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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
ULTRAPETROL (BAHAMAS) LIMITED, et al., : **17-_____ (___)**
Debtors.¹ : **(Joint Administration Pending)**

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**DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§ 105, 361, 363
& 507 AND FED. R. BANKR. P. 4001 FOR ENTRY OF INTERIM
AND FINAL ORDERS (i) AUTHORIZING (A) USE OF
CASH COLLATERAL AND (B) GRANTING ADEQUATE
PROTECTION AND (ii) MODIFYING THE AUTOMATIC STAY**

1. The Debtors in these chapter 11 cases are the following entities: Ultrapetrol (Bahamas) Limited and its affiliates, Arlene Investments, Inc.; Brinkley Shipping Inc.; Cedarino S.A.; Compañía Paraguaya De Transporte Fluvial S.A.; Dampierre Holdings Spain, S.A.; Danube Maritime Inc.; Dingle Barges Inc.; Eastham Barges Inc.; General Ventures Inc.; Hallandale Commercial Corp.; Longmoor Holdings, Inc.; Marine Financial Investment Corp.; Massena Port S.A.; Oceanpar S.A.; Parabal S.A.; Parfina S.A.; Princely International Finance Corp.; Regal International Investments S.A.; Riverpar S.A.; Riverview Commercial Corp.; Thurston Shipping Inc.; UABL Barges (Panama) Inc.; UABL Limited; UABL Paraguay S.A.; UABL Towing Services S.A.; UABL S.A.; Ultrapetrol S.A.; UPB (Panama) Inc.; UP River (Holdings) Ltd. (Bahamas); and UP River Terminals (Panama) S.A. For each Debtor, the foreign equivalent of an EIN, if any is set forth in the Debtor's respective chapter 11 petition.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Ultrapetrol (Bahamas) Limited (“UBL”) and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with UBL, “Ultrapetrol” or the “Debtors”), respectfully represent:

Relief Requested

1. Ultrapetrol requires the use of cash collateral, as defined in section 363 of the Bankruptcy Code (the “Cash Collateral”), that has been pledged to the Prepetition Secured Parties (as defined below) to continue its operations during these chapter 11 cases in order to implement the proposed Debtors’ Second Amended Prepackaged Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, dated January 17, 2017, and filed with the Court on February 6, 2017 (the “Plan”).² By this motion, pursuant to sections 105, 361, 362, 363, and 507 of the Bankruptcy Code, Ultrapetrol seeks entry of an order (i) authorizing, but not directing, it to use, in its sole discretion, Cash Collateral, (ii) granting adequate protection to the Prepetition Secured Parties, and (iii) modifying the automatic stay for the limited purposes provided in the proposed form of order.

2. Annexed hereto is a proposed form of order (the “Proposed Interim Order”) that provides for the relief requested herein during the interim period from the Commencement Date to the entry of an order granting the relief requested herein on a final basis (the “Final Order”).

2. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the RSA as applicable.

Concise Statement of Relief Requested

3. In accordance with Fed. R. Bankr. P. 4001(d) and Local Bankruptcy Rule

4001-2, below is a summary³ of the terms of the proposed use of Cash Collateral:

<p>Entities with an Interest in the Cash Collateral Fed. R. Bankr. P. 4001(b)(1)(B)(i)</p>	<p>The Indenture Trustee and IFC and OFID, as lenders under the IFC/OFID Loans (each as defined below, and collectively, the “<u>Prepetition Secured Parties</u>”). Motion, ¶¶ 16-18.</p>
<p>Purposes for Use of Cash Collateral Fed. R. Bankr. P. 4001(b)(1)(B)(ii); Local Bankruptcy Rule 4001-2(a)(2)</p>	<p>Ultrapetrol shall use the Cash Collateral to pay the expenses of operating its businesses as reasonably required for the implementation of the Restructuring and the Plan in accordance with the Budget. Proposed Interim Order, ¶ 3.</p>
<p>Material Terms: Amount Fed. R. Bankr. P. 4001(b)(1)(B)(iii); Local Bankruptcy Rule 4001-2(a)(1)</p>	<p>As of the Commencement Date, the estimated amount of Cash Collateral the Debtors propose to use is approximately \$6.58 million.</p>
<p>Material Terms: Duration Fed. R. Bankr. P. 4001(b)(1)(B)(iii)</p>	<p>In the absence of further order of the Court, after April 15, 2017, Ultrapetrol shall no longer be authorized pursuant to the Interim Order to use Cash Collateral without consent of the Prepetition Secured Parties. Proposed Interim Order, ¶ 3.</p>
<p>Adequate Protection Provided for Use of Cash Collateral Fed. R. Bankr. P. 4001(b)(1)(b)(iv); Local Bankruptcy Rule 4001-2(a)(6)</p>	<p>Solely to the extent of any diminution in the value of their respective prepetition security interests, the Prepetition Secured Parties will be provided with the following:</p> <p>(a) <u>Adequate Protection Liens.</u></p> <p>(i) <u>2021 Notes Adequate Protection Liens:</u> The Indenture Trustee is hereby granted replacement security interests and liens (the “<u>2021 Note Adequate Protection Liens</u>”), subject to the Carve-Out, in and upon all of the 2021 Note Obligors’ (defined below) now owned and after acquired cash, and cash collateral of the 2021 Note Obligors, any investment of such cash and cash collateral, accounts receivable, any right to payment whether arising before or after the</p>

3. To the extent anything in this summary is inconsistent with the proposed Interim Order, the proposed Interim Order shall control.

	<p>Commencement Date, and the proceeds, products, rents and profits of all of the foregoing prepetition and postpetition assets and properties, whether now existing or newly acquired and arising, and wherever located, without litigation, all receivables and all cash (but excluding causes of action and all avoidance actions under chapter 5 of the Bankruptcy Code (“<u>Avoidance Actions</u>”)), provided that such 2021 Notes Adequate Protection Liens shall only be granted to the extent the Indenture Trustee would have been entitled to a security interest in such collateral under the Security Agreements (as defined in the Indenture).</p> <p>(ii) <u>IFC/OFID Loans Adequate Protection Liens</u>: IFC and OFID are hereby granted replacement security interests and liens (the “<u>IFC/OFID Loans Adequate Protection Liens</u>”), subject to the Carve-Out, on a <i>pari passu</i> basis in and upon all of the IFC/OFID Loans Obligors’ (defined below) now owned and after acquired cash, and cash collateral of the IFC/OFID Loans Obligors, any investment of such cash and cash collateral, accounts receivable, any right to payment whether arising before or after the Petition Date, and the proceeds, products, rents and profits of all of the foregoing prepetition and postpetition assets and properties, whether now existing or newly acquired and arising, and wherever located, without litigation, all receivables and all cash (but excluding causes of action and all Avoidance Actions), provided that such IFC/OFID Loans Adequate Protection Liens shall only be granted to the extent the IFC and OFID would have been entitled to a security interest in such collateral under the Security Documents (as defined in the IFC/OFID Loan Agreements).</p> <p>(b) <u>Superpriority Claims</u>.</p> <p>(i) <u>2021 Notes Superpriority Claims</u>. The Indenture Trustee is hereby granted claims against each of the 2021 Note Obligors with priority over any and all administrative expenses, adequate protection claims and all other claims against the 2021 Note Obligors, now existing or hereafter arising, of any kind whatsoever, as provided under sections 503(b) and 507(b) of the Bankruptcy Code, subject to the Carve Out (defined below).</p> <p>(ii) <u>IFC/OFID Loans Superpriority Claims</u>. Each of IFC and OFID are hereby granted claims against each of the IFC/OFID Loans Obligors with priority over any and all administrative expenses, adequate protection claims and all other claims against the IFC/OFID Loans Obligors, now existing or hereafter arising, of any kind whatsoever, as provided under sections 503(b) and 507(b) of the Bankruptcy Code, subject to the Carve Out.</p> <p>(c) The Prepetition Secured Parties shall have the burden by motion, upon notice and a hearing, of demonstrating a diminution in the</p>
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	<p>value of their respective prepetition security interests.</p> <p>(e) The Adequate Protection Liens and Superpriority Claims shall be valid only to the extent that the Prepetition Secured Parties' prepetition claims and liens exist, are valid, prior to all others, and not subject to defense, offset, avoidance or subordination.</p> <p>Proposed Interim Order, ¶ 5.</p>
<p>Termination Events Fed. R. Bankr. P. 4001(b)(1)(B)(iii); Local Bankruptcy Rule 4001-2(a)(10)</p>	<p>The occurrence of any of the following events, shall constitute an event of default:</p> <p>(a) the failure by Ultrapetrol to perform, in any respect, any of the terms, provisions, conditions, covenants, or obligations under the Proposed Interim Order;</p> <p>(b) any stay, reversal, vacatur, or rescission of the terms of the Proposed Interim Order, or any other modification of the terms of the Proposed Interim Order that is not consented to by the Prepetition Secured Parties;</p> <p>(c) entry of an order by this Court dismissing any of the chapter 11 cases or converting any of the chapter 11 cases to cases under chapter 7 of the Bankruptcy Code;</p> <p>(d) the appointment of a trustee or the appointment of an examiner with enlarged powers in any of the chapter 11 cases unless such appointment is approved by the Prepetition Secured Parties; or</p> <p>(e) any of the Prepetition Liens, the Adequate Protection Liens, or any other liens granted to the Prepetition Secured Parties pursuant to the Proposed Interim Order ceasing to be valid, binding and perfected, first-priority liens as and to the extent provided in the Proposed Interim Order.</p> <p>Proposed Interim Order, ¶ 12.</p>
<p>Modification of the Automatic Stay Fed. R. Bankr. P. 4001(b)(1)(B)(iii); Local Bankruptcy Rule 4001-2(a)(10)</p>	<p>The automatic stay is modified as necessary to effectuate all the terms of the Interim Order, including the granting of liens contemplated by the Interim Order.</p>
<p>Carve Out Fed. R. Bankr. P. 4001(b)(1)(B)(iii); Local Bankruptcy Rule 4001-2(a)(5)</p>	<p>The Superpriority Claims and the Adequate Protection Liens will be subject and subordinate to the payment, without duplication, of the following fees and claims (the amounts set forth below, collectively, the "Carve Out"):</p> <p>(a) statutory fees payable to the Office of the United States Trustee</p>

