

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11  
 :  
ETOYS, INC., et al.<sup>1</sup> : Case Nos. 01-0706 (MFW)  
 : through 01-0709 (MFW)  
 :  
Debtors. : Jointly Administered  
 :  
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**ORDER AUTHORIZING AND APPROVING EMPLOYMENT OF  
COLLATERAL LOGISTICS, INC. AS LIQUIDATION CONSULTANT TO THE  
DEBTORS**

Upon consideration of the Debtor's application (the "Application") for an order authorizing and approving its employment of Collateral Logistics, Inc. ("CLI") as liquidation consultant to the Debtors, and good and sufficient cause appearing,

**IT IS HEREBY FOUND AND DETERMINED THAT:<sup>2</sup>**

A. The Court has jurisdiction over this Application under 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of the Debtors' chapter 11 cases and this Application is proper under 28 U.S.C. §§ 1408 and 1409.

B. Due and proper notice of the Application was given under the particular circumstances, and no other or further notice need be given.

<sup>1</sup> The Debtors are the following entities: eToys, Inc., a Delaware corporation; PMJ Corporation, a Delaware corporation; eKids, Inc., a Delaware corporation; and eToys Distribution, LLC, a Delaware LLC.

<sup>2</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact as and when appropriate.

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**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND  
DECREED AS FOLLOWS:**

1. The Application is granted.
2. The Debtors are authorized to employ CLI on the basis set forth in the CLI engagement agreement, nunc pro tunc to March 13, 2001, and are further authorized and empowered to take such actions as may be necessary to implement the terms and conditions of that employment.
3. Each month, or as soon thereafter as is practicable, CLI shall submit to the Debtors for their review and approval, and thereafter file with the Court and serve on the Office of the United States Trustee and counsel for the Official Committee of Unsecured Creditors (the "Committee"), an invoice for expenses incurred in connection with these cases. CLI shall submit with this invoice documentation supporting the charges for the expenses in the form required by the Office of the United States Trustee for professional fee applications.
4. If no written objection is filed with the Court and served on CLI with respect to the amount of the monthly invoice within ten (10) days after the service of the invoice, the Debtors are authorized to pay the invoice. If an objection is timely filed and served, the Debtors are authorized to pay only the undisputed amount of the invoice until such time as the objection has been resolved by this Court.
5. CLI shall file an application with the Court seeking allowance of its fees and costs incurred to that date and paid pursuant to the monthly payment procedure provided for herein. In addition, at the earlier of the conclusion of CLI's services or the conclusion of the cases, CLI shall file an appropriate application seeking final allowance of all fees and costs, regardless of whether interim compensation has been paid to CLI. In connection with is final

application for allowance of all fees and costs, CLI is excused from the requirements of Rule 2016-2(d) of the Local Rules of Practice and Procedures for the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), except as to that portion of Local Rule 2016-2(d) that requires CLI to identify the general project categories in which it provided services. CLI shall serve notice of its final application on the Debtors, the Committee, the Office of the United States Trustee, all parties-in-interest and all parties required to be notified pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure. Upon final allowance of such fees and costs, the Debtors shall pay to CLI the amounts allowed by this Court that were not previously paid to CLI as interim reimbursements.

Dated: Wilmington, Delaware  
April 25, 2001

  
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United States Bankruptcy Judge

cc: members of US 4/27/01

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
ETOYS, INC., et al., )  
Debtors. ) Case Nos. 01-0706 (MFW)  
through 01-0709 (MFW)

**ORDER AUTHORIZING AND APPROVING  
EMPLOYMENT OF COLLATERAL LOGISTICS, INC.  
AS LIQUIDATION AGENT FOR THE DEBTORS**

Upon consideration of the Debtors' supplemental application (the "Supplemental Application") for an order authorizing and approving their further employment of Collateral Logistics, Inc. ("CLI") as liquidation agent for the Debtors, and good and sufficient cause appearing,

**IT IS HEREBY FOUND AND DETERMINED THAT:<sup>1</sup>**

A. The Court has jurisdiction over this Supplemental Application under 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of the Debtors' chapter 11 cases and this Supplemental Application is proper under 28 U.S.C. §§ 1408 and 1409.

