

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:)
) CASE NO. 06-51848-mss
) (Jointly Administered)
)
CEP HOLDINGS, LLC, et al.,)
) CHAPTER 11
)
) Judge Marilyn Shea-Stonum
Debtors.)

**LIMITED OBJECTION OF CHASE EQUIPMENT LEASING INC. AND
CARLISLE ENGINEERED PRODUCTS, INC. TO DEBTORS' "CURE NOTICE" FOR PROPOSED
ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS
AND UNEXPIRED LEASES IN CONNECTION WITH SALE**

Chase Equipment Leasing Inc. ("Chase") and Carlisle Engineered Products, Inc. ("Carlisle"; and, together with Chase, the "Objectors") hereby file their limited objection to the "Cure Notice" ("Cure Notice") related to the "Motion from Order (A) Granting Authority for the Sale of Assets . . . ; (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection With Such Sale and Determining and Adjudicating Cure Amounts With Respect to Such Contracts and Leases . . . ; and (C) Approving Form of Notice" (the "Sale Motion"), filed by CEP Holdings, LLC, Thermoplastics Acquisition, LLC, and Creative Engineered Polymer Products, LLC ("CEPP"; and, collectively with the other debtors and debtors-in-possession, the "Debtors"). In support, the Objectors state as follows:

BACKGROUND

1. The Debtors served the Cure Notice via e-mail on November 6, 2006. The Debtors thereafter agreed with the Objectors to extend the period during which either or both of them may respond to the Cure Notice, until and including November 28, 2006. That period has not yet expired. This Objection, therefore, is timely.

2. Carlisle is the original lessee under that certain Master Lease dated August 28, 1998, and that certain Lease Schedule No. 1000108960 (collectively, including all addenda, amendments, riders, certificates, public filings, and all other relevant documents, the “Equipment Lease”), in which Chase is the lessor of four (4) HPM Injection Molding Machines, Model MLH 3300WP-4000, Serial Nos. 97063, 97064, 97065, and 99099 and four (4) HPM Injection Molding Machines, Model MLH165DWP-260, Serial Nos. 97059, 97060, 97061 and 97062 (collectively, the “Molding Equipment”).

3. CEPP acquired its interest, if any, in the Molding Equipment as a result of that certain Asset Purchase Agreement that CEP Holdings, LLC entered into with Carlisle on August 17, 2005 (the “Asset Sale”).

4. Carlisle continues to be obligated to Chase under the Equipment Lease.

ARGUMENT

5. Based upon negotiations conducted thus far concerning the possible disposition of the Molding Equipment, it does not presently appear that the Equipment Lease will be assumed. If assumption is undertaken, however, the correct amount of the required monetary cure is set forth in paragraph 6 below.

6. The Cure Notice fails to accurately reflect all amounts that are, or hereafter may be, owed in respect of the Equipment Lease. Without limiting the generality of the foregoing, the Objectors assert that that the “cure” amount is not less than \$438,032.37, consisting of at least the following:

(a) as of September 20, 2006 (the “Petition Date”), a delinquency existed under the Equipment Lease equal to two rental payments (due August 1 and September 1, 2006, respectively) in the amount of \$75,577.60 each, plus late charges of \$3,778.88 for each delinquent payment, plus sales tax of \$2,074.68 for the items of Molding Equipment situated in Alabama, in an aggregate amount of not less than \$162,862.32;

(b) as of the Petition Date, with respect to the Molding Equipment 2004 and 2005 personal property taxes were owed and unpaid in Alabama, and 2005 personal property taxes were owed and unpaid in Ohio, in an aggregate amount of not less than \$45,793.99, and which are the responsibility of the lessee under the Equipment Lease;

(c) on information and belief, effective October 1, 2006 (after the Petition Date), personal property taxes accrued with respect to the portion of the Molding Equipment situated in Alabama, in an estimated amount of \$8,600.60, which are the responsibility of the lessee under the Equipment Lease (and, accordingly, of the Debtors' estate if CEP or any of the other Debtors claims to be the assignee / lessee);

(d) on information and belief, sales taxes of \$56,942.15 are owed in Alabama with respect to the transfer of the Molding Equipment from Carlisle to any of the Debtors, and sales taxes in respect of Alabama personal property taxes likewise are owed, in an amount estimated to be \$970.99; and

(e) No payments have been made in respect of the Equipment Lease since the Petition Date, resulting in a post-Petition Date arrearage (including late charges) of not less than: (a) \$162,862.32 for October and November 2006, plus (b) \$75,755.60 (plus late charges of \$3,778.88 per delinquent payment) for each portion of a month thereafter, plus Alabama sales taxes of \$2,074.68 per month, commencing December 2006, by operation of 11 U.S.C. §§ 503(b), 507(a)(2), 365(d)(10), or otherwise.

7. Each of the Objectors also reserves its rights to:

(a) assert any objections to the Asset Purchase Agreement, as they have not seen the Asset Purchase Agreements signed by the respective bidders;

(b) amend and supplement this Objection to reflect any other or additional defaults related to the Equipment Lease or the Molding Equipment, and to specify any other monetary "cure amounts" now or hereafter owed in respect of the Equipment Lease prior to any assumption and/or assignment thereof; and

(c) object to the Debtors' assumption and/or assignment of the Equipment Lease to the "Successful Bidder," if and to the extent the Debtors have not provided adequate information from which the Objectors may assess the ability of such "Successful Bidder" to provide them with "adequate assurance of future performance" as required by 11 U.S.C. § 365.

WHEREFORE, the Objectors respectfully request the Court enter an Order denying the Sale Motion and overruling the Cure Notice, and for such other and further relief as the Court deems just and proper.

Respectfully submitted,

/s/ Carrie M. Brosius

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CERTIFICATE OF SERVICE

I hereby certify that on November 28, 2006, a copy of the foregoing was filed electronically. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

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