

1 MAYER BROWN LLP  
WILLIAM H. KIEKHOFER, III (Bar No. 94022)  
2 *wkiekhofer@mayerbrown.com*  
ANTHONY J. NAPOLITANO (Bar No. 227691)  
3 *anapolitano@mayerbrown.com*  
350 South Grand Avenue, 25th Floor  
4 Los Angeles, California 90071-1503  
Telephone: (213) 229-9500  
5 Facsimile: (213) 625-0248

6 Attorneys for Creditor  
WACHOVIA CAPITAL FINANCE CORPORATION (WESTERN)  
7

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

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

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

Chapter 11

**WACHOVIA CAPITAL FINANCE  
CORPORATION'S SUPPLEMENTAL  
OBJECTIONS TO DEBTOR'S MOTION  
PURSUANT TO SECTION 363(C) OF THE  
BANKRUPTCY CODE AND RULE 4001(B)  
OF THE FEDERAL RULES OF  
BANKRUPTCY PROCEDURE FOR  
INTERIM AND FINAL ORDERS  
AUTHORIZING USE OF CASH  
COLLATERAL**

Date: April 17, 2008  
Time: 2:00 p.m.  
Place: Courtroom 1575  
255 E. Temple Street  
Los Angeles, CA 90012

1 **TO THE HONORABLE SAMUEL L. BUFFORD, UNITED STATES BANKRUPTCY**  
2 **JUDGE, THE DEBTOR, ITS COUNSEL, AND ALL PARTIES IN INTEREST:**

3 Wachovia Capital Finance Corporation (Western) (“Wachovia”), secured lender of debtor  
4 and debtor-in-possession eStyle, Inc. d/b/a babystyle, Cadeau, and Cadeau Designs (“Debtor”),  
5 hereby submits its supplemental objections (the “Supplemental Objection”) to Debtor’s  
6 Emergency Motion Pursuant to Section 363(c) of the Bankruptcy Code and Rule 4001(b) of the  
7 Federal Rules of Bankruptcy Procedure for Interim and Final Orders Authorizing Use of Cash  
8 Collateral (Docket No. 13) (the “Cash Collateral Motion”), as follows:

9 **I. INTRODUCTION**

10 On April 15, 2008, Debtor provided Wachovia a Cash Collateral Model showing its  
11 actual financial performance through April 12, 2008 (the “Week 3 Model”) (Exhibit 2 to the  
12 Debtor’s Reply), and a proposed cash collateral budget which provides for two additional store  
13 closings (Exhibit 1 to the Debtor’s Reply) (the “15 Store Model”). As authorized by the Court at  
14 the March 25, 2008 interim hearing on the Cash Collateral Motion, *See* Notice of Lodgment re  
15 3/25 Hearing Transcript (Docket No. 78), Exhibit A, p. 91 (Tr. p. 85), ln. 6-11, Wachovia files  
16 this supplement to address the deficiencies in the Week 3 Model and the 15 Store Model.

17 **II. WACHOVIA’S SUPPLEMENTAL OBJECTIONS TO DEBTOR’S REPORTS**

18 Wachovia still opposes use of cash collateral. The continuing losses and diminution of  
19 Wachovia’s collateral and the estate make this a proper case for a prompt, orderly liquidation.  
20 The Week 3 Model and the 15 Store Model disclose (1) continuing depletion of Wachovia’s  
21 collateral without concomitant reductions in Wachovia’s secured claim, (2) discrepancies in  
22 inventory values, (3) a third week in which the Debtor missed its revenue projections.

23 **A. Debtor Still Proposes to Deplete Collateral Without Concomitant Reductions**  
24 **in Wachovia’s Secured Claim**

25 The 15 Store Model still projects a precipitous declines in cash and inventory levels in  
26 the period from March 13 to June 21, 2008. The 15 Store Model shows that actual cash at the  
27 end of the week of the March 25, cash collateral hearing was \$1,133,895 (Exh. A, p. 1, D102),  
28 and actual inventory, valued by the Debtor at Orderly Liquidation Value (“OLV”) was

1 \$5,810,530 (Exh. A, p. 1, D108), a total of \$6,944,425. By the final week of the June in the  
2 15 Store Model, cash is projected to decrease to \$325,884 (Exh. A, p. 3, J102), a decrease of  
3 \$808,011. OLV inventory is projected to decrease to \$4,690,589 (Exh. A, p. 3, J107), a decline  
4 of \$1,119,941. The total decrease of collateral in the cash and inventory categories from the end  
5 of the week of March 29 to the end of the week of June 21 is \$1,927,952.