and 4001-2(d)	<p>under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate;</p> <p>(b) fees payable to the clerk of the Bankruptcy Court and any agent thereof;</p> <p>(c) reasonable fees and expenses of a trustee incurred after the conversion of the chapter 11 cases to a case under chapter 7 of the Bankruptcy Code, in any amount not to exceed \$100,000;</p> <p>(e) professional fees and expenses incurred during the pendency of the chapter 11 cases by professionals retained pursuant to §§ 327(a) and 1103 of the Bankruptcy Code by the Debtors and any statutory committee;</p> <p>(f) professional fees and expenses incurred after the conversion of the chapter 11 cases to a case under chapter 7 of the Bankruptcy Code, by professionals retained pursuant to §§ 327(a) and 1103 of the Bankruptcy Code by the Debtors and any statutory committee, in an aggregate amount not in excess of \$5,000,000.</p> <p>Proposed Interim Order, ¶ 13.</p>
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Background

4. On the date hereof (the “Commencement Date”) each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of title 11, United States Code (the “Bankruptcy Code”). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of unsecured creditors has been appointed in these cases.

5. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of their chapter 11 cases for procedural purposes only pursuant to Fed. R. Bankr. P. 1015(b).

Ultrapetrol’s Businesses

6. Ultrapetrol is an industrial shipping company serving the marine transportation needs of clients in South America and the North Sea geographic markets. UBL,

the parent holding company, is a public company whose shares of common stock trade on the OTCQB Venture Market under the symbol “ULTR.” Ultrapetrol and its non-Debtor affiliates serve the shipping markets for grain, forest products, minerals, crude oil, petroleum and refined petroleum products, the general cargo and container trade, as well as the offshore oil platform supply market. Ultrapetrol focuses on operating an efficient and versatile fleet that will allow it to provide an array of transportation services to customers in several different industries. Its business strategy is to leverage its expertise and strong customer relationships to grow its volume, efficiency, and market share in a targeted manner.

7. Historically, Ultrapetrol has organized its business and evaluated performance by its operations in three business segments: River, Ocean, and Offshore Supply. Ultrapetrol’s River Business, with 685 barges (of which 24 are under lease) and 35 pushboats as of January 31, 2017, is the largest owner and operator of river barges and pushboats that transport dry bulk and liquid cargos through the Hidrovia Region of South America, a large area with growing agricultural, forest, and mineral related exports that is crossed by navigable rivers that flow through Argentina, Brazil, Bolivia, Paraguay, and Uruguay to ports serviced by ocean export vessels. The River Business also owns a barge building facility—which is the most modern of its kind in South America—at Punta Alvear, one grain loading terminal, a new midstream transshipment station for agricultural products, and 50% of a joint venture on a second terminal in Paraguay, which can also load and discharge liquid cargos such as vegetable oils and petroleum products. Ultrapetrol’s Ocean Business, which was recently sold in accordance with Ultrapetrol’s agreement with the lenders to that business, owned two ocean-going vessels and bareboat chartered two other vessels. These vessels were employed in the South American coastal trade, where Ultrapetrol has held preferential rights and customer

relationships. Non-Debtor affiliates that comprise the Offshore Supply Business own and operate thirteen platform supply vessels and one remotely-operated vehicle support vessel that provide critical logistical and transportation services for offshore petroleum exploration and production companies in the coastal waters of Brazil and the North Sea.

8. Detailed information regarding Ultrapetrol's business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the Declaration of Damián Scokin Pursuant to Local Bankruptcy Rule 1007-2.

The Debtors' Prepackaged Plan

9. Prior to the Commencement Date, the Debtors solicited votes on proposed alternative joint prepackaged plans of reorganization under chapter 11 of the Bankruptcy Code pursuant to a disclosure statement, dated November 30, 2016 and a supplement thereto, dated January 17, 2017 (together, the "Disclosure Statement"). The alternative plans contemplated two scenarios: (i) the implementation of a restructuring of Ultrapetrol's River and Ocean Business indebtedness as had been agreed with the secured lenders thereto, pursuant to which the Debtors, other than UBL, would be plan proponents (the "Parent-Excluded Plan") or (ii) if the Debtors also obtained an agreement with the secured lenders to its Offshore Supply Business, the comprehensive agreed restructurings of Ultrapetrol's River, Ocean, and Offshore Supply Business indebtedness, pursuant to which all Debtors would be plan proponents (the "Parent-Included Plan"). As set forth in the Certification of Prime Clerk LLC Regarding the Solicitation of Votes and Tabulation of Ballots Cast on the Debtors' Amended Prepackaged Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (the "Vote Certification"), filed on the Commencement Date, each of the Parent-Excluded Plan and the Parent-Included Plan has been accepted by the classes required to confirm the Plan.

10. By the conclusion of the solicitation period on February 2, 2017, and after a year of discussions followed by an exhaustive marketing process and extensive and vigorous negotiations, Ultrapetrol had reached agreements for the comprehensive restructurings of its River, Ocean, and Offshore Supply Businesses, as reflected in, among other things, restructuring support agreements with both (i) their secured River and Ocean Business lenders, including the holders of over 84% of the 8.875% First Preferred Ship Mortgage Notes due 2021 (the “2021 Notes,” and such holders, the “Supporting Noteholders”), the International Finance Corporation (“IFC”), the OPEC Fund for International Development (“OFID”), and (ii) all of the holders of their secured Offshore Supply Business indebtedness (collectively, the “Offshore Lenders”).

11. As explained in the Disclosure Statement, the Debtors’ determination of whether to seek confirmation of the Parent-Included Plan or the Parent-Excluded Plan was dependent upon whether (i) the Common Terms Agreement—an agreement with the Offshore Lenders amending and restructuring their loans (the “Offshore Loan Agreements”)—was executed no later than two business days prior to the conclusion of the solicitation period and (ii) the Offshore Lenders voted to accept the Parent-Included Plan. These requirements have been satisfied, and accordingly, the Debtors are requesting that the Court confirm the Parent-Included Plan, which was overwhelmingly accepted by all classes entitled to vote, and will enable Ultrapetrol to implement the comprehensive restructuring of its River, Ocean, and Offshore Supply Business indebtedness.

12. On the Commencement Date, the Debtors filed the Plan and the Disclosure Statement with the Court. Under the Parent-Included Plan, the assets and liabilities of the Debtors will be substantively consolidated for Plan purposes and certain affiliates of UBL’s majority shareholder Southern Cross Latin America Private Equity Fund (collectively,

“Sparrow”) will purchase the River Business (free and clear of any and all claims, interests, liens, and encumbrances), for cash consideration in the amount of \$73.0 million, and the Offshore Supply Business, comprised of non-Debtor entities, for cash consideration in the amount of \$2.5 million. The River and Ocean Business indebtedness owed to the holders of the 2021 Notes, IFC, and OFID of approximately \$322.5 million will be satisfied by the payment of \$73 million plus certain additional true-up amounts and the transfer of the proceeds from the sale of the Ocean Business; the Offshore Supply Business indebtedness owed by the Debtors’ non-Debtor affiliates to the Offshore Lenders will be restructured out of court, the Offshore Lenders will receive a \$10 million prepayment under the Offshore Loan Agreements ratably, and the guarantees by UBL of obligations to the Offshore Lenders will be canceled under the Plan. Other secured claims and general unsecured claims are unimpaired. Equity interests in UBL will be unimpaired; however, UBL may be dissolved after emergence from chapter 11.

13. Ultrapetrol believes that the Plan will achieve a substantial deleveraging of its balance sheet and avert the deterioration of value and disruptions to worldwide operations that could otherwise result from a protracted and contentious chapter 11 case. With the significant support of Ultrapetrol’s creditors, the Plan provides a fair and reasonable path for an expeditious restructuring and the preservation of Ultrapetrol’s business and operations.

