

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

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In re:	:	
	:	Case No. 06-61796
CEP HOLDINGS, LLC, <u>et al.</u> , <sup>1</sup>	:	(Jointly Administered)
	:	
Debtors.	:	Chapter 11
	:	
	:	Honorable Russ Kendig
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**MOTION OF THE DEBTORS AND DEBTORS IN POSSESSION FOR 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.**

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**”), hereby submit this expedited motion (the “**Motion**”), pursuant to sections 362, 363, 364 and 365 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 4001(b) and (c) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), seeking, *inter alia*, entry of emergency (the “**Emergency Order**”) and final orders (the “**Final Order**”, collectively, with the Emergency Order, the “**Financing Orders**”) authorizing the Debtors to (a) use cash collateral of its secured lender on an emergency basis, (b) incur postpetition secured indebtedness on an emergency basis, (c) grant adequate protection and

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

provide and other related relief to its secured lender, (d) granting related relief, and (e) setting final hearing. In support of this Motion, the Debtors refer to and rely upon the Affidavit of Joseph Mallak in Support of Chapter 11 Petitions and First Day Motions (the “**Mallak Affidavit**”), filed contemporaneously herewith, and respectfully represent as follows:

### **JURISDICTION AND VENUE**

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the Motion is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A).

2. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief requested herein are sections 105(a), 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 365 of the Bankruptcy Code and Bankruptcy Rules 4001(b) and (c).

### **BACKGROUND**

4. On the date hereof (the “**Petition Date**”), each Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtors have requested that the Cases be jointly administered for procedural purposes only.

5. The Debtors are operating their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee, examiner or official committee of unsecured creditors has been appointed.

#### **A. Summary of Capital Structure and Current Business Operations**

6. Creative Engineered Polymer Products, LLC, (“**CEPP**”) is a limited liability company formed under the laws of the State of Ohio. CEPP is wholly owned by CEP Holdings, LLC (“**Holdings**”), a privately-held limited liability company formed under the laws of the State of Ohio. Holdings is a holding company whose sole asset is its membership interests

in CEPP. CEPP has three subsidiaries: (i) Composite Parts Mexico S.A. de C.V. (the “**CEP Mexico**”), a Mexican corporation which is 99.9% owned by CEPP and .01% owned by non-debtor Reserve Capital Group, Ltd; (ii) Thermoplastics Acquisition, LLC (“**Thermoplastics**”), an Ohio limited liability company which is wholly owned by CEPP and is a debtor in these cases; and (iii) CEP Latin America, LLC (“**CEP LA**”), a non-debtor Ohio limited liability company which is wholly owned by CEPP. CEP LA was never funded and has no operations or debt. The principal place of business of the Debtors is 3560 West Market Street, Suite 340, Akron, Ohio 44333.

7. The Debtors operate 10 manufacturing plants in Ohio, Michigan, Alabama, South Carolina and Mexico, including a plant in Canton, Ohio. CEPP operates six plants in Ohio, Michigan and Alabama. Non-debtor CEP Mexico operates two plants in Mexico. Thermoplastics operates one plant in Ohio and one in South Carolina.

8. CEP and its debtor subsidiaries are custom molders and extruders of rubber and plastic products, primarily for the OEM automotive market. The Debtors have achieved a unique position as preferred suppliers of high quality products to major customers, including General Motors, Delphi Corporation, Visteon, Nissan, Daimler-Chrysler, Honda and GKN Automotive. CEP has maintained this position as a leader in the marketplace through innovative manufacturing techniques and by continuously improving its broad base of material and process technology.

9. Gross sales for the Debtors’ businesses are projected to be approximately \$190 million for fiscal 2006. The Debtors’ approximately 1,100 employees manufacture the Debtors’ products at ten strategically located manufacturing facilities in Ohio, Michigan, South

Carolina, Alabama and Mexico.<sup>2</sup> The Debtors also maintain a Technical Center in Livonia, Michigan which offers design assistance and program management services for the Debtors' businesses.

B. Prepetition Debt Structure

10. The Debtors were formed as part of two separate purchase transactions on August 16, 2005 and December 20, 2005, respectively. As part of the August 16, 2005 transaction, the CEPP and CEP Mexico businesses were purchased from the Carlisle Companies. In conjunction with the transaction, CEP Acquisition LLC n/k/a CEPP entered into a Loan and Security Agreement, dated as of August 16, 2005 (the "**Prepetition CEPP Credit Agreement**") with Wachovia Capital Finance Corporation (Central) ("**WCFC**" or "**Lender**"), as both Agent and Lenders thereunder. The Prepetition CEPP Credit Agreement provided two term loans and a revolving credit facility to CEPP in the maximum amount of \$45 million (collectively, the "**CEPP Prepetition Loan**"). The CEPP Prepetition Loan is secured by substantially all the assets of CEPP, including, without limitation, all accounts, general intangibles, goods, inventory, equipment, real property, accounts receivable, other personal property and proceeds thereof (collectively, the "**Prepetition CEPP Collateral**"). As of the Petition Date, the amount outstanding under the CEPP Prepetition Loan was not less than \$21,693,507.60 (not taking into account pre-petition and post-petition interest, fees and expenses to which Agent may be entitled under the Prepetition CEPP Credit Agreement and applicable law).

11. As part of the December 20, 2005 transaction, CEPP purchased the Thermoplastics business from Parker Hannifan Corporation. In conjunction with the transaction, Thermoplastics entered into a Loan and Security Agreement, dated as of December 21, 2005 (the

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<sup>2</sup> CEP Mexico, a non-debtor, produces high quality plastic products at two factories in Mexico.

**“Prepetition Thermoplastics Credit Agreement”** and together with the Prepetition CEPP Credit Agreement, the **“Prepetition Credit Agreements”**) with WCFC, as both Agent and Lenders. The Prepetition Thermoplastics Credit Agreement provided a term loan and a revolving credit facility to Thermoplastics in the maximum amount of \$5 million (collectively, the **“Thermoplastics Prepetition Loan”** and together with the CEPP Prepetition Loan, the **“Prepetition Loans”**). The Thermoplastics Prepetition Loan is secured by substantially all the assets of Thermoplastics, including, without limitation, all accounts, general intangibles, goods, inventory, equipment, accounts receivable, other personal property and proceeds thereof (collectively, the **“Prepetition Thermoplastics Collateral”** and together with the Prepetition CEPP Collateral, the **“Prepetition Collateral”**). As of the Petition Date, the amount outstanding under the Thermoplastics Prepetition Loan was not less than \$4,219,688.58 (not taking into account pre-petition and post-petition interest, fees and expenses to which Agent may be entitled under the Prepetition Thermoplastics Credit Agreement and applicable law). The Prepetition Credit Agreements are cross-defaulted and cross-collateralized.

12. Prior to the Petition Date, Visteon Corporation, General Motors Corporation and Delphi Corporation (collectively, the **“Customers”**) and WCFC entered into a Subordinated Participation Agreement dated June 30, 2006 and a First Amendment to Subordination Participation Agreement dated August 18, 2006 pursuant to which the Customers purchased subordinated, last out participation interests (the **“Participation Interests”**) in the Prepetition Loan Facilities. The Customers purchased \$2.9 million of Participation Interests, the proceeds of which were used by the Debtors to fund their operations and the building of the Customers’ parts.

C. Events Leading To The Filing Of These Chapter 11 Cases

13. The Debtors and other automotive suppliers and manufacturers have faced a series of unanticipated operational and market challenges that have adversely affected their operations and cash flows. These challenges have impaired both the Debtors' suppliers and customers which in turn have severely affected the Debtors' operations and businesses.

14. With respect to suppliers, the September 2005 hurricanes in the Gulf Coast region have disproportionately damaged manufacturers who rely on plastic resins. Shortly after the hurricanes, the Debtors began experiencing sharp increases in their principal raw materials (plastic resins) which increases were attributable to interrupted refining capacity. With prices already high due to increased global demand, insecurity and supply constraint issues, the hurricanes magnified the rise in the price of crude oil and natural gas. The Debtors have continued to experience significantly higher costs for raw materials.

15. With respect to the Debtors' customers, the Debtors have been unsuccessful in recovering much of these increases in raw material costs from their customers through price increases. The structure of the American automotive industry is such that it is difficult for manufacturers such as the Debtors to pass rising material costs on to customers. Faced with rising costs, the Debtors have expended substantial effort in attempting to source cheaper alternatives (such as recycled materials and alternative formulations) for substitution of higher cost materials. Despite these efforts, most of the Debtors' customers have delayed approving these material substitutions. Although the Debtors are now starting to experience success in receiving approvals of the material substitutions, the damage to the Debtors' liquidity is irreversible outside the protections of the Bankruptcy Code.

16. In addition to increased material costs, the general instability of the industry has directly harmed the Debtors' liquidity. For example, the Debtors have been

impaired by the bankruptcy filing of several large OEM's, including Delphi Corporation, the Debtors' second largest customer. The bankruptcy filing of Delphi in October 2005 alone resulted in a cash loss to the Debtors of nearly \$1.7 million based on the Debtors' unpaid prepetition claim in that case.

17. In addition to bankruptcy filings in the industry, the general credit downgrade has led to delays and increasingly delinquent customer payments for approved tooling programs. These programs are typically managed and paid for by the Debtors for the benefit of a particular customer which subsequently reimburses the Debtors. The increased delays and failure of customers to pay for these programs have decreased the portion of accounts receivable against which Wachovia will lend under the Prepetition Credit Agreements. This, in turn, has further impaired the Debtors' liquidity.

18. The Debtors have further experienced excess capacity at their plants due to decisions by their customers. For example, GM's transfer from the GMT800 platform to the GMT900 platform has led to substantial idling of capacity. In late 2005, GM started phasing out the GMT800 platform, a manufacturing platform in which the Debtors were heavily involved. The Debtors have been harmed by this action because (i) the Debtors have significant up front costs invested in the GMT800 platform and (ii) GM has not provided the Debtors with replacement work in the new GMT900 platform. Thus, the Debtors have not recovered their costs associated with the GMT800 platform and are operating at significantly lower capacity at several manufacturing plants due to a failure to receive work under the GMT900 platform.

D. Prepetition Activities

19. In an attempt to create maximum value for the Debtors' creditors, the Debtors worked with the Customers and WCFC to allow the Debtors to formulate a restructuring plan which would reorganize the Debtors outside of a chapter 11 proceeding. As part of this

plan, in May 2006 the Debtors entered into a series of forbearance, accommodation and access and security agreements with WCFC and the Customers, which agreements provided a 120-day window for the Debtors to effectuate an out-of-court restructuring plan. This window expired September 6, 2006.

20. Given the size and complexity of the Debtors' operations and the continuation of the market circumstances described above, the Customers, WCFC and the Debtors ultimately determined that an out-of-court restructuring was not feasible. Thus, after exploring all options and faced with a severe liquidity crisis, the Debtors have no choice but to commence these cases as the only means of preserving the Debtors as going concerns, and, thus, maximize the value of the Debtors' assets for their creditors.

21. With the aide of this Court and the support of WCFC and the Customers, the Debtors' goal is to stabilize their business operations and financial situation and sell their assets in a manner to maximize value for the Debtors' Creditors. As detailed in this Motion, WCFC and the Customers have agreed to provide post-petition financing and cash infusions to the Debtors which financing and cash infusions will fund the Debtors' costs of operations, wind down, restructuring and liquidation until such time that the Debtors' assets are sold pursuant to Section 363 of the Bankruptcy Code. The Debtors believe that this course of action will maximize the value of their assets for all creditors.

#### **RELIEF REQUESTED**

22. By this Motion, the Debtors request authority to: (a) use cash collateral of Lender on an emergency basis, (b) incur postpetition secured indebtedness (the "**Postpetition Facility**") on an emergency basis, (c) grant adequate protection to Lender and provide and other related relief to Lender, and (d) the setting of a the Final Hearing pursuant to Rule 4001(c) of the



Federal Rules of Bankruptcy Procedure, all as more fully described in the Emergency Order, a the proposed form of which is attached hereto as **Exhibit A**.

23. The following is a summary of the key provisions of the Emergency Order:<sup>3</sup>

**General Terms of Postpetition Financing**

24. Pursuant to the Postpetition Agreement and Emergency Order, the principal terms of the Postpetition Financing generally are:<sup>4</sup>

- a. Borrowers: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC
- b. Guarantors: Composite Parts Mexico S.A. DE C.V. and CEP Latin America, LLC
- c. Lender: Wachovia Capital Finance Corporation (Central).
- d. Accommodation Parties: General Motors Corporation, Visteon Corporation, Delphi Automotive Systems, LLC (collectively, the “**Participating Customers**”) are providing accommodations to the Debtors, including Cash Infusions, more fully described in the Emergency Order. The Participating Customers may also purchase Postpetition Interests in the Postpetition Facility as described more fully in the Emergency Order.

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<sup>3</sup> The following is intended as a summary of certain terms of Emergency Order and should not be relied upon as a complete description of the terms of the Emergency Order. All parties are encouraged to review and rely on the terms of the Emergency Order. In case of any inconsistency between the terms of the Postpetition Financing as described in this Motion and the Emergency Order or Postpetition Agreement, the Emergency Order and Postpetition Agreement shall control.

<sup>4</sup> All capitalized terms not otherwise defined in this Motion shall have the meaning ascribed to them in the Emergency Order.

e. Maximum Amount. The maximum principal amount of the Aggregate Debt shall be \$30,880,000, exclusive of Postpetition Charges and Allowable 506(b) Amounts.

f. Use of Proceeds. In accordance with the four month budget attached to the Emergency Order (the “Budget”).

g. DIP Commitment Fee: \$430,000

h. Interest. The Postpetition Debt shall bear interest at a per annum rate equal to the non-default Interest Rate (as defined in the Loan Agreements).

i. Term. The Postpetition Facility shall immediately and automatically terminate (except as Lender may otherwise agree in writing), and all Aggregate Debt (as defined in the Emergency Order) shall be immediately due and payable (except as Lender may otherwise agree in writing) upon the earliest to occur of (such earliest date, the “**Termination Date**”):

- (1) Three business days after the date of the Final Hearing, unless a Final Order has been entered by that date in which case the Final Order shall identify a later applicable termination date, which date shall be the later of (i) the date the last of the Closing Facilities closes or (ii) the date the sale of the last of the Sale Facilities closes;
- (2) if the Emergency Order is modified at the Final Hearing in a manner unacceptable to Lender, the date of the Final Hearing; and
- (3) the date on which Lender provides, via facsimile or overnight mail, written notice to counsel for Debtors, counsel to Participating Customers, and counsel for any Committee of the occurrence of an Event of Default (or, if any cure period is applicable with respect to such Event of Default, the expiration of such cure period), pursuant to which notice Lender has elected to declare the occurrence of the Termination Date.

j. Carve Out. A professional and statutory fee carve out described more particularly in the Emergency Order is included.

### **Cash Collateral**

25. With respect to the Debtors' use of Lender's cash collateral, the Postpetition Agreement and Emergency Order generally provide:

a. Authorization to Use Cash Collateral. Debtors are authorized to use Cash Collateral solely in accordance with and pursuant to the terms and provisions of the Emergency Order.

b. Delivery of Cash Collateral to Lender. Debtors are authorized and directed to deposit all Cash Collateral now or hereafter in their possession or under their control into the existing Blocked Accounts (or to otherwise deliver all such Cash Collateral to Lender in a manner satisfactory to Lender) promptly upon receipt thereof. Lender shall thereafter apply such Cash Collateral in accordance with Paragraph 6(e) of the Emergency Order.

c. Cash Collateral in Lender's Possession. Lender is authorized to collect upon, convert to cash and enforce checks, drafts, instruments and other forms of payment now or hereafter coming into its possession or under its control which constitute Aggregate Collateral or proceeds of Aggregate Collateral.

### **Postpetition Indebtedness and Priority**

26. With respect to the incurrence of postpetition indebtedness by the Debtors, the Postpetition Agreement and Emergency Order generally provide:

a. Postpetition Documents. Debtors seek authorization to: (1) execute the Postpetition Documents, including all documents that Lender finds necessary to implement the transactions contemplated by the Postpetition Documents, and to make immaterial modifications thereto as the parties deem necessary, without further order of this Court; and (2)

perform their obligations under and comply with all of the terms and provisions of the Postpetition Documents and the Emergency Order.

b. Permitted Uses of Postpetition Debt. Debtors seek authority to incur Postpetition Debt: (1) solely in accordance with and pursuant to the terms of the Emergency Order and the Postpetition Documents; and (2) solely to the extent required to pay those expenses enumerated in the Budget as and when such expenses become due and payable.

c. Certain Terms of Postpetition Debt.

- (1) Conditions to Postpetition Advances. At Lender's election, no Postpetition Debt shall be incurred under the Emergency Order until: (A) the Postpetition Agreement has been executed and delivered by Debtors and it has become effective in accordance with Section 5.5 of the Postpetition Agreement; (B) the Participating Customer Participation Agreement has become effective; (C) the Prepetition Guarantors have ratified the Prepetition Guarantees on terms satisfactory to Lender in its sole discretion; and (D) the Postpetition Guarantors have executed and delivered the Postpetition Guarantees.
- (2) Overadvance Sublimits. Subject to the terms of the Postpetition Agreement, Lender shall make "Revolving Loans" under the "Overadvance Sublimits" (as such terms are defined in the Postpetition Agreement) only on the following terms: (A) Unless the involved Participating Customers otherwise agree in writing to a greater amount, the Overadvance Sublimits shall not exceed \$1,500,000 in the aggregate, provided, that upon the written agreement of the Debtors, Lender and Participating Customers, and subject to limitations on the maximum aggregate amount of the Aggregate Debt, the Overadvance Sublimits may be increased from time to time without further Order of the Court; (B) the Overadvance Sublimits (i) shall not be applied by Lender to any of the Aggregate Debt or other charges owing to Lender the Emergency Order, (ii) shall be provided by Lender to Debtors unless the Termination Date has occurred and (iii) shall be used by Debtors according to the Budget, unless otherwise agreed to by the Debtors, Lender and the Participating Customers; (C) Unless otherwise agreed to in writing by the Participating Customers, the Participating Customers shall have no

obligation to purchase Postpetition Participations after the occurrence of an Event of Default (as defined below); and (D) The Overadvance Sublimits shall be used to pay, to the extent Debtors can not fully pay, each Participating Customer's Initial Allocable Percentage and Amended Allocable Percentage, as the case may be, of the charges listed in Paragraph 8(a)(i) through 8(a)(iv) of the Emergency Order for the Sale Facilities only. For each Sale Facility, the Overadvance Sublimits shall be funded only by Postpetition Participations by the Participating Customers who are subject to a no-resource pledge (pursuant to Paragraph 7(d) the Emergency Order) or for those Participating Customers who are not subject to a no-resource pledge but who allow their business to be sold.

d. Affiliate Use Restriction. The Postpetition Debt shall not be used to fund expenses of CEP Mexico and CEP Latin America, LLC.

e. Superpriority Administrative Expense Status; Postpetition Liens.

The Debtors have requested that the Postpetition Debt be granted superpriority administrative expense status under Code § 364(c)(1), with priority over all costs and expenses of administration of the Case that are incurred under any provision of the Code, except for the carve out. In addition, Lender shall be granted the Postpetition Liens to secure the Postpetition Debt. The Postpetition Liens: (1) are and shall be in addition to the Prepetition Liens; (2) pursuant to Code §§ 364(c)(2), (c)(3) and 364(d), are and shall be First Priority Liens (subject only to Permitted Liens) without any further action by Debtors or Lender and without the execution, filing or recordation of any financing statements, security agreements, mortgages or other documents or instruments; (3) shall not be subject to any security interest or lien which is avoided and preserved under Code § 551; and (4) shall remain in full force and effect notwithstanding any subsequent conversion or dismissal of the Case.

#### **Adequate Protection**

27. With respect to adequate protection of Lender's Prepetition Collateral, the Postpetition Agreement and Emergency Order generally provide:

a. Adequate Protection of Interests of Lender in the Prepetition Collateral and the Prepetition Liens/Consideration for Postpetition Debt. As adequate protection of the interests of Lender in the Prepetition Collateral and in consideration of the Postpetition Debt, the Debtors have agreed to the following:

- (1) Sublimit Reductions. The Debtors have agreed to sublimit reductions more fully described in the Emergency Order.
- (2) Priority of Prepetition Liens/Allowance of Lender's Prepetition Claim. Subject to the terms of Paragraph 16(a) of the Emergency Order: (1) the Prepetition Liens shall constitute First Priority Liens, subject only to the Postpetition Liens and the Permitted Liens; (2) the Prepetition Debt constitutes the legal, valid and binding obligation of Debtors, enforceable in accordance with the terms of the Prepetition Documents; (3) the Debtors have agreed that no offsets, defenses or counterclaims to the Prepetition Debt exist, and no portion of the Prepetition Debt is subject to avoidance or subordination pursuant to the Code or applicable nonbankruptcy law; (4) Lender's claim with respect to the Prepetition Debt as of the Petition Date shall for all purposes constitute an allowed secured claim within the meaning of Code § 506 in an amount not less than \$29,330,000 in the aggregate; and (5) Debtors request a authority to release, discharge, and acquit Lender, each of the Participating Customers and their respective officers, directors, principals, attorneys, predecessors in interest, and successors and assigns of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness, and obligations, of every type as described more fully in the Emergency Order.
- (3) Replacement Liens. Debtors request authority to grant Lender the Replacement Liens as security for payment of the Prepetition Debt.
- (4) Allowed Code § 507(b) Claim. If and to the extent the adequate protection of the interests of Lender in the Prepetition Collateral granted to Lender pursuant to the

Emergency Order proves insufficient, Lender shall have an Allowed Claim under Code § 507(b), subject to the Carve out, in the amount of any such insufficiency, with priority over: (1) all costs and expenses of administration of the Case (other than Lender's claims under Code § 364 that are incurred under any provision of the Code, including Code §§ 503(b), 506(c), 507(a), or 552(b); and (2) the claims of any other party in interest under Code § 507(b).

### **Customer Participation and Accommodations**

28. With respect to customer participation and accommodations, the Postpetition Agreement and Emergency Order generally provide:

a. Participating Customer Accommodations. To induce Lender to enter into the Postpetition Agreement and to advance the Postpetition Debt to Debtors, and in consideration and reliance upon the assumption of the Access and Security Agreement, the Emergency Order provides that the Participating Customers shall continue to provide the following accommodations:

- (1) Accelerated Payment Terms. The Participating Customers will make payment of their respective accounts payable due and owing to Debtors on terms of "net immediate" (approximately 10 day) terms.
- (2) Limitation of Setoffs. Except for certain "Allowed Setoffs" set forth in the Emergency Order, the Participating Customers agree not to exercise at any time any rights of setoff, recoupment or deduction with respect to any bona fide accounts payable to Debtors arising from any Component Parts shipped by Debtors from the Petition Date through the Termination Date.
- (3) Inventory Buy-Back. In order to provide the Debtors' Estate with more certainty, the Participating Customers have agreed to purchase and pay for within the later of (a) seven (7) days of the Inventory Purchase Trigger Date or (b) five (5) days after a Participating Customer takes possession or control of the Subject Inventory (defined below), all raw materials, work in process and finished goods inventory related to the Component Parts that are at such time both "useable" by the Participating Customers

and in a “merchantable” condition (the “**Subject Inventory**”).

- (4) Resourcing Limitation. For each Sale Facility, the Participating Customers that have elected to designate such facility as a Sale Facility shall forbear from resourcing out of such Sale Facility absent (i) an Event of Default; or (ii) the resourcing of other customers at such Sale Facility to the extent that such Sale Facility is no longer viable as a separate going concern business as determined jointly by Debtors’ investment banker and the applicable Participating Customers. Each Participating Customer shall support in good faith the sale efforts of Debtors with respect to the designated Sale Facilities but only to the extent such Participating Customer is purchasing Component Parts from the affected Sale Facility. For clarity, a Participating Customer's designation of a facility as a Sale Facility shall not prevent another Participating Customer from treating such facility as a Closing Facility.

b. Participating Customer Cash Infusions. In order ensure production and ultimately facilitate the liquidation of the Debtors’ assets, the Participating Customers have agreed to certain cash infusion requirements. Specifically:

- (1) Upon approval of the Emergency Order, and thereafter, on or before the first day of each calendar month that a Participating Customer will have production in any Closing Facility or Sale Facility for which it does not support a sale process, such Participating Customer shall pay lump sum Cash Infusions equal to the projected expenses in the Budget (as may be amended from time to time) for the next month (or for the remaining calendar month with respect to the first Cash Infusion, i.e., September, 2006) related to the Closing Facilities (and as to each Participating Customer, its allocable portion of projected expenses for the Sale Facilities of which it does not support a sale process) less Debtors’ projected aggregate “Excess Availability” under and as defined in the Loan Agreements (as modified by the Postpetition Agreement) as set forth in the Budget. In all events, the Participating Customers shall make Cash Infusions sufficient to fund each Participating Customer’s Initial Allocable Percentage and Amended Allocable Percentage, as the case may be, to the extent Debtors do not have Postpetition Debt otherwise sufficient to fully pay:



- (a) The forecast cash burn, pursuant to the Budget, incurred at such facilities that are required to produce the Participating Customers' Component Parts sufficient to meet releases plus manufacture requested part banks subject to Capacity through the Exit Date;
  - (b) The manufacturing and administrative overhead allocable to such facilities' operations through the Exit Date,
  - (c) The Restructuring Charges (which shall be allocated to specific facilities where possible but shall be exclusive of the closing fee of Lender in accordance with this Order) shall be fully payable with the first Cash Infusion according to the Initial Allocable Percentage; and
  - (d) Wind Down Charges.
- (2) The Cash Infusions required each month prior to the Exit Date of Participating Customers pursuant to their respective Initial Allocable Percentage or Amended Allocable Percentage, as the case may be, shall be paid in full into a trust account ("**BBK Trust Account**") maintained by BBK, Ltd ("**BBK**"). All such payments pursuant to the Amended Allocable Percentage for October must be paid on October 21, 2006, and so on. Funds in the BBK Trust Account shall be released by BBK to Debtors or a Carve out Professional, as the case may be, when due pursuant to this Emergency Order, the Budget, the Interim Compensation Order with respect Professional Fees and Disbursements or as approved by the Court.
  - (3) The Participating Customers shall have 10 days from the Petition Date to designate a facility as a Sale Facility. In the event that a Participating Customer decides to designate and support a facility as a Sale Facility, any Cash Infusion already paid by such Participating Customer for that particular facility shall be deemed recharacterized as a Postpetition Participation. Debtors and the Participating Customers agree to execute and deliver such documents or agreements reasonably necessary to document the foregoing recharacterization.
  - (4) An Assisting or Participating Customer's obligation to make Cash Infusions with respect to a given facility shall cease beginning the first day of the calendar month following receipt by counsel for Debtors and counsel for

Lender of a Resourcing Completion Notice regarding such facility, except for its Initial Allocable Percentage or Amended Allocable Percentage, as the case may be, for the month in which a Resourcing Completion Notice is so delivered, provided that an Assisting or Participating Customer shall deliver a Resourcing Completion Notice no later than 7 day prior to the end of the calendar month in which it is delivered.

- (5) Once Resourcing Completion Notices have been delivered by all Assisting or Participating Customers with respect to a facility, it shall be deemed a "Liquidating Facility" and such customers shall have no further responsibility or obligations with respect to such facility. For clarity, this provision does not amend the allocation of costs for such Liquidating Facility as to each Assisting or Participating Customer as such exit the facility.
- (6) As long as any Assisting or Participating Customer is receiving Component Parts from Debtors, it shall be liable for its full Amended Allocable Percentage. For clarity, if only one Assisting or Participating Customer remains at any given facility, its Amended Allocable Percentage shall be 100%.
- (7) Once a facility is deemed a Liquidating Facility, its allocation of costs under Section 8(a)(ii) and (iii) of the Emergency Order shall be reallocated in full going forward to all facilities that are not yet Liquidating Facilities including the Sale Facilities, so that all costs under Section (8)(a)(ii) and (iii) continue to be funded hereunder.
- (8) Subject to Debtors' compliance with the Participating Customers' bank build requirements, the Participating Customers shall resource the production of Component Parts out of a Closing Facility as soon as commercially reasonable but in no event later than the Exit Date; provided, however, that the Exit Date may be extended by the parties up to a date that is no later than 210 days from the Petition Date in the event Debtors have not completed a Participating Customer's bank build by the Exit Date, subject to the parties negotiating in good faith a revised budget as it relates to the particular Closing Facility.

c. Support of Other Customers.

