

**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.,<sup>1</sup> :  
: Chapter 11  
Debtors. :  
: Honorable Marilyn Shea-Stonum  
: :  
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**RESPONSE OF THE DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS TO PARKER HANNIFAN CORPORATION’S MOTION FOR RELIEF  
FROM STAY AND ABANDONMENT**

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**”) and the Official Committee of Unsecured Creditors (the “**Committee**”) in the Cases hereby respond to Parker Hannifan Corporation’s (“**Parker**”) Motion for Relief from Stay and Abandonment (the “**Motion**”). In support of this Response, the Debtors respectfully represent as follows:

1. In December 2005, Debtor Creative Engineered Polymer Products LLC through Debtor Thermoplastics Acquisition, LLC purchased the Thermoplastics business from Parker. As part of the transaction, Thermoplastics Acquisition LLC entered into separate lease agreements (the “**Lease**”) with Parker for the facilities in Vandalia, Ohio and Bishopville, SC (the “**Facilities**”). Manufacturing at each of the Facilities terminated on October 31, 2006 and all personal property of the Debtors has been liquidated at the Facilities.

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

2. From early on in the Debtors' Cases, counsel for the Debtors, the Committee and Parker Hannifan have been working toward a resolution with respect to the Facilities. The Debtors and Committee believe that the Leases are in fact finance leases and that the Debtor may hold equitable title to the Facilities. In order to determine proper strategy with respect to disposition of the Facilities, the Debtors and Parker each commissioned appraisals of the Facilities which appraisals were completed earlier this year.

3. As detailed in the Motion, the appraisals show that the likely value of the Facilities is lower than the remaining amounts alleged to be due under the Leases. Given this reality, the Debtors, Committee and Parker worked together to structure a sale of the Facilities which would have the greatest likelihood of reducing Parker's claim under the Leases.

4. The Debtors and Committee believe that the parties have an agreement in principal regarding resolution of the Motion. The Debtors and Committee expect that the parties will be able to negotiate and submit an agreed order, and, thus, are not objecting at this time to the relief sought by Parker in the Motion. The Debtors and Committee, however, reserve all rights should the parties be unable to agree to the form of a stipulation on the terms set forth above.

Dated: May 3, 2007  
Cleveland, OH

**CEP Holdings, LLC et al.**

**The Official Committee of  
Unsecured Creditors**

/s/ Joseph F. Hutchinson, Jr.  
Joseph F. Hutchinson, Jr. (0018210)  
Thomas M. Wearsch (0078403)  
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/s/ Mark Freedlander  
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