

JURISDICTION

1. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. Venue is proper under 28 U.S.C. §§ 1408 and 1409. This is a core proceeding as defined in 28 U.S.C. § 157(b).

2. The basis for the relief requested herein is section 366 of the Bankruptcy Code.

BACKGROUND

3. The Debtor is a diversified retailer operating fifty-nine (59) full-line department stores and three (3) specialty stores in six western states: California, Washington, Alaska, Oregon, Idaho and Nevada. It was founded in 1904 in Fresno, California, and expanded within California and the western states. The Debtor's stores operate under the "Gottschalks" and "Village East" names and are generally large, free-standing and mall-based outlets of between 30,000 and 200,000 square feet, primarily located in mid-sized cities that are otherwise underserved by the larger national chains. The Debtor carries a broad line of brand name and private label merchandise, including fashion clothing, shoes, cosmetics, jewelry, home furnishings and other products. Brands carried by the Debtor include Estee Lauder, Lancome, Clinique, Chanel, Dooney & Bourke, Nine West, Liz Claiborne, Calvin Klein, Nautica, Karen Kane, Ralph Lauren, Columbia, Fossil, Levi Strauss, Southpole, Izod, Quiksilver, Roxy, Woolrich and Carters.

4. The Debtor employs more than 5,282 full time and part time employees. Like other retailers, the Debtor's retail sales are subject to seasonal fluctuations – approximately 33% of the Debtor's annual sales occur in the fourth fiscal quarter (November 1 through January 31).³ Of its 62 retail locations, the Debtor owns 5 stores and leases the balance. The Debtor is publicly owned. One of its largest investors is The Harris Company ("Harris"), which sold certain stores to the Debtor in 1998 and is an affiliate of Spanish retailer El Corte Ingles.

³ The Debtor's fiscal year ends on the Saturday nearest to January 31.

5. The Debtor as borrower, the lenders party thereto and General Electric Capital Corporation, as administrative agent and collateral agent (“GECC”), are parties to that certain Second Amended and Restated Credit Agreement dated as of September 26, 2007 (as amended, the “GECC Facility”). The current amount outstanding under the GECC Facility is approximately \$73 million. The obligations under the GECC Facility are secured by a lien in most of the Debtor’s assets including inventory, accounts receivable, equipment, most (but not all) of its real property, and intellectual property (among other things). The Debtor’s principal unsecured obligations consist of, among others, a note in favor of Harris with an outstanding principal amount of approximately \$16 million and approximately \$29 million owed to its trade vendors.

6. In November 2008, the Debtor signed an agreement with Everbright Development Overseas Securities, Ltd., a British Virgin Islands corporation (“Everbright”). Everbright agreed to invest up to \$30 million in exchange for common stock of the Debtor. The Everbright transaction was subject to a diligence condition through December 15, 2008.

7. Shortly after the Everbright agreement was signed, the Debtor was advised that (a) new, lower appraisals conducted by independent appraisers of the value of the Debtor’s inventory and other assets that comprise the “borrowing base” and control the Debtor’s asset-based credit facility agented by General Electric Capital Corporation (“GECC”) and (b) reserves due to a decline in the Debtor’s same-store sales trends in the current retail environment would lead to a reduction in the Debtor’s liquidity compared to budget under its credit line ranging from approximately \$18 million in December 2008 to a projected \$12 million in January, 2009. The Debtor had not anticipated the adjustments at the time it entered the proposed transactions with Everbright. GECC agreed to delay certain of the adjustments in availability under the credit facility for a period of time.

8. Everbright subsequently advised the Debtor that it was unable to go forward with its proposed investments, at least as it was previously structured. The Debtor attempted to modify the amount of the proposed investment from Everbright or raise additional

capital from third parties (principally its existing investor, Harris). However, the Debtor's efforts to secure such infusion of funds outside of a chapter 11 proceeding were ultimately unsuccessful, and its sales (like those of virtually all retailers) continued to be impacted by the very weak retail and credit environment. The combination of these factors (and the resulting impact on its access to cash and its line of credit) resulted in the filing of this case.

9. The Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on January 14, 2009 (the "Petition Date"). The Debtor intends to use this chapter 11 case to (i) gain access to liquidity, and (ii) execute on one or more options to create value for stakeholders (including a sale of assets or other transaction with a third party investor). The Debtor is considering all possible options for maximizing stakeholder value. Among other things, it will focus on the sale of certain portions or all of its business as well as other third party investments and asset disposition options.

10. GECC has agreed to provide postpetition financing to the Debtor and consented to the use of cash collateral. The proposed postpetition financing arrangement (the "DIP Loan Facility") will provide the Debtor with cash advances and other extensions of credit in an aggregate principal amount not to exceed \$125 million. The proposed DIP Loan Facility contemplates a sale of the Debtor's business within approximately 60 days of the Petition Date.

11. The Debtor plans to seek approval for a sale process using the following timetable (which is incorporated into the DIP Loan Facility): the acceptance of a stalking horse bid on or about March 2, 2009 and an auction on or about March 17, 2009. The sale would close on an agreed schedule. To further its sale efforts, the Debtor has retained FTI Consulting, Inc. as its financial advisor and Financo, Inc. ("Financo") to act as its investment banker. Financo served as the Debtor's investment banker prior to the Petition Date and is very familiar with the Debtor. It is already working with interested investors and potential buyers. The Debtor believes that the DIP Loan Facility gives it the liquidity to execute on its sale effort.