6 The 15 Store Model projects that Wachovia's loan amount will decrease by a much lesser  
7 amount, only \$569,161, from \$2,069,161 on March 29, 2008 (Exh. A, p. 1, D96) to \$1,500,000  
8 (Exh. A, p. 3, J96) on June 21, 2008. The 15 Store Model projects that collateral value will  
9 decline at a rate almost four times faster than the rate of decrease in the loan. While this is an  
10 improvement to the April 11 Budget referenced in Wachovia's Objection, which showed cash  
11 and inventory collateral declining almost seven and a half times faster than Wachovia's loan  
12 amount, this is still inconsistent with adequate protection.<sup>1</sup>

13 **B. The Debtor Still Provides Inconsistent and Inaccurate Inventory Reporting**

14 The version of the 15 Store Model attached to the Debtor's Reply is incomplete. It omits  
15 the final tab of the 15 Store Model entitled "Availability Model," as presented to Wachovia on  
16 April 15, 2008. Wachovia attaches the complete 15 Store Model hereto as Exhibit "A". Cost  
17 value inventory as reported in the Availability Model contains material discrepancies for cost  
18 value inventory as reported in the May and June forecasts. The discrepancy starts in Week 14  
19 and continues through the end of the 15 Store Model. Week 21 of the Availability Model  
20 provides an inventory number of \$5,090,000. (Exh. A, p. 4, U5), whereas the corresponding  
21 Week 4 of June provides an inventory number of \$5,254,094 (Exh. A, p. 3, J105), a discrepancy  
22 of \$164,094, or 3%. The Debtor's chief financial officer informed Wachovia on April 16, 2008  
23 that \$5,090,000 is the correct number, and that the forecast portion of the 15 Store Model had  
24  
25

26 <sup>1</sup> The other components of Wachovia's collateral, Other (including Equipment and FFE) and  
27 Accounts Receivable are essentially unchanged, but their values remain highly speculative due to  
28 the difficulties of liquidating far flung fixtures and the dilutive effect of charge backs and  
chargeback reserves on credit card receivables.

1 overstated inventory. This further undermines the protection afforded Wachovia, since this error  
2 will be reflected in a lower OLV.

3 **C. The Debtor Missed Its Revenue Projections For a Third Week.**

4 The Week 3 Model demonstrates that the Debtor has missed its revenue projections for a  
5 third straight week. The Net Cash Receipts DTC & Stores depicts a cumulative variance of  
6 (\$237,545) for Weeks 1 through 3 (Exh. B, p.1, S57). The losses were concentrated in the  
7 Debtor's "going forward" stores, which can be inferred by the fact that the Debtor *exceeded* its  
8 first three weeks budget estimates for the liquidation receipts for the initial five stores by  
9 \$147,462 (Exh. B, p. 1, S55). However, the Debtor missed its budget for the rest of its retail  
10 chain, by a cumulative (\$119,080), and it missed on total DTC sales by (\$166,693). It missed on  
11 liquidation from CLA, or Cadeau Los Angeles, by (\$99,335). The aggregate revenue miss for  
12 the first three weeks is (\$237,545), or about 9.4%, on total three week revenues of \$2,536,849.

13 When one "unhides" (to use the Excel terminology) the detail under the Retail Cash  
14 Receipts section of the Week 3 Model,<sup>2</sup> an ominous picture of deteriorating sales at the Debtor's  
15 continuing stores emerges. Over the first three week period, the Debtor's Manhattan Beach,  
16 Newport Beach, and Santa Monica stores have missed their budget numbers by 30.64%, 19.68%,  
17 and 21.98%. Debtor's store closing sales appear to be cannibalizing sales of the continuing  
18 stores, and, more significantly, to be diminishing the premium value of its brands.

19 The Debtor in its 15 Store Model has proposed to close two additional locations: White  
20 Plains, New York and Glendale, California. Based on these trends, the proposed additional store  
21 closings portend even worse sales numbers for the non closed stores and DTC in the future. If  
22 the Debtor is going move to a reduced retail store operating model, its continued failure to attain  
23 projected revenues will undercut its ability to operate as a going concern thereby impairing  
24 Wachovia's collateral value.

