

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

In re:)	Case No. 06-51848
)	(Jointly Administered)
CEP HOLDINGS, LLC, et.al., ¹)	Chapter 11
)	
Debtors.)	Honorable Marilyn Shea-Stonum
)	United States Bankruptcy Judge

**OFFER OF PROOF AND OUTLINE OF EVIDENCE IN
SUPPORT OF CONFIRMATION OF THE FIRST AMENDED
JOINT PLAN OF LIQUIDATION OF THE DEBTORS' UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE**

CEP Holdings LLC, Creative Engineered Polymer Products LLC and Thermoplastics Acquisition LLC, debtors and debtors in possession (collectively, the “Debtors”) and the Official Committee of Unsecured Creditors (the “Committee”), as co-proponents of the First Amended 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 (as further amended, modified or supplemented, including all exhibits, the "Plan"), submit the following Offer of Proof and Outline of Evidence in support of confirmation of the Plan:

I.

OFFER OF PROOF

1. The Debtors and Committee offer the Plan and the First Amended Disclosure Statement relating to the Plan, filed on May 25, 2007 (the “Disclosure Statement”), as evidence

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

of matters set forth therein.

2. The Debtors and Committee offer the files and records of these chapter 11 cases (the "Files and Records") and the record of hearings in these chapter 11 cases (the "Record of Hearings") as evidence of matters set forth therein. The Debtors request this Court to take judicial notice of such Files and Records and the Record of Hearings.

3. The Debtors and Committee offer the Declaration of Joseph Mallak Submitted in Support of Confirmation of the First Amended 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, dated July 20, 2007, and filed contemporaneously herewith (the "Mallak Declaration"), as evidence of matters set forth therein. Mr. Mallak will be present at the confirmation hearing.

4. The Debtors and Committee offer the Declaration of Anthony Bergen Submitted in Support of Confirmation of the First Amended 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, dated July 20, 2007, and filed contemporaneously herewith (the "Bergen Declaration"), as evidence of matters set forth therein. Mr. Bergen will be present at the confirmation hearing.

5. The Debtors and Committee offer the Declaration of Voting Agent Regarding Solicitation and Tabulation of Votes in Connection with the 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, dated July 19, 2007, and filed contemporaneously herewith (the "Galyen Declaration"), as evidence of matters set forth therein.

Ms. Galyen will be present at the Confirmation Hearing.

6. The Debtors and Committee offer the following affidavits as evidence of the matters set forth therein, related to giving notice of the hearing to consider approval of the Disclosure Statement:

- (a) Affidavit of Service of James Myers, dated February 7, 2007 related to service of Motion to Approve Disclosure Statement [Docket No. 339]; and
- (b) Affidavit of Service of Alex Cedeno related to service of the Amended Motion to Approve Disclosure Statement, dated May 31, 2007 [Docket No. 574].

7. The Debtors and Committee offer the Order (A) Approving Proposed Disclosure Statement, (B) Establishing Procedures for Solicitation and Tabulations of Votes to Accept or Reject Proposed Joint Plan of Liquidation and (C) Scheduling Certain Dates in Connection Therewith, dated June 6, 2007 (the "Disclosure Statement Order") [Docket No. 593].

8. The Debtors and Committee offer the Affidavit of Service of James Myers, filed on June 19, 2007 [Docket No. 602], referring to service of Plan solicitation materials and notice of the Confirmation Hearing in accordance with the Voting Procedures and Disclosure Statement Orders (the "Solicitation Affidavit").

9. Based on the foregoing Offer of Proof, testimony regarding such matters as may be requested by the Court and any party in interest, and such other evidence as shall be offered at the confirmation hearing, the Debtors and Committee request confirmation of the Plan.

II.

OUTLINE OF EVIDENCE

10. The evidence in support of the findings of fact in the proposed Confirmation

Order includes the following:

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| A. Exclusive Jurisdiction; Venue; Core Proceeding (28 U.S.C. § § 157(b)(2) and 1334(a)) | Files and Records, including Schedules and Statements of Affairs, filed on October 30, 2006. |
| B. Judicial Notice | Files and Records and Records of Hearings. |
| C. Transmittal and Mailing of Materials; Notice | Disclosure Statement Order and Solicitation Affidavit. |
| D. Solicitation and Tabulation | Disclosure Statement Order; Galyen Declaration; and Solicitation Affidavit. |
| E. Plan Compliance With Bankruptcy Code (11 U.S.C. § 1129(a)(1)) | Plan; Disclosure Statement; Galyen Declaration; and Solicitation Affidavit. |
| (i) Proper Classification (11 U.S.C. § 1122, 1123(a)(1)) | Plan at Art. III (Classification of Claims and Equity Interests). |
| (ii) Specified Treatment of Unimpaired Classes (11 U.S.C. § 1123(a)(2)) | Plan at Art. III (Classification of Claims and Equity Interests); Plan at Art. IV (Treatment of Claims and Equity Interests). |
| (iii) Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)) | Plan at Art. III (Classification of Claims and Equity Interests); Plan at Art. IV (Treatment of Claims and Equity Interests). |
| (iv) No Discrimination (11 U.S.C. § 1123(a)(4)) | Plan at Art. III (Classification of Claims and Equity Interests); Plan at Art. IV (Treatment of Claims and Equity Interests). |
| (v) Implementation of the Plan (11 U.S.C. § 1123 (a)(5)) | Plan at Art. VII (Means for Implementation and Execution of the Plan). |
| (vi) Non-Voting Equity Securities (11 U.S.C. § 1123(a)(6)) | This section is not applicable to a liquidating plan. See Plan at § 7.5. |

