

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION (AKRON)**

In re:)	CASE NO. 06-51848-mss
)	(Jointly Administered)
)	
CEP HOLDINGS, LLC, et al.,)	CHAPTER 11
)	
)	Judge Marilyn Shea-Stonum
Debtors.)	

**LIMITED OBJECTION OF CHASE EQUIPMENT LEASING INC. AND CARLISLE
ENGINEERED PRODUCTS, INC. TO MOTION FOR ORDER GRANTING
(A) AUTHORITY FOR THE SALE OF ASSETS PURSUANT TO § 363(b); (B)
APPROVING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY
CONTRACTS AND UNEXPIRED LEASES IN CONNECTION WITH SUCH SALE
AND DETERMINING AND ADJUDICATING CURE AMOUNTS WITH RESPECT
TO SUCH CONTRACTS AND LEASES PURSUANT TO § 365; (C) ESTABLISHING
BIDDING PROCEDURES; (D) SETTING DATE FOR AUCTION AND HEARING
ON APPROVAL OF SALE OF ASSETS; AND (E) APPROVING FORM OF NOTICE**

Chase Equipment Leasing Inc. (f/k/a Banc One Leasing Corporation) (“Chase”) and Carlisle Engineered Products, Inc. (“Carlisle”; and, together with Chase, “Objectors”) submit their limited objection to CEP Holdings, LLC’s and its affiliated debtors’ and debtors in possession’s (collectively, the “Debtors” or “CEP”) Motion for Order (A) Granting Authority for the Sale of Assets Pursuant to § 363(b); (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with Such Sale and Determining and Adjudicating Cure Amounts with Respect to Such Contracts and Leases Pursuant to § 365; (C) Establishing Bidding Procedures; (D) Setting Date for Auction and Hearing on Approval of Sale of Assets; and (E) Approving Form of Notice (the “Sale Motion”). For their limited objection, Objectors submit the following:

1. Carlisle is the lessee under that certain Master Lease dated August 28, 1998, and that certain Lease Schedule No. 1000108960 (collectively, including all addenda, amendments, riders, certificates, public filings, and all other relevant documents, the “Equipment Lease”), in which Chase is the lessor of four (4) HPM Injection Molding Machines, Model MLH 3300WP-4000, Serial Nos. 97063, 97064, 97065, and 99099 and four (4) HPM Injection Molding Machines, Model MLH165DWP-260, Serial Nos. 97059, 97060, 97061 and 97062 (collectively, the “Molding Equipment”). Copies of the Master Lease and the Lease Schedule No. 1000108960 are attached hereto and incorporated herein as Exhibits A and B, respectively.

2. CEP purported to acquire its interest, if any, in the Molding Equipment as a result of that certain Asset Purchase Agreement and related agreements that CEP entered into with Carlisle on August 17, 2005 (the “Asset Sale”).

3. Carlisle continues to be obligated to Chase under the Equipment Lease.

4. Objectors file their limited objection to the Sale Motion because (a) the proposed sale procedures allow the Debtors to delay their determination of whether to reject or assume the Equipment Lease until the conclusion of the sale process; (b) the procedures do not allow sufficient time for parties to such contracts/leases to assess the financial wherewithal of the Successful Bidder and to negotiate the terms of any proposed assumption and/or assignment (including any required cure payments); and (c) the procedures do not provide a deadline for raising legal issues pertaining to the terms, characterization or proposed treatment of the contracts/leases to be assumed or rejected and a mechanism for resolving such issues.

5. Paragraph 35 of the Sale Motion provides that a Successful Bidder¹ has until the earlier of December 19, 2006, or the date of closing on its Proposed Purchase Agreement to indicate which executory contracts and leases will be assigned to the Successful Bidder. Further,

CEP will assume only the executory contracts and leases for which a Successful Bidder agrees to accept assignment.

6. It is prejudicial to creditors, lessors, and other parties in interest for the Debtors to identify which executory contracts and leases it will assume so late in the sale process. Moreover, it is unnecessary. The delayed determination does not allow interested parties to truly evaluate the benefits derived from and the value of a Successful Bidder's Proposed Purchase Agreement. For instance, a Successful Bidder may choose to accept assignment of fewer contracts and/or leases than an unsuccessful bidder. Thus, the unsuccessful bidder's Proposed Purchase Agreement, which contemplates a larger number of assumed contracts/leases may provide more value and greater benefits than the Successful Bidder's purchase.

7. In order for creditors and other parties in interest and, more importantly, this Court to fully assess the value of the Debtors' choice of the highest or otherwise best bid for a Sale Facility, a Successful Bidder, either in its Proposed Purchase Agreement or in a supplemental document prepared in advance of the Sale Hearing, should be required to identify which executory contracts and leases it will assume for the designated Sale Facility.

8. Alternatively, the Debtors should make their own determination as to which executory contracts and leases will be assumed and rejected simultaneously with their determination of which plants will be Sale Facilities. Thus, a Successful Bidder, as part of its Proposed Purchase Agreement, must accept assignment of those assumed executory contracts and leases. The inclusion of such assignments will allow the Court, creditors, and other parties

¹ Unless otherwise defined herein, all capitalized terms shall have the same meanings as stated in the Sale Motion.

in interest to meaningfully assess the true value and impact of the Proposed Purchase Agreement.²

9. Corresponding, abbreviated time periods should also be required in relation to the financial capabilities of the Successful Bidder; the terms of any proposed assumption, assignment and cure; and dispute resolution regarding the nature, terms, or treatment of the contract/lease at issue.

10. Similarly, in relation to Closing Facilities, the Debtors should be required to advise parties to executory contracts and leases as to whether such agreements will be assumed or rejected. Such notification should come sufficiently in advance of the proposed auction(s) to enable the parties to conduct meaningful negotiations or to file objections which provide true protections of the interests derived from the contracts or leases at issue. Filing objections after the auction -- limited to the issue of whether the auction was conducted in a “commercially reasonable” fashion -- is an illusory remedy.³

WHEREFORE, Objectors respectfully submit their limited objection to the Sale Motion and request that this Court require a more abbreviated time period in which the Debtors must determine and identify which executory contracts and leases will be assumed or rejected, with the terms thereof, and that Objectors be granted such other and further relief as is just and proper.

² To the extent it is presently known, the Debtors should be required to specify the treatment (assumption or rejection) of executory contracts and leases at the Sale Facilities and at the Closing Facilities. At a minimum, the Debtors should be required to provide such information as soon as the decision is made – not at the conclusion of the sale process.

³ It is unclear whether the Debtors intend or propose that executory contracts and leases, including the Equipment Lease, be part of the auction process. At a minimum, clarification is needed.

Respectfully submitted,

/s/ Drew T. Parobek

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CERTIFICATE OF SERVICE

I hereby certify that on October 20, 2006, a copy of the foregoing was filed electronically. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

/s/ Jeffrey C. Toole _____
One of the attorneys for
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