

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

	X	
In re:	:	Chapter 11
	:	
BB LIQUIDATING INC., <i>et al.</i> <sup>1</sup>	:	Case No: 10-14997
	:	
Debtors.	:	Jointly Administered
	X	

**Monthly Operating Report For  
September 2011**

DEBTORS' ADDRESS: 2100 Ross Avenue, 21st Floor  
Dallas, Texas 75201

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-and-  
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This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in these chapter 11 cases and is in a format acceptable to the United States Trustee. The financial information contained herein is limited in scope and covers a limited time period. Moreover, such information is preliminary and unaudited, and is not prepared in accordance with generally accepted accounting principles ("GAAP") in the United States.

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.

/s/ Bruce Lewis  
Bruce Lewis  
Principal Executive Officer  
BB Liquidating Inc.

11/1/2011

<sup>1</sup> The Debtors, together with the last four digits of each Debtor's federal tax identification number, are: BB Liquidating Inc. (5102); BB Liquidating Canada Inc. (1269); BB Liquidating Digital Technologies Inc. (9222); BB Liquidating Distribution, Inc. (0610); BB Liquidating GC, Inc. (1855); BB Liquidating Global Services Inc. (3019); BB Liquidating International Spain Inc. (7615); BB Liquidating Investments LLC (6313); BB Liquidating Procurement LP (2546); BB Liquidating Video Italy, Inc (5068); BB Liquidating ML, LLC (5575); BB Liquidating Trading Zone Inc. (8588); and BB Liquidating B2 LLC (5219).



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re BB LIQUIDATING INC., et al.  
Debtor

Case No. 10-14997  
Reporting Period: September 2011

Federal Tax I.D. # 52-1655102

**CORPORATE MONTHLY OPERATING REPORT**

August 2011

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	<a href="#">MOR-1</a>	x	
Bank Reconciliation (or copies of debtor's bank reconciliations)	<a href="#">MOR-1 (CONT)</a>	x	
Copies of bank statements	<a href="#">MOR-1 (CONT)</a>		x
Cash disbursements journals	<a href="#">MOR-1 (CONT)</a>	x	
Statement of Operations	<a href="#">MOR-2</a>	x	
Balance Sheet	<a href="#">MOR-3</a>	x	
Status of Post-petition Taxes	<a href="#">MOR-4</a>	x	
Copies of IRS Form 6123 or payment receipt			not applicable
Copies of tax returns filed during reporting period			not applicable
Summary of Unpaid Post-petition Debts	<a href="#">MOR-4</a>	x	
Listing of Aged Accounts Payable			x
Accounts Receivable Reconciliation and Aging	<a href="#">MOR-5</a>	x	
Taxes Reconciliation and Aging	<a href="#">MOR-5</a>	x	
Payments to Insiders and Professionals	<a href="#">MOR-6</a>	x	
Post Petition Status of Secured Notes, Leases Payable	<a href="#">MOR-6</a>	x	
Debtor Questionnaire	<a href="#">MOR-7</a>	x	

In re BB LIQUIDATING INC., et al.  
**Debtor**

**Case No.** 10-14997  
**Reporting Period:** September 2011

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**(in millions)**

	September 2011	YTD September 2011
September		
<b>Cash flows from operating activities:</b>		
Net income (loss).....	\$ (0.8)	\$ (200.4)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and intangible amortization.....	-	39.4
Rental library purchases.....	-	(66.7)
Rental library amortization.....	-	113.3
Loss on sale/disposal of store operations.....	-	-
Impairment of long-lived assets.....	-	0.6
Non-cash share-based compensation.....	-	-
Gain on sale of store operations.....	-	-
Deferred taxes and other.....	-	2.1
Changes in operating assets and liabilities:		
Change in receivables.....	-	13.1
Change in merchandise inventories.....	-	44.2
Change in prepaid and other assets.....	-	27.8
Change in liabilities subject to compromise.....	(0.8)	229.5
Change in accounts payable.....	-	(139.7)
Change in accrued expenses and other liabilities.....	(1.7)	(125.9)
Net cash provided by (used in) operating activities.....	<u>(3.3)</u>	<u>(62.7)</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures.....	-	(5.1)
Change in reserve for Operating Period claims.....	(4.0)	28.1
Proceeds from sale of store operations.....	-	-
Other investing activities.....	-	3.4
Net cash provided by (used in) investing activities.....	<u>(4.0)</u>	<u>26.4</u>
<b>Cash flows from sale of assets to DISH Network:</b>		
Loss on Sale.....	-	(582.8)
Change in rental library on sale.....	-	143.4
Change in merchandise inventories on sale.....	-	56.2
Change in receivables on sale.....	-	53.3
Change in prepaid and other assets on sale.....	-	382.2
Change in fixed assets on sale.....	-	87.2
Change in restricted cash on sale.....	-	-
Net cash provided by sale to Dish Network.....	<u>0.0</u>	<u>139.5</u>
<b>Cash flows from financing activities:</b>		
Proceeds from DIP Financing.....	-	-
Repayments on DIP Financing.....	-	-
Repayments on senior secured notes.....	-	(124.6)
Debt financing costs.....	-	-
Capital lease payments.....	-	(0.8)
Net cash provided by (used in) financing activities.....	<u>0.0</u>	<u>(125.4)</u>
Effect of exchange rate changes on cash.....	-	-
Net (decrease) increase in cash and cash equivalents.....	<u>(7.3)</u>	<u>(22.2)</u>
Cash and cash equivalents at beginning of period.....	51.3	66.2
Cash and cash equivalents at end of period.....	<u>\$ 44.0</u>	<u>\$ 44.0</u>

