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UNITED STATES
BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

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7 **IN THE UNITED STATES BANKRUPTCY COURT**
 8 **FOR THE DISTRICT OF ARIZONA**

10 In re:
 11 NUTRACEA, a California corporation,
 12 Debtor.

Chapter 11
 Case No. 09-28817

**INTERIM ORDER (A) APPROVING
 SENIOR SECURED POSTPETITION
 FINANCING, (B) AUTHORIZING USE
 OF CASH COLLATERAL,
 (C) GRANTING LIENS AND
 PROVIDING SUPERPRIORITY
 ADMINISTRATIVE EXPENSE STATUS
 (D) MODIFYING AUTOMATIC STAY
 AND (E) SCHEDULING FINAL
 HEARING**

20 This matter came before the Court on the Debtor's Emergency Motion for Interim and
 21 Final Orders Authorizing Borrowing with Priority over Administrative Expenses and Secured by
 22 Non-Priming Liens on Property of the Estate (the "DIP Motion") Debtor in the above-captioned
 23 Chapter 11 case (with any successor case, the "Case"), pursuant to §§ 105, 361, 362, 363, 364
 24 and 507 of the United States Bankruptcy Code (the "Bankruptcy Code"), Rules 2002 and 4001 of
 25 the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 4001-4 of the
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1 Local Rules of Bankruptcy Procedure, seeking entry of an interim order (this "Interim Order")
2 granting, among other things, the following relief:

3 (i) authorizing the Debtor to obtain on a final basis up to \$6,750,000.00 of secured
4 postpetition financing (the "DIP Facility") from Wells Fargo Bank, National Association, acting
5 through its Wells Fargo Business Credit operating division ("DIP Lender"), and on an interim
6 basis \$1,344,383.00 through the date of the Final Hearing (as defined below) (the "Interim
7 Period"), pursuant to the terms and conditions of that certain Senior-Secured Superpriority
8 Debtor-in-Possession Credit and Security Agreement (the "DIP Credit Agreement" attached as
9 Exhibit A to the DIP Motion)¹ by and between the Debtor and DIP Lender;

11 (ii) authorizing the Debtor to execute and deliver the DIP Credit Agreement and other
12 related loan documents (collectively, the "DIP Documents") and to perform other acts in
13 connection with the DIP Documents;

15 (iii) granting to DIP Lender an allowed superpriority administrative expense claim for
16 the DIP Facility and all obligations owing thereunder and under the DIP Documents
17 (collectively, and including all "Indebtedness" as described in the DIP Credit Agreement, the
18 "DIP Obligations"), subject to the priorities set forth below;

19 (iv) granting to the DIP Lender automatically perfected security interests in and liens
20 on all of the DIP Collateral (as defined herein), including, without limitation, all property
21 constituting "cash collateral" (as defined in § 363(a) of the Bankruptcy Code, "Cash Collateral"),
22 which liens shall be subject to the priorities set forth below;

25 _____
26 ¹ Capitalized terms used in this Order will correspond to terms used in the DIP Credit Agreement.

1 (v) vacating and modifying the automatic stay imposed by § 362 of the Bankruptcy
2 Code to the extent necessary to implement and effectuate the terms of the DIP Documents and
3 this Interim Order;

4 (vi) scheduling a final hearing (the "Final Hearing") to consider the relief requested in
5 the DIP Motion and approving the form of notice with respect to the Final Hearing; and
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7 (vii) waiving the ten (10) day stay provisions of Federal Rule of Bankruptcy Procedure
8 6004(h).

9 The Court having considered the DIP Motion, the Declaration of Leo G. Gingras in
10 Support of First Day Motions, the exhibits attached thereto, the DIP Documents, and the
11 evidence submitted and the statements of counsel made at the interim hearing held on November
12 12, 2009 (the "Interim Hearing"); and notice of the Interim Hearing having been given in
13 accordance with Bankruptcy Rules 2002 and 4001(b), (c) and (d), and Local Bankruptcy Rule
14 4001-4; and all objections, if any, to the interim relief requested in the DIP Motion having been
15 withdrawn, resolved or overruled by the Court; and it appearing to the Court that granting the
16 interim relief requested is necessary to avoid immediate and irreparable harm to the Debtor and
17 its estate pending the Final Hearing, and is otherwise fair and reasonable and in the best interests
18 of the Debtor, its estate, and its creditors and equity holders, and is essential for the continued
19 operation of the Debtor's business; and after due deliberation and consideration, and for good
20 and sufficient cause appearing therefor;
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23 THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND
24 CONCLUSIONS OF LAW BASED UPON THE RECORD ESTABLISHED AT THE
25 INTERIM HEARING:
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1 **A. Petition Date.** On November 9, 2009 (the "Petition Date"), the Debtor
2 filed a voluntary petition under chapter 11 of the Bankruptcy Code in the United States
3 Bankruptcy Court for the District of Arizona (the "Court") commencing this Case.

4 **B. Debtor in Possession.** The Debtor is continuing in the management and
5 operation of its business and properties as debtor in possession pursuant to sections 1107 and
6 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in this Case.

7 **C. Jurisdiction and Venue.** The Court has jurisdiction over these
8 proceedings pursuant to 28 U.S.C. §§ 157(b) and 1334 and over the property affected hereby.
9 Consideration of the DIP Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2).
10 Venue for this Case is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409(a).

11 **D. Debtor' Stipulations.** After consultation with its attorneys and financial
12 advisors, and without prejudice to the rights of parties in interest as set forth in paragraph 27
13 herein, the Debtor admits, stipulates, acknowledges, agrees and shall be immediately bound by
14 the following (collectively, paragraphs D(i) through D(v) below are referred to herein as the
15 "Debtor's Stipulations"): 16

17 (i) **Prepetition Facility:** Pursuant to that certain Credit and Security
18 Agreement, dated as of December 18, 2008 (the "Prepetition Credit Agreement") and, together
19 with all other loan and security documents related to the Prepetition Credit Agreement, the
20 "Prepetition Credit Documents") between Debtor and Wells Fargo Bank, National Association,
21 acting through its Wells Fargo Business Credit operating division (in such capacity, the
22 "Prepetition Lender"), the Prepetition Lender provided revolving credit, letter of credit facilities,
23 and term loan facilities to the Debtor and provided other financial accommodations to or for the
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1 benefit of the Debtor (collectively, the "Prepetition Facility"). The Prepetition Facility will
2 terminate upon entry of this Interim Order.

3 (ii) Prepetition Credit Obligations: The Prepetition Facility included a
4 \$2,500,000.00 revolving line of credit (the "RLOC"), a \$5,000,000.00 real estate secured term loan
5 (the "Real Estate Loan"), and a \$2,500,000.00 equipment and personal property secured term loan
6 (the "Term Loan"). As of the Petition Date, approximately \$3,082,771.00 is owed on the Real
7 Estate Loan, approximately \$483,158.75 is owed on the RLOC, and there is no outstanding
8 balance on the Term Loan (collectively, together with any amounts paid, incurred or accrued prior
9 to the Petition Date in accordance with the Prepetition Credit Documents, principal, accrued and
10 unpaid interest, any fees, expenses, and disbursements (including, without limitation, attorneys'
11 fees, related expenses and disbursements), reimbursement obligations, indemnification obligations
12 and other charges of whatever nature, whether or not contingent, whenever arising, due or owing
13 in respect thereof to the extent and as provided for in the Prepetition Credit Documents, including
14 all "Indebtedness" as defined in the Prepetition Credit Agreement, the "Prepetition Credit
15 Obligations").

16 (iii) Prepetition Liens and Prepetition Collateral. As more fully set
17 forth in the Prepetition Credit Documents, prior to the Petition Date, the Debtor granted to
18 Prepetition Lender security interests in and liens on (collectively, the "Prepetition Liens"), among
19 other things, substantially all of its personal property, excluding owned intellectual property,
20 whether now existing or hereafter arising, and certain fee simple interests in real estate including
21 the proceeds and products of, accessions to, substitutions and replacements for, and rents and
22 profits of all such assets (collectively, the "Prepetition Collateral").
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1 (iv) Validity, Perfection and Priority of Prepetition Liens and
2 Prepetition Credit Obligations. Subject to the provisions of paragraph 27 of this Interim Order, the
3 Debtor acknowledges and agrees that: (a) as of the Petition Date, the Prepetition Liens on the
4 Prepetition Collateral described in the Prepetition Credit Documents were valid, binding,
5 enforceable, non-avoidable and properly perfected; (b) as of the Petition Date, the Prepetition
6 Liens were senior in priority over any and all other liens on the Prepetition Collateral, subject only
7 to valid, properly perfected and non-avoidable Permitted Liens² (as defined in the Prepetition
8 Credit Agreement) existing as of the Petition Date;³ (c) the Prepetition Credit Obligations
9 constitute legal, valid, binding, and non-avoidable obligations of the Debtor; (d) no offsets,
10 challenges, objections, defenses, claims or counterclaims of any kind or nature to any of the
11 Prepetition Liens or Prepetition Credit Obligations exist, and no portion of the Prepetition Liens
12 or Prepetition Credit Obligations is subject to any challenge or defense including, without
13 limitation, avoidance, disallowance, disgorgement, recharacterization, or subordination (whether
14 equitable or otherwise) pursuant to the Bankruptcy Code or applicable non-bankruptcy law; and (e)
15 the Debtor and its estates have no claims, objections, challenges, causes of actions, and/or choses
16 in action, including without limitation, avoidance claims under chapter 5 of the Bankruptcy Code,
17 against the Prepetition Lender or any of its affiliates, agents, attorneys, advisors, professionals,
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21 ² Two subcontractors (the "M&M Lienholders") who performed work on the real property owned by NutraCea's
22 wholly owned subsidiary, NutraPhoenix, LLC, and located at 4502 W. Monterosa, Phoenix, Arizona have filed
23 mechanics and materialmen's liens and have initiated actions to foreclose those liens, alleging that they are prior to
the Prepetition Lender's lien on the property. The landlord of Debtor's Lake Charles, Louisiana facility has also
asserted a claim to the machinery and equipment located at that facility.

