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Debtor and Debtor in Possession
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10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

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

16 Debtor.
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19 Tax Id # 95-4712564
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Case No. 2:08-bk-13518-SB

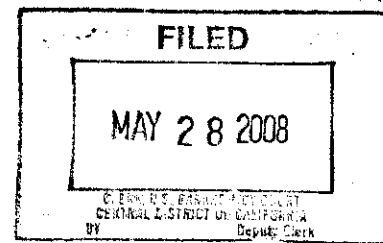
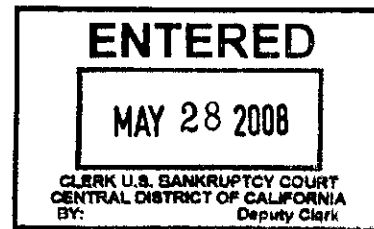
Chapter 11

**INTERIM ORDER GRANTING DEBTOR'S
THIRD MOTION FOR INTERIM AND FINAL
ORDERS AUTHORIZING THE DEBTOR (a)
TO CONDUCT STORE CLOSING SALES,
(b) TO DISCONTINUE OPERATIONS AT
CERTAIN STORES, AND (c) GRANTING
ANCILLARY AND OTHER RELIEF**

DATE: May 28, 2008
TIME: 11:00 a.m.
PLACE: U.S. Bankruptcy Court
Courtroom 1575
255 East Temple Street
Los Angeles, CA 90012

23 The "Debtor's Third Motion for Interim and Final Orders Authorizing the
24 Debtor (a) to Conduct Store Closing Sales, (b) to Discontinue Operations at Certain
25 Stores, and (c) Granting Ancillary and Other Relief" (the "Motion")¹, filed by eStyle, Inc.
26

27 ¹ Capitalized terms defined in the Motion and not specifically defined in this order
28 shall have the meaning set forth in the Motion.



1 (the "Debtor"), debtor and debtor in possession in the above-captioned chapter 11 case,
2 came on for hearing before the Court on May 27, 2008, and for continued hearing on May
3 28, 2008. Appearances at the hearings are reflected in the record.

4 NorthPark Partners, L.P. ("NorthPark"), filed a limited objection (the "Limited
5 Objection") to the Motion. The Debtor and NorthPark resolved the Limited Objection prior
6 to the hearing on the Motion as set forth in the Debtor's Reply to the Limited Objection
7 filed in this case. Wachovia Capital Finance Corporation (Western) ("Wachovia") filed an
8 objection (the "Objection") to the Motion. The Debtor filed a reply (the "Reply") and
9 declarations supporting the Reply in response to the Objection. Thereafter, and prior to
10 the hearing on the Motion, the Debtor and Wachovia resolved the Objection in
11 accordance with the terms set forth in this Order.

12 Having considered the Motion and all other papers filed in this matter, the
13 representations of counsel made at the hearing, the facts and circumstances of this
14 matter, and good cause appearing therefor,

15 **IT IS HEREBY ORDERED** as follows:

16 1. The interim relief requested in the Motion, as set forth below, is
17 hereby granted.

18 2. The Debtor is hereby authorized to immediately begin liquidating its
19 inventory at its Stores identified in the Motion through store closing sales (the "Store
20 Closing Sales") in accordance with the terms and conditions set forth in the "Guidelines
21 for Store Closing Sales" (the "Guidelines") attached to the Motion as Exhibit 1. In the
22 case of the NorthPark location: (1) sign-walkers are not permitted, and (2) NorthPark will
23 be allowed to erect a barricade in front of the store at the conclusion of the Store Closing
24 Sale at the premises so long as the Debtor still has access to the premises until such
25 time as possession of the premises is turned over to the landlord.

