

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE


In Re:  
NE OPCO, INC., et al.<sup>i</sup>  
Debtors

Chapter 11  
Case Number: 13-11483 (CSS)  
Jointly Administered  
Hon. Christopher S. Sontchi

**Monthly Operating Report**  
**For the Period August 1, 2013 through September 30, 2013<sup>ii</sup>**

Required Documents	Form No.	Documents Complete	Explanation Attached	Debtors' Statement
Schedule of Operating Cash Flow	MOR-1	X		
Schedule of Disbursements by Legal Entity	MOR-1a	X		
Schedule of Professional Fees and Expenses Paid	MOR-1b	X		
Banks Account Reconciliations, Bank Statements and Cash Disbursements Journal				X
Statement of Operations	MOR-2	X		
Balance Sheets	MOR-3	X		
Status of Post-Petition Taxes				X
Summary of Unpaid Post-Petition Accounts Payable	MOR-4	X		
Trade Accounts Receivable and Aging	MOR-5	X		
Debtor Questionnaire	MOR-6	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that the information contained in this monthly operating report (including attached schedules) is true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Brian Zollinger  
Vice President, General Counsel & Secretary  
NE Opco, Inc.

11/1/13

Date

**Notes:**

- i. Includes NEV Credit Holdings, Inc. Case No. 13-11484 (CSS), a non-operating Debtor entity.
- ii. On September 16, 2013, the Debtors completed the court-approved sale of substantially all of the Debtors' assets to Cenveo Corporation, Cenveo, Inc., HRV NE, LLC, and Southern Paper, LLC. As such, the financial information contained herein reflects operating results and balances for the period August 1, 2013 to September 15, 2013, as well as the post-closing period of September 16, 2013 to September 30, 2013.

The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information contained herein is unaudited and is subject to future adjustment. Certain assumptions have been made as noted herein. The unaudited consolidated financial statements presented herein have been derived from the Debtors' books and records. Certain financial information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with US GAAP, and upon the application of such procedures, the Debtors believe that the financial information could be subject to further changes, and these changes could be material. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights or an admission with respect to their Chapter 11 Proceedings (as defined herein), including, but not limited to, matters involving objections to claims, substantive consolidation, equitable subordination, defenses, characterization or re-characterization of contracts, assumption or rejection of contracts under the provisions of chapter 3 of Title 11 of the United States Code (the "Bankruptcy Code") and/or causes of action under the provisions of chapter 5 of the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers.

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## MOR-1

NE Opco, Inc., et al.<sup>1</sup>Unaudited Consolidated Statement of Cash Receipts and Disbursements<sup>2</sup>For the Period August 1, 2013 through September 30, 2013<sup>3</sup>

	Aug. 1, 2013 - Sep. 15, 2013	Sep. 16, 2013 - Sep. 30 2013	Cumulative Filing to Date
Cash flows from operating activities:			
<b>Net income (loss)</b>	<b>(10,753,042)</b>	<b>(43,114,920)</b>	<b>(64,941,602)</b>
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization of property, plant and equipment	1,708,272	-	3,632,686
Amortization of customer contracts	24,029	-	51,261
Amortization of deferred costs	(2,655,612)	-	(2,565,793)
Provision for losses on accounts receivable	21,788	-	689,215
Reorganization Items - Loss on Sale (Non-Cash)	-	42,914,920	41,492,578
(Increase) decrease in operating assets:			
Accounts receivable	8,242,122	34,018,362	33,911,260
Inventories	4,797,887	20,190,130	28,035,079
Prepaid expenses and other current assets	408,348	-	872,630
Other assets	627,345	9,571,491	8,744,528
Increase (decrease) in operating liabilities:			
Accounts payable <sup>4</sup>	(1,694,584)	(149,972)	5,287,831
Accrued expenses and other payables <sup>3</sup>	(3,706,612)	(8,590,242)	(7,247,834)
<b>Total adjustments</b>	<b>7,772,983</b>	<b>97,954,689</b>	<b>112,903,441</b>
<b>Net cash used in operating activities</b>	<b>(2,980,060)</b>	<b>54,839,768</b>	<b>47,961,839</b>
Cash flows from investing activities:			
Acquisition of property, plant and equipment	(25,459)	-	(25,459)
Proceeds from sale of property, plant and equipment	-	5,301,648	5,301,648
<b>Net cash used in investing activities</b>	<b>(25,459)</b>	<b>5,301,648</b>	<b>5,276,189</b>
Cash flows from financing activities:			
Additional Drawdown on Debtor-in-Possession Financing	4,644,366	-	7,521,659
Proceeds from Debtor-in-Possession Financing	-	-	52,956,591
Repayment of Revolver and Term Loan	-	(61,602,285)	(111,909,697)
<b>Net cash used in financing activities</b>	<b>4,644,366</b>	<b>(61,602,285)</b>	<b>(51,431,447)</b>
Net increase (decrease) in cash and cash equivalents	1,638,847	(1,460,869)	1,806,581
Cash and cash equivalents at beginning of period	2,545,880	4,184,727	9,816,830
<b>Cash and cash equivalents at end of period</b>	<b>4,184,727</b>	<b>2,723,859</b>	<b>11,623,411</b>

<sup>1</sup> Includes NEV Credit Holdings, Inc., a non-operating Debtor Entity.

