

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:)	
)	Case No. 06-51848
CEP HOLDINGS, LLC, <i>et al.</i> ,)	(Jointly Administered)
)	Chapter 11
Debtors. ¹)	
)	Honorable Marilyn Shea-Stonum

**LIMITED OBJECTION OF THE PENSION BENEFIT
GUARANTY CORPORATION TO FIRST AMENDED JOINT PLAN
OF LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY
CODE PROPOSED BY THE DEBTORS AND THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS DATED MAY 25, 2007**

The Pension Benefit Guaranty Corporation (“PBGC”), a creditor in the above-captioned case, hereby objects to the Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Official Committee of Unsecured Creditors (“Proponents”) Dated May 25, 2007 (“Joint Plan”). A condition precedent to the confirmation of the Proponents’ Joint Plan is the assumption of the Debtors’ pension plans by a non-debtor entity, Superior Fabrication LLC. In the event that the contemplated assumption of Debtors’ pension plans does not occur, PBGC files this limited objection in order to preserve its rights.

PRELIMINARY STATEMENT

1. PBGC is a wholly-owned United States government corporation and an agency of the United States that administers the insurance program for defined benefit pension plans established under Title IV of the Employee Retirement Income Security Act of 1974 (“ERISA”), *as amended*, 29 U.S.C. §§ 1301-1461. When an underfunded pension plan terminates, PBGC typically becomes trustee of the plan and, subject to certain statutory limitations, pays the plan's

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

unfunded benefits with its insurance funds. *See* 29 U.S.C. § 1322.

2. Debtor Creative Engineered Polymer Products, LLC (“CEP”) is the sponsor of the Pension Plan for Bargaining Unit Employees of the Canton Ohio Plan of Geauga Company Division of Carlisle Corporation (“Canton Plan”) and the Pension Plan for Bargaining Unit Employees of Carlisle Engineered Products - Crestline (“Crestline Plan”) (collectively, the “Pension Plans”). Both Pension Plans are defined benefit pension plans covered by Title IV of ERISA.

3. On March 1, 2007, PBGC filed the following estimated claims against each of the three Debtors: (1) priority claims for unfunded benefit liabilities in the amount of \$1,325,313 for the Canton Plan and \$1,996,582 for the Crestline Plan; (2) claims for minimum funding contributions in the amount of \$20,060 for the Canton Plan (a portion of this claim is entitled to priority in the amount of \$4,414) and \$90,958 for the Crestline Plan (a portion of this claim is entitled to priority in the amount of \$25,362); and (3) claims for premiums in the amount of \$843,610.15 for the Canton Plan (a portion of this claim is entitled to priority in the amount of \$820,672) and \$1,127,496.39 for the Crestline Plan (a portion of this claim is entitled to priority in the amount of \$1,096,810).

4. Pursuant to a Settlement Agreement and Mutual Release dated June 26, 2007 (“Settlement Agreement”), between the Debtors, the Official Committee of Unsecured Creditors, The Reserve Group Management Company, and Superior Fabrication, LLC (“Superior”), Superior, among other things, agreed to assume sponsorship of CEP’s Pension Plans. On June 26, 2007, Debtors also filed a Motion pursuant to section 363(b) of the Bankruptcy Code and Bankruptcy Rule 9010 for approval of the Settlement Agreement. The Motion is currently

pending before the Court and scheduled for hearing on the same day as the confirmation hearing for the Joint Plan, July 24, 2007.

5. Paragraph 10.2 of the Joint Plan provides that as a condition precedent to the Effective Date of the Joint Plan, Superior will assume the Pension Plans.

6. PBGC is currently in discussions with Superior concerning the details of the Pension Plans' assumption. As this point, PBGC does not contemplate pursuing a termination of the Pension Plans.

OBJECTION

As indicated above, the Joint Plan provides that Superior's assumption of the Pension Plans is one of the conditions precedent to the Joint Plan's Effective Date. PBGC files this limited objection under 11 U.S.C. § 1129 because the Joint Plan does not contemplate the possibility that the Pension Plans will not be assumed by Superior. Moreover, the Joint Plan does not consider the effect that the non-assumption of the Pension Plans would have on PBGC's claims against the Debtors upon confirmation of the Joint Plan or any alternative to the Joint Plan.

PBGC expects to resolve certain details regarding the Pension Plans' assumption with Superior. As a result of the contemplated assumption of the Pension Plans, PBGC has forborne pursuing a termination of the Pension Plans under ERISA. Since PBGC's claims are contingent upon termination of the Pension Plans, if the assumption of the Pension Plans is effectuated, PBGC will have no objection to confirmation. PBGC hereby objects to confirmation of the Joint Plan to the extent necessary to preserve its ability to pursue its claims against the estates of the Debtors in the event that the Joint Plan is confirmed without the assumption of the Pension Plans

by Superior. Specifically, PBGC requests that confirmation of the Joint Plan be conditioned as follows:

If, for any reason, the Joint Plan (or any amendment of or alternative to the Joint Plan) is confirmed and becomes effective without fulfillment of the condition requiring the assumption of the Pension Plans by Superior, the claims filed by PBGC shall be deemed to have arisen prior to confirmation, and PBGC's rights to pursue those claims, to challenge the disposition of the assets of the Debtors' foreign subsidiary, and to challenge the substantive consolidation provided for in the Joint Plan, shall be wholly unabridged and unaffected by confirmation.

CONCLUSION

For the foregoing reasons, PBGC respectfully requests the Court to deny the Proponents' motion to approve the Joint Plan unless conditioned as requested herein.

Respectfully submitted,

Dated: July 12, 2007

/s/ Gennice D. Brickhouse

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