

**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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**OBJECTION OF DEBTORS AND DEBTORS IN POSSESSION TO CITICAPITAL
COMMERCIAL CORPORATION’S MOTION FOR (1) ADEQUATE PROTECTION; (2)
FOR ALLOWANCE AND IMMEDIATE PAYMENT OF POST-PETITION LEASE
OBLIGATIONS; (3) TO COMPEL ASSUMPTION OR REJECTION OF MASTER
EQUIPMENT LEASE AGREEMENTS; AND (4) TO GRANT RELIEF FROM THE
AUTOMATIC STAY**

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 object (the “**Objection**”) to Citicapital Commercial Corporation’s (“**Citicapital**”) Motion for (1) Adequate Protection; (2) for Allowance and Immediate Payment of Post-Petition Lease Obligations; (3) to Compel Assumption or Rejection of Master Equipment Lease Agreements; and (4) to Grant Relief from the Automatic Stay (the “**Motion**”). In support of this Objection, the Debtors respectfully represent as follows:

1. As explained herein, the Debtors have previously either assumed and assigned, or rejected each of the leases (the “**Leases**”) attached to the Motion. Those pieces of equipment subject to rejected Leases were returned to Citicapital on December 17, 2006. Those pieces of equipment subject to the assumed and assigned Leases are now in the possession of Visteon

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

Corporation. Attached hereto is Schedule A which reflects the Debtors' assessment of the Leases and the Citicapital administrative claim. The Debtors are willing to pay such claim through their plan of liquidation.

The Rejected Leases

2. The Leases (the "**Belleville Leases**") attached as Exhibits B, E and F to the Motion are for forklift equipment that was located at the Debtors' Belleville, Michigan facility. Pursuant to this Court's January 19, 2007 Order, Pursuant to Section 365 of the Bankruptcy Code and Bankruptcy Rule 6006, Authorizing the Debtors to Reject Certain Executory Contracts and Unexpired Leases as of January 16, 2007 (the "**Rejection Order**"), the Court authorized the Debtors to reject each of the Belleville Leases effective as of January 19, 2007. Due to the rejection, the Debtors have no payment obligations arising after such date.

3. As reflected on Schedule A, the Belleville Lease attached as Exhibit B terminated by its own terms on December 17, 2006. Citicapital, or its agent, picked up the piece of equipment subject to the Belleville Lease attached as Exhibit B on December 17, 2006. Thus, Citicapital has incorrectly alleged that the Debtors owe \$14,086.41 regarding such lease which amounts represents a large end-of-term purchase option. Such equipment was picked up by Citicapital and no end-of-term purchase option can be charged to the Debtors. Thus, as reflected on Schedule A, only \$531 representing December rent is owed on the Belleville Lease attached as Exhibit B.

4. Each of the Belleville Leases attached as Exhibits E and F were rejected by the Rejection Order. As set forth on Schedule A, the Debtors owe back rent of \$1,503.79 on the Belleville Lease attached as Exhibit E. As set forth on Schedule A, the Debtors owe back rent of \$768.19 on the Belleville Lease attached as Exhibit F.

The Assumed and Assigned Leases

5. Those Leases (the “**Tuscaloosa Leases**”) attached to the Motion as Exhibits A, C and D are for forklift equipment located at the Debtors’ former facility in Tuscaloosa, Alabama. Pursuant to the terms of this Court’s December 16, 2006 Order (A) Granting Authority for the Sale of Assets (Tuscaloosa, AL Facility) pursuant to Section 363(b), and (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 pursuant to Section 365 (the “**Sale Order**”), the Tuscaloosa Leases were assumed and assigned to Visteon Corporation as the purchaser of the Tuscaloosa facility. As set forth on Schedule A, the Debtors are willing to pay rent through the closing of such transaction on December 19, 2006 in the amount of \$726.06. The Debtors have informed Visteon that they are responsible for all rental payments after such date.

In Conclusion, based on the analysis set forth on Schedule A, the Debtors believe that Citicapital should be granted an administrative claim in the amount of \$3,429.04. This is without prejudice to any rejection claim that may be filed related to the Belleville Leases.

WHEREFORE, the Debtors respectfully request that this Court grant the relief requested herein and any further relief that is deemed necessary and proper.

Dated: March 23, 2007

Cleveland, OH

CEP HOLDINGS, LLC, et al.,

Debtors and Debtors-in-Possession

By: /s/ Thomas M. Wearsch
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