RELIEF REQUESTED

12. Because uninterrupted natural gas, electricity, telephone, water, sanitation services and other utility services (collectively, the “Utility Services”) are critical to the Debtor’s ongoing operations, the Debtor, by this Motion and pursuant to sections 105(a) and 366 of the Bankruptcy Code, seeks entry of an order: (a) prohibiting the Utility Providers from altering, refusing, or discontinuing Utility Services on account of unpaid prepetition invoices; (b) providing that the Utility Providers have “adequate assurance of payment” by virtue of a supplemental two week deposit, calculated based upon the estimated monthly cost of Debtor’s utility consumption from each such Utility Provider; (c) establishing procedures for determining requests for additional adequate assurance of payment; (d) providing that if a Utility Provider timely requests in writing additional adequate assurance that the Debtor believes is unreasonable, then, at the request of the Utility Provider and following a reasonable period for discussion and negotiation, the Debtor shall promptly file a motion for determination of adequate assurance of payment (the “Determination Motion”) and set such motion for a hearing (the “Determination Hearing”); (e) providing that any Utility Provider that does not timely request additional adequate assurance of payment, as provided for herein, shall be deemed to have adequate assurance; and (f) providing that, in the event that a Determination Motion is filed or a Determination Hearing is scheduled, any objecting Utility Provider shall be deemed to have adequate assurance of payment without the need for payment of additional deposits or other securities until an order of the Court is entered to the contrary in connection with such Determination Motion or Determination Hearing.

13. In order to provide adequate assurance of payment for future services to its Utility Providers, the Debtor proposes to make a supplemental deposit of \$262,622.70 (the “Utility Deposit”) into a newly created, segregated, interest-bearing account within 20 days of the Petition Date (the “Utility Deposit Account”, and with the cash flow from operations, collectively, the “Proposed Adequate Assurance”). This amount is equal to 50% of the Debtor’s estimated monthly cost of its utility consumption from each Utility Provider listed on Exhibit A

hereto less any amounts available under the Debtor's existing letters of credit for pre-Petition Date utility deposits not used to satisfy prepetition claims of the Utility Providers. The Debtor submits that the Proposed Adequate Assurance provides protection well in excess of that required to grant sufficient adequate assurance to the Utility Providers.

14. In addition, the Debtor seeks to establish reasonable procedures (the "Procedures") by which a Utility Provider may request additional adequate assurance of future payment, in the event that such Utility Provider believes that its Utility Deposit does not provide it with satisfactory adequate assurances. Such Procedures, in particular, would provide that:

(a) If a Utility Provider is not satisfied with the assurance of future payment provided by the Debtor, the Utility Provider must serve a written request (the "Request") upon the Debtor setting forth the location(s) for which Utility Services are provided, the account number(s) for such location(s), the outstanding balance for each account, a summary of the Debtor's payment history on each account, and an explanation of why the Utility Deposit is inadequate assurance of payment;

(b) The Request must be actually received by Debtor's counsel, Stephen H. Warren, Esq. and Karen Rinehart, Esq., O'Melveny & Myers LLP, 400 South Hope Street, Los Angeles, California 90071-2899 and Mark D. Collins, Esq. and Michael J. Merchant, Esq., Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, Delaware 19801, within forty-five (45) days of the date of the order granting this Motion (the "Request Deadline");

(c) Without further order of the Court, the Debtor may enter into agreements granting additional adequate assurance to a Utility Provider serving a Request, if the Debtor, in its discretion, determines that the Request is reasonable;

(d) If the Debtor believes that a Request is unreasonable, then it shall, within thirty (30) days after the Request Deadline date, file a Determination Motion seeking a determination from the Court that the Utility Deposit, plus any additional consideration offered by the Debtor, constitutes adequate assurance of payment. Pending notice and a hearing on the Determination Motion, the Utility Provider that is the subject of the unresolved Request may not alter, refuse, or discontinue services to the Debtor or recover or setoff against a pre-Petition Date deposit; and

(e) The Utility Deposit shall be deemed adequate assurance of payment for any Utility Provider that fails to make a Request.

15. In addition, the proposed form of Order also allows the Debtor to supplement the list of Utility Providers. The Debtor reserves the right, without further order of the Court, to supplement the list if any Utility Provider has been inadvertently omitted. If the

Debtor supplements the list subsequent to the filing of this Motion, the Debtor will serve a copy of this Motion, and the signed order granting the Motion (the "Order"), on any Utility Provider that is added to the list by such a supplement (the "Supplemental Service"). The Debtor shall increase the Utility Deposit by an amount equal to the sum of 50% of the Debtor's estimated monthly cost of utility service with respect to any such Utility Provider that is subsequently added to Exhibit A. Concurrently with the Supplemental Service, the Debtor will file with the Court a supplement to Exhibit A adding the name of the Utility Provider so served. The added Utility Provider shall have thirty (30) days from the date of service of this Motion and the Order to make a Request.

16. Finally, the Debtor requests that the Order provide that Utility Providers must immediately refund any Utility Deposit in the event that the Debtor terminates the services of any Utility Provider. The Debtor believes that the immediate refund of a Utility Deposit by a Utility Provider whose services are terminated is fair and appropriate under the circumstances because the Utility Provider would no longer require adequate assurances of future performance by the Debtor.

BASIS FOR RELIEF REQUESTED

17. Section 366(a) of the Bankruptcy Code protects a debtor against the immediate termination of utility services after it files for bankruptcy.⁴ Pursuant to this section, a

⁴ Section 366 states in pertinent part:

(a) Except as provided in subsection (b) and (c) of this section, a utility may not alter, refuse, or discontinue service to, or discriminate against, the trustee or the debtor solely on the basis of the commencement of a case under this title or that a debt owed by the debtor to such utility for service rendered before the order for relief was not paid when due.