- (1) Immediately upon entry of the Emergency Order, Debtors shall, on a facility by facility basis, including the Mexican facilities, contact all customers representing their top 22 customers by sales revenue for the first six months of 2006 other than the Participating Customers to permit such customers to become an "Assisting Customer" by agreeing to the following accommodations:
  - (a) Net Immediate (approximately 10 day or equivalent) payment terms;
  - (b) Provide Cash Infusions sufficient to fund each Assisting Customer's Initial Allocable Percentage or Amended Allocable Percentage, as the case may be of:
    - (i) The forecast cash burn, pursuant to the Budget, incurred at a Closing Facility, that is required to produce each Assisting Customer's parts sufficient to meet releases plus manufacturing of each Assisting Customer's respective parts bank subject to Capacity through the Exit Date;
    - (ii) The manufacturing and administrative overhead necessary to operate the manufacturing operations through the Exit Date;
    - (iii) Restructuring Charges; and
    - (iv) Wind Down Charges.
  - (c) Agree to a limitation of setoff with terms similar to the covenants of the Participating Customers set forth in Paragraph 7 of this Order and an inventory buy back agreement at 100% of Debtors' actual cost regarding raw material and work in process and 100% of the selling price of finished goods.
- (2) Debtors shall not use any of the Postpetition Debt or Cash Infusions to produce Component Parts for any of their top 22 respective customers who are not Participating Customers or Assisting Customers and who do not opt to become Assisting Customers as of the close of business on the date that is five (5) business days of the date of the filing of the Motion; provided, however, upon consent of the Participating Customers at a subject facility (which consent shall be granted only one time at each facility),

Debtors may continue to produce Component Parts with a positive profit margin for a customer that is not a Participating Customer or Assisting Customer if such other customer resources production away from Debtors without requiring production of a bank build not later than 10 days after the Petition Date; provided further that such other customer agrees to (i) waive all claims for setoff that may exist with respect to accounts owed by such customer to Debtors (other than recoupments or deductions for defective or nonconforming products, quality problems, unordered or unreleased parts returned to Debtors, short shipments, misshipments, premium freight charges, improper invoices, mispricing, duplicate payments or billing errors existing) and (ii) purchase all inventory used in the production of its Component Parts at 100% of Debtors' cost regarding raw material and work in process and 100% of the selling price of finished goods.

- (3) A top 22 customer who has parts produced by the Debtors in multiple facilities may become an Assisting Customer with respect to one, some or all facilities. In which case, it shall only be liable for its Initial Allocable Percentage or Amended Allocable Percentage, as the case may be, for the facilities in which it opts to be an Assisting Customer. An Assisting Customer may not receive parts from any facility in which it is not an Assisting Customer, except as provided below.

### **Sale Covenants**

29. The Emergency Order contains the following sale covenants:

a. Sale Covenants for Sale Facilities. The Participating Customers may amend the facilities listed in the definition of Sale Covenants contained in this Order on or before 10 days of the Petition Date. To effectuate the sale process for each proposed Sale Facility as designated by the Participating Customers pursuant to paragraph 7(d) of this Order the Debtors shall:

- (1) File a sales procedure motion no later than 12 days after the Petition Date to (i) approve a sale process for those facilities agreed to by Debtors, Lender and the Participating Customers; and (ii) retain an investment banker to assist in the sale of the Sale Facilities;

- (2) As to each Sale Facility, obtain court approval no later than December 1, 2006 to close a sale transaction no later than December 19, 2006;
- (3) Produce a parts bank, subject to Capacity and otherwise cooperate with the Participating Customers to orderly resource production after the Termination Date out of a Sale Facility that Debtors are unable to successfully sell (or where an Event of Default has occurred allowing Participating Customer resourcing out of such Sale Facility), or otherwise cooperate in good faith to extend any financing necessary to operate such facility beyond the Termination Date.

b. Sale Covenants for Closing Facilities. The Participating

Customers shall provide Debtors and Lender a list of all Closing Facilities on or before 10 days of the Petition Date. To effectuate the sale process for each proposed Closing Facility the Debtors shall:

- (1) File a sales procedure motion no later than 12 days after the Petition Date to (i) approve a sale process acceptable to Lender; and (ii) retain an auctioneer to assist in the sale of the Closing Facilities; and
- (2) As to each Closing Facility, close one or more transactions to sell substantially all of Debtors' assets at the Closing Facility on terms acceptable to Lender within 14 days of the later of (i) the Exit Date or (ii) the expiration of the Occupancy Period under the Access and Security Agreement if a Right of Access at the Closing Facility is exercised by a Participating Customer.

**Additional Terms**

30. The Emergency Order additionally provide for the following terms:

a. Tooling and Equipment. The Debtors have agreed to certain tooling acknowledgements and equipment purchase options in favor of the Participating Customers described more fully in the Emergency Order.

b. Assumption of Customer Agreements. The Debtors have agreed that the Access and Security Agreement, as amended by the Emergency Order, shall be deemed assumed by the Debtors upon entry of the Emergency Order; provided however, the exercise by a Participating Customer of its Right of Access (as defined in the Access and Security Agreement) after the Exit Date shall obligate it to negotiate in good faith a revised budget for that particular Closing Facility, (ii) the Access and Security Agreement shall apply to, and continue to be enforceable against, CEP Mexico by a Participating Customer, and (iii) that any obligations of Debtors to cure any existing defaults under the Access and Security Agreement as of the date of the Emergency Order shall not be deemed to constitute administrative expenses (i.e. cure claims) against Debtors' estates, but remain prepetition claims of the Participating Customers. Thus, no administrative claim may arise from the assumption of the Access and Security Agreement.

c. Maintain Production; Parts Bank. Debtors shall maintain production at each of their respective facilities pursuant to ordinary releases for the Participating Customers pursuant to the Purchase Orders, and produce parts bank requirements of the Participating Customers and Assisting Customers subject only to Capacity, through earlier of (a) the Exit Date, or such later date on a facility by facility basis as is necessary to allow all Participating Customers to orderly resource its respective production at such facility, or (b) the date which a Participating Customer delivers a Resourcing Completion Notice with respect to a facility. In the event Debtors fail to maintain production and build the requested parts bank subject to Capacity, such failure shall constitute cause for the appointment of a Chapter 11 trustee or a "Default" under the Access and Security Agreement.

d. Events of Default. Events of Default include:

- (1) the occurrence of any Event of Default first arising after the Petition Date under Section 10.1 of the CEP Loan Agreement or Section 10.1 of the Thermoplastics Loan Agreement (other than by reason of Sections 10.1(g) or 10.1(h) of each Loan Agreement with respect to Debtors), as such Loan Agreements are amended and ratified by the Postpetition Agreement;
- (2) any Debtor fails to perform any of its obligations in strict accordance with the terms of the Emergency Order;
- (3) Debtors or Guarantors fail to comply with any of the Sale Covenants or fail to comply with any term of the sales procedures orders entered by the Court in connection therewith;
- (4) any Debtor, without Lender's consent, seeks the use of Cash Collateral other than in accordance with the terms of the Emergency Order;
- (5) any Debtor, without Lender's consent, files a motion to incur debt secured by a lien with priority equal to or superior to the Postpetition Liens or which is given superpriority administrative expense status under Code § 364(c) other than in accordance with the terms of the Emergency Order;
- (6) any Debtor files a motion to conduct a Code § 363 sale of all or part of the Aggregate Collateral on terms unacceptable to Lender;
- (7) commencement of any "Occupancy Period" under and as defined in the Access and Security Agreement;
- (8) any representation or warranty made by Debtors in any certificate, report or financial statement delivered to Lender proves to have been false or misleading in any material respect as of the time when made or given (including by omission of material information necessary to make such representation, warranty or statement not misleading);
- (9) the Case is dismissed or converted to a case under chapter 7 of the Code;
- (10) Glass & Associates, Inc. is no longer serving as financial advisor to Debtors;

- (11) the appointment of a chapter 11 trustee that is not acceptable to Lender; or
- (12) Debtors file a chapter 11 plan that is not acceptable to Lender.

### **Final Order**

31. The Debtors request that the Court enter a Final Order approving the Postpetition Facility on a final basis.

### **APPLICABLE AUTHORITY**

#### **A. The DIP Facility Should Be Approved**

32. Sections 364(c) and (d) of the Bankruptcy Code provide:

(c) If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt —

(1) with priority over any or all administrative expenses of the kind specified in section 503(b) or, 507(b) of this title;

(2) secured by a lien on property of the estate that is not otherwise subject to a lien; or

(3) secured by a junior lien on property of the estate that is subject to a lien.

(d) (1) The court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt secured by a senior or equal lien on property of the estate that is subject to a lien only if —

(A) the trustee is unable to obtain such credit otherwise;  
and

(B) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.

(2) In any hearing under this subsection, the trustee has the burden of proof on the issue of adequate protection.



33. Having determined that financing was available only under sections 364(c) and (d) of the Bankruptcy Code, and having explored other options for secured and unsecured lending, the Debtors have negotiated the terms of the Emergency Order pursuant to its business judgment with the Lender and Customers. Provided that this judgment does not run afoul of the provisions of and policies underlying the Bankruptcy Code, courts grant a debtor considerable deference in acting in accordance with its business judgment. *See, e.g., Brav v. Shenandoah Fed. Sav. & Loan Ass'n (In re Snowshoe Co.)*, 789 F.2d 1085, 1088 (4th Cir. 1986) (approving debtor in possession financing necessary to sustain seasonal business); *In re Ames Dep't Stores*, 115 B.R. 34, 40 (S.D.N.Y. 1990) ("Cases consistently reflect that the court's discretion under section 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit parties in interest").

34. The Postpetition Facility is for the benefit of the Debtors' estate and creditors. Such financing is the sole means of preserving and enhancing the Debtors' going concern value. With the credit provided by the Postpetition Facility, including the Cash Infusions, the Debtors will be able to obtain goods and services in connection with its operations, pay its employees, and operate its business in order to preserve the ongoing value of its business for the benefit of all parties-in-interest. In addition, the availability of credit under the Postpetition Facility should give the Debtors' vendors and suppliers the necessary confidence to resume ongoing relationships with Debtors, including the extension of credit terms for the payment of goods and services. It will also likely be viewed favorably by the Debtors' employees and customers and thereby help promote the Debtors' successful sale. Indeed, as

previously discussed, without the Postpetition Facility, and related Customer Accommodations, the Debtors will lose their customers, be unable to meet payroll and other direct operating expenses, and a forced liquidation will likely result. Accordingly, this Court should authorize the Debtors to obtain the Postpetition Facility.

35. The terms and conditions of the Postpetition Agreement are fair and reasonable and were negotiated by the parties in good faith and at arm's length. Accordingly, the Lender should be accorded the benefits of section 364(e) of the Bankruptcy Code in respect of the Postpetition Facility.

**B. Debtors Have Met Their Burden For Use Cash Collateral.**

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

37. In addition to the need for debtor in possession financing, Debtors’ other pressing concern is the continuing need for immediate use of the Lender’s Cash Collateral pending a final hearing on this Motion. Debtors require use of the Cash Collateral to pay present operating expenses including payroll and to pay vendors to ensure a continued supply of materials essential to Debtors’ continued viability.

38. A secured creditor is entitled to adequate protection for the use of cash collateral pursuant to section 361 of the Bankruptcy Code. As reflected in the Emergency Order, Debtors propose that the Lender will receive replacement liens pursuant to sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code as adequate protection against diminution in value of its

Collateral in all post-petition assets of the same type as the existing Collateral, subject only to the Carve Out. The Lender will also receive a monthly payment of \$177,000.

39. The Debtors believe that this proposed adequate protection is fair and reasonable and sufficient to satisfy any diminution in value of the Collateral.

**C. Assumption of the Access and Security Agreement Is Warranted**

40. The Debtors seek authority to assume the Access and Security Agreement under § 365 of the Bankruptcy Code. Assumption of the Access and Security Agreement is an integral part of the proposed Postpetition Financing and the related sale of the Debtors facilities and should be approved by the Court.

41. Section 365(a) of the Bankruptcy Code authorizes a debtor in possession to assume an executory contract or unexpired lease subject to the Court's approval. Section 365(b) of the Bankruptcy Code requires such debtor in possession to satisfy certain requirements at the time of assumption if a default exists under the contract to be assumed.

42. Section 365 of the Bankruptcy Code states in relevant part:

(a) Except as provided in...subsections (b), (c), and (d) of this section, the [debtor in possession), subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor.

(b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee –

(A) cures, or provides adequate assurance that the trustee will promptly cure, such default;

(B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and

(C) provides adequate assurance of future performance under such contract or lease.

.....

(f)(1) Except as provided in subsection (c) of this section, notwithstanding a provision in an executory contract or unexpired lease of the debtor, or in

applicable law, that prohibits, restricts, or condition the assignment of such contract or lease, the trustee may assign such contract or lease under paragraph (2) of this subsection...

(2) The trustee may assign an executory contract or unexpired lease of the debtor only if --

(A) the trustee assumes such contract or lease in accordance with the provisions of this section; and

(B) adequate assurance of future performance by the assignee or such contract or lease is provided, whether or not there has been a default in such contract or lease.

11 U.S.C. Sec. 365(a), (b)(1), (f). Accordingly, Section 365 of the Bankruptcy Code authorizes the proposed assumption of the Access and Security Agreement. The counterparties to such agreement have waived the required cure of any defaults and do not seek adequate assurance.

43. The standard that is applied by this Court in determining whether an executory contract or unexpired lease should be assumed is the debtor's "business judgment." *See In re Hurricane Elkhorn Coal Corp. II*, 15 B.R. 987, 989 (Bankr. W.D. Ky. 1981) ("we think the business judgment rule to be the preferable standard"); *see also NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (describing the business judgment test as traditional); *Phar-Mor, Inc. v. Strouss Bldg. Assocs.*, 204 B.R. 948, 952 (N.D. Ohio 1997) ("Courts should generally defer to a debtor's decision whether to reject an executory contract").

44. Adequate business justifications merit judicial approval to assume the Access and Security Agreement. As noted above, the Debtors have determined that it is in the best interest of their estates to sell their assets. The Participating Customers have agreed to fund, through Cash Infusions and accommodations, this process and to support certain facilities as going concern sales. A prerequisite to this funding by the Participating Customers is the agreement to assume the Access and Security Agreement. Accordingly, based on the foregoing,

and the importance of the assumption of the Access and Security Agreement is a valid exercise of the Debtors' sound business judgment.

**D. Emergency Approval Should Be Granted**

45. Bankruptcy Rule 4001(b) and (c) provide that a final hearing on a motion to use cash collateral pursuant to Code section 363 and to obtain credit pursuant to Code section 364 may not be commenced earlier than fifteen (15) 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 and the obtaining of credit to the extent necessary to avoid immediate and irreparable harm to the Debtors' estate.

46. The Debtors request that the Court conduct an expedited preliminary hearing on the Motion and authorize Debtors from and after the entry of the Emergency Order until the Final Hearing to utilize the Cash Collateral as provided in the Emergency Order. This will enable the Debtors to maintain ongoing operations and avoid immediate and irreparable harm and prejudice to the estate and all parties in interest pending finalization of debtor in possession financing documents.

**NOTICE**

47. Notice of the Motion has been given to (a) the Office of the United States Trustee for the Northern District of Ohio, (b) the Debtors' secured lender, and (c) the Debtors' fifty (50) largest unsecured creditors on a consolidated basis. The Debtors submit that, under the circumstances, no other or further notice need be given.

**NOTICE OF INTERIM ORDER AND HEARING ON FINAL ORDER**

48. The Debtors also respectfully request that the Court set a final hearing date on the Motion as soon as practicable and permitted by applicable law and an objection deadline

on or before 5:00 p.m. (Prevailing Eastern Time) five (5) business days prior to the date of the final hearing, and authorize Debtors to serve a copy of the signed Emergency Order, which fixes the time and date for the filing of objections, if any, by electronic mail or first class mail upon (1) counsel to any official committee of unsecured creditors appointed in this case; (2) the Office of the United States Trustee; (3) all parties who have filed requests for notice under Bankruptcy Rule 2002 as of the date of service of the Emergency Order; (4) counsel for Lender; and (5) the twenty (20) largest unsecured creditors of each Debtor. The Debtors request that the Court consider such notice of the Emergency Order to be sufficient notice under Bankruptcy Rule 4001.

49. Debtors further request that the Court order that any party in interest objecting to the relief sought at the final hearing on the Interim Order shall file with the Court and serve such written objections, which objections shall be served upon Baker & Hostetler LLP, 3200 National City Center, 1900 East Ninth Street, Cleveland, Ohio 44114, attention Joseph F. Hutchinson, Jr., facsimile (216) 696-0740 and Goldberg Kohn, attention Jeremy Downs, Sears 55 East Monroe, Suite 3700, Chicago, Illinois 60603, facsimile 312.863.7893.

50. No prior motion for the relief requested herein has been made to this or any other court.

Wherefore the Debtors respectfully request that this Court enter the Financing Orders and grant such related relief as is requested herein.

Dated: September 20, 2006  
Cleveland, OH

CEP HOLDINGS, LLC, et al.,  
Debtors and Debtors-in-possession

By: /s/ Joseph F. Hutchinson, Jr.  
One of Their Attorneys

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

**EXHIBIT A**  
**PROPOSED ORDER**



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

-----	X
In re:	:
	:
CEP HOLDINGS, LLC, <u>et al.</u> , <sup>1</sup>	: Case No. 06-61796
	: (Jointly Administered)
	:
Debtors.	: Chapter 11
	:
	: Honorable Russ Kendig
-----	X

**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**

This matter came before this Court on the emergency motion (the “Motion”) of CEP Holdings, LLC (“Holdings”), Creative Engineered Polymer Products, LLC (“CEP”) and Thermoplastics Acquisition, LLC (“Thermoplastics,” and together with Holdings and CEP, “Debtors”) requesting that this Court enter an order authorizing Debtors to: (a) use certain 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) (“Lender”); and (d) grant certain related relief. Unless otherwise indicated, all capitalized terms used as defined terms herein have the meanings ascribed thereto in Exhibit A attached hereto and by this reference are made a part hereof.

This Order shall constitute findings of fact and conclusions of law pursuant to Fed. R. Bankr. P. 7052 and shall take effect and be fully enforceable as of the Petition Date.

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

Having examined the Motion, being fully advised of the relevant facts and circumstances surrounding the Motion and having completed a hearing pursuant to Code §§ 362, 363 and 364 and Fed. R. Bankr. P. 4001(b) and (c), and objections, if any, having been withdrawn or resolved or overruled by the Court, THE MOTION IS GRANTED, AND THE COURT HEREBY FINDS THAT:

A. On the Petition Date, Debtors filed voluntary petitions for relief under chapter 11 of the Code. Debtors have retained possession of their property and continue to operate their business as debtors in possession pursuant to Code §§ 1107 and 1108.

B. The Court has jurisdiction over the Case and this proceeding pursuant to 28 U.S.C. § 1334. Determination of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue over this Motion is proper under 28 U.S.C. § 1409(a).

C. No Committee has been appointed in this Case.

D. The notice provided by Debtors of the Motion, the hearing on the Motion, and the entry of this Order satisfy the requirements of Fed. R. Bankr. P. 2002, 4001(b) and (c) and 9014 and Code §§ 102(1), 362, 363 and 364(c) and was otherwise sufficient and appropriate under the circumstances.

E. Debtors manufacture automotive component parts for sale to, among others, General Motors (“GM”), Delphi Automotive Systems, LLC (“Delphi”) and Visteon Corporation (“Visteon,” and collectively with GM and Delphi, the “Participating Customers”). Pursuant to purchase orders, supply contracts and/or releases issued by the Participating Customers to Debtors (as amended from time to time, collectively, the “Purchase Orders”), Debtors are obligated to manufacture component parts (“Component Parts”), which are either used in the

manufacture of motor vehicles, or incorporated into components sold to motor vehicle manufacturers or other suppliers to the automotive industry.

F. Composite Parts Mexico S.A. de C.V. ("CEP Mexico"), a wholly-owned subsidiary of Holdings with operating facilities in Hermosillo and Chihuahua, Mexico, also manufactures Component Parts for Delphi and Visteon, among others. Together with Debtors' US operations, the Participating Customers represent approximately 50% of the Debtors' and CEP Mexico's total annual sales.

G. Should Debtors fail to meet their obligations under the Purchase Orders and timely deliver Component Parts, the Participating Customers may assert claims against the Debtors for significant damages.

H. Debtors shall promptly request authority to market and offer the Sale Facilities for sale as going concern operations, while simultaneously winding down Debtors' operations at the Closing Facilities and orderly liquidating substantially all Debtors' assets at the Closing Facilities. With respect to the Sale Facilities, Debtors require continued financial support, proposed to be provided by Lender in reliance upon the terms of this Order and the accommodations provided by the Participating Customers as detailed in this Order and the Postpetition Agreement. In connection with such ongoing funding of the Sale Facilities, the Participating Customers are willing to purchase Postpetition Participations from Lender in the Postpetition Debt pursuant to the terms set forth in this Order and the Participating Customers Participation Agreement, which shall provide Debtors with certain amounts of additional necessary postpetition loans in excess of what would otherwise be available under Lender's normal lending formulas. With respect to the Closing Facilities, the Participating Customers are willing to provide Debtors with Cash Infusions necessary to orderly wind down production at the

Closing Facilities and enable the Participating Customers to resource such production of Component Parts to other suppliers. The Cash Infusion shall constitute purchase price adjustments for the Component Parts and not loans or extensions of credit under Code § 364 or otherwise.

I. Debtors will engage in parallel efforts to sell or liquidate the CEP Mexico facilities, and those Assisting and Participating Customers with production in either of those facilities will support the cash needs of CEP Mexico in connection with the sale or liquidation of its facilities in the same manner as set forth in this Order, except that any financial support that may be necessary in connection with a sale of a facility owned by CEP Mexico may be given in the form of a direct loan by the applicable Participating Customer(s) to CEP Mexico with interest at the non-default rate contained in Lender's loan agreements. By this Order, if either of the Mexican facilities is deemed a sale facility, Debtors will agree that any intercompany claims it has or may have against CEP Mexico will be subordinate in payment to the payment of such direct loans as may be made by the Participating Customers.

J. Debtors have stipulated and represented to the Court that: (1) the Prepetition Documents evidence and govern the Prepetition Debt, the Prepetition Liens and the prepetition financing relationship between Debtors and Lender; (2) as of the Petition Date, Debtors are liable for payment of the Prepetition Debt, and the Prepetition Debt shall be an allowed claim in an amount not less than \$29,330,000 in the aggregate (consisting of \$24,650,000 under the CEP Loan Agreement, including \$2,900,000 in customer subordinated participations pursuant to the Participating Customer Participation Agreements, \$4,250,000 under the Thermoplastics Loan Agreement, and \$430,000 of early termination fees also due under the Loan Agreements; (3) the Prepetition Debt constitutes the legal, valid and binding obligation of Debtors, enforceable in

accordance with the terms of the Prepetition Documents; (4) no offsets, defenses or counterclaims to the Prepetition Debt exist, and no portion of the Prepetition Debt is subject to avoidance or subordination pursuant to the Code or applicable nonbankruptcy law; (5) the Prepetition Liens, among other things, secure payment of all of the Prepetition Debt; and (6) the Prepetition Liens are First Priority Liens, subject to Permitted Liens.

K. Debtors represent, and the Court finds that: (1) upon the entry of this Order, Lender's interests in the Prepetition Collateral will be adequately protected; and (2) for purposes of Code §§ 506(b), 506(c), and 507(b) and Fed. R. Bankr. P. 3012, as of the Petition Date, the liquidation value of the Prepetition Collateral was not less than \$32,000,000.

L. An immediate need exists for Debtors to use Cash Collateral and to obtain Postpetition Debt in order to enable Debtors to minimize disruption to and to avoid the immediate termination of their business operations. Debtors urgently require financing and credit under Code § 364 from Lender to fund day-to-day operations and working capital requirements necessary to maintain production for its customers while it engages in an orderly sale or liquidation process with respect to its facilities and assets. Debtors' continuing operations on the terms described in this Order are integral to (i) the successful sale or other disposition of Debtors' facilities and assets, (ii) the maximization of the value of the Debtors' estates for the benefit of their creditors and (iii) the successful administration of this case pursuant to the provisions of Chapter 11 of the Code. Debtors believe that the inability to fund these activities in a timely manner will force Debtors to cease operating immediately, resulting in severe diminution in the value ultimately received for their assets and an increase in the claims that may be asserted against Debtors, to the prejudice and detriment of Debtors' creditors, customers and employees.

M. Despite good faith efforts, Debtors are unable to obtain unsecured credit allowable under Code § 503(b)(1) sufficient to finance the operations of Debtors' business. Debtors also are unable to obtain credit allowable under Code §§ 364(c)(1), (c)(2) or (c)(3) on terms more favorable than those offered by Lender. Therefore, Debtors have requested that Lender provide the postpetition financing set forth in this Order and that the Participating Customers facilitate such financing by providing certain financial accommodations as set forth below, providing Cash Infusions and purchasing Postpetition Participations.

N. The terms of the Postpetition Debt are fair and reasonable, have been negotiated in good faith and at arms' length, reflect Debtors' exercise of prudent business judgment consistent with its fiduciary duties, are supported by reasonably equivalent value and fair consideration, are the best available to Debtors under the present market conditions and financial circumstances of Debtors and are in the best interests of the Debtors' creditors and estates. The Postpetition Debt is being extended in good faith, as that term is used in Code § 364(e).

O. In order to prevent immediate and irreparable harm to their estates pending the Final Hearing, Debtors need to use Cash Collateral and incur Postpetition Debt as provided herein through the conclusion of such Final Hearing.

P. Under the circumstances of the Case, the terms and conditions of this Order are a fair and reasonable response to Debtors' request for Lender's consent to the use of Cash Collateral and for Debtors' incurrence of Postpetition Debt, and the entry of this Order is in the best interests of Debtors' estates and their creditors.

WHEREFORE, IT IS HEREBY ORDERED THAT THE MOTION IS GRANTED, AND THAT:

1. Authorization to Use Cash Collateral. Debtors are authorized to use Cash Collateral solely in accordance with and pursuant to the terms and provisions of this Order. Debtors may not use or seek to use Cash Collateral other than pursuant to the terms of this Order.

2. Procedure for Use of Cash Collateral.

(a) Delivery of Cash Collateral to Lender. Debtors are authorized and directed to deposit all Cash Collateral now or hereafter in their possession or under their control into the existing Blocked Accounts (or to otherwise deliver all such Cash Collateral to Lender in a manner satisfactory to Lender) promptly upon receipt thereof. Lender shall thereafter apply such Cash Collateral in accordance with Paragraph 6(e) of this Order.

(b) Account Debtors. Without further order of court, Lender may direct Debtors to, or Lender may directly, instruct all account debtors of existing and future accounts receivable included in the Aggregate Collateral to make payments directly into such Blocked Accounts or such other accounts satisfactory to Lender, in which event all such proceeds shall be treated in accordance with the provisions of this Order.

(c) Cash Collateral in Lender's Possession. Lender is authorized to collect upon, convert to cash and enforce checks, drafts, instruments and other forms of payment now or hereafter coming into its possession or under its control which constitute Aggregate Collateral or proceeds of Aggregate Collateral.

3. Authorization To Incur Postpetition Debt.

(a) Postpetition Documents. Debtors are hereby authorized and directed to: (1) execute the Postpetition Documents, including all documents that Lender finds necessary to implement the transactions contemplated by the Postpetition Documents, and to make immaterial modifications thereto as the parties deem necessary, without further order of this Court; and (2)

perform their obligations under and comply with all of the terms and provisions of the Postpetition Documents and this Order. Upon execution and delivery thereof, the Postpetition Agreement and other Postpetition Documents shall constitute valid and binding obligations of Debtors and Guarantors, enforceable in accordance with their terms, including, without limitation, the Debtors' joint and several liability with respect to the Aggregate Debt. Postpetition Guarantors shall be jointly and severally liable for all Postpetition Debt pursuant and subject to the terms of the Postpetition Guarantees and other applicable Postpetition Documents.

(b) Permitted Uses of Postpetition Debt. Debtors are hereby authorized to incur Postpetition Debt: (1) solely in accordance with and pursuant to the terms of this Order and the Postpetition Documents; and (2) solely to the extent required to pay those expenses enumerated in the Budget as and when such expenses become due and payable. Notwithstanding anything to the contrary in this Paragraph 3(b), however: (a) Debtors are hereby authorized and directed to incur the Postpetition Debt to pay Allowable 506(b) Amounts, the Postpetition Charges and the Carveout when due and payable, as to each in such amounts as are incorporated in the Budget; and (b) if Lender advances monies to Debtors, and Debtors use such monies other than in accordance with the terms and provisions of this Order or the Postpetition Documents, such advances shall be considered Postpetition Debt for purposes of this Order.