B. Due and proper notice of the Supplemental Application was given under the particular circumstances, and no other or further notice need be given.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND  
DECREED AS FOLLOWS:**

<sup>1</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact as and when appropriate.

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1. The Supplemental Application is granted.

2. The Debtors are authorized to employ CLI on the basis set forth in the Amendment To Collateral Maintenance And Liquidation Service Agreement nunc pro tunc to May 16, 2001 and are further authorized and empowered to take such actions as may be necessary to implement the terms and conditions of that employment.

3. No later than the twentieth (20th) day of each month during the Extended Retention Period<sup>2</sup>, CLI shall submit to the Debtors and the Committee an invoice and supporting documentation supporting the reimbursable CLI Out-Of-Pocket Expenses in the format required by the Office of the United States Trustee. Following the Debtors' and the Committee's approval thereof, the Debtors shall reimburse CLI for the CLI Out-Of-Pocket Expenses within fifteen (15) days of receipt of the invoice and supporting documentation therefore. Promptly following the Debtors' and the Committee's approval of the requested reimbursement of CLI Out-Of-Pocket Expenses, CLI shall also file, with the assistance of Debtors' counsel, the invoice with this Court and serve it on the Office of the United States Trustee.

4. Within forty-five (45) days after the Termination Date, CLI shall provide the Debtors and the Committee, and the Office of the United States Trustee, as and where applicable, with a final account of all Expenses incurred in connection with the Additional Services provided pursuant to the Amendment. Upon the Debtors' and the Committee's approval and payment of outstanding Expenses reimbursement amounts set forth on the Final Expense Accounting, no further Expense reimbursement request shall be made by CLI.

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<sup>2</sup> Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Supplemental Application or the Amendment.

5. With regard to each payment to be made by the Debtors pursuant to the Amendment and this Order, the Debtors shall determine the pro rata amounts due with respect to the properties and assets of each Debtor and each Debtor shall only be responsible for its pro rata portion of such payment.

6. Not less frequently than every four (4) months during the Extended Retention Period, or such time period as may be fixed by this Court for all retained professionals, CLI will file, with the assistance of Debtors' counsel, an application with this Court seeking an allowance of the Additional Fees, including but not limited to, the Success Fee provided for in the Amendment and paid pursuant to the monthly payment procedure provided for in the Amendment. In addition, within sixty (60) days after the Termination Date, CLI shall file, with the assistance of Debtors' counsel, an appropriate application seeking final allowance of all fees and costs, regardless of whether interim compensation has been paid to the CLI. CLI, with the assistance of Debtors' counsel, will serve notice of its final application on: (i) the Debtors; (ii) the Committee; (iii) the Office of the United States Trustee, (iv) all parties-in-interest; and (v) all parties required to be notified pursuant to Bankruptcy Rule 2002. Upon final allowance of such fees and costs, the Debtors shall pay to CLI the amounts allowed by the Bankruptcy Court that were not previously paid to CLI as interim cost reimbursements. CLI understands and agrees that the proposed compensation arrangement will be subject to the provisions of section 328 of the Bankruptcy Code. CLI further understands and agrees that, to the extent that the aggregate interim payments made to CLI by the Debtors exceeds the amount that is ultimately allowed by the Bankruptcy Court, then CLI will be required to, and shall, promptly repay such overpayment amounts to the Debtors.

7. CLI shall file an application with the Court seeking allowance of its fees and costs incurred to that date and paid pursuant to the monthly payment procedure provided for herein. In addition, at the earlier of the conclusion of CLI's services or the conclusion of the cases, CLI shall file an appropriate application seeking final allowance of all fees and costs, regardless of whether interim compensation has been paid to CLI. In connection with its final application for allowance of all fees and costs, CLI is excused from the requirements of Rule 2016-2(d) of the Local Rules of Practice and Procedures for the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), except as to that portion of Local Rule 2016-2(d) that requires CLI to identify the general project categories in which it provided services. CLI shall serve notice of its final application on the Debtors, the Committee, the Office of the United States Trustee, all parties-in-interest and all parties required to be notified pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure. Upon final allowance of such fees and costs, the Debtors shall pay to CLI the amounts allowed by this Court that were not previously paid to CLI as interim reimbursements.

Dated: Wilmington, Delaware  
July 9, 2001

  
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United States Bankruptcy Judge

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CC: Werkheiser of UST 7/10/01