

**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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**SUMMARY OF FIRST FEE APPLICATION FOR INTERIM ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
SEPTEMBER 20, 2006 THROUGH AND INCLUDING JANUARY 28, 2007, FILED BY
HURON CONSULTING GROUP (F/K/A GLASS & ASSOCIATES, INC.), FINANCIAL
ADVISORS AND INVESTMENT BANKERS TO DEBTORS**

Name of Applicant: Huron Consulting Group (f/k/a Glass & Associates, Inc.)

Authorized to provide Professional Services to:	Debtors
Date of Retention:	October 13, 2006 (effective as of September 20, 2006)
Period for Which Compensation and Reimbursement is Sought:	September 20, 2006 through January 28, 2007
Amount of Compensation for Services Sought as Actual, Reasonable and Necessary	\$ 620,600.00
Amount of Expenses Sought to be Reimbursed as Actual, Reasonable and Necessary	\$ 56,113.28
Total Amount of Fees and Expenses Sought to be Reimbursed as Actual, Reasonable and Necessary	\$ 676,713.28

This is the first application for an allowance of compensation and reimbursement of expenses incurred pursuant to 11 U.S.C. §§ 330 and 331.

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

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GLASS & ASSOCIATES, INC.), FINANCIAL ADVISORS
AND INVESTMENT BANKERS TO DEBTORS**

Huron Consulting Group (f/k/a Glass & Associates, Inc.) (“Applicant”) as financial advisors and investment bankers to Debtors submits its First Fee Application for Interim Allowance of Compensation and Reimbursement of Expenses for the period September 20, 2006 through and including January 28, 2007 (the “Application”) under 11 U.S.C. §§ 330 and 331. In support of this Application, Applicant states as follows:

I. INTRODUCTION

1. On September 20, 2006 (the “Petition Date”), each Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to an order entered by the Court on September 26, 2006, the Cases are being jointly administered for procedural purposes only.

² The Debtors are: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC.

2. The Debtors are operating their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On September 28, 2006, the United States Trustee appointed an official committee of unsecured creditors. No trustee or examiner has been appointed.

3. On September 20, 2006, Debtors filed an Application for Entry of an Order, Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), Authorizing Debtors to Employ and Retain Applicant as financial advisors to Debtors Effective as of the Petition Date. The Applicant’s retention was approved by Court Order entered on October 13, 2006, attached hereto, as **Exhibit A**. Applicant’s retention as investment banker was approved by the Court on January 30, 2007. Applicant submitted to the court on February 22, 2007 a Supplemental Declaration of John DiDonato stating that Glass & Associates, Inc. was acquired by Huron Consulting Group and verifying that there are no conflicts with Huron Consulting Group, Attached hereto, as **Exhibit B**.

II. SUMMARY OF COMPENSATION AND EXPENSE REIMBURSEMENT REQUESTED

4. The Applicant files this first fee application seeking allowance for services performed and expenses incurred during the period from September 24, 2006 through January 28, 2007 (the “Application Period”). The Application is subject to, *inter alia*, this Court’s Order dated October 13, 2006 (the “Administrative Order”) [D.I. 51]. Applicant has received a retainer in connection with its engagement as financial advisors for the Debtors, and has received interim compensation pursuant to the Administrative Order. A summary of the compensation and expense reimbursement requested and paid during the Application Period is as follows:

Date of Monthly Statement	Period Covered	Requested Fees/Expenses	Fees/Expenses Paid
October 19, 2006	September 20, 2006 – September 24, 2006	Fees: \$27,600.00 Expenses: \$1,056.71	Fees: \$22,080.00 Expenses: \$1,056.71

November 3, 2006	September 25, 2006 – October 29, 2006	Fees: \$200,800.00 Expenses: \$17,942.01	Fees: \$160,640.00 Expenses: \$17,942.01
December 5, 2006	October 30, 2006 – November 26, 2006	Fees: \$151,415.00 Expenses: \$16,304.85	Fees: \$121,132.00 Expenses: \$16,304.85
January 9, 2007	November 27, 2006 – December 31, 2006	Fees: \$173,435.00 Expenses: \$17,077.75	Fees: \$138,748.00 Expenses: \$17,077.75
February 9, 2007	January 1, 2007 – January 28, 2007	Fees: \$67,350.00 Expenses: \$3,731.96	Fees: \$0.00 Expenses: \$0.00

5. The Applicant has received no promise of payment for professional services rendered in these cases other than in accordance with the provisions of the Bankruptcy Code.

