UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:	:	
	:	Case No. 06-61796
CEP HOLDINGS, LLC, et al.,[1]	:	(Jointly Administered)
	:	
Debtors.	:	Chapter 11
	:	
	:	Honorable Russ Kendig

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 INVESTMENT BANKERS

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 Giuliani Capital Advisors LLC ("**GCA**") as investment bankers to the Debtors in these Cases *nunc pro tunc* to the Petition Date. 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 James W. Carter in Support of the Debtors' Application to Employee Giuliani Capital Advisors as Investment Bankers (the "**Carter Declaration**"), attached hereto as **Exhibit A**, and respectfully represent as follows:

[1] 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.[2] 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

[2] 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,[3] 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 GCA pursuant to sections 327(a) and 328 of the Bankruptcy Code, Bankruptcy Rule 2014(a) and Local Bankruptcy Rule 2016-1 as investment bankers to the Debtors in these Cases *nunc pro tunc* to the Petition Date.

RETENTION OF GCA

23. Prior to the Petition Date, the Debtors were in negotiations for the employment of an investment banker to facilitate the sale of the company as an on-going business as part of a bankruptcy proceeding. Numerous investment banking firms were contacted and evaluated as to

[3] 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.

their abilities, scope of services, required resources, projected costs and payment arrangements and overall value of these services as applied to Debtors' businesses.

24. On September 11, 2006, Debtors completed their evaluation process and executed an engagement letter (the "**Engagement Letter**") with GCA. A copy of the Engagement Letter is attached hereto as **Exhibit B**.[4] The Debtors selected GCA because of GCA's extensive investment banking and financial advisory experience, includings its work in other Chapter 11 cases.

25. GCA is a national investment bank and corporate finance advisory firm with offices located in Atlanta, Georgia; Chicago, Illinois; Los Angeles, California; New York, New York; and Troy, Michigan. GCA acts as financial and restructuring advisors to, among others, debtors, creditors, and committees in cases pending throughout the United States as well as non-bankruptcy matters.

26. GCA is an affiliate of Giuliani Partners LLC ("**GP**"). GP is a privately owned advisory firm founded in 2002 by Rudolph Giuliani, the former mayor of New York City and is headquartered in New York City. GCA with its affiliates, provides a broad range of corporate advisory services to its clients including, without limitation, services pertaining to: (a) general strategic and financial advice; (b) corporate restructurings; and (b) investment banking services, including private capital raising, mergers, acquisitions, and divestitures and fairness opinions.

27. GCA and its senior professionals, including those who will have primary responsibility for this engagement, have extensive experience in the reorganization and restructuring of troubled companies, both out-of-court and in Chapter 11 proceedings. The

[4] Nothing contained herein is intended to modify or otherwise alter the terms of the Engagement Letter. To the extent that there is a conflict between this Application and the Engagement Letter, the terms of the Engagement Letter control.

employees of GCA have advised debtors, creditors, equity constituencies, and purchasers in many reorganizations, including Covanta Energy Corporation, Dade Berhring, Inc., Enron Corp., Hawaiian Airlines, Inc., McCook Metals LLC, Pillowtex Corporation, US Airways Group, Inc., Veltri Metal Products, Inc., and many others.

28. As a result of the foregoing, the Debtors believe that GCA has the necessary background and experience to act as their investment banker in these Cases.