Jurisdiction

14. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

Description of the Debtors' Prepetition Secured Indebtedness

15. As of the Commencement Date, substantially all of Debtors' prepetition secured indebtedness—in excess of \$322 million (in USD)—consisted of (i) the 2021 Notes and (ii) the IFC/OFID Loans (each as defined below, and collectively, the "Senior Debt").⁴

8½% First Preferred Ship Mortgage Notes due 2021

16. UBL is the borrower of \$225 million secured notes (the "2021 Notes") under an Indenture dated as of June 10, 2013, among UBL as borrower, certain of its subsidiaries as guarantors and pledgers, and Manufacturers and Traders Trust Company, as indenture trustee (the "Indenture Trustee"), as amended by a First Supplemental Indenture dated as of September 26, 2013. The 2021 Notes are senior obligations secured by (a) first preferred ship mortgages on 345 barges, 17 pushboats, and one transfer station owned by certain Ultrapetrol subsidiaries and (b) pledges of the shares of certain Ultrapetrol subsidiaries that own vessels. As security for its obligations under the 2021 Notes, each of the Ultrapetrol entities that pledged vessels as security for the 2021 Notes also entered into an assignment of earnings and an assignment of insurances in favor of the Indenture Trustee. Debtors include the borrower, guarantors, and pledgors in connection with the 2021 Notes (collectively the "2021 Note Obligors"). As of December 31, 2016, \$257,387,336 is estimated to be outstanding under the 2021 Notes, consisting of the principal amount of \$225,000,000, \$9,984,375 of unpaid interest that was due December 15, 2015, \$9,984,375 of unpaid interest that was due June 15, 2016, \$9,984,375 of unpaid interest that will be due December 15, 2016, \$1,602,181 of penalty interest and accrued unpaid interest on amount due June 15, 2017 of \$832,031.

4. The instruments evidencing the secured indebtedness of UBL and all its direct and indirect subsidiaries are described in detail in the Scokin Declaration. Although the Offshore Loans described in the Scokin Declaration are secured by non-Debtor affiliates of UBL, none of the Offshore Loans are secured by any Debtors in these cases, and thus no relief is sought or required with respect to those facilities in the present motion.

The IFC and OFID Loans

17. In 2008, in connection with the financing of its River Business, UABL Barges (Panama) Inc., UABL Towing Services S.A., Marine Financial Investment Corp., and Eastham Barges Inc., as borrowers, entered into a \$35.0 million loan agreement with IFC, and UABL Paraguay S.A. entered into a \$25.0 million loan agreement with IFC (both loan agreements, the “2008 IFC Loans”). In addition, UABL Paraguay S.A. entered into a \$15.0 million agreement with OFID (the “2008 OFID Loan” and with the 2008 IFC Loans, the “UABL II Loans”). In 2011, also in connection with the financing of the River Business, UABL Paraguay S.A. and Riverpar S.A. entered into a \$15.0 million loan agreement with IFC, and entered into a separate \$10.0 million loan agreement with OFID (together, the “UABL III Loans” and collectively with the UABL II Loans, the “IFC-OFID Loans”). The UABL II Loans are secured by first preferred ship mortgages in 160 barges and 5 pushboats.⁵ The UABL III Loans are secured by second lien ship mortgages junior to the UABL II mortgages in the vessels pledged to UABL II. In addition the IFC-OFID Loans are secured by (a) pledges of shares of certain Ultrapetrol vessel-owning subsidiaries, (b) Insurance Assignments, (c) a Debt Service Reserve Account Pledge, and (d) pledges of certain shareholder loan agreements. Three Debtors that pledged vessels as security for the UABL Loans each bareboat chartered its respective pledged vessels to Corporacion de Navegacion Mundial-S.A. In connection with these bareboat charters, each of the three Debtors entered into Bareboat Charter Assignment for the benefit of IFC/OFID as security for its obligations under the IFC-OFID Loans.

⁵ On December 31, 2014 certain mortgage recordings held by the Security Trustee to secure the IFC-OFID Loans expired without renewal. These mortgages included liens on seven tank barges owned by Riverpar S.A. and 17 dry barges and one pushboat owned by UABL Paraguay S.A.

18. The IFC-OFID Loans require certain financial ratios and contain various restrictive covenants such as limiting the borrower's ability to declare or pay any dividend, to incur capital expenditures, leases, or to enter into derivative transactions (except for fuel swaps), among others. UBL has also executed Enforcement Shortfall Guarantees for the benefit of IFC and OFID in connection with certain of the IFC-OFID Loans. Debtors include borrowers, guarantors, and pledgors in connection with the IFC/OFID Loans (the "IFC/OFID Loans Obligors").

19. Ultrapetrol estimates that as of January 31, 2017, an aggregate principal amount of \$65,088,470 will be outstanding under the IFC-OFID Loans, comprised of \$48,835,482 owed under the IFC loans and \$16,252,988 under the OFID loans. On January 31, 2017, amounts due under the IFC-OFID loans will include approximately \$3,027,076 of accrued unpaid interest, \$234,411 of the close out amount of the interest rate collar, \$15,000 of unpaid Supervision Fee owed to IFC, and \$146,060 of penalty interest.

The Proposed Use of Cash Collateral

20. Ultrapetrol currently lacks sufficient unencumbered funds with which to operate its business smoothly in the ordinary course on an ongoing basis, which is required to implement the restructuring and the Plan.⁶ Ultrapetrol has faced a number of financial challenges that placed a strain on its liquidity and led to the filing of these chapter 11 cases. Accordingly, Ultrapetrol requests the authority to use Cash Collateral to continue to seamlessly

⁶ The Debtors believe they may have sufficient unencumbered funds to operate their businesses during the pendency of these chapter 11 cases; however, the Prepetition Secured Parties may dispute such assertion. In addition, absent authority to use Cash Collateral, the Debtors would be required to track, trace, and segregate cash collateral at significant cost and expense. To avoid such expenses and potential disputes with their secured lenders, the Debtors believe it is in the best interests of their estates and all parties in interest to use Cash Collateral with the authority of the Court and consent of the Prepetition Secured Parties.

fund its operations, pay its employees, utilities, vendors, and for services otherwise needed to implement the Plan.

21. For the above reasons, Ultrapetrol has determined, in the exercise of its sound business judgment, that it requires the use of Cash Collateral to, among other things, continue to maintain and preserve the value of its properties, the operation of its business, the payment of expenses attendant thereto, and the costs and expenses of administering these chapter 11 cases. Ultrapetrol hereby requests authority to use Cash Collateral to fund its operating expenses, and to pay the costs and expenses of administering these chapter 11 cases, all in compliance with a cash collateral budget (the “Budget”), which is attached to the Proposed Interim Order as “Exhibit A.”⁷

22. As set forth in the Restructuring Support Agreement, dated as of November 17, 2016 (as amended, the “RSA”), IFC, OFID and the Supporting Noteholders⁸ (as defined in the RSA) have consented to the use of Cash Collateral as reasonably required for the implementation of the Restructuring and the Plan consistent with the terms and conditions outlined in the Proposed Interim Order.

Proposed Adequate Protection

23. To protect the Prepetition Secured Parties from any diminution in value with respect to their respective interests in the Cash Collateral, Ultrapetrol proposes to provide adequate protection to the Prepetition Secured Parties (the “Proposed Adequate Protection”) as follows:

(a) Adequate Protection Liens. Each of the Prepetition Secured Parties will receive valid, perfected replacement liens, subject and subordinate only to the Carve-Out and, where

⁷ The Debtors believe that the Budget will be adequate, considering all available assets, to pay all administrative expenses due or accruing during the period covered by the Budget.

⁸ The Supporting Noteholders hold 84% of the 2021 Notes as of November 18, 2016.

applicable, prepetition liens, effective and perfected upon the date of the Interim Order and without the necessity of the execution by Ultrapetrol of security agreements, pledge agreements, mortgages, financing statements, or other agreements; and

(b) Superpriority Claims. Each of the Prepetition Secured Parties will be granted allowed claims with priority over any and all administrative expenses, adequate protection claims and all other claims, now existing or hereafter arising, of any kind whatsoever, as provided under sections 503(b) and 507(b) of the Bankruptcy Code, subject only the Carve Out.

The Relief Requested Should be Granted

A. The Use of Cash Collateral is Warranted and Should be Approved

24. Pursuant to section 363(c)(2) of the Bankruptcy Code, a debtor may not use cash collateral unless “(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section.” 11 U.S.C. § 363(c)(2).

25. It is well-established that a bankruptcy court, where possible, should resolve issues in favor of preserving the business of the debtor as a going concern. As stated by the Eleventh Circuit, “[a] debtor, attempting to reorganize a business under Chapter 11, clearly has a compelling need to use “cash collateral” in its effort to rebuild. Without the availability of cash to meet daily operating expenses such as rent, payroll, utilities, etc., the congressional policy favoring rehabilitation over economic failure would be frustrated.” *Chrysler Credit Corp. v. Ruggiere (In re George Ruggiere Chrysler-Plymouth, Inc.)*, 727 F.2d 1017, 1019 (11th Cir. 1984); *see also Northwest Airlines Corp. v. Ass’n of Flight Attendants-CWA (In re Northwest Airlines Corp.)*, 349 B.R. 338, 380 (S.D.N.Y. 2006) (“The Bankruptcy Code embodies a strong policy in favor of reorganization.”).

