

SulmeyerKupetz, A Professional Corporation
333 SOUTH HOPE STREET, THIRTY-FIFTH FLOOR
LOS ANGELES, CALIFORNIA 90071-1406
TEL. 213.626.2311 • FAX 213.629.4520

1 David S. Kupetz (CA Bar No. 125062)
Email: dkupetz@sulmeyerlaw.com
2 Mark S. Horoupian (CA Bar No. 175373)
Email: mhoroupian@sulmeyerlaw.com
3 **SulmeyerKupetz**
A Professional Corporation
4 333 South Hope Street, Thirty-Fifth Floor
Los Angeles, California 90071-1406
5 Telephone: 213.626.2311
Facsimile: 213.629.4520
6
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
Designs,
14 Debtor.

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

**DECLARATION OF ALEXANDER B.
KASDAN IN SUPPORT OF DEBTOR'S
SUPPLEMENT RE: CONTINUED USE OF
CASH COLLATERAL FILED IN
ACCORDANCE WITH COURT ORDER
ENTERED ON APRIL 25, 2008**

15
16
17
18
19 TAX ID#: 95-4712564

DATE: June 24, 2008
TIME: 2:00 p.m.
PLACE: U.S. Bankruptcy Court
Courtroom 1575
255 East Temple Street
Los Angeles, CA 90012

22 I, ALEXANDER B. KASDAN, declare:

23 1. I have personal knowledge of the facts set forth below. I can testify
24 that said facts are true and correct.

25 2. I am the founder of Alexander B. Kasdan Company Limited
26 ("ABKC"), a California corporation.
27
28

1 3. ABKC, founded in 2004, is a private investment bank specializing in
2 mergers and acquisitions, debt and equity financings and restructurings, advising small
3 and middle market companies and financial sponsors. ABKC offers "big firm"
4 experience, tenacity and client advocacy typically lacking in this market segment.
5 ABKC's principals are seasoned professionals who have executed transactions for clients
6 ranging from middle market to Fortune 500.

7 4. As the founder of ABKC, I have more than sixteen years of
8 investment banking, corporate law and corporate strategy experience. Since 1988, I
9 have executed over 100 domestic and cross-border transactions totaling more than \$10
10 billion in overall volume in a variety of industries. Prior to founding ABKC, I was an
11 investment banker with Barrington Associates in Los Angeles, where I headed up the
12 origination efforts in restructuring, Peter J. Solomon Company, a leading independent
13 investment bank in New York, Credit Suisse First Boston and Merrill Lynch, where I
14 sourced, analyzed and executed large global transactions and middle-market buy- and
15 sell-side engagements.

16 5. In addition, I was Corporate Counsel in charge of business
17 development at Schlumberger Ltd., a global oilfield and information services company.
18 Prior to that, I practiced law with O'Melveny & Myers LLP (formerly O'Sullivan Graev &
19 Karabell LLP) and Paul, Hastings, Janofsky & Walker LLP (formerly Battle Fowler LLP),
20 where I specialized in mergers and acquisitions, private equity and corporate finance
21 transactions.

22 6. I am a frequent speaker on the subject of mergers and acquisitions,
23 corporate finance and restructuring, including as organizer of the Conference at the
24 Anderson School at UCLA on "Buying and Selling a Company in a Tough Economy -
25 How to Optimize Price and Liquidity in a Buyer's Market." I have published articles on the
26 subjects of mergers and acquisitions and corporate finance.

27 7. I graduated magna cum laude from Middlebury College with a B.A.
28 degree in Economics and Italian and was elected to Phi Beta Kappa during my junior

1 year. In addition, I hold a J.D. degree from Columbia University Law School, where I
2 served as Notes Editor on the Columbia Journal of Transnational Law.