(b) Such utility may alter, refuse, or discontinue service if neither the trustee nor the debtor, within 20 days after the date of the order for relief, furnishes adequate assurance of payment, in the form of a deposit or other security, for service after such date. On request of a party in interest and after notice and a hearing, the court may order reasonable modification of the amount of the deposit or other security necessary to provide adequate assurance of payment.

(c)(2) subject to paragraphs (3) and (4), with respect to a case filed under chapter 11, a utility referred to in subsection (a) may alter, refuse, or discontinue utility service, if during the 30-day period beginning on the date of the filing of the petition, the utility does not receive from the debtor or the trustee adequate assurance of payment for utility service that is satisfactory to the utility.

utility may not, during the first thirty (30) days of the case, alter, refuse, or discontinue services to a debtor in a chapter 11 case solely because of unpaid prepetition amounts. However, the utility may do so thereafter unless the debtor (as the Debtor is doing pursuant to this Motion) furnishes “adequate assurance” of payment, in the form of a deposit or otherwise, for postpetition services in a form “satisfactory” to the utility within 20 days of the Petition Date.

18. Under section 366(c) of the Bankruptcy Code, in a chapter 11 case, a utility provider may alter, refuse, or discontinue utility service if within 30 days after the commencement of the chapter 11 case the utility provider does not receive adequate assurance in a form that is “satisfactory” to the utility provider, subject to the Court’s ability to modify the amount of adequate assurance. Furthermore, under section 366(c), in making a determination of whether an assurance of payment is adequate, the Court may not consider (i) the absence of security before the petition date, (ii) the debtor’s history of timely payment or (iii) the availability of an administrative expense priority to the utility provider.

19. While the form of adequate assurance of payment may be limited under section 366(c) to the types of security enumerated in section 366(c)(1)(A), the amount of the deposit or other form of security, however, remains fully within the reasonable discretion of the Court. It is well established that the requirement that a utility receive adequate assurance of payment does not require a guarantee of payment. Instead, the protection granted to a utility is intended to avoid exposing the utility to an unreasonable risk of nonpayment.

20. Here, the Debtor proposes to establish the Utility Deposit Account in order to provide adequate assurance to its Utility Providers. The Debtor submits that the Utility

(c)(3)(A) On request of a party in interest and after notice and a hearing, the court may order modification of the amount of an assurance of payment under paragraph (2).

(B) in making a determination under this paragraph whether an assurance of payment is adequate, the court may not consider —

- (i) the absence of security before the date of the filing of the petition;
- (ii) the payment by the debtor of charges for utility service in a timely manner before the date of the filing of the petition; or
- (iii) the availability of an administrative expense priority.

Deposit Account provides more than adequate assurance of future payment. The Debtor anticipates having sufficient resources to pay, and intends to pay, all valid postpetition obligations for utility services in a timely manner. In addition, continued and uninterrupted utility service is critical to the Debtor's reorganization because the Debtor's revenue is derived largely through business generated in its 62 retail stores located in 6 states, as well as through on-line sales distribution. It is beyond controversy that the Debtor requires the Utility Services in order to operate the business and generate income. The Debtor has a powerful incentive to stay current on its utility services for the operation of its business. These factors, which the Court may and should consider when determining the amount of any adequate assurance payments, justify a finding that the Debtor's Proposed Adequate Assurance is more than sufficient to assure the Utility Providers of future payment.

21. The Debtor proposes to further protect the Utility Providers by establishing the Procedures provided for herein, under which any Utility Provider can request additional adequate assurance in the event that it can demonstrate facts and circumstances with respect to its providing postpetition services to the Debtor that would merit greater protection.

22. As set forth above, the Debtor cannot continue to operate without uninterrupted Utility Services. If any of the Utility Providers alter, refuse or discontinue service, even for a brief period, the Debtor's business operations would be severely disrupted. Such disruption could have a devastating impact on the Debtor's business operations, revenues and ultimately affect the Debtor's ability to reorganize. In contrast, the Utility Providers will not be prejudiced by the continuation of their services and will be paid all postpetition utility charges. It is therefore critical that Utility Services continue uninterrupted.

23. This Court has the authority to grant the relief requested herein pursuant to section 105(a) of the Bankruptcy Code which provides that the Court "may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). The purpose of Section 105(a) is "to assure the bankruptcy courts [sic] power to take whatever action is appropriate or necessary in aid of the exercise of their

jurisdiction.” 2 Collier on Bankruptcy ¶ 105.01 (15th rev. ed. 2006). Because the proposed Procedures protect the Debtor without materially prejudicing the Utility Providers, they implement Section 366 in a manner fully consistent therewith and are an appropriate exercise of this Court’s authority under section 105(a).

