

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

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

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 apply (the “**Application**”), pursuant to sections 327(a) and 328 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 (“**Glass**”) as financial advisors to the Debtors in these Cases. In support of the Application, the Debtors refer to and rely upon the Affidavit of Joseph Mallak in Support of Chapter 11 Petitions and First Day Motions filed contemporaneously herewith (the “**Mallak Affidavit**”) and the Declaration of John DiDonato in Support of the Debtors’ Application to Employee Glass & Associates as Financial Advisors (the “**DiDonato Declaration**”), attached hereto as **Exhibit A**, and respectfully represent as follows:

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

## **JURISDICTION AND VENUE**

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the 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 sections 327(a) and 328 of the Bankruptcy Code, Bankruptcy Rule 2014(a) and Local Bankruptcy Rule 2016-1.

## **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' nearly 1,106 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

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

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**”), 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 “**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 the Debtors' DIP Financing Motion,<sup>3</sup> filed contemporaneously herewith, 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 Application, the Debtors seek to employ and retain Glass pursuant to sections 327(a) and 328 of the Bankruptcy Code, Bankruptcy Rule 2014(a) and Local Bankruptcy Rule 2016-1 as financial advisors to the Debtors in these Cases.

#### **RETENTION OF GLASS**

23. The Debtors seek to retain Glass because of its extensive experience with the financial and reporting aspects of Chapter 11 proceedings. The Debtors believe that Glass is both well qualified and able to assist them in these Chapter 11 proceedings in an efficient and timely manner.

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<sup>3</sup> The full title of the DIP Financing Motion is CEP Holdings, LLC's Motion 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.



24. On March 8, 2006, Debtors engaged Glass to provide financial advisory services to the Debtors and executed an engagement agreement (as amended, the “**Engagement Agreement**”) with GCA. A copy of the Engagement Agreement is attached to the DiDonato Declaration as *Exhibit 2*.<sup>4</sup> Since this time, Glass has developed a great deal of institutional knowledge regarding the Debtors’ operations, finance and systems. This experience and knowledge will be valuable to the Debtors in their efforts to reorganize or sell their assets. Accordingly, the Debtors wish to retain Glass to continue to provide assistance during these Cases.

25. Glass has stated its desire and willingness to render the necessary services to the Debtors and to subject itself to the jurisdiction and supervision of the Court.

26. To the best of the Debtors’ knowledge, Glass and all of its employees are “disinterested persons” as that term is defined in section 101(14) of the Bankruptcy Code, and neither Glass nor any of its professionals holds any interest materially adverse to the estate.

27. To the best of the Debtors’ knowledge, Glass has no connection with the Debtors, creditors, other parties-in-interest, or their attorneys or accountants, except that Glass may serve as a professional person in other matters, wholly unrelated to the Debtors or these Cases.

#### **SERVICES TO BE PROVIDED BY GLASS**

28. Glass will provide such consulting and advisory services as Glass and the Debtors deem appropriate and feasible in order to advise the Debtors in the course of these Cases. In particular, Glass will prepare a thorough assessment of the Debtors’ operations, financial condition, cash flow, credit worthiness and viability. Based upon the work performed, Glass will

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<sup>4</sup> 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 Application and the Engagement Agreement, the terms of the Engagement Agreement control.

evaluate the feasibility of the Debtors' business plan or any sales of the Debtors' assets. The assessment will focus on determining if sufficient liquidity exists to operate the business in accordance with its business plan with an appropriate level of risk. More specifically, the services provided by Glass will include the following:

- (a) Gather and analyze data (including the Debtors' existing indebtedness), interview appropriate management and evaluate the Debtors' existing financial plans and budgets to determine the extent of the Debtors' financial challenges.
- (b) Assist in the development of strategies for improving liquidity, including possible overhead and expense reduction initiatives and cash conservation programs.
- (c) Manage or oversee, as the case may be, all aspects of the business and operations of the Debtors in a manner, and to the extent, customary for a financial advisor.
- (d) Lead the Debtors in the development of an action plan (including detailed financial projections), which plan would facilitate discussions concerning the ongoing financing of existing operations and strategic alternatives.
- (e) Lead negotiations with entities or groups affected by any transactions or strategic alternatives which the Debtors pursue.
- (f) Participate in the Debtors' board meetings as appropriate, and provide periodic status reports and advise with respect to restructuring and sale activities.
- (g) Perform such other services and analyses relating to the restructuring or sale efforts as are or become consistent with the foregoing items, or as the parties hereto mutually agree.