26. Accordingly, courts regularly authorize the use of cash collateral to enhance or preserve the debtor’s going concern value. *See In re 495 Cent. Park Ave. Corp.*, 136 B.R. 626, 631 (Bankr. S.D.N.Y. 1992) (“[T]here is no question that the property would be

improved by the proposed renovations and that an increase in value will result. In effect, a substitution occurs in that the money spent for improvements will be transferred into value. This value will serve as adequate protection for [the creditor's] secured claim.”); *Hartigan v. Pine Lake Vill. Apartment Co. (In re Pine Lake Vill. Apartment Co.)*, 16 B.R. 750, 756-57 (Bankr. S.D.N.Y. 1982) (permitting debtor's use of cash collateral over secured creditor's objection after finding use of cash collateral will preserve value of secured creditor's collateral).

27. Here, the implementation of the Restructuring and the Plan will allow Ultrapetrol to exit chapter 11 expeditiously, thereby preserving business operations and providing the best available opportunity for Ultrapetrol to maximize value for its creditors. In contrast, if Ultrapetrol is not allowed to use Cash Collateral, critical operating expenses could be unmet and the Debtors' businesses could deteriorate thereby endangering Ultrapetrol's ability to implement the Plan to the detriment of the Prepetition Secured Parties and all other stakeholders. *See In re Constable Plaza Assocs., L.P.*, 125 B.R. 98, 105 (Bankr. S.D.N.Y. 1991) (debtor's reinvestment of rents to maintain and operate office building “will serve to preserve or enhance the value of the building which, in turn, will protect the collateral covered by [the] mortgage”); *In re Dynaco Corp.*, 162 B.R. 389, 395-96 (Bankr. D.N.H. 1983) (finding that the alternative to the debtor's use of cash collateral, termination of its business, would doom reorganization and any chance to maximize value for all creditors).

28. As set forth above, Ultrapetrol's ability to continue to adequately fund its operations is critical to the outcome of these chapter 11 cases. Indeed, absent the use of the Cash Collateral, Ultrapetrol's ability to operate its businesses could be severely impaired, with potentially disastrous consequences for Ultrapetrol, its estates, and its creditors. Use of the Cash

Collateral is therefore of the utmost importance to the preservation and maintenance of the value of Ultrapetrol's business and the ultimate success of the Plan.

29. Moreover, consistent with the RSA, IFC, OFID, and the Supporting Noteholders have consented to the use of their Cash Collateral upon the terms set forth in the Proposed Interim Order and outlined in this motion.

B. The Proposed Adequate Protection Should be Approved

30. Section 363(e) of the Bankruptcy Code provides that, "on request of an entity that has an interest in property used . . . or proposed to be used . . . by the [debtor in possession], the court . . . shall prohibit or condition such use . . . as is necessary to provide adequate protection of such interest." 11 U.S.C. § 363(e). "The concept of 'adequate protection' is not defined in the [Bankruptcy] Code except by the implications of the examples of adequate protection listed in § 361." *In re Beker Indus. Corp.*, 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986). Section 361 of the Bankruptcy Code contains a non-exhaustive list of acceptable forms of adequate protection, including a cash payment or periodic cash payments, additional liens, replacement liens, and the "indubitable equivalent of such entity's interest in such property." 11 U.S.C. § 361.

31. The determination of adequate protection is a "fact-specific inquiry." *In re Mosello*, 195 B.R. 277, 289 (Bankr. S.D.N.Y. 1996) ("Its application is left to the vagaries of each case . . .") (citation omitted). The focus of the adequate protection requirement is to preserve the secured creditor's position at the time of the bankruptcy filing and protect the secured creditor from diminution in the value of its collateral during the reorganization process. *Id.* at 288 (citation omitted); *In re Beker*, 58 B.R. at 736. *See In re WorldCom, Inc.*, 304 B.R. 611, 618-19 (Bankr. S.D.N.Y. 2004) ("The legislative history for section 361 of the Bankruptcy Code, which sets forth how adequate protection may be provided under section 363, makes clear

that [its] purpose is . . . to insure that the secured creditor receives the value for which the creditor bargained for prior to the debtor’s bankruptcy.”). “However, neither the legislative history nor the Bankruptcy Code require the Court to protect a creditor beyond what was bargained for by the parties.” *Id.* at 619; *see Beker*, 58 B.R. at 741 (“Adequate protection, not absolute protection, is the statutory standard.”).

32. Ultrapetrol’s continued operations, including the protection and maintenance of its vessels—its principal income producing assets—to allow the Company to implement the Plan not only adequately protects the Prepetition Secured Parties’ security interests, but ensures significantly greater returns to those parties than they would receive should Ultrapetrol be forced to liquidate. *In re Pine Lake Vill. Apartment Co.*, 16 B.R. 750, 756 (Bankr. S.D.N.Y. 1982) (“The protection and maintenance of the plaintiff-mortgagee’s collateral . . . clearly ensures that the plaintiff-mortgagee’s investment is adequately protected.”); *Fed. Nat’l. Mortg. Assoc. v. Dacon Bolingbrook Assoc.Ltd. P’ship*, 153 B.R. 204, 214 (N.D. Ill. 1993) (creditor’s security interest was protected to extent debtor reinvested rents in operation and maintenance of the property).

33. As a result, the proposed Adequate Protection will sufficiently protect the Prepetition Secured Parties’ interests in the Cash Collateral. Furthermore, IFC, OFID and the Supporting Noteholders have consented to the use of their Cash Collateral upon the terms set forth in the Proposed Interim Order and outlined in this motion. Accordingly, the Proposed Adequate Protection is fair and reasonable and sufficient to satisfy the requirement of section 363(c)(2) of the Bankruptcy Code.

The Interim Approval Should be Granted

34. Fed. R. Bankr. P. 4001(b) provides that a final hearing on a motion to use cash collateral may not be commenced earlier than fourteen days after the service of such

motion. Upon request, however, the Court is empowered to conduct a preliminary expedited hearing on the motion and authorize the use of cash collateral to the extent necessary to avoid immediate and irreparable harm to a debtor's estate pending a final hearing.

35. Absent authorization from the Court to use Cash Collateral on an interim basis pending a final hearing, Ultrapetrol will be immediately and irreparably harmed. As set forth above, Ultrapetrol's ability to use Cash Collateral is critical to the implementation of the Plan and the expedited resolution of these chapter 11 cases. Without the immediate liquidity provided by the use of Cash Collateral, Ultrapetrol will be unable to conduct the normal business operations that are required to implement the Plan, and its estates and creditors will be immediately and irreparably harmed.

36. Pursuant to Fed. R. Bankr. P. 4001(b), Ultrapetrol requests that the Court conduct an expedited preliminary hearing on the motion and (a) authorize Ultrapetrol to use the Cash Collateral of the Prepetition Secured Parties to (i) maintain and finance Ultrapetrol's ongoing operations, and (ii) avoid immediate and irreparable harm and prejudice to Ultrapetrol's estates and all parties in interest, and (b) schedule a final hearing on the relief requested herein.

Notice

37. Notice of this motion is being provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) counsel to the trustee under the Indenture for Ultrapetrol's 2021 Notes, (iii) counsel to the informal committee of unaffiliated holders of Ultrapetrol's 2021 Notes, (iv) counsel to IFC and OFID, (v) counsel to the agents under the Offshore Loan Agreements, (vi) counsel to Sparrow, (vii) the holders of the ten largest secured claims against Ultrapetrol (on a consolidated basis), (viii) the holders of the forty largest unsecured claims against Ultrapetrol (on a consolidated basis), (ix) counsel to Copernico Argentina Fund, and (x) the Securities and Exchange Commission. Ultrapetrol submits that, in

view of the facts and circumstances, such notice is sufficient and no other or further notice need be given.

38. No previous request for the relief sought herein has been made by Ultrapetrol to this or any other Court.

WHEREFORE Ultrapetrol respectfully requests (i) entry of an order substantially in the form annexed hereto granting the relief requested herein on an interim basis, (ii) entry of an order granting the relief requested herein on a final basis, and (iii) such other and further relief as is just.