24. Courts have granted relief similar to that requested herein after the enactment of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. See, e.g., In re Special Devices, Incorporated, Case No. 08-13312 (MFW) (Bankr. D. Del. Jan. 6, 2009); In re Motor Coach Indus. Int’l, Inc., Case No. 08-12136 (BLS) (Bankr. D. Del. Oct. 7, 2008); In re NetEffect, Inc., Case No. 08-12008 (KJC) (Bankr. D. Del. Sept. 17, 2008); In re Zestra Lab., Inc., Case No. 08-11313 (KJC) (Bankr. D. Del. July 15, 2008); In re Landsource Cmtys. Dev. LLC, Case No. 08-11111 (KJC) (Bankr. D. Del. July 1, 2008); In re Linens Holding Co., Case No. 08-10832 (CSS) (Bankr. D. Del. May 27, 2008) (interest-bearing segregated account equal to 50% of the debtors’ estimated monthly costs of utility service constituted adequate assurance of performance); In re Charys Holding Co., Inc. and Crochet & Borel Servs, Inc., Case No. 08-10289 (BLS) (Bankr. D. Del. Mar. 10, 2008); In re Wickes Holdings, LLC and Wickes Furniture Co., Inc., Case No. 08-10212 (KJC) (Bankr. D. Del. Feb. 27, 2008); In re J.L. French Auto. Castings, Inc., Case No. 06-10119 (MFW) (Bankr. D. Del. Mar. 9, 2006); In re Pliant Corp., Case No. 06-10001 (MFW) (Bankr. D. Del. Jan. 4, 2006) (two-week deposit for utilities constituted adequate assurances of future performance under Bankruptcy Code § 366); In re FLYi, Inc., Case No. 05-20011 (MFW) (Bankr. D. Del. Dec. 2, 2005); see also In re Dana Corp., Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 29, 2006); In re Musicland Holdings Corp., Case No. 06-10064 (SMB) (Bankr. S.D.N.Y. Feb. 2, 2006); In re Calpine Corp., Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Jan. 18, 2006); In re Refco, Inc., Case No. 05-60006 (RDD) (Bankr. S.D.N.Y. Dec. 9, 2005); In re Enesco Group, Inc., Case No. 07-00565 (ABG) (Bankr. N.D. Ill. Feb. 7, 2007); In re Romacorp, Inc., Case No. 86818-BJH-11 (Bankr. N.D. Tex. Nov. 9, 2005); In re McLeod USA Inc., Case No. 05-63229 (JHS) (Bankr. N.D. Ill. Oct. 31, 2005). Moreover, the rights of the Utility Providers will not be prejudiced should the relief requested

herein be granted, because the Utility Providers are permitted to come before this Court and seek relief according to the Procedures established herein.

25. The Debtor submits that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtor for the reasons set forth herein, Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) has been satisfied.

NOTICE

26. No trustee, examiner or creditors’ committee has been appointed in this chapter 11 case. Notice of this Motion has been provided to: (1) the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”); (2) counsel to General Electric Capital Corporation, agent for the Debtor’s senior secured creditors; (3) the 20 largest unsecured creditors of the Debtor as identified in the Debtor’s chapter 11 petition; (4) the Internal Revenue Service; (5) the Securities and Exchange Commission; (6) the Office of the United States Attorney General for the District of Delaware; and (7) the Utility Providers. As this Motion is seeking first day relief, notice of this Motion and any order entered hereon will be served as required by Rule 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Bankruptcy Rules”). Due to the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtor respectfully submits that no further notice of this Motion is required.

27. Following entry of the interim Order, the Debtor shall serve by United States mail, first class postage pre-paid, copies of the interim Order and a notice of hearing (the “Final Hearing”) to consider entry of the final Order (the “Final Hearing Notice”) to be held in accordance with Local Bankruptcy Rule 4001-2(c) on (1) the U.S. Trustee; (2) counsel to General Electric Capital Corporation, agent for the Debtor’s senior secured creditors; (3) the 20 largest unsecured creditors for the Debtor as identified in the Debtor’s chapter 11 petition; (4) the

Utility Providers; and (5) all parties who have timely filed requests for notice under Bankruptcy Rule 2002.


NO PRIOR REQUEST

28. No previous motion for the relief sought herein has been made to this or any other Court.

WHEREFORE, the Debtor respectfully request that this Court (i) immediately enter an interim Order, substantially in the form attached hereto as Exhibit B, and set a date for the Final Hearing, (ii) at the Final Hearing, enter a final Order granting the relief requested herein and (iii) grant such other and further relief as this Court deems appropriate.

Dated: January 14, 2009
Wilmington, Delaware

Respectfully submitted,



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EXHIBIT A

Gottschalks Utility Providers	Account Number	Address	Annual Typical Cost of Services	Deposit Amount¹
957 - ALASKA ELECTRIC LIGHT & POWER	692254763	5601 TONSGARD CT JUNEAU AK 99801	\$63,530.22	\$2,647.09
1015 - ANCHORAGE WATER	121236-513762 , 121236-535585	PO BOX 196626 ANCHORAGE AK 99519	\$4,621.19	\$192.55
175269 - AVISTA UTILITIES	244444 , 170046473 , 210046474 , 330046473 , 650046472 , 730048062	1411 E MISSION AVE SPOKANE WA 99252	\$100,171.69	\$4,173.82
184411 - CALIFORNIA WATER SERVICE	4136588888, 4839988888, 8013488888, 9793277777, 9975511111, 3531111888 - (8"), 4421117777 - (8"), 7061111888 - (8"), 8975688888 - (8" fire service), 9793277777 - (3"), 9975511111 - (2"), 9993333333 - (6" fire service)	PO BOX 940001 SAN JOSE CA 95194	\$23,322.38	\$971.77
246751 - CARSON CITY UTILITIES	158825-15920	201 N CARSON ST SUITE 510 CARSON CITY NV 89701	\$2,494.50	\$103.94
47953 - CASCADE NATURAL GAS	539-0243-3 1	PO BOX 34344 SEATTLE WA 98109	\$3,601.66	\$150.07
48658 - CHUGACH ELECTRIC	1144909-001 , 1144909-002	PO BOX 196300 ANCHORAGE AK 99519	\$115,052.79	\$4,793.87
144495 - CITY AND BOROUGH OF JUNEAU	583402	155 SOUTH SEWARD STREET JUNEAU AK 99081	\$3,392.18	\$141.34
213322 - CITY OF ALBANY	073283 000	PO BOX 490 ALBANY OR 97321	\$2,517.59	\$104.90
138959 - CITY OF ANTIOCH	024-00910-00	ATTN: A/R DEPT PO BOX 5007 ANTIOCH CA 94531	\$5,210.02	\$217.08
185515 - CITY OF BAKERSFIELD	10483-10482 , 5437- 10842	FINANCE DEPARTMENT PO BOX 2057 BAKERSFIELD CA 93303	\$4,821.80	\$200.91
167088 - CITY OF CLOVIS	262-209198.00	533 POLLASKY CLOVIS CA 93612	\$10,493.95	\$437.25

¹ For those Utility Providers who have been issued letters of credit with face amounts in excess of 50% of the Debtor's estimated monthly cost of utility consumption from such Utility Providers, the deposit amount is \$0.