(c) Certain Terms of Postpetition Debt.

(i) Conditions to Postpetition Advances. At Lender's election, no Postpetition Debt shall be incurred hereunder until: (A) the Postpetition Agreement has been executed and delivered by Debtors and it has become effective in accordance with Section 5.5 thereof; (B) the Participating Customer Participation Agreement has become effective; (C) the Prepetition Guarantors have ratified the Prepetition Guarantees on terms satisfactory to Lender in



its sole discretion; and (D) the Postpetition Guarantors have executed and delivered the Postpetition Guarantees.

(ii) Overadvance Sublimit. Subject to the terms of the Postpetition Agreement, Lender shall make “Revolving Loans” in respect of the “Overadvance Sublimit” (as such terms are defined in the Postpetition Agreement) only on the following terms:

(A) Unless the involved Participating Customers otherwise agree in writing to a greater amount, the Overadvance Sublimit shall not exceed \$1,500,000 in the aggregate, provided, that upon the written agreement of the Debtors, Lender and Participating Customers, and subject to limitations on the maximum aggregate amount of the Aggregate Debt, the Overadvance Sublimit may be increased from time to time without further Order of the Court;

(B) the Overadvance Sublimit (i) shall not be applied by Lender to any of the Aggregate Debt or other charges owing to Lender hereunder, (ii) shall be provided by Lender to Debtors unless the Termination Date has occurred and (iii) shall be used by Debtors according to the Budget, unless otherwise agreed to by the Debtors, Lender and the Participating Customers;

(C) Unless otherwise agreed to in writing by the Participating Customers, the Participating Customers shall have no obligation to purchase Postpetition Participations after the occurrence of an Event of Default (as defined below); and

(D) The Overadvance Sublimit shall be used to pay, to the extent Debtors can not fully pay, each Participating Customer’s Initial Allocable Percentage and Amended Allocable Percentage, as the case may be, of the charges listed in Paragraph 8(a)(i) through 8(a)(iv) for the Sale Facilities only. For each Sale Facility, the Overadvance Sublimit

shall be funded only by Postpetition Participations by the Participating Customers who are subject to a no-resource pledge (pursuant to Paragraph 7(d) hereof) or for those Participating Customers who are not subject to a no-resource pledge but who allow their business to be sold.

(iii) Maximum Amount. The maximum principal amount of the Aggregate Debt shall be \$30,880,000, exclusive of Postpetition Charges and Allowable 506(b) Amounts.

(iv) Interest. The Postpetition Debt shall bear interest at a per annum rate equal to the non-default Interest Rate (as defined in the Loan Agreements).

(v) Postpetition Charges. Postpetition Charges shall include a closing fee of \$430,000, which fee shall be fully earned and payable by Debtors to Lender in two installments: (a) \$80,000 upon the execution of the Postpetition Agreement; and (b) \$350,000 upon repayment of all "Participations" under and as defined in the Participating Customer Participation Agreement.

(vi) Maturity. The Postpetition Debt shall mature and be due and payable in full by Debtors on the Termination Date.

(vii) Prepetition Guarantors. Each Prepetition Guarantor shall ratify the applicable Prepetition Guarantee and any related security documents as required by Lender. Each Prepetition Guarantor shall be and shall remain liable for the guaranteed obligations under each such Prepetition Guarantee, including, without limitation, all Prepetition Debt. Each Prepetition Guarantor shall waive any defenses and counterclaims relating to such Prepetition Guarantee and related security documents. With respect to each Prepetition Guarantee, Lender shall have the right to apply any and all proceeds received from such Prepetition Guarantor to

reduce the Aggregate Debt in such manner as set forth in Paragraph 6(e) of this Order. No marshaling shall be required.

(viii) Postpetition Guarantors. Each Postpetition Guarantor shall execute a Postpetition Guarantee and any related security documents as required by Lender. Each Postpetition Guarantor shall be and shall remain liable for the guaranteed obligations under each such Postpetition Guarantee, including, without limitation, all Postpetition Debt. Each Postpetition Guarantor shall waive any defenses and counterclaims relating to such Postpetition Guarantee and related security documents. With respect to each Postpetition Guarantor, Lender shall have the right to apply any and all proceeds received from such Postpetition Guarantor to reduce the Aggregate Debt in such manner as set forth in Paragraph 6(e) of this Order. No marshaling shall be required.

(ix) Reserves. As provided by the Postpetition Documents, Lender, in its discretion, shall have the right to establish reserves in respect of the borrowing base under the Postpetition Documents, including such reserves which may be established under Sections 2.1(b) of the Loan Agreements and reserves for the Carveout, in addition to the special reserves described in Sections 2.1(d) of the Loan Agreements as amended by the Postpetition Agreement.

(x) Covenants. Debtors and Guarantors shall comply with the Sale Covenants.

(xi) Use Restriction. The Postpetition Debt shall not be used to fund expenses of CEP Mexico and CEP Latin America, LLC.

(d) Superpriority Administrative Expense Status; Postpetition Liens. The Postpetition Debt is hereby granted superpriority administrative expense status under Code § 364(c)(1), with priority over all costs and expenses of administration of the Case that are

incurred under any provision of the Code. In addition, Lender is hereby granted the Postpetition Liens to secure the Postpetition Debt. The Postpetition Liens: (1) are and shall be in addition to the Prepetition Liens; (2) pursuant to Code §§ 364(c)(2), (c)(3) and 364(d), are and shall be First Priority Liens (subject only to Permitted Liens) without any further action by Debtors or Lender and without the execution, filing or recordation of any financing statements, security agreements, mortgages or other documents or instruments; (3) shall not be subject to any security interest or lien which is avoided and preserved under Code § 551; and (4) shall remain in full force and effect notwithstanding any subsequent conversion or dismissal of the Case. Notwithstanding the foregoing, Debtors are authorized and directed to execute and deliver to Lender such financing statements, mortgages, instruments and other documents as Lender may deem necessary or desirable from time to time. Any such financial statements, mortgages, instruments, or other documents filed by Lender shall be deemed to have been filed as of the Petition Date.

4. Carveout Terms. As used herein, the term “Carveout” shall mean (i) the unpaid fees of the clerk of the Bankruptcy Court and of the United States Trustee pursuant to 28 U.S.C. § 1930(a) and 1930(b) (the “Statutory Fees”) and (ii) the payment of allowed professional fees and disbursements in accordance with the interim compensation procedure (the “Interim Compensation Procedure”) established in this Case, and any other compensation orders, including any final order, entered by the Court in this Case (the “Professional Fees and Disbursements”) solely on the terms set forth herein. With respect to each Carveout Professional: (a) the Carveout for such Carveout Professional shall consist of the lesser of (i) the aggregate monthly line item amounts as provided in the Budget for such Carveout Professional for the period commencing on the Petition Date and ending on the Termination Date, plus \$75,000 for Professional Fees and Disbursements of Debtors’ counsel first accruing after the

Termination Date, and (ii) the aggregate amount of allowed Professional Fees and Disbursements of such Carveout Professional that accrue during the period commencing on the Petition Date and ending on the Termination Date, plus \$75,000 for fees and expenses of each of Debtors' counsel and financial advisors first accruing after the Termination Date; (b) for each Carveout Professional, the aggregate amount budgeted to such Carveout Professional in the Budget shall be a cap on the Postpetition Debt proceeds, Cash Infusions or Cash Collateral used to pay such Carveout Professional's Professional Fees and Disbursements; provided, however, that the monthly budgeted amounts shall not be a cap on the amount of Postpetition Debt proceeds, Cash Infusions or Cash Collateral used to pay Professional Fees and Disbursements; in other words, although the amount a Carveout Professional may work will vary from month to month, the only cap on the amount of Postpetition Debt proceeds, Cash Infusions or Cash Collateral used to pay Professional Fees and Expenses is the aggregate amount budgeted per Carveout Professional in the Budget; (c) the Carveout, as it pertains to such Carveout Professional, shall be reduced on a dollar-for-dollar basis by any Postpetition Debt advanced, or Cash Collateral remitted, by Lender, and any amount of Cash Infusions paid to a Carveout Professional on account of Professional Fees and Disbursements of such Carveout Professional, or by any payments made by Debtors after the Petition Date on account of Professional Fees and Disbursements of such Carveout Professional; (d) Debtors' counsel and financial advisor shall each retain from their respective prepetition retainers in the amount of \$75,000 (the "Postpetition Retainers") which shall be retained and used by such professionals toward the payment of fees and expenses of the respective professionals accruing after the Termination Date. Debtors' counsel and financial advisor shall each apply those amounts of the prepetition retainer over and above the Postpetition Retainer amounts as follows: the first \$25,000, if any, over \$75,000 shall

be applied in the first month of these Case, and the second \$25,000, if any, over \$100,000 shall be applied in the second month of these Case; (e) all prepetition retainers and any other property of the estates (other than property subject to an unavoidable lien in favor of Lender) of such Carveout Professional shall be used to pay any fees or expenses of such Carveout Professional before payments of such fees or expenses are made from proceeds of the Postpetition Debt or the Aggregate Collateral; (f) Lender shall establish reserves (each a "Professional Reserve Account" and collectively, the "Professional Reserve Accounts") against Debtors' borrowing availability for the unpaid Carveout of each Carveout Professional, including any amount of the Carveout subject to a mandatory holdback pursuant to the Interim Compensation Procedures; (g) Lender agrees that it shall have an absolute obligation to pay all the Professional Fees and Disbursements payable under the Interim Compensation Procedures whether or not availability exists under the Postpetition Documents to the extent that such amounts are not otherwise payable from Cash Infusions; (h) Lender further agrees to maintain an unfunded reserve (the "Statutory Fee Reserve Account") to pay the Statutory Fees which reserve shall be maintained; (i) Lender hereby acknowledges that the aggregate amounts contained in the Professional Reserve Accounts and the Statutory Fees Reserve Account are not contingent on whether the Debtors have availability under the Postpetition Documents or on any other conduct or action taken or not taken by the Debtors; (j) upon the Termination Date, and with the exception of the \$75,000 portion of the Carveout which Lender has agreed to fund to each of Debtors' counsel and financial advisors on or after the Termination Date, Lender shall have no further obligation to fund any Professional Fees and Disbursements of such Carveout Professional that accrued on, before or after the Termination Date; and (k) the Carveout shall not include, and no Postpetition Debt or Aggregate Collateral may be used to pay, any Professional Fees and Disbursements

incurred by any entity, including Debtors, any Committee or the Carveout Professionals, in connection with claims, actions or services adverse to Lender or the Participating Customers, or their respective interests in the Aggregate Collateral, including, without limitation, (1) preventing, hindering or delaying Lender's or Participating Customers' enforcement or realization upon any of the Aggregate Collateral once an Event of Default has occurred, provided, however, the Debtors shall have the ability to contest in good faith the declaration of an Event of Default where cause exists and Debtors' counsel shall be entitled to payment of its fees and expenses related to contesting the declaration of an Event of Default if successful in establishing that such Event of Default was not properly declared, (2) using or seeking to use Cash Collateral or selling any other Aggregate Collateral without Lender's consent, (3) incurring indebtedness without Lender's consent, or (4) objecting to or contesting in any manner, or raising any defenses to, the validity, extent, amount, perfection, priority or enforceability of the Aggregate Debt or any mortgages, liens or security interests with respect thereto or any other rights or interests of Lender or the Participating Customers, or in asserting any claims or causes of action, including, without limitation, any actions under chapter 5 of the Code, against Lender or the Participating Customers; provided, however, notwithstanding anything to the contrary in this Order or the Budget, any Committee shall be deemed to have up to a \$15,000 Carveout for counsel for any Committee to investigate the validity, extent, amount, perfection, priority, or enforceability of the Aggregate Liens. Each Carveout Professional shall submit to Debtors, Lender, the Participating Customers and their respective counsel, copies of their Carveout invoices for Professional Fees and Disbursements as set forth in the Interim Compensation Order. The Participating Customers consent to BBK, Ltd. ("BBK") paying any amount of Carveout attributable to Cash Infusions as such amounts become payable under the Interim

Compensation Order. Nothing herein shall be construed as consent by Lender or the Participating Customers to the allowance of any Professional Fees and Disbursements of the Carveout Professionals or shall affect the right of Lender or the Participating Customers to object to the allowance and payment of such fees, costs or expenses, or the right of Lender or the Participating Customers to the return of any portion of the Carveout that is funded with respect to Professional Fees and Disbursements approved on an interim basis that are later denied on a final basis. The Carveout for Debtors' counsel only shall also be deemed to include up to \$75,000 for Professional Fees and Disbursements of Debtors' counsel first accruing after the Termination Date, which portion of the Carveout for Debtors' counsel shall be funded by Lender when and to the extent that any such Professional Fees and Disbursements are payable under the Interim Compensation Order, subject to approval on a final basis. For the avoidance of doubt, the maximum aggregate amount of the Carveout for a Carveout Professional shall not exceed the aggregate amount budgeted for such Carveout Professional in the Budget from time to time (provided that the Carveout for Debtors' counsel shall also be deemed to include \$75,000 for Professional Fees and Disbursements first arising after the Termination Date), and no Carveout Professional shall be entitled to any portion of the Carveout allocated for any another Carveout Professional in the Budget.

5. Termination of Right To Use Cash Collateral and To Incur Postpetition Debt.

(a) Termination Date. Unless extended by the Court upon the written agreement of Lender, this Order and Debtors' authorization to use Cash Collateral and incur Postpetition Debt pursuant to this Order will automatically terminate on the Termination Date without further notice or order of Court.



(b) Rights Upon Termination. Upon the Termination Date, unless the Court orders otherwise, at Lender's election: (1) the Aggregate Debt shall be immediately due and payable; (2) Lender shall be entitled to apply or set off any cash in Lender's possession or control to the Aggregate Debt in accordance with Paragraph 6(e) of this Order, until such Aggregate Debt is indefeasibly and finally paid in full; and (3) Debtors shall be prohibited from using any Aggregate Collateral for any purpose other than application to the Aggregate Debt in accordance with Paragraph 6(e) of this Order, until such Aggregate Debt is indefeasibly and finally paid in full. On the fourth business day after the Termination Date: (1) at Lender's election, without further order of the Court, Lender shall have automatic and immediate relief from the automatic stay with respect to the Aggregate Collateral (without regard to the passage of time provided for in Fed. R. Bankr. P. 4001(a)(3)), and shall be entitled to exercise all rights and remedies available to it under the Prepetition Documents and the Postpetition Documents and applicable nonbankruptcy law with respect to the Aggregate Collateral; and (2) Debtors shall be authorized and directed to surrender the Aggregate Collateral and to otherwise cooperate to assist Lender in the exercise of the rights and remedies available to Lender under the Prepetition Documents, Postpetition Documents and applicable nonbankruptcy law with respect to the Aggregate Collateral (provided, however, that during the three (3) business day period following the Termination Date, Debtors shall have the right to obtain an order of this Court determining that the Termination Date has not occurred, but further provided, however, that during such three (3) business day period, Debtors may not use Cash Collateral unless such use is agreed to in writing by Lender, and Lender shall have no obligation to advance Postpetition Debt to Debtors).

6. Adequate Protection of Interests of Lender in the Prepetition Collateral and the Prepetition Liens/Consideration for Postpetition Debt. As adequate protection of the interests of Lender in the Prepetition Collateral and in consideration of the Postpetition Debt:

(a) Sublimit Reductions. On the terms set forth in the Postpetition Documents, Debtors' borrowing availability shall not be reduced on account of the "Equipment Sublimit Reduction" and "Real Estate Sublimit Reduction" (as such terms are defined in the Loan Agreements) from and after such date that (a) substantially all of Debtors' "Equipment" and "Real Estate" (as defined in the Loan Agreements) located in the United States as of the Petition Date have been sold or otherwise disposed on terms acceptable to Lender and (b) the proceeds thereof have been applied in accordance with terms of Paragraph 6(e) of this Order.

(b) Priority of Prepetition Liens/Allowance of Lender's Prepetition Claim. Subject to the terms of Paragraph 16(a) of this Order: (1) the Prepetition Liens shall constitute First Priority Liens, subject only to the Postpetition Liens and the Permitted Liens; (2) the Prepetition Debt constitutes the legal, valid and binding obligation of Debtors, enforceable in accordance with the terms of the Prepetition Documents; (3) no offsets, defenses or counterclaims to the Prepetition Debt exist, and no portion of the Prepetition Debt is subject to avoidance or subordination pursuant to the Code or applicable nonbankruptcy law; (4) Lender's claim with respect to the Prepetition Debt as of the Petition Date shall for all purposes constitute an allowed secured claim within the meaning of Code § 506 in an amount not less than \$29,330,000 in the aggregate; and (5) Debtors hereby release, discharge, and acquit Lender, each of the Participating Customers and their respective officers, directors, principals, attorneys, predecessors in interest, and successors and assigns of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness, and obligations, of

every type, which occurred on or prior to the date of the entry of this Order; provided, however, that nothing in this Order (including, without limitation, the terms of this Paragraph 6(b)) or any of the Postpetition Documents shall be deemed to waive, release or otherwise reduce in any way any and all existing or hereafter arising accounts receivable or any other rights of payment of Debtors against, or at any time due from, any of the Participating Customers.

(c) Replacement Liens. Lender is hereby granted the Replacement Liens as security for payment of the Prepetition Debt. The Replacement Liens: (1) are and shall be in addition to the Prepetition Liens; (2) are and shall be First Priority Liens, subject to Postpetition Liens and Permitted Liens, that are properly perfected, valid and enforceable without any further action by Debtors or Lender and without the execution, filing or recordation of any financing statements, security agreements, mortgages or other documents or instruments; and (3) shall remain in full force and effect notwithstanding any subsequent conversion or dismissal of the Case. Notwithstanding the foregoing, Debtors are authorized and directed to execute and deliver to Lender such financing statements, mortgages, instruments and other documents as Lender may deem necessary or desirable from time to time.

(d) Allowed Code § 507(b) Claim. If and to the extent the adequate protection of the interests of Lender in the Prepetition Collateral granted to Lender pursuant to this Order proves insufficient, Lender shall have an Allowed Claim under Code § 507(b), subject to the Carveout, in the amount of any such insufficiency, with priority over: (1) all costs and expenses of administration of the Case (other than Lender's claims under Code § 364) that are incurred under any provision of the Code, including Code §§ 503(b), 506(c), 507(a), or 552(b); and (2) the claims of any other party in interest under Code § 507(b).

(e) Application of Cash Collateral. Lender, at its election, is authorized to apply all Cash Collateral now or hereafter coming into Lender's possession or control as follows: (1) first, to payment of Prepetition Debt consisting of Allowable 506(b) Amounts, (2) second, to payment of all other Prepetition Debt; (3) third, to payment of Postpetition Charges; and (4) fourth, to payment of all other Postpetition Debt. All such applications to Prepetition Debt shall be final, subject only to the right of the applicable parties in interest to: (a) object solely to such applications to Allowable 506(b) Amounts under and in accordance with Paragraph 15(a) of this Order; and (b) seek a determination in accordance with Paragraph 16(a) below that such applications to Prepetition Debt resulted in the payment of any unsecured prepetition claim of Lender. Any amounts disgorged in connection with any such objection or determination shall be first applied to repay all Postpetition Debt. All applications to Postpetition Debt shall be final and not subject to challenge by any person, including any Trustee.

(f) Prohibition Against Use of Cash Collateral. Through the Termination Date, Debtors will not use or seek to use Cash Collateral, unless, in addition to the satisfaction of all requirements of Code § 363 for the use of such Cash Collateral, Lender has consented to such order.

(g) Prohibition Against Additional Debt. Debtors will not incur or seek to incur debt secured by a lien which is equal to or superior to the Postpetition Liens, or which is given superpriority administrative expense status under Code § 364(c)(1), unless, in addition to the satisfaction of all requirements of Code § 364 for the incurrence of such debt: (1) Lender has consented to such order; (2) at the time of the entry of such an order, there is no Aggregate Debt outstanding, and no obligation of Lender to extend additional Postpetition Debt, or (3) such

credit or debt is first used to immediately and indefeasibly finally pay the Aggregate Debt in cash in full.

(h) No Surcharge. Debtors represent that the Budget contains all expenses that are reasonable and necessary for the operation of its business, including all expenses that are reasonable and necessary to preserve the value of the Aggregate Collateral, through the period for which the Budget runs. In reliance on the representation by Debtors that the Budget includes all items that are reasonable and necessary to preserve the value of the Aggregate Collateral and therefore includes all items potentially chargeable to Lender under Code § 506(c), Lender has agreed to the entry of this Order. Debtors agree that the Budget also includes items that are not chargeable to Lender under Code § 506(c). In the exercise of its business judgment, and in consideration of Lender's agreement to allow the Debtors to use Cash Collateral and the proceeds of the Postpetition Debt in accordance with this Order, to pay both the items which are, and which are not, chargeable to Lender under Code § 506(c), Debtors agree that, effective upon entry of the Final Hearing Order, there shall be no surcharge of the Aggregate Collateral for any purpose, unless agreed to by Lender. Therefore, effective upon entry of the Final Hearing Order, at no time during the Case shall the surcharge provisions of Code § 506(c), the enhancement of collateral provisions of Code § 552, or any other legal or equitable doctrine (including, without limitation, unjust enrichment) be imposed upon Lender or any of the Aggregate Collateral for the benefit of any party in interest, including Debtors, any Committee, any of the Carveout Professionals, or any Trustee; provided, however, that any party in interest other than Debtors or their professionals shall have the right to object to this Paragraph 6(h) prior to or at the Final Hearing. Upon entry of the Final Hearing Order, Debtors shall mail notice of the terms of this Paragraph 6(h) to all creditors.

(i) Right to Credit Bid. Pursuant to Code § 363(k), Lender shall have the right to use the Aggregate Debt or any part thereof to credit bid with respect to any bulk or piecemeal sale of all or any portion of the Aggregate Collateral.

(j) Plan. Effective upon entry of a Final Hearing Order containing such relief, no order shall be entered confirming a plan in this Case unless Lender consents thereto, or such order provides for the indefeasible and final payment of the Aggregate Debt in full in cash on the earlier of: (1) the effective date thereof; and (2) the Termination Date.

(k) Waiver of Right to Return/Consent to Setoff. Without first obtaining Lender's consent, Debtors hereby waive their rights: (1) to return any of the Aggregate Collateral pursuant to Code § 546(h); (2) to consent to any order permitting any claims pursuant to Code § 503(b)(9) that would be of a higher priority than Lender's Aggregate Debt; and (3) to consent to setoff pursuant to Code § 553.

(l) Indemnification. Debtors shall continue to indemnify and hold harmless Lender pursuant to Section 11.5 of the CEP Loan Agreement, Section 11.5 of the Thermoplastics Loan Agreement and as otherwise set forth in and ratified by the Postpetition Agreement.

(m) No Marshaling. Neither Lender nor any of the Aggregate Collateral shall be subject to the doctrine of marshaling.

7. Participating Customer Accommodations. To induce Lender to enter into the Postpetition Agreement and to advance the Postpetition Debt to Debtors, and in consideration and reliance upon the assumption of the Access and Security Agreement (as amended hereby), the Participating Customers shall continue to provide the following accommodations:

(a) Accelerated Payment Terms. The Participating Customers will make payment of their respective accounts payable due and owing to Debtors on terms of “net immediate” (approximately 10 day) terms.

(b) Limitation of Setoffs. Except for the “Allowed Setoffs,” the Participating Customers agree not to exercise at any time any rights of setoff, recoupment or deduction with respect to any bona fide accounts payable to Debtors arising from any Component Parts shipped by Debtors from the Petition Date through the Termination Date. The term “bona fide accounts payable” shall mean accounts owing for Component Parts actually shipped to the Participating Customers. The term “Allowed Setoffs” of a Participating Customer shall mean (i) valid setoffs, recoupments or deductions of such Participating Customer for defective or nonconforming products, quality problems, unordered or unreleased parts returned to Debtors, short shipments, misshipments, premium freight charges, improper invoices, mispricing, duplicate payments or billing errors, (ii) direct payments made by such Participating Customer to Debtors’ vendors for or on account of materials, services or tools required for Debtors’ production of the Component Parts, provided, however, that Lender and Debtors shall receive prior written notice from such Participating Customer of each such direct payment; provided, further, that any such direct payments shall only constitute Allowed Setoffs with respect to accounts owed to Debtors by such paying Participating Customer that arise at least two (2) business days after such notice is received by Lender; provided, further that Lender shall be entitled to establish appropriate Reserves under the Loan Agreements (as amended by the Postpetition Agreement) on account of any such Allowed Setoff; and (iii) \$150,000 per month in the aggregate for all Participating Customers for professional fees incurred by the Participating Customers (with such amount to be allocated among the Participating Customers pursuant to a separate agreement). Participating

Customers agree to limit aggregate Allowed Setoffs for items (i) and (iii) to ten percent (10%) of the face amount of accounts owing to Debtors. Any Allowed Setoffs in excess of the ten percent (10%) cap may be carried forward and applied against future accounts provided the aggregate amount of each setoff does not exceed the ten percent (10%) cap for any single account owed to Debtors. Subject to the terms of this Paragraph 7(b), the Participating Customers expressly reserve and do not waive any rights and interests they may have against Debtors, including setoffs asserted for defensive purposes.

(c) Inventory Buy-Back. On the “Inventory Purchase Trigger Date” (as defined below), the Participating Customers agree to purchase and pay for within the later of (a) seven (7) days of the Inventory Purchase Trigger Date or (b) five (5) days after a Participating Customer takes possession or control of the Subject Inventory (defined below), all raw materials, work in process and finished goods inventory related to the Component Parts that are at such time both “useable” by the Participating Customers and in a “merchantable” condition (the “Subject Inventory”). The term “Inventory Purchase Trigger Date” shall mean, with respect to a given facility, the earliest to occur of (1) delivery by a Participating Customer to counsel for Debtors and Lender, respectively, of a Resourcing Completion Notice with respect to the production of Component Part at such facility; (2) the exercise by the Participating Customers of their rights of access under the Access Agreement; or (3) an Event of Default, the commencement of enforcement action by Lender against Debtors’ tangible assets, and the Lender having the legal right and ability to dispose of the Debtors’ interest in the Subject Inventory. For purposes of this Order, the term “useable” means not obsolete and useable in the production of the Component Parts in quantities called for by the Participating Customers’ fabrication authorizations and production releases issued against Purchase Orders (including any



Inventory Bank) in effect as of the Inventory Purchase Trigger Date. Inventory is obsolete if it consists of production materials and supplies which, due to annual model changes and/or design changes, are no longer useable in normal production. The term “merchantable” as used in this Order means merchantable as defined in UCC § 2-314 and in conformance with all applicable Purchase Order specifications. The Participating Customers will purchase the Subject Inventory for the following amounts, without offset, deduction or reduction of any kind:

- (i) for raw materials, ninety percent (90%) of Debtors’ actual cost;
- (ii) for work in process, eighty percent (80%) of the prorated Purchase Order price based on percentage completion;
- (iii) for finished goods, one hundred percent (100%) of the Purchase Order price.

The Subject Inventory purchased by the Participating Customers shall be sold free and clear of any and all liens, claims, encumbrances and security interests, without any further Order of the Court, and the Participating Customers shall make payment for such Subject Inventory directly to Lender in partial repayment of the Aggregate Debt in accordance with this Order. The Participating Customers shall not be obligated to purchase the Subject Inventory under this Order until all requirements of this Paragraph 7(c) are satisfied and unless the Participating Customers are allowed to take possession of or use the Subject Inventory no later than five (5) days after the occurrence of the Inventory Purchase Trigger Date. Immediately upon the Inventory Purchase Trigger Date, Debtors shall be deemed authorized and directed to sell, and deliver or otherwise make readily available, the Subject Inventory to the Participating Customers on the terms set forth herein.

(d) Resourcing Limitation. For each Sale Facility, the Participating Customers that have elected to designate such facility as a Sale Facility shall forbear from resourcing out of such Sale Facility absent (i) an Event of Default; or (ii) the resourcing of other customers at such Sale Facility to the extent that such Sale Facility is no longer viable as a separate going concern business as determined jointly by Debtors' investment banker and the applicable Participating Customers. Each Participating Customer shall support in good faith the sale efforts of Debtors with respect to the designated Sale Facilities but only to the extent such Participating Customer is purchasing Component Parts from the affected Sale Facility. For clarity, a Participating Customer's designation of a facility as a Sale Facility shall not prevent another Participating Customer from treating such facility as a Closing Facility.

