

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

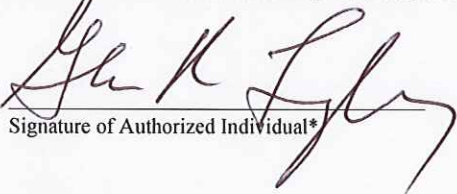
In Re: Kid Brands, Inc. et al.¹

Case No. 14-22582

MONTHLY OPERATING REPORT
For the Period June 19, 2014 through June 30, 2014

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached | Debtors' Statement |
|--|----------|-------------------|----------------------|--------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | X | | |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1a | | | X |
| Schedule of Professional Fees Paid | MOR-1b | X | | |
| Copies of bank statements | | | | |
| Cash disbursements journals | | | | |
| Statement of Operations | MOR-2 | X | | |
| Balance Sheet | MOR-3 | X | | |
| Status of Postpetition Taxes | MOR-4 | | | X |
| Copies of IRS Form 6123 or payment receipt | | | | |
| Copies of tax returns filed during reporting period | | | | |
| Summary of Unpaid Postpetition Debts | MOR-4 | X | | |
| Accounts Receivable Reconciliation and Aging | MOR-5 | X | | |
| Debtor Questionnaire | MOR-5 | X | | |

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



Signature of Authorized Individual*

7/25/2014

Date

Glenn Langberg

Printed Name of Authorized Individual

CRO

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

¹The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Kid Brands, Inc. (5337); Kids Line, LLC (0448); Sassy, Inc. (9722); I&J Holdco, Inc. (1543); LaJobi, Inc. (1450); CoCaLo, Inc. (3844); and RB Trademark Holdco, LLC (0611).

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS¹

For the Period June 19, 2014 through June 30, 2014

| RECEIPTS | | |
|---|-----------|------------------------|
| CASH RECEIPTS | \$ | 4,275,251.91 |
| TOTAL RECEIPTS | \$ | 4,275,251.91 |
| DISBURSEMENTS | | |
| OPERATING DISBURSEMENTS | | |
| PAYROLL & EMPLOYEE EXPENSE REIMBURSEMENTS | | 357,042.20 |
| EMPLOYEE MEDICAL | | 24,063.82 |
| DISTRIBUTION & FREIGHT | | 43,806.56 |
| INVENTORY PURCHASES | | - |
| RENT | | |
| INSURANCE | | 19,980.67 |
| ADMINISTRATIVE & OTHER OPERATING | | 114,944.13 |
| TOTAL OPERATING DISBURSEMENTS | | 559,837.38 |
| NON-OPERATING DISBURSEMENTS | | |
| LOAN PAYDOWN, INTEREST AND FEES | | 45,883,000.82 |
| PROFESSIONAL FEES ESCROW | | 600,000.00 |
| DEPOSITS | | |
| U.S. TRUSTEE FEES | | |
| TOTAL NON-OPERATING DISBURSEMENTS | | 46,483,000.82 |
| TOTAL DISBURSEMENTS | | 47,042,838.20 |
| NET CASH FLOW | \$ | (42,767,586.29) |

THE FOLLOWING SECTION MUST BE COMPLETED

| | |
|--|---------------------|
| DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN) | |
| TOTAL DISBURSEMENTS (LESS: LOAN PAYOFF) | 1,159,837.38 |
| LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS | |
| PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts) | |
| TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES | 1,159,837.38 |

¹ This consolidated statement of cash receipts and disbursements has been presented in a manner consistent with the Debtors' historical external financial reporting and would be unduly burdensome to produce in a different or modified format.

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BANK RECONCILIATIONS
Continuation Sheet for MOR-1
For the Period June 19, 2014 through June 30, 2014

Bank Account Reconciliations & Cash Disbursement Journals

The Debtors affirm that bank account reconciliations have been prepared for all open and active bank accounts to the Debtors' books as of June 30, 2014 without exception. The Debtors affirm that within the financial accounting systems, check registers and / or disbursement journals are maintained for each disbursement account.