Gottschalks Utility Providers	Account Number	Address	Annual Typical Cost of Services	Deposit Amount¹
138681 - CITY OF EUREKA	1602-808790 1 , UTILITY USER TAX - QUARTERLY	531 K STREET EUREKA CA 95501	\$4,727.93	\$197.00
167398 - CITY OF FRESNO	299551-31230 , 307075-330638 , 80683-79246	FIRE DEPARTMENT 450 M STREET FRESNO CA 93721	\$64,979.66	\$2,707.49
9075 - CITY OF GRANTS PASS	31331-27622 , 31331- 27642	101 N W "A" ST GRANTS PASS OR 97526	\$5,066.87	\$211.12
49697 - CITY OF HANFORD	09103177-00	UTILITY SERVICE 315 N DOUTY HANFORD CA 93230	\$5,008.08	\$208.67
127760 - CITY OF HEMET	14-115074-01	445 E FLORIDA AVE HEMET CA 92543	\$3,535.00	\$147.29
127809 - CITY OF INDIO	11723-50046 - (8")	PO BOX 1480 INDIO CA 92201	\$3,342.28	\$139.26
69884 - CITY OF KLAMATH FALLS O	22589-39106 (fire protection), 22589- 39110	P O BOX 237 KLAMATH FALLS OR 97601	\$1,688.91	\$70.37
9717 - CITY OF LEWISTON UTILITY	0507-004979.00 (D- 4979)	PO BOX 617 LEWISTON ID 83501	\$577.71	\$24.07
27618 - CITY OF MADERA	004808001-7	205 W 4TH ST MADERA CA 93637	\$68,800.92	\$2,866.71
10014 - CITY OF MARYSVILLE	900890000002	1049 STATE AVE. STE 201 MARYSVILLE WA 98270	\$904.10	\$37.67
167827 - CITY OF MODESTO	237869-92692 , 244717-96328 , 244717-96330 , 244717-96332	PO BOX 3442 MODESTO CA 95353	\$53,525.40	\$2,230.23
48127 - CITY OF POCATELLO	50201-32250	PO BOX 4169 POATELLO ID 83205	\$2,538.85	\$105.79
10537 - CITY OF PORT ANGELES	50425-151844 , 50425- 89494, 50425-89494	PO BOX 1150 PORT ANGELES WA 98362	\$23,791.93	\$991.33
49239 - CITY OF REDDING	0109930-8 , 0182455- 6, 0182456-4	CUSTOMER SERVICE DIVISION PO BOX 496081 REDDING CA 96049	\$129,060.42	\$5,377.52
189537 - CITY OF REDDING		P O BOX 496071 REDDING CA 96049	\$8,629.49	\$359.56
22640 - CITY OF RENO		P O BOX 1900 RENO NV 89505	\$14,100.31	\$587.51
246719 - CITY OF SAN BERNARDINO	92629-76132 , 92631- 76134 (fire service)	CITY OF SAN BERNARDINO 300 N D ST SAN BERNARDINO CA 92418	\$22,812.36	\$950.52
34304 - CITY OF SAN LUIS OBISPO	240-1554-00-01, 240- 1560-00-03	MUNICIPAL ALARM TRACKING P O BOX 2490 VALLEY CENTER CA 92082	\$9,613.10	\$400.55

Exhibit A-2

Gottschalks Utility Providers	Account Number	Address	Annual Typical Cost of Services	Deposit Amount¹
98965 - CITY OF SANTA ROSA	475718816, 475718816 - (2"), 499018702 - (8"), UTILITY USER TAX - ANNUAL	P O BOX 1673 SANTA ROSA CA 95402	\$12,467.56	\$519.48
239623 - CITY OF SOLDOTNA	60.100.260.01	177 N BIRCH SOLDOTNA AK 99669	\$1,921.70	\$80.07
52574 - CITY OF WALLA WALLA	007381.000/9422580	FINANCE DIVISION PO BOX 478 WALLA WALLA WA 99362	\$2,986.41	\$124.43
102024 - CITY OF YUBA CITY	364753-00 , 364881-01	FINANCE OFFICE CITY HALL 1201 CIVIC CENTER BLVD YUBA CITY CA 95991	\$10,346.07	\$431.09
238589 - DEL PASO MANOR WATER DISTRICT	60092	4268 LUSK DR SACRAMENTO CA 95864	\$3,784.50	\$157.69
145777 - EASTERN MUNICIPAL		WATER DISTRICT PO BOX 8300 PERRIS CA 92572	\$7,106.73	\$296.11
12963 - ENSTAR NATURAL GAS CO	515647-148318 , 515647-8436 , 515647-8714 , 515647-93376	PO BOX 190288 ANCHORAGE AK 99519	\$50,621.09	\$2,109.21
282871 - EUGENE WATER & ELEC. BO	303501-575, 303501-576	PO BOX 8990 VANCOUVER WA 88990	\$106,348.96	\$4,431.21
15520 - GAVORA INC	257	PO BOX 70021 FAIRBANKS AK 99701	\$862,302.96	\$35,929.29
68047 - GLM DFW,INC	06025 , 00072159 , 004287-000 , 15-0030.00	17304 PRESTON ROAD SUITE #440 DALLAS TX 75252	\$510,993.42	\$21,291.39
15571 - GOLDEN VALLEY ELECTRIC	119133-7	PO BOX 71249 FAIRBANKS AK 99707	\$187,200.75	\$7,800.03
15598 - GRANT COUNTY PUD	2212100000	PO BOX 878 REF #108265 EPHRATA WA 98823	\$20,150.56	\$839.61
221988 - HILLVIEW WATER CO. INC	103030000	PO BOX 2269 OAKHURST CA 93644	\$1,368.28	\$57.01
16632 - HOMER ELECTRIC	6622504	3977 LAKE ST HOMER AK 99603	\$76,087.64	\$3,170.32
17450 - IDAHO POWER	8644194527	PROCESSING CENTER PO BOX 34966 SEATTLE WA 98124	\$13,313.17	\$554.72
35769 - IMPERIAL IRRIGATION DISTRICT	50054006	PO BOX 937 IMPERIAL CA 92251	\$129,417.60	\$5,392.40
127809 - INDIO WATER AUTHORITY	11723-50046 - (8")	PO BOX 1480 INDIO CA 92201	\$3,342.28	\$139.26
17434 - INTERMOUNTAIN GAS COMPANY	14033800-001-5	PO BOX 64 BOISE ID 83732	\$8,275.51	\$344.81

