

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re: BCBG Max Azria Global Holdings, LLC, et al.

Case No. (Jointly Administered)  
Reporting Period Ending;

17-10466 (SCC)  
July 29, 2017

Federal Tax I.D. #

36-4776857

CORPORATE MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Account Information	MOR-1a	X	
Copies of bank statements (See Notes to the MOR)			X
Cash disbursements journals (See Notes to the MOR)			X
Statement of Operations (Income Statement)	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Post-petition Taxes (See Notes to the MOR)	MOR-4	X	
Copies of IRS Form 6123 or payment receipt (See Notes to the MOR)			X
Copies of tax returns filed during reporting period (See Notes to the MOR)			X
Summary of Unpaid Post-petition Accounts Payable	MOR-4	X	
Listing of Aged Accounts Payable (See Notes to the MOR)			X
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Payments to Insiders and Professionals	MOR-6	X	
Post Petition Status of Secured Notes	MOR-6	X	
Debtor Questionnaire	MOR-7	X	

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

  
\_\_\_\_\_  
Signature of Authorized Individual

September 12, 2017  
\_\_\_\_\_  
Date

John Boken  
\_\_\_\_\_  
Printed Name of Authorized Individual

Chief Financial Officer  
\_\_\_\_\_  
Title

Note: Mr. Boken was appointed Chief Financial Officer of BCBG Max Azria Global Holdings, LLC and its Post-Effective Date Debtor affiliates (the "Post-Effective Date Debtors" and, prior to the Effective Date, the "Debtors") on August 16, 2017. He was appointed to this role pursuant to the terms of the Plan by the Plan Administrator, David MacGreevey, who assumed his responsibilities on behalf of the Post-Effective Date Debtors on August 1, 2017. Mr. Boken did not serve in any capacity for the Debtors for any portion of the period covered by this Monthly Operating Report ("MOR"). Given that the timing of Mr. Boken's first involvement with the Debtors was after the close of the reporting period for this MOR, these materials were prepared in complete reliance on the Debtors' books and records as Mr. Boken found them at the commencement of his appointment as Chief Financial Officer. To the best of Mr. Boken's knowledge and belief, this MOR was prepared in a manner consistent with prior MORs submitted in these bankruptcy proceedings.

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**LISTING OF DEBTOR ENTITIES & NOTES TO THE MONTHLY OPERATING REPORT**

**GENERAL:**

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

July 2 to July 29th, 2017'

<b>Debtor</b>	<b>Case Number</b>
BCBG Max Azria Global Holdings, LLC	
BCBG Max Azria Group, LLC	17-10465
BCBG Max Azria Intermediate Holdings, LLC	17-10467
MLA Multibrand Holdings, LLC	17-10468
Max Rave, LLC	17-10469

**General Notes:**

On February 28, 2017, each of the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York. The Debtors' chapter 11 cases are jointly administered for procedural purposes only under BCBG Max Azria Global Holdings, LLC, No. 17-10466 (SCC) (S.D.N.Y.) pursuant to an order entered by the Bankruptcy Court on March 2, 2017 [Docket No. 66]. 1. On July 26, 2017, the Court entered the Findings of Fact, Conclusions of Law, and Order Confirming the Amended Joint Plan of Reorganization of BCBG Max Azria Global Holdings, LLC and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 591] approving the terms of the Chapter 11 plan annexed thereto (the "Plan"). The effective date of the Plan occurred on July 31, 2017. See Notice of (I) Entry of Order Confirming the Amended Joint Plan of Reorganization of BCBG Max Azria Global Holdings, LLC and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code and (II) Occurrence of Effective Date [Docket No. 601].

The Debtors are filing their consolidated Monthly Operating Report solely for the purposes of complying with the monthly operating reporting requirements applicable in the Debtors' chapter 11 cases. The financial and supplemental information contained herein is presented on a preliminary and unaudited basis, remains subject to future adjustments and may not comply in all material respects with generally accepted accounting principles in the United States of America ("U.S. GAAP"). This Monthly Operating Report should not be relied on by any persons for information relating to current or future financial conditions, events, or performance of any of the Debtors or their affiliates. Financial information presented in this Monthly Operating Report reflects results for BCBG Max Azria Group, LLC only as the other debtor entities have no stand alone operations or balance sheets.

