

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)
Reporting Period: January 31 - February 27, 2010

MONTHLY OPERATING REPORT
File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Available Upon Request	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a		X	
Schedule of Professional Fees Paid	MOR-1b	X		
Listing of bank account numbers and balances		X		
Cash disbursements journals		X		
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt		N/A		
Copies of tax returns filed during reporting period		N/A		
Summary of Accounts Payables	MOR-4	X		
Accounts Receivable Aging		N/A		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.



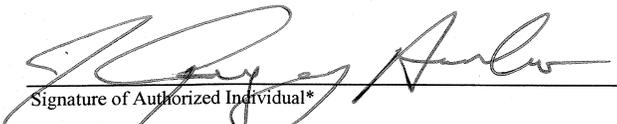
Signature of Debtor

3/19/10

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

3/19/10

Date

J. Gregory Ambro

Printed Name of Authorized Individual

Executive Vice President and Chief Operating Officer

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS [1]

	BANK ACCOUNTS						CURRENT MONTH		FILING TO DATE
	GEN OPER.	STORE WORKING FUNDS	UTILITY DEP.	SALES TAX	PROF FEES RESERVE	ALASKA	ACTUAL	PROJECTED [2]	ACTUAL
CASH (LOAN BALANCE) BEGINNING OF MONTH	\$ 11,682	\$ -	\$ 280	\$ -	\$ -	\$ -	\$ 11,962	\$ 9,002	\$ (68,811)
RECEIPTS									
CASH SALES		-					-	-	83,387
CREDIT CARD RECEIVABLES		-					-	-	20,495
LOANS AND ADVANCES		-					-	-	
SALE OF ASSETS		-					-	-	115,828
OTHER RECEIPTS	71		1				72	-	68,566
TRANSFERS (FROM DIP ACCTS)							-	-	
TOTAL RECEIPTS	\$ 71	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 72	\$ -	\$ 288,276
DISBURSEMENTS									
ADVERTISING		-					-	-	3,223
MERCHANDISE (INCLUDING FREIGHT)		-					-	-	53,228
RENT	94						94	81	14,074
PAYROLL, PAYROLL TAXES, AND BENEFITS	90						90	78	50,622
UTILITIES	6						6	14	4,675
INSURANCE	12						12	3	1,098
SALES AND OTHER TAXES	-						-	-	32,884
GENERAL OPERATING	122						122	25	8,648
FINLAY LICENSE		-					-	-	11,814
FINANCING EXPENSES		-					-	-	3,524
PROFESSIONAL FEES	395						395	425	14,563
OTHER		-					-	-	7,671
TOTAL DISBURSEMENTS	\$ 719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 719	\$ 626	\$ 206,024
DRAW ON LC		-					-	-	4,648
ADJUSTMENTS		-					-	-	2,522
NET CASH FLOW	\$ (648)	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ (647)	\$ (626)	\$ 80,126
(RECEIPTS LESS DISBURSEMENTS)									
CASH (LOAN BALANCE)- END OF MONTH	\$ 11,034	\$ -	\$ 281	\$ -	\$ -	\$ -	\$ 11,315	\$ 8,376	\$ 11,315

[1] The cash balances and activity on this schedule represents the following balance sheet items: Unrestricted Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Revolver Line of Credit. The balance of the revolver line of credit as of 2/27/10 was \$0.

[2] 'Projected' amounts reflect projections per the winddown budget.

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month.

(Actual \$)

PAYEE	PERIOD COVERED	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID		TOTAL PAID TO DATE		AMOUNT ACCRUED	TOTAL INCURRED AND UNPAID
				FEES	EXPENSES	FEES	EXPENSES		
O'Melveny & Meyers	1/31/10 to 2/27/10	2/24/2010	183,339	177,680	5,659	4,353,378	116,962	3,988,000	(482,340)
FTI Consulting	1/31/10 to 2/27/10					2,694,782	132,406	3,426,000	598,812
Richards, Layton & Finger	1/31/10 to 2/27/10	1/21/2010	19,354	18,433	921	740,004	55,848	351,000	(444,852)
Kurtzman Carson Consultants	1/31/10 to 2/27/10	n/a	n/a			910,499	-	807,000	(103,499)
Cooley Godward Kronish	1/31/10 to 2/27/10	1/19/2010	59,702	59,537	165	552,070	14,732	901,000	334,198
Loughlin Meghji & Company	1/31/10 to 2/27/10	2/8/2010	49,725	49,718	7	609,047	756	611,000	1,197
Benesch	1/31/10 to 2/27/10	1/19/2010	5,697	5,140	557	130,072	2,175	100,000	(32,247)
GE Capital Third Party Legal [1]	1/31/10 to 2/27/10	n/a	n/a			578,731	5,505	500,000	(84,236)
Financial Dynamics	1/31/10 to 2/27/10					29,377	-	25,000	(4,377)
Other	1/31/10 to 2/27/10					127,287	276	763,000	635,437
TOTAL PAYMENTS TO PROFESSIONALS			\$ 317,817	\$ 310,508	\$ 7,309	\$ 10,725,247	\$ 328,660	\$ 11,472,000	\$ 418,093

[1] Amounts paid to GE Capital's legal advisors represent disbursements related to advisory work on the Credit Agreement.

