

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: Gottschalks, Inc.

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



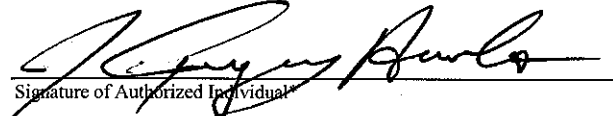
Signature of Debtor

1/21/10

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual

1/21/10

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.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re Gottschalks, Inc.

Case No. 09-10157 (KJC)
Reporting Period: November 29 - January 2, 2010

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS [1]

	BANK ACCOUNTS							CURRENT MONTH		FILED 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	\$ 11,044	\$ -	\$ 280	\$ -	\$ 107	\$ -	\$ 11,431	\$ 10,321	\$ (68,811)	
RECEIPTS										
CASH SALES							-	-	83,387	
CREDIT CARD RECEIVABLES							-	-	20,495	
LOANS AND ADVANCES							-	-	-	
SALE OF ASSETS [3]	946						946	-	115,828	
OTHER RECEIPTS [4]	842						842	1,000	67,222	
TRANSFERS (FROM DIP ACCTS)	107				(107)		-	-	-	
TOTAL RECEIPTS	\$ 1,895	\$ -	\$ -	\$ -	\$ (107)	\$ -	\$ 1,788	\$ 1,000	\$ 286,932	
DISBURSEMENTS										
ADVERTISING							-	-	3,223	
MERCHANDISE (INCLUDING FREIGHT)							-	-	55,228	
RENT	76						76	15	13,899	
PAYROLL, PAYROLL TAXES, AND BENEFITS [5]	149						149	159	50,338	
UTILITIES	18						18	5	4,652	
INSURANCE	15						15	-	1,086	
SALES AND OTHER TAXES	274						274	-	32,884	
GENERAL OPERATING	33						33	-	8,505	
FINLAY LICENSE							-	-	11,814	
FINANCING EXPENSES							-	-	3,524	
PROFESSIONAL FEES	1,046						1,046	838	13,598	
OTHER	35						35	-	7,671	
TOTAL DISBURSEMENTS	\$ 1,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,646	\$ 1,017	\$ 204,422	
DRAW ON LC							-	-	4,648	
ADJUSTMENTS							-	-	2,532	
NET CASH FLOW	\$ 249	\$ -	\$ -	\$ -	\$ (107)	\$ -	\$ 142	\$ (17)	\$ 80,384	
(RECEIPTS LESS DISBURSEMENTS)										
CASH (LOAN BALANCE) END OF MONTH	\$ 11,293	\$ -	\$ 280	\$ -	\$ -	\$ -	\$ 11,573	\$ 10,304	\$ 11,573	

[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 1/2/10 was \$0.

[2] Projected amounts reflect projections per the DIP budget (based on weeks ending each Monday) and reflect projected activity for the period December 1, 2009 - January 4, 2010. The projection does not include activity in the other general operating, Alaska, prof. fees, utilities, and sales tax accounts.

[3] Sale of Assets represents net proceeds received upon the sale of the Antioch, California building.

[4] Includes \$100K refund of a credit card company holdback, \$593K settlement from the Visa Check/MasterMoney Antitrust Litigation Settlement, and \$200K received as settlement from a landlord. Also includes \$131K received from various merchandise vendors for various claims.

[5] Includes \$23K related to the payment of pre-petition vacation payroll.

