



Cereplast Remains Confident in Collecting Outstanding Accounts Receivable and Has Implemented New Payment Terms

Under New Payment Terms, Accounts Receivable Has Not Increased

EL SEGUNDO, Calif., Dec. 27, 2011 - **Cereplast, Inc. (Nasdaq:CERP)**, a leading manufacturer of proprietary biobased, compostable and sustainable plastics, is providing shareholders with an update on the implementation of new payment terms being offered to customers. The Company also expects to collect all outstanding accounts receivables.

Cereplast has made adjustments in improving its current customer payment policy. First, all shipments to customers with outstanding invoices over 150 days have been halted. Second, more rigorous credit practices have been implemented including requiring advance payments, letters of credit or bank guarantees. As a result of the new payment terms, receivables outstanding have not increased. Also worth noting, Chairman and CEO Frederic Scheer has personally met with senior level executives of all of the customers with overdue invoices over the last two months.

Additionally, on December 21, 2011, the Company filed an amendment to its quarterly filing for the period ending September 30, 2011 to revise the disclosure in "Concentration of Credit Risk" and "Revenue Recognition" in Note 2 of the notes to the financial statements contained in the Form 10-Q. Cereplast had one large European customer that accounted for \$7.6 million, or 36% of our accounts receivables, and another large European customer with \$6.1 million, or 29% of our receivables. Management expects to be paid during the period December 2011 through February 2012, in accordance with agreed payments terms. These customers have acknowledged to Cereplast their agreement with the amounts owing and do not dispute the amounts recognized in revenue or recorded in accounts receivables by Cereplast.

As a result of the economic conditions in Europe felt by Cereplast's European customers, Cereplast increased its allowance for doubtful accounts by \$1.7 million in the quarter ended September 30, 2011 to reflect management's assessment of credit risk associated with these customer balances. Cereplast is working with all customers to mitigate credit risk and ensure collection of all outstanding amounts.

Frederic Scheer, Chairman and CEO, stated, "Management has taken aggressive action to ensure that Cereplast will collect its outstanding receivables and has designed more rigorous standards for getting paid. While Europe's macroeconomic conditions can be blamed for much of what we experienced, we had to adjust our payment terms to customers which will reduce the risk of outstanding balances becoming extended past our normal acceptable period. I have personally met with our major customers recently and I am working closely with each party to come to an agreement on payment plans to collect all of outstanding monies in a timely fashion. Two customers in particular accounted for 65% of the receivables outstanding as at September 30th, and we believe that the ability to make collections is manageable. I remain confident in our ability to collect on our outstanding receivables and look forward to updating our shareholders as we make progress."

About Cereplast, Inc.

Cereplast, Inc. (Nasdaq:CERP) designs and manufactures proprietary biobased, sustainable plastics which are used as substitutes for traditional plastics in all major converting processes - such as injection molding, thermoforming, blow molding and extrusions - at a pricing structure that is competitive with traditional plastics. On the cutting edge of bioplastic material development, Cereplast now offers resins to meet a variety of customer demands. Cereplast Compostables(R) resins are ideally suited for single-use applications where high biobased content and compostability are advantageous, especially in the foodservice industry. Cereplast Sustainables(R) resins combine high biobased content with the durability and endurance of traditional plastic, making them ideal for applications in industries such as automotive, consumer electronics and packaging. Learn more at www.cereplast.com. You may also visit the Cereplast social networking pages at [Facebook.com/Cereplast](https://www.facebook.com/Cereplast), [Twitter.com/Cereplast](https://twitter.com/Cereplast), [Youtube.com/Cereplastinc](https://www.youtube.com/Cereplastinc) and [Stocktwits.com/symbol/CERP](https://stocktwits.com/symbol/CERP). The Cereplast, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=9567>

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actions, and U.S. actions subsequently; and other factors detailed in reports filed by the Company.

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