24 ³ Nothing herein shall constitute a finding or ruling by this Court that any such Permitted Liens are valid, senior,
25 enforceable, prior, perfected or non-avoidable. Moreover, nothing herein shall prejudice the rights of any party in
26 interest including, but not limited to, the Debtor, the Prepetition Lender, the DIP Lender, and any Creditors'
Committee to challenge the validity, priority, enforceability, seniority, availability, perfection or extent of any such
Permitted Liens and/or security interests.

1 officers, directors and employees arising out of, based upon or related to its loans under the
2 Prepetition Credit Documents to the Debtor.

3 (v) Cash Collateral. All of Debtor's cash derived from the Prepetition
4 Collateral, wherever located, whether as original collateral or proceeds of other Prepetition
5 Collateral, constitutes the Cash Collateral of the Prepetition Lender.
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7 **E. Findings Regarding the Postpetition Financing.**

8 (i) Need for Postpetition Financing and Use of Cash Collateral. The
9 DIP Facility is superior to the Debtor's other alternatives available at the time of entry of this
10 Order, if any, including the use of Cash Collateral alone. The Debtor's need to obtain credit
11 pursuant to the DIP Facility and to use Cash Collateral is immediate and critical in order to enable
12 the Debtor to continue operations and to administer and preserve the value of its estates. The
13 ability of the Debtor to maintain business relationships with its vendors, suppliers and customers,
14 to pay its employees, to make utility deposits and to otherwise finance its operations requires the
15 availability of working capital from the DIP Facility and the use of Cash Collateral, the absence of
16 either of which would immediately and irreparably harm the Debtor, its estates, its creditors and
17 equity holders, and the possibility for a successful reorganization of the Debtor. The Debtor does
18 not have sufficient available sources of working capital and financing to operate its businesses,
19 maintain its properties in the ordinary course of business or conduct a reorganization of the
20 Debtor' businesses without the DIP Facility and use of Cash Collateral.
21

22 (ii) No Credit Available on More Favorable Terms. The Debtor is
23 unable to obtain financing from sources other than the DIP Lender at the time of entry of this
24 Order on terms more favorable than the DIP Facility. The Debtor is unable to obtain unsecured
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1 credit allowable under Bankruptcy Code section 503(b)(1) as an administrative expense. The
2 Debtor has also been unable to obtain credit: (a) having priority over administrative expenses of
3 the kind specified in sections 503(b), 507(a) and 507(b) of the Bankruptcy Code; or (b) secured by
4 a lien on property of the Debtor and its estate that is not otherwise subject to a lien. Financing on a
5 postpetition basis is not otherwise available without granting the DIP Lender (i) perfected security
6 interests in and liens on (each as provided herein) all of the Debtor' existing and after-acquired
7 assets with the priorities set forth in paragraph 7 hereof, (ii) superpriority claims with the priorities
8 set forth in paragraph 8, and (iii) the other protections set forth in this Interim Order.
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10 (iii) Use of Proceeds of the DIP Facility. As a condition to the entry
11 into the DIP Credit Agreement, the extension of credit under the DIP Facility and the agreement
12 for the use of Cash Collateral, the DIP Lender requires, and the Debtor has agreed, that proceeds of
13 the DIP Facility shall be used in a manner consistent with the terms and conditions of the DIP
14 Documents and in accordance with and to the extent set forth in the budget attached hereto as
15 Schedule 1 (as the same may be modified from time to time in accordance with the DIP Credit
16 Agreement and this Order, the "Budget"), subject to such variances as permitted by the DIP
17 Documents and this Interim Order, solely for (a) working capital, letters of credit, and other
18 general corporate purposes, (b) payment of the Prepetition Credit Obligations, (c) permitted
19 payment of costs of administration of the Cases, and (c) payment or refinancing of such prepetition
20 expenses as are approved by the Court.
21

22 (iv) Application of Proceeds of Collateral. As a condition to the entry
23 into the DIP Documents, the extension of credit under the DIP Facility and the authorization to use
24 Cash Collateral, the Debtor has agreed that as of and commencing on the date of the entry of this
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1 Interim Order, the Debtor shall apply Cash Collateral and the proceeds of DIP Collateral as set
2 forth in paragraph 18 below. Payment of the Prepetition Credit Obligations in accordance with
3 this Interim Order is necessary as the DIP Lender will not otherwise consent to providing the DIP
4 Facility and extending credit to the Debtor thereunder, and the Prepetition Lender will not
5 otherwise consent to the use of its Cash Collateral and Prepetition Collateral or the subordination
6 of the Prepetition Liens to the DIP Liens or the Carve Out (as defined herein). Such payment will
7 not prejudice the Debtor or its estates, because (among other things) payment of such amounts is
8 subject to the rights of parties in interest under paragraph 27 herein.

10 **F. Sections 506(c) and 552(b).** In light of the DIP Lender's agreement to
11 subordinate its liens and superpriority claims to the Carve Out (as defined herein), the DIP
12 Lender is entitled to (a) a waiver of any "equities of the case" claims under section 552(b) of the
13 Bankruptcy Code; and (b) subject to entry of a Final Order (as defined herein), a waiver of the
14 provisions of section 506(c) of the Bankruptcy Code.

16 **G. Good Faith of the DIP Lender.**

17 (i) **Willingness to Provide Financing.** The DIP Lender has indicated a
18 willingness to provide financing to the Debtor subject to the entry of this Interim Order and the
19 Final Order and execution of the DIP Documents by the Debtor.

20 (ii) **Business Judgment and Good Faith Pursuant to Section 364(e).**
21 The terms and conditions of the DIP Facility and the DIP Documents, and the fees paid and to be
22 paid thereunder, are fair, reasonable, and the best available to the Debtor under the current
23 circumstances in order to obtain postpetition financing at the outset of this case, reflect the
24 Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and are
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subject to
Paragraph
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(below)

1 supported by reasonably equivalent value and consideration. The DIP Facility and the use of Cash
2 Collateral were negotiated in good faith and at arms' length among the Debtor and the DIP Lender.
3 Use of Cash Collateral and credit to be extended under the DIP Facility shall be deemed to have
4 been so allowed, advanced, made, used or extended in good faith, and for valid business purposes
5 and uses, within the meaning of section 364(e) of the Bankruptcy Code, and DIP Lender is
6 therefore entitled to the protection and benefits of section 364(e) of the Bankruptcy Code and this
7 Interim Order.
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9 **H. Final Hearing.** At the Final Hearing, the Debtor will seek final approval
10 of the proposed postpetition financing arrangements and use of Cash Collateral arrangements
11 pursuant to a proposed final order (the "Final Order"), which shall be in form and substance
12 acceptable to the DIP Lender and the Prepetition Lender, approving such postpetition financing
13 arrangements and use of Cash Collateral arrangements, notice of which Final Hearing and Final
14 Order will be provided in accordance with this Interim Order.
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16 **I. Notice.** Notice of the Interim Hearing and the emergency relief requested
17 in the DIP Motion has been provided by the Debtor, whether by facsimile, email, overnight
18 courier or hand delivery, to certain parties in interest, including: (i) the U.S. Trustee; (ii) the
19 Debtor's twenty largest unsecured creditors; (iii) the M&M lienholders; (iv) counsel to the
20 Prepetition Lender; and (v) counsel to the DIP Lender. The parties have made reasonable efforts
21 to afford the best notice possible under the circumstances to permit the interim relief set forth in
22 this Interim Order, and no other or further notice is or shall be required.
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1 Based upon the foregoing findings and conclusions, the DIP Motion and the
2 record before the Court with respect to the DIP Motion, and good and sufficient cause appearing
3 therefor,

4 IT IS HEREBY ORDERED that:

5 1. Interim Financing Approved. The DIP Motion is granted on an interim basis as
6 set forth herein, the Interim Financing (as defined herein) is authorized and approved, and the
7 use of Cash Collateral on an interim basis is authorized, subject to the terms and conditions set
8 forth in this Interim Order.

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10 2. Objections Overruled. All objections to the Interim Financing, if any, to the
11 extent not withdrawn or resolved are hereby overruled.

