

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

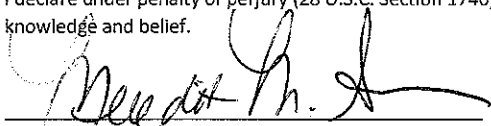
In re: FBI Wind Down, Inc., et al.<sup>1</sup>

Case No.: 13-12329  
Reporting Period: 11/25/13 - 12/29/13  
Federal Tax I.D. #: 43-0337683

Monthly Operating Report

Required Documents	Form No.	Document Attached	Explanation Attached
<b>Schedule of Cash Receipts and Disbursements</b>	MOR-1	X	
Bank Account Reconciliation/Information	MOR-1a/MOR-1b	X	Bank reconciliation statement
Schedule of Professional Fees Paid	MOR-1c	X	
Copies of Bank Statements		N/A	X
Cash Disbursements Journals		N/A	X
<b>Statement of Operations</b>	MOR-2		To be amended
<b>Balance Sheet</b>	MOR-3		To be amended
<b>Status of Post-Petition Taxes</b>	MOR-4	X	
Copies of IRS Form 6123			
Copies of Tax Returns Filed During Reporting Period			
<b>Summary of Unpaid Post-Petition Debts</b>	MOR-5		To be amended
Listing of Aged Accounts Payable	MOR-5a		To be amended
<b>Accounts Receivable Reconciliation and Aging</b>	MOR-6		To be amended
<b>Debtor Questionnaire</b>	MOR-7	X	

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

  
Signature of Authorized Individual<sup>(2)</sup>

2/15/14  
Date

Meredith M. Graham  
Printed Name of Authorized Individual

CAO  
Title of Authorized Individual

(1) The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, as applicable are: Furniture Brands International, Inc. (7683); Action Transport, Inc. (7587); Broyhill Furniture Industries, Inc. (3217); Broyhill Home Furnishings, Inc. (8844); Broyhill Retail, Inc. (8843); Broyhill Transport, Inc. (1721); Furniture Brands Holdings, Inc. (2837); Furniture Brands Operations, Inc. (4908); Furniture Brands Resource Company, Inc. (1288); HDM Furniture Industries, Inc. (7484); HDM Retail, Inc. (6125); HDM Transport, Inc. (4378); Lane Furniture Industries, Inc. (5064); Lane Home Furnishings Retail, Inc. (9085); Laneventure, Inc. (8434); Maitland-Smith Furniture Industries, Inc. (7486); Thomasville Furniture Industries, Inc. (6574); Thomasville Home Furnishings, Inc. (3139); Thomasville Retail, Inc. (f/k/a Classic Design Furnishings, Inc.) (6174). The Debtors' corporate headquarters is located at 1. N. Brentwood Blvd., St. Louis, Missouri 63105.

(2) 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.

In re: FBI Wind Down, Inc., et al.

Case No.: 13-12329

Reporting Period: 11/25/13 - 12/29/13

Federal Tax I.D. #: 43-0337683

### Listing of Debtor Entities and Notes to the Monthly Operating Report

**General:**

The report includes activity from the following Debtors and related Case numbers:

Debtor	Case Number
FBI Wind Down, Inc. (Furniture Brands International, Inc.)	13-12329
AT Wind Down, Inc. (Action Transport, Inc.)	13-12331
BFI Wind Down, Inc. (Broyhill Furniture Industries, Inc.)	13-12332
BHF Wind Down, Inc. (Broyhill Home Furnishings, Inc.)	13-12333
BR Wind Down, Inc. (Broyhill Retail, Inc.)	13-12334
BT Wind Down, Inc. (Broyhill Transport, Inc.)	13-12335
FBH Wind Down, Inc. (Furniture Brands Holdings, Inc.)	13-12337
FBO Wind Down, Inc. (Furniture Brands Operations, Inc.)	13-12338
FBRC Wind Down, Inc. (Furniture Brands Resource Company, Inc.)	13-12339
HFI Wind Down, Inc. (HDM Furniture Industries, Inc.)	13-12340
HR Wind Down, Inc. (HDM Retail, Inc.)	13-12341
HT Wind Down, Inc. (HDM Transport, Inc.)	13-12342
LFI Wind Down, Inc. (Lane Furniture Industries, Inc.)	13-12343
LHFR Wind Down, Inc. (Lane Home Furnishings Retail, Inc.)	13-12344
LV Wind Down, Inc. (Laneventure, Inc.)	13-12349
MSFI Wind Down, Inc. (Maitland-Smith Furniture Industries, Inc.)	13-12350
TFI Wind Down, Inc. (Thomasville Furniture Industries, Inc.)	13-12351
THF Wind Down, Inc. (Thomasville Home Furnishings, Inc.)	13-12352
TR Wind Down, Inc. (Thomasville Retail, Inc. (f/k/a Classic Designs Furnishings,	13-12354