8. Participating Customer Cash Infusions.

(a) Upon approval of this Order, and thereafter, on or before the first day of each calendar month (October, November and December) that a Participating Customer will have production in any Closing Facility or Sale Facility for which it does not support a sale process, such Participating Customer shall pay lump sum Cash Infusions equal to the projected expenses in the Budget (as may be amended from time to time) for the next full or partial calendar month, as the case may be, related to the Closing Facilities (and as to each Participating Customer, its allocable portion of projected expenses for the Sale Facilities of which it does not support a sale process) less Debtors' projected aggregate "Excess Availability" under and as defined in the Loan Agreements (as modified by the Postpetition Agreement) as set forth in the Budget. For avoidance of uncertainty, the aggregate of the Participating Customers Initial Allocable Percentage shall be 100% of the amount budgeted for September 2006 in the Budget. In all events, the Participating Customers shall make Cash Infusions sufficient to fund each

Participating Customer's Initial Allocable Percentage and Amended Allocable Percentage, as the case may be, to the extent Debtors do not have Postpetition Debt otherwise sufficient to fully pay:

(i) The forecast cash burn, pursuant to the Budget, incurred at such facilities that are required to produce the Participating Customers' Component Parts sufficient to meet releases plus manufacture requested part banks subject to Capacity through the Exit Date;

(ii) The manufacturing and administrative overhead allocable to such facilities' operations through the Exit Date;

(iii) The Restructuring Charges (which shall be allocated to specific facilities where possible but shall be exclusive of the closing fee of Lender in accordance with this Order) shall be fully payable with the first Cash Infusion according to the Initial Allocable Percentage; and

(iv) Wind Down Charges.<sup>2</sup>

(b) Any unused Cash Infusion for charges listed in Paragraph 8(a)(i) and (ii) shall be returned to the applicable Participating Customers as soon as practicable after the Exit Date for each facility or the Termination Date, whichever is applicable. Any unused Cash Infusion remaining on the later of the final hearing on the Professional Fees and Disbursements and the Exit Date for charges listed in Paragraph 8(a)(iii) shall be returned to the applicable Participating Customer as soon as possible after the date of the final hearing on Professional Fees and Disbursements and the Exit Date, whichever is applicable. Any unused Cash Infusion for

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<sup>2</sup> In those facilities that generate positive cash flow from operations (including the Mexican facilities), such cash remaining after payment of all current operating expenses shall be first applied to reduce or eliminate the Restructuring Charges and Wind Down Charges allocable to the Participating and Assisting Customers at such facilities, provided that such application shall only be deemed applicable for purposes of allocation of funding responsibility among the Participating Customers.

charges listed in Paragraph 8(a)(iv) shall be returned to the applicable Participating Customers as soon as possible after the obligations giving rise to the Wind Down Charges are discharged in full.

(c) The Cash Infusions required each month prior to the Exit Date of Participating Customers pursuant to their respective Initial Allocable Percentage or Amended Allocable Percentage, as the case may be, shall be paid in full into a trust account ("BBK Trust Account") maintained by BBK. No Cash Infusions shall be deemed "Cash Collateral" or any other "Collateral" (as defined in the Loan Agreements) upon which Debtors may request Lender to make advances on Postpetition Debt. All such payments pursuant to the Amended Allocable Percentage for October must be paid on October 1, 2006, and so on through to the December 1, 2006 payment for the partial month of December 2006. Funds in the BBK Trust Account shall be released by BBK to Debtors or a Carveout Professional, as the case may be, when due pursuant to this Order, the Budget, the Interim Compensation Order with respect Professional Fees and Disbursements or as approved by the Court.

(d) The Participating Customers shall have 10 days from the Petition Date to designate a facility as a Sale Facility. In the event that a Participating Customer decides to designate and support a facility as a Sale Facility, any Cash Infusion already paid by such Participating Customer for that particular facility shall be deemed recharacterized as a Postpetition Participation. Debtors and the Participating Customers agree to execute and deliver such documents or agreements reasonably necessary to document the foregoing recharacterization.

(e) An Assisting or Participating Customer's obligation to make Cash Infusions with respect to a given facility shall cease beginning the first day of the calendar month

following receipt by counsel for Debtors and counsel for Lender of a Resourcing Completion Notice regarding such facility, except for its Initial Allocable Percentage or Amended Allocable Percentage, as the case may be, for the month in which a Resourcing Completion Notice is so delivered, provided that an Assisting or Participating Customer shall deliver a Resourcing Completion Notice no later than seven (7) days prior to the end of the calendar month in which it is delivered.

(f) Once Resourcing Completion Notices have been delivered by all Assisting or Participating Customers with respect to a facility, it shall be deemed a “Liquidating Facility” and such customers shall have no further responsibility or obligations with respect to such facility. For clarity, this provision does not amend the allocation of costs for such Liquidating Facility as to each Assisting or Participating Customer as such exit the facility.

(g) As long as any Assisting or Participating Customer is receiving Component Parts from Debtors, it shall be liable for its full Amended Allocable Percentage. For clarity, if only one Assisting or Participating Customer remains at any given facility, its Amended Allocable Percentage shall be 100%.

(h) Once a facility is deemed a Liquidating Facility, its allocation of costs under Paragraph 8(a)(ii) and (iii) shall be reallocated in full going forward to all facilities that are not yet Liquidating Facilities including the Sale Facilities, so that all costs under Paragraph (8)(a)(ii) and (iii) continue to be funded hereunder.

(i) Subject to Debtors’ compliance with the Participating Customers’ bank build requirements, the Participating Customers shall resource the production of Component Parts out of a Closing Facility as soon as commercially reasonable but in no event later than the Exit Date; provided, however, that the Exit Date applicable to a facility may be extended one

time by any of the Participating Customers to a date that is not later than sixty (60) days after the existing date, with not less than fourteen (14) days' prior written notice to counsel for Debtors and counsel for Lender, subject to the parties negotiating in good faith a revised Budget as it relates to the particular Closing Facility subject to such extension.

9. Tooling and Equipment.

(a) Tooling Acknowledgment. Debtors, on behalf of themselves and CEP Mexico, and Lender acknowledge and agree that all Customer Tooling is subject to the terms of this Order and is (1) owned by the Participating Customers ("owned" means paid for by the Participating Customer or its respective customer or their affiliates, or delivered by the Participating Customer to Debtors); and (2) is being held by Debtors and, to the extent Debtors have transferred the Customer Tooling to third parties, by such third parties, as bailees at will.

(b) Equipment Acknowledgment. Subject to a Participating Customer providing evidence of ownership reasonably acceptable to Debtors and Lender, all Customer Equipment is owned by the Participating Customer or its respective customer or their affiliates and are being held by Debtors or, to the extent Debtors have transferred the Customer Equipment to third parties, by such third parties, as bailees at will.

(c) Equipment Purchase Option. Debtors, on behalf of themselves and CEP Mexico, grant each Participating Customer an option for such Participating Customer or its designee(s) to purchase some or all of the Designated Equipment. The option shall be exercisable at any time after the Petition Date and in no event later than the date following the date on which such Participating Customer (i) delivers its Resourcing Completion Notice with respect to the facility at which such Designated Equipment is located, or (ii) the end of the Occupancy Period under the Access and Security Agreement with respect to the facility at which

such Designated Equipment is located. Debtors and Lender acknowledge that the Participating Customers have provided lists of their respective Designated Equipment, which lists shall be subject to amendment by the Participating Customers at any time within 14 days of the Petition Date.

(d) Designated Equipment Purchase Terms. The purchase price for the Designated Equipment located in the United States. will be ninety percent (90%) of appraised orderly liquidation value as set forth in the Appraisal. If in the reasonable, good faith opinion of the Appraiser, selling the Designated Equipment would not materially affect the appraised orderly liquidation value of the Other Equipment such that appraised orderly liquidation value of such Other Equipment (located at the same facility as the Designated Equipment being purchased) shall become less than 90% of the orderly liquidation value set forth in the Appraisal, the purchase price for the Designated Equipment to be sold shall be deemed increased by such loss in value of the Other Equipment (the extent of which to be determined reasonably and in good faith by the Appraiser); provided, however, that any such increase in the purchase price for the Designated Equipment identified at Debtors' facility in Tuscaloosa, Alabama shall not exceed \$100,000 in the aggregate. The Appraiser shall determine the extent of loss in value of such Other Equipment, if any, at the time of a Participating Customer's election to exercise its purchase option with respect to the Designated Equipment. The purchase price for the Designated Equipment located in Mexico will be ninety percent (90%) of appraised net orderly liquidation value, taking into account any impact selling the Designated Equipment would have on the remaining equipment located in the particular Mexican facility, as determined by the Appraiser.

(e) Lender Consent. The full cash price for the Designated Equipment sold by Debtors to a Participating Customer pursuant to the foregoing option purchase option shall be paid to Lender and applied in accordance with Paragraph 6(e), whereupon Lender shall be deemed to consent to the foregoing sale and release any liens it may have in such Designated Equipment.

(f) Sale/Removal of Designated Equipment. All Designated Equipment shall be sold (i) free and clear of all liens, security interests, claims and encumbrances, and (ii) as is, where is and with all faults, without further order of this Court. Notwithstanding anything in this Order, to the contrary, the foregoing options granted to the Participating Customers are not intended to replace or supersede any option(s) any Participating Customer may have under any Purchase Orders to purchase dedicated equipment and tooling, provided that Lender is not acknowledging or agreeing that any such options are enforceable against it. The Participating Customer shall remove all Designated Equipment it has purchased pursuant to the purchase option five (5) business days after receipt of the purchase price by Lender.

(g) Rights to Tooling and Equipment. Neither Debtors (on behalf of themselves or CEP Mexico), Lender, nor any other person or entity other than the respective Participating Customer (or its affiliates or respective customers), has any right, title or interest in the Customer Tooling or Customer Equipment other than Debtors' rights, subject to the respective Participating Customer's discretion, to utilize the Customer Tooling or the Customer Equipment in the manufacture of the Component Parts. Subject to the limitations on resourcing in Paragraph 7(d) of this Order, the Participating Customers and their affiliates or respective customers shall have the right to take immediate possession of their respective Customer Tooling and Customer Equipment at any time without payment of any kind from the Participating



Customers to Debtors other than as required by this Order. Debtors and Lender agree to cooperate with that Participating Customer in its taking possession of the Customer Tooling and Customer Equipment. Likewise, subject to the limitations on resourcing in this Order, effective immediately upon written notice to Debtors, without further notice or court hearings, which rights, if any, are hereby waived, the Participating Customers shall have the right to immediately enter the premises of Debtors and take possession of any and all Customer Tooling and Customer Equipment, and Debtors and Lender, if in possession, agree to provide the respective Customer or its nominee(s) with such access; provided, however, Participating Customers shall not unreasonably interfere with Debtors' ongoing manufacturing operations or any marketing or sale activities being conducted by Debtors or Lender when removing Customer Tooling and Customer Equipment, and the Participating Customers agree to fully indemnify the Debtors' estates for any losses or damages caused by such entry.

10. Assumption of Customer Agreements. The Access and Security Agreement shall be deemed assumed by the Debtors; provided however that the Access and Security Agreement is hereby amended as follows: (a) the "Occupancy Period" set forth in Section 3(a) of the Access and Security Agreement shall end upon the Exit Date (as may be extended pursuant to the terms of this Order), with respect to all Closing Facilities, March 19, 2007, with respect to Debtors' facilities in Tuscaloosa, Alabama and Bishopville, South Carolina, and June 30, 2007, with respect to CEP Mexico's facilities in Hermosillo, Mexico and Chihuahua, Mexico, and (b) the "Termination Date" set forth in Section 15 of the Access and Security Agreement shall be deemed to be fourteen (14) days prior to the last day of the applicable Occupancy Period for each facility; provided, (i) the exercise of a Participating Customer of its Right of Access (as defined in the Access and Security Agreement) after the Exit

Date in effect as of the date hereof with respect to a Closing Facility or a Sale Facility recharacterized as a Closing Facility shall obligate it to negotiate in good faith a revised budget for that particular facility, (ii) the Access and Security Agreement, as hereby amended, shall apply to, and continue to be enforceable against, CEP Mexico by a Participating Customer, and (iii) that any obligations of Debtors to cure any existing defaults under the Access and Security Agreement as of the date of this Order shall not be deemed to constitute administrative expenses (i.e., cure claims) against Debtors' estates, but remain prepetition claims of the Participating Customers.

11. Support of Other Customers. Immediately upon the filing of the Motion, Debtors shall, on a facility by facility basis, including the Mexican facilities, contact all customers representing their top 22 customers by sales revenue for the first six months of 2006 other than the Participating Customers to permit such customers to become an "Assisting Customer" by agreeing to the following accommodations:

(a) Net Immediate (approximately 10 day or equivalent) payment terms;

(b) Provide Cash Infusions sufficient to fund each Assisting Customer's Initial Allocable Percentage or Amended Allocable Percentage, as the case may be of:

(i) The forecast cash burn, pursuant to the Budget, incurred at a Closing Facility, that is required to produce each Assisting Customer's parts sufficient to meet releases plus manufacturing of each Assisting Customer's respective parts bank subject to Capacity through the Exit Date;

(ii) The manufacturing and administrative overhead necessary to operate the manufacturing operations through the Exit Date;

(iii) Restructuring Charges; and

(iv) Wind Down Charges;

(c) Agree to a limitation of setoff with terms similar to the covenants of the Participating Customers set forth in Paragraph 7 of this Order and an inventory buy-back agreement at 100% of Debtors' actual cost regarding raw material and work in process and 100% of the selling price of finished goods.

An Assisting Customer's Initial Allocable Percentage shall be determined by BBK based on the facilities that the Assisting Customer supports, and the upon payment of the Assisting Customer's Initial Allocable Percentage, BBK shall determine the proper method to reimburse the Participating Customers for the payment made by the Assisting Customer. Debtors shall not use any of the Postpetition Debt or Cash Infusions to produce Component Parts for any of the top 22 customers who are not Participating Customers or Assisting Customers and who do not opt to become Assisting Customers as of the close of business on the date that is five (5) business days of the date of the filing of the Motion; provided, however, upon consent of the Participating Customers at a subject facility (which consent shall be granted only one time at each facility), Debtors may continue to produce Component Parts with a positive profit margin for a top 22 customer that is not a Participating Customer or Assisting Customer if such other customer resources production away from Debtors without requiring production of a bank build not later than ten (10) days after the Petition Date; provided further that such other customer agrees to (i) waive all claims for setoff that may exist with respect to accounts owed by such customer to Debtors (other than recoupments or deductions for defective or nonconforming products, quality problems, unordered or unreleased parts returned to Debtors, short shipments, misshipments, premium freight charges, improper invoices, mispricing, duplicate payments or billing errors existing) and (ii) purchase all inventory used in the production of its Component

Parts at 100% of Debtors' cost regarding raw material and work in process and 100% of the selling price of finished goods.

(d) A top 22 customer who has parts produced by the Debtors in multiple facilities may become an Assisting Customer with respect to one, some or all facilities. An Assisting Customer shall only be liable for its Initial Allocable Percentage or Amended Allocable Percentage, as the case may be, for the facilities in which it opts to be an Assisting Customer. An Assisting Customer may not receive parts from any facility in which it is not an Assisting Customer, except as provided above.

12. Sale Covenants for Sale Facilities. The Participating Customers may amend the facilities listed in the definition of Sale Facilities contained in this Order on or before ten (10) days of the Petition Date. To effectuate the sale process for each proposed Sale Facility as designated by the Participating Customers pursuant to paragraph 8(d) of this Order the Debtors shall:

(a) File a sales procedure motion no later than 12 days after the Petition Date to (i) approve a sale process for those facilities agreed to by Debtors, Lender and the Participating Customers; and (ii) retain an investment banker to assist in the sale of the Sale Facilities;

(b) As to each Sale Facility, obtain court approval no later than December 1, 2006 to close a sale transaction no later than December 19, 2006;

(c) Produce a parts bank, subject to Capacity and otherwise cooperate with the Participating Customers to orderly resource production after the Termination Date out of a Sale Facility that Debtors are unable to successfully sell (or where an Event of Default has occurred allowing Participating Customer resourcing out of such Sale Facility), or otherwise cooperate in

good faith to extend any financing necessary to operate such facility beyond the Termination Date.

13. Sale Covenants for Closing Facilities. The Participating Customers shall provide Debtors and Lender a list of all Closing Facilities on or before ten (10) days of the Petition Date. To effectuate the sale process for each proposed Closing Facility the Debtors shall:

(a) File a sales procedure motion no later than 12 days after the Petition Date to (i) approve a sale process acceptable to Lender; and (ii) retain an auctioneer to assist in the sale of the Closing Facilities; and

(b) As to each Closing Facility, close one or more transactions to sell substantially all of Debtors' assets at the Closing Facility on terms acceptable to Lender within fourteen (14) days of the later of (i) the Exit Date or (ii) the expiration of the Occupancy Period under the Access and Security Agreement if a Right of Access at the Closing Facility is exercised by a Participating Customer.

14. Maintain Production; Parts Bank. Debtors shall maintain production at each of their respective facilities pursuant to ordinary releases for the Participating Customers pursuant to the Purchase Orders, and produce parts bank requirements of the Participating Customers and Assisting Customers subject only to Capacity, through the earlier of (a) the Exit Date, or such later date on a facility by facility basis as is necessary to allow all Participating Customers to orderly resource its respective production at such facility, or (b) the date which a Participating Customer delivers a Resourcing Completion Notice with respect to a facility. In the event Debtors fail to maintain production and build the requested parts bank subject to Capacity, such failure shall constitute cause for the appointment of a Chapter 11 trustee or a

“Default” under the Access and Security Agreement. A motion for appointment of a Chapter 11 trustee may be heard on an expedited basis subject only to three (3) business days notice to all parties required to receive such notice and this Court’s schedule.<sup>3</sup> Without limiting the foregoing, the Participating Customers and Assisting Customers shall pay all incremental costs (e.g., dunnage, storage, etc.) associated with the production of their respective parts bank, pursuant to Paragraphs 3(c)(ii)(D) and 8(a) of this Order. As a facility closes or is sold, Debtors, Debtors’ financial advisors, Participating Customers and BBK shall work diligently to reduce or eliminate costs associated with that facility and at any location or department affected by the closing or sale of the facility and amend the Budget accordingly.

15. Miscellaneous Provisions.

(a) Notice of and Objections to Allowable 506(b) Amounts and Postpetition Charges. Lender shall provide Debtors’ counsel, each Participating Customer’s counsel, counsel for any Committee, and the United States Trustee with copies of all invoices sent by Lender’s counsel (edited to delete any attorney-client or other confidential information) or Lender’s other professionals (including, without limitation, any consultants, appraisers and financial advisors retained by Lender) to Lender with respect to the professional fees and related costs and expenses asserted as Allowable 506(b) Amounts or Postpetition Charges that are incurred from and after the Petition Date. Any such party may object to the reasonableness of any such fees, costs and expenses. However, any such objection shall be forever waived and barred unless, within 30 days of receipt of the invoice to which the objection relates: (1) the objection is filed with the Court and served upon Lender and its counsel; and (2) the objection describes with particularity the items or categories of fees, costs and expenses that are the subject of the

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<sup>3</sup> The Participating Customers have agreed to support the selection and appointment of a representative of Glass & Associates as such Chapter 11 operating trustee.

objection and provides the specific basis of the objection to each such item or category of fees, costs and expenses (and is not an objection to the retention itself). Any hearing on an objection to the fees, costs and expenses of Lender set forth on any invoice shall be limited to the reasonableness or necessity of the particular items or categories of the fees, costs and expenses which are the subject of such objection. The disallowance of any such fees and expenses shall not affect Lender's right to collect such amounts from any person or entity other than Debtors.

(b) Force and Effect of Prepetition Documents. Except as modified herein or by the Postpetition Agreement, and subject to the other provisions of this Order and the Code, the Prepetition Documents and the terms and provisions thereof shall remain in full force and effect with respect to the Aggregate Debt; provided that the Loan Agreements shall be deemed terminated as of the Petition Date in respect of the Prepetition Debt for purposes of Section 13.1 of the CEP Loan Agreement and Section 13.1 of the Thermoplastics Loan Agreement. To the extent there exists any conflict among the Motion, the Prepetition Documents, the Postpetition Agreement and the terms of this Order, this Order shall govern and control.

(c) Modification of Stay. The automatic stay of Code § 362 is hereby modified with respect to Lender to the extent necessary to effectuate the provisions of this Order, including, after the Termination Date, to permit Lender to exercise its rights contemplated by Paragraph 5(b) above. Further, the automatic stay provisions of Code § 362 are vacated and modified to permit each Participating Customer to prepare for resourcing and to resource (where allowed pursuant to the terms of this Order), including the removal of all Customer Tooling and Customer Equipment. Prior to full and final payment of all Aggregate Debt, or substantially all assets of Debtors have been sold and the proceeds thereof applied in accordance with the terms of this Order, Debtors shall not seek, and it shall constitute an Event of Default under this Order

if Debtors do seek, or if there is entered, an order dismissing the Case. If an order dismissing the Case under Code § 1112 (or otherwise) is at any time entered, such order shall provide (in accordance with Code §§ 105 and 349) that (a) the liens, mortgages and claims of Lender shall continue in full force and effect and Lender shall maintain its priority as provided in this Order until all Aggregate Debt has been paid in full (and that such claims and liens shall, notwithstanding such dismissal, remain binding on all parties in interest) and (b) this Court shall retain jurisdiction to the extent permitted by law, notwithstanding such dismissal, for the limited purpose of validating the priority of the liens, mortgages and claims of Lender referred to in clause (a) above.

(d) Financial Information. Debtors are hereby directed to deliver to Lender and each Participating Customer, and their respective counsel, such financial and other information concerning the business and affairs of Debtors and any of the Aggregate Collateral as may be required pursuant to the Prepetition Documents, Postpetition Documents and/or as Lender or a Participating Customer shall reasonably request from time to time, in addition to providing Lender and the Participating Customers, on the second business day of each week through the Termination Date, with a written comparison of Debtors' actual performance compared to the prior week of the Budget. Debtors are also directed to allow Lender or the Participating Customers or their agents access to the premises at any reasonable time for the purpose of enabling Lender or the Participating Customers to inspect and audit the Aggregate Collateral and the Debtor's books and records.

(e) Insurance. Debtors are directed to deliver to Lender evidence, satisfactory to Lender, that the Aggregate Collateral is insured for the full replacement value thereof, that all insurance policies required by the Prepetition Documents, Postpetition Documents or obtained in



connection with the Aggregate Collateral are maintained in full force and effect, and that Lender is named as loss payee on all such property insurance policies and named as additional insured on all such liability policies as its interests may appear.

(f) No Waiver. This Order shall not constitute a waiver by Lender of any of its rights under the Prepetition Documents, the Code or applicable nonbankruptcy law, including without limitation: (1) its right to later assert that, notwithstanding the terms and provisions of this Order, any of its interests in the Aggregate Collateral lack adequate protection within the meaning of Code §§ 362(d) or 363(e) or any other provision thereof; or (2) its right to later assert a claim under Code § 507(b). Lender's failure, at any time or times hereafter, to require strict performance by Debtors (or by any trustee) of any provision of this Order shall not waive, affect or diminish any right of Lender thereafter to demand strict compliance and performance therewith. No delay on the part of Lender in the exercise of any right or remedy under this Order, the Prepetition Documents, Postpetition Documents, the Code, or applicable nonbankruptcy law shall preclude any other or further exercise of any right or remedy. Lender shall not be deemed to have suspended or waived any of their rights or remedies under this Order, the Prepetition Documents, Postpetition Documents, the Code, and applicable nonbankruptcy law unless such suspension or waiver is in writing, signed by a duly authorized officer of Lender (as applicable), and directed to Debtors.

(g) "Responsible Person." By accepting the Budget submitted to it by Debtors and by taking any other actions pursuant to this Order, Lender shall not: (1) be deemed to be in control of the operations or liquidation of Debtors; or (2) be deemed to be acting as a "responsible person" with respect to the operation, management or liquidation of Debtors.

16. Binding Effect.

(a) Stipulations and Findings. The stipulations, representations, and findings in Paragraphs J and K of this Order, and the relief granted by and release contained in Paragraph 6(b) of this Order, shall be binding on all parties in interest in the Case and their respective successors and assigns, including any trustee, subject only to the right of any Committee to commence an adversary proceeding within sixty (60) days of the date of this Order challenging such stipulations, representations, findings, release or payments, or otherwise asserting any claims of Debtors against Lender.

(b) Order. Except as provided in Paragraph 16(a), this Order shall be binding on all parties in interest in the Case and their respective successors and assigns, including any trustee, except that any trustee shall have the right to terminate this Order after notice and a hearing. If, in accordance with Code § 364(e), this Order does not become a final nonappealable order, if a trustee terminates this Order, or if any of the provisions of the Order are hereafter modified, amended, vacated or stayed by subsequent order of this Court or any other court, such termination or subsequent order shall not affect: (1) subject only to Paragraph 16(a) of this Order, the stipulations, representations, findings in Paragraphs J and K and the relief granted by and release contained in Paragraph 6(b) of this Order; and (2) the priority, validity, enforceability or effectiveness of any lien, security interests or any other benefit or claim authorized hereby with respect to any Cash Collateral used or Postpetition Debt incurred prior to the effective date of such termination or subsequent order. All such liens, security interests, claims and other benefits shall be governed in all respects by the original provisions of this Order, and Lender and the Participating Customers shall be entitled to all the rights, remedies, privileges and benefits, granted hereto including the liens and priorities granted herein, with respect to the Postpetition

Debt. Except as otherwise explicitly set forth in this Order, no third party is intended to be, or shall be deemed to be, a third party beneficiary of this Order.

(c) Survival. The provisions of this Order, and any actions taken pursuant to or in reliance upon the terms hereof, shall survive entry of, and govern in the event of any conflict with, any order which may be entered in the Case: (1) confirming any chapter 11 plan; (2) converting the Case to a case under chapter 7; or (3) dismissing the Case. The terms and provisions of this Order, including the rights granted Lender under Code §§ 364(c) and (d), shall continue in full force and effect until all of the Aggregate Debt and other Obligations are indefeasibly and finally paid in cash in full and discharged.

(d) Notice of Final Hearing. The Final Hearing is scheduled for September \_\_, 2006, at \_\_\_\_\_, and may be continued from time to time without further notice other than that given in open court. Debtors are directed to immediately serve a copy of this Order by first class mail, postage prepaid, on counsel for Lender, Participating Customers, Debtors' other secured creditors, each of Debtor's twenty largest unsecured creditors, and the United States Trustee, which service shall constitute adequate and proper notice of the Final Hearing. Any objection to the Order must be, no later than seventy-two hours prior to the commencement of such Final Hearing, be filed with the Court and received by counsel for the Debtors, counsel for Lender, and the United States Trustee. Any timely and properly filed and served objection will be heard at the Final Hearing.

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Honorable Russ Kendig  
United States Bankruptcy Judge

Dated: \_\_\_\_\_

## **EXHIBIT A**

### **DEFINED TERMS**

1. ***Access and Security Agreement.*** That certain Access and Security Agreement, dated May 9, 2006, by and among Debtors, CEP Mexico, Customers and Lender, as amended, modified and supplemented by this Order, and as otherwise amended hereafter from time to time with Lender's and Participating Customers' written consent, attached as Exhibit C.
2. ***Aggregate Collateral.*** Collectively, the Prepetition Collateral and the Postpetition Collateral.
3. ***Aggregate Debt.*** Collectively, the Prepetition Debt and the Postpetition Debt.
4. ***Allowable 506(b) Amounts.*** Interest at the non-default Interest Rate, as set forth in each of the Loan Agreements, and all fees, costs, expenses, and other charges due or coming due under the Prepetition Documents or in connection with the Prepetition Debt (regardless of whether such fees, costs, interest and other charges are included in the Budget) to the extent allowable under Code § 506(b), including all reasonable out-of-pocket filing and recording fees, attorneys' and paralegals' fees and expenses, external and internal audit fees and expenses, closing fees, unused facility fees, letter of credit fees, and all other costs and expenses incurred by Lender under the Prepetition Documents with respect to the Prepetition Debt, including such fees, costs and charges incurred before, on, or after the Petition Date in connection with: (a) the negotiation, preparation and submission of this Order and any other order or document related hereto; and (b) the representation of Lender in this Case in connection with the Prepetition Debt or the Prepetition Liens.
5. ***Amended Allocable Percentage.*** The percentage share of the Postpetition Participations or Cash Infusion required of each Assisting or Participating Customer as to a given

facility as determined on a monthly basis in advance by BBK using the following guidelines: If parts are manufactured anytime during a month for an Assisting or Participating Customer, a full month's allocation of costs will be assessed against such customer in an Amended Allocable Percentage determined by BBK; provided however, that if a facility incurs a cost saving due to the exit of an Assisting or Participating Customer during such month, such cost saving shall inure solely to such exiting customer in the form of a reimbursement of the amount of the cost saving to the exiting customer in an amount not to exceed that customer's previously paid cost funding at the exited facility for that month.