12 **DIP Facility Authorization**

13 3. Authorization of the DIP Financing and DIP Documents. The DIP Documents
14 are approved on an interim basis. The Debtor is authorized to execute and deliver the DIP
15 Documents and to incur and perform the DIP Obligations in accordance with, and subject to, the
16 terms of this Interim Order and the DIP Documents, and to deliver all documents which may be
17 required for the performance by the Debtor under the DIP Facility and the creation and
18 perfection of the DIP Liens (as defined herein) described in and provided for by this Interim
19 Order and the DIP Documents. The Debtor is hereby authorized to pay the principal, interest,
20 fees, expenses and other amounts described in the DIP Documents and all other documents
21 comprising the DIP Facility as such become due and without need to obtain further Court
22 approval, any origination or closing fees, letter of credit fees (including issuance, fronting, and
23 other related charges), unused facility fees, audit fees, structuring fees, and all other fees and
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1 disbursements of DIP Lender (including, to the extent provided in the DIP Documents, the
2 reasonable fees and expenses of the DIP Lender's attorneys, advisers, accountants, and other
3 consultants, collateral examination, monitoring and appraisal fees, financial advisory fees,
4 indemnification, and any other reimbursement of fees and expenses, all of which fees and
5 expenses shall constitute DIP Obligations), whether or not the transactions contemplated hereby
6 are consummated, all to the extent provided in the DIP Documents.⁴ All collections and
7 proceeds, whether from ordinary course collections, asset sales, debt or equity issuances,
8 insurance recoveries, condemnations or otherwise, will be deposited and applied as required by
9 this Interim Order and the DIP Documents. Upon execution and delivery, the DIP Documents
10 shall represent valid and binding obligations of the Debtor, enforceable against the Debtor and its
11 estate in accordance with the terms of the DIP Documents.
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14 4. Authorization to Borrow. Until the Termination Date (as defined in the DIP
15 Credit Agreement), and subject to the terms, conditions, limitations on availability and reserves
16 set forth in the DIP Documents, DIP Facility, and this Interim Order, and in order to prevent
17 immediate and irreparable harm to the Debtor's estate, the Debtor is hereby authorized to draw
18 on the Line of Credit and Term Loan (as defined in the DIP Credit Agreement) during the
19 Interim Period (in the form of Loans and Letters of Credit) up to an aggregate principal amount
20 of \$1,344,383.00 under the Line of Credit, including a sublimit for letters of credit up to
21 \$1,250,000.00 (but excluding than obligations in respect of the letters of credit issued under the
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23 ⁴ The payment of fees and expenses for professionals for DIP Lender shall occur only after submission to the Court
24 with copies to interested parties of a cover sheet fee application by Professionals for DIP Lender in accordance with
25 typical *Knudsen* procedures used in Chapter 11 cases, provided, however, that Professionals for DIP Lender shall
26 not be required to comply with the U.S. Trustee fee guidelines and payment of Professionals for DIP Lender will not
be subject to any hold backs. If any timely objection is raised with respect to fees and expenses incurred by
Professionals for DIP Lender, and cannot be resolved and/or withdrawn, the Court shall adjudicate the matter and
fashion an appropriate remedy.

1 Prepetition Credit Agreement and outstanding on the Petition Date) and \$3,565,929.75 under the
2 Term Loan (which reflects the amount of the outstanding Prepetition Credit Obligations)
3 (collectively, the "Interim Financing"), and, subject to entry of a Final Order, up to an aggregate
4 principal amount of \$6,750,000.00 at any one time outstanding, inclusive of the outstanding
5 Prepetition Credit Obligations, including a sublimit for letters of credit up to \$1,250,000.00
6 under the DIP Facility.
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8 5. DIP Obligations. The DIP Documents and this Interim Order shall constitute and
9 evidence the DIP Obligations, which DIP Obligations shall be valid, binding and enforceable
10 against the Debtor, its estate and any successors thereto, including without limitation, any trustee
11 or other estate representative appointed or elected in the Case, or any case under chapter 7 of the
12 Bankruptcy Code upon the conversion of the Case, or in any other proceedings superseding or
13 related to any of the foregoing (each a "Successor Case"). Upon entry of this Interim Order, the
14 DIP Obligations will include all loans, letter of credit reimbursement obligations, and any other
15 indebtedness or obligations, contingent or absolute, which may now or from time to time be
16 owing by Debtor to DIP Lender under the DIP Documents or this Interim Order, including,
17 without limitation, all principal, accrued interest, costs, fees, expenses and other amounts owed
18 pursuant to the DIP Documents.
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20 6. DIP Liens and DIP Collateral. Effective immediately upon the execution of this
21 Interim Order, pursuant to sections 361, 362, 364(c)(2), 364(c)(3), and 364(d) of the Bankruptcy
22 Code: the DIP Lender is hereby granted continuing, valid, binding, enforceable, non-avoidable
23 and automatically and properly perfected postpetition security interests in and liens on (the "DIP
24 Liens") the Collateral Properties, any and all personal property, and other assets of the Debtor,
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1 tangible and intangible, whether now owned by or owing to, or hereafter acquired by or arising
2 in favor of the Debtor, whether owned or consigned by or to, or leased from or to the Debtor (to
3 the full extent of Debtor's interest therein), and regardless of where located, including, without
4 limitation, the following (collectively, the "DIP Collateral")⁵: Accounts, chattel paper and
5 electronic chattel paper, deposit accounts, documents, Equipment, General Intangibles, goods,
6 instruments, Inventory, Investment Property, letter-of-credit rights, letters of credit, all sums on
7 deposit in any Collection Account, any items in any Lockbox, and the Collateral Properties;
8 together with (a) all substitutions and replacements for and products of such property; (b) in the
9 case of all goods, all accessions; (c) all accessories, attachments, parts, Equipment and repairs
10 now or subsequently attached or affixed to or used in connection with any goods; (d) all
11 warehouse receipts, bills of lading and other documents of title that cover such goods now or in
12 the future; (e) all collateral subject to the Lien of DIP Lender in any of the DIP Documents;
13 (f) any money, or other assets of Debtor that comes into the possession, custody, or control of
14 DIP Lender now or in the future; (g) Proceeds of any of the above Collateral; (h) books and
15 records of Debtor relating to the Collateral; (i) all of the above Collateral, whether now owned or
16 existing or acquired now or in the future or in which Debtor has rights now or in the future, but
17 excluding, the Debtor's Owned Intellectual Property, and (j) all commercial tort claims.
18 Notwithstanding the foregoing, the DIP Collateral expressly excludes any avoidance actions
19 under chapter 5 of the Bankruptcy Code.
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25 ⁵ All terms not specifically defined in the DIP Credit Agreement shall have the meanings ascribed to such terms in
26 Article 8 or 9 of the Uniform Commercial Code.

1 7. DIP Lien Priority. The DIP Liens securing the DIP Obligations shall be junior
2 only to (a) the Carve Out, and (b) the valid, properly perfected and non-avoidable Permitted
3 Liens existing as of the Petition Date, and shall otherwise be senior in priority and superior to all
4 other security interests, mortgages, collateral interests, liens or claims on or to any of the DIP
5 Collateral. Other than as set forth herein, the DIP Liens shall not be made subject to or *pari*
6 *passu* with any lien or security interest heretofore or hereinafter granted in this Case or any
7 Successor Case. The DIP Liens shall be valid and enforceable against any trustee or other estate
8 representative appointed in this Case or any Successor Case, upon the conversion of any Case to
9 a case under chapter 7 of the Bankruptcy Code (or in any other Successor Case), and/or upon the
10 dismissal of this Case or any Successor Case. The DIP Liens shall not be subject to sections
11 506(c), 510, 549, or 550 of the Bankruptcy Code. No lien or interest avoided and preserved for
12 the benefit of the estate pursuant to section 551 of the Bankruptcy Code shall be made *pari passu*
13 with or senior to the DIP Liens.
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16 8. DIP Superpriority Administrative Claim. Upon entry of this Interim Order, the
17 DIP Lender is hereby granted, pursuant to section 364(c)(1) of the Bankruptcy Code, an allowed
18 superpriority administrative expense claim in this Case and any Successor Case (collectively, the
19 “DIP Superpriority Claim”) for all DIP Obligations; provided, however, that the DIP
20 Superpriority Claim shall not apply to avoidance actions. The DIP Superpriority Claim shall be
21 subordinate only to the Carve Out, and shall otherwise have priority over any and all
22 administrative expenses and unsecured claims against the Debtor or its estates in the Case and
23 any Successor Case, at any time existing or arising, of any kind or nature whatsoever, including,
24 without limitation, administrative expenses of the kinds specified in or ordered pursuant to
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1 Bankruptcy Code sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 506(c), 507(a), 507(b),
2 546(c), 546(d), 726, 1113 and 1114, and any other provision of the Bankruptcy Code, and shall
3 at all times be senior to the rights of the Debtor and its estates, and any successor trustee or other
4 estate representative to the extent permitted by law.

5
6 9. No Obligation to Extend Credit. DIP Lender shall have no obligation to make
7 any loan or advance, or to issue any letters of credit, under the DIP Documents, unless all of the
8 conditions precedent to the making of such extension of credit or the issuance of such letter of
9 credit under the applicable DIP Documents and this Interim Order have been satisfied in full or
10 waived in writing by the DIP Lender.

11 10. Use of DIP Facility Proceeds. From and after the Petition Date, the Debtor shall
12 use advances of credit under the DIP Facility only for the purposes specifically set forth in this
13 Interim Order, the DIP Documents and in compliance with the Budget, a copy of which is
14 attached hereto as Schedule 1.

15
16 **Authorization to Use Cash Collateral and for Adequate Protection**

17 11. Authorization to Use Cash Collateral. For purposes of this Interim Order, all
18 funds loaned to the Debtor pursuant to the Interim Financing shall be deemed to be Cash
19 Collateral. Subject to the terms and conditions of this Interim Order, including the provisions of
20 paragraph 20 below, the DIP Documents, and in accordance with the Budget, the Debtor is
21 authorized to use Cash Collateral until the earlier to occur of the Termination Declaration Date
22 or the Termination Date; provided, however, that during the Remedies Notice Period (as defined
23 herein) the Debtor may use Cash Collateral in accordance with the terms and provisions of the
24 Budget solely to meet payroll obligations and to pay other expenses critical to the preservation of
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1 the Debtor and its estate. Nothing in this Interim Order shall authorize the disposition of any
2 assets of Debtor or its estate outside of the ordinary course of business, or Debtor's use of any
3 Cash Collateral or other proceeds resulting therefrom, except as permitted in this Interim Order,
4 the DIP Facility, the DIP Documents, and in accordance with the Budget.