**Notes to the MOR:**

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in the bankruptcy cases and is in a format acceptable to the U.S. Trustee. The financial information contained herein is unaudited, limited in scope and as discussed below, not prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The unaudited consolidated financial statements presented in MOR-2 and MOR-3 include activity for the entire fiscal month of December from 11/25/2013 to 12/29/2013. As of the date of this filing, the Debtors have not received opening trial balance information as of 11/25/2013 reflecting the sale of substantially all of the assets to KPS/HHG. Due to missing trial balance information, the Debtors cannot, at this time, provide certain MOR schedules dependent upon such information. This MOR will be amended with this information as soon as it is provided to the Debtors.

The unaudited consolidated financial statements have been derived from the books and records of the Furniture Brands International, Inc. and related Debtors and Non-debtors ("FBN"). The information furnished in this report includes primarily normal recurring adjustments, but not all of the adjustments that would typically be made for the quarterly and annual financial statements to be in accordance with U.S. GAAP. Furthermore, the monthly financial information contained herein has not been subjected to the same level of accounting review and testing that Furniture Brands International, Inc. and related Debtors and Non-debtors apply in the preparation of their quarterly and annual financial information in accordance with U.S. GAAP. Accordingly, upon the application of such procedures, FBN believes that the financial information may be subject to change, and that these changes could be material.

The unaudited consolidated financial statements presented in MOR-2 and MOR-3 include elimination entries for intercompany balances related to non-debtor affiliates. Investment in subsidiary balances are recorded at cost which may not be in accordance with U.S. GAAP. Intercompany transactions between Debtors have been eliminated in the financial statements contained herein. The amounts currently classified as liabilities subject to compromise may be subject to future change as the Company completes its analysis of pre and post-petition liabilities.

The results of operations contained herein are not necessarily indicative of results which may be expected from any other period or for the full year and may not necessarily reflect the consolidated results of operations, financial position and schedule of receipts and disbursements of FBN in the future. FBN cautions readers not to place undue reliance upon the MOR. There can be no assurance that such information is complete and the MOR may be subject to revision.

In re: FBI Wind Down, Inc., et al.  
 Figures in \$

Form No.: MOR-1  
 Case No.: 13-12329  
 Reporting Period: 11/25/13 - 12/29/13  
 Federal Tax I.D. #: 43-0337683