SERVICES TO BE PROVIDED BY GCA

29. As set forth in greater detail in the Engagement Letter, the Debtors believe that the size of the Debtors' businesses and the complexity of their financial affairs necessitates the employment of GCA to provide the following services:

(a) Advise and assist the Debtors in a disposition of these assets (*i.e.*, facilities with ongoing customer relationships and books of business) that it determines, prior to the commencement of any sale process, are saleable as going concerns (the "**Designated Assets**");

(b) Advise in developing the Debtors' strategy in connection with the proposed sale to another party, whether effected in one transaction or a series of transactions, of substantially all of the assets and/or liabilities of the Debtors (the "**Transaction**");

(c) Advise in developing the Debtors' strategy with regard to the Transaction;

(d) Assist in analyzing the financial effects of the proposed Transaction;

(e) Assist in preparing, if necessary, a descriptive memorandum regarding the Transaction;

(f) Advise the Debtors in their negotiations regarding the Transaction, including, if necessary, negotiating (along with legal counsel) a definitive agreement; and

(g) Coordinating with the Debtors' legal counsel regarding matters related to the closing of a Transaction.

30. The Debtors believe that GCA is well qualified and able to provide the foregoing services to the Debtors in a cost-effective, efficient and timely manner. GCA has indicated a willingness to act on behalf of the Debtors and to subject itself to the jurisdiction and supervision of the Court.

DISINTERESTEDNESS

31. In connection with GCA's proposed retention by the Debtors, GCA has performed the following conflicts check procedures:

(a) Based on the materials filed with the Court in connection with the filing of the Cases, the Debtors compiled a comprehensive list of the Debtors, their affiliates, subsidiaries, directors and officers, and the Debtors' significant creditors, employee-related parties, professionals, landlords, lessors, customers, vendors, equity security holders and other entities with significant relationships with the Debtors (the "**Retention Checklist**").

(b) Using the Retention Checklist, a list of the names of entities who may be significant parties in interest to these Cases (the "**Potential Parties In Interest**") was assembled.

(c) GCA compared each of the Potential Parties In Interest to the names that GCA has compiled into a master records database for its conflict clearance process, comprised of the names of clients of GCA since 2000 and GP since 2002 (collectively, the "**Records Database**"). The Records Database includes the name of each current or former client of GCA and GP for the time periods described above, the names of other relevant parties such as certain referring parties and vendors of GCA, and any lenders, landlords and insurers of GCA and GP. It is the policy of GCA that no new matter may be accepted or opened without first completing and submitting to those charged with maintaining the conflict check system information necessary to check each such matter for conflicts, including the identity of the prospective client, the matter, and, where appropriate, other relevant parties. Furthermore, GP regularly provides GCA with a list of its newly engaged clients. Accordingly, the database is regularly updated for every new matter undertaken by GCA and GP.

(d) Any matches between the Records Database and the list of Potential Parties In Interest are reviewed, and the respective GCA or GP personnel responsible for current or former matters (less

than one year old) are contacted to ascertain whether there is a conflict between the engagement and the previous engagement.

32. The results of GCA's investigations are set forth in *Exhibit 1* to the Carter Declaration.

33. To the best of the Debtors' knowledge, and except as disclosed herein or in *Exhibit 1* to the Carter Declaration, (a) GCA and its Managing Directors that are anticipated to provide the services for which GCA is to be retained in these Cases (the "**Engagement Managing Directors**") do not hold or represent any interest adverse to the Debtors and their estates and (b) GCA and the Engagement Managing Directors have no connection to the Debtors, the Debtors' significant creditors, other known significant parties-in-interest in these Cases, or to the attorneys of the Debtors except as described below or on *Exhibit 1* to the Carter Declaration. Accordingly, GCA is disinterested 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.

34. As part of their practices, GCA, GP and/or their affiliates appear in cases, proceedings and transactions involving many different attorneys, accountants and financial advisors, some of which may represent or be claimants and/or parties in interest in these Cases. To the best of my knowledge, neither GCA, GP and/or their affiliates has any relationship with such entity that would be materially adverse to the Debtors and their creditors.

35. GCA will review its conflicts database and determine whether it has any connection to the United States Trustee for this district or the Judge or Assistant United States Trustee assigned to these Cases. In the event that a supplemental filing to disclose any connection is required, GCA will do so.