6. Each of the persons who performed services kept daily time records detailing the services performed and the time expended in connection therewith by category of service (the “Categories”) reflected in the Guidelines for Reviewing Applications For Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330 dated March 22, 1995, issued by the Office of the United States Trustee (the “Guidelines”).

7. Set forth in **Exhibit C** are copies of the invoices for each monthly statement during the Application Period. Set forth in **Summary Sheet 1** is a listing of the name and position of each professional, together with that person’s hourly billing rate, and the amount billed for each professional who rendered services during the Application Period. Set forth in **Exhibit D(1) through D(6)** is a chronological listing of services provided for each professional, by category for the Application Period. Set forth in **Summary Sheet 2(Expenses)** is a chart showing the actual and necessary expenses in the amount of \$ 56,113.28, along with the copies of the expense sheets incurred in the rendition of actual and necessary services by Applicant during the Application period.

8. To the best of Applicant’s knowledge, it has complied with the monthly reporting requirements.

III. SUMMARIES OF SERVICES RENDERED

9. A narrative summary of the Categories under which material and substantial services were performed by Applicant during the Application Period is set forth below. A more detailed description of the services provided by Applicant appears on **Exhibit D(1) through D(6)**. As the narrative summary demonstrates, Applicant focused its efforts during the Application Period on the following categories of service: Asset Analysis & Recovery; Asset Dispositions; Business Operations; Case Administration; Fee/Employment Applications; Financing; Meeting of Creditors; Plan & Disclosure Statement; Accounting/Auditing; Business Analysis; Corporate Finance; Data Analysis; Strategic Planning; and Travel Time. Each of these Categories is summarized as follows:

10. **Asset Analysis and Recovery.** We have classified 70.6 hours with a time value of \$22,200.00 as being devoted to Asset Analysis and Recovery. The composite rate for this category is \$314.40 based on the hours for which we are requesting compensation. The category of Asset Analysis and recovery included the original analysis of assets of the estate, potential recoveries, preparation of the liquidation analysis and revisions to the liquidation analysis based on changes in assumptions.

11. **Asset Dispositions.** We have classified 383.3 hours with a time value of \$115,965.00 as being devoted to Asset Dispositions. The composite rate for this category is \$302.50 based on the hours for which we are requesting compensation. The category of Asset Dispositions included the retention of a liquidator and all the related negotiations, sale of all of the estates assets, negotiations with buyers of two sales facilities, sales of three business operations and the monitoring of the asset sales during the case.

12. **Business Operations.** We have classified 661 hours with a time value of \$198,300.00 as being devoted to Business Operations. The composite rate for this category is

\$300.00 based on the hours for which we are requesting compensation. The category of Business Operations included general business issues, daily cash management, daily borrowing base monitoring, preparation of carrying cost budgets, daily staff meetings, employee issues and general insurance issues.

13. **Case Administration.** We have classified 110.6 hours with a time value of \$33,765.00 as being devoted to Case administration. The composite rate for this category is \$305.30 based on the hours for which we are requesting compensation. The category of Case Administration included participation in court calls, court appearances throughout the case, preparation of initial lease rejections, status updates with legal team and creditors committee professionals and preparation and review of status updates.

14. **Fee/Employment Applications.** We have classified .2 hours with a time value of \$60.00 as being devoted to Fee/Employment Applications. The composite rate for this category is \$300 based on the hours for which we are requesting compensation. The Category of Fee/Employment Applications includes the initial review of the fee applications for the case.

15. **Financing.** We have classified 29.1 hours with a time value of \$10,230.00 as being devoted to Financing. The composite rate for this category is \$351.50 based on the hours for which we are requesting compensation. The category of Financing includes preparation and review of DIP Financing Budget and meetings and negotiations with Secured Lenders and Customers for DIP Financing and attendance at the First Day Hearing.

16. **Meeting of Creditors.** We have classified 35.2 hours with a time value of \$14,085.00 as being devoted to Meetings of Creditors. The composite rate for this category is \$400.10 based on the hours for which we are requesting compensation. The category of Meeting

of Creditors Meetings and updates throughout the case with Wachovia, the secured lender and BBK who managed the customer cash infusions that were part of the DIP financing.