5 **Provisions Common to DIP Financing and Use of Cash Collateral Authorizations**

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7 12. Amendment of the DIP Documents. The DIP Documents may from time to time
8 be amended, modified or supplemented by the parties thereto without notice or a hearing if: (a)
9 the amendment, modification, or supplement is (i) in accordance with the DIP Documents, (ii)
10 beneficial to the Debtor, and (iii) not prejudicial in any material respect to the rights of third
11 parties; (b) a copy (which may be provided through electronic mail or facsimile) of the
12 amendment, modification or supplement is provided to the attorneys for any official committee
13 of unsecured creditors in this Case appointed by the U.S. Trustee pursuant to section 1102 of the
14 Bankruptcy Code (a "Creditors' Committee"), and the U.S. Trustee; and (c) the amendment,
15 modification or supplement is filed with the Court; provided, however, that consent of any
16 Creditors' Committee or the U.S. Trustee, and approval of the Court are not necessary to
17 effectuate any such amendment, modification or supplement. Except as otherwise provided in
18 this paragraph, no waiver, modification, or amendment of any of the provisions of any DIP
19 Document shall be effective unless set forth in writing, signed on behalf of the Debtor and the
20 DIP Lender and approved by the Court on notice; and provided, further, that such amendments,
21 modifications or supplements shall be without prejudice to the right of any party in interest to be
22 heard.
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1 13. Budget Maintenance. The Budget, as modified, amended or updated, shall be in
2 form and substance reasonably satisfactory to and approved by the DIP Lender as provided in the
3 DIP Credit Agreement. The Debtor shall update the Budget from time to time in accordance
4 with the DIP Credit Agreement. Contemporaneously with any such modification, amendment,
5 update or replacement of the Budget, the Debtor shall send copies of such modification,
6 amendment, update or replacement to counsel for the Creditors' Committee and to the U.S.
7 Trustee.
8

9 14. Modification of Automatic Stay. The automatic stay imposed under Bankruptcy
10 Code section 362(a) is hereby modified as necessary to effectuate all of the terms and provisions
11 of this Interim Order, including without limitation, to: (a) permit the Debtor to grant the DIP
12 Liens and DIP Superpriority Claim; (b) permit the Debtor to perform all acts required by the DIP
13 Documents; (c) permit the Debtor to incur the liabilities and obligations to the DIP Lender set
14 forth in the DIP Documents, the DIP Facility and this Interim Order; (d) authorize the Debtor to
15 pay, and the DIP Lender to retain and apply, payments made in accordance with the terms of this
16 Interim Order, subject to the reservation of rights contained in paragraph 27 hereof and (e)
17 authorize and permit the DIP Lender to exercise the remedies set forth herein and in the DIP
18 Documents, including those set forth in paragraph 21 hereof.
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20 15. Perfection of DIP Liens. This Interim Order shall be sufficient and conclusive
21 evidence of the validity, perfection, and priority of the DIP Liens without the necessity of filing
22 or recording any financing statement, mortgage, notice, pledge or other instrument or document
23 which may otherwise be required under the law or regulation of any jurisdiction or the taking of
24 any other action (including, for the avoidance of doubt, entering into any deposit account control
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1 agreement) to validate or perfect (in accordance with applicable non-bankruptcy law) the DIP
2 Liens or to entitle the DIP Lender to the priorities granted herein. Notwithstanding the
3 foregoing, the DIP Lender is authorized to file, as it deems necessary or advisable, such
4 financing statements, mortgages, notices, pledges and other instruments or documents to perfect
5 in accordance with applicable non-bankruptcy law or to otherwise evidence the DIP Liens, and
6 all such financing statements, mortgages, notices, pledges and other documents shall be deemed
7 to have been filed or recorded as of the Petition Date; provided, however that no such filing or
8 recordation shall be necessary or required in order to create, evidence or perfect the DIP Liens.
9
10 The Debtor is authorized to execute and deliver promptly upon demand to the DIP Lender all
11 such financing statements, mortgages, notices, pledges, instruments, and other documents as the
12 DIP Lender may reasonably request to evidence the DIP Liens. The DIP Lender may file a copy
13 of this Interim Order as a financing statement or notice with any filing or recording office or with
14 any registry of deeds or similar office, in addition to or in lieu of such financing statements,
15 mortgages, notices of lien, pledges, instruments, or similar documents. In addition, all rights of
16 the Prepetition Lender with respect to any and all financing statements, mortgages, control
17 agreements, deposit account control agreements, intercreditor agreements, credit card agreements
18 or notification requirements, notices and other instruments or documents made or entered into on
19 behalf of the Prepetition Lender with respect to the DIP Collateral and Prepetition Collateral
20 shall also inure to the DIP Lender.
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22
23 16. Application of Proceeds of Collateral, Payments and Collections. Except as
24 otherwise set forth in the DIP Credit Agreement, the Debtor agrees that proceeds of DIP
25 Collateral, any amounts held on account of the DIP Collateral, and all payments and collections
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1 received by the Debtor shall be applied as follows: (i) first, to the payment, of accrued and then-
2 unpaid Court-approved obligations forming part of the Carve Out that are currently owed, to the
3 extent not paid by Debtor; (ii) second, to reduce the DIP Obligations then due and owing in
4 accordance with the DIP Documents and this Interim Order; (iii) third, to any cash management
5 obligations then due and payable to DIP Lender, and (iv) forth, for use by the estate. Upon the
6 ~~initial funding~~ ^{approval} of the DIP Facility, ^{following the Final Hearing and subject} all Indebtedness under the Prepetition Credit Document shall
7 automatically and immediately be deemed to be Indebtedness under the DIP Documents except
8 that Letters of Credit outstanding under the Prepetition Credit Documents shall not be deemed to
9 be Letters of Credit under the DIP Documents. Upon entry of the Final Order, all obligations
10 outstanding under the Prepetition Credit Documents (except Letter of Credit Outstanding under
11 the Prepetition Credit Documents). shall automatically and immediately be deemed to be DIP
12 Obligations, and all Prepetition Credit Obligations shall be paid in full in cash from the DIP
13 Facility proceeds. Following the Termination Declaration Date or Termination Date, as the case
14 may be, prior to application of proceeds in the immediately preceding sentence funds sufficient
15 to fund the Carve Out shall first be wired to the Debtor. The Debtor shall hold these funds in an
16 interest-bearing account in trust for the benefit of parties claiming under the Carve-Out, and
17 upon satisfaction of all such claims any remaining funds shall be returned to the DIP Lender for
18 application in accordance with this paragraph 18.

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22 17. Proceeds of Subsequent Financing. Except as otherwise provided in the DIP
23 Credit Agreement, if the Debtor, any trustee, any examiner with enlarged powers, any
24 responsible officer or any other estate representative subsequently appointed in the Case or any
25 Successor Case, shall obtain credit or incur debt pursuant to Bankruptcy Code sections 364(b),
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subject
to
Paragraph
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below

1 364(c) or 364(d) in violation of the DIP Documents at any time prior to the indefeasible
2 repayment in full in cash of all DIP Obligations, and such financing is secured by any DIP
3 Collateral, then all the cash proceeds derived from such credit or debt shall immediately be
4 turned over to the DIP Lender to be applied as set forth in paragraph 18 herein.

5
6 18. Disposition of DIP Collateral; Rights of DIP Lender. Except for the specific
7 transactions contemplated in the DIP Credit Agreement or to the extent permitted under the DIP
8 Credit Agreement, the Debtor shall not sell, transfer, lease, encumber or otherwise dispose of any
9 portion of the DIP Collateral outside of the ordinary course of business without authorization by
10 this Court or the prior written consent of the DIP Lender (and no such consent shall be implied,
11 from any other action, inaction or acquiescence). The DIP Lender and the Prepetition Lender
12 have the right to credit bid for any asset or assets of the Debtor offered at a sale, lease or other
13 disposition of Prepetition Collateral or DIP Collateral outside the ordinary course of business
14 (including any auction or other similar sales), and may, if the Prepetition Lender or DIP Lender
15 purchases such asset or assets, offset its secured claim against the purchase price of such asset or
16 assets.
17

18 19. Postpetition Financing Termination. On the Termination Date, (a) the DIP
19 Lender shall be entitled to enforce its rights and remedies under the DIP Documents, and (b) all
20 authority to use Cash Collateral shall cease, provided, however, that during the Remedies Notice
21 Period (as defined herein), the Debtor may use Cash Collateral solely as set forth in paragraphs
22 11 and 16 herein.
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1 20. Events of Default. The following shall constitute an event of default under this
2 Interim Order, unless waived in writing by the DIP Lender (the "Events of Default"): the
3 occurrence of any "Event of Default" under the DIP Credit Agreement.

