

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)
Reporting Period: January 2, 2011 - January 29, 2011

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		

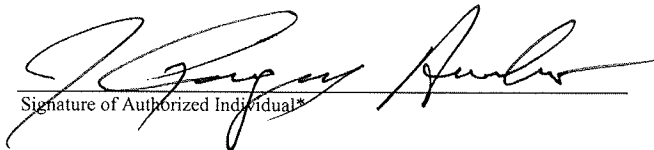
I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.


Signature of Debtor

2/16/11
Date

Signature of Joint Debtor

Date


Signature of Authorized Individual

2/16/11
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.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re Gottschalks, Inc.

Case No. 09-10157 (KJC)
Reporting Period: January 2, 2011 - January 29, 2011

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	\$ 9,373	\$ -	\$ 281	\$ -	\$ -	\$ -	\$ 9,654	\$ 6,755	\$ (68,811)
RECEIPTS									
CASH SALES	-						-	-	83,387
CREDIT CARD RECEIVABLES	-						-	-	20,495
LOANS AND ADVANCES	-						-	-	-
SALE OF ASSETS	-						-	-	119,119
OTHER RECEIPTS	43						43	-	70,270
TRANSFERS (FROM DIP ACCTS)							-	-	-
TOTAL RECEIPTS	\$ 43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43	\$ -	\$ 293,271
DISBURSEMENTS									
ADVERTISING	-						-	-	3,223
MERCHANDISE (INCLUDING FREIGHT)	-						-	-	53,228
RENT	3						3	5	14,507
PAYROLL, PAYROLL TAXES, AND BENEFITS	72						72	53	51,420
UTILITIES	5						5	8	4,774
INSURANCE	8						8		1,289
SALES AND OTHER TAXES	1						1		33,084
GENERAL OPERATING	13						13	3	8,793
FINLAY LICENSE	-						-		11,814
FINANCING EXPENSES	-						-		3,524
PROFESSIONAL FEES	152						152	200	19,491
OTHER	53						53	227	7,797
TOTAL DISBURSEMENTS	\$ 307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 307	\$ 496	\$ 212,944
DRAW ON LC	-						-	-	4,648
ADJUSTMENTS	-						-	-	2,522
NET CASH FLOW	\$ (264)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (264)	\$ (496)	\$ 78,201
(RECEIPTS LESS DISBURSEMENTS)									
CASH (LOAN BALANCE)- END OF MONTH	\$ 9,109	\$ -	\$ 281	\$ -	\$ -	\$ -	\$ 9,390	\$ 6,259	\$ 9,390

[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 1/29/11 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		TOTAL INCURRED AND UNPAID
				FEES	EXPENSES	FEES	EXPENSES	
O'Melveny & Meyers	1/2/11 - 1/29/11	1/11/2011 & 1/12/2011	102,175	101,401	773	7,206,912	219,622	114,957
FTI Consulting	1/2/11 - 1/29/11			-		3,093,637	132,854	-
Richards, Layton & Finger	1/2/11 - 1/29/11	12/22/2010	4,274	4,158	116	933,912	66,705	16,035
Kurtzman Carson Consultants	1/2/11 - 1/29/11	n/a	16,076	16,076		1,200,980	210,801	36,775
Cooley Godward Kronish	1/2/11 - 1/29/11			-		925,462	32,145	15,329
Loughlin Meghji & Company	1/2/11 - 1/29/11	1/14/2011	3,328	3,328	-	910,343	833	10,726
Benesch	1/2/11 - 1/29/11			-		164,488	4,690	6,505
GE Capital Third Party Legal [1]	1/2/11 - 1/29/11	n/a		-		578,731	5,505	-
Financial Dynamics	1/2/11 - 1/29/11			-		29,377	-	-
Other	1/2/11 - 1/29/11			-	-	236,754	766	6,931
TOTAL PAYMENTS TO PROFESSIONALS			\$ 125,852	\$ 124,962	\$ 889	\$ 15,280,595	\$ 673,921	\$ 207,259

