

IT IS SO ORDERED.

Dated: 10:15 AM October 13 2006



**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

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In re: :
: Case No. 06-51848
CEP HOLDINGS, LLC, et al.,¹ : (Jointly Administered)
: :
Debtors. : Chapter 11
: :
: Honorable Marilyn Shea-Stonum
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**ORDER ESTABLISHING PROCEDURES FOR
RESOLVING RECLAMATION CLAIMS ASSERTED AGAINST
THE DEBTORS AND GRANTING CERTAIN RELATED RELIEF**

Upon the motion (the “**Motion**”)² of CEP Holdings, LLC and its affiliated debtors and debtors-in-possession (each a “**Debtor**” and collectively, the “**Debtors**” or “**CEP**”) in the above-captioned Chapter 11 cases (the “**Cases**”), for entry of an order (i) establishing procedures for resolving reclamation claims asserted against the debtors and (ii) granting certain related relief; the

¹ The Debtors include: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC.

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

Court having reviewed the Motion and having heard the statements of counsel in support of the relief requested therein at a hearing before the Court (the “**Hearing**”); and upon the Mallak Affidavit; and the Court having found and concluded that (i) it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) this is a core proceeding, (iii) notice of the Motion was sufficient under the circumstances, and (iv) the legal and factual bases set forth in the Motion, the Mallak Affidavit, and at the Hearing establish just cause for the relief granted herein; and this Court having determined that granting the relief requested in the Motion is in the best interests of the Debtors, their estates and their creditors; and after due deliberation and sufficient cause appearing therefore;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED to the extent provided herein.
2. The Debtors hereby are authorized to resolve all Reclamation Claims in accordance with the exclusive Reclamation Procedures set forth below, which are hereby approved and authorized in their entirety:
 - a. Any Seller asserting a Reclamation Claim must satisfy all procedural and timing requirements under applicable law and demonstrate that it has satisfied all legal elements entitling it to a right of reclamation;
 - b. Any Seller asserting a Reclamation Claim must deliver a copy of its written reclamation demand to the Debtors, at the following addresses: (i) CEP Holdings, LLC, 3650 W. Market St., Suite 340, Akron, Ohio 44333 (Attn: Joseph Mallak); and (ii) Baker & Hostetler LLP, 3200 National City Center, 1900 East 9th Street, Cleveland, OH 44114-3485, (Attn: Joseph F. Hutchinson, Jr. Esq.). Upon receipt of any written reclamation demand, the Debtors will serve upon the Seller, at the address indicated in its reclamation demand, a copy of this Motion or, if this Motion has been granted, the order approving this Motion;
 - c. After receipt of all timely reclamation demands and an opportunity to review such demands — including, without limitation, whether the demand is subordinate to the prior rights of a holder of a security interest in the applicable Goods or the proceeds thereof — but, absent further order of the Court, no later than **120 days** after the Petition Date (the “**Reclamation**”

Notice Deadline”), the Debtors will file a Notice (the “**Reclamation Notice**”), listing the Reclamation Claims and amount, if any, that the Debtors determine to be valid for each such Reclamation Claim. The Debtors will serve the Reclamation Notice on the following parties (collectively, the “**Notice Parties**”): (i) the Office of the United States Trustee for the Northern District of Ohio (the “**U.S. Trustee**”); (ii) counsel to any official committee of unsecured creditors (the “**Committee**”) appointed in these cases; (iii) each Seller that is subject to the Reclamation Notice at the address indicated in its reclamation demand; and (iv) counsel to Wachovia;

- d. If the Debtors fail to file the Reclamation Notice within the required period of time, any holder of a Reclamation Claim may bring a motion on its own behalf to seek relief with respect to its Reclamation Claim, but may not bring any such motion until the expiration of the Reclamation Notice Deadline;
- e. All Notice Parties shall have the right and opportunity to object to the proposed allowance or disallowance of any asserted Reclamation Claim in the Reclamation Notice as set forth therein;
- f. Any Reclamation Claim that is included in the Reclamation Notice and is not the subject of an objection within **20 days** after service of the Reclamation Notice, shall be deemed a valid Reclamation Claim allowed by the Court in the amount identified in the Reclamation Notice; provided that all issues relating to the treatment of any such allowed Reclamation Claim shall be reserved;
- g. Notwithstanding and without limiting the foregoing, the Debtors are authorized, but not required, to negotiate, in their sole discretion, with any Seller and to seek an agreement with any Seller to resolve its Reclamation Claim. If the Debtors and a Seller are able to agree on the validity, amount and/or treatment of the Seller's Reclamation Claim, the Debtors shall prepare a notice of settlement (the “**Settlement Notice**”), file it with the Court and serve such Settlement Notice on counsel to the Banks, counsel to the Committee, the U.S. Trustee and the Seller subject to the settlement. The Banks, the Committee and the U.S. Trustee shall have **10 days** from the date of the Settlement Notice to file with the Court an objection thereto (a “**Settlement Objection**”). Settlement Objections must be served so as to be received by the Debtors, the Debtors' counsel, the applicable Seller, counsel to the Banks, counsel to the Committee and the U.S. Trustee within the **10 day** objection period;
- h. If no Settlement Objection with respect to a Settlement Notice is timely filed and served, the Reclamation Claim at issue shall be allowed and treated in accordance with the Settlement Notice without further order of the Court. If a Settlement Objection with respect to a Settlement Notice is timely filed and served, the parties may negotiate a consensual resolution of such objection to