The financial information has been derived from the books and records of the Debtors. This information, however, has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. GAAP, and upon application of such procedures, the Debtors believe that the financial information could be subject to changes, which could be material. The information furnished in this report includes primarily normal recurring adjustments, but does not include all adjustments that would typically be made for financial statements prepared in accordance with U.S. GAAP, including but not limited to, adjustments for income tax provisions and related deferred tax asset and liability accounts and certain other asset and liability accounts.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the combined results of operations and financial position of the Debtors in the future.

The intercompany balances due to / from Non-Debtor entities, as shown on individual entities' balance sheets, may represent the accumulation of activity over time. Intercompany balances due to / from Debtor entities have been eliminated. Amounts recorded as investment in intercompany Debtors or Non-Debtors on individual entities' general ledgers are presented in total equity (deficit) on individual balance sheets contained herein.

Intercompany transactions have not been eliminated in the accompanying individual entities' statement of operations. Certain amounts may appear to be clerically inaccurate as they are presented in thousands and are subject to rounding differences.

The Post-Effective Date Debtors reserve all rights to amend or supplement this Monthly Operating Report in all respects, as may be necessary or appropriate. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Post-Effective Date Debtors' rights or an admission with respect to their chapter 11 cases.

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**NOTES TO THE MONTHLY OPERATING REPORT**

**Notes to MOR-1:**

All Disbursements in this period were made by BCBG Max Azria Group, LLC (Case No. 17-10465), of which none were made on behalf of the other four Debtor entities.

There were no cash receipts or disbursements related to intercompany transfers among the Debtor entities during this period.

Any drawdowns or payments on the Debtor-in-Possession or ABL Financings are not included in MOR-1.

**Notes to MOR-2 & MOR-3:**

The information contained in MOR-2 & MOR-3 is provided to fulfill the requirements of the Office of the United States Trustee. All information contained in MOR-2 & MOR-3 is unaudited and subject to future adjustment.

**Notes to MOR-4:**

The Debtors have received approval to pay prepetition tax and fee obligations, including, without limitation, sales, use and excise taxes, franchise taxes, real and property taxes, income taxes, and certain other taxes due in the normal course of business through certain First Day Motions. As such, the applicable taxes had been paid when due except for amounts that are in dispute, if any.

The tax roll-forward 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.

The Debtors are current on post-petition payables, taking into consideration pending credits and adjustments and disputes that arise in the ordinary course of business.

**Notes to MOR-5:**

The Debtors reconcile and age individual customer accounts receivables in the normal course of the Debtor's operations.

**Notes to MOR-6:**

Of the total disbursements shown in the Schedule of Cash Receipts and Disbursements (MOR-1), \$2.576 million in payments were made to Professionals.

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**SCHEDULE OF CASH RECEIPTS & DISBURSEMENTS**

(Amounts in 000's)

<b>TIME PERIOD:</b> July 2 to July 29th, 2017' (see Notes to the MOR related to MOR-1)
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Debtor	Case Number	Cash Receipts	Cash Disbursements
BCBG Max Azria Global Holdings, LLC	17-10466	\$ 29,959	\$ 27,738
BCBG Max Azria Group, LLC	17-10465	-	-
BCBG Max Azria Intermediate Holdings, LLC	17-10467	-	-
MLA Multibrand Holdings, LLC	17-10468	-	-
Max Rave, LLC	17-10469	-	-
<b>Total Cash Receipts &amp; Disbursements</b>		<b>\$ 29,959</b>	<b>\$ 27,738</b>

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**BANK ACCOUNT INFORMATION AS OF July 29th, 2017**

(Amounts in \$'s)