Bank Statements

The Debtors affirm that bank statements for all open and active bank accounts are retained by the Debtors and will be available upon request. The list of bank accounts and balances are as follows:

| Debtor | Bank | Account No. | Balance 6/30/2014 |
|------------------|--------------------------|-------------|-------------------|
| Sassy, Inc. | Cole Taylor Bank | 0690-16941 | 25,102 |
| Sassy, Inc. | Cole Taylor Bank | 0092614 | - |
| Sassy, Inc. | JP Morgan Chase | 555788889 | 10,708 |
| Sassy, Inc. | JP Morgan Chase | 555787808 | 41,555 |
| Kids Line, LLC | Union Bank of California | 0020021802 | - |
| Kids Line, LLC | Union Bank of California | 0020021810 | 49,699 |
| Kids Line, LLC | Union Bank of California | 0020030216 | 5,418 |
| Kids Line, LLC | JP Morgan Chase | 555786081 | 56,839 |
| Kids Line, LLC | JP Morgan Chase | 555782189 | - |
| LaJobi, Inc. | JP Morgan Chase | 255135961 | 1,821 |
| LaJobi, Inc. | JP Morgan Chase | 255135950 | 7,080 |
| CoCaLo, Inc. | Union Bank of California | 3520004253 | 2 |
| CoCaLo, Inc. | Union Bank of California | 0023994965 | 40,420 |
| CoCaLo, Inc. | JP Morgan Chase | 555792790 | 13 |
| CoCaLo, Inc. | JP Morgan Chase | 555791271 | - |
| Kid Brands, Inc. | JP Morgan Chase | 610-0451245 | 113,210 |
| Kid Brands, Inc. | JP Morgan Chase | 212-111683 | 29,811 |
| Kid Brands, Inc. | JP Morgan Chase | 610-0449666 | 19 |
| Kid Brands, Inc. | JP Morgan Chase | 790-346233 | 18,950 |
| Kid Brands, Inc. | UBS | WD08575 | 394,354 |
| I&J Holdco, Inc. | JP Morgan Chase | 838-188373 | - |
| I&J Holdco, Inc. | JP Morgan Chase | 551132819 | 73,643 |
| I&J Holdco, Inc. | JP Morgan Chase | 551139632 | 35,938 |

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SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID¹
For the Period June 19, 2014 through June 30, 2014

| Payee | Period Covered | Amount Approved | Wire Details | | | Amount Paid | | Cumulative (Since Petition Date) | |
|-------|----------------|-----------------|--------------|--------|------|-------------|----------|----------------------------------|----------|
| | | | Payor | Number | Date | Fees | Expenses | Fees | Expenses |
| N/A | | | | | | | | | |

¹An amount of \$600,000 was disbursed into an escrow account for professional fees - Lowenstein Sandler - Debtor Counsel, PwC - Debtor Advisor, Omni - Claims Agent, Creditors' Committee professionals

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STATEMENT OF OPERATIONS¹
For the Period June 19, 2014 through June 30, 2014

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

| REVENUES | Period 6/19/14-6/30/14 | |
|--|-----------------------------------|----------------|
| Net Revenue | \$ | 761,965.38 |
| Cost of Goods Sold | | 709,069.90 |
| Gross Profit | \$ | 52,895.48 |
| OPERATING EXPENSES | | |
| Direct Selling | | 56,130.40 |
| Sales Support | | 943.00 |
| Shipping | | 324,938.20 |
| Administrative | | 344,610.28 |
| MIS | | 40,210.09 |
| Legal | | 7,916.00 |
| Design and Product Development | | 44,472.00 |
| Other | | (9,452.00) |
| Total Operating Expenses | | 809,767.97 |
| Net Profit (Loss) Before Other Income & Expenses | \$ | (756,872.49) |
| OTHER INCOME AND EXPENSES | | |
| Interest Expense ² | | 2,479,232.00 |
| Net Profit (Loss) Before Reorganization Items | \$ | (3,236,104.49) |
| REORGANIZATION ITEMS | | |
| Professional Fees | | 200,540.00 |
| U. S. Trustee Quarterly Fees | | |
| Other Reorganization Expenses | | |
| Total Reorganization Expenses | | 200,540.00 |
| Foreign Income Taxes | \$ | (9,288.80) |
| Net Profit (Loss) | \$ | (3,427,355.69) |

¹This consolidated statement of operations has been presented in a manner consistent with the Debtors' historical financial reporting and includes its foreign entities and would be unduly burdensome to produce in a different or modified format