Schedule of Cash Receipts and Disbursements					
Debtor	Case Number	Cash Receipts	Cash Disbursements	Net Cash Flow	Bank Transfers
FBI Wind Down, Inc. (Furniture Brands International, Inc.)	13-12329	\$ 106,056,768	\$ (11,212,374)	\$ 94,844,394	\$ -
AT Wind Down, Inc. (Action Transport, Inc.)	13-12331	-	-	-	-
BFI Wind Down, Inc. (Broyhill Furniture Industries, Inc.)	13-12332	-	-	-	-
BHF Wind Down, Inc. (Broyhill Home Furnishings, Inc.)	13-12333	-	-	-	-
BR Wind Down, Inc. (Broyhill Retail, Inc.)	13-12334	-	-	-	-
BT Wind Down, Inc. (Broyhill Transport, Inc.)	13-12335	-	-	-	-
FBH Wind Down, Inc. (Furniture Brands Holdings, Inc.)	13-12337	-	-	-	-
FBO Wind Down, Inc. (Furniture Brands Operations, Inc.)	13-12338	-	-	-	-
FBRC Wind Down, Inc. (Furniture Brands Resource Company, Inc.)	13-12339	-	-	-	-
HFI Wind Down, Inc. (HDM Furniture Industries, Inc.)	13-12340	-	-	-	-
HR Wind Down, Inc. (HDM Retail, Inc.)	13-12341	-	-	-	-
HT Wind Down, Inc. (HDM Transport, Inc.)	13-12342	-	-	-	-
LFI Wind Down, Inc. (Lane Furniture Industries, Inc.)	13-12343	-	-	-	-
LHFR Wind Down, Inc. (Lane Home Furnishings Retail, Inc.)	13-12344	-	-	-	-
LV Wind Down, Inc. (Laneventure, Inc.)	13-12349	-	-	-	-
MSFI Wind Down, Inc. (Maitland-Smith Furniture Industries, Inc.)	13-12350	-	-	-	-
TFI Wind Down, Inc. (Thomasville Furniture Industries, Inc.)	13-12351	-	-	-	-
THF Wind Down, Inc. (Thomasville Home Furnishings, Inc.)	13-12352	-	-	-	-
TR Wind Down, Inc. (Thomasville Retail, Inc. (f/k/a Classic Designs Furnishings, Inc.))	13-12354	-	-	-	-
<b>Totals</b>		<b>\$ 106,056,768</b>	<b>\$ (11,212,374)</b>	<b>\$ 94,844,394</b>	<b>\$ -</b>

**Notes to MOR-1:**  
 Cash receipts and disbursement amounts are derived based on information from the Debtors bank statements. Cash receipts and disbursements between Debtors are included in this schedule. Certain tax payments made by FBN Wind Down, Inc. on behalf of the Debtors are included in the amounts under FBN Wind Down, Inc.

In re: FBI Wind Down, Inc., et al.

Form No.: MOR-1a  
Case No.: 13-12329  
Reporting Period: 11/25/13 - 12/29/13  
Federal Tax I.D. #: 43-0337683

**Bank Reconciliations**

The above-captioned debtors (the "Debtors") hereby submit this attestation regarding bank account reconciliations in lieu of providing copies of bank statements.

The Debtors' standard practice is to ensure that each bank account is reconciled to bank statements at least once per fiscal quarter within 45 days after the month end. I attest that each of the Debtors' bank accounts is reconciled to bank statements in accordance with its practices.



Signature of Authorized Individual

2/15/14  
Date

Meredith M. Graham

Printed Name of Authorized Individual

CAO  
Title of Authorized Individual

In re: FBI Wind Down, Inc., et al.  
 Figures in \$

Form No.: MOR-1b  
 Case No.: 13-12329  
 Reporting Period: 11/25/13 - 12/29/13  
 Federal Tax I.D. #: 43-0337683

Bank Account Information				
Legal Entity	Case Number	Bank Name / Address	Account Number	Bank Balance
FBN Wind Down, Inc. <sup>(1)</sup>	13-12329	Bank of America 800 Market Street, 13th Floor St. Louis, MO 63101 ATTN: Kevin Knopf, Sara Cragen	2724	\$ 60,776,543
FBN Wind Down, Inc.	13-12329	Bank of America 800 Market Street, 13th Floor St. Louis, MO 63101 ATTN: Kevin Knopf, Sara Cragen	2737	9,066,434
FBN Wind Down, Inc.	13-12329	Bank of America 800 Market Street, 13th Floor St. Louis, MO 63101 ATTN: Kevin Knopf, Sara Cragen	2753	990,000
FBN Wind Down, Inc. <sup>(2)</sup>	13-12329	Bank of America 800 Market Street, 13th Floor St. Louis, MO 63101 ATTN: Kevin Knopf, Sara Cragen	3122	-
FBN Wind Down, Inc.	13-12329	Wells Fargo 1 N. Jefferson Ave, Bldg D, Floor 3 St. Louis, MO 63103 ATTN: Julie Evans, Shawna Duenwald	0248	-
FBN Wind Down, Inc.	13-12329	JPMorgan Chase Bank, N.A. Northeast Market PO Box 659754 San Antonio, TX 78265-9754	5483	5,000,287
FBN Wind Down, Inc.	13-12329	Webster Bank, N.A. Contact Center PO Box 10305, WFD 730 Waterbury, CT 06726	0621	5,000,411
FBN Wind Down, Inc.	13-12329	Santander Bank, N.A. Santander Way R11 EPV 02 23 East Providence, RI 02915 ATTN: Business Customer Contact Center	6301	5,000,719
FBN Wind Down, Inc.	13-12329	PNC Bank PO Box 609 Pittsburgh, PA 15230-9738 ATTN: Customer Service	5137	5,000,000
FBN Wind Down, Inc.	13-12329	Fifth Third Bank 5050 Kingsley Drive MD 1MOB2D Cincinnati, OH 45263	0384	5,000,000

