

IT IS SO ORDERED.

Dated: 04:42 PM November 08 2006



MARILYN SHEA-STONUM *JS*
U.S. Bankruptcy Judge

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

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In re: :
: Case No. 06-51848
CEP HOLDINGS, LLC, et al.,¹ : (Jointly Administered)
: :
Debtors. : Chapter 11
: :
: Honorable Marilyn Shea-Stonum
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**ORDER (A) ESTABLISHING BIDDING PROCEDURES AND
SALE OF CERTAIN EQUIPMENT; (B) SETTING DATE
FOR AUCTION; AND (C) APPROVING FORM OF NOTICE**

Upon the motion, dated October 16, 2006, of the above captioned debtors and debtors-in-possession for an for Order (A) Granting Authority for the Sale of Certain Equipment Pursuant to § 363(b); (B) Establishing Bidding Procedures; (C) Setting Date for Auction and Hearing on Approval of Sale of Equipment; and (D) Approving Form of Notice; (the “Sale

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

Motion”); and the Court² having reviewed the Sale Motion and having heard evidence presented by the Debtors regarding the relief requested in the Sale Motion at a hearing before the Court held on November 7, 2006 (the “**Hearing**”); and the Court finding that (a) it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. §157(b)(2), (c) venue of this Chapter 11 case in this district is proper pursuant to 28 U.S.C. §§1408 and 1409, and (d) service and notice of the Sale Motion and of the Hearing was good and sufficient under the circumstances; and the Court having further determined that the legal and factual basis set forth in the Sale Motion and on the record at the Hearing establish just cause for the relief granted herein; and it appearing that the relief requested in the Sale Motion is in the best interest of the Debtors’ estates, their creditors and other parties in interest.

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The Sale Motion involves the proposed sale of certain Ossberger Presses (the “**Presses**”), as more fully described in the Sale Motion.

B. Given Debtors’ financial condition, a prompt sale of the Presses is critical in order to maximize value of the Presses for the Debtors’ estates.

C. Debtors have demonstrated a compelling and sound business justification for authorizing the Bidding Procedures (as defined herein) and sale of the Presses free and clear of all liens, claims and encumbrances, solely as set forth and defined below. The Bidding Procedures are fair, reasonable and appropriate, and are designed to maximize the recovery on the Assets.

IT IS HEREBY ORDERED THAT:

1. The Motion is granted solely as set forth below.

² All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

2. The following procedures (the “**Bidding Procedures**”) are hereby approved:

A. The Break-Up Fee

3. The Break-Up Fee is reasonable, appropriate and approved hereby.

Under Section 6.1(d) of the Purchase Agreement, the Break-Up Fee is payable as follows:³

Break-Up Fee. Debtors shall be jointly and severally obligated to pay Trelleborg a “Break-Up Fee” of \$35,000 if: (1) the conveyance of the Presses to a Person other than Trelleborg either through a sale pursuant to Section 363 of the Bankruptcy Code, under a plan supported by Lender (including a “new value” plan) confirmed pursuant to Section 1129 of the Bankruptcy Code or in any other manner with the consent of Lender (an “Alternate Transaction”); provided, that at the earlier of the date that Seller abandons the Bankruptcy Code Section 363 sale process contemplated by the Purchase Agreement, or the conclusion of the Bankruptcy Code Section 363 sale hearing contemplated by this Order, Trelleborg is ready, willing and able to consummate the transactions contemplated by the Purchase Agreement and the Ancillary Agreements (as defined in the Purchase Agreement) subject to the satisfaction of all of the conditions to Purchaser’s obligations set forth in Article VII of the Purchase Agreement.

B. Additional Bid Procedures

4. In addition to the Break-Up Fee, the following additional procedures (the “**Bid Procedures**”) are hereby approved:

Bidder Qualifications

5. Only qualified bidders (the “**Qualified Bidders**”) may submit an offer to purchase the Presses for cash. Persons or entities who wish to become Qualified Bidders (“**Proposed Qualified Bidders**”)⁴ must submit an offer to purchase all or any portion of the Presses on or before 5:00 p.m. (eastern time) on November 13, 2006 (the “**Bid Deadline**”), and

³ In the event of any conflict between the terms of this Motion and the Sale Procedures Order, the Sale Procedures Order shall control.

