

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE


In Re:
NE OPCO, INC., et al.¹
Debtors

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

Monthly Operating Report
For the Period October 1, 2013 through October 31, 2013

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.

12/6/13

Date

Notes:

- ⁱ Includes NEV Credit Holdings, Inc. Case No. 13-11484 (CSS), a non-operating Debtor entity.

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.¹Unaudited Consolidated Statement of Cash Receipts and Disbursements²

For the Period October 1, 2013 through October 31, 2013

	Oct. 1 2013 – Oct. 31 2013	Cumulative Filing to Date
Cash flows from operating activities:		
Net income (loss)	(100,000)	(66,463,945)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization of property, plant and equipment	-	3,632,686
Amortization of customer contracts	-	51,261
Amortization of deferred costs	-	(2,565,793)
Provision for losses on accounts receivable	-	689,215
Reorganization Items - Loss on Sale (Non-Cash)	-	42,914,920
(Increase) decrease in operating assets:		
Accounts receivable	-	33,911,260
Inventories	-	28,035,079
Prepaid expenses and other current assets	73,982	946,612
Other assets	9,321	8,753,849
Increase (decrease) in operating liabilities:		
Accounts payable ³	(577,695)	4,710,136
Accrued expenses and other payables ³	(569,542)	(7,817,376)
Total adjustments	(1,063,933)	113,261,851
Net cash used in operating activities	(1,163,933)	46,797,906
Cash flows from investing activities:		
Acquisition of property, plant and equipment	-	(25,459)
Proceeds from sale of property, plant and equipment	-	5,301,648
Net cash used in investing activities	-	5,276,189
Cash flows from financing activities:		
Additional Drawdown on Debtor-in-Possession Financing	-	7,521,659
Proceeds from Debtor-in-Possession Financing	-	52,956,591
Repayment of Revolver and Term Loan	-	(111,909,697)
Net cash used in financing activities	-	(51,431,447)
Net increase (decrease) in cash and cash equivalents	(1,163,933)	642,648
Cash and cash equivalents at beginning of period	2,723,859	917,278
Cash and cash equivalents at end of period	1,559,926	1,559,926

¹ Includes NEV Credit Holdings, Inc., a non-operating Debtor Entity.

² 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.

³ 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 October 1, 2013 through October 31, 2013

Filing Entities:	Case #	Total Disbursements (10/1 - 10/31)	Cumulative Filing to Date
1 NE Opco, Inc. ⁴	13-11483 (CSS)	\$1,626,176	\$294,237,961
2 NEV Credit Holdings, Inc.	13-11482 (CSS)	\$-	\$-
Total Disbursements		\$1,626,176	\$294,237,961

⁴ Current period disbursements relate to pay down of post-petition obligations and other wind down costs of the Estate. Cumulative filing to date also 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 Cenveo. See following footnote.

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MOR-1b

**Schedule of Professional Fees and Expenses Paid
For the Period October 1, 2013 through October 31, 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
Total Professional Fees and Expenses	\$0	\$0	\$0	\$0	\$0	\$0

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**Debtors Statement with respect to Bank Account Reconciliations, Bank Statements and Cash
Disbursements Journal
For the Period October 1, 2013 through October 31, 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 October 31, 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:

Bank Name	Account #	Bank Balance (as of October 31, 2013)
Wells Fargo	*****5140	\$1,959,925.59
Wells Fargo	*****0526	\$0

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MOR-2
NE Opco, Inc., et al.⁵
Unaudited Condensed Consolidated Statement of Income⁶
For the Period October 1, 2013 through October 31, 2013

	10/1/13 – 10/31/13	Cumulative Filing to Date
Net sales	-	85,546,865
Cost of sales	-	79,026,531
Gross profit	-	6,520,334
Shipping, selling and administrative expenses	-	20,077,633
Restructuring expenses	-	1,090,275
Other expenses, net	-	3,044,475
Loss from operations, before reorganization items	-	(17,692,049)
Reorganization Items	100,000	48,659,140
Loss before provision (benefit) for income taxes	(100,000)	(66,351,190)
Provision (benefit) for income taxes	-	12,755
Net Loss	(100,000)	(66,363,945)

⁵ Includes NEV Credit Holdings, Inc., a non-operating Debtor Entity.

⁶ 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.

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MOR-3
NE Opco, Inc., et al.⁷
Unaudited Condensed Consolidated Balance Sheet⁸
As of October 31, 2013

	October 31, 2013
ASSETS	
Current Assets:	
Cash and cash equivalents	\$1,559,926
Accounts receivable, net of allowance for doubtful accounts	-
Inventories	-
Prepaid expenses and other current assets	2,149,966
Total current assets	3,709,892
Property, Plant and Equipment, net of accumulated depreciation and amortization	-
Identifiable intangible assets, net	-
Other Assets	3,026,679
Total Assets	\$6,736,570
LIABILITIES AND SHAREHOLDER'S EQUITY	
Current Liabilities:	
Debtor-in-Possession Financing - Tranche A	-
Debtor-in-Possession Financing - Tranche A-1	-
Debtor-in-Possession Financing - Tranche B Trade Credits	-
Accounts payable	548,724
Accrued expenses and other payables	5,783,676
Total current liabilities	6,332,400
Liabilities Subject to Compromise – Secured	-
Liabilities Subject to Compromise – Priority & Unsecured ⁹	134,073,967
Deferred Tax Liability	1,151,432
Total Liabilities	141,557,798
Shareholders' Equity:	
Common Stock	10
Additional paid-in capital	87,596,689
Retained earnings	(222,417,927)
Total shareholder's deficit	(134,821,228)
Total Liabilities and Shareholder's Deficit	\$6,736,570

⁷ Includes NEV Credit Holdings, Inc., a non-operating Debtor Entity.

⁸ 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.

⁹ 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 October 31, 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
October 31, 2013

AP Aging - Oct. 31

	Days Past Due							TOTAL
	Current	1-30	31-60	61-90	91-120	121-150	151 & Over	
Total Postpetition AP	-	548,724	-	-	-	-	-	548,724
	%	0%	49%	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 or more current than 1-30 days.*

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MOR-5
Consolidated Trade Accounts Receivable and Aging
October 31, 2013

AR Aging - October 31, 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								-
Net A/R								-
	%	0%	0%	0%	0%	0%	0%	0%

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MOR-6
Debtor Questionnaire
For the Period October 31, 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
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.	N/A ¹⁰	N/A ¹⁹
4.	Are workers compensation, general liability and other necessary insurance coverage's in effect? If no, provide an explanation.		X ¹¹
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

¹⁰ 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.

¹¹ 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.