(vii) Selection of Officers and Directors and Appointment of Creditor Trustee (11 U.S.C. § 1123(a)(7)).	Plan at §§ 7.1 and 7.5.
(viii) Impairment of Classes (11 U.S.C. § 1123(b)(1))	Plan at Art. III (Classification of Claims and Equity Interests); Plan at Art. IV (Treatment of Claims and Equity Interests).
(ix) Assumption and Rejection of Executory Contracts and Unexpired Leases (11 U.S.C. § 1123(b)(2))	Plan at Art. IX (Executory Contracts and Unexpired Leases).
(x) Retention and Enforcement of Claims; (11 U.S.C. § 1123(b)(3))	Plan at §§ 7.1(n) and 11.1.
F. Debtor's Compliance With Bankruptcy Code (11 U.S.C. § 1129(a)(2))	Plan; Disclosure Statement; Galyen Declaration; Solicitation Affidavit; Mallak Declaration; and Bergen Declaration.
G. Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3))	Disclosure Statement; Disclosure Statement Order; Mallak Declaration; Files and Records; Record of Hearing on Approval of Disclosure Statement; and Record of Confirmation Hearing, to be held July 24, 2007.
H. Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4))	Plan at Art. II.
I. Trustee (11 U.S.C. § 1129(a)(5))	Disclosure Statement; Plan at Art. VII; Record of Confirmation Hearing, to be held July 24, 2007.
J. No Rate Changes (11 U.S.C. § 1129(a)(6))	Plan, in general.
K. Best Interests of Creditors and Shareholders Test (11 U.S.C. § 1129(a)(7))	Plan at Exhibit C; Bergen Declaration at ¶¶ 7-9; and Disclosure Statement at p. 47.
L. Acceptance by Certain Classes (11 U.S.C. § 1129(a)(8))	Galyen Declaration.

M.	Treatment of Administrative and Priority Tax Claims (11 U.S.C. § 1129(a)(9)).	Plan at Articles II and III.
N.	Acceptance by Impaired Classes (11 U.S.C. § 1129(a)(10))	Galyen Declaration and Files and Records.
O.	Feasibility (11 U.S.C. § 1129(a)(11))	Plan; Mallak Declaration at ¶ 28; Bergen Declaration at ¶ 10; and Disclosure Statement pp. 46-48.
P.	Payment of Fees (11 U.S.C. § 1129(a)(12))	Plan at Art. II; and Files and Records, including Monthly Operating Reports.
Q.	Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13))	Disclosure Statement at pp. 17-19; and Mallak Declaration at ¶ 16-21.
R.	Identification of Plan Proponents (Fed. R. Bankr. P. 3016(a))	Plan, at Cover and p. 1.
S.	Fair and Equitable; No Unfair Discrimination (11 U.S.C. § 1129(b))	Plan at Art. III (Classification of Claims and Equity Interests); Plan at Art. IV (Treatment of Claims and Equity Interests).
T.	Principal Purpose of Plan (11 U.S.C. § 1129(d))	Mallak Declaration at ¶ ¶ 22-24.
U.	Good Faith Solicitation. 11 U.S.C. § 1125(e)	Disclosure Statement Order; Mallak Declaration at ¶ 25; Solicitation Affidavit; and Galyen Declaration.
V.	Assumption and Rejection (11 U.S.C. § 365(b))	Plan at Art. IX (Executory Contracts and Unexpired Leases).
W.	Plan Releases	Plan at § 14.5.
X.	Conditions to Confirmation	Plan at Art. X (Effectiveness of Plan); Disclosure Statement Order; and Files and Records.

The Debtors and Committee reserve the right to introduce additional support for the proposed findings of fact and conclusions of law at the Confirmation Hearing. Based upon the foregoing, the Debtors and Committee respectfully submit that the Plan should be confirmed.

Dated: July 20, 2007
Cleveland, OH

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

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