

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE


In Re:
NE OPCO, INC., et al.ⁱ
Debtors

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

Monthly Operating Report
For the Period January 1, 2016 through January 31, 2016

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.

2/15/16

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.¹
Unaudited Consolidated Statement of Cash Receipts and Disbursements²
For the Period January 1, 2016 through January 31, 2016

	January 1, 2016 - January 31, 2016	Cumulative Filing to Date
Cash flows from operating activities:		
Net income (loss)	(37,664)	(66,702,179)
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	(14,961)	3,074,482
Other assets	(13)	11,642,922
Increase (decrease) in operating liabilities:		
Accounts payable ¹	27,071	4,188,484
Accrued expenses and other payables ¹	26,811	(13,284,566)
Total adjustments	38,908	112,289,951
Net cash (used in) provided by operating activities	1,244	45,587,772
Cash flows from investing activities:		
Acquisition of property, plant and equipment	-	(25,459)
Additional Proceeds from Sale of Assets to Cenveo	-	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 provided by (used in) financing activities	-	(51,431,447)
Net increase (decrease) in cash and cash equivalents	1,244	(567,486)
Cash and cash equivalents at beginning of period	348,548	917,278
Cash and cash equivalents at end of period	349,792	349,792

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.

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MOR-1a
Schedule of Disbursements by Legal Entity
For the Period January 1, 2016 through January 31, 2016

Filing Entities:	Case #	Total Disbursements (1/1 - 1/31)	Cumulative Filing to Date
1 NE Opco, Inc. ³	13-11483 (CSS)	\$0	\$297,375,679
2 NEV Credit Holdings, Inc.	13-11482 (CSS)	\$0	\$0
Total Disbursements		\$0	\$297,375,679

³ 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 Paid⁴
For the Period January 1, 2016 through January 31, 2016

Professional	Amounts Paid This Period			Cumulative Amounts Paid Since Petition Date		
	Fees	Expenses	Total	Fees	Expenses	Total
Richards, Layton & Finger	\$0	\$0	\$0	\$1,856,557	\$42,004	\$1,898,561
PricewaterhouseCoopers	\$0	\$0	\$0	\$1,926,707	\$114,082	\$2,040,789
Epiq ⁵	\$0	\$0	\$0	\$69,849	\$0	\$69,849
Guggenheim Partners	\$0	\$0	\$0	\$178,978	\$20,779	\$199,757
Pachulski Stang Ziehl & Jones	\$0	\$0	\$0	\$318,796	\$7,537	\$326,333
Total Professional Fees and Expenses	\$0	\$0	\$0	\$4,350,887	\$184,402	\$4,535,289

⁴ Cumulative totals have been revised to reflect additional information made available to the Debtors in the current period. Professional fees amounts listed above were satisfied via escrow accounts controlled by Debtors' counsel previously funded by the Debtors (\$3,375,092) as well as cash on hand (\$1,160,197).

⁵ Epiq amounts listed above reflect payment for non-claims services only as approved by the Court.

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**Debtors Statement with respect to Bank Account Reconciliations, Bank Statements and Cash
Disbursements Journal
For the Period January 1, 2016 through January 31, 2016**

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 January 31, 2016 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 January 31, 2016)
Capital One, N.A.	*****6946	\$349,791.74

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MOR-2
NE Opco, Inc., et al.⁶
Unaudited Condensed Consolidated Statement of Income⁷
For the Period January 1, 2016 through January 31, 2016

	1/1/16 – 1/31/16	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 ⁸	37,664	48,997,375
Loss before provision (benefit) for income taxes	(37,664)	(66,689,424)
Provision (benefit) for income taxes	-	12,755
Net Income (Loss)	(37,664)	(66,702,179)

⁶ Includes NEV Credit Holdings, Inc., a non-operating Debtor Entity.

⁷ 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.

⁸ Reflects reorganization Items incurred in current period as well as true-up of post-petition accrued expenses, prepaid expenses, and other assets based on current period information available to the Debtors.

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MOR-3
NE Opco, Inc., et al.⁹
Unaudited Condensed Consolidated Balance Sheet¹⁰
As of January 31, 2016

	January 31, 2016
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 349,792
Accounts receivable, net of allowance for doubtful accounts	-
Inventories	-
Prepaid expenses and other current assets	22,096
Total current assets	371,888
Property, Plant and Equipment, net of accumulated depreciation and amortization	-
Identifiable intangible assets, net	-
Other Assets	137,606
Total Assets	\$ 509,494
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	27,071
Accrued expenses and other payables	316,486
Total current liabilities	343,557
Liabilities Subject to Compromise – Secured	-
Liabilities Subject to Compromise – Priority & Unsecured ¹¹	134,073,967
Deferred Tax Liability	1,151,432
Total Liabilities	135,568,956
Shareholders' Equity:	
Common Stock	10
Additional paid-in capital	87,596,689
Retained earnings	(222,656,161)
Total shareholder's deficit	(135,059,462)
Total Liabilities and Shareholder's Deficit	\$ 509,494

⁹ Includes NEV Credit Holdings, Inc., a non-operating Debtor Entity.

¹⁰ 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. Prepaid expenses, other assets, and post-petition accrued expenses have been adjusted to reflect current period information made available to the Debtors.

¹¹ 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 January 31, 2016

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. The Debtors are currently working with external tax advisors to file their 2012 and 2013 Federal and State income tax returns. Due to limited resources and information source constraints, the filing of Form 5500 Annual Return/Report of Employee Benefit Plan is currently past due and will be filed by the Debtors once the necessary information is obtained. All other post-petition tax obligations to the proper taxing authorities are current.

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MOR-4 (cont.)
Consolidated Summary of Unpaid Post-Petition Accounts Payable
January 31, 2016

AP Aging - January 31, 2016

	Days Past Due							TOTAL
	Current	1-30	31-60	61-90	91-120	121-150	151 & Over	
Total Postpetition AP	27,071	-	-	-	-	-	-	27,071
	%	100%	0%	0%	0%	0%	0%	100%

** The debtors are currently in the process of reconciling post-petition AP balances with vendors, which may or may not be in dispute.*

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MOR-5
Consolidated Trade Accounts Receivable and Aging
January 31, 2016

AR Aging - January 31, 2016

	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%	0%

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MOR-6
Debtor Questionnaire
For the Period January 31, 2016

		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 ¹²	N/A ¹²
4.	Are workers compensation, general liability and other necessary insurance coverage's in effect? If no, provide an explanation.		X ¹³
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

¹² The Debtors filed extensions related to their 2012 and 2013 Federal and State tax returns and are working with external tax advisors to finish and file those returns. Due to limited resources and information source constraints, the filing of Form 5500 Annual Return/Report of Employee Benefit Plan is currently past due and will be filed by the Debtors once the necessary information is obtained.

¹³ 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.