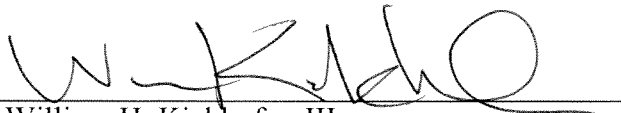
25  
26  
27 \_\_\_\_\_  
28 <sup>2</sup> A copy of the "unhidden" data for the Week 3 Model is attached hereto as Exhibit "B."

1 **III. CONCLUSION**

2 Wachovia respectfully submits that the Debtor has failed to provide adequate protection  
3 of Wachovia's interests, that it terminate the Debtor's use of cash collateral for any purpose other  
4 than to fund a liquidation of the Debtor's assets, and grant such other and further relief as may be  
5 deemed just or proper under the circumstances.

6 DATED: April 16, 2008

MAYER BROWN LLP  
WILLIAM H. KIEKHOFFER, III  
ANTHONY J. NAPOLITANO

8  
9 By:   
10 William H. Kiekhofer, III  
11 Attorneys for Creditor  
12 WACHOVIA CAPITAL FINANCE CORPORATION  
13 (WESTERN)

14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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

**PROOF OF SERVICE BY EMAIL**

I am employed in Los Angeles County, California. I am over the age of eighteen years and not a party to the within-entitled action. My business address is 350 South Grand Avenue, 25th Floor, Los Angeles, California 90071-1503. I am readily familiar with this firm's practice for collection and processing of correspondence for mailing with the United States Postal Service. On April 15, 2008, I served true and correct copies of the within document entitled WACHOVIA CAPITAL FINANCE CORPORATION'S SUPPLEMENTAL OBJECTIONS TO DEBTOR'S MOTION PURSUANT TO SECTION 363(C) OF THE BANKRUPTCY CODE AND RULE 4001(B) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE FOR INTERIM AND FINAL ORDERS AUTHORIZING USE OF CASH COLLATERAL by emailing the document to the parties listed on the attached service list at the email addresses set forth on the attached service list.

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

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

Executed on April 16, 2008, at Los Angeles, California.

  
\_\_\_\_\_  
Holly Wells

1 *In re eStyle, Inc.*  
U.S.B.C., Central District of California, Los Angeles Division  
2 Chapter 11 Case No. 2:08-bk-13518-SB

3 **SERVICE LIST**

4 *Proposed Counsel for the Debtor*  
David S. Kupetz, Esq.  
5 Sulmeyer Kupetz  
333 South Hope Street, 35<sup>th</sup> Floor  
6 Los Angeles, CA 90071

Telephone: (213) 617-5274  
Facsimile: (213) 629-4520  
Email: [dkupetz@sulmeyerlaw.com](mailto:dkupetz@sulmeyerlaw.com)

7 *U.S. Trustee*  
Office of the United States Trustee  
8 725 South Figueroa Street, 26<sup>th</sup> Floor  
Los Angeles, CA 90017

Telephone: (213) 894-6811  
Facsimile: (213) 894-2603  
Email: [ustp.region16@usdoj.gov](mailto:ustp.region16@usdoj.gov)

9 *Proposed Counsel to the Creditors' Committee*  
10 Craig G. Margulies, Esq.  
Ian S. Landsberg, Esq.  
11 Landsberg Margulies LLP  
16030 Ventura Boulevard, Suite 470  
12 Encino, CA 91436

Telephone: (818) 705-2777  
Fax: (818) 705-3777  
Email: [cmargulies@lm-lawyers.com](mailto:cmargulies@lm-lawyers.com)  
[ilandsberg@lm-lawyers.com](mailto:ilandsberg@lm-lawyers.com)

13 **REQUESTS FOR SPECIAL NOTICE**

14 *Counsel for Dream International USA, Inc.*  
Samuel S. Oh, Esq.  
15 Lim, Ruger & Kim, LLP  
1055 West Seventh Street, Suite 2800  
16 Los Angeles, CA 90017

Telephone: (213) 955-9500  
Facsimile: (213) 955-9511  
Email: [sam.oh@lrklawyers.com](mailto:sam.oh@lrklawyers.com)

17 *Counsel for Simpon Property Group Inc.*  
Simon Property Group, Inc.  
18 Attention: Ronald M. Tucker, Esq.  
225 West Washington Street  
19 Indianapolis, IN 46204