⁴ Trelleborg shall be deemed a Qualified Bidder and its bid a Qualified Bid.

must comply with each of the following requirements for its bid to be considered by the Debtors

(a **“Qualified Bid”**):

- a. Provide the Debtors with evidence that, in the reasonable discretion of the Debtors, establishes that the Proposed Qualified Bidder has sufficient financial ability to close and consummate a cash sale on the terms set forth in its bid pursuant to an Overbid Purchase Agreement (as defined below). Any Proposed Qualified Bidder shall provide Debtors and Debtors’ counsel, within twenty-four (24) hours after Debtors’ request, with financial statements and other documents requested by the Debtors relating to its business activities and its ability to perform in the event that its bid is accepted.
- b. Unless previously delivered to Debtors, execute and deliver to the Debtors a confidentiality agreement (the **“Confidentiality Agreement”**) to be provided by Debtors, prior to conducting any due diligence or obtaining information considered confidential by Debtors.
- c. Submit an executed form of the asset purchase agreement (as may be subsequently modified pursuant to the Bid Procedures, an **“Overbid Purchase Agreement”**), marked to show all changes from the Purchase Agreement and include with such submission all schedules and exhibits with respect thereto.
- d. Provide for a date by which the transactions under the Overbid Purchase Agreement must close (a **“Closing Date”**), which shall as soon as practicable after the last of the conditions set forth in Articles VII thereof is satisfied or waived, but in no event later than three business days after entry of the Sale Order (as defined below).
- e. Tender a good faith deposit in the form of an electronic wire transfer of immediately available funds, or a bank or certified check, in the amount of \$100,000 to counsel to the Debtors (or, in the case of a wire transfer of immediately available funds, to an account designated by Debtors’ counsel), which will be deposited and maintained in a segregated escrow account subject to the terms hereof. If a Proposed Qualified Bidder becomes the Successful Bidder (as defined below), its deposit will be applied towards the amount of the Successful Bid (as defined below). All deposits of Qualified Bidders shall be held by the Debtors and returned on the earlier to occur of (x) the date of closing of the transactions under the Successful Bidder’s Purchase Agreement and (y) the date the Debtors abandon the sales process contemplated hereby. Any deposit tendered by a Qualified Bidder that becomes the Successful Bidder shall be (i) forfeited to the Debtors (without prejudice to any other remedies available to the Debtors for such breach) in the event that such Successful Bidder breaches its obligations under its Overbid

Purchase Agreement, or (ii) returned to such Successful Bidder in the event that such Successful Bidder's Overbid Purchase Agreement is terminated other than by reason of any breach by such Successful Bidder of any of its obligations in connection therewith.

- f. Provide a written statement that (i) it agrees, and intends its bid, to comply with the Bidding Procedures and the terms of this Order, as well as with such other terms and procedures as may be imposed by the Court or the Debtors on the Sale Auction, at or prior to the Sale Auction; (ii) its bid (as the same may be enhanced at the Sale Auction) shall be irrevocable through the later to occur of the conclusion of the Sale Auction or, if it is the Successful Bid or the second or third highest bid, December 19, 2006; (iii) that it believes in good faith that its bid constitutes a Qualified Bid; (iv) its deposit shall be treated in accordance with the provisions of this Order; and (v) its bid (as the same may be enhanced at the Sale Auction) is not subject to any due diligence or financing conditions.

Delivery of Qualified Bids

6. Any Qualified Bids for the Presses shall be on terms and conditions at least as favorable (as determined by Debtors in their business judgment) as the terms of the Purchase Agreement.

7. All Qualified Bids shall be in writing (and shall be accompanied by a redline of such Overbid Purchase Agreement against the Purchase Agreement), with copies of such bids (including accompanying redlined Overbid Purchase Agreement) to be served on and received by the Bid Deadline by:

- a. the Debtors' counsel, Joseph F. Hutchinson, Jr. and Thomas M. Wearsch, Baker & Hostetler LLP, 3200 National City Center, 1900 East Ninth Street, Cleveland, Ohio 44114;
- b. the Debtors' investment bankers, James Stephenson, Glass & Associates, c/o CEP Holdings, LLC, 3650 W. Market Street, Suite 340, Akron, Ohio 44333;
- c. counsel to the Creditors Committee – Mark Freedlander and Sally Edison, McGuire Woods, Dominion Tower, 625 Liberty Avenue, 23rd Floor, Pittsburgh, Pennsylvania 15222-3142;

- d. counsel to the Lender – Jeremy Downs and Shira Isenberg, Goldberg Kohn, 55 East Monroe, Suite 3700, Chicago, Illinois 60603;
- e. Trelleborg – Adam H. Bloomenstein, Trelleborg Corp., 445 Enterprise Court, Bloomfield Hills, MI 48302; and
- f. the United States Trustee – Maria Giannirakis, Office of the United States Trustee, Howard M. Metzenbaum U.S. Courthouse, 201 Superior Ave., East, Suite 441, Cleveland, Ohio 44114.

8. Only (a) Qualified Bidders that submit Qualified Bids and (b)

Trelleborg will be entitled to participate in the Sale Auction.