36. To the best of the Debtors' knowledge, information and belief, none of the services rendered by GCA, GP and/or their affiliates to the entities as set forth on *Exhibit 1* to the Carter Declaration, have been performed in connection with these Cases. GCA believes that its relationships will not impair GCA's ability to perform professional services objectively on behalf of the Debtors. GCA will not accept any engagement that would require GCA to represent an interest materially adverse to the Debtors or their estates.

37. GP holds a majority interest in GCA. Certain partners in GP are partners in the law firm of Bracewell & Giuliani (f/k/a Bracewell & Patterson). Bracewell & Giuliani is not an affiliate of GP (or GCA). Bracewell & Giuliani is neither retained in, nor a party-in-interest in, these proceedings. While clients of Bracewell & Giuliani could be creditors of the Debtors or otherwise parties-in-interest thereto, Bracewell & Giuliani does not currently represent such clients in these Cases.

38. To the best of the Debtors' knowledge, information and belief, GCA has not shared or agreed to share any of its compensation in connection with this matter with any other person. GP, as the majority shareholder of GCA, has a variety of contractual rights, including the right to receive distributions under agreed circumstances.

39. To the best of the Debtors' knowledge, information and belief, GCA does not hold nor represent any interest materially adverse to the Debtors or their estates and is "disinterested" within the meaning of section 101(14) of the Bankruptcy Code, as modified by

section 1107(b) of the Bankruptcy Code. Accordingly, the proposed employment of GCA by the Debtors is not prohibited by or improper under Bankruptcy Rule 5002.

TERMS OF RETENTION

40. As more fully set forth in the Engagement Letter, the Debtors have been advised that the fees for GCA's services in these Cases will be as follows:

(a) Upon execution of the Engagement Letter, and every thirty (30) calendar days thereafter until the terimation of the Engagement Letter, the Debtors shall pay an advisory fee (the "**Monthly Advisory Fees**") of $25,000. Upon the termination of the Engagement Letter, a prorated portion of the Monthly Advisory Fee shall be returned by GCA to the Debtors, to adjust for any partial month period in the month of such termination;

(b) For each Transaction consumated during the period that GCA is engaged by the Debtors, the Debtors shall pay a fee in cash at the closing of each Transaction or similar transaction (the "**Transaction Fee**") equal to the greater of: (1) 3.0% of the Transaction Value (as such term is defined below) of the Designated Assets involved in each Transaction; or (2) one hundred and twenty five thousand ($125,000) for each Designated Asset involved in the Transaction. For the avoidance of doubt, if one of the Debtors' Designated Assets (*e.g.*, Tuscaloosa facility) is involved in a Transaction, the Transaction Fee would be the greater of 3.0% of Transaction Value or $125,000. Similarly, if multiple Designated Assets are sold in a single Transaction, the Transaction Fee would be calculated based on the actual or a mutually agreed upon allocation of Transaction Value for each Designated Asset such that the greater of 3.0% of Transaction Value or $125,000 per Designated Asset would apply to each Designated Asset. For purposes of this Letter Agreement, "**Transaction Value**" shall mean the total consideration paid or payable (*e.g.*, cash, property, stock, options, warrants, or other securities, consulting agreements, non-compete provisions, earnouts, excluded assets that are intended as purchase consideration, deferred or escrowed consideration and/or notes) to the Debtors and/or its creditors and its shareholders plus the total book value of indebtedness for money borrowed, directly or indirectly assumed, forgiven, repaid, refinanced, restructured, retired, extinguished or acquired as a result of or in connection with the Transaction. If any portion of the Transaction Value is not readily determinable as of the closing, then the Debtors and GCA will determine a dollar equivalent by agreement before the

closing. Any amounts to be paid contingent upon future events shall be estimated in a manner mutually agreeable to the Debtors and GCA, except that amounts held in escrow shall be deemed paid at closing;