Telephone: (317) 263-2346  
Fax: (317) 263-7901  
Email: [rtucker@simon.com](mailto:rtucker@simon.com)

20 *Counsel for GRP II Investors, L.P., GRP II*  
*Partners, L.P., and GRP II, L.P.,*  
21 Michael Foreman, Esq.  
Michelle Kreidler Dove, Esq.  
22 Dorsey & Whitney LLP  
250 Park Avenue  
23 New York, NY 10177

Telephone: (212) 415-9200  
Fax: (212) 953-7201  
Email: [foreman.michael@dorsey.com](mailto:foreman.michael@dorsey.com)  
[dove.michelle@dorsey.com](mailto:dove.michelle@dorsey.com)

<p>1 2 3 4 5 6</p>	<p><i>Counsel for Oak IX Affiliates Fund – A, L.P., Oak IX Affiliates Fund, L.P., Oak Investment Partners IX, L.P., and Oak Investment Partners IX, L.P.</i> Michael Foreman, Esq. Michelle Kreidler Dove, Esq. Dorsey &amp; Whitney LLP 250 Park Avenue New York, NY 10177</p>	<p>Telephone: (212) 415-9200 Fax: (212) 953-7201 Email: <a href="mailto:foreman.michael@dorsey.com">foreman.michael@dorsey.com</a> <a href="mailto:dove.michelle@dorsey.com">dove.michelle@dorsey.com</a></p>
<p>7 8 9</p>	<p><i>Counsel for Bellevue Square Managers, Inc.</i> John S. Kaplan, Esq. Perkins Coie LLP 1201 Third Avenue, 40<sup>th</sup> Floor Seattle, WA 98101</p>	<p>Telephone: (206) 359-9804 Fax: (206) 359-9408 Email: <a href="mailto:jkaplan@perkinscoie.com">jkaplan@perkinscoie.com</a></p>
<p>10 11 12 13</p>	<p><i>Counsel for Westfield, LLC and The Macerich Company</i> Katten Muchin Rosenman LLP c/o Thomas J. Leanse, Esq. c/o Brian D. Huben, Esq. c/o Dustin P. Branch, Esq. 2029 Century Park East, Suite 2600 Los Angeles, CA 90067-3012</p>	<p>Telephone: (310) 788-4400 Fax: (310)788.4471 Email: <a href="mailto:thomas.leanse@kattenlaw.com">thomas.leanse@kattenlaw.com</a></p>
<p>14 15 16</p>	<p><i>Counsel for Taubman Landlords</i> Andrew S. Conway, Esq. 200 East Long Lake Road, Suite 300 Bloomfield Hills, MI 48304</p>	<p>Telephone: (248) 258-7427 Email: <a href="mailto:aconway@taubman.com">aconway@taubman.com</a></p>
<p>17 18 19</p>	<p><i>Counsel for The Irvine Company, LLC</i> Ernie Zachary Park, Esq. Bewley, Lassleben &amp; Miller, LLP 13215 E. Penn Street, Suite 510 Whittier, CA 90602-1797</p>	<p>Telephone: (562) 698-9771 Fax: (562) 696-6357 Email: <a href="mailto:ernie.park@bewleylaw.com">ernie.park@bewleylaw.com</a></p>
<p>20 21 22</p>	<p><i>Counsel for General Growth Management, Inc.</i> Kristen N. Pate General Growth Management, Inc., as Agent 110 North Wacker Chicago, IL 60606</p>	<p>Telephone: (312) 960-5079 Fax: (312) 442-6374 Email: <a href="mailto:ggbpk@ggp.com">ggbpk@ggp.com</a></p>
<p>23 24 25 26 27 28</p>	<p><i>Counsel for American Express Travel Related Svcs. Co., Inc. Corp. Card</i> Gilbert B. Weisman, Esq. Becket and Lee LLP 16 General Warren Boulevard Malvern, PA 19355</p>	<p>Telephone: (610) 644-7800 Fax: (610) 993-8493 Email: <a href="mailto:notices@becket-lee.com">notices@becket-lee.com</a></p>

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

*Counsel for New Breed, Inc.*  
Franklin C. Adams, Esq.  
Best Best & Krieger  
3750 University Avenue  
Riverside, CA 92502-1028

Telephone: (951) 686-1450  
Fax: (951) 686-3083  
Email: franklin.adams@bbklaw.com