4 21. Rights and Remedies Upon Event of Default. Subject to any applicable cure
5 period, and except as otherwise provided in the DIP Credit Agreement or herein, upon the
6 occurrence and during the continuation of an Event of Default under the DIP Credit Agreement,
7 (a) the DIP Lender may declare (i) all DIP Obligations to be immediately due and payable, (ii)
8 the termination, reduction or restriction of any further commitment to extend credit to the Debtor
9 to the extent any such commitment remains, and/or (iii) the termination of the DIP Credit
10 Agreement and any other DIP Document as to any future liability or obligation of the DIP
11 Lender, but without affecting any of the DIP Liens or the DIP Obligations, and (b) the DIP
12 Lender may declare a termination, reduction or restriction on the ability of the Debtor to use
13 Cash Collateral, except as provided in paragraphs 11 and 16 hereof during the Remedies Notice
14 Period, and any such declaration, shall be referred to herein as a "Termination Declaration". The
15 Termination Declaration shall be given by facsimile (or other electronic means) to the Debtor,
16 counsel for the Debtor, counsel for any Creditors' Committee, and the U.S. Trustee (the date any
17 such Termination Declaration is made shall be referred to herein as the "Termination Declaration
18 Date.") The use of Cash Collateral shall automatically cease on the Termination Declaration
19 Date, except as provided in paragraphs 11 and 16 during the Remedies Notice Period. Any
20 automatic stay otherwise applicable to any of the DIP Lender or Prepetition Lender is hereby
21 modified so that five (5) business days after the Termination Declaration Date (the "Remedies
22 Notice Period"), (A) the DIP Lender shall be entitled to exercise all rights and remedies against
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1 the DIP Collateral in accordance with the DIP Documents and this Interim Order and shall be
2 permitted to satisfy the DIP Obligations, DIP Superpriority Claim and DIP Liens, subject to
3 paragraph 16 and the Carve Out. During the Remedies Notice Period, the Debtor and any
4 Creditors' Committee shall be entitled to seek an emergency hearing with the Court for the sole
5 purpose of contesting whether an Event of Default has occurred, or to the extent of an applicable
6 cure period (if any) such Event of Default was cured within the applicable cure period as
7 provided under the DIP Documents. Unless the Court determines during the Remedies Notice
8 Period that an Event of Default has not occurred, or to the extent of an applicable cure period (if
9 any) was cured within the applicable cure period as provided under the DIP Documents, the
10 automatic stay shall automatically be terminated at the end of the Remedies Notice Period
11 without further notice or order and the DIP Lender and Prepetition Lender shall be permitted to
12 exercise all remedies set forth herein, in the DIP Credit Agreement and the DIP Documents, as
13 applicable, against the DIP Collateral and/or Prepetition Collateral, without further order of or
14 application or motion to the Court, and without restriction or restraint by any stay under sections
15 362 or 105 of the Bankruptcy Code, or otherwise, against the enforcement of the liens and
16 security interests in the DIP Collateral, or any other rights and remedies granted to the DIP
17 Lender with respect thereto pursuant to the DIP Credit Agreement, DIP Documents, or this
18 Interim Order. Any remedies taken affecting any leases or premises subject to any leases shall
19 be in accordance with applicable federal and state law, the Bankruptcy Code (including, but not
20 limited to, the nondebtor parties' rights thereunder), the governing leases, consent of the
21 applicable landlord (if required), or as otherwise ordered by the Court.
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1 22. Good Faith Under Section 364(e) of the Bankruptcy Code; No Modification or
2 Stay of this Interim Order. The DIP Lender has acted in good faith in connection with the DIP
3 Loan and this Interim Order, and its reliance on this Interim Order is in good faith. Based on the
4 findings set forth in this Interim Order and the record made during the Interim Hearing, and in
5 accordance with section 364(e) of the Bankruptcy Code, in the event any or all of the provisions
6 of this Interim Order are hereafter modified, amended or vacated by a subsequent order of this
7 Court or any other court, the DIP Lender is entitled to the protections provided in section 364(e)
8 of the Bankruptcy Code. Any such modification, amendment or vacatur shall not affect the
9 extent, validity, perfection, priority, allowability, enforceability or non-avoidability of any
10 advances previously made or made hereunder, or lien, claim or priority granted, perfected,
11 authorized or created hereby. Any liens or claims granted to the DIP Lender hereunder arising
12 prior to the effective date of any such modification, amendment or vacatur of this Interim Order
13 shall be governed in all respects by the original provisions of this Interim Order, including
14 entitlement to all rights, remedies, privileges and benefits granted herein.
15

16 23. Proofs of Claim. The DIP Lender and Prepetition Lender will not be required to
17 file proofs of claim in any of the Case or any Successor Case, and the Debtor' Stipulations in
18 paragraph D of this Interim Order shall be deemed to constitute a timely filed proof of claim.
19 Any order entered by the Court in connection with the establishment of a bar date for any claim
20 (including without limitation administrative claims) in the Case or any Successor Case shall not
21 apply to the DIP Lender or the Prepetition Lender.
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23 24. Rights of Access and Information. Without limiting the rights of access and
24 information afforded the DIP Lender under the DIP Documents or the Prepetition Lender under
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1 the Prepetition Credit Documents, the Debtor shall be, and hereby is, required to afford
2 representatives, agents and/or employees of the Prepetition Lender and DIP Lender reasonable
3 access to the Debtor' premises and its books and records in accordance with the Prepetition
4 Documents and DIP Documents, as the case may be, and Debtor shall reasonably cooperate,
5 consult with, and provide to Prepetition Lender and DIP Lender all such non-privileged
6 information as may be reasonably requested.
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8 25. Carve Out.

9 (a) Carve Out. As used in this Interim Order, the "Carve Out" means the
10 following: (i) statutory fees payable to the United States Trustee pursuant to 28 U.S.C.
11 § 1930(a)(6) (the "US Trustee Carve Out"); (ii) subject to the terms and conditions of this
12 Interim Order, the unpaid professional fees and disbursements incurred by the Debtor for any
13 professionals retained by final order of the Court (which order has not been reversed, vacated, or
14 stayed, unless such stay has been vacated) by the Debtor under sections 327 or 363 of the
15 Bankruptcy Code (the "Debtor Professionals") incurred prior to the business day immediately
16 following the Termination Declaration Date and, to the extent allowed or later allowed by order
17 of the Court (which order has not been reversed, vacated, or stayed, unless such stay has been
18 vacated) under sections 328, 330 and/or 331 of the Bankruptcy Code and any interim
19 compensation procedures order, plus Debtor Professionals fees from and after the business day
20 immediately following the earlier to occur of the Termination Declaration Date (collectively, the
21 "Debtor Professionals Carve Out"), and (iii) subject to the terms and conditions of this Interim
22 Order, the unpaid professional fees and disbursements incurred by any Committee for any
23 professionals retained by final order of the Court (which order has not been reversed, vacated, or
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1 stayed, unless such stay has been vacated) by any Committee under sections 327 or 1103(a) of
2 the Bankruptcy Code (the "Committee Professionals"), to the extent allowed or later allowed by
3 order of the Court (which order has not been reversed, vacated, or stayed, unless such stay has
4 been vacated) under sections 328, 330 and/or 331 of the Bankruptcy Code and any interim
5 compensation procedures order (the "Committee Professional Fees Carve Out"). The US
6 Trustee Carve Out, Debtor Professionals Carve Out and Committee Professionals Carve Out, in
7 the aggregate shall not exceed \$500,000. If and to the extent that the US Trustee Carve out, the
8 Debtor Professionals Carve out, and the Committee professional Carve Out exceeds in the
9 aggregate, \$500,000, the Bankruptcy Court will determine the ratable distribution of the Carve
10 Out.
11

12 (b) No Direct Obligation to Pay Professional Fees; No Waiver of Right to
13 Object to Fees. The DIP Lender and Prepetition Lender shall not be responsible for the direct
14 payment or reimbursement of any fees or disbursements of any professionals retained by the
15 Debtor or any Creditors' Committee pursuant to sections 327 and 1103 of the Bankruptcy Code
16 (the "Case Professionals") incurred in connection with the Case or any Successor Case under any
17 chapter of the Bankruptcy Code. Nothing in this Interim Order or otherwise shall be construed
18 (i) to obligate the DIP Lender or Prepetition Lender, in any way to pay compensation to or to
19 reimburse expenses of any Case Professional, or to guarantee that the Debtor has sufficient funds
20 to pay such compensation or reimbursement; (ii) to increase the Carve Out if actual Allowed
21 Professional Fees are higher in fact than reflected in the Budget or estimated fees and
22 disbursements of Case Professional reflected in any Borrowing Base Certificate; or (iii) as
23 consent to the allowance of any professional fees or expenses of any Case Professionals. The
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1 Carve Out and the payment of Debtor Professionals and the Committee Professionals shall be
2 satisfied only from the proceeds of DIP Collateral. Any funding of the Carve Out shall be added
3 to and made a part of the DIP Obligations and secured by the DIP Collateral and otherwise
4 entitled to the protections granted under this Interim Order, the DIP Documents, the Bankruptcy
5 Code and applicable law. The DIP Lender's liens and claims shall, however, be subject to the
6 Carve Out as set forth in this Interim Order.
7

8 26. Limitations on the DIP Facility, the DIP Collateral, the Cash Collateral and the
9 Carve Out. The DIP Facility, the DIP Collateral, the Cash Collateral (subject to the limited use
10 of Cash Collateral during the Remedies Notice Period, as set forth in paragraph 11 above), and
11 the Carve Out may not be used in connection with: (a) preventing, hindering, or delaying any of
12 the DIP Lender's or Prepetition Lender's enforcement or realization upon any of the DIP
13 Collateral once an Event of Default has occurred; (b) using or seeking to use Cash Collateral or
14 selling or otherwise disposing of DIP Collateral without the consent of the DIP Lender, except to
15 the extent permitted under the DIP Credit Agreement; (c) using or seeking to use any insurance
16 proceeds constituting DIP Collateral without the consent of the DIP Lender, except to the extent
17 permitted under the DIP Credit Agreement; (d) incurring indebtedness without the prior consent
18 of the DIP Lender, except to the extent permitted under the DIP Credit Agreement; (e) objecting
19 to or challenging in any way the claims, liens, or interests (including interests in the Prepetition
20 Collateral or DIP Collateral) held by or on behalf of the Prepetition Lender or DIP Lender; (f)
21 asserting, commencing or prosecuting any claims or causes of action whatsoever, including,
22 without limitation, any actions under chapter 5 of the Bankruptcy Code, against the Prepetition
23 Lender or DIP Lender; or (g) prosecuting an objection to, contesting in any manner, or raising
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1 any defenses to, the validity, extent, amount, perfection, priority, or enforceability of any of the
2 Prepetition Credit Obligations, Prepetition Liens, DIP Obligations or DIP Liens or any other
3 rights or interests of the Prepetition Lender or DIP Lender. Notwithstanding the foregoing, the
4 DIP Facility, the DIP Collateral, the Cash Collateral, and the Committee Professionals Carve Out
5 may be used in an amount not to exceed \$50,000 in the aggregate for Allowed Professional Fees
6 incurred by the Creditors' Committee to investigate the validity, enforceability, perfection,
7 priority or extent of the Prepetition Liens or claims within sixty (60) days following the
8 selection of counsel to the Creditors' Committee.
9