(c) If the Debtors determine not to sell any of the Designated Assets and/or an alternative form of the Transaction is determined appropriate by the Debtors (by way of example only, a liquidation), GCA shall not be entitled to a Transaction Fee unless the Purchaser(s) (as such term is defined in the Engagement Letter) was a party (a) involved in the transaction process; or (b) identified or introduced to the Debtors by GCA, or interacted with GCA or the Debtors during the term of the engagement in connection with a potential Transaction; and

(d) In addition to the fees that are or may be payable to GCA under the Engagement Letter, GCA's reasonable out-of-pocket expenses incurred in connection with its activities under the Engagement Letter will be payable by the Debtors on a monthly basis. Such expenses will include, but not be limited to, costs directly associated with the Engagement Letter, including reasonable attorneys' fees and expenses, travel, out-of-town accomodations and meals, overnight delivery, and database access charges, telephone, facsimile, postage, printing and duplication, document materials and similar items. Monthly expenses are payable by the Debtors upon receipt of an invoice for such expenses from GCA, subject to applicable bankruptcy procedures regarding professional compensation.

41. GCA is not owed any amounts with respect to its prepetition fees and expenses.

42. The Debtors understand that GCA 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. In connective therewith, GCA will maintain detailed records of any actual and necessary out-of-pocket costs and expenses incurred in connection with the services provided to the Debtors. The Debtors request that the Court allow GCA to submit time records in a streamlined or summary format which shall set forth a description of the services rendered by

each professional and the aggregate amount of the time spent on each date by each such professional in rendering the services to or on behalf of the Debtors.

DISPUTE RESOLUTION PROVISIONS

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

(a) Any controversy or claim ("**Dispute**") shall be settled by arbitration. The arbitration shall be conducted in accordance with the procedures in the Engagement Letter and the Commercial Arbitration Rules of the American Arbitration Association then in effect (the "Rules"), or such other rules and procedures as the parties may designate by mutual agreement. In the event of a conflict, the provisions of the Engagement Letter shall control.

(b) The arbitration shall be conducted before a panel of three arbitrators, selected in accordance with the Rules. The arbitration shall take place in the City of New York, or in such other location as may be expressly agreed by the parties. Any issue concerning the extent to which any Dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the Federal Arbitration Act and be resolved by the arbitrators. No potential arbitrator shall be appointed unless he or she has agreed in writing to abide and be bound by these procedures.

(c) The arbitrator panel shall have no power to award non-monetary or equitable relief of any sort. It shall also have no power to award (a) damages inconsistent with any applicable agreement between the parties or (b) consequential, incidental, indirect, punitive or special damages or any other damages not measured by the prevailing party's actual damages; and the parties expressly waive their right to obtain such damages in arbitration or in any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

(d) Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

(e) All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only as provided in the Rules. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests.

INDEMNIFICATION PROVISIONS

44. As set forth more fully in the Engagement Letter, the Debtors have further agreed to indemnify and hold harmless GCA and its affiliates, and their respective directors, officers, managers, members, partners, employees, agents and controlling persons (GCA and each such person being an "**Indemnified Party**") from and against any losses, claims, damages or liabilities ("**Claims**," and each a "**Claim**"), joint or several, to which any Indemnified Party may become subject in connection with a Transaction, and transaction contemplated by the Engagement Letter or the engagement of GCA pursuant to, and the performance of GCA of the services contemplated by the Engagement Letter.

45. The Debtors also will reimburse any Indemnified Party for all expenses (including fees and expenses of legal counsel) as such expenses are incurred in connection with investigating, preparing to defend, or defending such Claims, whether or not such Indemnified Party is a party and whether or not such Claim is initiated or brought by or on behalf of the Debtors. However, the Debtors will not be obligated under the indemnity if it is finally determined by a court or otherwise pursuant to the dispute resolution procedures contained in the Engagement Letter that such Claims arose out of the gross negligence or willful misconduct of GCA.

NOTICE AND PROCEDURES

46. 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.

47. 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.

48. 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.

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

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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: 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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