<sup>2</sup> This consolidated statement of cash flows has been presented in a manner consistent with historical external financial reporting and would be unduly burdensome for the Estate to produce in a different or modified format.

<sup>3</sup> On September 16, 2013, the Debtors completed the court-approved sale of substantially all of the Debtors' assets to Cenveo Corporation, Cenveo, Inc., HRV NE, LLC, and Southern Paper, LLC. As such, the financial information contained herein reflects operating results and balances for the period August 1, 2013 to September 15, 2013, as well as the post-closing period of September 16, 2013 to September 30, 2013.

<sup>4</sup> The consolidated statement of cash flows was prepared by the Debtors before giving any effect to reclassification of certain liabilities between pre- and post-petition. As such, any changes of assets / liabilities per the Statement of Cash Flows may not necessarily reconcile to the Balance Sheet presented herein.

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**MOR-1a****Schedule of Disbursements by Legal Entity****For the Period August 1, 2013 through September 30, 2013<sup>5</sup>**

Filing Entities:	Case #	Total Disbursements (8/1 - 9/15)	Total Disbursements (9/16 - 9/30)	Cumulative Filing to Date
1 NE Opco, Inc. <sup>6</sup>	13-11483 (CSS)	\$ 83,243,215	\$ 64,457,652	\$ 292,611,784
2 NEV Credit Holdings, Inc.	13-11482 (CSS)	\$ -	\$ -	\$ -
<b>Total Disbursements</b>		<b>\$ 83,243,215</b>	<b>\$ 64,457,652</b>	<b>\$ 292,611,784</b>

<sup>5</sup> On September 16, 2013, the Debtors completed the court-approved sale of substantially all of the Debtors' assets to Cenvoe Corporation, Cenvoe, Inc., HRV NE, LLC, and Southern Paper, LLC. As such, the financial information contained herein reflects operating results and balances for the period August 1, 2013 to September 15, 2013, as well as the post-closing period of September 16, 2013 to September 30, 2013.

<sup>6</sup> Includes disbursements related to funding of daily operations, daily cash pay down of DIP Tranche A revolver (in accordance with the DIP agreement) and final payoff of DIP following the sale of assets to Cenvoe. See following footnote.

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**MOR-1b**  
**Schedule of Professional Fees and Expenses Paid**  
**For the Period August 1, 2013 through September 30, 2013**

Professional	<u>Amounts Paid This Period</u>			<u>Cumulative Amounts Paid Since Petition Date</u>		
	Fees	Expenses	Total	Fees	Expenses	Total
N/A	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Professional Fees and Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Debtors Statement with respect to Bank Account Reconciliations, Bank Statements and Cash  
Disbursements Journal  
For the Period August 1, 2013 through September 30, 2013**

Bank Account Reconciliations & Cash Disbursement Journals

The Debtors affirm that bank reconciliations have been prepared for all open and active bank accounts to the Debtor's books as of September 30, 2013 without exception. The Debtors affirm that within its 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:

<b>Bank Name</b>	<b>Account #</b>	<b>Bank Balance (as of September 15, 2013)</b>	<b>Bank Balance (as of September 30, 2013)</b>
Wells Fargo	*****5132 <sup>7</sup>	\$0	\$0
Wells Fargo	*****5140	\$4,029,262.01	\$3,258,677.79
Wells Fargo	*****0526	\$0	\$0

<sup>7</sup> On September 16, 2013, the Debtors completed the court-approved sale of substantially all of the Debtors' assets to Cenveo Corporation, Cenveo, Inc., HRV NE, LLC, and Southern Paper, LLC. As part of this sale, Bank Account \*\*\*\*5132 was transferred to HRV NE, LLC.