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	11/29/09 to 1/2/10	12/9/09, 12/16/09	406,894	400,736	6,158	4,005,171	106,313	3,988,000	(123,484)
FTI Consulting	11/29/09 to 1/2/10	11/25/09, 12/16/09	190,754	189,549	1,205	2,617,205	132,357	3,426,000	676,438
Richards, Layton & Finger	11/29/09 to 1/2/10	11/24/09, 12/16/09	243,080	230,224	12,856	658,240	50,416	351,000	(357,656)
Kurtzman Carson Consultants	11/29/09 to 1/2/10	n/a	n/a	26,668	-	796,857	-	807,000	10,143
Cooley Godward Kronish	11/29/09 to 1/2/10	12/16/2009	21,360	21,360	-	464,671	13,185	901,000	423,144
Loughlin Meghri & Company	11/29/09 to 1/2/10	12/10/09, 12/14/09, 12/16/09	109,631	109,631	-	482,360	669	611,000	127,971
Benesch	11/29/09 to 1/2/10	12/16/2009	6,443	6,443	-	119,479	1,442	100,000	(20,921)
GE Capital Third Party Legal [1]	11/29/09 to 1/2/10	n/a	n/a	-	-	578,731	5,505	500,000	(84,236)
Financial Dynamics	11/29/09 to 1/2/10	-	-	-	-	29,377	-	25,000	(4,377)
Other	11/29/09 to 1/2/10	11/24/09, 12/16/09	45,929	45,929	-	114,327	235	763,000	648,438
TOTAL PAYMENTS TO PROFESSIONALS			\$ 1,024,091	\$ 1,030,540	\$ 20,219	\$ 9,866,418	\$ 310,122	\$ 11,472,000	\$ 1,295,460

[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: November 29 - January 2, 2010

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	77	2,311
Insider Compensation	50	1,049
Insurance	15	1,308
Repairs and Maintenance	7	1,128
Rent and Lease Expense	50	4,285
Salaries/Commissions/Fees	57	21,530
Supplies	-	1,920
Taxes	134	3,523
Travel and Entertainment	-	132
Utilities	7	1,614
Other (attach schedule)	2,509	93,794
Total Operating Expenses Before Depreciation	2,906	134,772
Depreciation/Depletion/Amortization	26	5,306
Net Profit (Loss) Before Other Income & Expenses	(2,932)	(117,364)
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)	(608)	(3,887)
Interest Expense	11	1,647
Net Profit (Loss) Before Reorganization Items	(2,335)	(115,124)
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)	\$ (2,335)	\$ (129,653)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)
Reporting Period: November 29 - January 2, 2010

STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Month (\$ in 000s)	Cumulative Filing to Date (\$ in 000s)
Other Operational Expenses		
Services Purchased	29	5,570
Unclassified	(1)	(1,114)
Communications	6	644
Postage	(1)	222
Professional Fees	7	(25)
Costs capitalized under Uniform Capitalization Rules [1]	0	(1,099)
Loss on Sale of Assets [2]	2,469	89,552
Store Closure Costs	0	44
Total Other Operational Expenses	2,509	93,794
Other Income		
Rental income	(6)	(111)
Miscellaneous income [3]	(602)	(3,776)
Total Other Income	(608)	(3,887)
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.

[2] Includes the loss on the sale of the Anitoch, CA building which closed escrow on December 1, 2009.

[3] Miscellaneous income includes \$393K received from the Visa Check/MasterMoney Antitrust Litigation Settlement and \$200K received as settlement from a landlord.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)
Reporting Period: November 29 - January 2, 2010

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	\$ 11,111	\$ 7,408
Restricted Cash and Cash Equivalents [1]	280	
Accounts Receivable (Net) [2]	6,243	2,944
Inventories	-	126,552
Prepaid Expenses (attach schedule)	1,043	3,849
Professional Retainers	320	493
Other Current Assets (attach schedule)	6,573	8,216
TOTAL CURRENT ASSETS	\$ 25,570	\$ 149,462
PROPERTY AND EQUIPMENT		
Real Property and Improvements	8,994	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	(5,050)	(151,228)
TOTAL PROPERTY & EQUIPMENT	\$ 8,083	\$ 128,749
OTHER ASSETS		
Loans to Insiders	-	-
Other Assets (attach schedule)	3,750	5,166
TOTAL OTHER ASSETS	\$ 3,750	\$ 5,166
TOTAL ASSETS	\$ 37,403	\$ 283,377
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	7	
Taxes Payable (refer to FORM MOR-4)	923	
Wages Payable	164	
Rent / Leases - Building/Equipment	1,289	
Secured Debt / Adequate Protection Payments	-	
Professional Fees	1,295	
Amounts Due to Insiders	20	
Other Postpetition Liabilities (attach schedule)	18,604	
TOTAL POSTPETITION LIABILITIES	\$ 22,302	-
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	990	76,069
Priority Debt	-	37
Unsecured Debt	54,678	54,533
Other Pre-petition Liabilities (attach schedule)	440	64,099
TOTAL PRE-PETITION LIABILITIES	\$ 56,108	194,738
TOTAL LIABILITIES	\$ 78,410	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	(129,651)	
Adjustments to Owner Equity (attach schedule)	(1,487)	(1,487)
NET OWNER EQUITY	(41,007)	88,639
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ 37,403	\$ 283,377

