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7 Bankruptcy Counsel for eStyle, Inc.,
Debtor and Debtor in Possession
8
9

10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**
12

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

17 Debtor.
18

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

Chapter 11

**STIPULATION BETWEEN DEBTOR AND
SENIOR SECURED CREDITOR,
WACHOVIA CAPITAL FINANCE
CORPORATION (WESTERN), RE
CONTINUED USE OF CASH
COLLATERAL**

DATE: June 24, 2008

TIME: 2:00 p.m.

PLACE: U.S. Bankruptcy Court
Courtroom 1575
255 East Temple Street
Los Angeles, CA 90012

19 Tax Id # 95-4712564
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23 eStyle, Inc. (the "Debtor"), debtor and debtor in possession and Wachovia
24 Capital Finance Corporation (Western) ("Wachovia"), senior secured creditor of the
25 Debtor, agree and stipulate as follows:

26 1. The Debtor commenced the above-captioned chapter 11 case on
27 March 19, 2008.
28

1 2. Pursuant to an order (the "Cash Collateral Order") of the Court
2 entered on April 25, 2008, the Court authorized the Debtor's use of cash collateral
3 through June 24, 2008, and set a hearing for continued use of cash collateral for that
4 date.

5 3. On June 18, 2008, the Debtor entered into an Asset Purchase
6 Agreement (the "APA") with TRS Acquisition Subsidiary, Inc. the ("Proposed Purchaser"),
7 subject to Court approval and the opportunity for overbids. The Proposed Purchaser's
8 obligations under the APA are guaranteed by Hancock Park II, L.P. Also on June 18,
9 2008, the Debtor filed motions with the Court requesting the establishment of sale and
10 bidding procedures and the approval of a sale.

11 4. Wachovia and the Debtor desire and require that the sale process for
12 the Debtor's business as a going concern move forward on an expeditious basis and
13 agree to the following benchmarks:

- 14 a. The Debtor shall request that a hearing be set on its sale procedure
15 motion for June 24, 2008, and if it unable to obtain a hearing on such
16 date, the hearing shall be no later than June 30, 2008;
- 17 b. The Debtor shall seek a hearing on the sale approval motion for
18 July 8, 2008, and if unable to obtain such date, shall obtain a hearing
19 on said motion for no later than July 15, 2008;
- 20 c. The Debtor shall obtain Court approval of a sale of its business
21 and/or assets by July 22, 2008;
- 22 d. The sale of the Debtor's business and/or assets (providing for full
23 payment of Wachovia's allowed claim, with payment of principal and
24 interest to be made directly from the sale proceeds as well as
25 payment of fees and costs, if such fees and costs are agreed upon
26 and consented to by the Debtor and the Unsecured Creditors'
27 Committee) shall close by no later than July 31, 2008.
28

1 5. As long as the Debtor satisfies each of the foregoing benchmarks,
2 except as set forth in paragraph 9 below, the Debtor shall not be required to make
3 payments to Wachovia so long as the Debtor's inventory at cost does not fall below
4 \$4,000,000.

5 6. In the event that the Debtor's inventory at cost falls below
6 \$4,000,000, the Debtor shall recommence payments to Wachovia. These payments will
7 be made by wire transfer on each Friday and will be in the amount of 50% of store sale
8 receipts for the Debtor's 4 stores currently conducting store closing sales (Atrium,
9 Burlington, NorthPark, and Westchester). In the event a sale or the Debtor's business
10 and/or assets hasn't closed, the Debtor will continue with store closing sales during the
11 term of this Stipulation at the 4 stores where such sales are currently underway. In the
12 event that the Debtor commences a store closing sale at its Short Hills store, payment to
13 Wachovia will be required under the same terms described above with regard to the 4
14 stores currently conducting store closing sales.

15 7. The term of this Stipulation shall be from and including the day
16 hereof through July 26, 2008.

17 8. Pursuant to the terms of this Stipulation, Wachovia consents to the
18 Debtor's use of cash collateral through July 26, 2008, in accordance with the cash
19 collateral budget attached hereto as Exhibit 1 and in accordance with the allowed
20 variances set forth in section 3 of the Court's order authorizing use of cash collateral
21 through June 24, 2008, entered on April 25, 2008, and with the provisions therein carried
22 forward into the budget for the term of this Stipulation.

23 9. In the event that a sale of the Debtor's business and/or assets, in
24 compliance with section 4.d. above does not close by July 31, 2008, or if at any time prior
25 thereto, it becomes clear that there is no transaction for the purchase of the Debtor's
26 business and/or assets that is moving forward, the Debtor will, subject to Court approval
27 (which will be promptly sought on an expedited basis), implement a complete liquidation,
28 including conducting store closing sales for the remainder of its stores where such sales

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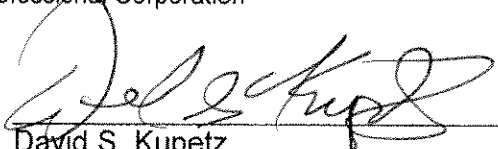
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are not previously commenced in order to liquidate all of the Debtor's inventory (including inventory in warehouses).