Legal Entity	Case Number	Bank/Account Description	Account Number	Bank Balance
BCBG Max Azria Group, LLC	17-10465	July 2 to July 29th, 2017'	*****1382	912,735
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Store Master Depository Account	*****8105	10,000
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Term Loan Cash Collateral Account	*****4650	886,814
BCBG Max Azria Group, LLC	17-10465	Bank of America /Wholesale AR Depository Account	*****3313	-
BCBG Max Azria Group, LLC	17-10465	Bank of America/ E-Commerce Depository Account	*****2562	-
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Partner Shops Retail Depository Account	*****4636	-
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Main Concentration Disbursement Account	*****3453	1,976,030
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Accounts Payable Sub-Account	*****5308	1,186,600
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Utilities Adequate Assurance Account	*****3491	298,421
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Non-ADP & Special Payroll Checks Account	*****3458	-
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Rent Disbursement Sub-Account	*****3477	-
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Tax Disbursement Sub-Account	*****3496	-
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Retail Accounting Master Account	*****1653	22,742
BCBG Max Azria Group, LLC	17-10465	Bank of America/ Local Texas Tax Authorities Segregated Account	*****5322	144,288
BCBG Max Azria Group, LLC	17-10465	Wells Fargo Bank/Retail Store Master Account	*****6546	324,542
BCBG Max Azria Group, LLC	17-10465	Chase Bank/ Retail Store Master Account	*****4354	12,004
BCBG Max Azria Group, LLC	17-10465	Banco Popular/ Retail Store Master Account	*****1433	23,010
BCBG Max Azria Group, LLC	17-10465	Bank of Hawaii/Retail Store Master Account	*****1887	9,674
BCBG Max Azria Group, LLC	17-10465	BB& T Bank/Retail Store Master Account	*****5990	(254)
BCBG Max Azria Group, LLC	17-10465	Berkshire Bank/Retail Store Master Account	*****4191	440
BCBG Max Azria Group, LLC	17-10465	Citizens Bank/Retail Store Master Account	*****1834	-
BCBG Max Azria Group, LLC	17-10465	First Bank of the Lake/Retail Store Master Account	*****0601	409
BCBG Max Azria Group, LLC	17-10465	First Hawaiian Bank/Retail Store Master Account	*****4970	3,432
BCBG Max Azria Group, LLC	17-10465	PNC Bank/Retail Store Master Account	*****5171	4,003
BCBG Max Azria Group, LLC	17-10465	Premier Bank Minnesota/Retail Store Master Account	*****1834	84,927
BCBG Max Azria Group, LLC	17-10465	Regions Bank-484/Retail Store Master Account	*****5106	-
BCBG Max Azria Group, LLC	17-10465	Regions Bank-517/Retail Store Master Account	*****6028	72
BCBG Max Azria Group, LLC	17-10465	Queenstown Bank/Retail Store Master Account	*****1501	500
BCBG Max Azria Group, LLC	17-10465	TD Bank/Retail Store Master Account	*****2594	2,417
BCBG Max Azria Group, LLC	17-10465	US Bank/Retail Store Master Account	*****6593	500
BCBG Max Azria Group, LLC	17-10465	Suntrust Bank/Retail Store Master Account	*****9954	-
BCBG Max Azria Group, LLC	17-10465	Bank of Guam/Retail Store Master Account	*****5178	120

**Notes to MOR 1-a:**

Information is presented above for the 14 Corporate Bank Accounts and 19 Retail Store Master Accounts. Bank balances are as of July 29, 2017. In addition, the debtors have 206 Retail Deposit Bank Accounts, which generally are zero balance accounts ("ZBAs") or carry de-minimus account balances. Copies of bank statements and cash disbursement journals were not included with the MOR, as these items will be made available upon request.