[1] Restricted Cash and Cash Equivalents represents cash held in separate accounts for utility adequate assurance and professional fees.

[2] Accounts Receivable (Net) includes \$3,800 which is off-set by a liability to a merchandise factor classified in Unsecured Debt.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re: Gottschalks, Inc.

Case No. 09-10157 (KJC)
Reporting Period: November 29 - January 2, 2010

BALANCE SHEET - continuation sheet

ASSETS		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE PETITION DATE
		(\$ in '000's)	(\$ in '000's)
Prepaid Expenses			
	Prepaid insurance	154	1,167
	Workers compensation prepaid	889	889
	Prepaid advertising	-	219
	Prepaid health and other	-	122
	Prepaid rent	-	-
	Prepaid expenses	-	1,094
	Prepaid property taxes	-	358
	Total Prepaid Expenses	1,043	3,849
Other Current Assets			
	Supplies	-	1,534
	Workers compensation reserves	6,118	6,118
	Deferred loan fees	-	4
	Other receivables	427	373
	Salary support receivable	-	184
	Other	28	3
	Total Other Current Assets	6,573	8,216
Other Assets			
	Intangibles - lease rights	-	813
	Investment in partnership	1,806	1,810
	Credit card and other deposits	1,944	-
	Straightline lease	-	2,543
	Prepaid rent	-	-
	Total Other Assets	3,750	5,166
LIABILITIES AND OWNER EQUITY		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE PETITION DATE
Other Postpetition Liabilities			
	Accrued expenses	2,687	
	Gift and merchandise cards	3,595	
	Vacation payable	26	
	Payroll deductions payable	58	
	Sales return reserve	-	
	Workers compensation insurance reserves	6,118	
	Other insurance reserves	329	
	Deferred revenue	1,271	
	Deferred rent	-	
	Intangibles - lease rights	-	
	Fin 48 liability	1,008	
	Deferred taxes	3,512	
	Capital leases	-	
	Total Other Postpetition Liabilities	18,604	
Other Prepetition Liabilities			
	Accrued expenses		5,162
	Gift and merchandise cards		7,738
	Sales and payroll taxes payable		10,495
	Wages payable		2,030
	Vacation payable	25	2,990
	Payroll deductions payable		304
	Accrued accounting fees	209	520
	Pension liability	97	97
	Other accruals prepetition	109	599
	Store party fund	-	63
	Vendor supported events	-	220
	Sales return reserve		1,663
	Workers compensation insurance reserves		6,118
	Other insurance reserves		259
	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	440	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: November 29 - January 2, 2010

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	9,644	43,953	(21,866)	31,731
FICA	4,338	27,363	(8,632)	23,068
Unemployment	1,122	264	-	1,386
Total Federal Taxes	\$ 15,104	\$ 71,579	\$ (30,498)	\$ 56,185
State and Local				
Withholding	3,965	18,665	(8,231)	14,399
Sales & Excise	-	-	-	-
Unemployment	6,725	1,287	-	8,012
Real Property	669,642	42,775	(315,500)	396,917
Personal Property ⁽¹⁾	385,975	75,666	(14,518)	447,123
Workers Compensation	108	2	-	110
Other: Local	-	-	-	-
Total State and Local	1,066,415	138,395	(338,249)	866,561
Total Taxes	\$ 1,081,519	\$ 209,974	\$ (368,747)	\$ 922,746

⁽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: November 29 - January 2, 2010

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

[1] The sale of the Antioch, CA building and land was completed on December 1, 2009.