10. The Debtor and Wachovia agree that a continued hearing regarding any further use of cash collateral should be set for some time during the week of July 21, 2008, if the Court will allow.

DATED: June 20, 2008

SulmeyerKupetz
A Professional Corporation

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

DATED: 6/20, 2008

Levy Small & Lallas

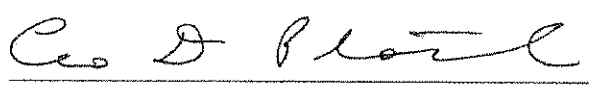
By: 
Leo Plotkin
Counsel for Wachovia Capital Finance
Corporation (Western) Secured Creditor

EXHIBIT 1

eStyle, Inc.
Cash Collateral Model (06/19/08)

July

	Forecast Week 4 6/15-6/21	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	\$201,849	\$213,425	\$231,497	\$222,517	\$240,478	\$250,131	\$1,158,048
Net Cash Receipts from Retail Sales	331,888	334,317	306,149	324,921	292,377	292,838	1,550,601
Liquidation receipts	\$137,628	141,628	134,547	127,819	114,124	71,328	589,446
Net Cash Receipts Total DTC & Stores	\$671,365	\$689,370	\$672,193	\$675,257	\$646,979	\$614,297	\$3,298,096
Other Cash Receipts							
List Rental & Misc Receipts		1,000	1,000	1,000	1,000	1,000	5,000
Cash Payments:							
Inventory	200,000	360,000	150,000	130,000	282,000	215,000	1,137,000
UPS Freight Services (Imports)	30,000	18,935	20,000	11,328	30,000	23,662	103,925
Packing/Gift Supplies & Domestic Freight In	11,000	8,000	8,000	9,000	11,881	11,150	48,031
DTC Shipping (UPS & USPS)	30,000	35,000	35,000	35,000	30,000	30,000	165,000
New Breed	55,000	60,000	55,000	55,000	55,000	55,000	280,000
Freight to Stores (Gilbert)	8,000	10,000	10,000	8,000	8,000	8,000	44,000
Salaries, Wages, Benefits	17,000	260,000	30,000	260,000	10,000	240,000	800,000
Credit Card Processing	2,000	2,000	2,000	2,000	2,000	2,000	10,000
Rent	0	17,000	227,000	102,000	50,000	0	396,000
Direct Mail	12,000	16,500	0	0	0	0	16,500
Marketing	5,000	3,000	3,000	3,000	3,000	3,000	15,000
Technology & CAPEX & CAP Leases	15,000	15,470	14,000	10,000	8,750	8,780	57,000
Corporate/Homebase	60,000	20,000	20,674	16,327	27,000	30,000	114,001
Retail Store Expenses	20,000	18,000	15,000	12,000	12,000	16,943	73,943
Interest Expense	0	0	12,000	0	0	0	12,000
Sales & Use Tax	100,000	80,000	0	0	0	0	160,000
Administrative fees	0	0	25,000	25,000	20,000	10,000	80,000
Creditors administrative fee	5,000	5,000	5,000	5,000	5,000	5,000	25,000
Total Cash Payments	\$570,000	928,905	631,674	683,655	554,631	738,535	3,537,400
Net Cash In/(Burn)	\$101,365	(\$238,534)	\$41,519	(\$7,398)	\$93,347	(\$123,237)	(\$234,304)

Roll forward B/S cash (beg of wk)
+/- Cash Flow
End of wk B/S cash fcst

	205,284	306,649	68,115	109,634	102,235	195,583	306,649
	101,365	(238,534)	41,519	(7,398)	93,347	(123,237)	(234,304)
	306,649	68,115	109,634	102,235	195,583	72,346	72,346

Memo:

Loan Balance 1,521,589
Ending Inventory 4,600,000
Cash collateral Fcst July 2008 SV

1,521,589
4,615,315

1,521,589
4,429,218

1,521,589
4,221,590

1,521,589
4,180,101

1,521,589
4,087,952

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1 PROOF OF SERVICE

2 STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

3 At the time of service, I was over 18 years of age and **not a party to this action**. I
4 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.

5 On June 20, 2008, I served the following document(s) described as
6 **STIPULATION BETWEEN DEBTOR AND SENIOR SECURED CREDITOR,**
7 **WACHOVIA CAPITAL FINANCE CORPORATION (WESTERN), RE CONTINUED USE**
8 **OF CASH COLLATERAL** on the interested parties in this action as follows:

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

16 State of Washington
17 Department of Revenue & Employment Security
18 Attn: Zachary Mosner, Asst. Atty. Gen.
19 Bankruptcy & Collections Unit
20 800 Fifth Ave, Ste 2000
21 Seattle, WA 98104-3188

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

27 **SEE ATTACHED EMAIL SERVICE LIST**

28 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 20, 2008, at Los Angeles, California.


Debbie A. Perez

EMAIL SERVICE LIST

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DEBTOR

eStyle, Inc.
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OFFICE OF THE UNITED STATES TRUSTEE

Office of the United States Trustee
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