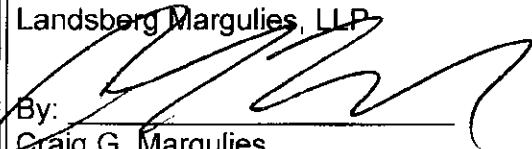
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[SIGNATURES CONTINUED ON NEXT PAGE]

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- 1 OAK IX AFFILIATES FUND, LIMITED PARTNERSHIP,  
A Delaware Limited Partnership
- 2
- 3 OAK IX AFFILIATES FUND-A, LIMITED PARTNERSHIP,  
A Delaware Limited Partnership
- 4
- 5 GRP II, L.P., a Delaware Limited Partnership
- 6 GRP II PARTNERS, L.P., a Delaware Limited Partnership
- 7 GRP II INVESTORS, L.P., a Delaware Limited Partnership
- 8
- 9 Landsberg Margulies, LLP
- 10 
- 11 By: \_\_\_\_\_  
Craig G. Margulies
- 12 [Proposed] Attorneys for Official Unsecured Creditors' Committee
- 13
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**NOTE TO USERS OF THIS FORM:**

Physically attach this form as the last page of the proposed Order or Judgment.  
Do **not** file this form as the separate document.

In re ESTYLE, INC., a Delaware corporation,	Debtor.	CHAPTER 11 CASE NUMBER 2:08-bk-13518-SB
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**NOTICE OF ENTRY OF JUDGMENT OR ORDER  
AND CERTIFICATE OF MAILING**

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

1. You are hereby notified, pursuant to local Bankruptcy Rule 9021-1(a)(1)(E), that a judgment or order entitled (specify):

**ORDER APPROVING STIPULATION BETWEEN DEBTOR, OFFICIAL UNSECURED CREDITORS' COMMITTEE, AND SECOND PRIORITY "BRIDGE LENDERS", 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. REGARDING USE OF CASH COLLATERAL**

was entered on (specify date):

**MAY - 9 2008**

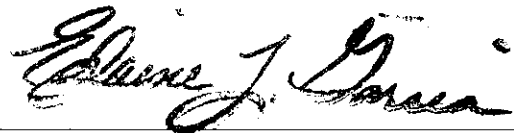
2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and entities on the attached service list on (specify date):

**MAY - 9 2008**

Dated: **MAY - 9 2008**

JON D. CERETTO  
Clerk of the Bankruptcy Court

By:



Deputy Clerk

## NOTICE OF ENTRY SERVICE LIST

1

2

### 3 DEBTOR

4 eStyle, Inc.  
5 865 South Figueroa Street  
6 Suite 2700  
7 Los Angeles, CA 90017

6

7 Office of the United States Trustee  
8 Attn: Ron Maroko, Esq.  
9 Ernst & Young Plaza  
10 725 South Figueroa St., 26th Floor  
11 Los Angeles, CA 90017

9

10 Craig G. Margulies, Esq.  
11 Ian S. Landsberg, Esq.  
12 LANDSBERG MARGULIES LLP  
13 16030 Ventura Blvd., Ste. 470  
14 Encino, CA 91436-2731

12

13 GRP II Investors, L.P.; GRP II Partners, L.P.;  
14 GRP II, L.P.; Oak Investment Partners IX;  
15 Oak IX Affiliates Fund, L.P.; & Oak IX Affiliates Fund – A, L.P.  
16 c/o Michael Foreman, Esq.  
17 c/o Michelle Kreidler Dove, Esq.  
18 DORSEY & WHITNEY LLP  
19 250 Park Avenue  
20 New York, NY 10177

21 Wachovia Capital Finance Corporation (Western)  
22 c/o William H. Kiekhofer III, Esq.  
23 c/o Anthony J. Napolitano, Esq.  
24 MAYER BROWN LLP  
25 350 South Grand Ave., 25th Floor  
26 Los Angeles, CA 90071

20

21 David S. Kupetz, Esq.  
22 SulmeyerKupetz  
23 333 So. Hope Street, 35<sup>th</sup> Floor  
24 Los Angeles, CA 90071

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