3 8. ABKC was retained as investment banker to eStyle, Inc. (the
4 “Debtor”) on May 2, 2008. Our engagement to date has included of the following:

- 5 • Conducting due diligence on the Debtor;
- 6 • Meeting with the Debtor’s management;
- 7 • Organizing marketing materials;
- 8 • Identifying and contacting prospective acquirers of the business;
- 9 • Attending a meeting of the unsecured creditors’ committee;
- 10 • Assisting the Debtor’s management in preparing weekly status
11 reports to the Debtor’s senior secured lender and the Debtor’s Board
of Directors;
- 12 • Conducting a number of management presentations and conference
13 calls with prospective acquirers and their professional advisors;
- 14 • Addressing extensive due diligence requests and transactional
15 questions with prospective acquirers;
- 16 • Soliciting and evaluating letters of intent (“LOIs”) from prospective
17 acquirers;
- 18 • Negotiating the terms of the LOIs with prospective acquirers;
- 19 • Attending numerous telephonic meetings of the Board of Directors of
the Debtor and advising the Board on the strategy and the direction
to pursue on the transaction; and
- 20 • Reviewing and assisting in connection with the drafting of the
transaction documentation.

21 9. Immediately upon retention, ABKC completed due diligence of the
22 Debtor, assembled marketing materials for distribution to potential acquirers and
23 commenced contacting the most likely acquirers of the business. In light of the time
24 sensitivity of this engagement, I have been working virtually “around the clock,” including
25 nights, holidays and weekends to comply with the transaction timeframe agreed upon by
26 the Debtor and its secured lender.

27 10. Within the first month of engagement, ABKC contacted more than 50
28 prospective acquirers of the business, including strategic, financial and individual

1 investors. Based substantially on the efforts of ABKC, within the first 30 days of our
2 engagement, the Debtor received LOIs for the business on a going concern basis, with
3 the valuation significantly higher than originally anticipated. Working closely with the
4 Debtor's management and other professional advisors, ABKC conducted a number of
5 due diligence meetings and numerous telephone conversation with potential acquirers,
6 working primarily from the Debtor's headquarters in downtown Los Angeles.

7 11. By the end of the first week of June 2008, the Debtor received six
8 LOIs from prospective acquirers. Based on the directions of the Board of Directors and
9 after extensive discussions with the bidders, ABKC solicited new and final LOIs on June
10 9, 2008. The Debtor received four LOIs with significantly higher valuation and
11 substantially improved terms.

12 12. Based on the input from ABKC, management and other professional
13 advisors to the Debtor, the Debtor's Board of Directors evaluated the offers and on June
14 11, 2008, based on a number of factors, including valuation, likelihood of close, and
15 ongoing operations of the Debtor, selected the bid that provided the greatest recovery to
16 unsecured creditors. Based to a large extent on the efforts of ABKC, the expected
17 recovery to unsecured creditors is significantly greater than what had previously been
18 anticipated.

19 13. On June 12, 2008 the Debtor executed an LOI with Right Start
20 Acquisition Subsidiary Company, Inc., a portfolio company of Hancock Park Associates
21 (the "Proposed Purchaser"). Thereafter on June 17, 2008, the Debtor, subject to Court
22 approval, and the Proposed Purchaser entered an asset purchase agreement (the
23 "Purchase Agreement"). The Purchase Agreement is subject to overbid by other
24 potential purchasers of the Debtor's business and/or assets. ABKC continues to be
25 actively involved in all aspects of the transaction.

26 14. Given the severe time constraints and the deteriorating financial
27 condition of the Debtor, the timeline of ABKC's engagement has been significantly
28 compressed compared to a normal cell-side advisory engagement. Under the

SulmeyerKupetz, A Professional Corporation
333 SOUTH HOPE STREET, THIRTY-FIFTH FLOOR
LOS ANGELES, CALIFORNIA 90071-1406
TEL. 213.626.2311 • FAX 213.629.4520

1 circumstances, I am confident to have contacted most if not all of the most likely potential
2 acquirer's of the Debtor's business and/or assets. Realistically, the only likely potential
3 overbidders with respect to an acquisition of the Debtor's business and/or assets are
4 other parties who have previously submitted offers to purchase the Debtor's business
5 and/or assets or have conducted preliminary due diligence of the Debtor's business.
6 These parties are in a position at this point to overbid if they desire to do so since they
7 have engaged in due diligence under circumstances where they were informed that an
8 acquisition would have to be done on an expeditious basis and, as indicated above, they
9 previously submitted offers. In fact, several of such parties have inquired as to overbid
10 procedures. I am aware of the timing and terms of the sales procedures proposed by the
11 Debtor and understand them to be proper, appropriate and necessary under the
12 circumstances.