In re BB LIQUIDATING INC., et al. Case No. 10-14997  
**Debtor** Reporting Period: September 2011

**BANK RECONCILIATIONS**

Continuation Sheet for MOR-1

GL#	Bank Name	Bank Balance	Deposits & Transfers in Transit	Outstanding checks	Other Reconciling Items	GL Balance
Cash	Bank of America	\$ 45,493,637	\$ -	\$ (1,464,677)	\$ -	\$ 44,028,960
<b>Total Cash &amp; Cash Equivalents</b>		<b>\$ 45,493,637</b>	<b>\$ -</b>	<b>\$ (1,464,677)</b>	<b>\$ -</b>	<b>\$ 44,028,960</b>

**Bank of America**

Dallas, Texas

Statement date: 9/30/2011

Statement Period	09/01/2011 - 09/30/2011	Statement Beginning Balance	51,682,734.27
Number of Deposits / Credits	0	Amount of Deposits / Credits	-
Number of Checks	162	Amount of Checks	2,038,705.07
Number of Other Debits	5	Amount of Other Debits	4,150,392.14
		Statement Ending Balance	45,493,637.06

In re BB LIQUIDATING INC., et al.  
Debtor

Case No. 10-14997  
Reporting Period: September 2011

**SCHEDULE OF CASH DISBURSEMENTS**  
(in millions)

**Continuation Sheet for MOR-1**

**September 2011**

Cash Balance as of 8/31/11 \$ 51,317,343

**Cash disbursements during the period:**

April professional fees (as shown on MOR 6):

Pricewaterhouse Coopers	(60,000)
Kurtzman Carson Consultants	(60,606)
Sidley Austin	(17,266)
Alvarez & Marsal	(146,012)
Weil Gotshal	(197,342)

Total April professional fees	(481,226)
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Transfer to reserve for Operating Period claims	(4,000,000)
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Contract labor:

Legal	(4,285)
Claims administration	(11,875)

Total contract labor	(16,160)
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Payments for Administrative Priority Expenses	(758,723)
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Payments for insurance	(200,000)
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Payments for property taxes	(1,747,573)
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Payments for miscellaneous G&A	(84,701)
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<b>Total cash disbursements during the period</b>	<b>(7,288,383)</b>
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<b>Cash Balance as of 9/30/11</b>	<b>\$ 44,028,960</b>
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In re BB LIQUIDATING INC., et al.  
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Case No. 10-14997  
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**STATEMENT OF OPERATIONS** (Income Statement)  
(in millions)

	<u>September 2011</u>	<u>YTD September 2011</u>
<b>Revenues:</b>		
Base rental revenues.....	\$ -	\$ 303.5
Previously rented product ("PRP") revenues.....	-	140.2
Total rental revenues.....	-	443.7
Merchandise sales.....	-	63.0
Other revenues.....	-	12.6
Total Revenue	<u>-</u>	<u>519.3</u>
<b>Cost of sales:</b>		
Cost of rental revenues.....	-	175.9
Cost of merchandise sold.....	-	68.7
Total cost of sales.....	-	244.6
Gross profit.....	<u>-</u>	<u>274.7</u>
<b>Operating expenses:</b>		
General and administrative.....	0.8	459.9
Advertising.....	-	5.5
Depreciation and intangible amortization.....	-	39.4
Impairment of goodwill and other long-lived assets.....	-	0.6
Total Operating Expenses	<u>0.8</u>	<u>505.4</u>
<b>Operating income (loss).....</b>	<b>(0.8)</b>	<b>(230.7)</b>
Interest expense.....	-	0.6
Interest income.....	-	(0.1)
Other items, net.....	-	(1.4)
<b>Income (loss) from continuing operations before reorganization items and income taxes.....</b>	<b>(0.8)</b>	<b>(231.6)</b>
Reorganization items, net (income)/loss.....	-	(46.9)
(Benefit)/provision for income taxes.....	-	1.0
Equity in (income)/loss of non-debtor subsidiaries.....	-	14.7
<b>Income (loss) from continuing operations.....</b>	<b>(0.8)</b>	<b>(200.4)</b>
(Loss) from sale of assets to DISH Network.....	-	(582.8)
Income (loss) from discontinued operations, net of tax.....	-	-
<b>Net income (loss).....</b>	<b>(0.8)</b>	<b>(783.2)</b>
Preferred stock dividends.....	-	-
<b>Net income (loss) applicable to common stockholders.....</b>	<b>\$ (0.8)</b>	<b>\$ (783.2)</b>

