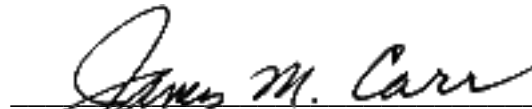


SO ORDERED: March 10, 2014.



  
James M. Carr  
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF INDIANA  
NEW ALBANY DIVISION

IN RE: )  
CEREPLAST, INC. ) Chapter 11  
Debtor. ) Case No. 14-90200-BHL-1 1

**INTERIM ORDER AUTHORIZING DEBTOR TO INCUR POSTPETITION DEBT ON AN  
EMERGENCY BASIS PENDING FINAL HEARING AND OTHER RELIEF AND  
SCHEDULING FINAL HEARING**

This matter came before this Court on the motion (the "Motion") of Cereplast, Inc., a Nevada corporation ("Debtor"), requesting that this Court enter an interim order authorizing Debtor to: (a) use certain Cash Collateral on an emergency basis pending a Final Hearing; (b) incur Postpetition Debt from ProCap Funding, a Delaware company, in its capacity as Postpetition Lender, on an emergency basis pending a Final Hearing; and (c) grant adequate protection and provide security and other relief to Horizon Technology Finance Corporation ("Horizon") in its capacity as the Prepetition Lender under the Venture Loan Agreement.

The Court, having reviewed the Motion and the objection filed thereto by Horizon, having heard the arguments and representations of counsel at an interim hearing held on March 4, 2014 before The Honorable James M. Carr, and being otherwise duly advised, now GRANTS the Motion on an interim basis subject to the terms and conditions of this Interim Order.

1. Final Hearing: The Motion is hereby set for final hearing (the “Final Hearing”) on **March 20, 2014 at 11:00 a.m. EDT** in Room 103, Lee H. Hamilton U.S. Courthouse and Federal Building, 121 West Spring Street, New Albany, Indiana 47150. Any objection to the Motion must be filed on or before **March 17, 2014**.

2. Debtor's Authorization To Incur Postpetition Debt.

a. Debtor is authorized to incur interim Postpetition financing not to exceed \$250,000.00 ("Emergency DIP Financing") at an interest rate of five percent (5%) per annum based on a 365 day year and actual days elapsed and maturing on March 24, 2014, subject to extension and additional terms as may be approved by this Court at the Final Hearing, from Postpetition Lender. The Postpetition Lender's claims with respect to the Emergency DIP Financing will be entitled to priority over all other administrative claims pursuant to Bankruptcy Code § 503(b)(1). Prior to the Final Hearing, Emergency DIP Financing may not be repaid.

b. Debtor's budget for the Emergency DIP Financing is attached as **Exhibit A** and incorporated by reference (the “Budget”). Through the Final Hearing, the Debtor shall not incur or pay expenses in excess of the amount set forth for each line item of the Budget. On March 11, 2014 and March 18, 2014, the debtor shall provide Horizon with a statement showing for the period from February 10, 2014 (the “Petition Date”) through the end of the prior week: advances of the Emergency DIP Financing, collections of receivables, salable inventory located in the United States (for raw materials, work in process and finished products), aged receivables balances (based on 30, 60 , 90 and greater than 120 days), and actual expenses as against expenses in each line item of the Budget.

c. Debtor is not authorized to make any payments to Postpetition Lender on a superpriority basis or otherwise prior to the Final Hearing.

d. The Emergency DIP Financing will be secured exclusively by Debtor's Postpetition collateral. Debtor is not authorized to secure the Emergency DIP Financing with Prepetition collateral.

e. As adequate protection, Horizon is hereby granted a security interest in all

real and personal property of the Debtor, including accounts receivable, inventory and other property created or acquired post-petition. The Postpetition Lender's security interest is junior and subordinate to Horizon's security interest in the Debtor's Postpetition collateral.