Deborah L. Fletcher, Esq.  
Kilpatrick Stockton LLP  
214 North Tryon Street, Suite 2500  
Charlotte, NC 28202-2381

Telephone: (704) 338-5243  
Main: (704) 737-5180 or  
(704) 906-2755  
Fax: (704) 371-6408  
Email: dfletcher@kilpatrickstockton.com



**eStyle, Inc.**  
Cash Collateral Model (Forecast 04/15/08 15 store model)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
	May																		
	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
	Week 1	Week 2	Week 3	Week 4	Cost	Budget													
	4/27-5/03	5/04-5/10	5/11-5/17	5/18-5/24	May	May													
1	Net Cash Receipts from DTC Sales																		
2	\$346,405	\$392,367	\$356,669	\$425,272	\$1,520,713	\$1,521,033													
3	\$40,000	\$40,000	\$40,000	\$40,000	\$160,000	\$0													
4	\$386,405	\$432,367	\$396,669	\$465,272	\$1,680,713	\$1,521,033													
5	Net Cash Receipts from Retail Sales																		
6	\$441,075	\$443,919	\$421,920	\$384,949	\$1,691,763	\$1,864,635													
7	\$107,716	\$136,109	\$139,074	\$98,447	\$481,346	\$69,052													
8	Liquidation recpts from 3 stores (MVU, GUN, WCH)																		
9	\$935,196	\$1,012,395	\$957,663	\$948,568	\$3,853,822	\$3,554,720													
10	Net Cash Receipts Total DTC & Stores																		
11	\$1,872,686	\$2,024,791	\$1,906,252	\$1,928,777	\$7,656,304	\$7,521,411													
12	Other Cash Receipts																		
13	\$-	\$-	\$-	\$-	\$84,145	\$84,145													
14	List Rental & Misc Receipts, chase reserve*																		
15	Cash Payments:																		
16	\$370,643	\$241,264	\$194,669	\$312,427	\$1,119,003	\$1,219,002													
17	\$58,036	\$10,361	\$15,154	\$41,215	\$124,766	\$69,907													
18	\$10,445	\$11,792	\$10,854	\$10,284	\$43,375	\$38,056													
19	\$36,789	\$42,622	\$38,092	\$46,799	\$164,302	\$144,035													
20	\$47,914	\$51,926	\$48,999	\$50,506	\$199,345	\$184,294													
21	\$6,071	\$6,417	\$6,206	\$5,347	\$24,041	\$22,499													
22	\$366,230	\$11,638	\$359,230	\$20,971	\$746,068	\$695,068													
23	\$22,137	\$24,026	\$22,674	\$22,759	\$91,596	\$84,529													
24	\$380,262	\$-	\$52,000	\$-	\$432,262	\$451,599													
25	\$2,250	\$2,250	\$2,250	\$2,250	\$9,000	\$9,000													
26	\$10,258	\$10,258	\$10,258	\$10,258	\$41,034	\$41,034													
27	\$13,069	\$15,602	\$13,636	\$17,367	\$59,674	\$50,862													
28	\$56,408	\$59,781	\$27,161	\$32,195	\$175,545	\$163,828													
29	\$100,643	\$26,538	\$-	\$23,768	\$156,942	\$39,951													
30	\$90,000	\$-	\$-	\$210,455	\$300,455	\$300,455													
31	Administrative fees (see memof# 8 below)																		
32	Total Cash Payments																		
33	\$1,561,156	\$514,474	\$837,176	\$836,601	\$3,749,407	\$3,688,118													
34	Net Cash Flow																		
35	<u>(\$625,959)</u>	<u>\$497,921</u>	<u>\$120,486</u>	<u>\$196,112</u>	<u>\$188,560</u>	<u>(\$34,253)</u>													
36	Credit Line Availability																		
37	\$2,435,064	\$2,350,401	\$2,217,859	\$2,174,906	\$1,770,516	\$1,727,543													
38	\$2,082,487	\$1,904,940	\$1,770,316	\$1,727,543	\$1,447,543	\$1,447,543													
39	Remaining Credit Line Available																		
40	<u>\$372,577</u>	<u>\$445,461</u>	<u>\$447,543</u>	<u>\$447,364</u>	<u>\$322,973</u>	<u>\$279,999</u>													
41	Roll forward B/S cash (beg of wk)																		
42	\$1,081,953	\$448,353	\$788,727	\$774,589	\$1,081,953	\$1,166,470													
43	\$(7,640)	\$(157,547)	\$(134,624)	\$(42,773)	\$(342,585)	\$(34,253)													
44	Credit line change																		
45	\$(625,959)	\$497,921	\$120,486	\$196,112	\$188,560	\$(34,253)													
46	End of wk B/S cash fest																		
47	<u>\$48,353</u>	<u>\$78,727</u>	<u>\$74,589</u>	<u>\$92,792</u>	<u>\$92,792</u>	<u>\$1,132,217</u>													
48	Memo:																		
49	105 1. Ending inventory																		
50	5,840,990	5,615,124	5,421,354	5,314,045															
51	106 2. Inventory @ retail (60.3% mark-up)																		
52	14,835,625	14,261,944	13,769,785	13,497,227															
53	107 3. Orderly liquidation @35% of retail																		
54	5,214,541	4,839,911	4,744,110																
55	109 4. Wadovna collateral inventory equity																		
56	3,152,054	3,107,959	3,069,595	3,016,568															
57	110 5. A/R Equity value																		
58	417,851	446,121	410,464	421,166															
59	111 6. Other estimated collateral (F&E, equip, etc)																		
60	300,000	300,000	300,000	300,000															
61	112 7. Wadovna total collateral equity (4+5+6)																		
62	3,869,905	3,894,080	3,780,059	3,737,734															
63	114 8. Payment from prior retailer (not in model)																		
64	50,000	50,000																	
65	115 Abbreviations:																		
66	116 DTC is short for Direct to consumer; CAPEX is short for capital expenditures; CAP leases is short for Capital leases																		
67	117																		
68	118																		
69	119 Placeholder reserve estimated incase processor withholds additional funds (not anticipated as necessary)																		
70	120 Corporate/homebase includes non-payroll overhead expenses such as insurance, employee expense reports, temp help,																		
71	121 professional fees, samples, office supplies																		
72	122 Credit card processing fees are deducted from cash payments received																		
73	123 Miscellaneous receipts in week 4 includes \$15K/store for receipts from sale of fixture etc for 6 closing stores																		