²Includes write off of deferred financing cost related to prior credit facility and early termination fee

FORM MOR-2

In Re: Kid Brands, Inc. et al.
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BALANCE SHEET¹
For the Period Ended June 30, 2014

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

| ASSETS | BOOK VALUE AT END OF CURRENT REPORTING MONTH |
|---|---|
| CURRENT ASSETS | |
| Unrestricted Cash and Equivalents | 523,087 |
| Restricted Cash | 882,942 |
| Accounts Receivable (Net) | 21,960,468 |
| Notes Receivable | 150,000 |
| Inventories (Net) | 21,251,030 |
| Income Taxes Receivable | 4,913 |
| Prepaid Expenses and Other Current Assets | 5,202,253 |
| TOTAL CURRENT ASSETS | 49,974,693 |
| PROPERTY AND EQUIPMENT | |
| Fixed Assets | 11,424,238 |
| Less Accumulated Depreciation | (7,693,301) |
| TOTAL PROPERTY & EQUIPMENT | 3,730,937 |
| OTHER ASSETS | |
| Intangibles | 8,862,529 |
| Other Assets | 562,306 |
| TOTAL OTHER ASSETS | 9,424,835 |
| TOTAL ASSETS | 63,130,465 |

| LIABILITIES AND OWNER EQUITY | BOOK VALUE AT END OF CURRENT REPORTING MONTH |
|---|---|
| LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition) | |
| DIP Financing | 42,412,054 |
| Accounts Payable | 659,517 |
| Taxes Payable | 666,215 |
| Accrued expenses | 529,072 |
| TOTAL POSTPETITION LIABILITIES | 44,266,858 |
| LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition) | |
| Accounts Payable | 25,893,851 |
| Accrued expenses | 26,298,171 |
| Deferred Rent-leases | 1,867,680 |
| TOTAL PRE-PETITION LIABILITIES | 54,059,702 |
| TOTAL LIABILITIES | 98,326,560 |
| SHAREHOLDER EQUITY | |
| Capital Stock | 2,673,766 |
| Additional Paid-In Capital | 88,087,617 |
| Treasury Stock | (89,512,897) |
| Retained Earnings | (36,663,178) |
| Translation adjustment | 218,597 |
| NET SHAREHOLDER EQUITY | (35,196,095) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 63,130,465 |

¹ Includes the assets and liabilities of the Company's foreign entities that are not part of bankruptcy filing

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DEBTORS' STATEMENT WITH RESPECT TO STATUS OF POSTPETITION TAXES
For the Period June 19, 2014 through June 30, 2014

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

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**Consolidated Summary of Unpaid Post-Petition Accounts Payable
For the Period Ended June 30, 2014**

Post Petition Account Payable: Aging as of 6/30/2014

| Debtors | Less than 30 Days | 30 - 60 Days | 60 - 90 Days | Greater than 90 Days |
|------------------|-------------------|--------------|--------------|----------------------|
| Kids Line LLC | 14,917 | | | |
| CoCaLo, Inc. | 392 | | | |
| LaJobi, Inc. | 5,596 | | | |
| Sassy, Inc. | 70,494 | | | |
| I&J Holdco, Inc. | 33,663 | | | |
| Kid Brands, Inc. | 267,663 | | | |
| Total | 392,724 | - | - | - |

Note: the Debtors are currently in the process of reconciling post-petition accounts payable with vendors, that may or may not be in dispute

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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING
For the Period ended June 30, 2014

| Accounts Receivable Aging | Amount |
|---------------------------|-------------|
| 0 - 30 days old | 17,398,247 |
| 31 - 60 days old | 3,264,702 |
| 61 - 90 days old | 2,039,593 |
| 91+ days old | 2,506,768 |
| Total Accounts Receivable | 25,209,310 |
| (Allowance Reserve) | (3,641,074) |
| Accounts Receivable (Net) | 21,568,236 |

DEBTOR QUESTIONNAIRE

| Must be completed each month | Yes | No |
|--|-----|----|
| 1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below. | | X |
| 2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below. | | X |
| 3. Have all postpetition tax returns been timely filed? If no, provide an explanation below. | X | |
| 4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below. | X | |