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

15 EXECUTED THIS 18th DAY OF JUNE, 2008, AT LOS ANGELES,
16 CALIFORNIA.

17
18
19


20 Alexander B. Kasdan
21
22
23
24
25
26
27
28

SulmeyerKupetz, A Professional Corporation
333 SOUTH HOPE STREET, THIRTY-FIFTH FLOOR
LOS ANGELES, CALIFORNIA 90071-1406
TEL. 213.626.2311 • FAX 213.629.4520

PROOF OF SERVICE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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 June 19, 2008, I served the following document(s) described as **DECLARATION OF ALEXANDER B. KASDAN IN SUPPORT OF DEBTOR'S SUPPLEMENT RE: CONTINUED USE OF CASH COLLATERAL FILED IN ACCORDANCE WITH COURT ORDER ENTERED ON APRIL 25, 2008** on the interested parties in this action as follows:

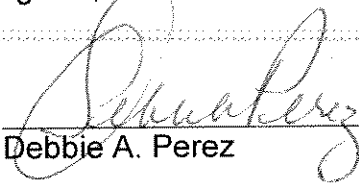
SEE ATTACHED SERVICE LIST

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with SulmeyerKupetz's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

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 June 19, 2008, at Los Angeles, California.


Debbie A. Perez

SulmeyerKupetz, A Professional Corporation
333 SOUTH HOPE STREET, THIRTY-FIFTH FLOOR
LOS ANGELES, CALIFORNIA 90071-1406
TEL. 213.626.2311 • FAX 213.629.4520

SERVICE LIST

1

2

3 **DEBTOR**

eStyle, Inc.

4 865 South Figueroa Street, Suite 2700

Los Angeles, CA 90017

5 EFabricant@babystyle.com

6 **OFFICE OF THE UNITED STATES TRUSTEE**

Office of the United States Trustee

7 Attn: Bruce Schildkraut, Esq.

Ernst & Young Plaza

8 725 South Figueroa St., 26th Floor

Los Angeles, CA 90017

9 Bruce.Schildkraut@usdoj.gov

10 **ATTORNEY FOR COMMITTEE OF UNSECURED CREDITORS**

Craig G. Margulies, Esq.

11 Ian S. Landsberg, Esq.

LANDSBERG MARGULIES LLP

12 16030 Ventura Blvd., Ste. 470

Encino, CA 91436-2731

13 cmargulies@lm-lawyers.com

ilandsberg@lm-lawyers.com

14 **COMMITTEE OF UNSECURED CREDITORS**

15 Direct Marketing Solutions

Attn: Michael Sherman, CEO

16 8534 NE Alderwood Road

Portland, OR 97220

17 McClaren USA

18 Attn: Edward Ruzzo, Credit Manager

4 Testa Place

19 South Norwalk, CT 06854

20 Simon Property Group, Inc.

Attn: Ronald M. Tucker, V.P./BK Counsel (Chairperson)

21 225 W. Washington St.

Indianapolis, IN 46204

22 rtucker@simon.com

23 Splendid Littles

Attn: Jepelte Zayco, Controller

24 dba of Mo Industries Inc

3751 S. Hill Street

25 Los Angeles, CA 90007

26 United Parcel Service

c/o Steven Sass

27 The Receivable Management Services Corp. (Agent)

307 International Circle, Suite 270

28 Hunt Valley, MD 21030

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

PARTIES REQUESTING SPECIAL NOTICE

American Express Travel Related Svcs Co
Inc Corp Card
c/o Becket and Lee LLP - POB 3001
Malvern, PA 19355-0701
notices@becket-lee.com