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**Debtors Statement of Operations (Income Statement)**  
(Amounts in \$000's)

Net Revenue	\$ 27,157	
Cost of Sales	<u>16,181</u>	July 2 to July 29th, 2017'
<b>Gross profit</b>	10,976	
Operating expenses	16,239	
Loss on disposal of property and equipment	-	
Depreciation and amortization	<u>630</u>	
<b>Income from operations</b>	(5,893)	
<b>Other (income) expense:</b>		
Interest expense (contractual interest of \$2,824)	1,120	
Other (Income) Expense	744	
Reorganization items, net	<u>2,879</u>	(a)
<b>Loss before income taxes</b>	(10,636)	
Income tax expense (benefit)	<u>37</u>	
<b>Net loss</b>	<u>\$ (10,673)</u>	

<b>TIME PERIOD:</b>
<b>For the four weeks</b>
<b>ending July 29, 2017</b>

(a) "Reorganization items, net" consists of professional fees in this period.

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**Debtors Balance Sheet as of JULY 29, 2017**

(Amounts in 000's)

<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$	9,306 July 2 to July 29th, 2017'
Trade and Wholesale Receivables, Net		12,571
Inventories		50,668
Prepaid expenses and other current assets		10,224
<b>Total current assets</b>		<u>82,769</u>
Property and equipment, net		17,844
Intangible assets, net		2,399
Due from affiliates		133,366
Investments in subsidiaries		259,261
Other assets		4,615
<b>Total assets</b>	\$	<u><u>500,254</u></u>
<b>Liabilities and stockholders' deficit</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$	67,475
Deferred income and other liabilities		2,082
Debtor in Possession Financing and ABL		114,501
<b>Total current liabilities</b>		<u>184,058</u>
Liabilities subject to compromise		447,462 (a)
Deferred rent and other liabilities		9,510
<b>Total liabilities</b>		<u>641,030</u>
<b>Stockholders' deficit:</b>		
Equity units and paid in capital		353,242
Cumulative translation adjustment		(9,465)
Accumulated deficit		(484,553)
<b>Total stockholders' deficit</b>		<u>(140,776)</u>
<b>Total liabilities and stockholders' deficit</b>	\$	<u><u>500,254</u></u> 684,312

(a) "Liabilities subject to compromise" consists of \$54,229 of pre-petition liabilities and \$393,233 of long-term debt, (inclusive of a US GAAP adjustment of \$51,670 related to the 2015 Debt Restructuring transaction).

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**STATUS OF POST-PETITION TAXES**

(Amounts in \$'s)

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Sales and Use Taxes July 2 to July 29th, 2017'	\$ (1,301,660)	(1,014,540)	\$ 1,075,618	\$ (1,240,582)
Real Property Taxes	127,403	(2,994)		\$ 124,409
Personal Property Taxes	(121,934)	(32,908)	36,811	\$ (118,031)
Franchise Taxes and Fees	-			\$ -
Other Taxes and Fees	(204,331)	(56,186)		\$ (260,517)
Payroll Taxes	(157,355)	(2,066,865)		\$ (2,224,220)
<b>Total Taxes</b>	<b>\$ (1,657,878)</b>	<b>\$ (3,173,493)</b>	<b>\$ 1,112,429</b>	<b>\$ (3,718,942)</b>

Debtors Summary of Unpaid Post-Petition Accounts Payables\*

	Days Past Due					Total
	Current	1-30	31-60	61-90	>91	
Combined	1,440,269	496,129	125,468	6,748	406,979	\$ 2,475,593

\* The Debtors Summary of Unpaid Post-Petition Accounts Payables includes invoices received prior to and after the petition date for post-petition merchandise and services. The invoices are aged from the date the invoices were received.

The Debtors are current on post-petition payables, taking into consideration pending credits and adjustments and disputes that arise in the ordinary course of business.