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**MOR-2**  
**NE Opco, Inc., et al.**<sup>8</sup>  
**Unaudited Condensed Consolidated Statement of Income**<sup>9</sup>  
**For the Period August 1, 2013 through September 30, 2013**<sup>10</sup>

	8/1/13 – 9/15/13	9/16/13 – 9/30/13	Cumulative Filing to Date
Net sales	38,004,045	-	85,546,865
Cost of sales	35,571,164	-	79,026,531
<b>Gross profit</b>	<b>2,432,881</b>	-	<b>6,520,334</b>
Shipping, selling and administrative expenses	9,449,171	-	20,077,633
Restructuring expenses	25,175	-	1,090,275
Other expenses, net	1,478,991	-	3,044,475
<b>Loss from operations, before reorganization items</b>	<b>(8,520,455)</b>	-	<b>(17,692,049)</b>
Reorganization Items	2,232,587	43,114,920	48,659,140
<b>Loss before provision (benefit) for income taxes</b>	<b>(10,753,042)</b>	<b>(43,114,920)</b>	<b>(66,351,190)</b>
Provision (benefit) for income taxes	-	-	12,755
<b>Net Loss</b>	<b>(10,753,042)</b>	<b>(43,114,920)</b>	<b>(66,363,945)</b>

<sup>8</sup> Includes NEV Credit Holdings, Inc., a non-operating Debtor Entity.

<sup>9</sup> This consolidated statement of income has been presented in a manner consistent with historical external financial reporting and would be unduly burdensome for the Estate to produce in a different or modified format.

<sup>10</sup> On September 16, 2013, the Debtors completed the court-approved sale of substantially all of the Debtors' assets to Cenveo Corporation, Cenveo, Inc., HRV NE, LLC, and Southern Paper, LLC. As such, the financial information contained herein reflects operating results and balances for the period August 1, 2013 to September 15, 2013, as well as the post-closing period of September 16, 2013 to September 30, 2013.

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**MOR-3**

**NE Opco, Inc., et al.**<sup>11</sup>

**Unaudited Condensed Consolidated Balance Sheet**<sup>12</sup>

**As of September 15, 2013 and September 30, 2013**<sup>13</sup>

	September 15, 2013	September 30, 2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$4,184,727	\$2,723,859
Accounts receivable, net of allowance for doubtful accounts	34,018,362	-
Inventories	20,190,130	-
Prepaid expenses and other current assets	2,223,949	2,223,949
<b>Total current assets</b>	<b>60,617,168</b>	<b>4,947,807</b>
Property, Plant and Equipment, net of accumulated depreciation and amortization	41,863,351	-
Identifiable intangible assets, net	8,005,606	-
Other Assets	4,601,884	3,036,000
<b>Total Assets</b>	<b>\$115,088,009</b>	<b>\$7,983,807</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Current Liabilities:		
Debtor-in-Possession Financing - Tranche A	41,602,285	-
Debtor-in-Possession Financing - Tranche A-1	17,500,000	-
Debtor-in-Possession Financing - Tranche B Trade Credits	2,500,000	-
Accounts payable	1,276,391	1,126,419
Accrued expenses and other payables	8,590,242	6,353,218
<b>Total current liabilities</b>	<b>71,468,918</b>	<b>7,479,636</b>
Liabilities Subject to Compromise – Secured	-	-
Liabilities Subject to Compromise – Priority & Unsecured <sup>14</sup>	134,073,967	134,073,967
Deferred Tax Liability	1,151,432	1,151,432
<b>Total Liabilities</b>	<b>206,694,316</b>	<b>142,705,035</b>
Shareholders' Equity:		
Common Stock	10	10
Additional paid-in capital	87,596,689	87,596,689
Retained earnings	(179,203,007)	(222,317,927)
<b>Total shareholder's deficit</b>	<b>(91,606,307)</b>	<b>(134,721,228)</b>
<b>Total Liabilities and Shareholder's Deficit</b>	<b>\$115,088,009</b>	<b>\$7,983,807</b>

<sup>11</sup> Includes NEV Credit Holdings, Inc., a non-operating Debtor Entity.

<sup>12</sup> This consolidated balance sheet has been presented in a manner consistent with historical external financial reporting and would be unduly burdensome for the Estate to produce in a different or modified format.

<sup>13</sup> On September 16, 2013, the Debtors completed the court-approved sale of substantially all of the Debtors' assets to Cenveo Corporation, Cenveo, Inc., HRV NE, LLC, and Southern Paper, LLC. As such, the financial information contained herein reflects operating results and balances for the period August 1, 2013 to September 15, 2013, as well as the post-closing period of September 16, 2013 to September 30, 2013.

<sup>14</sup> Due to accounting and systems limitations, the Estate is unable to further bifurcate liabilities subject to compromise.

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**MOR-4**  
**Status of Post-Petition Taxes**  
**As of September 30, 2013**

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, 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 Debtors are currently working with external tax advisors in order to file their 2012 Federal and State income tax returns. All other post-petition tax obligations to the proper taxing authorities are current. No post-petition tax returns were required to be filed during the current period.