In re BB LIQUIDATING INC., et al.  
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Reporting Period: September 2011

**BALANCE SHEET**  
(in millions)

	<u>As of 9/30/2011</u>
Assets	
Current assets:	
Cash and cash equivalents.....	\$ 44.0
Reserve for Operating Period claims.....	7.5
Merchandise inventories.....	-
Rental library, net.....	-
Prepaid and other current assets.....	-
Total current assets.....	<u>51.5</u>
Property and equipment, net.....	-
Deferred income taxes.....	-
Investment in non-debtor subsidiaries.....	-
Intangibles, net.....	-
Restricted cash.....	-
Other assets.....	-
Total Assets.....	<u>\$ 51.5</u>
Liabilities and Stockholders' Equity (Deficit)	
Current liabilities:	
Accounts payable.....	\$ 3.7
Accrued expenses.....	3.3
Debtor-in-possession loan.....	-
Deferred income taxes.....	-
Total current liabilities.....	<u>7.0</u>
Other liabilities.....	-
Total Liabilities before LSTC.....	<u>7.0</u>
Liabilities subject to compromise .....	<u>1,354.0</u>
Total Liabilities.....	<u>1,361.0</u>
Total stockholders' equity (deficit).....	<u>(1,309.5)</u>
Total Liabilities and Stockholders' Equity (Deficit).....	<u>\$ 51.5</u>

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Debtor

Case No. 10-14997  
Reporting Period: September 2011

**STATUS OF POST-PETITION TAXES**

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Ending Tax
Withholding	\$ -	\$ -	\$ -	\$ -
FICA-Employee	-	-	-	-
FICA-Employer	-	-	-	-
Unemployment	-	-	-	-
Income	-	-	-	-
Other:				
Total Federal Taxes	-	-	-	-
<b>State and Local</b>				
Withholding	-	-	-	-
Sales	-	-	-	-
Excise	-	-	-	-
Unemployment	-	-	-	-
Real Property*	-	-	-	-
Personal Property*	5,036,778	-	(1,747,573)	3,289,205
Other: Income/Franchise	-	-	-	-
Total State and Local	5,036,778	-	(1,747,573)	3,289,205
<b>Total Taxes</b>	<b>\$ 5,036,778</b>	<b>\$ -</b>	<b>\$ (1,747,573)</b>	<b>\$ 3,289,205</b>

**SUMMARY OF UNPAID POST-PETITION DEBTS**

Attach aged listing of accounts payable.

DESCRIPTION	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 91	
AP - Product	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AP - Legal & Professional Fees	3,761,323	-	-	-	-	3,761,323
AP - Other	-	-	-	-	-	-
<b>TOTAL POST-PETITION DEBTS</b>	<b>\$ 3,761,323</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,761,323</b>

\* The Real Property and Personal Property taxes are considered "postpetition" based off of when the payment is assessed by the taxing authority.

The detail of the AP - Legal and Professional Fees can be seen on MOR-6. The bar date of 6/15/11 for administrative claims required all other AP to be reclassified to liabilities subject to compromise.

The Debtors did not file Form 6123 during this period. The debtor did file a consolidated Form 1120 US Corporation Income Tax Return on 9/15/11.



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Case No. 10-14997  
Reporting Period: September 2011

**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	\$ -
Plus: Amounts billed during the period	-
Less: Amounts collected during the period	-
Less: Amounts written off during the period	-
Less: Amounts reserved during the period	-
Change in store accounts receivable, net	-
Accounts Receivables sold to DISH Network	-
Total Accounts Receivable at the end of the reporting period	\$ -

Accounts Receivable Aging	9/30/2011
0 - 30 days old	\$ -
31 - 60 days old	-
61 - 90 days old	-
91 - 120 days old	-
121+ days old	-
Total Aged Accounts Receivable	-
Store Accounts Receivable	-
Total Accounts Receivable	-
Less: Bad Debts (Amount considered uncollectible)	-
Net Accounts Receivable***	\$ -