10 27. Reservation of Certain Third Party Rights and Bar of Challenges and Claims. A
11 party in interest (other than the Debtor), including any Creditors' Committee, may seek to avoid,
12 object to or otherwise challenge the findings or Debtor' Stipulations regarding (a) the validity,
13 extent, priority, or perfection of the mortgages, security interests, and liens of the Prepetition
14 Lender or (b) the validity, allowability, priority, fully secured status or amount of the Prepetition
15 Credit Obligations (notwithstanding the payment of any such Prepetition Credit Obligations or
16 conversion of any such Prepetition Credit Obligations to DIP Obligations). Any such party in
17 interest (other than the Debtor) must commence, as appropriate, a contested matter or adversary
18 proceeding raising such claim, objection, defense, or other challenge, including, without
19 limitation, any claim against any Prepetition Lender in the nature of a setoff, counterclaim or
20 defense to the applicable Prepetition Credit Obligations or Prepetition Liens (each, a
21 "Challenge") within sixty (60) calendar days after the formation of a Creditors' Committee by
22 the U.S. Trustee (together, the "Challenge Period"). The Challenge Period with respect to
23 interests of the Prepetition Lender may only be extended with the written consent of the
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1 Prepetition Lender, or as such Challenge Period is otherwise extended by order of the Court.
2 Upon the expiration of the Challenge Period (the "Challenge Period Termination Date"), without
3 the filing of a Challenge (or if any such Challenge is filed and overruled): (A) any and all such
4 Challenges by any party (including, without limitation, any Creditors' Committee, any chapter
5 11 trustee, and/or any examiner or other estate representative appointed or elected in these Cases,
6 and any chapter 7 trustee and/or examiner or other estate representative appointed or elected in
7 any Successor Case), shall be deemed to be forever waived and barred, and (B) all of the Debtor'
8 Stipulations, waivers, releases, affirmations and other stipulations as to the priority, extent, and
9 validity as to the Prepetition Lender's claims, liens, and interests shall be of full force and effect
10 and forever binding upon all the Debtor' estates and all creditors, interest holders, and other
11 parties in interest in the Cases and any Successor Case. To the extent that a Challenge is timely
12 filed but does not expressly challenge all of the Debtor' Stipulations, or to the extent that no
13 Challenge is timely filed, all such unchallenged Debtor' Stipulations shall be of full force and
14 effect and forever binding upon all the Debtor' estates and all creditors, interest holders, and
15 other parties in interest in the Cases and any Successor Case, notwithstanding any timely-filed
16 Challenge. Upon a successful Challenge brought pursuant to this paragraph, the Court may
17 fashion any appropriate remedy, including ordering the disgorgement of any payments or
18 unwinding of any conversion of any Prepetition Credit Obligations to DIP Obligations that
19 would not have been paid or converted had the Challenge been successful prior to such payment
20 or conversion.
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1 28. No Third Party Rights. Except as explicitly provided for herein, this Interim
2 Order does not create any rights for the benefit of any third party, creditor, equity holder or any
3 direct, indirect, or incidental beneficiary.

*and subject to Paragraph 27
above*

4 29. Section 506(c) Claims. Subject to entry of the Final Order, no costs or expenses
5 of administration or similar charges, cost or expenses which have been or may be incurred in the
6 Cases at any time shall be charged against the DIP Lender or Prepetition Lender or any of its
7 respective claims, the DIP Collateral or the Prepetition Collateral pursuant to section 105 or
8 506(c) of the Bankruptcy Code, without the prior express written consent (before such expense is
9 incurred) of the affected DIP Lender or Prepetition Lender, and no such consent shall be implied,
10 directly or indirectly, from any action, inaction, or acquiescence by any such agents or lenders.

11 30. No Marshaling/Applications of Proceeds. The DIP Lender and Prepetition
12 Lender shall not be subject to the equitable doctrine of “marshaling” or any other similar
13 doctrine with respect to any of the DIP Collateral or the Prepetition Collateral.

Subject to Paragraph 27 above

14 31. Section 552(b). The DIP Lender shall be entitled to all of the rights and benefits
15 of section 552(b) of the Bankruptcy Code, and the “equities of the case” exception under section
16 552(b) of the Bankruptcy Code shall not apply to the Prepetition Lender with respect to
17 proceeds, product, offspring or profits of any of the Prepetition Collateral.

18 32. Discharge Waiver. The Debtor expressly stipulates, and the Court finds and
19 adjudicates that, the DIP Obligations shall not be discharged by the entry of an order confirming
20 any plan of reorganization, notwithstanding the provisions of sections 524 and/or 1141(d) of the
21 Bankruptcy Code, unless the DIP Obligations have been paid in full in cash on or before the
22 effective date of a confirmed plan of reorganization. The Debtor shall not propose or support
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1 any plan of reorganization or sale of all or substantially all of the Debtor' assets or entry of any
2 confirmation order or sale order that is not conditioned upon the payment in full in cash, on the
3 effective date of such plan of reorganization or such sale, of all DIP Obligations and all
4 Prepetition Credit Obligations and the cancellation, backlog, or cash collateralization of all
5 letters of credit issued or deemed issued under the DIP Documents and the Prepetition Credit
6 Documents.
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8 33. Rights Preserved.

9 (a) Notwithstanding anything herein to the contrary, during the existence of
10 an uncured Event of Default under the DIP Facility, the entry of this Interim Order is without
11 prejudice to, and does not constitute a waiver of, expressly or implicitly: (a) the DIP Lender's or
12 Prepetition Lender's right to seek any other or supplemental relief, including the right to seek
13 additional adequate protection (without prejudice to any other person's right to object to or
14 otherwise oppose such additional adequate protection); (b) any of the rights of the DIP Lender or
15 Prepetition Lender under the Bankruptcy Code or under non-bankruptcy law, including, without
16 limitation, the right to (i) request modification of the automatic stay of section 362 of the
17 Bankruptcy Code, (ii) request dismissal of any of the Case or any Successor Case, conversion of
18 any Case to a case under chapter 7, or appointment of a chapter 11 trustee or examiner with
19 expanded powers, (iii) propose, subject to the provisions of section 1121 of the Bankruptcy
20 Code, a chapter 11 plan or plans; or (iv) seek additional adequate protection. Notwithstanding
21 anything herein to the contrary, the entry of this Interim Order is without prejudice to, and does
22 not constitute a waiver of, expressly or implicitly, the Debtor's right to oppose any of the relief
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1 requested in accordance with the immediately preceding sentence, except as expressly set forth
2 in this Interim Order.

3 (b) Other than as expressly set forth in this Interim Order, any other rights,
4 claims or privileges (whether legal, equitable or otherwise) of the DIP Lender and Prepetition
5 Lender are preserved.

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7 34. No Waiver by Failure to Seek Relief. The failure of the DIP Lender or
8 Prepetition Lender, to seek relief or otherwise exercise its respective rights and remedies under
9 this Interim Order, the DIP Documents or applicable law, as the case may be, or to file an
10 objection to the Debtor's use of Cash Collateral except in accordance with this Interim Order,
11 shall not constitute a waiver of any of the rights hereunder, thereunder, or otherwise of DIP
12 Lender or Prepetition Lender, as applicable.

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14 35. Binding Effect of Interim Order. Immediately upon entry by this Court
15 (notwithstanding any applicable law or rule to the contrary), the terms and provisions of this
16 Interim Order shall become valid and binding upon and inure to the benefit of the Debtor and the
17 DIP Lender, all other creditors of the Debtor, any Creditors' Committee or any other court
18 appointed committee appointed in any Case, and all other parties in interest and their respective
19 successors and assigns, including any trustee or other fiduciary hereafter appointed in any of the
20 Cases, any Successor Case, or upon dismissal of the Case or any Successor Case.