NOTE: There was uncertainty as to whether some checks had cleared at the time of preparing this cash collateral model. This is therefore an estimate of cash



	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
1	estyle, Inc.																					
2	Availability Model (weekly model)																					
3	\$ in Thousands																					
4	Store & Warehouse Inventory				WK 9	WK 10	WK 11	WK 12	WK 13	Apr-08	WK 14	WK 15	WK 16	WK 17	May-08	WK 18	WK 19	WK 20	WK 21	Jun-08		
5	In-Trip Inventory (for illustration, excluded from eligibility calculation) use 50% of lined put	6,509	6,198	6,090	5,899	5,739	5,739	5,739	5,739	5,739	5,821	5,964	5,304	5,143	5,143	4,987	4,917	4,892	5,090	5,090		
6	Less: Ineligibles (Bad/Damaged Merch, Marketing/Packaging Inventory) - used 10%	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)	(818)		
7	except for June which includes var on stand load																					
8	Eligible Inventory	5,690	5,379	5,231	5,081	4,920	4,920	4,920	4,920	4,920	5,003	4,746	4,485	4,325	4,325	4,149	4,099	4,074	4,271	4,271		
9	LTV	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
10	LTV of 85%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%		
11	Advance Rate %	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%		
12	Inventory Borrowing Base	2,845	2,690	2,616	2,541	2,460	2,460	2,460	2,460	2,460	2,501	2,373	2,243	2,162	2,162	2,074	2,049	2,037	2,136	2,136		
13	Eligible Credit Card Accounts Receivable - used 80% of plan even though dilution is at																					
14	Advance Rate	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%		
15	AR Borrowing Base	382	446	496	520	494	494	494	494	494	418	446	410	421	421	362	375	351	378	378		
16	Total Borrowing Base Availability	3,227	3,136	3,112	3,061	2,954	2,954	2,954	2,954	2,954	2,919	2,819	2,653	2,583	2,583	2,436	2,424	2,387	2,513	2,513		
17	Less: 10% Availability Covenant (against \$5m line)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
18	Less: Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
19	Less: Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
20	Gift Certificates/Merchandise Credits @ 50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
21	Total Reserves	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)		
22	Total Revolver Borrowing Base (not to exceed \$7.5MM)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)		
23	Revolver Borrowings	2,733	2,641	2,618	2,566	2,460	2,460	2,460	2,460	2,460	2,425	2,325	2,159	2,089	2,089	1,942	1,930	1,893	2,019	2,019		
24	Doc and Standby Letters of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