29. Glass also will work directly with Wachovia Capital Finance ("**Wachovia**"), the Debtors' prepetition senior secured creditor and senior DIP lender, and Delphi Corporation ("**Delphi**"), Visteon Corporation ("**Visteon**"), and General Motors Corporation ("**GM**"), (collectively the "**Customers**"), who were junior participants in the prepetition Wachovia credit facilities and participants in the DIP credit facility, communicating business plans, current

performance information and strategic alternatives. Glass will prepare interim briefings as necessary for the Debtors to understand Glass' findings throughout the process.

30. The Debtors believe that the employment of Glass is in the best interests of the Debtors and their creditors. Glass has agreed not to share with any person the compensation to be paid for services rendered in connection with these Cases.

### **DISINTERESTEDNESS**

31. Glass conducted a review of its professional contacts for all material parties in interest in these Cases. The firm's review consisted of queries of an internal computer database containing names of individuals and entities that are present or recent and former clients of Glass in order to identify potential relationships. A summary of such representation that Glass was able to locate using its reasonable efforts is reflected in *Exhibit 1* to the DiDonato Declaration.

32. Glass has provided and likely will continue to provide services unrelated to the Debtors' Cases for the various entities shown on *Exhibit 1* to the DiDonato Declaration. Glass's assistance to these parties has been primarily related to various consulting services. No services have been provided to these creditors or other parties-in-interest which could impact their rights in the Debtors' Cases, nor does Glass's involvement in these Cases compromise its ability to continue such various consulting services.

33. Further, as part of its diverse practice, Glass appears in numerous cases, proceedings and transactions that involve many different professionals, including attorneys, accountants and financial consultants, who may represent claimants and parties-in-interest in the Debtors' Cases. Also, Glass has performed in the past, and may perform in the future, consulting services for various attorneys and law firms in the legal community, and Glass and its employees have been represented by several attorneys and law firms in the legal community, some of whom are, may be or may become involved in these proceedings. In addition, Glass has in the past,

may currently and will likely in the future be working with or against other professionals involved in these Cases in matters unrelated to the Debtors and these Cases. Based upon the DiDonato Declaration, none of these business relationships create interests materially adverse to the Debtors herein in matters upon which Glass is to be employed, and none are in connection with these Cases.

34. Glass is not a “creditor” of the Debtors within the meaning of section 101(10) of the Bankruptcy Code.

35. Based on the results of the relationship search conducted to date as described above, Glass appears to have no connection with the Debtors, their creditors, other parties-in-interest (as reasonably known to Glass) or their respective attorneys, except as disclosed in the DiDonato Declaration or otherwise described herein. Further, no one involved in these cases or in Glass’ practice generally has any connection to the United States Trustee or any person employed in the Office of the United States Trustee in this District.

36. As such, 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, in that GCA:

- (a) is not a creditor, an equity security holder, or an insider;
- (b) is not and was not within two years before the date of the filing of the petition, a director, officer, or employee of the debtor; and
- (c) does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason.

37. In addition, based upon the results of the relationship search described above, Glass neither holds nor represents an interest adverse to the Debtors within the meaning of section 327(a) of the Bankruptcy Code, other than:

Wachovia Capital Finance Corporation Central and its affiliates were or was a lender in cases in which Glass is or has been engaged by a debtor. Glass has received other referrals from Wachovia Capital Finance Corporation and its affiliates, and has sought financing from these sources.