**Notes to MOR-1a:**

All amounts listed above are the bank balances as of the end of the month. Copies of bank statements and cash disbursement journals are not included in this MOR. These items will be made available upon request.

(1) On 12/26/13, \$50M in security credits were received from account #3122. These funds were transferred back to account #3122 on 12/30/13 and reinvested into 30-day Treasury Bills.

(2) Investment account is directly invested in 30-day Treasury Bills.

In re: FBI Wind Down, Inc., et al.  
 Figures in \$

Form No.: MOR-1b  
 Case No.: 13-12329  
 Reporting Period: 11/25/13 - 12/29/13  
 Federal Tax I.D. #: 43-0337683

<b>Receipts</b>		
Net Sales Proceeds	\$	105,660,075
Other receipts		396,693
<b>Total receipts</b>	<b>\$</b>	<b>106,056,768</b>
<b>Disbursements</b>		
Materials	\$	-
Payroll & benefits		5,359,585
Rent/Lease payments		-
Freight		-
Professional/Transaction fees <sup>(1)</sup>		5,769,138
Operating OpEx		-
Non-operating OpEx		83,652
International operations		-
<b>Total disbursements</b>	<b>\$</b>	<b>11,212,374</b>
<b>Net cash flow</b>	<b>\$</b>	<b>94,844,394</b>

**Notes to MOR-1b:**

(1) See attached Professional Fees schedule for detail.

In re: FBI Wind Down, Inc., et al.  
 Figures in \$

Form No.: MOR-1c  
 Case No.: 13-12329  
 Reporting Period: 11/25/13 - 12/29/13  
 Federal Tax I.D. #: 43-0337683

Schedule of Professional Fees Paid												
Payee	Period Covered	Amount Approved	Payor	Check		Amount Paid			Year-To-Date			
				Number	Date	Fees	Expenses	Total	Fees	Expenses	Total	
Miller Buckfire & Co., LLC	Closing Fee: 9/9/13 to 11/24/13	\$ 3,015,490.2	FBI Wind Down, Inc.	Wire Transfer	11/25/2013	\$ 3,015,490.2	\$ -	\$ 3,015,490.2	\$ 3,015,490.2	\$ -	\$ 3,015,490.2	
Paul Hastings, LLP	Fee App #1: 9/9/13 to 9/30/13	1,593,368.8	FBI Wind Down, Inc.	Wire Transfer	12/13/2013	1,249,954.4	30,925.8	1,280,880.2	1,249,954.4	30,925.8	1,280,880.2	
Young Conway Stargatt & Taylor, LLP	Fee App #1: 9/9/13 to 10/31/13	314,223.6	FBI Wind Down, Inc.	Wire Transfer	12/13/2013	227,531.2	29,809.6	257,340.8	227,531.2	29,809.6	257,340.8	
Blank Rome LLP	Fee App #1: 9/18/13 to 10/31/13	57,547.7	FBI Wind Down, Inc.	Wire Transfer	12/23/2013	44,522.4	1,894.7	46,417.1	44,522.4	1,894.7	46,417.1	
BDO Consulting	Fee App #1: 9/20/13 to 10/31/13	510,031.2	FBI Wind Down, Inc.	Wire Transfer	12/23/2013	406,931.2	1,367.2	408,298.4	406,931.2	1,367.2	408,298.4	
Houlihan Lokey Capital, Inc.	Fee App #1: 9/24/13 to 10/31/13	108,999.9	FBI Wind Down, Inc.	Wire Transfer	12/23/2013	80,000.0	8,999.9	88,999.9	80,000.0	8,999.9	88,999.9	
Hahn & Hessen LLP	Fee App #1: 9/18/13 to 10/31/13	836,629.2	FBI Wind Down, Inc.	Wire Transfer	12/27/2013	659,672.0	12,039.2	671,711.2	659,672.0	12,039.2	671,711.2	
<b>Total</b>		<b>\$ 6,436,290.5</b>				<b>\$ 5,684,101.4</b>	<b>\$ 85,036.4</b>	<b>\$ 5,769,137.7</b>	<b>\$ 5,684,101.4</b>	<b>\$ 85,036.4</b>	<b>\$ 5,769,137.7</b>	