Dated: New York, New York
February 6, 2017

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*Proposed Attorneys for the Debtors and
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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
ULTRAPETROL (BAHAMAS) LIMITED, et al., : **17-_____ (___)**
Debtors.¹ : **(Joint Administration Pending)**

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**INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 363
& 507 AND FED. R. BANKR. P. 4001 (i) AUTHORIZING (A) USE OF
CASH COLLATERAL AND (B) GRANTING ADEQUATE PROTECTION
AND (ii) MODIFYING THE AUTOMATIC STAY**

A hearing having been held on February __, 2017 (the “Hearing”) to consider the motion, dated February 6, 2017 (the “Motion”),² of Ultrapetrol (Bahamas) Limited (“UBL”) and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with UBL, “Ultrapetrol” or the “Debtors”), pursuant to sections 105, 361, 362, 363, and 507 of title 11 of the United States Code (the “Bankruptcy Code”), Fed. R. Bankr. P. 2002, 4001, and 9014, and Local Bankruptcy Rule 4001-2, for entry of an order:

-
1. The Debtors in these chapter 11 cases are the following entities: Ultrapetrol (Bahamas) Limited and its affiliates, Arlene Investments, Inc.; Brinkley Shipping Inc.; Cedarino S.A.; Compañía Paraguaya De Transporte Fluvial S.A.; Dampierre Holdings Spain, S.A.; Danube Maritime Inc.; Dingle Barges Inc.; Eastham Barges Inc.; General Ventures Inc.; Hallandale Commercial Corp.; Longmoor Holdings, Inc.; Marine Financial Investment Corp.; Massena Port S.A.; Oceanpar S.A.; Parabal S.A.; Parfina S.A.; Princely International Finance Corp.; Regal International Investments S.A.; Riverpar S.A.; Riverview Commercial Corp.; Thurston Shipping Inc.; UABL Barges (Panama) Inc.; UABL Limited; UABL Paraguay S.A.; UABL Towing Services S.A.; UABL S.A.; Ultrapetrol S.A.; UPB (Panama) Inc.; UP River (Holdings) Ltd. (Bahamas); and UP River Terminals (Panama) S.A. For each Debtor, the foreign equivalent of an EIN, if any, is set forth in the Debtor’s respective chapter 11 petition.
 2. Capitalized terms not otherwise herein defined shall have the meanings ascribed to them in the Motion.

- (a) authorizing Ultrapetrol's use of "cash collateral" (the "Cash Collateral") as such term is defined in section 363(a) of the Bankruptcy Code, of the Prepetition Secured Parties (as defined herein);
- (b) providing adequate protection to the Prepetition Secured Parties for any diminution in value of their interests in the proceeds of the Prepetition Collateral (as defined herein), including the Cash Collateral;
- (c) vacating and modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of this Interim Order; and
- (d) scheduling a final hearing (the "Final Hearing") to consider the relief requested in the Motion and the entry of a Final Order (as defined herein), and approving the form of notice with respect to the Final Hearing;

all as more fully set forth in the Motion; and the Declaration of Damián Scokin Pursuant to Local Bankruptcy Rule 1007-2 (the "Scokin Declaration"), having been filed with the Court; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) counsel to the trustee under the Indenture for Ultrapetrol's 2021 Notes, (iii) counsel to the informal committee of unaffiliated holders of Ultrapetrol's 2021 Notes, (iv) counsel to IFC and OFID, (v) counsel to the agents under the Offshore Loan Agreements, (vi) counsel to Sparrow ((i) through (vi), collectively the "Notice Parties"), (vii) the holders of the ten largest secured claims against Ultrapetrol (on a consolidated basis), (viii) the holders of the forty largest unsecured claims against Ultrapetrol (on a consolidated basis), (ix) counsel to Copernico Argentina Fund, and (x) the Securities and Exchange Commission, and it appearing that no other

or further notice need be provided; and the relief requested being within the guidelines for requests for the use of cash collateral set forth in Local Bankruptcy Rule 4001-2; upon the Motion, the papers in support thereof and the responses thereto, if any, the Scokin Declaration, the record of the Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is an exercise of sound business judgment, is necessary to avoid immediate and irreparable harm to Ultrapetrol and its estates as contemplated by Fed. R. Bankr. P. 6003, and is in the best interests of Ultrapetrol, its estates, creditors, and all parties in interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:

A. Debtors' Stipulations. Without prejudice to the rights of parties in interest, Ultrapetrol admits, stipulates and agrees that (collectively, paragraphs A(i) through A(xii) below are referred to herein as the "Debtors' Stipulations"):

The 2012 Notes Stipulations

(i) Ultrapetrol acknowledges and agrees that, as of the Commencement Date, UBL was the borrower of \$225 million secured notes (the "2021 Notes") under an Indenture dated as of June 10, 2013 (as amended, supplemented, or otherwise modified as of the Commencement Date, and including all documents executed and delivered in connection therewith, the "Indenture"), among UBL and certain of its subsidiaries as guarantors and pledgers and Manufacturers and Traders Trust Company, as indenture trustee (the "Indenture Trustee"). All obligations of Ultrapetrol (collectively, the borrowers, guarantors, pledgers to the Indenture and

the assignors of the Assignments of Earnings in respect of the 2021 Notes, the “2021 Notes Obligors”) arising under the Indenture shall be collectively referred to herein as the “2012 Notes Prepetition Obligations.”

(ii) Ultrapetrol represents that, as of the Commencement Date, the 2012 Notes Obligors were truly and justly indebted to the Indenture Trustee pursuant to the Indenture, without defense, counterclaim or offset of any kind, in respect of the 2012 Notes in the aggregate, principal amount of not less than \$225,000,000, plus all accrued or, subject to section 506(b) of the Bankruptcy Code, hereafter accruing and unpaid interest thereon, any additional obligations arising under the Indenture and any additional fees and expenses (including any attorneys’, accountants’, appraisers, and financial advisors’ fees and expenses) that are chargeable and reimbursable under the Indenture now or hereafter.

(iii) Ultrapetrol represents that the 2012 Notes Prepetition Obligations and all amounts owing under the Indenture constitute the legal, valid and binding obligations of the 2012 Notes Obligors, enforceable in accordance with their terms (other than in respect of the stay of enforcement arising from section 362 of the Bankruptcy Code).

(iv) Ultrapetrol acknowledges and agrees that the 2012 Notes Prepetition Obligations are secured by the following valid, binding, enforceable and perfected first priority continue security interests (the “2012 Notes Prepetition Collateral”):

- (a) first preferred ship mortgages on 363 vessels, consisting of 345 barges, 17 pushboats, and one transfer station owned by certain Ultrapetrol subsidiaries;
- (b) pledges of the shares of certain Ultrapetrol subsidiaries that own vessels;

(c) certain assignment of earnings and an assignment of insurances by Ultrapetrol Entities that pledged vessels as security for the 2021 Notes in favor of the Indenture Trustee.

(v) Ultrapetrol acknowledges that an event of default occurred on December 15, 2015, arising from the failure to pay \$9,984,375 in interest on the 2012 Notes due and payable on that date. Subsequently, on June 15, 2016, Ultrapetrol failed to make another interest payment of \$9,984,375, and on December 15, 2016, Ultrapetrol failed to make another interest payment of \$9,984,375. No cure of these events of default have been made as of the Commencement Date.

The IFC/OFID Loans Stipulations

(vi) Ultrapetrol acknowledges and agrees that, as of the Commencement Date, UABL Barges (Panama) Inc., UABL Towing Services S.A., Marine Financial Investment Corp., and Eastham Barges Inc., as borrowers, entered into a \$35.0 million loan agreement with International Finance Corporation (“IFC”), a member of the World Bank, and UABL Paraguay S.A. entered into a \$25.0 million loan agreement with the IFC (both loan agreements, the “2008 IFC Loans”). In addition, UABL Paraguay S.A. entered into a \$15.0 million agreement with OPEC Fund for International Development (“OFID”) (the “2008 OFID Loan” and with the 2008 IFC Loans, the “UABL II Loans”).

(vii) Ultrapetrol acknowledges and agrees that, as of the Commencement Date, UABL Paraguay S.A. and Riverpar S.A. entered into a \$15.0 million loan agreement with IFC, and entered into a separate \$10.0 million loan agreement with OFID (together, the “UABL III Loans” and collectively with the UABL II Loans, the “IFC-OFID Loans”).

(viii) All obligations of Ultrapetrol (collectively, the borrowers, guarantors, pledgers and assignors in respect of the IFC/OFID Loans, the “IFC/OFID Loans Obligor”) arising under the

IFC/OFID Loans shall be collectively referred to herein as the “IFC/OFID Loans Prepetition Obligations,” and collectively, with the 2012 Notes Prepetition Obligations, the “Prepetition Obligations.”

(ix) Ultrapetrol represents that, as of the Commencement Date, the IFC/OFID Loan Obligors were truly and justly indebted without defense, counterclaim or offset of any kind, in respect of the IFC/OFID Loans (i) to IFC in the aggregate, principal amount plus due and unpaid interest of not less than \$48,835,482, and (ii) to OFID in the aggregate, principal amount plus due and unpaid interest of not less than \$16,252,988, plus all accrued or, subject to section 506(b) of the Bankruptcy Code, hereafter accruing and unpaid interest thereon, any additional obligations arising under the Indenture and any additional fees and expenses (including any attorneys’, accountants’, appraisers, and financial advisors’ fees and expenses) that are chargeable and reimbursable under the agreements governing the IFC/OFID Loans.

(x) Ultrapetrol represents that the IFC/OFID Loans Prepetition Obligations and all amounts owing under the IFC/OFID loan agreements constitute the legal, valid and binding obligations of the IFC/OFID Loans Obligors, enforceable in accordance with their terms (other than in respect of the stay of enforcement arising from section 362 of the Bankruptcy Code).