38. It is Glass's policy and intent to update and expand its ongoing relationship search for additional parties in interest in an expedient manner. If any new relevant facts or relationships are discovered or arise, Glass will promptly file a supplemental declaration pursuant to Bankruptcy Rule 2014(a).

#### **TERMS OF RETENTION**

39. Glass is not owed any amounts with respect to its prepetition fees and expenses.

40. The Debtors understand that Glass intends to apply to this Court for allowances of compensation and reimbursement of expenses for financial advisory support 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 PERSONNEL AND COMPENSATION**

41. Glass has received a retainer for services to be rendered as financial advisors to the Debtors in connection with this proceeding in the amount of \$125,000.00 (the "**Deposit**") which will be held in a separate Glass bank account for client deposits. If Glass' engagement with respect to, in connection with, arising out of, or in any way related to this Application or the services provided by Glass to the Debtors as outlined in this Application is terminated before Glass' fees based on its hourly rates equal the Deposit, Glass shall nonetheless be entitled to retain the full amount of the Deposit as consideration for undertaking the services outlined in this Application and for the services provided before termination.

42. The customary hourly rates, subject to periodic adjustments, charged by the professionals anticipated to be assigned to these Cases are as follows:

<b>Name and Title</b>	<b>Hourly Rate</b>
John DiDonato, Principal in Charge	\$450.00
Anthony Bergen, Senior Consultant	\$300.00
James Stephenson, Senior Consultant	\$300.00
Shaun Donnellan, Quality Principal	\$450.00

43. The time for other professionals and services, as required, will be charged according to Glass' standard rate schedule.

44. Glass shall also be reimbursed for expenses including direct out-of-pocket expenses incurred with respect to, in connection with, arising out of, or in any way related to this Application or the services provided by Glass to the Debtors as outlined in this Application. 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 this Application or the services provided by Glass to the Debtors as outlined in this Application shall be reimbursable expenses.

45. Prior to the Petition Date, Glass received the following payments from the Debtors for services rendered pursuant to the Engagement Agreement:

<b>Payment Date</b>	<b>Payment Amount</b>
March 31, 2006	\$11,676.20
April 7, 2006	\$79,317.58
April 12, 2006	\$95,067.75
April 21, 2006	\$113,172.14
April 28, 2006	\$103,616.16

May 8, 2006	\$94,436.83
May 16, 2006	\$90,116.74
May 30, 2006	\$88,998.64
May 30, 2006	\$65,595.51
June 7, 2006	\$46,726.53
June 9, 2006	\$76,530.63
June 22, 2006	\$60,000.00
June 22, 2006	\$48,712.62
July 6, 2006	\$49,212.69
July 7, 2006	\$44,814.88
July 26, 2006	\$55,390.50
July 27, 2006	\$77,668.14
August 7, 2006	\$42,097.84
August 18, 2006	\$37,006.22
August 21, 2006	\$36,851.44
August 24, 2006	\$49,099.66
August 24, 2006	\$50,000.00
August 25, 2006	\$42,833.86
September 1, 2006	\$37,860.16
September 6, 2006	\$4,239.00
September 8, 2006	\$38,154.40
September 14, 2006	\$5,000.00
September 15, 2006	\$46,794.02
September 19, 2006	\$26,031.73
	\$1,617,022.27

### **DISPUTE RESOLUTION PROVISIONS**

46. The Debtors and Glass have agreed, subject to the Court's approval of the Application, that:

- (a) Any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Application or the services provided by Glass to the Debtors as outlined in this Application, including any matter involving a successor in interest or agent of any of the Debtors or of Glass, shall be resolved by binding arbitration in accordance with the rules of the American Arbitration Association or such other rules as may be agreed to by the Debtors and Glass;
- (b) The arbitration shall be conducted in a location mutually agreed to by the Debtors and Glass. If the Debtors and Glass fail to agree on a location within thirty (30) days after either Debtors or Glass requests arbitration, the arbitration shall be conducted in Chicago, Illinois;