17. **Plan & Disclosure Statement.** We have classified 10.5 hours with a time value of \$3,630.00 as being devoted to Plan & Disclosure Statement. The composite rate for this category is \$345.70 based on the hours for which we are requesting compensation. The category of Plan & Disclosure Statement included the review and comments to the Plan & Disclosure statement that was prepared by Bankruptcy Counsel for the debtors and the creditors committee..

18. **Accounting/Auditing.** We have classified 1.5 hours with a time value of \$675.00 as being devoted to Accounting/Auditing. The composite rate for this category is \$450.00 based on the hours for which we are requesting compensation. The category of Accounting/Auditing includes review of the Financial Statements used for the initial liquidation analysis.

19. **Business Analysis.** We have classified 521.9 hours with a time value of \$122,500.00 as being devoted to Business Analysis. The composite rate for this category is \$234.70 based on the hours for which we are requesting compensation. The category of Business Analysis includes analysis of leases, taxes, disbursements, sales activities, monthly operation packages, borrowing bases and liquidation analysis support.

20. **Corporate Finance.** We have classified 15 hours with a time value of \$4,500.00 as being devoted to Corporate Finance. The composite rate for this category is \$300.00 based on the hours for which we are requesting compensation. The category of Corporate Finance included negotiations with utility companies on post petition deposits.

21. **Data Analysis.** We have classified 236.1 hours with a time value of \$70,380.00 as being devoted to Data Analysis. The composite rate for this category is \$300.00

based on the hours for which we are requesting compensation. The category of Data Analysis included work with Accounts Receivable reconciliations and customer payout upon exit from the plants, daily tracking of disbursements by plant, daily sales by plant and support schedules, cash flow models and updates, DIP Budget revisions and general modeling.

22. **Strategic Planning.** We have classified 19.5 hours with a time value of \$7,050.00 as being devoted to Strategic Planning. The composite rate for this category is \$361.50 based on the hours for which we are requesting compensation. The category of Strategic Planning included meetings with management, Bank and Customers advisors during the initial period of the Bankruptcy to plan out the case for the next 90 days.

23. **Travel Time.** We have classified 66.8 hours with a time value of \$16,810.00 as being devoted to Travel Time. The composite rate for this category is \$251.60 based on the hours for which we are requesting compensation. The category of Travel Time included consultants travel from Boston, MA and New York. Hours charged represent one-half of the actual time expended.

24. Set forth below is a chart summarizing the time spent by Applicant on each of these Categories:

Category	Fees
Asset Analysis and Recovery	\$ 22,200.00
Asset Dispositions	\$ 115,965.00
Business Operations	\$ 198,300.00
Case Administration	\$ 33,765.00
Fee/Employment Applications	\$ 60.00
Financing	\$ 10,230.00
Meetings with Creditors	\$ 14,085.00
Plan and Disclosure Statement	\$ 3,630.00
Accounting/Auditing	\$ 675.00
Business Analysis	\$ 122,500.00
Corporate Finance	\$ 4,500.00
Data Analysis	\$ 70,830.00

Strategic Planning	\$	7,050.00
Travel Time	\$	16,810.00
Total Fees For the Application Period	\$	620,600.00

IV. LODESTAR ANALYSIS

25. Applicant submits the following lodestar and Johnson factors analysis in support of its request for allowance of fees and disbursements. These standards have been adopted by most courts. Applicant respectfully submits that a consideration of these factors should result in this Court's allowance of the full compensation sought.

26. **The Time and Labor Required.** The professional services rendered by Applicant on behalf of the Debtors have required continuous expenditure of substantial time and effort, under time pressures that on a regular basis required the performance of services late into the evening and during weekends, often to the exclusion of other clients. The services rendered required a high degree of professional competence and expertise to be administered with skill and dispatch.

27. **The Novelty and Difficulty of Questions.** Effective advocacy and a creative approach have been and will continue to be crucial to clarify and resolve new and often challenging issues raised in these cases.