Exhibit A-3

Gottschalks Utility Providers	Account Number	Address	Annual Typical Cost of Services	Deposit Amount¹
80926 - LAKEWOOD WATER DISTRICT	16664 80375	11900 GRAVELLY LAKE DR S W P O BOX 99729 TACOMA WA 98499	\$654.61	\$27.28
75620 - LOS ANGELES COUNTY TREASURER	34 210 00070 , 34 210 00190 , 34 210 00200 , 34 210 00250 , 34 210 00260	P O BOX 512150 LOS ANGELES CA 90057	\$6,830.47	\$284.60
578495 - MODESTO IRRIGATION DISTRICT	6380850127, 14489355117, 14489405171, 14489410110, 14489412145, 25000570662	PO BOX 5355 MODESTO CA 95352	\$385,431.93	\$16,059.66
25534 - MUNICIPAL LIGHT & POWER	15263803	PO BOX 196094 ANCHORAGE AK 99519	\$55,963.54	\$2,331.81
27286 - NORTHWEST NATURAL GAS	1600719-7	PO BOX 8905 PORTLAND OR 97255	\$3,974.62	\$165.61
113662 - PACIFIC POWER	41064381-001 4 , 41064381-003 0 , 41064381-004 8, 41064381-005 5, 68181440-001 3 , 68181440-004 7	1033 NE 6TH AVE PORTLAND OR 97256	\$229,070.11	\$9,544.59
33448 - PASSCO DIVERSIFIED II HM LLC	029VEA	RE: HANFORD MALL PO BOX 30680 LOS ANGELES CA 90030	\$172,466.60	\$7,186.11

Gottschalks Utility Providers	Account Number	Address	Annual Typical Cost of Services	Deposit Amount ¹
623482 - PG&E	0501742974-6 , 0534455827-4 , 0869230830-0 , 0875773586-8 , 1369230798-9 , 1376737703-2 , 1623860102-1 , 1665526766-0 , 1922842647-4 , 1955021193-2 , 2050134805-4 , 2078423796-6 , 2177536635-0 , 2288354505-9 , 2330021169-7 , 3126763666-5 , 3298305790-5 , 3464194090-2 , 3876399472-0 , 3885284440-6 , 4068225128-1 , 4109891792-9 , 4505034356-0 , 4546701020-8 , 4584515677-2 , 4839613427-1 , 4847176022-2 , 5213367644-6 , 5340126690-2 , 5363285894-9 , 5422064067-3 , 5547946715-5 (parking), 6536624383-3 , 6557459801-0 , 6919547421-3 , 6928390826-2 , 6961214085-0 , 7598566171-1 , 7671065494-8 , 7712732158-4 , 7718183501-6 , 7744008146-9 , 7759392149-5 , 7959942187-6 , 8313020704-2 , 8412377587-0 , 8672562552-8 , 8885287249-3 , 8995710883-3 , 9046777914-7 , 9050842832-4 , 9063881409-6 , 9426508381-9 , 9515827364-9 , 9557494028-4 , 9599160692-2 , 9760886171-8 , 9802552835-1 , 0000000000-0	P O BOX 997300 SACRAMENTO CA 95899	\$4,021,677.38	\$0.00

