

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

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In re: : Case No. 06-51848
: (Jointly Administered)
CEP HOLDINGS, LLC, et al.,¹ :
: Chapter 11
Debtors. :
: Honorable Marilyn Shea-Stonum
: :
: Hearing Date: 11/28/06 at 10:00 a.m.
: Objection Deadline: 11/24/06 at 4:00 p.m.
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**AMENDED APPLICATION OF DEBTORS AND DEBTORS IN
POSSESSION FOR ORDER, PURSUANT TO SECTION 327(a) OF THE
BANKRUPTCY CODE AND BANKRUPTCY RULE 2014(a), AUTHORIZING
DEBTORS TO EMPLOY GLASS & ASSOCIATES AS FINANCIAL ADVISORS
AND INVESTMENT BANKERS NUNC PRO TUNC TO THE PETITION DATE**

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 file this amended application (the “**Amended Application**”), pursuant to section 327(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Local Bankruptcy Rule 2016-1, for entry of an order approving the retention of Glass & Associates, Inc. (“**Glass**”) as financial advisors and investment bankers to the Debtors in these Cases *nunc pro tunc* to September 20, 2006 (the “**Petition Date**”). In support of the Amended Application, the Debtors refer to and rely upon the *Affidavit of Joseph Mallak in Support of Chapter 11 Petitions and First Day Motions* (Docket No. 24) (the “**Mallak Affidavit**”) and the *Declaration of John DiDonato in Support of the Debtors’ Application Pursuant to Sections 327(a) and 328 of the Bankruptcy*

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

Code for Employment of Glass & Associates as Financial Advisors (the “**DiDonato Declaration**”), as attached to the Application (as such term is defined below) as Exhibit A, and respectfully represent as follows:

JURISDICTION AND VENUE

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

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 section 327(a) of the Bankruptcy Code, Bankruptcy Rule 2014(a) and Local Bankruptcy Rule 2016-1.

BACKGROUND

4. On September 20, 2006, each Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to an order entered by the Court on September 26, 2006, the Cases are being 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. On September 28, 2006, the United States Trustee appointed the official committee of unsecured creditors (the “**Committee**”). No trustee or examiner has been appointed.

6. On the Petition Date, the Debtors filed the *Application of Debtors and Debtors in Possession for Order, Pursuant to Sections 327(a) and 328 of the Bankruptcy Code and Bankruptcy Rule 2014(a), Authorizing Debtors to Employ Glass & Associates as Financial Advisors* (Docket No. 20) (the “**Application**”). By the Application, the Debtors sought to employ Glass as financial advisors. A copy of the Application is attached hereto as **Exhibit A** and is incorporated by reference.

7. On the Petition Date, the Debtors also filed the *Application of Debtors and Debtors in Possession for Order, Pursuant to Sections 327(a) and 328 of the Bankruptcy Code and Bankruptcy Rule 2014(a), Authorizing Debtors to Employ Giuliani Capital Advisors LLC as Investments Bankers* (Docket No. 21) (the “**Giuliani Application**”). By the Giuliani Application, the Debtors sought to employ Giuliani Capital Advisors LLC (“**Giuliani**”) as investment bankers. On October 6, 2006, the Debtors withdrew the Giuliani Application. See Docket No. 110.

8. On October 13, 2006, the Court entered the *Order, Pursuant to Sections 327(a) and 328 of the Bankruptcy Code and Bankruptcy Rule 2014(a), Authorizing Debtors to Employ Glass & Associates as Financial Advisors* (Docket No. 132) (the “**Retention Order**”). Pursuant to the Retention Order, Glass presently is serving as the Debtors’ financial advisors.

9. Because the Debtors withdrew the Giuliani Application, and because the Debtors have a need for investment banking services in connection with the sale of certain going concern facilities (the “**Going Concern Facilities**”), the Debtors discussed the prospect of Glass serving as the investment banker with Wachovia Capital Finance Corporation (Central) (“**Wachovia**”), the Committee and the United States Trustee. Having received positive feedback from these parties regarding the retention of Glass as investment banker in these Cases, the Debtors hereby amend the Application in order to retain Glass as both financial advisors and investment bankers in these Cases.

RELIEF REQUESTED

10. By this Amended Application, the Debtors seek to employ and retain Glass pursuant to section 327(a) of the Bankruptcy Code, Bankruptcy Rule 2014(a) and Local Bankruptcy Rule 2016-1 as financial advisors and investment bankers to the Debtors in these Cases.

RETENTION OF GLASS

11. On March 8, 2006, Debtors engaged Glass to provide financial advisory services to the Debtors and executed an engagement agreement (as amended and modified, the “**Engagement Agreement**”) with Glass. Since this time, Glass has developed a great deal of institutional knowledge regarding the Debtors’ operations, systems and financial condition. This experience and knowledge has been valuable to the Debtors in their efforts to sell their assets. Accordingly, on the Petition Date, the Debtors sought to retain Glass to continue to provide assistance during these Cases.

12. In October of 2006, based in part on Glass’s institutional knowledge regarding the Debtors’ operations, finance and systems, the Debtors engaged Glass to provide investment banking services to the Debtors in connection with certain “Transactions” and executed the *Addendum No. 2 to Advisory Services Agreement between Glass & Associates, Inc. and CEP Products, LLC* (the “**Addendum**”).² A copy of the Addendum is attached hereto as **Exhibit B**.