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22 36. No Modification of Interim Order. Until and unless the DIP Obligations and
23 Prepetition Credit Obligations have been indefeasibly paid in full in cash, and all letters of credit
24 issued or deemed issued under the DIP Facility and Prepetition Facility shall have been
25 cancelled, backed, or cash collateralized in accordance with the terms thereof (such payment
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1 being without prejudice to any terms or provisions contained in the DIP Facility which survive
2 such discharge by its terms), and all commitments to extend credit under the DIP Facility have
3 been terminated, the Debtor irrevocably waives the right to seek and shall not seek or consent to,
4 directly or indirectly: (a) without the prior written consent of the DIP Lender (i) any
5 modification, stay, vacatur or amendment to this Interim Order (and no such consent shall be
6 implied by any other action, inaction or acquiescence of the DIP Lender); or (ii) a priority claim
7 for any administrative expense or unsecured claim against the Debtor (now existing or hereafter
8 arising of any kind or nature whatsoever, including, without limitation any administrative
9 expense of the kind specified in sections 503(b), 507(a) or 507(b) of the Bankruptcy Code) in the
10 Case or any Successor Case equal or superior to the DIP Superpriority Claim, other than the
11 Carve Out; (b) upon entry of the Final Order, without the prior written consent of the DIP
12 Lender, any order allowing use of Cash Collateral (other than as permitted during the Remedies
13 Notice Period); and (c) without the prior written consent of the DIP Lender and Prepetition
14 Lender, any lien on any of the DIP Collateral or Prepetition Collateral with priority equal or
15 superior to the DIP Liens, except as specifically provided in the DIP Documents.
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18 37. Interim Order Controls. In the event of any inconsistency between the terms and
19 conditions of the DIP Documents and this Interim Order, the provisions of this Interim Order
20 shall govern and control.
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22 38. Survival. The provisions of this Interim Order and any actions taken pursuant
23 hereto shall survive entry of any order which may be entered: (a) confirming any plan of
24 reorganization in the Case; (b) converting the Case to a case under chapter 7 of the Bankruptcy
25 Code; (c) dismissing the Case or any Successor Case; (d) discharging the Debtor; or (e) pursuant
26

1 to which this Court abstains from hearing the Case or any Successor Case. The terms and
2 provisions of this Interim Order, including the claims, liens, security interests and other
3 protections granted to the DIP Lender and Prepetition Lender pursuant to this Interim Order
4 and/or the DIP Documents, notwithstanding the entry of any such order, shall continue in the
5 Case, in any Successor Case, or following dismissal of the Case or any Successor Case, and shall
6 maintain its priority as provided by this Interim Order until all DIP Obligations have been
7 indefeasibly paid in full in cash, all letters of credit issued or deemed issued under the DIP
8 Facility shall have been cancelled, backed, or cash collateralized in accordance with the terms
9 thereof, and all commitments to extend credit under the DIP Facility are terminated.
10

11 39. Final Hearing. The Final Hearing to consider entry of the Final Order and final
12 approval of the DIP Facility is scheduled for _____, 2009 at _____ .m.
13 (Mountain Standard Time) before the Honorable _____, United States
14 Bankruptcy Judge, Courtroom ____ at the United States Bankruptcy Court for the District of
15 Arizona. On or before _____, 2009, the Debtor shall serve, by United States mail,
16 first-class postage prepaid, notice of the entry of this Interim Order and of the Final Hearing (the
17 "Final Hearing Notice"), together with a copy of this Interim Order and the DIP Motion, on: (a)
18 the parties having been given notice of the Interim Hearing; (b) any party which has filed prior to
19 such date a request for notices with this Court; and (c) counsel for any Creditors' Committee.
20 Any objections shall be served to: (i) counsel for the Debtor, attn: Cary Forrester, Esq., Forrester,
21 Worth & Green, PLLC, 3636 North Central Avenue, Suite 700, Phoenix, Arizona 85012-1927;
22 (ii) counsel to Creditors' Committee; (iii) counsel to the DIP Lender and Prepetition Lender,
23 attn: John Clemency, Esq. and Julie Rystad, Esq., Gallagher & Kennedy, P.A., 2575 East
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Camelback Road, Suite, 1100, Phoenix, Arizona 85016; and (iv) the Office of the United States Trustee for the District of Arizona.

40. Effect of this Interim Order. This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be enforceable *nunc pro tunc* to the Petition Date immediately upon execution hereof.

41. Retention of Jurisdiction. The Court has and will retain jurisdiction to enforce this Interim Order according to its terms.

SO ORDERED by the Court this th12 day of November, 2009.

Randolph J. Haines
~~Dated and signed above.~~
U.S. Bankruptcy Judge

SCHEDULE 1

NutraCea

Projections Provided by Management

Chapter 11 Cash Flow Projections: 26 Week Scenario

Projections for week ending:

	11/14/09	11/21/09	11/28/09	12/05/09	12/12/09	12/19/09	12/26/09	01/02/10	01/09/10	01/16/10	01/23/10	01/30/10	02/06/10	02/13/10	02/20/10	02/27/10	03/06/10	03/13/10	03/20/10
Net Revenues - West/South	\$ 120,000	\$ 180,000	\$ 240,000	\$ 240,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000
Net Revenues - Menominee	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 100,000	\$ 100,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Net Revenues - Biomina	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenues - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 160,000	\$ 220,000	\$ 280,000	\$ 280,000	\$ 310,000	\$ 310,000	\$ 310,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 360,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000

	11/14/09	11/21/09	11/28/09	12/05/09	12/12/09	12/19/09	12/26/09	01/02/10	01/09/10	01/16/10	01/23/10	01/30/10	02/06/10	02/13/10	02/20/10	02/27/10	03/06/10	03/13/10	03/20/10
Accounts Receivable	140,000	150,000	150,000	150,000	150,000	160,000	220,000	280,000	280,000	310,000	310,000	330,000	330,000	360,000	380,000	380,000	380,000	380,000	380,000
Asset Monetization				115,500				115,500											
Other Receipts				150,000				220,000											

DISBURSEMENTS

Distribution	140,000	150,000	150,000	255,500	150,000	322,000	220,000	395,500	280,000	310,000	310,000	330,000	445,500	735,000	735,000	880,000	495,500	380,000	380,000
Raw Materials - Biomina	105,000	115,000	145,000	145,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Raw Materials - Non Biomina	28,000	28,000	28,000	20,500	20,500	20,500	20,500	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Payroll	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Raw Materials - Biomina	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Freight - Inbound	142,000	177,000	182,000	199,500	199,500	424,500	199,500	222,000	197,000	422,000	197,000	222,000	197,000	222,000	197,000	222,000	197,000	222,000	197,000
General																			
Payroll	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000
Employer Costs - Benefits and Miscellaneous	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Employer Costs - Other Labor	7,500	7,500	7,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
Employer Taxes	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Rent																			
Rent - Corporate Office	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Freight Out	35,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Freight Out - Biomina	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Utilities	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Insurance	30,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Outside Services - Legal	50,000	50,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Outside Services - Accounting	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Outside Services - Other - SEC Legal	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Traffic																			
Office Supplies																			
Mortgage Interest - DIP Interest																			
Mortgage Loan Repayment																			
Other	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total Disbursements	196,500	391,500	74,000	477,800	124,000	244,000	144,000	508,300	109,000	274,000	74,000	394,000	245,300	244,000	24,000	394,000	243,300	244,000	271,000

NET CASH FLOW BEFORE NON-RECURRING

	(198,500)	(418,500)	(106,600)	(411,800)	(173,500)	(146,500)	(123,500)	(334,800)	(26,000)	(386,000)	39,000	(286,000)	5,200	269,000	464,000	(236,000)	55,200	(86,000)	109,000
NET CASH FLOW BEFORE NON-RECURRING	(198,500)	(418,500)	(106,600)	(411,800)	(173,500)	(146,500)	(123,500)	(334,800)	(26,000)	(386,000)	39,000	(286,000)	5,200	269,000	464,000	(236,000)	55,200	(86,000)	109,000

NET CASH FLOW AFTER ASSET MONETIZATION AND REORGANIZATION EXPENSES

	990,093	612,272	559,578	236,542	(47,500)	(47,500)	960,528	622,533	589,993	282,093	309,433	251,533	484,833	524,573	3,351,313	3,067,813	3,093,597	2,960,093	2,960,093
NET CASH FLOW AFTER ASSET MONETIZATION AND REORGANIZATION EXPENSES	990,093	612,272	559,578	236,542	(47,500)	(47,500)	960,528	622,533	589,993	282,093	309,433	251,533	484,833	524,573	3,351,313	3,067,813	3,093,597	2,960,093	2,960,093
Beginning Cash Balance	26,939	990,093	612,272	(411,800)	(173,500)	(146,500)	(123,500)	(334,800)	(26,000)	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Net Cash Flow	(198,500)	(418,500)	(106,600)	(411,800)	(173,500)	(146,500)	(123,500)	(334,800)	(26,000)	39,000	(286,000)	5,200	269,000	464,000	(236,000)	55,200	(86,000)	18,080	109,000
DIP Proceeds	1,161,634	40,679	53,307	88,763	73,191	432,100	54,695	44,305	40,960	100,000	250,000	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)
Asset Monetization Cash																			
Less: Professional Fees																			
Ending Cash Balance	1,161,634	1,202,313	1,255,619	1,344,383	1,417,574	1,849,674	1,904,369	1,948,674	1,989,634	2,015,234	2,051,074	2,076,674	2,152,274	2,180,754	2,180,754	2,180,754	2,198,834	2,198,834	2,198,834
Total Available Funds		40,679	53,307	88,763	73,191	432,100	54,695	44,305	40,960	23,600	35,840	23,600	275,600	(181,760)	10,240	18,080	18,080	18,080	18,080
Increases/Decreases/ Borrowing Base																			

NutraCea
Projections Provided by Management

Chapter 11 Cash Flow Projections: 26 Week 5
Pro-forma for week ending:

	03/27/10	04/03/10	04/10/10	04/17/10	04/24/10	05/01/10	05/08/10	TOTALS
Net Revenues - West Sedillon	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 6,460,000
Net Revenues - Merriemau	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	2,560,000
Net Revenues - Bioslime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	375,000
Net Revenues - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9,395,000
Total Revenues	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	9,395,000