Gottschalks Utility Providers	Account Number	Address	Annual Typical Cost of Services	Deposit Amount¹
113026 - PIERCE COUNTY	1047205	PO BOX 11620 TACOMA WA 98411	\$3,755.70	\$156.49
252557 - PLACER COUNTY WATER AGENCY	66906-3732 , 66906-3733	PO BOX 6570 AUBURN CA 95604	\$2,409.86	\$100.41
30627 - PUD SNOHOMISH COUNTY	420-005-680-4 , 422-006-640-3 , 423-007-128-6	PO BOX 1100 EVERETT WA 98206	\$54,559.79	\$2,273.32
30635 - PUGET SOUND ENERGY	040-754-400-6	CASH DEPT BOT-01H PO BOX 91269 BELLEVUE WA 98009	\$426.04	\$17.75
127728 - RIVERSIDE PUBLIC UTILITIES	188008-180369	3900 MAIN STREET RIVERSIDE CA 92522	\$246,661.65	\$10,277.57
125253 - SANTA CRUZ MUNICIPAL UTILITIES	066-1039-11	P O BOX 682 SANTA CRUZ CA 95061	\$4,650.14	\$193.76
251496 - SIERRA PACIFIC POWER CO	1000038574802887488 , 1000039565102955701	P O BOX 10100 RENO NV 89520	\$347,993.87	\$14,499.74
243140 - SMUD	901918 , 3292936	PO BOX 15555 SACRAMENTO CA 95852	\$286,062.33	\$11,919.26
105287 - SOUTH SUBURBAN SANITARY	3800554	DISTRICT 2201 LAVERNE AVE KLAMATH FALLS OR 97603	\$280.13	\$11.67
791857 - SOUTHERN CA GAS CO	046 481 9082 7 , 072 521 3500 4 , 098 946 8485 2 , 106 415 1000 2 , 135 424 6600 1 , 135 516 0500 2 , 174 115 8800 1 , 181 924 7600 2	PO BOX C MONTEREY PARK CA 91756	\$8,727.76	\$363.66
791792 - SOUTHERN CALIFORNIA EDISON CO	2-02-251-3451 , 2-02-251-3774 , 2-02-251-4582 , 2-02-251-4848 , 2-02-355-8125 , 2-02-360-8276 , 2-02-360-8516 , 2-02-360-8771 , 2-02-360-8979 , 2-02-641-5208 , 2-08-667-6541 , 2-19-908-7198 , 2-20-132-2955	ACCOUNTS RECEIVABLES PO BOX 600 ROSEMEAD CA 91770	\$2,021,265.75	\$0.00
251461 - SOUTHWEST GAS CORPORATION	121-0533512-021 , 241-0079228-027 , 241-0079266-027	PO BOX 98890 LAS VEGAS NV 89150	\$24,774.57	\$1,032.27
157295 - TACOMA PUBLIC UTILITIES	100050882	CITY TREASURER P O BOX 11010 TACOMA WA 98411	\$88,294.15	\$3,678.92
247995 - THE CARRINGTON COMPANY	1000036665602880000	CARSON MALL SHOPPING CENTER PO BOX 1328 EUREKA CA 95502	\$438,643.39	\$18,276.81

Exhibit A-6

Gottschalks Utility Providers	Account Number	Address	Annual Typical Cost of Services	Deposit Amount¹
20583 - TRUCKEE MEADOWS WATER		AUTHORITY PO BOX 659565 SAN ANTONIO TX 78265	\$2,617.84	\$109.08
96008 - TUOLUMNE UTILITIES DISTRICT	107472-000 , 107472-000 - D, 107482-000 , 107482-000 - E, 643-000	PO BOX 3728 SONORA CA 95370	\$4,803.31	\$200.14
142875 - VICTORVILLE WATER DISTRICT		17185 YUMA ST VICTORVILLE CA 92392	\$679.16	\$28.30
1228 - ACS	(1201202) ,001(0174042)4-0908, 001(0174044)1-0908, 003(0179261)4-1208, 001(0174044)1-1208, 004(0179263)2-1208, 002(0179964)1-1208	PO BOX 92400 ANCHORAGE AK 99509	\$40,764.49	\$1,698.52
178225 - AT & T MOBILITY	(3844531), (990646450)	PO BOX 13134 NEWARK NJ 07101	\$39,726.74	\$1,655.28
230251 - AT&T	160(3330140)555, 160(3330141)555	PO BOX 989045 WEST SAC CA 95798	\$14,766.29	\$615.26
624047 - AT&T	960(4498015)555, 960(5503767)555, 960(8320193)555, 234(2812484)200	PAYMENT CENTER SACRAMENTO CA 95887	\$252,240.88	\$10,510.04
249289 - AT&T ALASCOM	019(1891455)001	PO BOX 78522 PHOENIX AZ 85062	\$8,954.50	\$373.10
17418 - FRONTIER	916-(4789001.)-01907-8	PO BOX 20550 ROCHESTER NY 14602	\$8,597.07	\$358.21
32247 - QWEST	206(Z260750)216, 208(7468300)229, 541(8846941)152, 541(Z260215)032 , 541(9286157)034B, 541(9269992)807B, 541(3426900)618B, 541(3426192)822B, 208(4789252)773B, 208(4789269)734B, 253(7706557)546B, 541(3883999)530B, 541(3899632)059B, 541(3890975)278B	PO BOX 91155 SEATTLE WA 98111	\$86,686.78	\$3,611.95
232750 - SIERRA TELEPHONE	559(6424220)	P O BOX 219 OAKHURST CA 93644	\$4,618.14	\$192.42
37834 - SPRINT	(923591003), (923591003), (797969983)	PO BOX 600670 JACKSONVILLE FL 32260	\$164,162.67	\$6,840.11
150142 - SPRINT DATA SERVICES	(13129452)	PO BOX 219623 KANSAS CITY MO 64121	\$380,667.68	\$15,861.15

Exhibit A-7

Gottschalks Utility Providers	Account Number	Address	Annual Typical Cost of Services	Deposit Amount¹
12041 - UNWIRED BROADBAND INC	3301564425	364 W. FALLBROOK SUITE 102 FRESNO CA 93711	\$7,729.90	\$322.08
137901 - USA MOBILITY WIRELESS I	(0375296)-1, #298A59927	PO BOX 660770 DALLAS TX 75266	\$2,418.73	\$100.78
181846 - VERIZON CALIFORNIA	360(6597709), 391021077, (7602412203), 391021096, (7602412232), 390826515, (7602410351), 7602414271, 390626751, (7609521892), 909(1979163)	PO BOX 101956 ATLANTA GA 30392	\$151,910.97	\$6,329.62

EXHIBIT B

Court having determined that the relief sought in the Motion is in the best interests of the Debtor and its estate; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.