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**MOR-4 (cont.)**  
**Consolidated Summary of Unpaid Post-Petition Accounts Payable**  
**September 15, 2013 and September 30, 2013<sup>15</sup>**

**AP Aging - Sept. 15**

	Days Past Due							TOTAL
	Current	1-30	31-60	61-90	91-120	121-150	151 & Over	
Total Postpetition AP	1,276,391	-	-	-	-	-	-	<b>1,276,391</b>
%	100%	0%	0%	0%	0%	0%	0%	

**AP Aging - Sept. 30**

	Days Past Due							TOTAL
	Current	1-30	31-60	61-90	91-120	121-150	151 & Over	
Total Postpetition AP	1,126,419	-	-	-	-	-	-	<b>1,126,419</b>
%	100%	0%	0%	0%	0%	0%	0%	

*\* The debtors are currently in the process of reconciling post-petition AP balances with vendors, which may or may not be in dispute. As such, some balances may be older than 'current'.*

<sup>15</sup> On September 16, 2013, the Debtors completed the court-approved sale of substantially all of the Debtors' assets to Cenveo Corporation, Cenveo, Inc., HRV NE, LLC, and Southern Paper, LLC. As such, the financial information contained herein reflects operating results and balances for the period August 1, 2013 to September 15, 2013, as well as the post-closing period of September 16, 2013 to September 30, 2013.

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**MOR-5**  
**Consolidated Trade Accounts Receivable and Aging**  
**September 15, 2013 and September 30, 2013**<sup>16</sup>

**AR Aging - September 15, 2013**

	Days Past Due							TOTAL
	Current	1-30	31-60	61-90	91-120	121-150	151 & Over	
Gross Trade A/R	\$ 31,437,270	\$ 6,619,846	\$ 558,960	\$ 2,181,938	\$ 1,032,409	\$ 78,211	\$ 718,260	\$ 42,626,894
AP Reclasses & Other AR								-
Allowance for Doubtful Accounts and Other Customer Returns								(8,608,532)
<b>Net A/R</b>	<b>31,437,270</b>	<b>6,619,846</b>	<b>558,960</b>	<b>2,181,938</b>	<b>1,032,409</b>	<b>78,211</b>	<b>718,260</b>	<b>34,018,362</b>
	%	74%	16%	1%	5%	2%	0%	2%
								100%

**AR Aging - September 30, 2013**

	Days Past Due							TOTAL
	Current	1-30	31-60	61-90	91-120	121-150	151 & Over	
Gross Trade A/R	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AP Reclasses & Other AR								-
Allowance for Doubtful Accounts and Other Customer Returns								-
<b>Net A/R</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	%	0%	0%	0%	0%	0%	0%	0%
								0%

<sup>16</sup> On September 16, 2013, the Debtors completed the court-approved sale of substantially all of the Debtors' assets to Cenveo Corporation, Cenveo, Inc., HRV NE, LLC, and Southern Paper, LLC. As such, the financial information contained herein reflects operating results and balances for the period August 1, 2013 to September 15, 2013, as well as the post-closing period of September 16, 2013 to September 30, 2013.

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**MOR-6**  
**Debtor Questionnaire**  
**For the Period August 1, 2013 through September 30, 2013**

		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 <sup>17</sup>	
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 <sup>18</sup>	
3.	Have all post-petition tax returns been timely filed? If no, provide an explanation.	N/A <sup>19</sup>	N/A <sup>19</sup>
4.	Are workers compensation, general liability and other necessary insurance coverage's in effect? If no, provide an explanation.	X <sup>20</sup>	
5.	Have any bank accounts 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 Local Rule 4001-3		X

<sup>17</sup> On September 16, 2013, the Debtors completed the court-approved sale of substantially all of the Debtors' assets to Cenveo Corporation, Cenveo, Inc., HRV NE, LLC, and Southern Paper, LLC. As such, the financial information contained herein reflects operating results and balances for the period August 1, 2013 to September 15, 2013, as well as the post-closing period of September 16, 2013 to September 30, 2013.

<sup>18</sup> In connection with the asset sale to Cenveo and the flow of funds per the asset purchase agreement, certain amounts related to the full payoff of the DIP facility were effectuated via funds directly from the buyers. Note that MOR-1a gives effect to these disbursements as if they were made by the Debtors.

<sup>19</sup> The Debtors are currently working with external tax advisors in order to file their 2012 Federal and State income tax returns. No post-petition tax returns were required to be filed during the current period.

<sup>20</sup> All insurance policies, except for workers compensation and a six-year "tail" insurance policy covering D&O / EPL were cancelled as of September 30, 2013. Workers compensation insurance was extended to October 6, 2013.