(xi) Ultrapetrol acknowledges and agrees that the IFC/OFID Loans Prepetition Obligations are secured by the following valid, binding, enforceable and perfected first priority continue security interests (and collectively with the 2012 Notes Prepetition Collateral, the “Prepetition Collateral”):

- (a) The UABL II Loans are secured by first preferred ship mortgages in 160 barges and 5 pushboats;
- (b) The UABL III Loans are secured by second lien ship mortgages junior to the UABL II mortgages in the vessels pledged to UABL II;

- (c) IFC-OFID Loans are secured by pledges of shares of certain Ultrapetrol vessel-owning subsidiaries, (b) certain Bareboat Charter Assignments, (c) Insurance Assignments, (d) a Debt Service Reserve Account Pledge, and (r) pledges of certain shareholder loan agreements.

(xii) Ultrapetrol acknowledges that an event of default occurred on June 15, 2016, arising from the failure to pay \$4,731,588 in principal and \$1,559,438 in interest on the IFC/OFID Loans due and payable on that date.

B. Adequate Protection. The Prepetition Secured Parties are entitled to receive adequate protection in respect of any diminution in value of the Cash Collateral, resulting from (a) use of the Cash Collateral, (b) use, sale, lease, or depreciation or other diminution in value of the Cash Collateral, or (c) as a result of the imposition of the automatic stay under section 362(a) of the Bankruptcy Code (the amount of any such diminution being referred to hereinafter as the “Adequate Protection Obligations,” and together with the Prepetition Obligations, the “Senior Debt Obligations”). Pursuant to sections 361, 363, and 507(b), as adequate protection for the Adequate Protection Obligations, Ultrapetrol has agreed to provide the Prepetition Secured Parties with (i) Adequate Protection Liens; and (ii) Adequate Protection Superpriority Claims; (each as defined below).

C. The Prepetition Secured Parties’ Consent. Subject to the adequate protection arrangements provided herein being approved by the Court, the IFC, OFID, and the Supporting Noteholders have consented to the use of Cash Collateral and agreed to the adequate protection arrangements contemplated by this Interim Order, all subject to and in accordance with the terms and conditions of this Interim Order. The adequate protection and other treatment proposed to be provided by Ultrapetrol to the Prepetition Secured Parties, pursuant to the terms of this Interim Order, will minimize disputes and litigation over use of the Cash Collateral and facilitate Ultrapetrol’s ability to continue its business operations.

D. Necessity of the Relief Requested. Ultrapetrol requires the use of Cash Collateral in order to implement the Plan, absent which immediate and irreparable harm could result to Ultrapetrol, its estates and creditors, and the prospects for a successful conclusion of the Chapter 11 Cases. In the absence of the use of Cash Collateral, it may be impossible for Ultrapetrol to implement the Plan, and serious and irreparable harm to Ultrapetrol, its estates and its creditors would occur. Ultrapetrol does not have sufficient available sources of working capital and financing to seamlessly operate its business in the ordinary course of business as required to implement the Plan without the use of Cash Collateral. The relief requested in the Motion is, therefore, of the utmost significance and importance to the preservation and maintenance of the going concern value of Ultrapetrol. The Prepetition Secured Parties and Ultrapetrol have negotiated at arms' length and in good faith regarding Ultrapetrol's use of Cash Collateral to fund the continued operations of Ultrapetrol for the period through the Termination Date (as defined below), all subject to the terms and conditions set forth in this Interim Order, including the protection afforded an entity acting in "good faith" under section 363(m) of the Bankruptcy Code. Based on the record presented to the Court at the Interim Hearing, the terms of the proposed adequate protection arrangements and the use of the Cash Collateral are fair and reasonable under the circumstances, reflect Ultrapetrol's exercise of prudent business judgment consistent with its fiduciary duties and are supported by reasonably equivalent value and fair consideration. Entry of this Interim Order is in the best interests of Ultrapetrol and its estates.

E. Final Hearing. At the Final Hearing, Ultrapetrol will seek final approval of the relief requested in the Motion for the proposed use of Cash Collateral on a final basis pursuant to a final order (the "Final Order"), notice of which Final Hearing will be provided in accordance with this Interim Order.

Based upon the foregoing findings and conclusions, the Motion and the record before this Court with respect to the Motion, and good and sufficient cause appearing therefor, NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Motion Granted. The Motion is granted, and the use of Cash Collateral on an interim basis is authorized, subject to the terms and conditions as set forth in this Interim Motion.

2. Objections Overruled. Any and all objections to the Motion to the extent not withdrawn or resolved are hereby overruled.

3. Authorization to Use Cash Collateral. Subject to the terms and conditions of this Interim Order, pursuant to sections 363(c)(2) of the Bankruptcy Code, Ultrapetrol is authorized to use Cash Collateral for the period (the "Specified Period") from the Commencement Date through April 15, 2017 (the "Termination Date"). Except as otherwise expressly provided herein, Cash Collateral may be used during the Specified Period strictly in accordance with the 13 week budget, attached hereto as "Exhibit A" (as may be amended, the "Budget"). Absent further order of the Court, Ultrapetrol shall no longer be authorized pursuant to the Interim Order to use Cash Collateral without consent of the Prepetition Secured Parties, at the expiration of the Specified Period. Nothing in this Interim Order shall authorize the disposition of any assets of Ultrapetrol or its estates outside the ordinary course of business, or any Debtor's use of any Cash Collateral or other proceeds resulting therefrom, except as permitted in this Interim Order or other order of the Court (in each case consistent with this Interim Order and the Budget), with the prior written consent of the Prepetition Secured Parties, and in accordance with the Budget.

4. Budget Maintenance. The Budget may be amended or modified in writing from time to time with the written consent of the Prepetition Secured Parties, which consent shall not be unreasonable withheld.

5. Adequate Protection Liens.

a. The Indenture Trustee is hereby granted replacement security interests and liens (the “2021 Note Adequate Protection Liens”), subject to the Carve-Out (as defined herein), in and upon all of the 2021 Note Obligors’ (defined below) now owned and after acquired cash, and cash collateral of the 2021 Note Obligors, any investment of such cash and cash collateral, accounts receivable, any right to payment whether arising before or after the Petition Date, and the proceeds, products, rents and profits of all of the foregoing prepetition and postpetition assets and properties, whether now existing or newly acquired and arising, and wherever located, without litigation, all receivables and all cash (but excluding causes of action and all avoidance actions under chapter 5 of the Bankruptcy Code (“Avoidance Actions”)); provided that such 2021 Note Adequate Protection Liens shall only be granted to the extent the Indenture Trustee would have been entitled to a security interest in such collateral under the Security Agreements (as defined in the Indenture).

b. IFC and OFID are hereby granted replacement security interests and liens (the “IFC/OFID Loans Adequate Protection Liens,” and together with 2012 Note Adequate Protection Liens, the “Adequate Protection Liens”), subject to the Carve-Out, on a *pari passu* basis in and upon all of the IFC/OFID Loans Obligors’ (defined below) now owned and after acquired cash, and cash collateral of the IFC/OFID Loans Obligors, any investment of such cash and cash collateral, accounts receivable, any right to payment whether arising before or after the Petition Date, and the proceeds, products, rents and profits of all of the foregoing prepetition and postpetition assets and properties, whether now existing or newly acquired and arising, and wherever located, without litigation, all receivables and all cash (but excluding causes of action and all Avoidance Actions); provided that such IFC/OFID Loans Adequate Protection Liens

shall only be granted to the extent the IFC and OFID would have been entitled to a security interest in such collateral under the Security Documents (as defined in the IFC/OFID Loan Agreements).

c. The Adequate Protection Liens shall be enforceable against Ultrapetrol, its estates and any successors thereto, including without limitation, any trustee or other estate representative appointed in the Chapter 11 Cases, or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of the Chapter 11 Cases, or in any other proceedings superseding or related to any of the foregoing (collectively, the “Successor Cases”). Except as provided herein, the Adequate Protection Liens shall not be made subject to or *pari passu* with any lien or security interest by any court order heretofore or hereafter entered in the Chapter 11 Cases or any Successor Cases, and shall be valid and enforceable against any trustee appointed in any of the Chapter 11 Cases or any Successor Cases, or upon the dismissal of any of the Chapter 11 Cases or Successor Cases. The Adequate Protection Liens shall not be subject to sections 506(c) (effective upon entry of the Final Order), 510, 549, or 550 of the Bankruptcy Code. No lien or interest avoided and preserved for the benefit of any estate pursuant to section 551 of the Bankruptcy Code shall be made *pari passu* with or senior to the Adequate Protection Liens.

6. Adequate Protection Superpriority Claims. As further adequate protection against any diminution in value of the interests of the Indenture Trustee, IFC or OFID (collectively, the “Prepetition Secured Parties”) in the Prepetition Collateral, the Prepetition Secured Parties are each hereby granted as and to the extent provided by sections 503(b) and 507(b) of the Bankruptcy Code allowed superpriority administrative expenses claims in the Chapter 11 Cases and any Successor Cases in the amount of the Adequate Protection Obligations (the “Adequate Protection Superpriority Claims”).

7. Priority of Adequate Protection Superiority Claims. The Adequate Protection Superpriority Claims shall be junior only to the Carve-Out. Except for the Carve-Out, the Adequate Protection Superpriority Claims shall have priority over all administrative expense claims and unsecured claims against the Debtors or their estates, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 364, 365, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 726 (to the extent permitted by law), 1113 and 1114 of the Bankruptcy Code.