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

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)

Reporting Period: January 2, 2011 - January 29, 2011

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	9	2,411
Insider Compensation	54	1,666
Insurance	14	1,494
Repairs and Maintenance	5	1,292
Rent and Lease Expense	-	4,830
Salaries/Commissions/Fees	-	21,746
Supplies	-	1,921
Taxes	3	3,859
Travel and Entertainment	1	134
Utilities	4	1,681
Other (attach schedule)	6	98,144
Total Operating Expenses Before Depreciation	96	141,356
Depreciation/Depletion/Amortization	12	5,517
Net Profit (Loss) Before Other Income & Expenses	(108)	(124,159)
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)	(28)	(4,271)
Interest Expense	-	1,656
Net Profit (Loss) Before Reorganization Items	(80)	(121,544)
REORGANIZATION ITEMS		
Professional Fees	51	16,609
U. S. Trustee Quarterly Fees	2	125
Other Reorganization Expenses (attach schedule)	-	2,809
Total Reorganization Expenses	53	19,543
Income Taxes	1	77
Net Profit (Loss)	\$ (134)	\$ (141,164)

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)

Reporting Period: January 2, 2011 - January 29, 2011

STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY		Cumulative	
	Month (\$ in 000s)	Filing to Date (\$ in 000s)	
Other Operational Expenses			
Services Purchased	4	5,663	
Unclassified	0	(1,122)	
Communications	2	672	
Postage	0	224	
Professional Fees	3	49	
Costs capitalized under Uniform Capitalization Rules [1]	0	(1,099)	
Loss/(Gain) on Sale of Assets	(3)	93,713	
Store Closure Costs	0	44	
Total Other Operational Expenses	6	98,144	
Other Income			
Rental income	(3)	(153)	
Miscellaneous (income) expense	(25)	(4,118)	
Total Other Income	(28)	(4,271)	
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.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)
Reporting Period: January 2, 2011 - January 29, 2011

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	\$ 9,066	\$ 7,408
Restricted Cash and Cash Equivalents [1]	281	-
Accounts Receivable (Net)	2,879	2,944
Inventories	-	126,552
Prepaid Expenses (attach schedule)	1,892	3,849
Professional Retainers	70	493
Other Current Assets (attach schedule)	6,313	8,216
TOTAL CURRENT ASSETS	\$ 20,501	\$ 149,462
PROPERTY AND EQUIPMENT		
Real Property and Improvements	-	60,652
Machinery and Equipment	-	61,313
Furniture, Fixtures and Office Equipment	-	89,942
Leasehold Improvements	3,981	65,463
Vehicles	-	420
Construction in progress	-	2,187
Less Accumulated Depreciation	(2,532)	(151,228)
TOTAL PROPERTY & EQUIPMENT	\$ 1,449	\$ 128,749
OTHER ASSETS		
Loans to Insiders	-	-
Other Assets (attach schedule)	14	5,166
TOTAL OTHER ASSETS	\$ 14	\$ 5,166
TOTAL ASSETS	\$ 21,964	\$ 283,377
LIABILITIES AND OWNER EQUITY		
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	5	
Taxes Payable (refer to FORM MOR-4)	962	
Wages Payable	7	
Rent / Leases - Building/Equipment	1,289	
Secured Debt / Adequate Protection Payments	-	
Professional Fees	207	
Amounts Due to Insiders	22	
Other Postpetition Liabilities (attach schedule)	17,624	
TOTAL POSTPETITION LIABILITIES	\$ 20,116	-
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	-	76,069
Priority Debt	-	37
Unsecured Debt	54,244	54,533
Other Pre-petition Liabilities (attach schedule)	122	64,099
TOTAL PRE-PETITION LIABILITIES	\$ 54,366	194,738
TOTAL LIABILITIES	\$ 74,482	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	(141,162)	
Adjustments to Owner Equity (attach schedule)	(1,487)	(1,487)
NET OWNER EQUITY	(52,518)	88,639
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ 21,964	\$ 283,377