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**RECONCILIATION AND AGING**

(Amounts in '000s)

<b>Accounts Receivable Reconciliation</b>	<b>Amount</b>
Total Accounts Receivable (Gross) at the beginning of the reporting period	\$ 21,439,050
+ Amounts billed during the period	\$ 11,082,407
- Amounts collected during the period	\$ (15,281,383)
Total Accounts Receivable (Gross) at the end of the reporting period	\$ 17,240,075
<b>Accounts Receivable Aging</b>	<b>Amount</b>
0 - 30 days old	\$ 13,210,388
31 - 60 days old	812,724
61 - 90 days old	1,501,759
91+ days old	1,715,204
Total Accounts Receivable	\$ 17,240,075
Provision for Bad Debts	(4,668,709)
Accounts Receivable (Net)	\$ 12,571,366

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**PAYMENTS TO INSIDERS AND PROFESSIONALS**  
(Amounts in \$'s)

Insiders *		
Name	July 2 to July 29th, 2017'	Amount Paid During Month
Max Azria	Rent	-
Lubov Azria	Payroll and Benefits	-
Marty Staff	Payroll and Benefits	69,435
Erica Alterwitz Meierhans	Payroll and Benefits	27,488
<b>Total Payments to Insiders</b>		<b>\$96,922</b>

\*The Debtors define "insiders" to include the following: (a) directors; (b) officers; (c) shareholders holding in excess of 20% of the voting shares of one of the Debtor entities (whether directly or indirectly); (d) relatives of directors, officers or shareholders of the Debtors (to the extent known by the Debtors); and (e) Debtor/Non-Debtor affiliates. The Debtors do not take any position with respect to: (a) such person's influence over the control of the Debtors; (b) the management responsibilities or functions of such individual; (c) the decision-making or corporate authority of such individual; or (d) whether such individual could successfully argue that he or she is not an "insider" under applicable law, including the federal securities laws, or with respect to any theories of liability or for any other purpose.

Professionals		
Name	Amount Paid During Month	Total Paid to Date
AP Services, LLC	\$1,314,656	\$4,929,304
Kirkland & Ellis LLP & International LLP	-	2,106,124
Weil Gotshal	107,993	1,068,378
Morgan Lewis	84,490	525,522
Zolfo Cooper, LLC	-	342,707
Donlin, Recano & Company, Inc.	131,375	441,945
Jefferies LLC	-	239,898
Pachulski Stang Ziehl & Jones LLP	100,478	257,705
A&G Realty Partners, LLC	-	-
Curtis Mallet	714,639	714,639
Sullivan & Cromwell	118,288	118,288
Consilio	3,328	3,328
Ordinary Course Professionals, in the Aggregate	944	237,143
<b>Total Payments to Professionals</b>	<b>\$2,576,191</b>	<b>\$10,984,981</b>

DIP Financing (Term Loan & ABL) - Period to Date				
Name of Creditor	Beginning Balance	Additional Draws	Paid Down	Ending Balance
DIP ABL Financing	35,507,902	-	(1,006,506)	34,501,396
DIP Term Loan Financing	45,000,000	-	-	45,000,000

**Summary of the DIP Financing Draws**

During the Reporting Period, the DIP Term Loan Financing remained unchanged at \$45 million. As of the end of the Reporting Period, the Debtors had \$34.5 million outstanding on the DIP ABL Financing.

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**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? See Notes to MOR-7.		X
3	Is the Debtor delinquent in the timely filing of any post petition tax returns?		X
4	Are workers compensation, general liability and other necessary insurance coverages 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 (1)	
7	Are any post petition receivables (accounts, notes or loans) due from related parties?	X (2)	
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	Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s).		X
12	Are any other post petition taxes past due?		X
13	Are any amounts owed to post petition creditors delinquent?		X (3)
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?	X (4)	
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

- (1) Payments authorized by the Court in the First Day Orders were made on prepetition liabilities.
- (2) The Debtors have in place a secured Promissory Note with BCBG Max Azria Canada Inc. for payments made by the Debtors on behalf of the Canadian affiliate. At July 29th, 2017, the balance of the Promissory Note was approximately \$381,000.
- (3) The Debtors are current on post-petition payables, taking into consideration pending credits and adjustments and disputes that arise in the ordinary course of business.
- (4) The (DIP) Term Loan Financing in the reporting period remained unchanged. The Debtor had approximately \$34.5 million outstanding on their DIP ABL Financing at the end of the reporting period.