The term “**Transaction**” used herein and in the Addendum is defined as follows:

- (i) the sale of a Going Concern Sale Facility defined as the sale of a facility which has been designated by the participating customers as a Going Concern Sale Facility and which the Debtors will attempt to sell as a going-concern, or
- (ii) the sale of all or substantially all of the assets of a Closing Sale Facility which are facilities from which the participating customers are pulling all of their business from and may be positioned for an auction unless Glass is able to arrange for a sale of the assets of such facilities in advance of the formal auction and the sale is acceptable to the Lenders and the Court.

² Capitalized terms used but not otherwise defined herein have the meanings given to them in the Engagement Agreement as amended and modified by the Addendum. Nothing contained herein is intended to modify or otherwise alter the terms of the Engagement Agreement. To the extent that there is a conflict between this Amended Application and the Engagement Agreement, the terms of the Engagement Agreement control.

SERVICES TO BE PROVIDED BY GLASS

13. In addition to the financial advisory services set forth in the Application, Glass will advise as to potential Transactions, including:

- (i) Oversee preparation of due diligence information;
- (ii) Develop a list of potential Transaction participants;
- (iii) Contact potential Transaction participants;
- (iv) Negotiate confidentiality agreements;
- (v) Prepare confidential information memorandums, teaser memorandums, management presentations and other information materials as required;
- (vi) Oversee due diligence reviews by potential Transaction participants;
- (vii) Seek offers by potential Transaction participants;
- (viii) Negotiate letters of intent and definitive agreements;
- (ix) Assist in transition planning if requested;
- (x) Assist in closing Transactions and on post-closing matters;
- (xi) Prepare on a routine basis reports as to process status;
- (xii) Meet with the Company and its stakeholders on a periodic basis to discuss status; and
- (xiii) Market for sale as a going concern all of the Going Concern Sale Facilities.

14. In facilitating a Transaction, Glass will discuss all reasonable potential transaction structures and mechanisms with interested parties subject to appropriate confidentiality measures. Glass will assist the Debtors in determining the best means to effect a Transaction. Glass agrees to inform the Debtors on a routine basis concerning its progress in discussions with respect to the Transactions.

DISINTERESTEDNESS

15. As set forth in the Application and the DiDonato Declaration, Glass is a “disinterested person” as such term is defined pursuant to section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code. No new relevant facts or relationships have been discovered or have arisen since the Petition Date that are not set forth in the Application and the DiDonato Declaration that would warrant Glass filing a supplemental declaration pursuant to Bankruptcy Rule 2014(a).

TERMS OF RETENTION

16. The Debtors understand that Glass intends to apply to this Court for allowances of compensation and reimbursement of expenses for financial advisory support services and investment banking services in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, corresponding local rules, orders of this Court and guidelines established by the United States Trustee. Glass will maintain detailed records of any actual and necessary costs and expenses incurred in connection with the aforementioned services and expenses.

GLASS COMPENSATION AND STAFFING

17. In addition to the compensation that Glass will receive in its capacity as the Debtors’ financial advisor as set forth in the Application, Glass will be compensated for its investment banking services at the customary hourly rates, subject to periodic adjustments, set forth in the Application. Glass will also be compensated for expenses including direct out-of-pocket expenses incurred with respect to, in connection with, arising out of, or in any way related to the Addendum or the investment banking services provided by Glass to the Debtors as outlined in the Addendum. Reimbursable expenses include costs for meals, travel and travel related expenses, outside printing and reproduction services, and courier, overnight and other

delivery services. Reimbursable expenses also include an administrative charge of 2% of hourly fee billings for indirect costs including long-distance telephone charges, cell phone charges, facsimiles, normal postage, in-house photocopying and in-house printing. The reasonable fees and expenses of attorneys consulted or engaged by Glass to assist it with respect to, in connection with, arising out of, or in any way related to the Addendum or the investment banking services provided by Glass to the Debtors as outlined in the Addendum shall be reimbursable expenses.

18. In consideration for taking on additional advisory services pursuant to the Addendum, the Debtors shall increase Glass' approved monthly carve-out of \$165,000 to \$190,000, which increase has been consented to by Wachovia, General Motors Corporation, Delphi Automotive, Visteon Corporation and the Committee.

19. Glass will staff the engagement pursuant to the Addendum with the professionals it deems appropriate to effect a Transaction as contemplated by the Addendum. Glass will dedicate sufficient resources necessary toward accomplishing a Transaction or to providing the other services set forth herein and in the Addendum.

DISPUTE RESOLUTION PROVISIONS

20. The Dispute Resolution Provisions described in the Application shall remain in full effect. No modification to the Dispute Resolution Provisions described in the Application is intended by this Amended Application.

INDEMNIFICATION PROVISIONS

21. The Indemnification Provisions described in the Application shall remain in full effect. No modification to the Indemnification Provisions described in the Application is intended by this Amended Application.

NOTICE AND PROCEDURES

22. Notice of the Amended Application has been given to the parties listed on the Core Group and the 2002 Service List maintained by the Debtors and any other parties in interest directly affected by this Amended Application (where applicable).

23. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, the Debtors request the relief sought by this Amended Application be immediately effective and enforceable upon entry of the order requested hereby.

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter an order, substantially in the form attached hereto as **Exhibit C**, granting the relief requested herein and granting such other and further relief as the Court deems just and proper.

Dated: November 1, 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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