8. Modification of Automatic Stay. The automatic stay under section 362(a) of the Bankruptcy Code is hereby modified as necessary to effectuate all of the terms and provisions of this Interim Order, including, without limitation, to: (a) permit Ultrapetrol to grant the Adequate Protection Obligations; (b) permit Ultrapetrol to perform such acts as the Prepetition Secured Parties may request in their sole direction to assure the perfection and priority of the liens granted herein; and (c) authorize Ultrapetrol to pay, and the Prepetition Secured Parties to retain and apply, payments made in accordance with the terms of this Interim Order, provided, however, any stay relief with respect to the exercise of remedies shall be in accordance with this Order or as otherwise ordered by the Court.

9. Perfection of Adequate Protection Liens. This Interim Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the Adequate Protection Liens, without the necessity of filing or recording any mortgage, financing statement or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect (in accordance with applicable non-

bankruptcy law) the Adequate Protection Liens, or to entitle the Prepetition Secured Parties to the priorities granted herein. Ultrapetrol is authorized and directed to execute and deliver promptly to the Prepetition Secured Parties, all such financing statements, mortgages, notices and other documents as any of the Prepetition Secured Parties may reasonably request. The Prepetition Secured Parties may file a photocopy of this Interim Order as a financing statement with any filing or recording office or with any registry of deeds or similar office, in addition to or in lieu of such financing statement, notices of lien or similar instrument.

10. Ultrapetrol's Obligations. Ultrapetrol shall utilize Cash Collateral to pay the expenses of the operation of its business as provided in the Budget to implement the Restructuring and the Plan;

11. Disposition of Collateral. Except as and to the extent provided in the RSA and/or the Plan, Ultrapetrol shall not sell, transfer, lease, encumber, or otherwise dispose of any material portion of the Collateral without the prior written consent of the Prepetition Secured Parties.

12. Events of Default. The occurrence of any of the following events, unless waived by the Prepetition Secured Parties, shall constitute an event of default (collectively, the "Events of Default"):

- (a) the failure by Ultrapetrol to perform, in any respect, any of the terms, provisions, conditions, covenants, or obligations under this Interim Order;
- (b) any stay, reversal, vacatur, or rescission of the terms of this Interim Order, or any other modification of the terms of this Order that is not consented to by the Prepetition Secured Parties;
- (c) entry of an order by this Court dismissing any of these chapter 11 cases or converting any of the chapter 11 cases to cases under chapter 7 of the Bankruptcy Code;
- (d) the appointment of a trustee or the appointment of an examiner with enlarged powers in any of the chapter 11 cases unless such appointment is approved by the Prepetition Secured Parties; or

(e) any of the liens on the Prepetition Collateral, the Adequate Protection Liens, or any other liens granted to the Prepetition Secured Parties pursuant to this Interim Order ceasing to be valid, binding and perfected, first-priority liens as and to the extent provided in the this Order.

13. Carve Out. Subject to the terms and conditions contained in this paragraph, the Adequate Protection Liens and the Adequate Protection Superpriority Claims shall be subordinate to the following (collectively, the “Carve Out”): (a) statutory fees payable to the Office of the United States Trustee under section 1930(a) of titles 28 of the United States Code plus interest at the statutory rate; (b) fees payable to the clerk of the Bankruptcy Court and any agent thereof; (c) reasonable fees and expenses of a trustee incurred after the conversion of the chapter 11 cases to a case under chapter 7 of the Bankruptcy Code, in any amount not to exceed \$100,000; (d) reasonable and documented expenses payable to members of any statutory committee appointed in the chapter 11 cases; (e) professional fees and expenses incurred during the pendency of the chapter 11 cases by professionals retained pursuant to §§ 327(a) and 1103 of the Bankruptcy Code by the Debtors and any statutory committee; (f) professional fees and expenses incurred after the conversion of the chapter 11 cases to a case under chapter 7 of the Bankruptcy Code, by professionals retained pursuant to §§ 327(a) and 1103 of the Bankruptcy Code by the Debtors and any statutory committee, in an aggregate amount not in excess of \$5,000,000 (items (d)-(f), the “Professional Fees”). Nothing in this paragraph 13 alters the requirement for Court approval and allowance of Professional Fees or the right of Ultrapetrol, the Prepetition Secured Parties or any other party-in-interest to object to the award of Professional Fees in accordance with any applicable Bankruptcy Rule or, if applicable, order of the Court relating to the approval of Professional Fees and objections thereto.

a. Payment of any obligations within the Carve-Out shall not and shall not be deemed to reduce the Prepetition Obligations or the Adequate Protection Obligations and shall

not and shall not be deemed to subordinate the Adequate Protection Liens or the Adequate Protection Superpriority Claims to any junior prepetition or postpetition lien, interest, or claim in favor of another party.

14. Reservation of Certain Third Party Rights and Bar of Challenges and Claims.

Nothing in this Interim Order shall prejudice the rights of an official committee of unsecured creditors ("Creditors' Committee"), a successor trustee and, solely if no Creditors' Committee is appointed, any other party in interest granted standing by the Court (other than Ultrapetrol), to seek to object to or to challenge Ultrapetrol's Stipulations, including, but not limited to those in relation to: (a) the validity, extent, priority, or perfection of the mortgage, security interests, and liens of any of the Prepetition Secured Parties; or (b) the validity, allowability, priority, or amount of the Prepetition Obligations. A party, including any Creditors' Committee, if appointed, must commence, as appropriate, a contested matter or adversary proceeding raising such objection or challenge, including, without limitation, any claim against any of the Prepetition Secured Parties in the nature of a setoff, counterclaim or defense to the applicable Senior Debt Obligation (each, a "Challenge") within (i) with respect to a Creditors' Committee, sixty (60) calendar days from the effective date of retention of counsel to any Creditors' Committee, and (ii) with respect to other parties in interest with requisite standing other than Ultrapetrol or any Creditors' Committee, sixty (60) calendar days following the date of entry of the Final Order or any subsequent date that maybe ordered by the Court for cause shown before the expiration of such period (together, the "Challenge Period"). The applicable Challenge Period may only be extended for cause shown on motion and hearing brought prior to its expiration or by written consent of the Prepetition Secured Parties. Upon the expiration of the Challenge Period (the "Challenge Period Termination Date"), without the filing of a Challenge:

(A) any and all such Challenges by any party (including, without limitation, any Creditors' Committee, any chapter 11 trustee, and/or any examiner or other estate representative appointed in these Chapter 11 Cases, and any chapter 7 trustee and/or examiner or other estate representative appointed in any Successor Case), shall be deemed to be forever waived, released and barred, and (B) all of Ultrapetrol's Stipulations, waivers, releases, affirmations and other stipulations as to the priority, extent, and validity as to the Prepetition Secured Parties' claims, liens, and interests shall be of full force and effect and forever binding upon Ultrapetrol, its bankruptcy estates and all creditors, interest holders, and other parties in interest in these Chapter 11 Cases and any Successor Cases. Upon entry of a final nonappealable order determining any of the Prepetition Secured Parties to be undersecured, payment of interest or fees to such Prepetition Secured Parties under this Interim Order shall be reapplied to principal. Nothing in this Interim Order vests or confers on any Person (as defined in the Bankruptcy Code), including a Creditors' Committee or any other statutory committee appointed in the Chapter 11 Cases, standing or authority to pursue any cause of action belonging to Ultrapetrol or its estates, including any Challenge with respect to the Indenture or the IFC/OFID Loan Agreements or the Senior Debt Obligations.

15. No Third Party Rights. Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

16. No Liability to Third Parties. In making decisions to permit the use of Cash Collateral or in taking any other actions related to this Interim Order, the Prepetition Secured Parties (i) shall have no liability to any third party and shall not be deemed to be in control of the operations of Ultrapetrol or to be acting as a "controlling person," "responsible person" or

“owner or operator” with respect to the operation or management of Ultrapetrol (as such term, or any similar terms, are used in the Internal Revenue Code, the United States Comprehensive Environmental Response, Compensation and Liability Act, as amended, or any similar Federal or state statute), and (ii) shall not owe any fiduciary duty to Ultrapetrol, its creditors or its estates. The Prepetition Secured Parties’ relationship with Ultrapetrol shall not constitute or be deemed to constitute a joint venture or partnership with Ultrapetrol.

17. No Marshalling/Application of Proceeds. Upon entry of the Final Order, the Prepetition Secured Parties shall not be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the Collateral, as the case may be, and proceeds shall be received and applied in accordance with this Interim Order notwithstanding any other agreement or provision to the contrary.

18. No Waiver by Failure to Seek Relief. The failure of any of the Prepetition Secured Parties to seek relief or otherwise exercise its rights and remedies under this Interim Order or applicable law, as the case may be, shall not constitute a waiver of any rights hereunder, thereunder, or otherwise of the applicable Prepetition Secured Parties.

19. Good Faith. The Prepetition Secured Parties each have acted in good faith in connection with this Interim Order and their reliance on this Interim Order is in good faith.