28. **The Skill Requisite to Perform the Legal Services Properly.** The firm's recognized expertise in the area of corporate reorganization, its ability to draw from highly experienced professionals in other areas of its practice, and its creative approach to the resolution of issues have and will contribute to the maximization of distributions to creditors.

29. **The Customary Fee.** The fees sought herein are based upon the firm's normal hourly rates for services of this kind. Applicant respectfully submits that the fees sought are not unusual given the magnitude and complexity of these cases and the time expended in attending to the representation of the Debtors. The fees requested are commensurate with fees

Applicant has been awarded in other cases, as well as with fees charged by other professionals of comparable experience.

30. **Whether the Fee is Fixed or Contingent.** Pursuant to Sections 330 and 331 of the Bankruptcy Code, all fees sought by professionals employed under Section 327 of the Code are contingent pending final approval by this Court, and are subject to adjustment dependent upon the services rendered and the results obtained.

31. **Time Limitations Imposed by Client or Other Circumstances.** The firm has been required to address certain issues arising in these cases in a compressed and urgent time-frame. As a result, Applicants professionals have had to perform services under significant time constraints requiring professionals assigned to these cases to work evenings and weekends.

32. **The Amount Involved and Results Obtained.** The firm has been an active participant in this chapter 11 cases, and has provided constructive assistance to resolving major obstacles. The firm believes its efforts will enhance recoveries available to the Debtors' creditors, and assist the efficient administration of this cases.

V. ALLOWANCE OF COMPENSATION

33. The allowance of interim compensation for services rendered and reimbursement of expenses in bankruptcy cases is expressly provided for in section 331 of the Bankruptcy Code:

Any professional person...may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered...as is provided under section 330 of this title.

11 U.S.C. § 331. Moreover, this Court has authorized the filing of this Application in the Administrative Order.

34. With respect to the level of compensation, section 330(a)(1) of the Bankruptcy Code provides, in pertinent part, that the Court may award to a professional person “reasonable compensation for actual, necessary services rendered....” Section 330(a)(3)(A), in turn, provides:

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

(A) the time spent on such services;

(B) the rates charged for such services:

(C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;

(D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and

(E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3)(A). The clear Congressional intent and policy expressed in this statute is to provide for adequate compensation in order to continue to attract qualified and competent bankruptcy practitioners to bankruptcy cases.

35. Throughout these cases, Applicant has carefully coordinated its efforts with other professionals. The work involved, and thus the time expended, was carefully assigned in light of the experience and expertise required for a particular task. As shown by this Application and supporting documents, the firm spent its time economically and without unnecessary duplication.

36. Applicant incurred actual and necessary out-of-pocket expenses in connection with rendering professional services to the Debtors in the sums indicated on **Summary Sheet 2(Expenses)** for which Application respectfully requests full reimbursement. The disbursements and expenses have been incurred in accordance with the firm's normal practice of charging clients for expenses clearly related to and required by particular matters. Applicant has endeavored to minimize these expenses to the fullest extent possible.

37. Applicant's billing rates do not include charges for photocopying, telephone and telecopier toll charges, computerized research, travel expenses, "working meals," secretarial overtime, postage, and certain other office services, since the needs of each client for such services differ. In these proceedings, Applicant charges 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 expenses incurred by Applicant are in compliance with the Administrative Order and Guidelines.

38. No agreement or understanding exists between Applicant and any other person for the sharing of any compensation to be received for professional services rendered or to be rendered in connection with these cases.

39. No prior application has been made in this or in any other Court for the relief requested herein for the Interim Period.

WHEREFORE, Applicant respectfully requests that this Court enter an Order:

1. approving the allowance for compensation of professional services rendered to the Debtors from September 20, 2006 through and including January 28, 2007, in the sum of \$620,600.00;

2. approving the reimbursement of Applicant's out-of-pocket expenses incurred in connection with the rendering of such professional services from September 20, 2006 through and including January 28, 2007, in the sum of \$56,113.28;

3. authorizing and directing the Debtors to pay compensation to Applicant in the amount of **\$676,713.28**, representing the total amounts for professional services rendered and disbursements incurred by Applicant during the period September 20, 2006 through and including January 28, 2007, *less* amounts that have been paid by the Debtors as of the date of this Application (described on page 2); and

4. granting such other and further relief as this Court may deem just and proper.

Dated: February 28, 2007

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

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

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