be incorporated in a stipulation filed with the Court (a “**Settlement Stipulation**”). Upon the filing of a Settlement Stipulation, the applicable Reclamation Claim shall be allowed and treated in accordance with the terms of the Settlement Stipulation without further order of the Court. If no consensual resolution of a Settlement Objection is reached within **30 days** after the date of the Settlement Objection, unless such period is extended by mutual agreement of the Debtors and the party filing the Settlement Objection, the Debtors shall thereafter file a motion for the Court to resolve the Settlement Objection; and

- i. Nothing in the Reclamation Procedures shall modify the automatic stay of section 362(a) of the Bankruptcy Code with respect to any Goods. As such, the Reclamation Procedures shall not alter in any way the procedures, standards and burden of proof applicable or required pursuant to section 362(a) of the Bankruptcy Code with respect to any attempt by a Seller to obtain possession of any of the Goods or otherwise to collect its Reclamation Claim. Without limiting the foregoing, no Seller shall be entitled to obtain possession of any Goods without first filing a motion with the Court for relief from the automatic stay or obtaining the prior express written consent of the Debtors. The Debtors and all other parties in interest reserve all rights to object to any such motion for relief from the automatic stay. Sellers shall be prohibited from seeking relief from the stay with respect to any reclamation demand until the time a Reclamation Notice is filed by the Debtors with respect to such reclamation demand or the Reclamation Notice Deadline otherwise expires.

3. The foregoing Reclamation Procedures are the sole and exclusive method for the resolution and payment of reclamation claims asserted against the Debtors. All Sellers are prohibited from seeking any other means for the resolution or treatment of their Reclamation Claims, including, without limitation: (a) commencing adversary proceedings against the Debtors in connection with any reclamation claims; (b) seeking to obtain possession of any Goods; or (c) interfering with the delivery of any Goods to the Debtors.

4. All adversary proceedings and contested matters in these cases relating to Reclamation Claims, whether currently pending or initiated in the future, except those proceedings initiated by the Debtors in accordance with these Reclamation Procedures, are stayed and the claims asserted therein shall be resolved exclusively pursuant to the Reclamation Procedures set forth herein, unless otherwise ordered by the Court.

5. Nothing contained herein or in the Motion shall limit the Debtors' ability to make payments to creditors in accordance with any other orders of this Court, regardless of whether such creditors have asserted Reclamation Claims.

6. No payment agreed to between a Seller and the Debtors with respect to a Reclamation Claim can have priority over senior liens of WCFC without WCFC's prior written consent or further order of this Court.

7. This Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of this Order.

8. The requirement pursuant to Local Bankruptcy Rule 9013-1(a) that the Debtors file a memorandum of law in support of the Motion is hereby waived.

9. Notwithstanding anything to the contrary, the terms of this Order shall be subject to the terms of the Emergency Order Authorizing Debtors To: (A) Use Cash Collateral on an Emergency Basis; (B) Incur Postpetition Debt on an Emergency Basis; (C) Grant Adequate Protection and Provide Security and Other Relief to Wachovia Capital Finance Corporation (Central; and (D) Grant Certain Related Relief (the "**Emergency Financial Order**"), the "Final Hearing Order" (as defined in the Emergency Order) and all amendments, modifications and supplements to the Emergency Financing Order and Final Hearing Order with WCFC's consent, as the same are in effect from time to time.

10. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

IT IS SO ORDERED.

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Respectfully submitted by:

/s/ Joseph F. Hutchinson, Jr.
Joseph F. Hutchinson, Jr. (0018210)
Thomas M. Wearsch (0078403)
Eric R. Goodman (0076035)
BAKER & HOSTETLER LLP
3200 National City Center
1900 East 9th Street
Cleveland, Ohio 44114-3485
Phone: 216.621.0200

*Proposed Counsel for the Debtors
and Debtors-in-possession*

Consented to and No Objection:

/s/ Jeremy Downs
Alan Solow
Jeremy Downs
Shira Isenberg
GOLDBERG KOHN
55 East Monroe
Suite 3700
Chicago, Illinois 60603

*Counsel to Wachovia Capital
Finance Corporation (Central)*

No Objection:

/s/ Mark Freedlander
Mark Freedlander
Sally Edison
MCGUIRE WOODS
Dominion Tower
625 Liberty Avenue
23rd Floor
Pittsburgh, PA 15222

*Proposed Counsel to the
Official Committee of
Unsecured Creditors*

/s/ Maria D. Giannirakis
Maria D. Giannirakis
OFFICE OF THE UNITED
STATES TRUSTEE
Howard M. Metzenbaum US Courthouse
201 Superior Avenue, East
Suite 441
Cleveland, Ohio 44114

Office of the United States Trustee