20. Binding Effect of Interim Order. Immediately upon entry by this Court (notwithstanding any applicable law or rule to the contrary), the terms and provisions of this Interim Order shall become valid and binding upon and inure to the benefit of Ultrapetrol, the Prepetition Secured Parties, all other creditors of Ultrapetrol, any official committee appointed in the Chapter 11 Cases, and all other parties in interest and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in any of the Chapter 11 Cases, any

Successor Cases, or upon dismissal of any Chapter 11 Case or Successor Case. In the event of any inconsistency between the provisions of this Interim Order and any other order (including any “First Day” order), the provisions of this Interim Order shall govern and control. Any payments to be made under any order (including any “First Day” order) shall be made in accordance with this Interim Order and the Budget.

21. Survival. The provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered: (a) confirming any plan of reorganization in any of the Chapter 11 Cases; (b) converting any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code; (e) dismissing any of the Chapter 11 Cases or any Successor Cases; or (d) pursuant to which this Court abstains from hearing any of the Chapter 11 Cases or Successor Cases. The terms and provisions of this Interim Order, including the claims, liens, security interests and other protections granted to the Prepetition Secured Parties pursuant to this Interim Order, notwithstanding the entry of any such order, shall continue in the Chapter 11 Cases, in any Successor Cases, or following dismissal of the Chapter 11 Cases or any Successor Cases, and shall maintain their priority as provided by this Interim Order until the Senior Debt Obligation has been indefeasibly paid in full in cash

22. Final Hearing. The Final Hearing to consider entry of the Final Order is scheduled for _____, 2017 at __:__.m. (Eastern Time), before the Honorable [____], United States Bankruptcy Judge, Courtroom [____], at 300 Quarropas Street, White Plains, New York, the United States Bankruptcy Court for the Southern District of New York. On or before [____], 2017, the Debtors shall serve, by United States mail, first-class postage prepaid, notice of the entry of this Interim Order and of the Final Hearing (the “Final Hearing Notice”), together with a copy of this Interim Order and the Motion on: (a) the parties having been given notice of

the Interim Hearing; (b) any party which has filed prior to such date a request for notices with this Court; and (c) counsel for any Creditors' Committee, if any. The Final Hearing Notice shall state that any objections or responses to the Motion and entry of an order granting the relief requested on a final basis shall be in writing, filed with the Court in accordance with local rules and orders of the Court, and served upon (i) the proposed attorneys for the Debtors, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Dustin P. Smith, Esq. (dustin.smith@hugheshubbard.com)) and (ii) the Notice Parties, in each case so as to be received no later than at **4:00 p.m. (Eastern Time) on _____, 2017.**

23. Effect of this Interim Order. This Interim Order shall constitute findings of fact and conclusions of law pursuant to Fed. R. Bankr. P. 7052 and shall take effect and be enforceable *nunc pro tunc* to the Commencement Date immediately upon execution thereof.

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

Dated: White Plains, New York
February __, 2017

United States Bankruptcy Judge

EXHIBIT A

Budget

Ultrapetrol 13 Week Cash Collateral Budget

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
Week Ending (Friday):	2/3/2017	2/10/2017	2/17/2017	2/24/2017	3/3/2017	3/10/2017	3/17/2017	3/24/2017	3/31/2017	4/7/2017	4/14/2017	4/21/2017	4/28/2017	W1 - W13
Operating Activity														
Operating Cash Receipts	\$ 2,326,088	\$ 5,730,583	\$ 2,740,464	\$ 3,853,137	\$ 822,000	\$ 2,700,000	\$ 4,188,000	\$ 4,243,270	\$ 2,916,152	\$ 2,508,333	\$ 2,508,333	\$ 4,751,688	\$ 3,323,333	\$ 42,611,381
Cash Disbursements														
Payroll (Salaries)	(1,356,250)	(1,850,000)	(175,938)	(492,500)	(1,868,750)	(1,345,313)	(175,938)	(492,500)	(975,000)	(2,125,000)	(268,125)	(371,875)	(1,080,000)	(12,577,188)
Contract labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Raw material payments	-	(160,000)	-	-	(180,000)	-	(180,000)	-	(180,000)	-	-	-	-	(700,000)
Fuel (Gas Oil & IFO)	(300,000)	(425,000)	(306,250)	(275,000)	(245,000)	(456,250)	(245,000)	(306,250)	(275,000)	(307,500)	(506,250)	(387,500)	(387,500)	(4,422,500)
Transportation & shipping	(856,250)	(775,000)	(775,000)	(825,000)	(775,000)	(825,000)	(775,000)	(856,250)	(825,000)	(837,500)	(856,250)	(887,500)	(887,500)	(10,756,250)
Other production costs	(125,000)	(90,625)	(108,125)	(125,000)	(90,625)	(90,625)	(108,125)	(90,625)	(125,000)	(90,625)	(90,625)	(108,125)	(90,625)	(1,333,750)
Repairs & maintenance (non-CapEx)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	(83,750)	-	-	-	(83,750)	-	-	-	-	(83,750)	(251,250)
Rent and operating leases	-	(53,526)	-	(299,750)	-	(53,526)	-	(299,750)	-	(53,526)	-	-	(108,500)	(868,578)
Taxes	(22,281)	(358,130)	(106,458)	(106,250)	(26,732)	(396,710)	(106,458)	(21,875)	(16,031)	(341,938)	(86,755)	(105,958)	(21,875)	(1,717,450)
Insurance	-	-	(610,779)	-	-	-	-	-	-	-	-	-	-	(610,779)
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	(31,250)	(31,250)	(31,250)	(31,250)	(31,250)	(31,250)	(31,250)	(31,250)	(31,250)	(31,250)	-	-	(31,250)	(343,750)
	(2,691,031)	(3,743,531)	(2,113,800)	(2,238,500)	(3,217,357)	(3,198,673)	(1,621,771)	(2,182,250)	(2,427,281)	(3,787,339)	(1,808,005)	(1,860,958)	(2,691,000)	(33,581,495)
Net Cash Flow - Operating	(364,943)	1,987,052	626,664	1,614,637	(2,395,357)	(498,673)	2,566,229	2,061,020	488,871	(1,279,005)	700,329	2,890,730	632,333	9,029,886
Intercompany														
Net intercompany - operating	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net intercompany - debt & equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net investment & JV funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Operating Activity														
Cash Receipts														
3rd-party loan proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset sales & other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Cash Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Disbursements														
3rd-party loan repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures	(912,679)	(868,563)	(396,288)	(858,788)	(858,788)	(1,038,475)	(1,040,075)	(1,233,415)	(1,033,415)	(1,033,415)	(1,191,440)	(439,840)	(639,840)	(11,545,019)
Capital lease & other	(3,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	(3,000,000)
Reorganization professional fees	-	-	(1,143,510)	-	(1,143,510)	-	(2,664,883)	-	(2,664,883)	-	-	-	-	(7,616,785)
Total Non-Operating Cash Disbursements	(3,912,679)	(868,563)	(1,539,797)	(858,788)	(2,002,297)	(1,038,475)	(3,704,958)	(1,233,415)	(3,698,298)	(1,033,415)	(1,191,440)	(439,840)	(639,840)	(22,161,803)
Net Cash Flow - Non-Operating	(3,912,679)	(868,563)	(1,539,797)	(858,788)	(2,002,297)	(1,038,475)	(3,704,958)	(1,233,415)	(3,698,298)	(1,033,415)	(1,191,440)	(439,840)	(639,840)	(22,161,803)
Total Net Increase (Decrease) in Cash	\$ (4,277,622)	\$ 1,118,490	\$ (913,133)	\$ 755,850	\$ (4,397,654)	\$ (1,537,148)	\$ (1,138,728)	\$ 827,605	\$ (3,209,426)	\$ (2,312,420)	\$ (491,111)	\$ 2,450,890	\$ (7,507)	\$ (13,131,917)
Beginning Cash Balance - Book	\$ 18,282,624	\$ 14,005,003	\$ 15,123,492	\$ 14,210,359	\$ 14,966,209	\$ 10,568,555	\$ 9,031,406	\$ 7,892,678	\$ 8,720,283	\$ 5,510,856	\$ 3,198,436	\$ 2,707,324	\$ 5,158,214	\$ 18,282,624
Total cash receipts	2,326,088	5,730,583	2,740,464	3,853,137	822,000	2,700,000	4,188,000	4,243,270	2,916,152	2,508,333	2,508,333	4,751,688	3,323,333	42,611,381
Total cash disbursements	(6,603,709)	(4,612,093)	(3,653,597)	(3,097,288)	(5,219,654)	(4,237,148)	(5,326,728)	(3,415,665)	(6,125,579)	(4,820,754)	(2,999,445)	(2,300,798)	(3,330,840)	(55,743,298)
Net intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance - Book	\$ 14,005,003	\$ 15,123,492	\$ 14,210,359	\$ 14,966,209	\$ 10,568,555	\$ 9,031,406	\$ 7,892,678	\$ 8,720,283	\$ 5,510,856	\$ 3,198,436	\$ 2,707,324	\$ 5,158,214	\$ 5,150,707	\$ 5,150,707