26 3. With respect to the Store Closing Sales to be conducted by the
27 Debtor at its stores known as Atrium, Burlington, NorthPark, and Westchester, during the
28 term of the Store Closing Sales, the Debtor has agreed and shall pay to Wachovia on

1 account of Wachovia's secured claim against the Debtor an amount equal to fifty percent
2 (50%) of the store sale receipts for the stores conducting the Store Closing Sales. Such
3 payments will be made to Wachovia by the Debtor by wire transfer each Friday, in
4 arrears, for the week ended the previous Saturday, with the first wire transfer
5 commencing June 13, 2008, or such other date as the case may be based on the
6 commencement of the Store Closing Sales.

7 4. The Debtor has further agreed and shall be required, in the event
8 that the inventory held in its stores or its warehouses (including locations maintained, if
9 any, by U.S. Customs for goods received from the Debtor's vendors and paid for by the
10 Debtor), is less than \$3 million at landed cost, and the Wachovia loan balance at such
11 time exceeds \$1 million, to make payment to Wachovia on account of Wachovia's
12 secured claim in an amount sufficient to bring the loan balance to \$1 million and shall
13 make further payment, as the case may be, needed to keep the ratio of the inventory
14 balance to the loan balance equal to 3:1.

15 5. Wachovia shall support the Debtor's retention and payment of
16 Alexander B. Kasdan Company Limited ("ABKC") as the Debtor's investment banker and,
17 with respect to the May and June monthly fee to be paid to ABKC, the cash collateral
18 budget (the "Budget") in connection with the governing cash collateral order entered on
19 April 25, 2008, in this case shall be modified to reallocate \$25,000 for each of the months
20 of May and June, 2008, from the corporate/home base category to the administrative fee
21 category to be used to pay ABKC. Additionally, the Budget shall be modified to authorize
22 the \$5,000 weekly payments (as previously approved) from the Debtor to the unsecured
23 creditors' committee (by and through its counsel) from the existing date of April 20, 2008
24 back to April 10, 2008.

25 6. If the Debtor does not receive a binding letter of intent ("LOI") by
26 June 21, 2008, the Debtor will, subject to approval of the Court (which will be promptly
27 sought by the Debtor), implement a complete liquidation, including conducting store
28 closings sales for the remainder of its store where such sales are not previously

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1 commenced in order to liquidate all of the Debtor's inventory (including inventory in
2 warehouses). The LOI must serve as the basis for a section 363 sale transaction or a
3 plan or reorganization and cannot be subject to any financing or due diligence
4 contingency. The transaction referenced in the LOI will be subject to Court approval and
5 may be subject to further and final documentation.

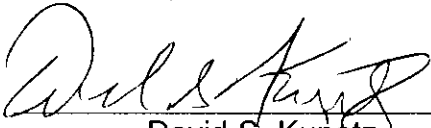
6 7. A final hearing on the Motion is hereby set for June 24, 2008, at 2:00
7 p.m.

8
9 DATED: MAY 28 2008


HON. SAMUEL L. BUFFORD
UNITED STATES BANKRUPTCY JUDGE

10
11 PRESENTED BY:

12 **SulmeyerKupetz**
13 A Professional Corporation

14 By: 
15 David S. Kupetz
16 Bankruptcy Counsel for eStyle, Inc.,
17 Debtor and Debtor in Possession

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.	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):

**INTERIM ORDER GRANTING DEBTOR'S THIRD MOTION FOR INTERIM AND FINAL ORDERS
AUTHORIZING THE DEBTOR (a) TO CONDUCT STORE CLOSING SALES, (b) TO DISCONTINUE
OPERATIONS AT CERTAIN STORES, AND (c) GRANTING ANCILLARY AND OTHER RELIEF**

MAY 28 2008

was entered on (specify date):

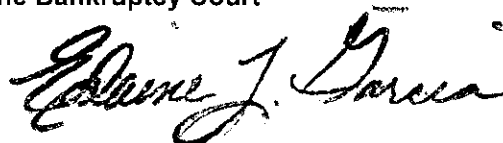
2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and entities on the attached service list on (specify date):

MAY 28 2008

Dated: **MAY 28 2008**

JON D. CERETTO
Clerk of the Bankruptcy Court

By:



Deputy Clerk

SERVICE LIST

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Office of the United States Trustee
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