25	Total Senior Borrowings and LIGs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
26	Excess Availability	2,733	2,641	2,618	2,566	2,460	2,460	2,460	2,460	2,460	2,425	2,325	2,159	2,089	2,089	1,942	1,930	1,893	2,019	2,019		
27	Bag Inventory	6,660	6,509	6,198	6,050	5,899	6,660	5,739	5,821	5,964	5,304	5,143	4,987	4,917	4,892	5,143	4,967	4,917	4,892	5,143		
28	(+) Purchases	240	79	306	409	396	1,430	396	540	240	238	340	340	1,360	1,360	229	279	279	530	1,316		
29	(-) Sales @ COGS	(392)	(390)	(454)	(559)	(557)	(2,352)	(557)	(458)	(497)	(499)	(501)	(1,956)	(404)	(404)	(329)	(304)	(304)	(332)	(1,389)		
30	Ending Inventory	6,509	6,198	6,050	5,899	5,739	5,739	5,739	5,821	5,564	5,304	5,143	4,987	4,917	4,892	4,867	4,917	4,892	5,090	5,090		
31	Cash receipts	809	851	877	999	960	4,486	935	1,012	958	949	3,854	775	715	650	722	775	715	650	722		
32	COGS % to cash receipts	48.4%	45.9%	51.8%	55.9%	58.0%	52.3%	49.0%	49.0%	49.1%	52.1%	52.8%	52.1%	52.8%	50.7%	52.2%	46.0%	46.0%	46.0%	47.7%		
33	Current scenario																					
34	Borrowing base available	3,227	3,136	3,112	3,061	2,954	2,954	2,954	2,954	2,954	2,919	2,819	2,653	2,583	2,583	2,436	2,424	2,387	2,513	2,513		
35	Reserves	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)	(494)		
36	Borrowing base less reserves (A)	2,733	2,641	2,618	2,566	2,460	2,460	2,460	2,460	2,460	2,425	2,325	2,159	2,089	2,089	1,942	1,930	1,893	2,019	2,019		
37	Loan balance (B)	2,069	2,084	2,084	2,084	2,077	2,077	2,077	2,070	2,070	2,070	2,062	1,905	1,770	1,770	1,728	1,590	1,590	1,605	1,566		
38	Difference (A) - (B)	664	558	534	482	383	383	383	355	355	263	254	319	319	319	214	340	288	453	453		
39	%	32.1%	26.8%	25.6%	23.2%	18.4%	18.4%	18.4%	17.1%	17.1%	12.7%	13.3%	18.0%	18.0%	12.4%	21.4%	17.9%	17.9%	29.0%	29.0%		
40	Loan hurdle (Loan balance + 20%) (C)	2,483	2,501	2,501	2,501	2,492	2,492	2,492	2,484	2,475	2,286	2,124	2,124	2,124	2,124	2,073	1,908	1,927	1,879	1,879		
41	Difference (A) - (C)	250	141	117	66	(33)	(33)	(33)	(59)	(59)	(150)	(150)	(150)	(150)	(150)	(131)	22	(33)	(33)	(33)		
42	%	10.1%	5.6%	4.7%	2.6%	-1.3%	-1.3%	-1.3%	-2.4%	-2.4%	-6.1%	-5.6%	-5.6%	-5.6%	-1.7%	-1.7%	-1.7%	-1.7%	-1.7%			
43	Loan Balance	2,069	2,084	2,084	2,084	2,077	2,077	2,077	2,070	2,070	2,062	1,905	1,770	1,770	1,770	1,728	1,590	1,590	1,605	1,566		
44	Paydown	15	-	-	-	(7)	(7)	(7)	(8)	(8)	(150)	(8)	(8)	(8)	(8)	(7)	(7)	(7)	(7)	(7)		
45	Additional paydown	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
46	Balance	2,062	2,077	2,077	2,077	2,070	2,070	2,062	1,905	1,770	1,728	1,590	1,605	1,566	1,566	1,590	1,605	1,566	1,566	1,566		