6. **Appraisal.** That certain appraisal conducted by the Appraiser and dated as of June 22, 2005.

7. **Appraiser.** Accuval Associates Incorporated.

8. **Assisting Customers.** Debtors' customers other than the Participating Customers who represent their top 22 customers by sales revenue for the first six months of 2006 and who have agreed to provide the accommodations described in Paragraph 11 of this Order.

9. **Blocked Accounts.** Collectively, the blocked accounts, referenced in Section 8.10 of the CEP Loan Agreement and 8.10 of the Thermoplastics Loan Agreement.

10. **Budget.** The budget attached to this Order as Exhibit B, as amended, modified or supplemented from time to time, for different amounts or different periods, all as may be agreed to by Lender and the Participating Customers from time to time, without the necessity for further Court approval.

11. **Capacity.** Reasonably applied constraints on production, including reasonably required equipment maintenance, any contractual restriction under existing labor contracts and such constraints as may be outside the reasonable control of Debtors, including equipment breakdowns, employee attrition or inability to obtain material on an expedited basis

Subject to the foregoing, Debtors shall work maximum overtime, including holidays (excluding Thanksgiving, Christmas Day, and New Year's Day) and weekends, outsourcing production where reasonably possible, allowing Participating Customers to temporarily move tooling at Closing Facilities, and take all other reasonable steps necessary to build part banks.

12. ***Carveout.*** For the purposes of enabling Debtors' estates to pay allowed fees and disbursements of the Carveout Professionals as may be awarded from time to time pursuant to Code § 330, the aggregate amount set forth in Paragraph 4 of this Order; provided, however, that the Carveout may be used only subject to the terms and provisions of Paragraph 4 of this Order.

13. ***Carveout Professionals.*** Collectively, counsel for Debtors, Baker & Hostetler, LLP, financial advisor to Debtors, Glass & Associates, Inc., investment banker for Debtors, Giuliani Capital Advisors, LLC, claims and noticing agent for the Debtors, BMC Group, Inc., and counsel and financial advisors for the Committee, if any.

14. ***Case.*** This jointly administered chapter 11 case and any superseding chapter 7 cases of the Debtors.

15. ***Cash Collateral.*** All cash arising from the collection or other conversion to cash of the Aggregate Collateral, including all "cash collateral," as that term is defined in Code § 363(a), and any other cash in which Lender has an interest, including all deposits subject to setoff rights in favor of Lender. To the extent any such cash collected or received is not clearly identifiable as attributable to Prepetition Collateral or Postpetition Collateral, such cash shall be deemed to be proceeds of Prepetition Collateral. For clarity, the Cash Infusions shall not constitute Cash Collateral.

16. ***Cash Infusions.*** Collectively, all cash provided directly to Debtors by the Participating Customers, and Assisting Customers, pursuant to Paragraphs 8 and 11 of this

Order. For clarity, any Postpetition Debt advanced by Lender in connection with purchases in the Overadvance Sublimit by the Participating Customers shall not constitute Cash Infusions.

17. **CEP Loan Agreement.** That certain Loan and Security Agreement dated as of August 16, 2005 by and between Creative Engineered Polymer Products, LLC and Lender (as amended, modified and supplemented from time to time).

18. **Closing Facilities.** Collectively, all of Debtors' respective operating facilities other than the Sale Facilities.

19. **Code.** The United States Bankruptcy Code (11 U.S.C. § 101 *et seq.*), as amended, and any successor statute. Unless otherwise indicated, all statutory section references in this Order are to the Code.

20. **Committee.** Any official creditors' committee appointed to represent unsecured creditors in this Case pursuant to Code § 1102.

21. **Customer Equipment.** All machinery and equipment delivered, either directly or indirectly, to Debtors by a Participating Customer or its respective customer or their affiliates or for which a Participating Customer or its respective customer or their affiliates has given consideration to Debtors in whole or in part.

22. **Customer Tooling.** All Tooling that is now being utilized to manufacture the Component Parts, whether pursuant to direct agreements between Debtors and Participating Customers or their respective customers or their affiliates or agreements between Debtors and third parties.

23. **Designated Equipment.** The equipment owned by Debtors and used by Debtors to produce Component Parts for a Participating Customers, which equipment (i) was identified by each Participating Customer in connection with the Accommodation Agreement, dated May 9, 2006, as amended, or (ii) is designated under the terms of this Order.

24. ***Event of Default.*** Any one or more of the following: (a) the occurrence of any Event of Default first arising after the Petition Date under Section 10.1 of the CEP Loan Agreement or Section 10.1 of the Thermoplastics Loan Agreement (other than by reason of Sections 10.1(g) or 10.1(h) of each Loan Agreement with respect to Debtors), as such Loan Agreements are amended and ratified by the Postpetition Agreement; (b) any Debtor fails to perform any of its obligations in strict accordance with the terms of this Order; (c) Debtors or Guarantors fail to comply with any of the Sale Covenants or fail to comply with any term of the sales procedures orders entered by the Court in connection therewith; (d) any Debtor, without Lender's consent, seeks the use of Cash Collateral other than in accordance with the terms of this Order; (e) any Debtor, without Lender's consent, files a motion to incur debt secured by a lien with priority equal to or superior to the Postpetition Liens or which is given superpriority administrative expense status under Code § 364(c) other than in accordance with the terms of this Order; (f) any Debtor files a motion to conduct a Code § 363 sale of all or part of the Aggregate Collateral on terms unacceptable to Lender; (g) commencement of any "Occupancy Period" under and as defined in the Access and Security Agreement; (h) any representation or warranty made by Debtors in any certificate, report or financial statement delivered to Lender proves to have been false or misleading in any material respect as of the time when made or given (including by omission of material information necessary to make such representation, warranty or statement not misleading); (i) the Case is dismissed or converted to a case under chapter 7 of the Code; (j) Glass & Associates, Inc. is no longer serving as financial advisor to Debtors; (k) the appointment of a chapter 11 trustee that is not acceptable to Lender; or (l) Debtors file a chapter 11 plan that is not acceptable to Lender.

25. ***Exit Date.*** (a) October 31, 2006, with respect to Debtors' facilities in Vandalia, Ohio; (b) November 30, 2006, with respect to Debtors' facilities in Canton, Ohio,



Lapeer, Michigan, Belleville, Ohio, and Crestline, Ohio; (c) January 31, 2006, with respect to Debtors' facilities in Middlefield, Ohio; and (d) with respect to any Sale Facility later recharacterized as a Closing Facility in accordance with this Order, ninety (90) days following the date of such recharacterization.

26. ***Final Hearing.*** The final hearing on the Motion conducted in accordance with Fed. R. Bankr. P. 4001.

27. ***Final Hearing Order.*** A final order authorizing Debtors to use Cash Collateral and incur Postpetition Debt entered at or in connection with the Final Hearing on terms acceptable to Lender.

28. ***First Priority Liens.*** Liens which are first priority, properly perfected, valid and enforceable security interests, which are not subject to any claims, counterclaims, defenses, setoff, recoupment or deduction, and which are otherwise unavoidable and not subject to avoidance or subordination pursuant to any provisions of the Code, applicable nonbankruptcy law, or any agreement.

29. ***Guarantors.*** Collectively, the Prepetition Guarantors and the Postpetition Guarantors.

30. ***Initial Allocable Percentage.*** The percentage of Postpetition Participations and Cash Infusions to be paid immediately after entry of this Order and allocated to each Assisting and Participating Customer as determined by BBK based upon each of Debtors' customer's percentage of normal production sales (on a plant by plant basis) for the 6 months ending June 30, 2006, as set forth on Exhibit C. The calculation of Initial Allocable Percentage, and Amended Allocable Percentages as applicable, shall be differentiated and applied between the daily funding requirements for operations (pursuant to the Budget), and the company wide overhead, Restructuring Costs and Wind Down Charges as follows:

- a. For operational funding requirements and the professional fee portion of the Restructuring Costs allocable to a specific facility – the appropriate percentages shall be calculated on a facility by facility basis based upon each Assisting and Participating Customer’s actual percentage of an individual plant’s normal production revenue for the six months ended June 30, 2006, adjusted for customers who are not Assisting or Participating Customers (“Excluded Customers”).
- b. For manufacturing overhead not attributable to individual operations, controllable administrative overhead, Restructuring Costs (and the professional fee portion of the Restructuring Costs not allocable to a specific facility) and Wind Down Charges (not specifically allocated to a facility), such costs will be allocated to the Participating and Assisting Customers within an operating facility based on the following: first to each operating facility based on Debtors’ revenues for the six months ended June 30, 2006 adjusted for Excluded Customers; then each facility will allocate their apportioned cost to the respective Participating and Assisting Customers within that facility based on the six months ended June 30, 2006 adjusted for Excluded Customers.
- c. In no case shall the sum of the Initial Allocable Percentages for any facility be more or less than 100% of such facilities’ daily funding requirements for operations (pursuant to the Budget), the company wide overhead, Restructuring Costs and Wind Down Charges.

31. ***Loan Agreements.*** Collectively, the CEP Loan Agreement and the Thermoplastics Loan Agreement.

32. ***Motion.*** The motion, filed by Debtors, seeking entry of this Order and the Final Hearing Order.

33. ***Obligations.*** Collectively, the “Obligations,” as that term is defined in each of the Loan Agreements.

34. ***Other Equipment.*** Any equipment listed on the Appraisal other than the Designated Equipment being purchased.

35. ***Participating Customer Participation Agreement.*** That certain Subordinated Participation Agreement, dated June 30, 2006, by and between Participating Customers and Lender, and acknowledged by Debtors and Composite Parts Mexico S.A. de C.V., as amended by that certain First Amendment to Subordinated Participation Agreement, effective as of August 16, 2006, and as amended concurrently with the execution of the Postpetition Agreement, and as otherwise amended hereafter from time to time with Lender’s and Participating Customers’ written consent.

36. ***Participating Customers.*** General Motors Corporation, Visteon Corporation, Delphi Automotive Systems, LLC and such other customers of Debtors party to the Participating Customer Participation Agreement from time to time with Lender’s written consent.

37. ***Permitted Liens.*** Collectively, (a) liens in favor of third parties upon the Prepetition Collateral, which third-party liens, as of the Petition Date: (i) had priority under applicable law over the Prepetition Liens, (ii) were not subordinated by agreement or applicable law, and (iii) were non-avoidable, valid, properly perfected and enforceable as of the Petition Date; (b) the Carveout; and (c) the claim of the United States Trustee for the payment of fees under 28 U.S.C. § 1930(a).

38. ***Petition Date.*** September 20, 2006.

39. ***Postpetition Agreement.*** That certain Postpetition Agreement attached to this Order as Exhibit D, to be executed by and among Debtors and Lender to adopt and modify the terms of the Prepetition Documents (as applicable) to govern the Postpetition Debt, subject to the terms of this Order.

40. ***Postpetition Charges.*** All fees, costs, expenses, interest at the Interest Rate and other charges due or coming due in connection with the Postpetition Debt (regardless of whether such fees, costs, interest and other charges are included in the Budget), including all reasonable out-of-pocket filing and recording fees, attorneys' fees and paralegals' fees and expenses, external and internal audit fees and expenses, closing fees, unused facility fees, letter of credit fees, consultant, appraiser or financial advisor fees and expenses, and all other costs and expenses incurred by Lender in connection with the Postpetition Debt or otherwise due to Lender under the Postpetition Agreement (including, without limitation, Section 3.6 thereof) or the other Postpetition Documents.

41. ***Postpetition Collateral.*** All of the real and personal property of Debtors of any description whatsoever, wherever located and whenever arising or acquired, including all cash, accounts, inventory, equipment, fixtures, chattel paper, general intangibles (including, effective upon the entry of the Final Hearing Order containing such relief, claims and proceeds under Code §§ 544, 547, 548, 549, 550 and 553) , all leaseholds, and all other Collateral (as that term is defined in the Loan Agreements) and all proceeds, rents, issues, profits and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any of the foregoing.

42. ***Postpetition Debt.*** Collectively, (a) all indebtedness or Obligations of Debtors to Lender (or the Participating Customers upon full and final repayment in cash of all of

Lender's interests in the Aggregate Debt) incurred on or after the Petition Date pursuant to this Order, the Postpetition Documents or otherwise, including any advances made by Lender to pay Allowable 506(b) Amounts, plus (b) the Postpetition Charges.

43. ***Postpetition Documents.*** Collectively, the Prepetition Documents, Participating Customer Participation Agreement, and Postpetition Guarantees, as ratified and amended by the Postpetition Agreement, or otherwise modified from time to time with Lender's written consent.

44. ***Postpetition Guarantees.*** Those certain guarantees to be executed by Debtors and CEP Latin America, LLC, and all other direct and indirect subsidiaries of Holdings (excluding CEP Mexico) in favor of Lender in connection with the execution of the Postpetition Agreement.

45. ***Postpetition Guarantors.*** Collectively, Debtors, CEP Latin America, LLC, and all other direct and indirect subsidiaries of Holdings (excluding CEP Mexico).

46. ***Postpetition Liens.*** First Priority Liens in the Aggregate Collateral, subject only to Permitted Liens.

47. ***Postpetition Participations.*** The subordinated participations purchased by the Participating Customers in the "Overadvance Sublimit" pursuant to the Participating Customers Subordinated Participation Agreement, as amended in connection with the execution of the Postpetition Agreement.

48. ***Prepetition Collateral.*** All of the "Collateral" (as that term is defined in the Prepetition Loan Agreements) and all of the "Pledged Collateral" (as that term is defined in the Pledge Agreement by and between Holdings and Lender dated as of August 16, 2005 and in the Pledge Agreement by and between CEP and Lender dated as of December 21, 2005) existing

as of the Petition Date subject to the Prepetition Liens, and all proceeds, rents, issues, profits and products thereof.

49. ***Prepetition Debt.*** Collectively, (a) all indebtedness or Obligations under the Prepetition Documents as of the Petition Date, including all fees, costs, interest, and expenses as and when due and payable; plus (b) all Allowable 506(b) Amounts related to the Prepetition Debt.

50. ***Prepetition Documents.*** The Loan Agreements and all “Loan Documents” (as that term is defined in the Loan Agreements).

51. ***Prepetition Guarantees.*** Collectively, that certain Amended and Restated Guarantee dated as of December 21, 2005, executed by Holdings in favor of Lender, that certain Guarantee dated as of December 21, 2005, executed by Thermoplastics in favor of Lender and that certain Guarantee dated as of December 21, 2005, executed by CEP in favor of Lender, each as ratified by the applicable Prepetition Guarantor pursuant to the Postpetition Agreement.

52. ***Prepetition Guarantors.*** Collectively, Debtors, as parties to the Prepetition Guarantees.

53. ***Prepetition Liens.*** Lender’s asserted security interests in the Prepetition Collateral under the Prepetition Documents, subject only to Permitted Liens.

54. ***Replacement Liens.*** First Priority Liens in the Prepetition Collateral granted to Lender pursuant to this Order, subject only to the Postpetition Liens and the Permitted Liens.

55. ***Resourcing Completion Notice.*** Written notice from a Participating Customer that it has completed resourcing the production of Component Parts at a Closing Facility, and that such Participating Customer shall not provide Cash Infusions with respect to such facility for any future calendar months, and identifies all Designated Equipment at such

facility that such Participating Customer has elected to purchase on the terms set forth in this Order.

56. ***Restructuring Charges.*** Those charges listed on Exhibit F attached hereto as the same be increased by mutual agreement of Debtors and Participating Customers but subject to the ultimate approval of the Court.

57. ***Sale Covenants.*** The terms and provisions regarding the sale of substantially all of Debtors' respective assets at the Sale Facilities and Closing Facilities set forth in Paragraphs 12 and 13 of this Order, respectively.

58. ***Sale Facilities.*** The facilities that the Participating Customers will designate as Sale Facilities pursuant to this Order, and which will be marketed as going concerns to be sold by December 19, 2006.

59. ***Termination Date.*** The earliest to occur of: (a) the date on which Lender provides, via facsimile or overnight mail, written notice to counsel for Debtors, counsel to Participating Customers, and counsel for any Committee of the occurrence of an Event of Default (or, if any cure period is applicable with respect to such Event of Default, the expiration of such cure period), pursuant to which notice Lender has elected to declare the occurrence of the Termination Date; (b) if this Order is modified at the Final Hearing in a manner unacceptable to Lender, the date of the Final Hearing; (c) three business days after the Final Hearing; and (d) the later of (i) the date the sale of the last of the Closing Facilities closes or (ii) the date the sale of the last of the Sale Facilities closes.

60. ***Thermoplastics Loan Agreement.*** That certain Loan and Security Agreement dated as of December 21, 2005 by and between Thermoplastics Acquisition, LLC and Lender, as amended (modified and supplemented from time to time).

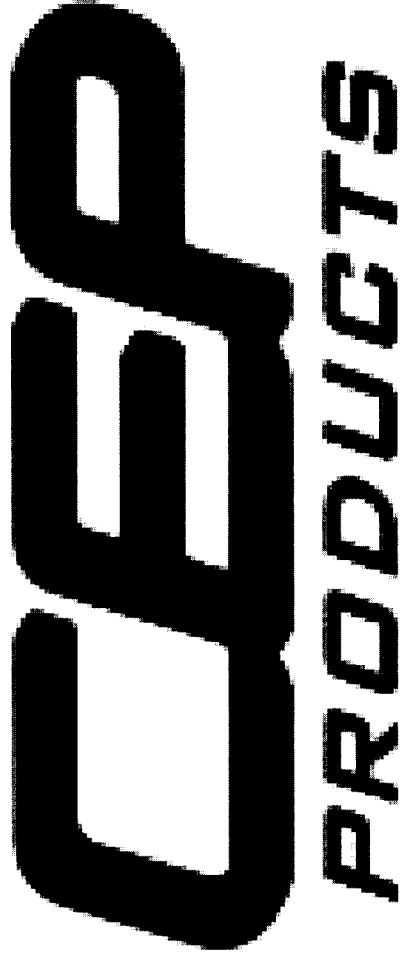
61. ***Tooling.*** All tooling, dies, test and assembly fixtures, jigs, gauges, patterns, casting patterns, cavities, molds, racks, dunnage and documentation including engineering specifications and test reports together with any accessions, attachments, parts, accessories, substitutions, replacements and appurtenances.

62. ***Wind Down Charges.*** Those charges listed in Exhibit G attached hereto and as the same may be increased by mutual agreement of the Debtors and Participating Customers.



**EXHIBIT B**

**Budget**



# **90 Day DIP Budget**

September 20, 2006

Strictly Confidential

# Major Assumptions

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- Base Plan – Detailed roll-up from Plants

- Major Components of current plan

- Production runs for 90 days

Production was based on full production for all plants and did not take into account loss of business from assisting customers that choose to leave prior to the effective date of their provision in the DIP agreement.

- No Asset dispositions (sale or Liquidation) included. Assumed to be approved and effective at end of 90 days.

# Major Assumptions

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- Separation of Budgets – the budget was broken up into three funding components
  - DIP Operating Budget
  - Restructuring Costs
  - Terminal Wind down Cost

# Major Assumptions

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- **Major DIP Operating Assumptions**
  - Lost Business – 7.0 million
  - Premiums to be paid to secure Post Petition Materials - \$4.4 million
  - Initial Requirements - \$2.0 million
  - Cure payments in arrears for Utilities, Leases, Logistics and Temporary Services - \$1.0 million

# DIP Funding Requirements Summary

## 90 Day Budget Effective the Date of the Filing

(000's)	1st		2nd		Next 30 Days	Next 30 Days	90 Day Total	Wind Down		Total (2)
	15 Days	\$	15 Days	\$				(1)	\$	
Projected Operating Deficit during the period	\$ 5,754		\$ 3,405		\$ 1,740	\$ 1,374	\$ 9,923	\$ (2,300)	\$	7,623
Restructuring Fees	602				565	620	1,787			1,787
Terminal Window Costs	3,479						3,479			3,479
Total (3)	\$ 9,835	\$	\$ 3,405	\$	\$ 2,305	\$ 1,994	\$ 15,189	\$ (2,300)	\$	12,889

### Notes

- (1) Anticipated deposit refunds and Working Capital Adjustments for prepaid materials (CIA)
- (2) The holding and other costs beyond the production period of November 30, 2006 were not included in this budget.
- (3) Part of the initial funding for month one will be in the form of Delphi Loans to Fund Mexican Operations. It is estimated that the Loans for Month 1 will approximate \$2.5 million.

# DIP Operating Budget

## 90 Day Budget Effective the Date of Filing

### Exhibit A – Restructuring Budget

Period: (9/20/2006 - 12/18/2006) - Restructuring/Filing Fees to be funded day one of each month

*Disclaimer - expenses could be more than those assumed - additional wind-down costs could be incurred that are not captured in this budget presentation*

	1st 15 Days	2nd 15 Days	Next 30 Days	Next 30 Days	90 Day Total
[1] <b>Restructuring Fees</b>					
Filing Fees	2,400	-	-	-	2,400
[2] US Trustee Fees	10,000	-	-	-	10,000
[3] Professional Fees	575,000	550,000	605,000	605,000	1,730,000
[4] DIP Facility Fees	15,000	15,000	15,000	15,000	45,000
<b>Total</b>	<b>\$ 602,400</b>	<b>\$ -</b>	<b>\$ 565,000</b>	<b>\$ 620,000</b>	<b>\$ 1,787,400</b>
<b>Professional Fees Detail</b>					
BBK	150,000	150,000	150,000	150,000	450,000
Glass & Associates	165,000	165,000	165,000	165,000	495,000
Glass & Associates (Applied Retainer)	(25,000)	(25,000)	(25,000)	(25,000)	(50,000)
Baker Hostetler	175,000	175,000	175,000	175,000	525,000
Baker Hostetler (Applied Retainer)	(25,000)	(25,000)	(25,000)	(25,000)	(50,000)
[5] Giuliani Capital	25,000	25,000	25,000	25,000	75,000
Creditor Committee	50,000	50,000	50,000	50,000	150,000
Lenders Professionals	10,000	10,000	10,000	15,000	35,000
BMC - Ch.11 Admin.	50,000	25,000	25,000	25,000	100,000
<b>Total</b>	<b>\$ 575,000</b>	<b>\$ -</b>	<b>\$ 550,000</b>	<b>\$ 605,000</b>	<b>\$ 1,730,000</b>

**Notes:**

- [1] Restructuring period within Ch. 11 assumed to be for 90 Days - any professional fees extending beyond that period will be captured in the Liquidation Period (Exhibit C)
- [2] US Trustee Fees - assumes quarterly disbursements greater than \$5 million
- [3] See Professional Fees detail
- [4] DIP Facility Fee (Agent Fee)
- [5] Assumes monthly retainer. Success fee to paid out of proceeds after sale of going concern facilities

# Expenses DIP Operating Budget

## 90 Day Budget Effective the Date of the Filing

### Exhibit B – Terminal Wind Down

Period: (9/20/2006 - 12/18/2006) - Terminal Wind Down expenses to be funded day one

*Disclaimer - expenses could be more than those assumed - additional wind-down costs could be incurred that are not captured in this budget presentation*

<u>Consolidated Wind Down</u>				
	1st 15 Days	2nd 15 Days	Next 30 Days	Next 30 Days
[1] Accrued Salaries & Wages	994,000			
[2] State & Local Taxes	-			
[3] Employee Incentive Bonus	1,273,000			
[4] Employee Health Care	1,212,000			
[5] Post Petition Accrued Employee Benefits & Other	-			
Total	<u>\$ 3,479,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### Notes:

- [1] July 2006 accrued monthly salaries and wages that were earned but unpaid during the period
- [2] State & Local Taxes - mostly Property Taxes that will be settled with Sale of Property
- [3] Employee incentive bonus pool
- [4] Employee Health Care - claims incurred but not yet paid assume \$600K per month for 2 months
- [5] Post Petition Accrued Employee Benefits & Other - estimate of accrued expenses incurred during the period



**EXHIBIT C**

**Access and Security Agreement**

## **ACCESS AND SECURITY AGREEMENT**

### **(Creative Engineered Polymer Products, LLC and affiliates)**

Creative Engineered Polymer Products, LLC, CEP Holdings, LLC, Composite Parts Mexico S.A. de C.V. and Thermoplastics Acquisition, LLC (collectively, "Supplier"); and General Motors Corporation ("GM"), Visteon Corporation ("Visteon"), Delphi Automotive Systems, LLC ("Delphi," and together with GM and Visteon, the "Customers") enter into this Agreement on May 9, 2006.

### **RECITALS**

A. The Customers purchase products (the "Component Parts") from Supplier in accordance with the terms and conditions of purchase orders, supply agreements and/or releases issued by the Customers to Supplier (individually, a "Purchase Order" and collectively, the "Purchase Orders").

B. Wachovia Capital Finance Corporation (Central) ("Lender") has provided substantially all of Supplier's working capital requirements pursuant to various loan and security agreements (the "Loan Documents"). Supplier has notified Customers that it has defaulted under the Loan Documents and that its financial trouble may interrupt the supply of the Component Parts without accommodations from the Customers.

C. The Customers and Lender have agreed to provide certain accommodations to Supplier to enable Supplier to continue operations. Accordingly, the Customers, Lender and Supplier have entered into a certain Accommodation Agreement (the "Accommodation Agreement").

D. In consideration for the Customers agreeing to provide the above-referenced accommodations, the Customers have requested that Supplier provide them with certain assurances and acknowledgments to induce the Customers to defer from immediately exercising any rights they may have under the Purchase Orders to resource production of the Component Parts.

E. Supplier acknowledges that any material delay in production of the Component Parts or default under the Purchase Orders will cause the Customers irreparable harm.

F. The Customers and Supplier are entering into this Agreement to afford the Customers the right to use certain of Supplier's assets as provided below if a "Default" (as defined below) occurs.

**BASED ON THE FOREGOING RECITALS** which are incorporated as representations and warranties of the parties, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Customers and Supplier agree as follows:

## **TERMS AND CONDITIONS**

1. **Defined Terms.** In addition to those terms defined elsewhere in this Agreement, the following terms have the indicated meanings, unless the context otherwise requires:

"**Accounts**" means (i) all accounts receivable, contract rights, book debts, notes, drafts, instruments, documents, acceptances, payments under leases and other forms of obligations, now owned or hereafter received or acquired by or belonging or owing to Supplier (including under any trade name, styles, or division thereof) whether arising out of goods sold or leased or services rendered by Supplier or from any other transaction, whether or not the same involves the sale of goods or services by Supplier (including, without limitation, any such payment obligation or right to payment which might be characterized as an account, contract right, general intangible, or chattel paper by-law in effect in any jurisdiction); (ii) all monies due to or to become due to Supplier under all contracts for the sale or lease of goods or the performance of services by Supplier (whether or not yet earned by performance on the part of Supplier) now in existence or hereafter arising; and (iii) deposit accounts, insurance refunds, tax refunds, tax refund claims and related cash and cash equivalents, now owned or hereafter received or acquired by or belonging or owing to Supplier.

"**Chattel Paper**" means all "chattel paper" as defined in Section 9-102(a)(11) of the Code (defined below).

"**Code**" means the Uniform Commercial Code as in effect in the State of Michigan as of the date of this Agreement.

"**Component Parts**" or individually, "**Component Part**", shall mean all goods to be manufactured or produced for or sold to the Customers pursuant to the terms of the Purchase Orders.

"**Contract Rights**" means all rights of Supplier (including to payment) under each "Contract" (defined below).

"**Contracts**" or individually, "**Contract**", shall mean, any licensing agreements and any and all other contracts, supply agreements, or other agreements in or under which Supplier may now or hereafter have any right, title, or interest and which pertain to the lease, sale, or other disposition by Supplier of "Equipment" (defined below), "Inventory" (defined below), fixtures, real property, or the right to use or acquire personal property, as any of the same may from time to time be amended, supplemented, or otherwise modified.