The Sale Auction

9. The Debtors shall conduct an auction for the Presses (the “**Sale Auction**”) at the offices of Debtors’ counsel, Baker & Hostetler, LLP, 3200 National City Center, 1900 East Ninth Street, Cleveland, Ohio 44114, on November 15, 2006 at 10:00 a.m. (eastern time). Bidding at the Sale Auction will commence with the offer represented by the Purchase Agreement. The initial overbid (the “**Initial Overbid**”) by a Qualified Bidder (other than Trelleborg) for the Presses shall be, at a minimum, in an amount equal to the Purchase Price set forth in the Purchase Agreement plus \$100,000.

10. Thereafter, any further overbid with respect to the Presses shall be in increments of at least \$25,000 and bidding shall continue in \$25,000 increments, until all Qualified Bidders have made their final offers on a sale of the Presses.

11. Trelleborg is not permitted to credit bid any portion of the Break-Up Fee (as defined below) in any overbid it may elect to make on the Presses.

12. The Debtors, in consultation with Lender, shall have the sole right and discretion to conduct the auction in the manner the Debtors reasonably determine is most likely to maximize the value of the Presses under the circumstances. At the conclusion of the Sale Auction, and after consultation with Lender, the Debtors shall announce their determination as to the highest or otherwise best bid for the Presses (the “**Successful Bid**”), and the Qualified Bidder in respect thereof will become the “Successful Bidder”. The Debtors have the right to take into account any and all matters that the Debtors, in the sound exercise of their business judgment, deem appropriate to take into account in making the determination as to which bid is the highest and otherwise best bid, subject to the terms of the Sale Procedures Order.

13. Without further order of this Court, the Debtors are authorized to sell the Presses to the Successful Purchaser pursuant to Section 363(b) of the Bankruptcy Code free and clear of all liens, claims and encumbrances. The Debtors are authorized to deliver a bill of sale to the Successful Bidder. The Successful Bidder and the Debtors shall have until December 15, 2006 to close the sale of the Presses.

14. Within three (3) business days of the Sale Auction, the Debtors shall file a report of the Sale Auction with this Court.

15. If there is a failure to consummate the sale of the Presses to the Successful Bidder in accordance with the Purchase Agreement or an Overbid Purchase Agreement, as the case may be, because of a breach or failure to consummate the sale on the part of the Successful Bidder, the Debtors shall (with the prior written consent of Lender) require the bidder having the next highest or otherwise best Qualified Bid to buy the Presses under its Purchase Agreement or Overbid Purchase Agreement, as the case may be and as modified at the

Sale Auction. In all cases, a Qualified Bidder who has been offered the Presses for sale in accordance with this paragraph shall automatically become the Successful Bidder, and its Qualified Bid shall automatically become the Successful Bid, without further order of the Court.

16. Nothing herein shall prohibit Lender from submitting a credit bid pursuant to Section 363(k) and Lender shall be deemed a Qualified Bidder.

Notice

17. The Debtors have given notice by phone and electronic mail to all potential bidders regarding this order and the Sale Auction. Pursuant to Bankruptcy Rules 2002, 6004, 6006 and 9014, the Debtors request that they be authorized to give notice of the Sale Motion and the Sale Auction by mailing a copy of the Sale Auction Notice in substantially the form of Exhibit B hereto by electronic mail, if available, or first class mail, to the following (collectively, the “**Notice Parties**”):

- a. All creditors (if any) asserting a security interest, lien, encumbrance or other interest against all or any portion of the Presses;
- b. The Office of the United States Trustee;
- c. All parties who have requested notice in these Chapter 11 cases;
- d. all other parties on the Master Service List maintained in this case; and
- e. All other persons or entities who in the last six months have expressed an interest in writing in acquiring the Presses, if not already provided with this Order.

18. The Debtors shall serve the Sale Auction Hearing Notice on the Notice Parties within one day or earlier after entry of this Order by this Court, by electronic mail, if available, or first-class mail, postage prepaid. The Sale Auction Notice shall provide that any party that has not received a copy of the Sale Motion or this Order that wishes to obtain a copy of

the Sale Motion or this Order, including all exhibits hereto, may view and download such documents by visiting the Debtors' bankruptcy website www.bmcgroup.com/cep.

19. Any party-in-interest that desires to object to the manner in which the Debtors' conducted the Sale Auction shall have until 5 P.M. eastern on November 20, 2006 to file an objection based on such grounds. Otherwise, all parties shall be forever barred from objecting to the sale and auction of the Presses.

Proceeds

20. The proceeds of all sales of the Presses pursuant to the Sale Motion shall be applied pursuant to the Financing Order.

IT IS SO ORDERED

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Respectfully submitted by:

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No Objection:

/s/ Maria Giannirakis

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