3. Segregation Of Postpetition Cash Collateral.

a. Horizon's lien and security interest in (i) Prepetition Collateral and (ii) the proceeds, products, rents or profits of such property ("Cash Collateral") continues in effect after the Petition Date. Debtor will not use or seek to use Cash Collateral prior to the Final Hearing.

b. Debtor will keep Cash Collateral, including Cash Collateral received from collection of prepetition accounts or from any sales of prepetition inventory, segregated from the Emergency DIP Financing prior to the Final Hearing.

4. Authorized Payment To Whittymore. LLC.

a. Debtor is authorized to use Emergency DIP Financing to make a \$31,300 payment to creditor (and landlord) Whittymore, LLC for rent from the petition date of February 10, 2014 through March 20, 2014.

5. Agreement Not To Pay Professional Fees.

a. Debtor is not authorized to make payments to professionals prior to the Final Hearing.

6. Avoidance Actions.

a. The Emergency DIP Financing shall not be secured by bankruptcy avoidance actions, including under Bankruptcy Code §§ 544, 547, 548, 549, 550, and 553 or recoveries from such actions (together, "Bankruptcy Recoveries"); nor shall any administrative or priority claims arising from the Emergency DIP Financing be paid from Bankruptcy Recoveries. Debtor is not authorized to bring avoidance actions prior to the Final Hearing.

IT IS SO ORDERED.

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## Cereplast, Inc.

## Cash Budget

Week Ending	<i>actual</i>	<i>forecast</i>	<i>forecast</i>	<i>forecast</i>
	<u>28-Feb-14</u>	<u>7-Mar-14</u>	<u>14-Mar-14</u>	<u>21-Mar-14</u>
Beginning Balance	\$ -	\$ -	\$ 131,808	\$ 69,255
<b>Sources of Cash:</b>				
DIP Financing	\$ -	\$ 250,000	\$ -	\$ -
Sales - customer products/services	42,000	-	12,509	42,000
Segregated Cash	(42,000)	-	(12,509)	(42,000)
<b>Uses of Cash:</b>				
Payroll and Benefits	-	(5,092)	(58,578)	-
Wages owed - post-petition	-	-	-	-
Legal and Professional Fees				
Bankruptcy counsel	-	-	-	-
Trustee fee	-	-	-	-
Restructuring advisor	-	-	-	-
SEC counsel	-	-	-	-
Auditors and accountants	-	-	-	-
Facility and Overhead				
Rent	-	(31,300)	-	-
Utilities	-	-	-	-
Business insurance	-	(20,332)	-	-
Equipment lease payments	-	(7,017)	-	-
IT outsourcing and e-storage	-	(3,500)	-	-
Telecom	-	(1,250)	-	-
Postage and delivery	-	(1,500)	(750)	(750)
Office supplies	-	(500)	(500)	-
Production and Materials Cost	-	(40,000)	-	-
R&D - Compliance and IP Costs	-	-	-	-
Public Company Costs				
SEC Filing costs	-	-	-	-
Transfer agent fees	-	-	-	-
Selling, General and Admin				
Sales commissions - 3rd party	-	(1,200)	-	(1,200)
Sales reps (non-employees)	-	-	(2,725)	-
Travel, lodging and meals	-	(6,500)	-	-
Other	-	-	-	-
Ending Balance (available)	\$ -	\$ 131,808	\$ 69,255	\$ 67,305

Segregated Cash (running total)	\$ 42,000	\$ 42,000	\$ 54,509	\$ 96,509
Accounts Receivable	42,000	84,000	112,190	115,440
Total Cash and AR Collateral	\$ 84,000	\$ 126,000	\$ 166,699	\$ 211,949

**Accounts Receivable Rollforward**

Beginning balance	\$ 84,000	\$ 42,000	\$ 84,000	\$ 112,190
+ Sales	-	42,000	40,699	45,250
- Cash Receipts	(42,000)	-	(12,509)	(42,000)
Ending Balance	\$ 42,000	\$ 84,000	\$ 112,190	\$ 115,440