"**Default**" means any of the following events:

- a. Supplier acknowledges in writing that it is unable or unwilling to timely satisfy the respective delivery requirements of any Component Part as required by any Purchase Order and/or related releases of the Customers;

- b. Supplier files a case under Chapter 7 case of the Bankruptcy Code, or a Chapter 11 case in which Supplier is the debtor is converted to a Chapter 7 case, or a Chapter 11 Trustee is appointed;
- c. Supplier makes an assignment for the benefit of creditors or a similar transfer of or action involving any of the "Operating Assets" (defined below) or the "Real Estate" (defined below), or a trustee, custodian or receiver is appointed over all or substantially all of Supplier's property;
- d. Supplier ceases to satisfy a Customer's normal and customary standards for quality, service or delivery of Component Parts pursuant to releases issued by that Customer to Supplier in accordance with the Purchase Orders;
- e. Supplier fails or refuses for any reason to ship or produce any Component Part, the consequence of which is that there is an imminent risk that production of Component Parts at any plant of any Customer will be interrupted;
- f. Any secured or lien creditor obtains a judgment or other court order with respect to a foreclosure, claim and delivery or replevin action, or otherwise seeks to enforce, its liens, security interests and/or mortgages in or against any of the "Operating Assets" (defined below), the consequence of which is that there is an imminent risk that production of Component Parts at any plant of any Customer will be interrupted;
- g. Any material breach or material default of the Accommodation Agreement by Supplier; or
- h. Lender ceases providing funding to Supplier for any reason, and Supplier does not have in place adequate alternative financing.

"Documents" means all documents of title now owned or hereafter acquired by Supplier.

"Equipment" means any "equipment", as that term is defined in Section 9-102(a)(33) of the Code, now or hereafter owned by Supplier, and shall also mean and include all machinery, equipment, vehicles, furnishings, and fixtures (as such terms are defined in Section 9-102 of the Code) now owned or hereafter acquired by Supplier, including, without limitation, all items of machinery and equipment of any kind, nature and description, whether affixed to real property or not, as well as all additions to, substitutions for, replacements of or accessions to any of the foregoing items and all attachments, components, parts (including spare parts), and accessories whether installed thereon or affixed thereto.

"General Intangibles" means customer lists, rights in intellectual property, goodwill, trade names, service marks, trade secrets, patents, trademarks, copyrights, applications therefore, permits, licenses, now owned or hereafter acquired by Supplier, but excluding items described in the definition of Accounts.

"Instruments" means all instruments now owned or hereafter acquired by Supplier.

"Intellectual Property" means all now existing or hereafter acquired patents, trademarks, copyrights, inventions, licenses, discoveries, processes, know-how, techniques, trade secrets, designs, specifications and the like (regardless of whether such items are now patented or registered, or registerable, or patentable in the future), and all technical, engineering, or other information and knowledge, production data and drawings.

"Inventory" means all goods and other personal property now or hereafter owned by Supplier which are leased or held for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in Supplier's business, or in the processing, packaging or shipping of the same, and all finished goods.

"Obligations" means Supplier's obligations to the Customers to afford the Customers' Right of Access and use of the Operating Assets and the Real Estate under this Agreement.

"Operating Assets" means all assets used by Supplier for production of the Component Parts, wherever located, including Equipment, Contract Rights, Real Estate and General Intangibles, but specifically excluding any Accounts, Inventory, Documents, Instruments, Chattel Paper and "Proceeds" (defined below) of such excluded items and the Proceeds of General Intangibles.

"Proceeds" shall have the meaning provided it under the Code and, in any event, shall include, but not be limited to: (i) any and all proceeds of any insurance, indemnity, warranty, or guaranty payable to Supplier from time to time with respect to any of the "Collateral" (defined in paragraph 2 below); (ii) any and all payments (in any form whatsoever) made or due and payable to Supplier from time to time in connection with any requisition, confiscation, condemnation, seizure, or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau, or agency (or any Person acting under color of governmental authority); and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Real Estate" means collectively the real property located at the following locations, (each individually referred to as a "Facility" or more than one Facility as "Facilities"), owned or leased by Supplier:

- a. 31572 Industrial Road, Suite 300, Livonia, MI 48150
- b. 8707 Samuel Barton Drive, Belleville, MI 48111
- c. 3131 Columbus Rd., NE, Canton, OH 44705
- d. 900 S. Wiley St., Crestline, OH 44827
- e. 290 McCormick, Lapeer, MI 48446
- f. 15332 Old State Road, Middlefield, OH 44062

- g. 1401 Industrial Park Drive, Tuscaloosa, AL 35401
- h. 119 East Dayton Street, West Alexandria, OH 45381
- i. 985 Falls Creek Drive, Vandalia, OH 45377
- j. 15 Myrtle Drive, Bishopville, SC 29010
- k. Avenida Victor Hugo #330, Fraccionamiento Complejo Industrial Chihuahua, Chihuahua, Chihuahua, Mexico, C.P. 31109
- l. Blvd. Futura #120, Dynatech South Industrial Park, Hermosillo, Sonora, Mexico

2. Grant of Liens and Security Interests. As collateral security for the Obligations, Supplier hereby grants to the Customers a continuing security interest in the Operating Assets and the Real Estate which is owned by Supplier, whether now owned or hereafter acquired by Supplier, or in which Supplier now has or at any time in the future may acquire, any right, title or interest (the "Collateral"). Further, Supplier hereby grants the Customers permission to record on Supplier's behalf financing statements evidencing such security interest in any forum and with any agency or registrar the Customers deem appropriate. The security interest granted to the Customers in the Operating Assets shall be junior and subordinate to the liens, security interests granted to and other interests of Lender (and any other security interest perfected before the date of this Agreement) in all respects, but in all cases, Lender's exercise of their respective rights and remedies with respect to their respective liens and security interests against the Operating Assets and the Real Estate are subject to the terms of this Agreement.

3. Right of Access.

a. General. Supplier hereby grants the Customers or their designee(s) the right, but not the obligation, to use and occupy the Operating Assets and the Real Estate to manufacture Component Parts ("Right of Access") at all or any of the Facilities set forth in the definition of Real Estate, at the sole discretion of the Customers or a Customer for a period commencing upon the delivery of an Access Notice (as defined herein) and ending upon the later of (i) 240 days or (ii) December 31, 2006 (the "Occupancy Period"). Upon the occurrence of a Default, any of the Customers may exercise the Right of Access by delivering written notice (the "Access Notice") prior to the Termination Date (as defined in Section 15) to Supplier and Lender, indicating its intention to exercise the Right of Access and specifying the Facility or Facilities subject to such Access Notice. The Customers shall have no right to sell, transfer, or dispose of any of the Operating Assets or the Real Estate as part of the Right of Access. The Right of Access may be exercised as to one or more of Supplier's Facilities (on an entire plant basis). If the Right of Access is not exercised as to all of Supplier's Facilities, subject to the terms of this Agreement (including, without limitation, Section 15), it may be exercised thereafter as to an additional Facility or Facilities if a Default exists at such Facility.

b. The Customers' Obligations. If any of the Customers exercises the Right of Access for itself or its designee (the "Exercising Customer"), the Exercising Customer, or

its designee, as appropriate, shall as to each Facility in which the Exercising Customer has exercised its Right of Access (in addition to the obligations set forth in Section 3(c)(i)):

- (i) use such reasonable care in the custody and preservation of the Operating Assets and the Facility as a prudent owner would use in connection with the custody and preservation of its own assets, and indemnify, defend and hold Lender and Supplier and their respective officers, directors, agents and employees, and the owners of the Facility, harmless from any damage to property (including the Operating Assets and the Facility) or injury suffered by third parties, Lender or Supplier, caused by the Exercising Customer's or their designee's use of the Operating Assets and the Facility during the Occupancy Period or the exercise of the Exercising Customer's rights under this Agreement, including, without limitation, any damages related to the Exercising Customer's or its sublicensee's use of the Supplier's Intellectual Property; provided, however, that the foregoing obligation shall not apply to claims arising out of or related to conditions which existed prior to the Occupancy Period;
- (ii) not interfere with Lender's exercise of any rights and remedies with respect to any collateral other than the Operating Assets and Facility subject to a properly exercised Right of Access and, in furtherance thereof, permit reasonable access to the Facility; provided that in no event shall the exercise of such rights and remedies interfere with production of the Component Parts during the Occupancy Period;
- (iii) insure and maintain the Operating Assets and the Facility as required under the Loan Documents between Supplier and Lender and in the same condition as existed on the date the Exercising Customer(s) exercised the Right of Access, ordinary wear and tear excepted, naming Lender as the loss payee;
- (iv) in lieu of the Purchase Order price set forth in the Purchase Orders, pay its allocable share of the actual costs and expenses incurred in connection with the manufacturing of the Component Parts and the occupancy of each accessed Facility during the Occupancy Period, including, without limitation, utilities and other overhead expenses; prorated property taxes and assessments attributable to the accessed Operating Assets and Facility; any payments due on account of any of the Facilities that are leased from third parties not affiliated with Supplier; and an occupancy charge ("Access Fee") for the use of the applicable accessed Operating Assets and Facility, which Access Fee is reflected for each Facility in Schedule 3(b)(v), and which shall be paid to Lender for application to Supplier's account;
- (v) subject to the Exercising Customer's or their designee's right to use and occupy the Operating Assets and the Facility during the Occupancy

Period, afford Supplier's representatives (and representatives of Lender, secured creditors or mortgagees of the Operating Assets and/or the Facility) reasonable access to inspect the Operating Assets and the Facility, to market, sell or otherwise realize upon the Operating Assets and the Facility, to prepare for a liquidation of the Operating Assets and the Facility at the end of the Occupancy Period, and to sell any asset other than the Operating Assets and the Facility prior to expiration of the Occupancy Period;

(vii) subject to Supplier's other customers ("Other Customers" or individually "Other Customer" which shall include any Customer other than an Exercising Customer) agreeing to: (a) make payment to the Exercising Customer(s) or their designee(s) on account of such Other Customer's allocable share of overhead and related expenses and all direct expenses related to such Other Customer's production including expenses under (c)(i) below; and (b) Supplier and Lender making the Operating Assets and the Facility available for use during the Occupancy Period, the Exercising Customer(s) agrees, for itself and its designee(s), to produce component parts for such Other Customers during the Occupancy Period. If such Other Customers do not agree as aforesaid, the Exercising Customer(s) agrees to provide such Other Customers immediate access to the applicable Facilities of Supplier to remove their respective tooling owned by such Other Customers, provided such Other Customers do not materially interfere with the production of the Component Parts. Further, the Other Customers may participate in this Agreement on terms acceptable to the Customers and Lender; and

(viii) observe all applicable laws, rules, regulations and ordinances relating to the use and occupancy of the Operating Assets and the Facility, and to the manufacturing, processing and shipping of the Component Parts.

c. If any of the Customers exercise their respective Right of Access, Supplier shall comply with the following as to each Facility in which such Customer has exercised its Right of Access:

(i) At the Exercising Customer's election and in its sole discretion, Supplier shall use its best efforts to continue to employ those of its employees which the Exercising Customer(s) determines are necessary to maintain production of the Component Parts (the "Employees") and in turn lease the Employees to the Exercising Customer(s) or the Exercising Customer's designee(s), and the Exercising Customer(s) or their designee(s) shall pay in advance Supplier for all costs and expenses relating to Supplier's employment of the Employees incurred during the Occupancy Period. Without limiting the generality of the foregoing, the Exercising Customer(s) or their designee(s) shall pay Supplier in advance all amounts incurred by Supplier to meet its regular and overtime payroll obligations, including salaries, wages, payroll taxes, workers' compensation,



unemployment insurance, disability insurance, welfare, pension and other payments and contributions required to be made by Supplier with respect to the Employees, which are incurred during the Occupancy Period, but in no event will the Exercising Customer(s) be liable for any costs for unfunded pension liability or other obligations relating to service prior to the time the Exercising Customer(s) exercises their Right of Access. Notwithstanding the foregoing, under no circumstances will the Exercising Customer(s) be responsible for reimbursing Supplier for costs and expenses relating to Supplier's employment of the Employees to the extent the Employees are performing, services wholly unrelated to the production of the Component Parts;

- (ii) During the Occupancy Period, Supplier shall not increase compensation or benefits of the Employees without the prior written consent of the Exercising Customer(s) except as may be required by applicable law or preexisting contract;
- (iii) Supplier shall indemnify, defend and hold the Customer(s), their designee(s) and their respective employees and agents harmless from any and all costs, expenses (including reasonable attorneys' fees), losses, damages, liabilities or injury arising from claims or liabilities arising or accruing prior to the date of the Exercising Customer's exercise of the Right of Access, regardless of when such claims are asserted;
- (iv) During the Occupancy Period, Supplier agrees that the Customers and their designee(s) and respective agents and representatives shall have full and complete access to Supplier's books and records for the purposes of confirming and calculating the amounts due, if any, from the Customers under this Agreement; and
- (v) During the Occupancy Period, Supplier will not relocate, sell or otherwise dispose of any of the Operating Assets, other than in the ordinary course of business, or the Facility, or take any other action that would result in the Operating Assets or the Facility being unavailable to the Exercising Customer(s) during the Occupancy Period; provided however that nothing herein shall impair the right of Supplier to market and sell its business and related assets, including the Operating Assets and the Facility, so long as such purchaser agrees to not impair any Customer's Right of Access under this Agreement or right to use the Operating Assets and the Facility during the Occupancy Period.

d. Right to Terminate. The Exercising Customer(s) shall have the absolute right to terminate the Right of Access relating to any Facility upon fifteen business (15) days prior written notice to Supplier and Lender. If more than one of the Customers is an Exercising Customer, then each Exercising Customer may exercise its right to terminate independently. Upon expiration of the notice period, the Occupancy Period will

terminate and the Exercising Customer(s) will ensure that the Operating Assets and the Facility are left in a safe and secure state. Except for the Exercising Customer's obligation under subparagraphs (b)(i) and (b)(ii) and payment of any amounts payable under subparagraphs (b)(i) through (viii) above not paid as of the termination of the Occupancy Period by the Exercising Customer exercising its right to terminate as to each Facility, the Exercising Customer exercising its right to terminate (but not the remaining Exercising Customers) shall have no further obligations or liabilities to Supplier or Lender on account of the Right of Access relating to such Facility, except as otherwise expressly set forth in this Agreement or the Accommodation Agreement.

e. Specific Performance. IN CONNECTION WITH ANY ACTION OR PROCEEDING TO ENFORCE THE RIGHT OF ACCESS, SUPPLIER ACKNOWLEDGES THAT THE CUSTOMERS WILL NOT HAVE AN ADEQUATE REMEDY AT LAW, THAT THE OPERATING ASSETS AND THE FACILITIES ARE UNIQUE AND THAT THE CUSTOMERS SHALL BE ENTITLED TO SPECIFIC PERFORMANCE OF SUPPLIER'S OBLIGATIONS TO AFFORD THE CUSTOMERS RIGHT OF ACCESS UNDER THIS AGREEMENT.

f. Appointment of Receiver. Subject to any stay in a bankruptcy proceeding in addition to any rights and remedies the Customers may have as secured creditor under the terms of this or any other agreement between the Customers and Supplier, the Customers shall have the right to the appointment of a receiver to effectuate the Right of Access only and for no other purpose. In connection with any hearing on the appointment of a receiver, Supplier agrees that at least one business day actual notice of any request for a hearing on such appointment shall be adequate notice and that the only issue to be litigated at the hearing will be whether or not a Default has occurred.

g. Irreparable Harm; Limitation of Notice. SUPPLIER ACKNOWLEDGES THAT THE CUSTOMERS WILL SUFFER IRREPARABLE HARM IF THEY EXERCISE THE RIGHT OF ACCESS AND SUPPLIER FAILS TO COOPERATE WITH THE CUSTOMERS. ACCORDINGLY, PROVIDED THAT SUPPLIER RECEIVES AT LEAST FORTY-EIGHT (48) HOURS, BUT NOT LESS THAN ONE BUSINESS DAY, ACTUAL NOTICE OF ANY REQUEST FOR HEARINGS IN CONNECTION WITH PROCEEDINGS INSTITUTED BY THE CUSTOMERS, SUPPLIER WAIVES, TO THE FULLEST EXTENT POSSIBLE UNDER APPLICABLE LAW, THE RIGHT TO NOTICE IN EXCESS OF 48 HOURS, BUT NOT LESS THAN ONE BUSINESS DAY, IN CONNECTION WITH ANY JUDICIAL PROCEEDINGS INSTITUTED BY THE CUSTOMERS TO ENFORCE THE RIGHT OF ACCESS.

4. Obligation to Purchase Inventory. If a Customer elects to exercise a Right of Access, Customer shall purchase and Supplier shall sell all raw materials, work-in-process and finished goods inventory at the prices and on the terms set forth in the Accommodation Agreement.

5. License. This paragraph 5 does not limit any rights granted the Customers in the Purchase Orders but is intended to expand those rights. If necessary subject to subsection (a) below, Supplier hereby grants the Customers, and such sublicensees as the Customers require to

produce the Component Parts, a non-exclusive worldwide, irrevocable, fully paid right and license to use any Intellectual Property to develop and manufacture the Component Parts for the Customers' use during the Occupancy Period and/or use by third parties during the Occupancy Period (the "License"). The Customers' right to use the License shall include the right to grant one or more third parties sublicenses for the manufacture of the Component Parts, provided, however, that any sublicensee must satisfy the terms of this Agreement and sublicensing will have no effect on the Customers' obligations under this Agreement. Nothing herein shall permit Customers or their sublicensees to assign or otherwise dispose of the License or other rights in the Intellectual Property.

a. Right to Use License. Although the License is being granted to the Customers as of the date set forth above, the Customers agree that neither they nor their sublicensees shall be permitted to utilize the License unless one or more of the Customers exercises the Right of Access (and then they will only use the License during the Occupancy Period after which the rights granted in paragraph 5 above automatically expire and shall be of no further force and effect).

b. No Royalty. For all purposes, Supplier has been fully paid for the License and other rights granted to the Customers under this Agreement and no royalties, fees, payments, charges or other consideration shall be due from the Customers on account of the License or this Agreement or the Customers' (or sublicensee's) use of the License or other rights granted pursuant to this Agreement (except as otherwise provided in this Agreement). The foregoing is not intended to relieve the Customers in any way of payment obligations otherwise provided in this Agreement, in the Accommodation Agreement or which may otherwise exist.

c. Protection of Ownership. The Customers shall treat and preserve, and shall use commercially reasonable efforts to cause any sublicensee to treat and preserve, the Intellectual Property in accordance with the same practices employed by the Customers to safeguard their own respective intellectual property against unauthorized use and disclosure. The foregoing obligations of the Customers shall not be applicable to information which is now or becomes hereafter available to the public through no action, conduct, omission or fault of the Customers. Upon termination of the Occupancy Period, all drawings, documents and other information related to the Intellectual Property, that the Customers do not otherwise retain the right to under their Purchase Orders, shall be returned to Supplier. The provisions of this paragraph shall survive termination of this Agreement.

6. Protection of Production. Subject to the limitations imposed by Section 1.3 of the Accommodation Agreement, the Customers shall have the unlimited right to, among other things, enter into discussions, negotiations, and agreements regarding the production of the Component Parts by any potential alternative supplier(s), including without limitation, any current or former agents, consultants, directors, employees, or officers of Supplier.

7. Rights of the Customers; Limitations on the Customers' Obligations. Unless the Customers exercise their Right of Access, in which case the Customers shall have the obligations outlined in this Agreement, the Customers shall not have any obligation or liability by reason of

or arising out of this Agreement nor shall the Customers be required or obligated in any manner to perform or fulfill any of the obligations of Supplier under this Agreement.

8. Remedies. Subject to the terms of paragraph 2 above, upon a Default and the expiration of any applicable cure periods, the Customers and Supplier shall have all rights and remedies provided in this Agreement, in any other agreements between the Customers and Supplier, and the Customers shall have all rights and remedies available to a secured creditor under applicable law. Further, in connection with the Customers' rights and remedies under this Agreement:

- a. Supplier waives any right it may have to require the Customers to foreclose their security interests and liens and/or reduce the Obligations to a monetary sum;
- b. Any Exercising Customer shall be treated as a secured party in possession and the Exercising Customer's use and occupancy of the Operating Assets will not be deemed to be acceptance of such assets in satisfaction of the Obligations; and
- c. All of the Customers' rights and remedies under this Agreement are cumulative and not exclusive of any rights and remedies under any other agreement or under applicable law.

9. Injunctive Relief. Given that the Customers will incur significant damages if Supplier fails to timely satisfy its obligations to the Customers and the Customers' assembly plant operations will be negatively impacted, and because the Customers do not have an adequate remedy at law and would be irreparably harmed by such events, Supplier agrees that the Customers shall be entitled to injunctive relief (both prohibitive and mandatory) in connection with any violations by Supplier of any terms or conditions of this Agreement. The Customers shall provide prompt written notice to Lender of any such injunctive proceedings.

10. Bankruptcy Court Approvals. In the event that Supplier files a petition for relief under Chapter 11 of the Bankruptcy Code, Supplier hereby agrees that it will, immediately upon filing of the bankruptcy petition, exercise its best efforts in good faith to obtain the Bankruptcy Court's entry of a final Order under 11 U.S.C. § 364 or § 363 and § 105, binding on any subsequently appointed Chapter 11 or Chapter 7 trustee, (a) approving this Agreement, (b) confirming the Customers' rights under this Agreement and (c) authorizing Supplier to enter into same.

11. Representations and Warranties. Supplier represents and warrants to the Customers that:

- a. Title; No Other Security Interests. Except for the security interest granted under this Agreement to the Customers, the liens and security interests granted to Lender, and the liens and security interests granted any other secured party of record, Supplier owns the Collateral free and clear of any and all security interests or claims of others.
- b. Addresses. Creative Engineered Polymer Products, LLC, CEP Holdings, Thermoplastics Acquisition, LLC and Composite Parts S.A. de C.V. have a corporate address of 3560 West Market Street, Akron, Ohio 44333. The Collateral is located at this

address and at the other locations listed in paragraph 1. The location of the Collateral shall not be changed without prior written notice to the Customers, and the Operating Assets, wherever located, are covered by this Agreement. Supplier must immediately advise the Customers in writing of any change in its name, trade name, address, or form of organization.

c. Trade Names. Any and all trade names under which Supplier transacts any part of its business, and all former names of Supplier, are those which have been previously disclosed to the Customers in writing.

d. Accuracy of Information. All information, certificates, or statements given to the Customers under this Agreement must be true and complete in all material respects, when given.

12. Covenants. Supplier covenants and agrees with the Customers that from and after the date of this Agreement until the Obligations are fully performed:

a. Further Documentation. At any time and from time to time, upon the written request of the Customers, and at Supplier's sole expense, Supplier will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Customers may reasonably request for the purpose of obtaining the full benefits of this Agreement and of the rights and powers herein granted. Further, Supplier hereby grants each Customer a power of attorney to execute on its behalf and file necessary financing or continuation statements under the Code to perfect the security interest granted hereby and authorizes the filing of such Financing Statements.

b. Payment of Obligations. Prior to an exercise of the Right of Access by the Customers, if any, Supplier will pay promptly when due, all taxes, assessments and governmental charges or levies imposed upon the Operating Assets and the Real Estate or in respect of Supplier's income or profits, as well as all other claims of any kind against or with respect to the Operating Assets and the Real Estate.

c. Sales or Dispositions of Assets; Certain Uses Prohibited Supplier. During the term of this Agreement, without the written consent of the Customers and Lender, Supplier will not: (i) sell or otherwise dispose of any of the Operating Assets or the Real Estate except in the ordinary course of business or as otherwise set forth herein, with the exception of facilities that are closed or consolidated with the reasonable advance approval of the involved Customer(s); (ii) encumber the Operating Assets or the Real Estate; or (iii) use any of the Operating Assets or the Real Estate in any way which would adversely affect the Customers' Right of Access or the Customers' other rights and remedies under this Agreement. Supplier acknowledges and agrees that it will be reasonable for the Customers to withhold consent if the proposed sale or encumbrance materially impairs, or may materially impair, the Customers' rights under this Agreement or the Purchase Orders. Notwithstanding the foregoing, nothing herein shall impair the right of Supplier to market and sell its business and related assets, including the Operating Assets and the Real Estate, so long as such purchaser agrees to not impair any

Customer's Right of Access under this Agreement or right to use the Operating Assets and the Real Estate during the Occupancy Period.

d. Limitations on Modifications of Agreements, etc. Supplier will not, other than in the ordinary course of business: (i) amend, modify, terminate, or waive any provision of any Contract which might materially adversely affect the Customers' Right of Access; or (ii) fail to exercise promptly and diligently each and every right which it may have under each Contract in any manner which could materially adversely affect the Customers' Right of Access or the Customers' other rights or remedies under this Agreement.

e. Maintenance of Insurance. Supplier must, at its expense, keep and maintain the Operating Assets and the Real Estate insured against all risk of loss or damage from fire, theft, malicious mischief, explosion, sprinklers, and all other hazards or risks of physical damage included within the meaning of the term "extended coverage" in amounts as are ordinarily insured against by other similar businesses and shall name Lender and the Customers as loss payees and additional insureds thereon.

f. Right of Inspection; Cooperation. In addition to any rights the Customers may have under the Purchase Orders, the Customers and their representatives shall, upon reasonable request and at reasonable times, have the right to enter into and upon any premises where any of the Collateral, including the Operating Assets, are located for the purpose of inspecting the same and observing their use. The Customers will take reasonable steps to maintain the confidentiality of information obtained by the Customers (and any third party to whom the Customers provide such information), except as required by law.

g. Notice of Default. Supplier will provide immediate written notice to the Customers, by way of facsimile transmission or e-mail and overnight express mail service, of its or its attorneys' or agents' receipt of any notice of default under Supplier's agreements with Lender or any other secured creditors including but not limited to taxing authorities. Supplier hereby grants to the Customers the option, but not the obligation, to exercise whatever rights to cure defaults that Supplier has under such agreements or by law.

13. Amendment to Purchase Orders. The purpose of this Agreement is to preserve the rights and interest of the Customers under the Purchase Orders and, by entering into this Agreement, the Customers are not waiving or limiting their rights under the Purchase Orders. This Agreement shall be deemed to be incorporated by reference into, and shall constitute an amendment to all existing and future Purchase Orders regardless of whether any specific reference to this Agreement is made in any such Purchase Orders. To the extent that any term or provision in this Agreement is inconsistent with any term or condition of all such Purchase Orders, the terms and conditions of this Agreement, shall control.

14. Secured Party and Lessor Acknowledgments.

a. Supplier shall obtain Lender's acknowledgment to the rights and interests granted to the Customers under this Agreement by providing the Customers a copy of a form

substantially similar to Schedule 14(a) (attached) executed by a duly authorized representative of Lender on the date of this Agreement.

b. If subsequent to the execution of this Agreement, Supplier intends to grant additional or further security interests, liens or mortgages in the Operating Assets or the Real Estate to any party other than the Customers, ten (10) business days prior to granting such liens, security interests, mortgages, or leaseholds, Supplier must deliver to the Customers an acknowledgment from such secured creditors, mortgagees, and/or lessees in a form substantially similar to Schedule 14(a).

c. Supplier will use its best efforts to deliver to the Customers acknowledgements of the lessors of leased Real Property to the Customers' rights hereunder, in a form substantially similar to Schedule 14(c) (attached) within ten (10) business days of the date of this Agreement.

15. Term. The Customers shall have the right to exercise their Right of Access until the "Termination Date", which is that calendar date 135 days from the date of this Agreement; however, once the Right of Access has been invoked at a given Facility by a Customer, the rights granted to that Exercising Customer under this Agreement relating to that Facility expire at the termination of the Occupancy Period for that Facility. The exercise of a Right of Access by a Customer at a Facility shall not extend the time for other Customers to exercise their Right of Access at such Facility, or extend the time for any Customer to exercise a Right of Access at another Facility. On the earlier of either the Termination Date (if an Access Notice is not delivered prior to the Termination Date) or the expiration of the last Occupancy Period (if an Access Notice is delivered prior to the Termination Date), the Customers shall promptly release the lien and security interest granted in paragraph 2 above and this Agreement shall be deemed terminated. Expiration or earlier termination of the Term of this Agreement shall not affect the indemnification obligations of the Customers or any other provision hereof that expressly survives termination.

16. Confidential Information and Data. Without limiting the Customers' rights under this Agreement, to the extent the Operating Assets include or the Customers or their designees otherwise come into possession of or become aware of, Supplier's trade secrets or proprietary information during the Customers' exercise of the Right of Access, the Customers and their designee(s) must: (a) keep the information, data, and trade secrets confidential; and (b) only use the information, data, and trade secrets during the Occupancy Period in connection with producing the Component Parts. The provisions of this paragraph shall survive termination of this Agreement.

17. Severability. Should any immaterial provision of this Agreement be held invalid, prohibited or unenforceable in any one jurisdiction it shall, as to that jurisdiction only, be ineffective to the extent of such holding without invalidating the remaining provisions of this Agreement, and any such holding does not invalidate or render unenforceable that provision in any other jurisdiction wherein it would be valid and enforceable.