**TAXES RECONCILIATION AND AGING**

Taxes Payable	Current	1-30 Days	31-60 Days	61-90 Days	91+ Days	Total
Federal	\$ -	\$ -				\$ -
State and Local	-					-
Other	3,289,205	-				3,289,205
Total Taxes Payable	\$ 3,289,205	\$ -	\$ -	\$ -	\$ -	\$ 3,289,205

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Case No. 10-14997  
Reporting Period: September 2011

**PAYMENTS TO INSIDERS AND PROFESSIONALS**

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
(1) NONE			
TOTAL PAYMENTS TO INSIDERS			

(1) No payments other than ordinary wages and benefits occurred during the reporting period.

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID September 2011	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
SIDLEY AUSTIN LLP (1)	9/27/2010	\$ 3,544,061	\$ 17,266	\$ 3,544,061	\$ -
JEFFERIES & COMPANY INC (1)	9/27/2010	1,550,496	-	1,550,496	-
ALVAREZ & MARSAL NORTH AMERICA LLC (3)	10/27/2010	5,213,678	146,012	5,113,678	100,000
ROTHSCHILD INC (3)	11/2/2010	3,105,644	-	2,934,810	170,834
KURTZMAN CARSON CONSULTANTS LLC (3)	9/23/2010	4,130,015	60,606	4,055,015	75,000
DJM ASSET MANAGEMENT LLC (3)	11/23/2010	150,000	-	150,000	-
RETAIL REGROUP INC (3)	11/23/2010	150,000	-	150,000	-
DELOITTE TAX LLP (3)	11/9/2010	583,711	-	467,248	116,463
SKADDEN ARPS SLATE MEAGHER & FLOM LLP (1)	9/27/2010	211,440	-	211,440	-
KORN/FERRY INTERNATIONAL (3)	11/10/2010	142,132	-	142,132	-
COOLEY GODWARD KRONISH LLP (2)	11/23/2010	2,769,127	-	2,135,483	633,644
FTI CONSULTING (2)	12/2/2010	909,331	-	718,563	190,768
BLOODWORTH CARROLL & BANOWSKY PC (3)	11/23/2010	164,395	-	131,516	32,879
RAY & GLICK LTD. (3)	11/23/2010	959,250	-	767,400	191,850
CHAIKEN LEGAL GROUP PC (3)	11/23/2010	350,055	-	280,044	70,011
SHEPPARD MULLIN (1)	9/27/2010	327,327	-	327,327	-
WEIL, GOTSHAL & MANGES (3)	10/27/2010	7,606,343	197,342	5,946,779	1,659,564
PRICEWATERHOUSE COOPERS (3)	2/8/2011	1,811,368	60,000	1,474,506	336,862
DELOITTE FINANCIAL ADVISORY (3)	2/8/2011	363,993	-	288,837	75,156
ERNST & YOUNG (3)	4/4/2011	524,806	-	416,514	108,292
TOTAL PAYMENTS TO PROFESSIONALS		\$ 34,567,172	\$ 481,226	\$ 30,805,849	\$ 3,761,323

\* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

(1) Fees paid pursuant to the DIP Financing Order for professionals of the DIP lenders and DIP Agent.

(2) Fees for professionals retained to represent Unsecured Creditors' Committee

(3) Fees for professionals retained to represent BB Liquidating Inc.

**POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS**

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
DIP Financing	\$ -	\$ -	\$ -
DIP Interest			
Leases Payable	-	-	-
Adequate Assurance Payments - Utilities	-	-	-
Adequate Assurance Payments - Insurance	-	-	-
TOTAL PAYMENTS		\$ -	

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**DEBTOR QUESTIONNAIRE**

<b>Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.</b>	<b>Yes</b>	<b>No</b>
1 Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3 Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4 Are workers compensation, general liability or other necessary insurance coverage expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?	X	
5 Is the Debtor delinquent in paying any insurance premium payment?		X
6 Have any payments been made on pre-petition liabilities this reporting period?		X
7 Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8 Are any post petition payroll taxes past due?		X
9 Are any post petition State or Federal income taxes past due?		X
10 Are any post petition real estate taxes past due?		X
11 Are any other post petition taxes past due?		X
12 Have any pre-petition taxes been paid during this reporting period?		X
13 Are any amounts owed to post petition creditors delinquent?		X
14 Are any wage payments past due?		X
15 Have any post petition loans been received by the Debtor from any party?		X
16 Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17 Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18 Have the owners or shareholders received any compensation outside of the normal course of business?		X

4 The Debtors have only one employee and are not required to maintain workers compensation insurance. The Debtors have received notice that the prior workers compensation insurance has been cancelled.