Bellevue Square Managers, Inc.
c/o John S. Kaplan, Esq.
Perkins Coie LLP
1201 Third Avenue, 40th Floor
Seattle, WA 98101-3099
JKaplan@perkinscoie.com

Comptroller of Public Accounts of
the State of Texas
c/o Jay W. Hurst, Asst. Attorney Gen.
Bankruptcy & Collections Division
P.O. Box 12548
Austin, TX 78711-2548
jay.hurst@oag.state.tx.us

Dream International USA, Inc.
c/o Samuel S. Oh, Esq.
Lim, Ruger & Kim, LLP
1055 West Seventh St., Ste. 2800
Los Angeles, CA 90017
sam.oh@lrklawyers.com

Diapers.com
Attn: Jeffery Pomerantz, Esq.
Pachulski Stang Ziehl & Jones
10100 Santa Monica Boulevard, 11th Floor
Los Angeles, CA 90067-4100
jpomerantz@pszilaw.com

General Growth Management, Inc., as Agent
Attn: Kristen N. Pate, Assistant Gen. Counsel
110 N. Wacker
Chicago, IL 60606
gppbk@ggp.com

GRP II Investors, L.P.; GRP II Partners, L.P.;
GRP II, L.P.; Oak Investment Partners IX;
Oak IX Affiliates Fund, L.P.; & Oak IX Affiliates Fund – A, L.P.
c/o Michael Foreman, Esq.
c/o Michelle Kreidler Dove, Esq.
DORSEY & WHITNEY LLP
250 Park Avenue
New York, NY 10177
foreman.michael@dorsey.com
dove.michelle@dorsey.com

Iron Mountain Information Management

- 1 c/o Frank F. McGinn
155 Federal Street, 9th Floor
- 2 Boston, MA 02110
ffm@bostonbusinesslaw.com
- 3
- 4 John Hancock Life Insurance Company (U.S.A.)
Successor-In-Interest from the Manufacturers Life Insurance Company
c/o David Seror, Esq.
- 5 Anthony A. Friedman, Esq.
Moldo Davidson Fraioli Seror & Sestanovich, LLP
- 6 2029 Century Park East, 21st Floor
Los Angeles, CA 90067
- 7 dserror@mdfslaw.com
afriedman@mdfslaw.com
- 8
- 9 Kashwere LLC
19749 Bahama Street
Northridge, CA 91324
- 10 patty@kashwere.com
- 11 Maricopa County Treasurer
Gust Rosenfeld P.L.C.
- 12 Attn: Madeleine C. Wanslee
201 E. Washington, Ste. 800
- 13 Phoenix, AZ 85004-2327
mwanslee@gustlaw.com
- 14
- 15 Maricopa County Treasurer
c/o Soukup & Schiff, LLP
Attn: Scott A. Schiff
- 16 1801 Century Park East, Ste 470
Los Angeles, CA 90067
- 17 sas@soukup-schiff.com
- 18 Maxtana Avenue, LLC
c/o Jeffrey A. Krieger, Esq.
- 19 Lina O. Balciunas, Esq.
Greenberg Glusker Fields Claman & Machtinger LLP
- 20 1900 Avenue of the Stars, 21st Floor
Los Angeles, CA 90067-4590
- 21 jkrieger@ggfirm.com
lbalciunas@ggfirm.com
- 22
- 23 New Breed, Inc.
c/o Franklin C. Adams, Esq.
c/o William J. Wall, Esq.
- 24 Best Best & Krieger LLP
3750 University Avenue, Suite 400
- 25 PO Box 1028
Riverside, CA 92502
- 26 franklin.adams@bbklaw.com
william.wall@bbklaw.com
- 27
- 28 NorthPark Partners, LP
c/o James H. Billingsley, Esq.