- (c) The prevailing party in any arbitration between Debtors and Glass related to this Application or the services provided by Glass to the Debtors as outlined in this Application shall be entitled to recover from the other party as part of the arbitration award reasonable costs and fees, including reasonable attorney's fees.
- (d) Any arbitration award may be enforced by a court of competent jurisdiction in accordance with New York law. In the event legal action to enforce the arbitration award is necessary, the prevailing party shall be entitled to recover its costs and expenses, including reasonable attorneys fees, in such action and in any appeals or reviews arising therefrom.

47. Further, Glass has agreed not to raise or assert any defense based upon jurisdiction, venue, abstention or otherwise to the jurisdiction and venue of the Bankruptcy Court or the District Court for the Northern District of Ohio (if such District Court withdraws the reference) to hear or determine any controversy or claims with respect to, in connection with, arising out of, or in any way related to this Application or the services provided hereunder.

#### **INDEMNIFICATION PROVISIONS**

48. The Debtors have further agreed to indemnify, defend and hold Glass harmless against any and all claims, costs, demands, damages, assessments, actions, suits or other proceedings, liabilities, judgments, penalties, fines or amounts paid in settlement, expenses and attorneys fees (whether incurred at the trial or appellate level, in an arbitration, in bankruptcy (including, without limitation, any adversary proceeding, contested matter or application) (collectively "**Claims**"), or otherwise with respect to, in connection with, arising out of, or in any way related to this Application or the services provided by Glass to the Debtors as outlined in this Application, whether or not such Claims are attributable in whole or in part to negligence by Glass, other than Claims that are finally determined by judgment or in binding arbitration to have resulted from (a) acts or omissions by Glass that involve gross negligence, intentional misconduct or a knowing violation of law or (b) conduct that Glass did not in good faith believe



was in, or at least not opposed to, the best interests of the Client. Glass shall give prompt written notice to the Debtors of any Claim for which indemnification may be claimed hereunder, and the Debtors and Glass shall then cooperate as reasonable required to defend such Claim; provided, that the right of the Glass to indemnification shall not be affected by any failure or delay by Glass to give such notice, except to the extent that the rights and remedies of the indemnifying party shall have been materially prejudiced as a result of such failure or delay. The Debtors shall pay all costs and expenses, including reasonable attorneys' fees, incurred by Glass to enforce its indemnification rights. The Debtors agree that, without Glass' prior written consent (which will not be unreasonably withheld), the Debtors will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action, or proceeding or investigation in respect of which indemnification or contribution could be sought hereunder (whether or not Glass is an actual or potential party to such claim, action or proceeding or investigation), unless such settlement, compromise or consent includes an unconditional release of Glass from all liability arising out of such claim, action or proceeding or investigation.

49. If for any reason indemnification is determined to be unavailable to Glass or insufficient to fully indemnify Glass, then the Debtors will contribute to the amount paid or payable by Glass as a result of any such claims in such proportion as is appropriate to reflect both the relative benefit and the relative fault of the Debtors on the one hand, and Glass on the other hand, and any other relevant equitable considerations in connection with the matters as to which such claims relate, provided, however, that in no event shall the amount to be contributed by Glass in the aggregate exceed the amount of compensation actually received by Glass with respect to, in connection with, arising out of, or in any way related to this Application or the services provided by Glass to the Debtors as outlined in this Application.

## **NOTICE AND PROCEDURES**

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

51. Because this Application presents no novel issues of law and the authorities relied upon are stated herein, the Debtors respectfully request that this Court waive the requirement contained in Local Bankruptcy Rule 9013-1(a) that the Debtors file a separate memorandum of law in support of this Application.

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

53. No previous application for the relief sought herein has been made to this or any other court.

**[Intentionally Left Blank]**

**CONCLUSION**

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

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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/s/ Joseph Mallak  
Joseph Mallak  
CEO of the Debtors