18. Authorization. The parties executing this Agreement as representatives warrant that they have the power and authority to execute this Agreement on behalf of the corporation

that they represent and that their signatures bind said corporations to the terms of this Agreement.

19. Section/Paragraph Headings. The section/paragraph headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation of this Agreement. All references to paragraphs, sections, Schedules, and Exhibits are to paragraphs, sections, Schedules, and Exhibits in or to this Agreement unless otherwise specified.

20. No Waiver; Cumulative Remedies. The Customers shall not by any act, delay, indulgence, omission, or otherwise be deemed to have waived any right or remedy under this Agreement or of any breach of the terms and conditions of this Agreement. A waiver by the Customers of any right or remedy under this Agreement on any one occasion shall not be construed as a bar to any right or remedy which the Customers would otherwise have had on a subsequent occasion. No failure to exercise nor any delay in exercising on the part of the Customers any right, power, or privilege under this Agreement, shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies under this Agreement are cumulative, may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by any other agreements or applicable law.

21. Waivers and Amendments; Successors and Assigns. No term or provision of this Agreement may be waived, altered, modified, or amended except by a written instrument, duly executed by Supplier, Customers and Lender. This Agreement and all of Supplier's obligations are binding upon the successors and assigns of Supplier, and together with the rights and remedies of the Customers, inure to the benefit of the Customers, and their respective successors and assigns. Supplier may not assign or transfer any right or obligation under this Agreement without the prior written consent of the Customers.

22. Governing Law and Forum. This Agreement is made in the State of Michigan and shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan.

23. Notices. All notices, requests, and other communications will be given in accordance with the Accommodation Agreement.

24. No Intended Third Party Beneficiary. The parties hereto acknowledge and agree that the rights and interests of the parties under this Agreement are intended to benefit solely the parties to this Agreement and Lender.

25. Counterparts. This Agreement may be executed in any number of counterparts and by each party hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. The parties agree that their respective signatures may be delivered by facsimile, and that facsimile signatures shall be treated as originals for all purposes.



26. Entire Agreement; Conflicts. This Agreement together with any other agreements and schedules executed in connection with this Agreement, including the Accommodation Agreement, constitutes the entire understanding of the parties in connection with the subject matter hereof. The terms and conditions of the Purchase Orders shall be unaffected by this Agreement except to the extent that an inconsistency or conflict exists between the express terms of the Purchase Orders and this Agreement in which event the terms of this Agreement shall govern and control. To the extent any term or condition of this Agreement is inconsistent or in conflict with the terms of any other agreements between the parties, the terms of this Agreement shall govern and control.

27. CONSULTATION WITH COUNSEL. THE PARTIES HERETO ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO CONSULT WITH COUNSEL BEFORE EXECUTING THIS AGREEMENT AND ARE EXECUTING SUCH AGREEMENT WITHOUT DURESS OR COERCION AND WITHOUT RELIANCE ON ANY REPRESENTATIONS, WARRANTIES OR COMMITMENTS OTHER THAN THOSE REPRESENTATIONS, WARRANTIES AND COMMITMENTS SET FORTH IN THIS AGREEMENT.

28. WAIVER OF JURY TRIAL. THE PARTIES HERETO ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THIS RIGHT MAY BE WAIVED. THE PARTIES EACH HEREBY KNOWINGLY, VOLUNTARILY AND WITHOUT COERCION, WAIVE ALL RIGHTS TO A TRIAL BY JURY OF ALL DISPUTES ARISING OUT OF OR IN RELATION TO THIS AGREEMENT OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES EXECUTED IN CONNECTION WITH THIS AGREEMENT OR OTHERWISE RELATED TO THIS AGREEMENT. NO PARTY SHALL BE DEEMED TO HAVE RELINQUISHED THE BENEFIT OF THIS WAIVER OF JURY TRIAL UNLESS SUCH RELINQUISHMENT IS IN A WRITTEN INSTRUMENT SIGNED BY THE PARTY TO WHICH SUCH RELINQUISHMENT WILL BE CHARGED.

GENERAL MOTORS CORPORATION

By: [Signature]  
Its: Director, Supply Risk Mgmt.

VISTEON CORPORATION

By: \_\_\_\_\_  
Its: \_\_\_\_\_

CEP HOLDINGS, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

THERMOPLASTICS ACQUISITION, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

DELPHI AUTOMOTIVE SYSTEMS, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

CREATIVE ENGINEERED POLYMER  
PRODUCTS, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

COMPOSITE PARTS MEXICO S.A. DE  
C.V.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

#### Schedules

3(b)(v): Access Fees

14(a): Lender's Acknowledgement and Consent

14(c): Landlord's Acknowledgement and Consent

**GENERAL MOTORS CORPORATION**

**DELPHI AUTOMOTIVE SYSTEMS, LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Danell Blackburn  
Its: COMMODITY DIRECTOR: CHEMICAL  
5/16/06

**VISTEON CORPORATION**

**CREATIVE ENGINEERED POLYMER  
PRODUCTS, LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**CEP HOLDINGS, LLC**

**COMPOSITE PARTS MEXICO S.A. DE  
C.V.**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**THERMOPLASTICS ACQUISITION, LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**Schedules**

3(b)(v): Access Fees

14(a): Lender's Acknowledgement and Consent

14(c): Landlord's Acknowledgement and Consent

**GENERAL MOTORS CORPORATION**


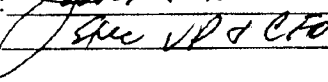
**DELPHI AUTOMOTIVE SYSTEMS, LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**VISTEON CORPORATION**

**CREATIVE ENGINEERED POLYMER  
PRODUCTS, LLC**

By:   
Its: 

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**CEP HOLDINGS, LLC**

**COMPOSITE PARTS MEXICO S.A. DE  
C.V.**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**THERMOPLASTICS ACQUISITION, LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

### **Schedules**

3(b)(v): Access Fees

14(a): Lender's Acknowledgement and Consent

14(c): Landlord's Acknowledgement and Consent

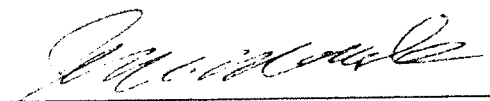
**GENERAL MOTORS CORPORATION**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

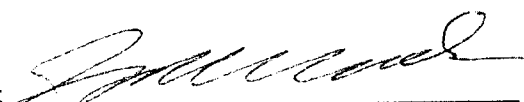
**VISTEON CORPORATION**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**CEP HOLDINGS, LLC**

By:   
Its: CEO

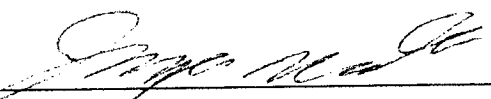
**THERMOPLASTICS ACQUISITION, LLC**

By:   
Its: CEO

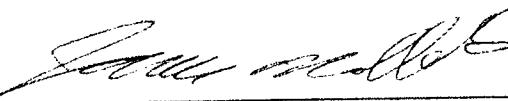
**DELPHI AUTOMOTIVE SYSTEMS, LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**CREATIVE ENGINEERED POLYMER  
PRODUCTS, LLC**

By:   
Its: CEO

**COMPOSITE PARTS MEXICO S.A. DE  
C.V.**

By:   
Its: CEO

#### **Schedules**

3(b)(v): Access Fees

14(a): Lender's Acknowledgement and Consent

14(c): Landlord's Acknowledgement and Consent

**Schedule 3(b)(v)**

**ACCESS FEES**

**Access Fees**

<b><u>Location</u></b>	<b><u>M&amp;E</u></b>	<b><u>Real Estate</u></b>	<b><u>Total</u></b>
Akron Ohio		\$0	\$ 3,333
Chardon Ohio		\$0	\$ 3,333
Livonia, MI	\$10,000	\$0	\$ 3,334
Belleville, MI	\$20,000	\$0	\$ 20,000
Canton, OH	\$30,000	\$0	\$ 30,000
Crestline, OH	\$50,000	\$35,000	\$ 85,000
Lapeer, MI	\$70,000	\$35,000	\$105,000
Middlefield, OH	\$20,000	\$35,000	\$ 55,000
Tuscaloosa, AL	\$30,000	\$0	\$ 30,000
West Alexandria, OH	\$20,000	\$0	\$ 20,000
Vandalia, OH	\$10,000	\$0	\$ 10,000
Bishopville, SC	\$10,000	\$0	\$ 10,000
Chihuahua, Mexico	\$50,000	\$0	\$ 50,000
Hermosillo, Mexico	\$50,000	\$0	\$ 50,000
<b>Grand Total</b>	<b>\$370,000</b>	<b>\$105,000</b>	<b>\$475,000</b>

**SCHEDULE 14(a)**

**ACKNOWLEDGEMENT AND CONSENT**

While not a party to the Access and Security Agreement ("Access Agreement") made between General Motors Corporation ("GM"), Visteon Corporation ("Visteon"), Delphi Automotive Systems, LLC ("Delphi," and together with GM and Visteon, the "Customers"); and Creative Engineered Polymer Products, LLC, CEP Holdings, LLC, Composite Parts Mexico S.A. de C.V. and Thermoplastics Acquisition, LLC (collectively, "Supplier"), dated May 8, 2006, Wachovia Capital Finance Corporation ("Lender") is a party to various loan and/or security agreements with Supplier and has a security interest in Supplier's assets. In such capacity, Lender acknowledges, consents to, and agrees that the exercise of its rights and remedies with respect to its liens and security interests is subject to all applicable terms of the Access Agreement. Lender further agrees that upon the Customers' request, Lender will cooperate with Customers and Supplier's reasonable requests to effectuate Customers' rights under the Access Agreement; provided, however, that Lender shall not be required to expend any amounts to effectuate same. The fact that Lender is executing this Acknowledgment and Consent shall not in any way make it a guarantor or surety for Supplier's performance under the Access Agreement. Further, except as provided in the Access Agreement, Lender reserves its rights under all of its agreements with Supplier and applicable law.

**WACHOVIA CAPITAL FINANCE  
CORPORATION**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: May 5, 2006



## SCHEDULE 14(c)

### LESSOR'S ACKNOWLEDGEMENT AND CONSENT

While not a party to the Access and Security Agreement ("Access Agreement") made between General Motors Corporation ("GM"), Visteon Corporation ("Visteon"), Delphi Automotive Systems, LLC ("Delphi," and together with GM and Visteon, the "Customers"; and Creative Engineered Polymer Products, LLC, CEP Holdings, LLC, Composite Parts Mexico S.A. de C.V. and Thermoplastics Acquisition, LLC (collectively, "Supplier"), dated May 8, 2006, the undersigned leases certain real estate and/or equipment to Supplier, and, in such capacity, the undersigned acknowledges, consents to, and agrees with, and agrees to be bound by, the terms and conditions of the foregoing Agreement, including Customers' right to use the Operating Assets and the Real Estate during any Occupancy Period.

#### COMPANY NAME

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2006

DETROIT.2133223.4

**EXHIBIT D**

**Initial Allocable Percentage per Facility**

**CEP Products, LLC**

**Initial Allocable Percentage per Facility - EXHIBIT D**

**Total Sales for Participating and Assisting Customers For the Six Months Ended June 30, 2006**

[illegible]

**EXHIBIT E**

**Postpetition Agreement**

## **POSTPETITION AGREEMENT**

This POSTPETITION AGREEMENT (the "Agreement") dated as of September 21, 2006, is by and among CEP HOLDINGS, LLC, an Ohio limited liability company, as Debtor and Debtor-in-Possession ("Holdings"), CREATIVE ENGINEERED POLYMER PRODUCTS, LLC, an Ohio limited liability company, as Debtor and Debtor-in-Possession ("CEP"), THERMOPLASTICS ACQUISITION, LLC, an Ohio limited liability company, as Debtor and Debtor-in-Possession ("Thermoplastics" and together with Holdings and CEP, each individually, a "Debtor" and collectively, the "Debtors"), and COMPOSITE PARTS MEXICO S.A. DE C.V. ("Composite") and CEP LATIN AMERICA, LLC ("CEP Latin America") and WACHOVIA CAPITAL FINANCE CORPORATION (CENTRAL) ("Lender").

### **WITNESSETH:**

WHEREAS, each Debtor has commenced a case under chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Northern District of Ohio, being jointly administered as case number \_\_\_\_\_, and as of the date hereof Debtors retain possession of their respective assets and are authorized under the Bankruptcy Code to continue the operation of their businesses as debtors-in-possession;

WHEREAS, prior to the commencement of the Case, Lender made loans and other financial accommodations to Debtors secured by substantially all assets and properties of Debtors as set forth in the Loan Agreements and other Financing Agreements;

WHEREAS, the Bankruptcy Court has entered the Financing Order pursuant to which Lender may make postpetition loans, advances and other financial accommodations to Debtors secured by substantially all assets and properties of Debtors, as more fully set forth in the Financing Order;

WHEREAS, the Financing Order provides that as a condition to the making of such postpetition loans, advances and other financial accommodations, Debtors shall execute and deliver this Agreement; and

WHEREAS, Debtors have requested, and Lender has agreed, that Lender shall make such postpetition loans, advances and other financial accommodations to Debtors pursuant and subject to the terms of the Financing Order, the Loan Agreements and other Financing Agreements, as amended hereby.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned mutually covenant, warrant and agree as follows:

1. DEFINITIONS

1.1. Interpretation.

(a) Unless otherwise indicated, all terms used herein (including the recitals hereto) shall have the respective meanings assigned to such terms in the Loan Agreements (as defined below).

(b) All references to any person or party in the definitions or recitals hereto, or otherwise referenced herein, shall include its respective successors and assigns (including, without limitation, any subsequently appointed trustee).

(c) All references to any term in the singular shall include the plural, and all references to any term in the plural shall include the singular.

1.2. General Definitions. As used herein, the following terms shall have the respective meanings given to them below, and the Financing Agreements shall be deemed and are hereby amended to include, in addition and not in limitation, each of the following definitions:

(a) "Bankruptcy Code" shall mean the "Code" (as defined in the Financing Order).

(b) "Bankruptcy Court" shall mean the United States Bankruptcy Court for the Northern District of Ohio and, to the extent reference of the Case or any proceeding therein is withdrawn, the United States District Court for the Northern District of Ohio.

(c) "Budget" shall have the meaning ascribed thereto in the Financing Order.

(d) "Case" shall have the meaning ascribed thereto in the Financing Order.

(e) "Composite Postpetition Disbursement Account" shall mean that certain deposit account at Wachovia Bank, N.A. numbered \_\_\_\_\_ into which Debtors shall deposit all of Composite's proceeds of accounts receivable to the extent such accounts arise on or after the Petition Date.

(f) "Emergency Financing Order" shall mean the certified and docketed order of the Bankruptcy Court attached hereto as Exhibit A.

(g) "Petition Date" shall have the meaning ascribed thereto in the Financing Order.

(h) "Financing Order" shall mean, collectively, 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 Lender's consent, as the same are in effect from time to time.

(i) "Loan Agreements" shall mean the "CEP Loan Agreement" and the "Thermoplastics Loan Agreement" (as such terms are defined in the Financing Order)..

(j) "Participating Customer Participation Agreement" shall have the meaning ascribed thereto in the Financing Order.

(k) "Participating Customers" shall have the meaning ascribed thereto in the Financing Order.

(l) "Participation Amount" shall have the meaning ascribed thereto in the Participating Customer Participation Agreement.

1.3. Amendments to Definitions in Financing Agreements.

(a) All references to the term "Collateral" in the Loan Agreements or any of the other Financing Agreements or any other term referring to the security for the Obligations shall be deemed to include, and each such reference is hereby amended to include, in addition to the assets otherwise subject to such terms prior to or after the execution of this Agreement, the "Aggregate Collateral" (as defined in the Financing Order).

(b) All references to Debtors, including, without limitation, to the terms "Borrower," "Borrowers" or "Debtors" in the Loan Agreements or any of the other Financing Agreements, shall be deemed to mean, and each such reference is hereby amended to mean and include, the Debtors as defined herein, and their successors and assigns (including any trustee or other fiduciary hereafter appointed as its legal representative or with respect to the property of the estate of such Debtor, whether under chapter 11 of the Bankruptcy Code or any subsequent chapter 7 case, and its successor upon conclusion of the Cases of such Debtor).

(c) All references to the term "Financing Agreements" in the Loan Agreements or any of the other Financing Agreements shall be deemed to include, and each such reference is hereby amended to include this Agreement and the Financing Order, in addition to the items otherwise subject to such definition prior to or after the execution of this Agreement.

(d) All references to the term "Obligations" in this Agreement, the Loan Agreements or any of the other Financing Agreements shall be deemed to include, and each such reference in the Financing Agreements is hereby amended to include, in addition to the debts, liabilities and other obligations otherwise subject to such term prior to or after the execution of this Agreement, the "Aggregate Debt" (as defined in the Financing Order).

(e) To the extent of any conflict between any of the terms of the Financing Order and the terms of the other Financing Agreements, as amended hereby, the terms of the Financing Order shall be deemed to govern and control, and the Financing Agreements shall be deemed amended to the extent necessary to provide for the same.

2. ADOPTION OF FINANCING AGREEMENTS TO GOVERN POSTPETITION DEBT

Subject to the terms of this Agreement and the Financing Order: (a) all of the Financing Agreements are incorporated herein by this reference and are and shall be deemed adopted in full by each Debtor, as Debtor and Debtor-in-Possession, and considered as agreements between such Debtor and Lender; (b) each Debtor and Lender hereby adopts and agrees to be bound by the Financing Agreements, as applicable, to govern and constitute the terms of the "Postpetition Debt" (as defined in the Financing Order); and (c) each Debtor hereby agrees to pay all of the "Postpetition Debt" (as defined in the Financing Order) in accordance with the terms of the Financing Agreements.

3. AMENDMENTS TO LOAN AGREEMENTS

3.1. Overadvance Sublimit.

3.1.1. The following definition shall be deemed added as Section 1.102 of the CEP Loan Agreement:

1.102. "Overadvance Sublimit" shall mean, as of any date of determination, an amount equal to the total Participation Amount purchased by the Participating Customers.

3.2. Loan Limits.

3.2.1. The following definitions in Section 1 of the CEP Loan Agreement are deemed amended and restated in their entirety as follows:

(a) "Maximum Credit" shall mean the amount of \$26,200,000.

(b) "Revolving Loan Limit" shall mean \$26,200,000.

3.2.2. The first sentence of the definition in Section 1.9 of the CEP Loan Agreement is deemed amended and restated as follows:

"Borrowing Base" shall mean, at any time, the amount equal to: (a) eighty-five percent (85%) of the Net Amount of Eligible Accounts (provided that Revolving Loans and Letter of Credit Accommodations predicated on Eligible Accounts owed by Delphi Corporation shall not exceed \$2,500,000, except in Agent's discretion), plus (b) the lesser of: (i) sixty-five percent (65%) of the Value of Eligible Inventory, or (ii) \$7,000,000, plus (c) the Equipment Sublimit less the Equipment Sublimit Reduction, plus (d) the Real Estate Sublimit less the Real Estate Sublimit Reduction, plus (e) the Overadvance Sublimit, less (f) any Reserves.



3.2.3. The following definitions in Section 1 of the Thermoplastics Loan Agreement are deemed replaced with the following:

(a) "Maximum Credit" shall mean the amount of the lesser of: (i) \$4,500,000 or (ii) \$30,880,000 less the aggregate amount of the total outstanding "Loans" and "Letter of Credit Accommodations", each as defined in the CEP Loan Agreement.

(b) "Revolving Loan Limit" shall mean the amount of the lesser of (i) \$4,500,000 or (ii) \$30,800,000 less the aggregate amount of the total outstanding "Loans" and "Letter of Credit Accommodations", each as defined in the CEP Loan Agreement.

3.3. Advance Rates; Borrowing Base.

3.3.1. Notwithstanding any provisions of the Loan Agreements or any of the other Financing Agreements to the contrary, the applicable percentages set forth in the definition of "Borrowing Base" shall not be increased, irrespective of the results of any appraisals of any assets of Debtors currently in progress or subsequently conducted, but the foregoing shall not limit the rights of Lender to decrease such percentages or modify or establish Reserves in accordance with provisions of the Loan Agreements.

3.3.2. Solely for the period commencing on the date that (a) all of Debtors' Equipment and Real Property located in the United States as of the Petition Date have been sold or otherwise disposed on terms acceptable to Lender and (b) the proceeds thereof have been applied in accordance with terms of the Financing Order, and ending on the date that, with respect to all of Debtor's manufacturing facilities, all of the Participating Customers have delivered a "Resourcing Completion Notice" (as defined in the Financing Order) and/or the "Exit Date" (as defined in the Financing Order) has occurred at all such facilities, Lender hereby agrees that the Equipment Sublimit Reduction and Real Estate Sublimit Reduction (as such terms are defined in the Loan Agreements) shall be deemed to be zero dollars (\$0.00).

3.4. Deferred Amounts. Notwithstanding any provisions in the Loan Agreements or any of the other Financing Agreements to the contrary, solely for determining at any given time (a) the amount of "Excess Availability" under the Loan Agreements and (b) the amount of Loans and Letter of Credit Accommodations outstanding under the Loan Agreements, the "Deferred Amount" (as defined in the Participating Customer Participation Agreement) shall not be deemed to constitute outstanding and unpaid Obligations, Loans or Letter of Credit Accommodations, unless and until Lender is entitled to be paid the Deferred Amount pursuant to the terms of the Participating Customer Participation Agreement.

3.5. Availability Reserves. Section 2.1 of each of the Loan Agreements is hereby amended by adding the following new Section 2.1(d) at the end thereof:

"2.1(d) Special Reserves. Without limiting the generality of the continuing right of Lender to establish and

revise Reserves in accordance with the terms set forth in the definition of such term, the Revolving Loans and Letter of Credit Accommodations otherwise available to Borrower shall be subject to (a) a Special Availability Reserve in the amount of \$100,000; (b) a Special Inventory Reserve in the amount, if any, by which (i) the Value of the Inventory of Borrower as reported on a weekly basis by Borrower to Lender exceeds (ii) the value of the Inventory of Borrower as reported on a daily basis by Borrower to Lender; (c) a special Administrative Claim Reserve, in an amount equal to all claims or all outstanding and unpaid administrative expenses in the Cases, including, without limitation, any reclamation claims, which in Lender's determination, may become due and payable from Cash Collateral or Postpetition Debt, the Carveout (as defined in the Financing Order) for the period from the Petition Date through any given date, or other claims, which are or may be senior or pari passu to Lender's liens in the property of Borrower and its estate or Lender's claim under Code §§ 364 or 507(b) (as defined in the Financing Order) ("Special Administrative Claim Reserve"). Lender shall only be obligated to release any of the Special Administrative Claim Reserve after the unpaid claims giving rise thereto have been paid by or on behalf of Borrower. The term "Reserves" as used in this Agreement shall include, without limitation, the Special Availability Reserve, the Special Inventory Reserve and the Special Administrative Claim Reserve"

3.6. Costs and Expenses. Without limiting but in addition to Debtors' obligations to reimburse Lender or any Lender for any amounts under the Financing Agreements, including, without limitation, Section 9.22 of the "Thermoplastics Loan Agreement" (as defined in the Financing Order) and Section 9.21 of the "CEP Loan Agreement" (as defined in the Financing Order), Debtors shall also pay to Lender on demand all costs and expenses that Lender pays or incurs in connection with the negotiation, preparation, consummation, administration, enforcement, and termination of this Agreement, the other Financing Agreements and the Financing Order, including, without limitation: (a) attorneys' and paralegals' fees and disbursements of counsel to Lender; (b) costs and expenses (including reasonable attorneys' and paralegals' fees and disbursements) for any, supplement, waiver, consent, or subsequent closing in connection with this Agreement, the other Financing Agreements, the Financing Order and the transactions contemplated thereby; (c) costs and expenses of any consultants, appraisers or financial advisors retained by Lender in connection with the Cases; (d) taxes, fees and other charges for recording any agreements or documents with any governmental authority, and the filing of UCC financing statements and continuations, and other actions to perfect, protect, and continue the security interests and liens of Lender in the Collateral, whether granted in connection with the Financing Order or otherwise; (e) sums paid or incurred to pay any amount or take any action required of

Debtors under the Financing Agreements or the Financing Order that Debtors fail to pay or take; (f) costs of appraisals, inspections and verifications of the Collateral and including travel, lodging, and meals for inspections of the Collateral and the Debtors' operations by Lender or its Lender and to attend court hearings or otherwise in connection with the Cases; (g) costs and expenses of preserving and protecting the Collateral; (h) all out-of-pocket expenses and costs heretofore and from time to time hereafter incurred by the Lender during the course of periodic field examinations of the Collateral and Debtors' operations, plus the applicable per diem charge at the rate(s) set forth in the Loan Agreements for Lender's examiners in the field and office; and (i) costs and expenses (including attorneys' and paralegals' fees and disbursements) paid or incurred to obtain payment of the Obligations, enforce the security interests and liens of Lender, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions of this Agreement, the other Financing Agreements and the Financing Order, or to defend any claims made or threatened against Lender arising out of the transactions contemplated hereby (including, without limitation, preparations for and consultations concerning any such matters). All sums provided for in this section shall be part of the Obligations, shall be payable on demand, and shall accrue interest after demand for payment thereof at the highest rate of interest then payable under the Financing Agreements. Lender is hereby irrevocably authorized to charge any amounts payable hereunder directly to any of the account(s) maintained by Lender with respect to any Debtor.

3.7. Limits and Sublimits. Section 2.1 of each of the Loan Agreements is hereby amended by adding the following new Section 2.1(e) at the end thereof:

"2.1(e) All limits and sublimits set forth in this Loan Agreement shall be determined on an aggregate basis considering together both the "Prepetition Debt" and the "Postpetition Debt" (as such terms are defined in the Financing Order) in respect thereof or with respect to any formula or other provision to which a limit or sublimit may apply."

3.8. Payments. Section 6.4 of each of the Loan Agreements is hereby amended by adding the following at the end thereof:

"Without limiting the generality of the foregoing, Agent may, in its discretion, apply any such payments or proceeds first to the "Prepetition Debt" (as defined in the Financing Order) consisting of "Allowable 506(b) Amounts" (as defined in the Financing Order), second, to payment of other Prepetition Debt, third, to payment of "Postpetition Charges" (as defined in the Financing Order) and fourth, to payment of all other "Postpetition Debt" (as defined in the Financing Order).

3.9. Access to Premises. Without limiting the obligations of Debtors or the rights of Lender under Section 7.7 of each of the Loan Agreements, each Debtor absolutely and unconditionally agrees that Lender and its Lenders, representatives, investment advisors,

professionals, consultants or designees may at any time and without notice to Debtors, at the sole cost and expense of Debtors, have full and complete access to (a) any of the premises that each Debtor, directly or indirectly owns, leases or otherwise has a right to occupy or use, (b) all assets and properties of Debtors located on any such premises, including, without limitation, all book and records related to Accounts or Inventory or any other Collateral and (c) any employee, officer, director, Lender, representative and consultant of any Debtor and any other Person employed or retained by any Debtor except to the extent access to information in such Person's possession would compromise the Debtors' attorney-client privilege.

3.10. Accounts of Composite.

(a) Section 7.2 of the CEP Loan Agreement is hereby amended by adding the following new subsections (d) and (e) to the end thereof:

"(d) Borrower shall cause Composite to deliver, and direct Composite's account debtors to deliver, all proceeds of Composite's accounts receivable and other assets existing as of the Petition Date to Lender on account of Borrower's claims against and interests in Composite, which proceeds shall be applied by Lender as "Cash Collateral" under and in accordance with the Financing Order, and in respect of which Lender shall simultaneously implement a Reserve equal to the aggregate amount of such proceeds delivered to and applied by Lender; provided, that, Lender shall be deemed to have consented to the Participating Customers (i) deferring payment of up to one half (1/2) of the accounts existing as of the Petition Date that they owe on account of component parts shipped by Composite to the Participating Customers ("Deferred Participating Customer Prepetition Accounts") until such date that substantially all of the assets of Composite have been sold or otherwise disposed on terms acceptable to Lender and the Participating Customers, and (ii) setting off any amount of "Cash Infusions" (as defined in the Financing Order) or direct loans made to Composite by the Participating Customers from and after September 21, 2006, against the Deferred Participating Customer Prepetition Accounts to the extent that such Cash Infusions or direct loans made to Composite are not repaid from proceeds of such sale(s) of substantially all of Composite's assets; provided, further, that, notwithstanding anything to the contrary among the foregoing, the Participating Customers shall pay (in accordance with this Section 7(d)) not less than \$1,650,000.00 of accounts existing as of the Petition Date that they owe on account of component parts shipped by Composite to the Participating Customers on the same terms as in effect immediately prior to the Petition Date."