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

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)
Reporting Period: January 2, 2011 - January 29, 2011

BALANCE SHEET - continuation sheet

ASSETS		BOOK VALUE AT END OF CURRENT REPORTING MONTH (\$ in 000's)	BOOK VALUE PETITION DATE (\$ in 000's)
Prepaid Expenses			
	Prepaid insurance	153	1,167
	Workers compensation prepaid	1,739	889
	Prepaid advertising	-	219
	Prepaid health and other	-	122
	Prepaid rent	-	-
	Prepaid expenses	-	1,094
	Prepaid property taxes	-	358
	Total Prepaid Expenses	1,892	3,849
Other Current Assets			
	Supplies	-	1,534
	Workers compensation reserves	6,118	6,118
	Deferred loan fees	-	4
	Other receivables	195	373
	Salary support receivable	-	184
	Other	-	3
	Total Other Current Assets	6,313	8,216
Other Assets			
	Intangibles - lease rights	-	813
	Investment in partnership	-	1,810
	Deposits	12	-
	Straightline lease	-	2,543
	Prepaid rent	2	
	Total Other Assets	14	5,166
LIABILITIES AND OWNER EQUITY		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE PETITION DATE
Other Postpetition Prepetition Liabilities			
	Other Postpetition Liabilities		
	Accrued expenses	2,670	
	Gift and merchandise cards	3,595	
	Vacation payable	25	
	Payroll deductions payable	-	
	Accrued accounting fees	151	
	Sales return reserve	-	
	Workers compensation insurance reserves	6,118	[1]
	Other insurance reserves	329	[1]
	Deferred revenue	-	
	Deferred rent	-	
	Intangibles - lease rights	-	
	Fin 48 liability	1,008	
	Deferred taxes	3,728	
	Capital leases	-	
	Total Other Postpetition Liabilities	17,624	
	Other Prepetition Liabilities		
	Accrued expenses	-	5,162 [2]
	Gift and merchandise cards	-	7,738 [2]
	Sales and payroll taxes payable	-	10,495 [2]
	Wages payable	-	2,030 [2]
	Vacation payable	25	2,990
	Payroll deductions payable	-	304 [2]
	Accrued accounting fees	-	520
	Pension liability	97	97
	Other accruals prepetition	-	599
	Store party fund	-	63
	Vendor supported events	-	220
	Sales return reserve	-	1,663 [1]
	Workers compensation insurance reserves	-	6,118 [1]
	Other insurance reserves	-	259 [1]
	Deferred revenue	-	6,699
	Deferred rent	-	5,466
	Intangibles - lease rights	-	208
	Fin 48 liability	-	1,008
	Deferred taxes	-	3,512
	Capital leases	-	8,948
	Total Other Prepetition Liabilities	122	64,099
Adjustments to Owner Equity			
	Treasury stock	(1,487)	(1,487)
	[1] Represents reserves that are reevaluated on a quarterly basis.		
	[2] Represents employee programs that were continued postpetition per Court order.		

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)

Reporting Period: January 2, 2011 - January 29, 2011

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	-	11,950	(11,950)	-
FICA	-	7,165	(7,165)	-
Unemployment	-	214	-	214
Total Federal Taxes	\$ -	\$ 19,329	\$ (19,114)	\$ 214
State and Local				
Withholding	-	4,772	(4,772)	-
Sales & Excise	-	-	-	-
Unemployment	36	1,660	(36)	1,660
Real Property	512,070	3,355	-	515,425
Personal Property ^[1]	444,446	-	-	444,446
Workers Compensation	-	-	-	-
Other: Local	-	-	-	-
Total State and Local	956,551	9,787	(4,808)	961,531
Total Taxes	\$ 956,551	\$ 29,116	\$ (23,922)	\$ 961,745

^[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.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)

Reporting Period: January 2, 2011 - January 29, 2011

ACCOUNTS RECEIVABLE AGING

Accounts Receivable Aging	Amount
---------------------------	--------

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