In re: FBI Wind Down, Inc., et al.  
 Figures in \$

Form No.: MOR-4  
 Case No.: 13-12329  
 Reporting Period: 11/25/13 - 12/29/13  
 Federal Tax I.D. #: 43-0337683

Status of Post-Petition Taxes (Unaudited)						
	Beginning Tax Liabilities	Taxes Collected	Taxes Remitted	Closing Balance Post-Petition		
<b>Federal:</b>						
Withholding	\$ -	\$ -	\$ -	\$ -		-
FICA & Medicare - Employee	-	-	-	-		-
FICA & Medicare - Employer	-	78,142	(78,142)	-		-
Unemployment	-	8	(8)	-		-
Income	-	-	-	-		-
Other <sup>(1)</sup>	-	4,139	(4,139)	-		-
<b>Total Federal</b>	<b>\$ -</b>	<b>\$ 82,289</b>	<b>\$ (82,289)</b>	<b>\$ -</b>		<b>-</b>
<b>State and Local:</b>						
Withholding <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -		-
Unemployment <sup>(3)</sup>	-	49	(49)	-		-
Medicare	-	-	-	-		-
Disability	-	-	-	-		-
Income	-	-	-	-		-
Franchise	-	-	-	-		-
Property	-	-	-	-		-
Sales & Use	-	-	-	-		-
<b>Total State and Local</b>	<b>-</b>	<b>\$ 49</b>	<b>\$ (49)</b>	<b>\$ -</b>		<b>-</b>
<b>Total Taxes</b>	<b>\$ -</b>	<b>\$ 82,339</b>	<b>\$ (82,339)</b>	<b>\$ -</b>		<b>-</b>

**Notes to MOR-4:**

Furniture Brands International, Inc. and related Debtors received authority which allowed the payment of certain pre-petition income, sales, use, franchise and property taxes and other taxes, assessments, fees and similar charges. The tax rollforward only reflects the payment of post-petition taxes. Due to the volume of transactions related to tax returns and payments, these items will be made available upon request.

Furniture Brands International, Inc. and related Debtors are current on all post-petition payments other than disputes that arise in the ordinary course of business.

(1) \$4,139 of miscellaneous taxes included.

(2) Includes New Jersey Development and Supplemental Workforce taxes, New Jersey Family Leave Insurance taxes, and an employee paid portion of unemployment tax in Pennsylvania and New Jersey.

(3) Includes Oregon TRIMET and Workers' Benefit Fund taxes.



In re: FBI Wind Down, Inc., et al.

Form No.: MOR-7  
 Case No.: 13-12329  
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 Federal Tax I.D. #: 43-0337683

Debtor Questionnaire		
	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 post-petition 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	

**Explanations**

- On November 25, 2013 FBN Wind Down Inc. sold substantially all of its assets to Heritage Home Group LLC. per approved sale order for \$280M. Proceeds on MOR-1a reflect the net proceeds available to FBN Wind Down Inc. per the executed Asset Purchase Agreement and amendments.
- New accounts opened during the reporting period:

Legal Entity	Bank	Account Number	Notes
FBN Wind Down, Inc.	JPMorgan Chase	xxxxxxxxx5483	PBGC Reserve Escrow
FBN Wind Down, Inc.	Webster Bank	xxxxxx0621	PBGC Reserve Escrow
FBN Wind Down, Inc.	Santander Bank	xxxxxx6301	PBGC Reserve Escrow
FBN Wind Down, Inc.	PNC Bank	xxxxxx5137	PBGC Reserve Escrow
FBN Wind Down, Inc.	Fifth Third Bank	xxxxxxxxx0384	PBGC Reserve Escrow