

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 PURSUANT TO BANKRUPTCY CODE SECTIONS 105(a) AND 331 AND
FEDERAL RULE OF BANKRUPTCY PROCEDURE 2014(a) ESTABLISHING
PROCEDURES FOR MONTHLY COMPENSATION AND REIMBURSEMENT
OF EXPENSES OF PROFESSIONALS AND COMMITTEE MEMBERS**

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, pursuant to sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2014(a), establishing procedures for monthly

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.

compensation and reimbursement of expenses of professionals retained by order of this Court; the 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. Except as may otherwise be provided in a Court order authorizing the retention of the specific Professionals, all Professionals in these Cases may seek monthly compensation in accordance with the following procedures:

- (a) On or before the twentieth (20th) day of each month following the month for which compensation is sought, each Professional seeking compensation will serve a monthly statement (I) by electronic mail upon CEP, Baker, the secured lenders, the Customers and the Committee using the following electronic mail addresses (1) jmallak@cepprod.com; (2) jhutchinson@bakerlaw.com; (3) twearsch@bakerlaw.com; (4) egoodman@bakerlaw.com; (5) jeremy.downs@goldbergkohn.com; (6) dbaty@honigman.com; (7) radom@butzel.com; (8) mhammer@dickinson-wright.com; and (9) mfreedlander@mcguirewoods.com, and (II) by regular mail upon the Office of the United States Trustee, Howard M. Metzenbaum U.S. Courthouse, 201 Superior Ave., East - Suite 441, Cleveland, Ohio 44114, Attn: Maria D. Giannirakis (collectively, the “**Notice Parties**”);

- (b) The monthly statement need not be filed with the Court and a courtesy copy need not be delivered to the presiding bankruptcy judge's chambers because this Motion is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code and because professionals are still required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules;
- (c) For those Professionals who bill based on time, each monthly fee statement must contain a list of the individuals and their respective titles (*e.g.*, attorney, accountant, or paralegal) who provided services during the statement period, their respective billing rates, the aggregate hours spent by each individual, a reasonably detailed breakdown of the disbursements incurred (no Professional should seek reimbursement of an expense which would otherwise not be allowed pursuant to the Guidelines), and contemporaneously maintained time entries for each individual in increments of tenths (1/10) of an hour;
- (d) Each person receiving a statement may review it and, in the event that he or she has an objection to the compensation or reimbursement sought in a particular statement, he or she shall, by no later than the thirty-fifth (35th) day following the end of the month for which compensation is sought, serve upon the Professional whose statement is objected to, and the Notice Parties, a written "Notice of Objection to Fee Statement" setting forth the nature of the objection and the amount of fees or expenses at issue;
- (e) At the expiration of the thirty-five (35) day period, the Debtors shall promptly pay eighty percent (80%) of the undisputed fees and one hundred percent (100%) of the undisputed expenses identified in each monthly statement to which no objection has been served in accordance with paragraph (d);
- (f) If the Debtors receive an objection to a particular fee statement, they shall withhold payment on that portion of the fee statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (e);
- (g) Similarly, if the parties to an objection are able to resolve their dispute following the service of Notice of Objection to Fee Statement and if the party whose statement was objected to serves on the Notice Parties a statement indicating that the objection is withdrawn and describing in detail the terms of the resolution, then

the Debtors shall promptly pay, in accordance with paragraph (e), that portion of the fees statement which is no longer subject to an objection;

- (h) All objections that are not resolved by the parties, shall be preserved and presented to the Court at the next interim or final fee application hearing to be held by the Court (*see* sub-paragraph (j) below);
- (i) The service of an objection in accordance with paragraph (d) shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground whether raised in the objection or not. Furthermore, the decision by any party not to object to a fee statement shall not be a waiver of any kind or prejudice that party's right to object to any fee application subsequently made to the Court in accordance with the Bankruptcy Code;
- (j) Approximately every 120 days, but no more than every 150 days, each of the Professionals shall serve and file with the Court, in accordance with the Guidelines an application for interim or final Court approval and allowance, pursuant to Bankruptcy Code sections 330 and 331 (as the case may be), of the compensation and reimbursement of expenses requested;
- (k) Any Professional who fails to file an application seeking approval of compensation and expenses previously paid under this Motion when due shall (i) be ineligible to receive further monthly payments of fees or expenses as provided herein until further order of the Court and (ii) may be required to disgorge any fees paid since retention or the last fee application, whichever is later;
- (l) The pendency of an application or a Court order that payment of compensation or reimbursement of expenses was improper as to a particular statement shall not disqualify a Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court;
- (m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein, shall have any effect on the Court's interim or final allowance of compensation and reimbursement of any Professional; and
- (n) The attorneys for the Committee may, in accordance with the foregoing procedure for monthly compensation and reimbursement of Professionals, collect and submit statements of expenses (excluding individual committee members' counsel expenses),

with supporting evidence of payment, from members of the Committee he or she represents; provided, however, that such Committee attorneys ensure that these reimbursement requests comply with the Guidelines.

3. All members of an official committee may seek monthly reimbursement of expenses in accordance with the following procedure:

- (a) Each Committee member will submit statements of expenses and supporting vouchers and receipts (the “**Expense Statements**”) to Committee counsel, who will collect and based thereon submit a comprehensive request for reimbursement to the Debtors and the U.S. Trustee and any secured pre or post petition lenders. Committee counsel will not be permitted to submit a request for reimbursement more frequently than once every thirty (30) days.
- (b) At the expiration of the fifteen (15) day objection period after receipt of a request from Committee counsel, the Debtors shall promptly pay for expenses, except with respect to any expense to which the Debtors object.
- (c) The Debtors, the Committee member to whose expense objection is made, and Committee counsel and any other objecting party shall attempt to resolve any such objection, but in the absence of a resolution, the Debtors shall issue a reimbursement check with respect to any expense subject to objection only pursuant to an order of the Court obtained by the applicable Committee member upon motion on notice to the Debtors and their counsel, the U.S. Trustee and any pre and postpetition secured lenders.
- (d) Committee member expenses need not be approved pursuant to any interim or final application process, unless necessary to resolve any pending objection to a reimbursement request.
- (e) Notwithstanding the failure to object to any reimbursement request, and notwithstanding payment pursuant to any reimbursement request, the Debtors and other parties in interest shall have the right, at any time during the Cases, upon motion and following notice and a hearing, to seek disgorgement of any amounts paid to any Committee member.

4. The Debtors shall include all payments to Professionals on their monthly operating reports, detailed so as to state the amount paid to each of the Professionals.

5. Any party may object to requests for payments made pursuant to this Order on the grounds that the Debtors have not timely filed monthly operating reports, remained current with their administrative expenses and 28 U.S.C. § 1930 fees, or a manifest exigency exists by seeking a further order of this Court, otherwise, this Order shall continue and shall remain in effect during the pendency of these Cases.

6. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

7. Any and all other and further notice of the relief requested in the Motion shall be, and hereby is, dispensed with and waived; provided, however, that the Debtors must serve a copy of this Order on the Notice Parties.

8. 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 Financing 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.

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

10. 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.

11. 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:

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