(e) With respect to all proceeds of Composite's accounts receivable and other assets first arising or acquired by Composite on or after the Petition Date, Borrower and Lender shall cause such proceeds to be deposited in the Composite Postpetition Disbursement Account promptly upon receipt thereof. Notwithstanding anything to the contrary (including, without limitation, Composite's going-forward use of any amounts deposited in the Composite Postpetition Disbursement Account), Lender shall be deemed to have reserved all of its direct and indirect rights and interests in all proceeds of Composite's accounts receivable and other assets first arising or acquired by Composite on or after the Petition Date.

3.11. Additional Financial Reporting Requirements.

(a) Section 9.6 of each of the Loan Agreements is hereby amended by adding the following new Section 9.6(f):

"(f) Borrower shall also provide Lender with copies of all financial reports, schedules and other materials and information at any time furnished by or on behalf of Borrower to the Bankruptcy Court, or the U.S. Trustee or to any creditors' committee or Borrower's shareholders, concurrently with the delivery thereof.

3.12. Sale of Assets, Consolidation, Merger, Dissolution, Etc. Notwithstanding anything to the contrary contained in Section 9.7 of each of the Loan Agreements or any other provision of the Loan Agreements or the other Financing Agreements, Debtors shall not directly or indirectly sell, transfer, lease, encumber, return or otherwise dispose of any portion of the Collateral or any other assets of Debtors, including, without limitation, assume, reject or assign any leasehold interest or enter into any agreement to return Inventory to vendor, whether pursuant to section 365 of the Bankruptcy Code or otherwise, without the prior written consent of Lender (and no such consent shall be implied, from any other action, inaction or acquiescence by Lender) except for sales of Debtors' Inventory in the ordinary course of its business.

3.13. Loans, Investments, Etc. Section 9.10 of each of the Loan Agreements is hereby amended by adding the following new Section 9.10(g):

"(g) Notwithstanding anything to the contrary contained in Section 9.10 of the Loan Agreement or any of the other Financing Agreements, Borrower shall not make any loans or investments contemplated by Section 9.10 of the Loan Agreement."

3.14. Dividends and Redemptions. Section 9.11 of each of the Loan Agreements is hereby amended by adding the following at the end thereof:

"Notwithstanding anything to the contrary contained in this Section 9.11 of the Loan Agreement or any of the other Financing Agreements, Borrower shall not directly or indirectly, declare or pay any dividends on account of any class of Capital Stock of a Borrower, or any of its Affiliates, or redeem, retire, defease, repurchase or otherwise acquire Capital Stock of a Borrower or any of its Affiliates."

3.15. Events of Default. Section 10.1 of each of the Loan Agreements is hereby amended as follows:

(a) Sections 10.1(g) and (h) are hereby deleted in their entirety and the following substituted therefor: "Intentionally deleted."

(b) Section 10.1(o) of the CEP Loan Agreement and Section 10.1(p) of the Thermoplastics Loan Agreement are hereby amended by deleting the "or" at the end thereof;

(c) Section 10.1(p) of the CEP Loan Agreement and Section 10.1(q) of the Thermoplastics Loan Agreement are hereby amended by deleting the "." at the end thereof and substituting ";" therefor.

(d) Section 10.1 of the CEP Loan Agreement is hereby amended by adding the following Sections:

"10.1(q) Borrower fails to perform any of its obligations in strict accordance with the terms of the Financing Order; or

10.1(r) Any "Event of Default" occurs under and as defined in the Financing Order."

(e) Section 10.1 of the Thermoplastics Loan Agreement is hereby amended by adding the following Sections:

"10.1(r) Debtor fails to perform any of its obligations in strict accordance with the terms of the Financing Order; or

10.1(s) Any "Event of Default" occurs under and as defined in the Financing Order."

3.16. Governing Law; Choice of Forum; Service of Process; Jury Trial.

(a) Section 11.1 (a) of each of the Loan Agreements is hereby amended by adding the following at the end thereof: "except to the extent that the provisions of the Bankruptcy Code are applicable and conflict with the foregoing."

(b) Section 11.1(b) of each of the Loan Agreements is hereby amended to provide that Debtors and Lender submit to the exclusive jurisdiction of the Bankruptcy Court with respect to the matters presently subject to such section of the Loan Agreements, as well as with respect to any disputes arising under or in connection with this Agreement or the Financing Order.

3.17. Amendments to Term of Loan Agreement

(a) The first two sentences of Section 13.1(a) of each of the Loan Agreements are hereby deleted in their entirety and the following substituted therefor:

"This Agreement and the other Financing Agreements shall become effective as of the date set forth on the first page hereof and shall continue in full force and effect for a term ending on the "Termination Date" (as defined in the Financing Order)."

3.18. Notices. Section 13.3 of each of the Loan Agreements is hereby amended by adding that any notices, requests and demands also be sent to the following parties:

If to Debtors with a copy to:     BAKER & HOSTETLER LLP  
3200 National City Center  
1900 East 9th Street  
Cleveland, Ohio 44114-3485  
Facsimile No.: (216) 696-0740  
Attn: Joseph F. Hutchinson, Esq.  
Thomas Wearsch, Esq.

If to Lender with a copy to:     GOLDBERG KOHN BELL BLACK  
ROSENBLOOM & MORITZ, LTD.  
55 East Monroe Street, Suite 3700  
Chicago, Illinois 60603-5802  
Facsimile No.: (312) 332-2196  
Attn: Alan P. Solow, Esq.  
Jeremy M. Downs, Esq.  
Shira R. Isenberg, Esq.

4. DIP FACILITY FEE

Debtors shall pay Lender a closing fee in respect of the financing to be provided by Lender to Debtors in the Case in the amount of \$430,000, which shall be fully earned as of the Petition Date and payable in two installments: (a) \$80,000, immediately upon execution of this Agreement and (b) \$350,000, upon repayment of the "Participation" under and as defined in the Participating Customer Participation Agreement (as amended concurrently herewith).

5. MISCELLANEOUS

5.1. Amendments and Waivers. Neither this Agreement nor any other instrument or document referred to herein or therein may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

5.2. Further Assurances. Each Debtor shall, at its expense, at any time or times duly execute and deliver, or shall cause to be duly executed and delivered, such further agreements, instruments and documents, including, without limitation, additional security agreements, collateral assignments, Uniform Commercial Code financing statements or amendments or continuations thereof, landlord's or mortgagee's waivers of liens and consents to the exercise by Lender of all the rights and remedies hereunder, under any of the other Financing Agreements, any Financing Order or applicable law with respect to the Collateral, and do or cause to be done such further acts as may be necessary or proper in Lender's opinion to evidence, perfect, maintain and enforce the security interests of Lender, and the priority thereof, in the Collateral and to otherwise effectuate the provisions or purposes of this Agreement, any of the other Financing Agreements or the Financing Order. Upon the request of Lender, at any time and from time to time, each Debtor shall, at its cost and expense, do, make, execute, deliver and record, register or file, financing statements, mortgages, deeds of trust, deeds to secure debt, and other instruments, acts, pledges, assignments and transfers (or cause the same to be done) and will deliver to Lender such instruments evidencing items of Collateral as may be requested by Lender.

5.3. Headings. The headings used herein are for convenience only and do not constitute matters to be considered in interpreting this Ratification Agreement.

5.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which shall together constitute one and the same agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto. Delivery of an executed counterpart of this Agreement by facsimile shall have the same force and effect as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile also shall deliver an original executed counterpart of this Agreement, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement as to such party or any other party.

5.5. Effectiveness. This Agreement shall become effective upon the occurrence of all of the following: (a) the execution and delivery of this Agreement by Lender and Debtors; (b) the execution and delivery by Debtors of a reaffirmation of their respective guaranty obligations with respect to the Prepetition Debt (as defined in the Financing Order) in the form of Exhibit B hereto; (c) the execution and delivery by Debtors and CEP Latin America of a guarantee with respect to the Postpetition Debt (as defined in the Financing Order) in the form of Exhibit C hereto; (d) the delivery by Debtors to Lender of a docketed copy of the Emergency Financing Order certified by the Clerk of the Bankruptcy Court; and (e) the



delivery by the Participating Customers to Lender of a duly executed copy of the Postpetition Agreement in the form attached hereto as Exhibit D.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

CREATIVE ENGINEERED  
POLYMER PRODUCTS, LLC,  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Title: \_\_\_\_\_

THERMOPLASTICS ACQUISITION, LLC,  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Title: \_\_\_\_\_

CEP HOLDINGS, LLC,  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Title: \_\_\_\_\_

COMPOSITE PARTS MEXICO S.A. DE C.V.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

CEP LATIN AMERICA, LLC

By: \_\_\_\_\_  
Title: \_\_\_\_\_

WACHOVIA CAPITAL FINANCE  
CORPORATION (CENTRAL)

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**  
**(EMERGENCY ORDER)**

See attached.

## EXHIBIT B

### (REAFFIRMATION OF GUARANTEES)

Each of the undersigned has executed and delivered to Wachovia Capital Finance Corporation (Central) ("Lender") a certain Guarantee dated as of December 21, 2005 (the "Guarantee") in connection with loans made by Lender to Creative Engineered Polymer Products, LLC ("CEP") and Thermoplastics Acquisition, LLC ("Thermoplastics" and together with CEP, "Borrowers") pursuant to that certain Loan and Security Agreement dated as of August 16, 2005, between Lender and CEP, and that certain Loan and Security Agreement dated as of December 21, 2005, between Lender and Thermoplastics, each as amended or otherwise modified from time to time.

Each of the undersigned hereby acknowledges receipt of that certain Order Authorizing Debtors To: (A) Use Cash Collateral on an Interim Basis; (B) Incur Postpetition Debt; and (C) Grant Adequate Protection and Provide Security and Other Relief to Wachovia Capital Finance Corporation (Central) (the "Financing Order"), which reflects the terms of continued financing to Borrowers and CEP Holdings, LLC ("Holdings") as debtors in possession in jointly administered cases filed on September \_\_, 2006 pursuant to chapter 11 of title 11 of the United States Code. In accordance with and pursuant to Paragraph 3(c)(vi) of the Financing Order, each of the undersigned hereby reaffirms the validity of the Guarantee to which each of the undersigned is a party and all of the undersigned's obligations under such Guarantee. The terms and conditions of such Guarantee remain in full force and effect. Each of the undersigned further guarantees the repayment of all Prepetition Debt of the Borrowers notwithstanding entry of the Financing Order or any term thereof. Each of the undersigned waives any defenses or counterclaims they may have relating to the Guarantee and related security documents.

Dated as of this \_\_th day of September 2006.

CEP Holdings, LLC  
Creative Engineered Polymer Products, LLC  
Thermoplastics Acquisition, LLC

Each by \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT C**  
**(GUARANTEE OF POSTPETITION DEBT)**

**GUARANTEE**

Creative Engineered Polymer Products, LLC ("CEP") and Wachovia Capital Finance Corporation (Central) in its capacity as agent for itself and certain other lenders ("Lender") entered into that certain Loan and Security Agreement dated as of August 16, 2005 ("CEP Loan Agreement"). Thermoplastics Acquisition, LLC ("Thermoplastics") and Lender entered into that certain Loan and Security Agreement dated as of December 21, 2005 ("Thermoplastics Loan Agreement" and together with the CEP Loan Agreement, the "Loan Agreements").

CEP Holdings, LLC ("Holdings"), CEP and Thermoplastics (collectively, the "Debtors") have commenced cases under chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Northern District of Ohio (the "Bankruptcy Court"), being jointly administered as case number \_\_\_\_\_. In connection therewith, the Bankruptcy Court has entered that certain Order Authorizing Debtors To: (A) Use Cash Collateral on an Emergency Basis; (B) Incur Postpetition Debt on an Emergency Basis; and (C) Grant Adequate Protection and Provide Security and Other Relief to Wachovia Capital Finance Corporation (Central) on September \_\_, 2006 (together with any final order entered in connection therewith and any amendments, modifications or supplements made thereto with Lender's written consent, the "Financing Order"), pursuant to which Lender may make postpetition loans, advances and other financial accommodations to Debtors secured by substantially all assets and properties of Debtors (the "Financing Order" and together with the Loan Agreements, and other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Guarantee, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Financing Agreements").

Due to the close business and financial relationships between Debtors and the undersigned ("Postpetition Guarantors"), in consideration of the benefits which will accrue to Postpetition Guarantors and as an inducement for and in consideration of Lender making loans and advances and providing other financial accommodations to Debtors pursuant to the Financing Order, Loan Agreements and the other Financing Agreements, Postpetition Guarantors hereby agree in favor of Lender as follows:

Guarantee.

Postpetition Guarantors absolutely and unconditionally guarantee and agree to be liable for the full and indefeasible payment and performance when due of all obligations, liabilities and indebtedness of any kind, nature and description of Debtors to Lender, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, consisting of Postpetition Debt, as that

term is defined in the Financing Order, whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, existing or hereafter arising, secured or unsecured, and however acquired by Lender and all costs of enforcement of this Guarantee (the "Guaranteed Obligations").

This Guarantee is a guaranty of payment and not of collection. Postpetition Guarantors agree that Lender need not attempt to collect any Guaranteed Obligations from Debtors, Postpetition Guarantors or any other Obligor (as defined below) or to realize upon any collateral, but may require a Postpetition Guarantor to make immediate payment of all of the Guaranteed Obligations to Lender when due, whether by maturity, acceleration or otherwise, or at any time thereafter. Lender may apply any amounts received in respect of the Guaranteed Obligations to any of the Guaranteed Obligations, in whole or in part (including attorneys' fees and legal expenses incurred by Lender with respect thereto or otherwise chargeable to Debtors or Postpetition Guarantors) and in such order as Lender may elect.

Payment by Postpetition Guarantors shall be made to Lender at the office of Lender from time to time on demand as Guaranteed Obligations become due. Postpetition Guarantors shall make all payments to Lender on the Guaranteed Obligations free and clear of, and without deduction or withholding for or on account of, any setoff, counterclaim, defense, duties, taxes, levies, imposts, fees, deductions, withholding, restrictions or conditions of any kind. One or more successive or concurrent actions may be brought hereon against Postpetition Guarantors either in the same action in which Debtors or any other Obligor is sued or in separate actions. In the event any claim or action, or action on any judgment, based on this Guarantee is brought against Postpetition Guarantors, Postpetition Guarantors agree not to deduct, set-off, or seek any counterclaim for or recoup any amounts which are or may be owed by Lender to Postpetition Guarantors.

#### Waivers and Consents.

Notice of acceptance of this Guarantee, the making of loans and advances and providing other financial accommodations to Debtors and presentment, demand, protest, notice of protest, notice of nonpayment or default and all other notices to which Debtors or Postpetition Guarantors are entitled are hereby waived by Postpetition Guarantors. Postpetition Guarantors also waive notice of and hereby consent to, (i) any amendment, modification, supplement, extension, renewal, or restatement of the Financing Order, Loan Agreements and any of the other Financing Agreements, including, without limitation, extensions of time of payment of or increase or decrease in the amount of any of the Guaranteed Obligations, the interest rate, fees, other charges, or any collateral, and the guarantee made herein shall apply to the Financing Order, Loan Agreements and the other Financing Agreements and the Guaranteed Obligations as so amended, modified, supplemented, renewed, restated or extended, increased or decreased, (ii) the taking, exchange, surrender and releasing of collateral or guarantees now or at any time held by or available to Lender for the obligations of Debtors or any other party at any time liable on or in respect of the Guaranteed Obligations or who is the owner of any property which is security for the Guaranteed Obligations (individually, an "Obligor" and collectively, the

"Obligors"), (iii) the exercise of, or refraining from the exercise of any rights against Debtors or any other Obligor or any collateral, (iv) the settlement, compromise or release of, or the waiver of any default with respect to, any of the Guaranteed Obligations and (v) any financing by Lender of Debtors under Section 364 of the United States Bankruptcy Code or consent to the use of cash collateral by Lender under Section 363 of the United States Bankruptcy Code. Postpetition Guarantors agree that the amount of the Guaranteed Obligations shall not be diminished and the liability of Postpetition Guarantors hereunder shall not be otherwise impaired or affected by any of the foregoing.

No invalidity, irregularity or unenforceability of all or any part of the Guaranteed Obligations shall affect, impair or be a defense to this Guarantee, nor shall any other circumstance which might otherwise constitute a defense available to or legal or equitable discharge of Debtors in respect of any of the Guaranteed Obligations, or Postpetition Guarantors in respect of this Guarantee, affect, impair or be a defense to this Guarantee. Without limitation of the foregoing, the liability of Postpetition Guarantors hereunder shall not be discharged or impaired in any respect by reason of any failure by Lender to perfect or continue perfection of any lien or security interest in any collateral or any delay by Lender in perfecting any such lien or security interest. Postpetition Guarantors acknowledge that Lender has not made any representations to Postpetition Guarantors with respect to Debtors, any other Obligor or otherwise in connection with the execution and delivery by Postpetition Guarantors of this Guarantee and Postpetition Guarantors are not in any respect relying upon Lender or any statements by Lender in connection with this Guarantee.

Postpetition Guarantors hereby irrevocably and unconditionally postpone and subordinate in favor of Lender all statutory, contractual, common law, equitable and all other claims against Debtors, any collateral for the Guaranteed Obligations or other assets of Debtors or any other Obligor, for subrogation, reimbursement, exoneration, contribution, indemnification, setoff or other recourse in respect to sums paid or payable to Lender by any Postpetition Guarantor hereunder and Postpetition Guarantors hereby further irrevocably and unconditionally postpone and subordinate in favor of Lender any and all other benefits which Postpetition Guarantors might otherwise directly or indirectly receive or be entitled to receive by reason of any amounts paid by or collected or due from Postpetition Guarantors, Debtors or any other Obligor upon the Guaranteed Obligations or realized from their property.

Subordination. Payment of all amounts now or hereafter owed to Postpetition Guarantors by Debtors or any other Obligor is hereby subordinated in right of payment to the indefeasible payment in full to Lender of the Guaranteed Obligations and all such amounts and any security and guarantees therefor are hereby assigned to Lender as security for the Guaranteed Obligations.

Acceleration. Notwithstanding anything to the contrary contained herein or any of the terms of the Financing Order or any of the other Financing Agreements, the liability of Postpetition Guarantors for the entire Guaranteed Obligations shall mature and become immediately due and payable, even if the liability of Debtors or any other Obligor

therefor does not, upon the occurrence of any act, condition or event which constitutes an Event of Default as such term is defined in the Financing Order or the Loan Agreements.

Account Stated. The books and records of Lender showing the account between Lender and Debtors shall be admissible in evidence in any action or proceeding against or involving any Postpetition Guarantor as prima facie proof of the items therein set forth, and the monthly statements of Lender rendered to Debtors, to the extent to which no written objection is made within thirty (30) days from the date of sending thereof to Debtors, shall be deemed conclusively correct and constitute an account stated between Lender and Debtors and be binding on Postpetition Guarantors.

Termination. This Guarantee is continuing, unlimited, absolute and unconditional. All Guaranteed Obligations shall be conclusively presumed to have been created in reliance on this Guarantee. This Guarantee may not be terminated and shall continue so long as the Financing Order and the Loan Agreements shall be in effect (whether during its original term or any renewal, substitution or extension thereof).

Reinstatement. If after receipt of any payment of, or proceeds of collateral applied to the payment of, any of the Guaranteed Obligations, Lender is required to surrender or return such payment or proceeds to any Person for any reason, then the Guaranteed Obligations intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Guarantee shall continue in full force and effect as if such payment or proceeds had not been received by Lender. Postpetition Guarantors shall be liable to pay to Lender, and does indemnify and hold Lender harmless for the amount of any payments or proceeds surrendered or returned. This paragraph shall remain effective notwithstanding any contrary action which may be taken by Lender in reliance upon such payment or proceeds. This paragraph shall survive the termination or revocation of this Guarantee.

Amendments and Waivers. Neither this Guarantee nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Lender. Lender shall not by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

Corporate Existence, Power and Authority. CEP, Thermoplastics, Holdings and CEP Latin America, LLC are each a limited liability company duly organized and in good standing under the laws of its state or other jurisdiction of organization and is duly qualified as a foreign corporation and in good standing in all states or other jurisdictions where the nature and extent of the business transacted by it or the ownership of assets makes such qualification necessary, except for those jurisdictions in which the failure to so qualify would not have a material adverse effect on the financial condition, results of operation or



businesses of such Postpetition Guarantor or the rights of Lender hereunder or under any of the other Financing Agreements. Composite Parts Mexico S.V. de C.A. is a *sociedad anonima de capital variable* duly organized, validly existing and in good standing under the Laws of Mexico and has authority to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations hereunder. The execution, delivery and performance of this Guarantee is within the corporate powers of each Postpetition Guarantor, have been duly authorized and are not in contravention of law or the terms of the certificates of organization, operating agreement, or other organizational documentation of any Postpetition Guarantor, or any indenture, agreement or undertaking to which Postpetition Guarantors are a party or by which Postpetition Guarantors or their property are bound. This Guarantee constitutes the legal, valid and binding obligation of Postpetition Guarantors enforceable in accordance with its terms.

Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

The validity, interpretation and enforcement of this Guarantee and any dispute arising out of the relationship between Postpetition Guarantors and Lender, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Illinois (without giving effect to principles of conflicts of law).

Postpetition Guarantors hereby irrevocably consent and submit to the non-exclusive jurisdiction of the State Courts of Cook County, Illinois the United States District Court for the Northern District of Illinois and the United States Bankruptcy Court for the Northern District of Ohio and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guarantee, the Financing Order or any of the other Financing Agreements or in any way connected with or related or incidental to the dealings of Postpetition Guarantors and Lender in respect of this Guarantee, the Financing Order or any of the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Postpetition Guarantors or Debtors and Lender or the conduct of any such persons in connection with this Guarantee, the Financing Order, other Financing Agreements or otherwise shall be heard only in the courts described above (except that Lender shall have the right to bring any action or proceeding against Postpetition Guarantors or their property in the courts of any other jurisdiction which Lender deems necessary or appropriate in order to realize on any collateral at any time granted by Debtors or Postpetition Guarantors to Lender or to otherwise enforce its rights against Postpetition Guarantors or its property).

Postpetition Guarantors hereby waive personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth on the signature pages hereof and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Lender's option, by service upon each Postpetition Guarantor in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Postpetition Guarantors shall appear in answer to such process, failing which Postpetition Guarantors shall be deemed in default and judgment may be

entered by Lender against Postpetition Guarantors for the amount of the claim and other relief requested.

POSTPETITION GUARANTORS HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS GUARANTEE, THE FINANCING ORDER OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF POSTPETITION GUARANTORS AND LENDER IN RESPECT OF THIS GUARANTEE, THE FINANCING ORDER OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. POSTPETITION GUARANTORS HEREBY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT POSTPETITION GUARANTORS OR LENDER MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF POSTPETITION GUARANTORS AND LENDER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Lender shall not have any liability to Postpetition Guarantors (whether in tort, contract, equity or otherwise) for losses suffered by Postpetition Guarantors in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Guarantee, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Lender that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Lender shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of the Financing Order, Loan Agreements and the other Financing Agreements.

Notices. All notices, requests and demands hereunder shall be in writing and (a) made to Lender and to Postpetition Guarantors at their chief executive office set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and (b) deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by certified mail, return receipt requested, five (5) days after mailing.

Partial Invalidity. If any provision of this Guarantee is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Guarantee as a whole, but this Guarantee shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

Entire Agreement. This Guarantee represents the entire agreement and understanding of this parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns. This Guarantee shall be binding upon Postpetition Guarantors and their successors and assigns and shall inure to the benefit of Lender and its successors, endorsees, transferees and assigns. The liquidation, dissolution or termination of Postpetition Guarantors shall not terminate this Guarantee as to such entity or as to such Postpetition Guarantor.

Construction. All references to the term "Postpetition Guarantor" or "Postpetition Guarantors" wherever used herein shall mean each Postpetition Guarantor and their respective successors and assigns (including, without limitation, any receiver, trustee or custodian for any Postpetition Guarantor or any of its assets or Postpetition Guarantor in its capacity as debtor or debtor-in-possession under the United States Bankruptcy Code). All references to the term "Debtors" wherever used herein shall mean Debtors in their capacity as debtors and debtors-in-possession under the United States Bankruptcy Code and their successors and assigns (including, without limitation, any receiver, trustee or custodian for Debtors or any of its assets under the United States Bankruptcy Code). All references to the term "Person" or "person" wherever used herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof. All references to the plural shall also mean the singular and to the singular shall also mean the plural.

IN WITNESS WHEREOF, Postpetition Guarantors have executed and delivered this Guarantee as of the day and year first above written.

ATTEST:

CREATIVE ENGINEERED POLYMER  
PRODUCTS, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

[CORPORATE SEAL]

Chief Executive Office

c/o The Reserve Group  
3560 West Market Street, Suite #300  
Akron, Ohio 44333

THERMOPLASTICS ACQUISITION, LLC

CEP HOLDINGS, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

Chief Executive Office

c/o The Reserve Group  
3560 West Market Street, Suite #300  
Akron, Ohio 44333

Chief Executive Office

c/o The Reserve Group  
3560 West Market Street, Suite #300  
Akron, Ohio 44333

CEP LATIN AMERICA, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

Chief Executive Office

c/o The Reserve Group  
3560 West Market Street, Suite #300  
Akron, Ohio 44333

STATE OF                    )  
                                  )  
COUNT OF                )

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me personally came \_\_\_\_\_, to me known, who stated that he is the \_\_\_\_\_ of \_\_\_\_\_, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

\_\_\_\_\_  
Notary Public

STATE OF                    )  
                                  )  
COUNT OF                )

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me personally came \_\_\_\_\_, to me known, who stated that he is the \_\_\_\_\_ of \_\_\_\_\_, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

\_\_\_\_\_  
Notary Public

STATE OF                    )  
                                  )  
COUNT OF                )

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me personally came \_\_\_\_\_, to me known, who stated that he is the \_\_\_\_\_ of \_\_\_\_\_, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

\_\_\_\_\_  
Notary Public

STATE OF                    )  
                                      )  
COUNT OF                 )

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me personally came \_\_\_\_\_, to me known, who stated that he is the \_\_\_\_\_ of \_\_\_\_\_, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

\_\_\_\_\_  
Notary Public



STATE OF                    )  
                                  )  
COUNT OF                )

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me personally came \_\_\_\_\_, to me known, who stated that he is the \_\_\_\_\_ of \_\_\_\_\_, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

\_\_\_\_\_  
Notary Public

**EXHIBIT F**

Restructuring Charges

# CEP Products, LLC

## Restructuring Expenses - By Month

### EXHIBIT F

	Suggested Revisions			
	<u>Month #1</u>	<u>Month #2</u>	<u>Month #3</u>	<u>Total</u>
Total Allowed Customer Fees per Agreement	\$ 150,000	\$ 150,000	\$ 150,000	\$ 450,000
Company Fees				
Glass Consulting Fees	165,000	165,000	165,000	495,000
Glass Consulting Fees - Reduction of Retainer	(25,000)	(25,000)		(50,000)
Baker Hostetler - Wind Down	175,000	175,000	175,000	525,000
Baker Hostetler - Reduction of Retainer	(25,000)	(25,000)		(50,000)
Giuliani Capital	25,000	25,000	25,000	75,000
Total	315,000	315,000	365,000	995,000
Lender Professionals	10,000	10,000	15,000	35,000
Creditors Committee Professionals	50,000	50,000	50,000	150,000
Trustee Fee	10,000	-	-	10,000
Filing Fees	2,400	-	-	2,400
DIP Facility Fees	15,000	15,000	15,000	45,000
BMC - Chapter 11 Administration	50,000	25,000	25,000	100,000
<b>Total Fees</b>	<b>\$ 602,400</b>	<b>\$ 565,000</b>	<b>\$ 620,000</b>	<b>\$ 1,787,400</b>

**EXHIBIT G**

Wind Down Charges

# CEP Products, LLC

## Wind Down Expenses - By Month

### EXHIBIT G

	<u>Month #1</u>	<u>Month #2</u>	<u>Month #3</u>	<u>Wind Down</u>	<u>Total</u>
Estimated Payrolls and Withheld Taxes	\$ 994	\$ -	\$ -	\$ -	\$ 994
Employee Incentive Plan (Reduction For Sold Facilities)	1,273	-	-	-	1,273
	-	-	-	-	-
Employee Health Care	1,212	-	-	-	1,212
	<u>\$ 3,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,479</u>
<b>Total Fees</b>					