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STATEMENT OF OPERATIONS - Income Statement

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month (\$ in 000's)	Cumulative Filing to Date (\$ in 000's)
Net Sales	-	93,101
Net Leased Department Revenue	-	1,791
Net Credit Revenue	-	1,758
Total Revenues	-	96,650
COST OF GOODS SOLD		
Cost of Goods Sold	-	73,936
Gross Profit	-	22,714
OPERATING EXPENSES		
Advertising	-	2,108
Bad Debts	-	61
Contributions	-	9
Employee Benefits Programs	12	2,335
Insider Compensation	43	1,135
Insurance	14	1,337
Repairs and Maintenance [1]	59	1,441
Rent and Lease Expense	69	4,404
Salaries/Commissions/Fees	25	21,576
Supplies	-	1,920
Taxes	45	3,700
Travel and Entertainment	-	132
Utilities	9	1,634
Other (attach schedule)	25	92,346
Total Operating Expenses Before Depreciation	301	134,138
Depreciation/Depletion/Amortization	26	5,358
Net Profit (Loss) Before Other Income & Expenses	(327)	(116,782)
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)	(19)	(4,144)
Interest Expense	-	1,655
Net Profit (Loss) Before Reorganization Items	(308)	(114,293)
REORGANIZATION ITEMS		
Professional Fees	-	11,564
U. S. Trustee Quarterly Fees	-	80
Other Reorganization Expenses (attach schedule)	-	2,809
Total Reorganization Expenses	-	14,453
Income Taxes	-	76
Net Profit (Loss)	\$ (308)	\$ (128,822)

[1] Includes \$43K for earthquake repairs on the Eureka, CA building.

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STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Month (\$ in 000s)	Cumulative Filing to Date (\$ in 000s)
Other Operational Expenses		
Services Purchased	10	5,598
Unclassified	(1)	(1,115)
Communications	8	660
Postage	1	223
Professional Fees	7	(10)
Costs capitalized under Uniform Capitalization Rules [1]	0	(1,099)
Gain on Sale of Assets	0	88,045
Store Closure Costs	0	44
Total Other Operational Expenses	25	92,346
Other Income		
Rental income	(3)	(114)
Miscellaneous income	(16)	(4,030)
Total Other Income	(19)	(4,144)
Other Reorganization Expenses		
Amortization of DIP loan fees	0	2,809
Total Other Reorganization Expenses	0	2,809

[1] Uniform Capitalization Rules require capitalization of certain indirect buying, handling and distribution costs to align these costs with the related sales.

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BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH (\$ in 000's)	BOOK VALUE PETITION DATE (\$ in 000's)
CURRENT ASSETS		
Unrestricted Cash and Equivalents	\$ 10,907	\$ 7,408
Restricted Cash and Cash Equivalents [1]	281	-
Accounts Receivable (Net)	2,890	2,944
Inventories	-	126,552
Prepaid Expenses (attach schedule)	1,961	3,849
Professional Retainers	320	493
Other Current Assets (attach schedule)	6,899	8,216
TOTAL CURRENT ASSETS	\$ 23,258	\$ 149,462
PROPERTY AND EQUIPMENT		
Real Property and Improvements	11,810	60,652
Machinery and Equipment	-	61,313
Furniture, Fixtures and Office Equipment	6	89,942
Leasehold Improvements	4,133	65,463
Vehicles	-	420
Construction in progress	-	2,187
Less Accumulated Depreciation	(5,102)	(151,228)
TOTAL PROPERTY & EQUIPMENT	\$ 10,847	\$ 128,749
OTHER ASSETS		
Loans to Insiders	-	-
Other Assets (attach schedule)	2,852	5,166
TOTAL OTHER ASSETS	\$ 2,852	\$ 5,166
TOTAL ASSETS	\$ 36,957	\$ 283,377
LIABILITIES AND OWNER EQUITY		
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	10	
Taxes Payable (refer to FORM MOR-4)	1,013	
Wages Payable	12	
Rent / Leases - Building/Equipment	1,289	
Secured Debt / Adequate Protection Payments	-	
Professional Fees	418	
Amounts Due to Insiders	22	
Other Postpetition Liabilities (attach schedule)	19,849	
TOTAL POSTPETITION LIABILITIES	\$ 22,613	-
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	990	76,069
Priority Debt	-	37
Unsecured Debt	53,116	54,533
Other Pre-petition Liabilities (attach schedule)	414	64,099
TOTAL PRE-PETITION LIABILITIES	\$ 54,520	194,738
TOTAL LIABILITIES	\$ 77,133	194,738
OWNER EQUITY		
Capital Stock	137	137
Additional Paid-In Capital	78,007	78,002
Retained Earnings - Pre-Petition	11,987	11,987
Retained Earnings - Postpetition	(128,820)	
Adjustments to Owner Equity (attach schedule)	(1,487)	(1,487)
NET OWNER EQUITY	(40,176)	88,639
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ 36,957	\$ 283,377

[1] Restricted Cash and Cash Equivalents represents cash held in a separate account for utility adequate assurance.

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STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

(Actual \$)

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	7,234	14,900	(15,222)	6,911
FICA	5,497	11,436	(11,788)	5,145
Unemployment	408	14	-	422
Total Federal Taxes	\$ 13,139	\$ 26,349	\$ (27,010)	\$ 12,478
State and Local				
Withholding	3,000	6,186	(6,334)	2,852
Sales & Excise	-	-	-	-
Unemployment	2,690	66	(702)	2,054
Real Property	439,082	42,165	-	481,247
Personal Property ⁽¹⁾	514,098	-	-	514,098
Workers Compensation	-	-	-	-
Other: Local	-	-	-	-
Total State and Local	958,870	48,417	(7,036)	1,000,252
Total Taxes	\$ 972,009	\$ 74,766	\$ (34,046)	\$ 1,012,730

⁽¹⁾ Personal Property Taxes are paid on an annual basis.

* Copies of tax returns are available upon request.

SUMMARY OF ACCOUNTS PAYABLE

Attach aged listing of accounts payable.

Note: The Company does not analyze or prepare the aging of its accounts payable.

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ACCOUNTS RECEIVABLE AGING

Accounts Receivable Aging	Amount
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Note: The Company does not analyze or prepare the aging of its accounts receivable.

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X