	03/27/10	04/03/10	04/10/10	04/17/10	04/24/10	05/01/10	05/08/10	TOTALS
RECEIPTS								
Accounts Receivable	380,000	380,000	380,000	380,000	380,000	380,000	380,000	8,235,000
Asset Monetization	-	-	-	-	-	-	-	737,000
Other Receipts	-	-	-	-	-	-	-	577,500
Total Receipts	380,000	380,000	380,000	380,000	380,000	380,000	380,000	9,549,500

	03/27/10	04/03/10	04/10/10	04/17/10	04/24/10	05/01/10	05/08/10	TOTALS
DISBURSEMENTS								
Distribution								
Raw Materials - Brom	170,000	170,000	170,000	170,000	170,000	170,000	170,000	4,250,000
Raw Materials - Non-Brom	18,000	18,000	18,000	18,000	18,000	18,000	18,000	508,000
Payroll	25,000	25,000	25,000	25,000	25,000	25,000	25,000	325,000
Raw Materials - Bioslime	9,000	9,000	9,000	9,000	9,000	9,000	9,000	400,000
Freight - Inbound	222,000	197,000	222,000	197,000	222,000	197,000	222,000	234,000
Total Disbursements	380,000	495,500	380,000	380,000	380,000	380,000	380,000	5,171,000

	03/27/10	04/03/10	04/10/10	04/17/10	04/24/10	05/01/10	05/08/10	TOTALS
General								
Payroll	154,000	154,000	154,000	154,000	154,000	154,000	154,000	2,002,000
Employer Costs - Benefits and Miscellaneous	74,000	4,000	4,000	74,000	74,000	74,000	74,000	542,000
Employer Costs - Other Labor	12,000	32,500	12,000	12,000	12,000	12,000	12,000	177,500
Employer Taxes	12,000	18,000	18,000	18,000	18,000	18,000	18,000	156,000
Rent	13,000	20,000	13,000	13,000	13,000	13,000	13,000	108,000
Freight Out	13,000	13,000	13,000	13,000	13,000	13,000	13,000	340,000
Utilities	12,000	12,000	12,000	12,000	12,000	12,000	12,000	338,000
Insurance	5,000	5,000	5,000	5,000	5,000	5,000	5,000	70,000
Outside Services - Legal	55,000	5,000	5,000	5,000	5,000	5,000	5,000	312,000
Outside Services - Accounting	15,000	15,000	15,000	15,000	15,000	15,000	15,000	312,000
Outside Services - Other - SEC Legal	4,000	4,000	4,000	4,000	4,000	4,000	4,000	104,000
Travel	48,300	48,300	48,300	48,300	48,300	48,300	48,300	289,800
Office Supplies	50,500	50,500	50,500	50,500	50,500	50,500	50,500	252,500
Mortgage Interest - DIP Interest	25,000	25,000	25,000	25,000	25,000	25,000	25,000	650,000
Mortgage Loan Repayment	399,000	225,500	262,000	74,000	314,000	222,800	332,000	6,024,800
Other	621,000	422,500	484,000	271,000	536,000	419,800	554,000	12,073,800
Total Disbursements	(241,000)	73,200	(104,000)	109,000	(156,000)	(39,800)	(174,000)	(2,524,300)

	03/27/10	04/03/10	04/10/10	04/17/10	04/24/10	05/01/10	05/08/10	TOTALS
NET CASH FLOW BEFORE NON-RECURRING	(241,000)	73,200	(104,000)	109,000	(156,000)	(39,800)	(174,000)	(2,524,300)
NET CASH FLOW BEFORE NON-RECURRING	(241,000)	73,200	(104,000)	109,000	(156,000)	(39,800)	(174,000)	(2,524,300)

	03/27/10	04/03/10	04/10/10	04/17/10	04/24/10	05/01/10	05/08/10	TOTALS
NET CASH FLOW AFTER ASSET MONETIZATION	3,371,595	3,083,693	3,126,873	2,975,373	3,136,873	2,933,373	2,846,073	(2,524,300)
Beginning Cash Balance	(241,000)	73,200	(104,000)	109,000	(156,000)	(39,800)	(174,000)	2,216,914
Net Cash Flow	18,080	18,080	100,000	(47,500)	(47,500)	(47,500)	(47,500)	3,950,000
DIP Proceeds	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(1,045,000)
Asset Monetization Cash	3,083,693	3,126,873	2,975,373	3,136,873	2,933,373	2,846,073	2,846,073	2,997,614
Less: Professional Fees	3,083,693	3,126,873	2,975,373	3,136,873	2,933,373	2,846,073	2,846,073	(1,045,000)
Ending Cash Balance	2,198,834	2,216,914	2,216,914	2,216,914	2,216,914	2,216,914	2,216,914	18,080
Wells Fargo Available Funds:								
Total Available Funds	2,198,834	2,216,914	2,216,914	2,216,914	2,216,914	2,216,914	2,216,914	18,080
Increase/(Decrease) Borrowing Base								

NutraCea
 Projections Provided by Management
 Chapter 11 Cash Flow Projections: 26 Week Scenario

Pro-Forma for week ending:

	11/14/09	11/21/09	11/28/09	12/05/09	12/12/09	12/19/09	12/26/09	01/02/10	01/09/10	01/16/10	01/23/10	01/30/10	02/06/10	02/13/10	02/20/10	02/27/10	03/06/10	03/13/10
Net Revenues - West Sea/Dillon	\$ 120,000	\$ 180,000	\$ 240,000	\$ 240,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000
Net Revenues - Merriman	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 60,000	\$ 60,000	\$ 80,000	\$ 80,000	\$ 100,000	\$ 100,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Net Revenues - Biosime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenues - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 160,000	\$ 220,000	\$ 280,000	\$ 280,000	\$ 310,000	\$ 310,000	\$ 330,000	\$ 330,000	\$ 360,000	\$ 360,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000
RECEIPTS																		
Accounts Receivable	140,000	150,000	150,000	150,000	150,000	160,000	220,000	280,000	280,000	310,000	310,000	310,000	330,000	360,000	380,000	380,000	380,000	380,000
Accounts Payable - Biosime	-	-	-	-	-	367,000	-	-	-	-	-	-	-	-	-	-	-	-
Asset Monetization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DISBURSEMENTS																		
Distribution	140,000	150,000	150,000	150,000	150,000	160,000	220,000	280,000	280,000	310,000	310,000	310,000	330,000	360,000	380,000	380,000	380,000	380,000
Raw Materials - Bran	105,000	115,000	145,000	145,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Raw Materials - Non-Bran	28,000	28,000	28,000	28,000	20,500	20,500	20,500	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Payroll	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Raw Materials - Biosime	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Freight - Inbound	142,000	177,000	182,000	199,500	199,500	200,000	222,000	222,000	222,000	222,000	222,000	222,000	222,000	222,000	222,000	222,000	222,000	222,000
General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000
Employer Costs - Benefits and Miscellaneous	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000
Employer Costs - Other Labor	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Employer Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Rent - Corporate Office	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Freight Out - Biosime	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Utilities	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Insurance	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Outside Services - Legal	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Outside Services - Accounting	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Outside Services - Other - SEC Legal	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Travel	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Office Supplies	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Mortgage Interest - DIP Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage Loan Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total Disbursements	196,500	391,500	74,000	427,800	124,000	244,000	144,000	224,000	224,000	199,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
NET CASH FLOW BEFORE NON-RECURRING	(198,500)	(418,500)	(106,000)	(411,800)	(173,500)	(146,500)	(123,800)	(26,000)	(26,000)	(36,000)	(39,000)	(38,000)	(39,000)	(38,000)	(39,000)	(38,000)	(38,000)	(38,000)
NET CASH FLOW BEFORE NON-RECURRING	(198,500)	(418,500)	(106,000)	(411,800)	(173,500)	(146,500)	(123,800)	(26,000)	(26,000)	(36,000)	(39,000)	(38,000)	(39,000)	(38,000)	(39,000)	(38,000)	(38,000)	(38,000)
NET CASH FLOW AFTER ASSET MONETIZATION AND REORGANIZATION EXPENSES	26,959	990,093	612,272	559,578	236,542	88,733	326,833	960,528	622,533	589,993	282,093	309,433	251,533	484,833	524,573	3,351,313	3,093,593	2,960,093
Beginning Cash Balance	(198,500)	(418,500)	(106,000)	(411,800)	(173,500)	(146,500)	(123,800)	(26,000)	(26,000)	(36,000)	(39,000)	(38,000)	(39,000)	(38,000)	(39,000)	(38,000)	(38,000)	(38,000)
Net Cash Flow	1,161,634	40,679	53,307	88,763	73,191	432,100	54,695	44,305	40,960	25,600	35,840	25,600	275,600	(181,760)	10,240	18,080	18,080	3,131,313
DIP Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Monetization Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Professional Fees	990,093	612,272	559,578	236,542	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)	(47,500)
Ending Cash Balance	1,161,634	1,202,313	1,255,619	1,344,383	1,417,574	1,889,674	1,904,369	1,998,674	1,999,634	2,015,234	2,051,074	2,076,674	2,352,274	2,170,314	2,180,754	2,198,834	2,198,834	2,198,834
Total Available Funds	1,161,634	1,202,313	1,255,619	1,344,383	1,417,574	1,889,674	1,904,369	1,998,674	1,999,634	2,015,234	2,051,074	2,076,674	2,352,274	2,170,314	2,180,754	2,198,834	2,198,834	2,198,834
Increase/Decrease/ Borrowing Base	40,679	53,307	88,763	73,191	432,100	54,695	44,305	40,960	25,600	35,840	25,600	275,600	(181,760)	10,240	18,080	18,080	3,131,313	