- 1 c/o Michael Heyman, Esq.
Kirkpatrick & Lockhart Preston Gates Ellis LLP
- 2 1717 Main Street, Suite 2800
Dallas, TX 75201
- 3 james.billingsley@klgates.com
michael.heyman@klgates.com
- 4
- 5 Rob Opera, Esq.
Winthrop Couchot
660 Newport Center Drive, 4th Floor
- 6 Newport Beach, CA 92660
mwinthrop@winthropcouchot.com
- 7 ropera@winthropcouchot.com
- 8 Shaw Valenza LLP
520 Capitol Mall, Suite 630
- 9 Sacramento, CA 95814
gvalenza@shawvalenza.com
- 10
- 11 Simon Property Group, Inc.
Attn: Ronald M. Tucker, Esq.
225 W. Washington St.
Indianapolis, IN 46204
rtucker@simon.com
- 12
- 13 State of Washington
- 14 Department of Revenue & Employment Security
Attn: Zachary Mosner, Asst. Atty. Gen.
15 Bankruptcy & Collections Unit
800 Fifth Ave, Ste 2000
16 Seattle, WA 98104-3188
- 17 Stokke LLC
Attn: Tor Christian Sorlie
18 1100 Cobb Place Blvd., Ste. 100
Kennesaw, GA 30144
19 torr.christian.sorlie@stokke.com
- 20 Stokke LLC
c/o Thomas Rosseland, Esq.
- 21 Bodker, Ramsey, Andrews, Winograd & Wildstein
One Securities Center
22 3490 Piedmont Road, Ste. 1400
Atlanta, GA 30305-4808
23 trosseland@brawwlaw.com
- 24 Taubman Landlords
(West Farms Mall LLC;
25 Willow Bend Shopping Center LP, et al.)
c/o Taubman Realty Group Limited
- 26 The Taubman Company
Attn: Andrew S. Conway
27 200 E. Long Lake Road, Ste. 300
Bloomfield Hills, MI 48303-0200
28 aconway@taubman.com

- 1 The Donovan Offices
- 2 Attn: James M. Donovan
- 3 Attn: Michael J. Glenn
- 4 Attn: John Monte
- 5 915 Wilshire Blvd., Ste. 950
- 6 Los Angeles, CA 90017
- 7 jmdonovan@thedonovanoffices.com
- 8 mglenn@thedonovanoffices.com
- 9 montelaw@earthlink.net
- 10 The Irvine Company, LLC
- 11 c/o Ernie Zachary Park, Esq.
- 12 BEWLEY, LASSLEBEN & MILLER, LLP
- 13 13215 E. Penn St., Ste. 510
- 14 Whittier, CA 90602-1797
- 15 ernie.park@bewleylaw.com
- 16 TRS Acquisition Subsidiary, Inc.
- 17 A portfolio company of Hancock Park Capital II, L.P.
- 18 c/o Robert R. Ouellette Esq.
- 19 Schottenstein Zox & Dunn Co., LPA
- 20 250 West Street , Suite 700
- 21 Columbus, OH 43215
- 22 rouellette@szd.com
- 23 Wachovia Capital Finance Corporation (Western)
- 24 Attn: Robin Van Meter, Vice President
- 25 251 South Lake Avenue, Suite 900
- 26 Pasadena, CA 91101
- 27 robin.vanmeter@wachovia.com
- 28 Wachovia Capital Finance Corporation (Western)
- 29 Levy Small & Lallas
- 30 c/o Leo D. Plotkin, Esq.
- 31 815 Moraga Drive
- 32 Los Angeles, CA 90049
- 33 lplotkin@lsl-la.com
- 34 Westfield, LLC and
- 35 The Macerich Company
- 36 c/o Thomas J. Leanse, Esq.
- 37 c/o Brian D. Huben, Esq.
- 38 c/o Dustin P. Branch, Esq.
- 39 KATTEN MUCHIN ROSENMAN LLP
- 40 2029 Century Park East, Suite 2600
- 41 Los Angeles, CA 90067-3012
- 42 brian.huben@kattenlaw.com
- 43 Yvonne Besvold
- 44 c/o Michael Leight, Esq.
- 45 Law Offices of Michael Leight
- 46 6700 E. Pacific Coast Highway, Ste. 237
- 47 Long Beach, CA 90803
- 48