2. Until the entry of a subsequent order of this Court, to be considered at the Final Hearing, the Debtor is authorized, but not directed, to pay on a timely basis in accordance with its prepetition practices all undisputed invoices in respect of postpetition Utility Services rendered by the Utility Providers to the Debtor.

3. The Debtor shall, on or before 20 days after the Petition Date deposit \$262,622.70, less any amounts available under the Debtor's existing letters of credit for pre-Petition Date utility deposits that are not used to satisfy prepetition claims of the Utility Providers (the "Utility Deposit"), into an interest-bearing, newly created, segregated account (the "Utility Deposit Account"), with such Utility Deposit to be held in escrow, pending further order of the Court, for the purpose of providing such Utility Provider with adequate assurance of payment of its postpetition date services to the Debtor.

4. Absent further order of the Court, each Utility Provider is prohibited from (a) altering, refusing or discontinuing service to, or discriminating against the Debtor solely on the basis of the commencement of this case or on account of any unpaid invoice for services provided before the Petition Date and (b) requiring the payment of any additional deposit or other security in connection with the Utility Providers' continued provision of utility services, including the furnishing of gas, electricity, telephone or sanitation services, or any other utility service of like kind to the Debtor, except in accordance with the following procedures:

(a) If a Utility Provider is not satisfied with the assurance of future payment provided by the Debtor, the Utility Provider must serve a written request (the "Request") upon the Debtor setting forth the location(s) for which Utility Services are provided, the account number(s) for such location(s), the outstanding balance for each account, a summary of the Debtor's payment history on each account, and an explanation of why the Utility Deposit is inadequate assurance of payment;

(b) The Request must be actually received by Debtor's counsel, Stephen H. Warren, Esq. and Karen Rinehart, Esq., O'Melveny & Myers LLP, 400 South Hope Street, Los Angeles, California 90071-2899 and Mark D. Collins, Esq. and Michael J. Merchant, Esq., Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, Delaware 19801, within forty-five (45) days of the date of the order granting this Motion (the "Request Deadline");

(c) Without further order of the Court, the Debtor may enter into agreements granting additional adequate assurance to a Utility Provider serving a Request, if the Debtor, in its discretion, determines that the Request is reasonable;

(d) If the Debtor believes that a Request is unreasonable, then it shall, within thirty (30) days after the Request Deadline date, file a Determination Motion seeking a determination from the Court that the Utility Deposit, plus any additional consideration offered by the Debtor, constitutes adequate assurance of payment. Pending notice and a hearing on the Determination Motion, the Utility Provider that is the subject of the unresolved Request may not alter, refuse, or discontinue services to the Debtor or recover or setoff against a pre-Petition Date deposit; and

(e) The Utility Deposit shall be deemed adequate assurance of payment for any Utility Provider that fails to make a Request.

5. The Debtor may supplement the list of Utility Providers on Exhibit A to the Motion. If the Debtor supplements the list subsequent to the filing of the Motion, the Debtor will serve a copy of the Motion and this Order on any Utility Provider that is added to the list by such a supplement (the "Supplemental Service"). The Debtor shall increase the Utility Deposit by an amount equal to the sum of 50% of the estimated monthly costs of utility service with respect to any such Utility Provider subsequently added to Exhibit A. Any subsequently added Utility Provider set forth on a supplement to Exhibit A to the Motion will fall within the scope of this Order from the date of the filing of the supplemental Exhibit A. Such an added Utility Provider shall have thirty (30) days from the date of service of the Motion and the Order to make a Request. If such Request is made, the Debtor and the Utility Provider making the Request shall be bound by the Procedures set forth herein, as applicable.

6. The Debtor may terminate the services of any Utility Provider by providing written notice (a "Termination Notice"). Upon receipt of a Termination Notice by a Utility Provider, the Utility Provider shall immediately refund any Utility Deposit to the Debtor not used to satisfy claims for post-petition services, without giving effect to any rights of setoff

or any claims the Utility Provider may assert against the Debtor on account of pre-petition obligations or service.

7. Nothing in this order shall be deemed to vacate or modify any other restrictions on the termination of service by a Utility Provider as provided by sections 362 and 365 of the Bankruptcy Code or other applicable law and nothing herein or in the Motion shall constitute postpetition assumption or adoption of any agreement pursuant to section 365 of the Bankruptcy Code, nor shall anything herein be deemed a waiver by the Debtor or any other party of any rights with respect to the assumption or rejection of an executory contract.

8. The requirements of set forth in Rule 6003(b) of the Bankruptcy Rules are satisfied by the contents of the Motion.

9. A Final Hearing to consider the Motion is scheduled for _____, 2009 at _____ m. before the undersigned United States Bankruptcy Judge. Any objections to the relief requested in the Motion must be filed with the Clerk of the Bankruptcy Court and served upon and counsel to the Debtor, counsel to General Electric Capital Corporation, agent for the Debtor's senior secured creditors; the Office of the United States Trustee for the District of Delaware; and counsel to any statutory committee(s) appointed in this case on or before _____, 2009 at _____ m. (EST).

10. Pursuant to Bankruptcy Rule 4001(b), the Debtor shall serve a copy of this Order by United States mail, first class postage pre-paid, on the Office of the United States Trustee for the District of Delaware, counsel to General Electric Capital Corporation, agent for the Debtor's senior secured creditors; the Utility Providers; all persons requesting special notice herein, and counsel for any statutory committee(s), if one has been appointed or, if not, on the 20 largest unsecured creditors for the Debtor as identified in the Debtor's chapter 11 petition, on or before _____, 2009.

11. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

12. The Debtor, its officers, employees and agents, are authorized to take or refrain from taking such acts as are necessary and appropriate to implement and effectuate the relief granted herein.

Dated: January ____, 2009
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE