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

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UNITED STATES BANKRUPTCY COURT

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CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION

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In re

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

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ESTYLE, INC., a Delaware corporation,
dba babystyle, Cadeau, and Cadeau
13 Designs,

Chapter 11

14

Debtor.

**DECLARATION OF RICHARD ALSTON IN
SUPPORT OF DEBTOR'S REPLY TO
WACHOVIA CAPITAL FINANCE
CORPORATION'S OBJECTIONS TO
DEBTOR'S THIRD MOTION FOR INTERIM
AND FINAL ORDERS AUTHORIZING
DEBTOR (a) TO CONDUCT STORE
CLOSING SALES, (b) TO DISCONTINUE
OPERATIONS AT CERTAIN STORES,
AND (c) GRANTING ANCILLARY AND
OTHER RELIEF**

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Tax Id # 95-4712564

DATE: May 27, 2008
TIME: 11:00 a.m.
PLACE: U.S. Bankruptcy Court
Courtroom 1575
255 East Temple Street
Los Angeles, CA 90012

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I, Richard Alston, declare:

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1. I have personal knowledge of the facts stated herein. I can testify

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that said facts are true and correct.

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2. I am an individual over the age of eighteen years and a citizen of the

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United States of America.

1 3. I am a managing consultant of Kibel Green, Inc. ("KGI"), a
2 management and financial consulting firm, with offices located in Santa Monica, Irvine,
3 and San Francisco, California. I have been employed with KGI since July 2007. KGI
4 has been retained by eStyle, Inc. (the "Debtor"), as its financial advisor.

5 4. This Declaration is submitted in support of the Debtor's reply (the
6 "Reply") to the objection (the "Objection") of Wachovia Capital Finance Corporation
7 ("Wachovia"), received on May 22, 2008, to the Debtor's third store closing motion (the
8 "Motion") filed in the Debtor's chapter 11 case. I have carefully reviewed the Objection.

9 5. I received my Masters degree in Finance from Northwestern
10 University Kellogg Graduate School of Management in 1981.

11 6. Prior to joining KGI, I was a commercial lending officer at Continental
12 Illinois National Bank handling primarily relationships with financially distressed
13 borrowers, mostly in bankruptcy proceedings. I have also been the Chief Financial
14 Officer of public and private companies. While at Alco Enterprises in 1984 - 1986, I
15 provided advisory services and managed the operation of financially troubled companies
16 including Ayers Chairmakers in Los Angeles. At that time, I also was involved in
17 overseeing the sale of client assets, including the retail stores for Gimbel's in New York,
18 TG&Y in Oklahoma City, Zody's in Los Angeles, and Jefferson's in Miami. Additionally, I
19 have purchased or sold more than 15 businesses in private transactions and have
20 conducted two initial public offerings ("IPOs"). From 1998 – 2000, I managed the
21 operations of The Cerplex Group, a troubled computer repair business located in Irvine,
22 California, that had filed for protection under Chapter 11 of the Bankruptcy Code. The
23 assets of this business were sold under the supervision of the Bankruptcy Court.

24 7. I have approximately 30 years in experience providing financial
25 advice and oversight to troubled companies.

26 8. In the course of my engagement for the Debtor in this case, I
27 evaluated the orderly liquidation value of the collateral pledged to Wachovia, including its
28 inventory, accounts receivable and furniture, fixtures and equipment (Wachovia also

1 asserts a security interest in intellectual property assets of the Debtor). Given that
2 Wachovia's primary collateral is the Debtor's inventory, I focused my efforts at producing
3 a reliable going concern liquidation value for said collateral.

4 9. The incorrect contentions and/or deficiencies in the Objection of
5 Wachovia include the following:

6 a. First, Wachovia alleges a "fundamental shift in debtor's
7 business plan" which is untrue. The bankruptcy filing itself reflects the fact that there
8 were and still are unprofitable units of operation within the Debtor's business. The
9 "business plan" was, at all times since the inception of the chapter 11 case, to divest
10 unprofitable business units and either reorganize or sell the profitable units.

11 b. Second, Wachovia alleges that closing additional stores
12 represents a risk to Wachovia adequate protection. In and of itself, the closing of
13 additional stores does not pose a risk to adequate protection for Wachovia. The
14 collateral equity cushion that has existed throughout the Debtor's chapter 11 case,
15 continues to exist, and will remain following the store closing sales that are the subject of
16 this Motion (at this time, subject to Court approval, the Debtor intends to commence,
17 store closing sales at four (4) stores – Atrium, Burlington, North Park and Westchester –
18 on or about June 1, 2008). Despite the adequate protection which continues to exist
19 without additional debt reduction, the Debtor proposes to make additional payments to
20 Wachovia from the proceeds of the store closing sales as set forth below. Such
21 payments and the adequacy of the ongoing equity cushion in the Debtor's inventory
22 above and beyond the amount owed to Wachovia by the Debtor (approximately
23 \$1,740,421 as of this time, down \$660,184 since the day the chapter 11 case was
24 commenced) are reflected in the updated cash collateral budget model attached hereto
25 as Exhibit 1 and incorporated herein by this reference. Despite the fact that the Debtor
26 believes that Wachovia, without any loan repayment above and beyond what is called for
27 in the current cash collateral order, would remain adequately protected following the sale
28 of the inventory from the proposed four stores to be closed commencing June 1, 2008,

1 the Debtor is prepared and proposes to pay Wachovia 35% of the gross proceeds from
2 such closing stores during the eight week sale process on account of its lien. Over the
3 term of the eight week contemplated closing store sales, based upon the planned
4 divestiture of inventory, this proposed repayment plan would provide Wachovia with an
5 estimated \$330,518 of principal repayment beyond the amounts set forth in the governing
6 cash collateral order, resulting in an estimated loan balance of \$1,390,403 at the end of
7 June, 2008 and an estimated \$1,169,484 at the end of July, 2008 following completion of
8 the four closing store sales. Based on the assumptions used in the updated budget,
9 Debtor believes that approximately \$3,793,285 of inventory liquidation value will remain
10 at July 27, 2008 to serve as collateral for Wachovia's then outstanding loan balance of
11 \$1,169,484. The revised budget attachment depicts the estimated cash flow results for
12 the Debtor's operations through the end of fiscal July, 2008. Included in this forecast is
13 the Debtor's planned closing and sale of inventory related to four stores (Atrium,
14 Burlington, NorthPark and Westchester). For purposes of the budget analysis and
15 adequate protection assessment, liquidation sale proceeds have been estimated at 35%
16 of inventory retail value which is less than the 37% previously estimated for recovery
17 related to the first group of closed stores and 39% actual recovery rate that was achieved
18 for the sale of inventory in the Debtor's first group of closed stores. Additionally, the
19 updated budget model has moved \$25,000 for each of May and June from the
20 corporate/home base category and added that sum to the administrative fee expense
21 category in order to allow for payment to the Debtor's investment banker, Alexander B.
22 Kasdan Company Limited ("ABKC"), without increasing the total budgeted expense
23 amount. This modification was agreed to by Wachovia several weeks ago and,
24 subsequently, it is my understanding that Wachovia sought to retract its agreement. In
25 the early part of May, 2008, I had discussions with Wachovia's representative where I
26 was specifically advised by such representative that Wachovia did not object to the
27 Debtor's retention or payment of ABKC for the months of May and June.

28

1 c. With regard to overhead cost reductions (including the
2 Debtor's former CEO and CFO) which Wachovia claims further impair Wachovia's ability
3 to ascertain whether it is adequately protected, the opposite is true. These expense
4 reductions reduce cash burn rates and also allowed the Debtor to hire additional staff in
5 the finance and accounting area that are specifically involved in the preparation of,
6 among other things, data that is essential to reporting which relates to Wachovia
7 collateral status.

8 d. Wachovia's ability or inability to determine adequate
9 protection is not, as Wachovia asserts, constrained by "current conditions". Rather, it is a
10 function of the quantity and quality of inventory and the recovery rates that could be
11 expected to be realized from the sale of such inventory collateral in the course of store
12 closing sales.

13 e. Wachovia suggests that the Debtor has not provided
14 Wachovia with detailed store profit and loss projections that would enable Wachovia to
15 verify that "the situation of the eight remaining stores is any better" than that of the seven
16 stores which are part of this third motion to close stores. This suggestion is false and
17 misleading. In fact, Wachovia received as recently as last week a set of forecasts which
18 the Debtor prepared in connection with its efforts to sell assets or reorganize the
19 business that demonstrates precisely what Wachovia is suggesting they lack. An eight
20 store model was provided that depicts a one year forecast including the eight remaining
21 stores which are mostly, if not all, profitable despite the substantially lower revenue base
22 on which such forecasts were prepared.

23 f. Contrary to what Wachovia asserts, the Debtor does not need
24 to "demonstrate that it has or can obtain financing necessary to acquire inventory or
25 operate the business of the eight remaining stores" except to the extent of the period
26 covered by the cash collateral budget. This has already been set forth in the cash
27 collateral budget filed with this Court and has been further set forth in updated budgets
28 provided to Wachovia.

1 g. Wachovia reports that the Debtor has depleted approximately
2 \$1.1 million of combined cash and inventory collateral since March 29, 2008. Wachovia
3 fails to note that since the filing of this case on March 19, the Debtor has repaid
4 Wachovia more than \$600,000, thereby not only retaining but improving Wachovia's
5 collateral coverage ratio.

6 h. In its objection, Wachovia focuses heavily on recent results
7 from operations, which were less favorable than the governing cash collateral budget
8 projections. According to Wachovia's own statements in their objection, liquidation value
9 is the "appropriate yardstick" for adequate protection. In this regard, based on the actual
10 results achieved by the Debtor in its closing store sales (which exceeded my estimates
11 for recovery), the Debtor has demonstrated that liquidation values exceed the Wachovia
12 loan after all costs. See discussion of results of the Debtor's prior store closing sales in
13 section b above.

14 i. Finally, the liquidation analysis provided by Great American
15 does not comport with reality or the circumstances of the Debtor. Furthermore, the
16 method by which it proposes to liquidate the inventory of the business in its entirety, if
17 needed, does not represent the method by which the maximum value to the estate would
18 be derived. This proposal was apparently prepared to support Wachovia's interests
19 rather than the interests of the estate. It does, however, depict a gross recovery that is in
20 excess of that which I had previously estimated. The primary deficiency of this liquidation
21 analysis is in the fact that assumptions on sale costs are far in excess of those needed to
22 conduct the sales in a manner which the Debtor has already proven is possible to
23 achieve targeted results. The Great American proposal also includes "agent" and "site
24 management" fees which add more than \$750,000 of incremental and unnecessary cost
25 burden to the estate.


26 j. In the Objection, Wachovia asserts that the Debtor should
27 move immediately to a complete liquidation of its retail stores through store closing sales.
28 If the Debtor were to agree that such an approach was appropriate at this time and was

1 not premature in light of pending sale discussions and ongoing discussions and
2 evaluations that are in process with regard to alternatives for reorganization, the most
3 effective means of liquidating the Debtor's inventory would be through store closing
4 sales. Accordingly, even if Wachovia's arguments were found to be correct (and the
5 Debtor and I believe that they are incorrect), the Debtor's pending Motion requesting
6 authorization to commence store closing sales at the beginning of June should be
7 granted.

8 I declare under penalty of perjury that the foregoing is true and correct.

9 EXECUTED THIS 23rd DAY OF MAY, 2008, AT LOS ANGELES,

10 CALIFORNIA.

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13 _____
14 Richard Alston
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EXHIBIT 1

Liquidation Worksheet for Four Stores at 35%

Liquidation Assumptions:

June week 1 (5/25 - 5/31) includes the sales only from the completion of the Glendale and Mission Viejo stores.

Commencing June 1st, four additional store sale closings will take place. These include Atrium, Burlington, Westchester and Northpark. The sales will continue for 8 weeks (through the end of fiscal July 7/26).

It is assumed that additional inventory will be shipped to these locations from the warehouse in an amount equal to (1) the value of merchandise shipped out of these stores which is not intended for progressive markdown sales (eg., gear) plus (2) an additional \$861,000 of inventory at cost.

The closing store sales are expected to generate 35% recovery rates on inventory at retail

Store closing sales are expected to incur the normal operating costs of payroll and rent during the course of the sale plus a one-time payment of incentive bonuses for the fulltime staff that is employed at the end of July based on the outcome of the sale (shrink and recovery).

Inventory purchased during the course of the sale is assumed to either be shipped to the remaining stores or to the warehouse as the case may be.

Liquidation Worksheet for Four Stores at 35%

10-May Inventory Values

Type	<u>Atrium</u>	<u>Burlington</u>	<u>Cherry Creek</u>	<u>NorthPark</u>	<u>Short Hills</u>	<u>Westchester</u>
Baby Apparel	90250	99813	87790	90253	141301	97014
Kids Apparel	54779	56443	55706	55868	85307	59233
Maternity	154393	133079	144773	132412	187155	144831
Books	3321	2834	3105	3080	4211	3296
Gear	38792	34867	28619	35174	47244	27163
Home Décor	10396	8329	7644	8121	14704	7597
Personal Care	2757	2597	2765	2715	2991	2663
Toys	19418	17995	17682	18200	24439	18417
Total	\$ 374,106	\$ 355,957	\$ 348,084	\$ 345,823	\$ 507,352	\$ 360,214

Values @ Recovery Rates from Last Store Sales (Actual)

Baby Apparel	38808	42920	37750	38809	60759	41716
Kids Apparel	23007	23706	23397	23465	35829	24878
Maternity	40142	34601	37641	34427	48660	37656
Books	1993	1700	1863	1848	2527	1978
Gear	20948	18828	15454	18994	25512	14668
Home Décor	4782	3831	3516	3736	6764	3495
Personal Care	1130	1065	1134	1113	1226	1092
Toys	9515	8818	8664	8918	11975	9024
Total	\$ 140,324	\$ 135,468	\$ 129,419	\$ 131,309	\$ 193,252	\$ 134,506

ACTUAL
RECOVERY
FROM LAST
CLOSING

Baby Apparel	43%
Kids Apparel	42%
Maternity	26%
Books	60%
Gear	54%
Home Décor	46%
Personal Care	41%
Toys	49%

Split of Recovery Proceeds Between Store Inventory & Warehouse

Retail Store Inventory @ 35% Recovery Rate	\$ 502,635
Additional \$2,100,000 from Warehouse at 35%	\$ 735,000
Total Recovery from 4 Stores PLUS Warehouse Inventory	\$ 1,237,635

BASED ON DATA PROVIDED BY DEBTOR'S MANAGEMENT

Liquidation Worksheet for Four Stores at 35%

Liquidation By Week

\$ 3,536,100	<u>35%</u>	<u>38%</u>	
	<u>1,237,635</u>	<u>1,343,718</u>	
week1	247,527.0	268,743.6	20%
week2	198,021.6	214,994.9	16%
week3	160,892.6	174,683.3	13%
week4	136,139.9	147,809.0	11%
week5	136,139.9	147,809.0	11%
week6	123,763.5	134,371.8	10%
week7	123,763.5	134,371.8	10%
week8	<u>111,387.2</u>	<u>120,934.6</u>	<u>9%</u>
	\$ 1,237,635	\$ 1,343,718	100%

Liquidation Worksheet for Four Stores at 35%

Residual Inventory Collateral Analysis

Beginning Estimated Inventory @ 5/25/08 (Cost)	\$5,775,113	
PLUS: Purchases		
New June & July Inventory Purchases (Cost)	<u>\$2,184,853</u>	
Adjusted Gross Inventory @ Cost		\$ 7,959,966
LESS: COGS		
Ongoing DTC & Store Sales (June & July)	\$5,040,493	
COGS Percentage	41%	
Ongoing Stores Sales COGS Inventory Relieved		\$ (2,066,602)
Inventory at Retail for Closing Sales	\$1,436,100	
Inventory at Retail Shipped into Closing Stores	\$2,100,000	
COGS Percentage	41%	
COGS from Closing Sales		<u>\$ (1,449,801)</u>
Ending Inventory at Cost as of 7/26/08		\$ 4,443,563
Ending Inventory at Liquidation Recovery (35%) for Wachovia Protection		\$ 3,793,285

eStyle, Inc.

Cash Collateral Model (05/23/08) 15 store model

May

	Budget Week 4 5/18-5/24
Net Cash Receipts from DTC Sales	\$225,272
Liqd rcpts from CLA/warehouse/jobber	\$40,000
Total DTC receipts	\$265,272
Net Cash Receipts from Retail Sales	334,849
Liquidation rcpts from 3 stores (MVJ, GLN, WCH)	98,447
Net Cash Receipts Total DTC & Stores	\$698,568
Other Cash Receipts	
List Rental & Misc Receipts, chase reserve*	84,145
Cash Payments:	
Inventory	312,427
UPS Freight Services (Imports)	41,215
Packing/Gift Supplies & Domestic Freight In	6,208
DTC Shipping (UPS & USPS)	17,131
New Breed/Bergen (Distribution center)	51,600
Freight to Stores	4,794
Salaries, Wages, Benefits	20,971
Credit Card Processing***	21,659
Rent*****	-
Direct Mail	2,250
Marketing	9,008
Technology & CAPEX & CAP Leases	6,380
Corporate/Homebase**	7,520
Retail Store Expenses	22,337
Sales & Use Tax	210,455
Administrative fees (including fees for Alex Kasdar	40,000
Creditors administrative fee	5,000
Total Cash Payments	778,955
Net Cash Flow	\$3,758
Credit Line Availability	2,279,096
Loan Balance	1,740,423
Remaining Credit Line Available	4,019,519
Roll forward B/S cash (beg of wk)	891,399
Credit line change	(177,397)
+/- Cash flow	3,758
End of wk B/S cash fcst	717,760

Abbreviations:

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

*Placeholder reserve estimated incase 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, 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 stub rent for 5 store \$40k in week 1 and corporate office \$20k in week 3

BASED ON DATA PROVIDED BY DEBTOR'S MANAGEMENT

FOR DISCUSSION PURPOSES ONLY - DRAFT ILLUSTRATION
Cash Collateral Model (05/23/08) 11 store model

June

	Budget Week 1 5/25-5/31	Budget Week 2 6/01-6/07	Budget Week 3 6/08-6/14	Budget Week 4 6/15-6/21	Budget Total June
Net Cash Receipts from DTC Sales	\$269,567	\$234,895	\$256,892	\$267,225	\$1,028,579
Liquid receipts from CLA/warehouse/jobber	\$0	\$0	\$0	\$0	\$0
Total DTC receipts	<u>\$269,567</u>	<u>\$234,895</u>	<u>\$256,892</u>	<u>\$267,225</u>	<u>\$1,028,579</u>
Net Cash Receipts from Retail Sales	315,230	311,903	285,502	286,316	\$1,198,951
Liquidation receipts from 9 stores	89,784	247,527	198,021	160,893	\$696,225
Net Cash Receipts Total DTC & Stores	<u>\$674,582</u>	<u>\$794,325</u>	<u>\$740,415</u>	<u>\$714,434</u>	<u>\$2,923,756</u>
Other Cash Receipts					
List Rental & Misc Receipts, chase reserve*	-	-	-	54,269	54,269
Cash Payments:					
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	6,722	9,399	8,158	7,562	31,841
DTC Shipping (UPS & USPS)	21,500	17,979	20,213	21,262	80,954
New Breed/Bergen (Distribution center)	38,488	41,876	40,522	39,862	160,747
Freight to Stores	6,099	7,808	6,968	6,566	27,442
Salaries, Wages, Benefits	240,893	10,770	220,342	10,770	482,773
Credit Card Processing***	13,805	16,850	14,916	15,564	61,135
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	9,182	7,342	8,518	9,070	34,113
Corporate/Homebase**	27,057	52,013	53,627	26,885	159,581
Retail Store Expenses	56,900	38,320	4,519	3,292	103,031
Sales & Use Tax	145,000	-	-	-	145,000
Administrative fees (including fee for Alex Kasdan)	30,000	30,000	30,000	54,000	144,000
Creditors administrative fee	5,000	5,000	5,000	5,000	20,000
Total Cash Payments	<u>1,098,857</u>	<u>554,953</u>	<u>663,319</u>	<u>674,953</u>	<u>2,992,081</u>
Net Cash Flow	<u>(\$424,275)</u>	<u>\$239,372</u>	<u>\$77,096</u>	<u>\$93,750</u>	<u>(\$14,056)</u>
Loan Balance	1,602,657	1,516,023	1,446,715	1,390,403	
Roll forward B/S cash (beg of wk)	717,760	155,719	308,457	316,246	717,760
Credit line change	(137,766)	(86,634)	(69,307)	(56,313)	(350,020)
+/- Cash Flow	<u>(424,275)</u>	<u>239,372</u>	<u>77,096</u>	<u>(28,125)</u>	<u>(14,056)</u>
End of wk B/S cash fcst	<u>155,719</u>	<u>308,457</u>	<u>316,246</u>	<u>231,808</u>	<u>353,684</u>

THIS REPORT IS SUBJECT TO CHANGE AND REVISION, ALL AMOUNTS ESTIMATED

FOR DISCUSSION PURPOSES ONLY - DRAFT ILLUSTRATION

Cash Collateral Model (05/23/08) 11 store model

July

	Budget Week 1 6/22-6/28	Budget Week 2 6/29-7/05	Budget Week 3 7/06-7/12	Budget Week 4 7/13-7/19	Budget Week 5 7/20-7/26	Budget total July
Net Cash Receipts from DTC Sales	\$262,326	\$300,466	\$283,545	\$277,419	\$257,940	\$1,381,696
Liqd rcts from CLA/warehouse/jobber	-	-	-	-	-	\$0
Total DTC receipts	<u>\$262,326</u>	<u>\$300,466</u>	<u>\$283,545</u>	<u>\$277,419</u>	<u>\$257,940</u>	<u>\$1,381,696</u>
Net Cash Receipts from Retail Sales	286,432	284,211	299,738	277,988	282,898	\$1,431,267
Liquidation receipts	136,140	136,140	123,764	123,764	111,387	631,195
Net Cash Receipts Total DTC & Stores	<u>\$684,898</u>	<u>\$720,817</u>	<u>\$707,047</u>	<u>\$679,171</u>	<u>\$652,226</u>	<u>\$3,444,159</u>
Other Cash Receipts						
List Rental & Misc Receipts	0	0	0	9,099	0	9,099
Tenant Allowance	0	0	0	0	0	0
Cash Payments:						
Inventory	196,071	191,636	216,265	377,024	179,933	1,160,930
UPS Freight Services (Imports)	18,935	42,386	11,328	49,066	23,662	145,378
Packing/Gift Supplies & Domestic Freight In	12,754	13,288	13,096	12,552	12,101	63,790
DTC Shipping (UPS & USPS)	23,295	30,509	28,791	28,169	26,191	136,954
New Breed	25,361	34,016	33,067	31,898	30,406	154,748
Freight to Stores (Gilbert)	4,675	4,650	4,685	4,445	4,362	22,817
Salaries, Wages, Benefits	231,876	10,770	231,876	10,770	259,876	745,166
Credit Card Processing *	15,567	13,631	15,277	14,649	16,026	75,149
Rent	-	304,245	52,000	0	0	356,245
Direct Mail	1,300	1,300	1,300	1,300	1,300	6,500
Marketing	3,279	3,279	3,279	3,279	3,279	16,394
Technology & CAPEX & CAP Leases	4,554	16,644	5,718	5,373	4,302	36,591
Corporate/Homebase	14,248	27,046	20,805	45,355	53,926	161,381
Retail Store Expenses	12,098	12,034	12,124	31,502	31,288	99,045
Sales & Use Tax	145,000	0	0	0	0	145,000
Administrative fees	0	0	0	0	0	0
Creditors administrative fee	5,000	5,000	5,000	5,000	5,000	25,000
Total Cash Payments	<u>714,012</u>	<u>710,435</u>	<u>654,610</u>	<u>620,380</u>	<u>651,651</u>	<u>3,351,088</u>
Net Cash In/(Burn)	<u>(\$29,114)</u>	<u>\$10,382</u>	<u>\$52,437</u>	<u>\$67,890</u>	<u>\$575</u>	<u>\$102,170</u>
Loan Balance	1,342,754	1,295,105	1,251,787	1,208,470	1,169,484	
Roll forward B/S cash (beg of wk)	231,808	155,046	117,779	126,898	151,471	231,808
Credit line change	(47,649)	(47,649)	(43,317)	(43,317)	(38,985)	(220,918)
+/- Cash Flow	(29,114)	10,382	52,437	67,890	575	102,170
End of wk B/S cash fcst	<u>155,046</u>	<u>117,779</u>	<u>126,898</u>	<u>151,471</u>	<u>113,060</u>	<u>113,060</u>

THIS REPORT IS SUBJECT TO CHANGE AND REVISION, ALL AMOUNTS ESTIMAT

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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of Los Angeles, State of California. My business address is 333 South Hope Street, Thirty-Fifth Floor, Los Angeles, California 90071-1406.

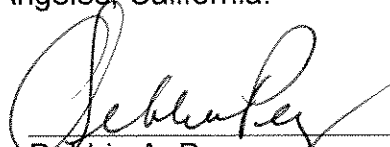
On May 23, 2008, I served the following document(s) described as **DECLARATION OF RICHARD ALSTON IN SUPPORT OF DEBTOR'S REPLY TO WACHOVIA CAPITAL FINANCE CORPORATION'S OBJECTIONS TO DEBTOR'S THIRD MOTION FOR INTERIM AND FINAL ORDERS AUTHORIZING DEBTOR (a) TO CONDUCT STORE CLOSING SALES, (b) TO DISCONTINUE OPERATIONS AT CERTAIN STORES, AND (c) GRANTING ANCILLARY AND OTHER RELIEF** on the interested parties in this action as follows:

SEE ATTACHED SERVICE LIST

BY E-MAIL OR ELECTRONIC TRANSMISSION: I caused the document(s) to be sent from the e-mail address dperez@sulmeyerlaw.com to the persons at the e-mail addresses listed in the Service List, I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on May 23, 2008, at Los Angeles, California.



Debbie A. Perez

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