

**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
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**DEBTORS' REPORT OF AUCTION AND SALE WITH RESPECT TO CERTAIN
EQUIPMENT LOCATED AT THE VANDALIA, OHIO FACILITY**

Pursuant to this Court's November 8, 2006 Order (A) Establishing Bidding Procedures and Sale of Certain Equipment; (B) Setting Date for Auction; and (C) Approving form of Notice. (the "**Sale Order**"), 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 submit this Report of the auction (the "**Auction**") conducted by the Debtors on November 15, 2006. Three bidders qualified as Qualified Bidders² pursuant to the terms of the Sale Order. The Qualified Bidders were: Trelleborg Corporation ("**Trelleborg**"), the Stalking Horse Bidder, ABC Plastics, Inc. ("**ABC**") and Contitech. Representatives of each Qualified Bidder attended the Auction.

The Auction commenced with the highest overbid offer of \$1,950,000 which was bid by both ABC and Contitech. Bidding continued through several rounds in \$25,000 increments.

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

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

Ultimately, ABC with a final bid of \$2,575,000 was determined by the Debtors to have submitted the highest and otherwise best bid for the Presses. The Debtors, after consultation with the Lender, designated ABC as the Successful Bidder. Contitech's highest bid was \$2,550,000, and Trelleborg's highest bid was \$2,375,000. The Debtors' designated Contitech as the second highest bidder.

Pursuant to the Sale Order, the Debtors expect to close the sale of the Presses to ABC on November 21, 2006. After the transaction is closed, the Debtors will return Trelleborg and Contitech's respective deposits. Additionally, the Debtors will pay the \$35,000 Break-up Fee to Trelleborg. The Break-up Fee will be paid from sale proceeds.

A copy of the certified transcript for the Auction is attached hereto as Exhibit A.

Dated: November 20, 2006
Cleveland, OH

Respectfully submitted,

CEP HOLDINGS, LLC, et al.,
Debtors and Debtors-in-possession

By: /s/ Joseph F. Hutchinson, Jr.
One of Their Attorneys

Joseph F. Hutchinson, Jr. (0018210)
Thomas M. Wearsch (0078403)
Eric R. Goodman (0076035)
BAKER & HOSTETLER LLP
3200 National City Center
1900 East 9th Street
Cleveland, Ohio 44114-3485
Phone: 216.621.0200
Fax: 216.696.0740

Counsel for the Debtors and Debtors-in-Possession