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

DECLARATION OF JOSEPH MALLAK SUBMITTED IN SUPPORT OF CONFIRMATION OF 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

I, JOSEPH MALLAK, hereby declare pursuant to 28 U.S.C. § 1746 as follows:

1. I am the President and Chief Executive Officer of each of CEP Holdings LLC ("Holdings"), Creative Engineered Polymer Products LLC ("CEP") and Thermoplastics Acquisition, LLC ("Thermoplastics" and collectively with Holdings and CEP, the "Debtors").

2. As CEO and President of each of the Debtors, I have become personally familiar with the Debtors documents, books and records and how they are prepared and maintained. The Debtors create and maintain records of all of their transactions in the regular course of business. It is the Debtors' practice to record transactions, acts, conditions and events concerning the Debtors and the entities with which it does business as those events occur.

3. I submit this Declaration in support of confirmation of the First Amended Plan of

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

Liquidation Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Official Committee of Unsecured Creditors Dated May 25, 2007 ("Plan"). Capitalized terms used and not otherwise defined herein will have the meanings set forth in the Plan or in the First Amended Disclosure Statement relating to the Plan, filed on May 25, 2007 (the "Disclosure Statement").

4. Except as otherwise indicated, all statements in the Declaration are based on my personal knowledge, my review of relevant documents or my opinion based upon my experience and knowledge of the Debtors' business operations and financial affairs. If I were call upon to testify, I could and would testify consistently with the facts set forth in this Declaration. I am authorized to submit this Declaration.

BACKGROUND

The Debtors Prepetition Operations

5. The Debtors were formed as part of two separate purchase transactions on August 16, 2005 and December 20, 2005, respectively. As part of the August 16, 2005 transaction, the Debtors purchased the businesses associated with CEP and CEP's Mexican subsidiary were purchased from Carlisle Engineered Products LLC (the "Carlisle Transaction"). As part of the December 20, 2005 transaction, the Debtors purchased the business associated with Thermoplastics from Parker-Hannifin Corporation (the "Parker-Hannifin Transaction").

6. CEP and its subsidiaries were custom molders and extruders of rubber and plastic products, primarily for the original equipment manufacturer ("OEM") automotive market. The Debtors, collectively with CEP Mexico, operated ten (10) manufacturing plants as of the Petition Date in Ohio, Michigan, Alabama, South Carolina and Mexico. CEP operated six plants in Ohio, Michigan and Alabama. CEP Mexico operated two plants in Mexico. Thermoplastics operated one

plant in Ohio and one in South Carolina.

Prepetition Secured Debt

7. In conjunction with the Carlisle Transaction, CEP Acquisition LLC n/k/a CEP entered into a Loan and Security Agreement, dated as of August 16, 2005, the CEP Loan Agreement, with Wachovia, as both Agent and Lenders thereunder. The CEP Loan Agreement provided two term loans and a revolving credit facility to CEP in the maximum amount of $45 million (collectively, the "CEP Prepetition Loan"). The CEP Prepetition Loan funded the Carlisle Transaction. The CEP Prepetition Loan was secured by substantially all the assets of CEP, including, without limitation, all accounts, general intangibles, goods, inventory, equipment, real property, accounts receivable, other personal property and proceeds thereof (collectively, the "Prepetition CEP Collateral"). As of the Petition Date, the amount outstanding under the CEP Prepetition Loan was not less than $21,693,507.60 (not taking into account pre-petition and post-petition interest, fees and expenses to which Agent may be entitled under the CEP Loan Agreement and applicable law).

8. In conjunction with the Parker-Hannifin Transaction, Thermoplastics entered into a Loan and Security Agreement, dated as of December 21, 2005 (the "Thermoplastics Loan Agreement"), with Wachovia, as both Agent and Lenders. The Thermoplastics Prepetition Loan (as defined herein) substantially funded the Parker-Hannifin Transaction. The Thermoplastics Loan Agreement provided a term loan and a revolving credit facility to Thermoplastics in the maximum amount of $5 million (the "Thermoplastics Prepetition Loan", and together with the CEP Prepetition Loan, the "Prepetition Loans"). The Thermoplastics Prepetition Loan is secured by substantially all the assets of Thermoplastics, including, without limitation, all accounts, general intangibles, goods, inventory, equipment, accounts receivable, other personal property and proceeds thereof (collectively, the "Prepetition Thermoplastics Collateral", and together with the Prepetition CEP Collateral, the

"Prepetition Collateral"). As of the Petition Date, the amount outstanding under the Thermoplastics Prepetition Loan was not less than $4,219,688.58 (not taking into account pre-petition and post-petition interest, fees and expenses to which Agent may be entitled under the Thermoplastics Loan Agreement and applicable law). The Prepetition Loans are cross-defaulted and cross-collateralized.

9. Although intended to be entity specific, in actuality, the CEP Prepetition Loan and the Thermoplastics Prepetition Loan were not, in practice, entity specific, as there were intercompany loans, transactions and other financial accommodations such that the CEP Prepetition Loan, in part funded operations of Thermoplastics and CEP Mexico and the Thermoplastics Prepetition Loan, in part funded operations of CEP and CEP Mexico. Essentially, the Debtors were operated as one operation without regard to corporate formalities.

The Debtors' Chapter 11 Filings

10. Leading up to the filing of these Cases, the Debtors experienced an extreme liquidity crisis due, in large part, to (i) the September 2005 hurricanes in the Gulf region, which caused escalating resin (a key raw material for the Debtors) prices; (ii) the general instability of the automotive industry including several bankruptcy filings of several major customers of the Debtors (including Delphi); and (iii) the discontinuation of the GMT800 platform (a major source of revenue for the Debtors) without the involvement of the Debtors in the replacement platform. Given the Debtors' liquidity issues, the Debtors worked with the Participating Customers and Wachovia to allow the Debtors to formulate a restructuring plan that would reorganize the Debtors outside of a chapter 11 proceeding. As part of this plan, in May 2006 the Debtors entered into a series of forbearance, accommodation and access and security agreements with Wachovia and the Participating Customers, which agreements provided a 120-day window for the Debtors to effectuate an out-of-

court restructuring plan. The out of court plan also included additional cash infusions from the equity holders of the Debtors. During the out-of-court restructuring efforts by the Debtors, the Debtors caused an unofficial committee of trade creditors (the "Unofficial Trade Committee") to be organized, of which five (5) of the seven (7) members of the Committee were participants. The Unofficial Trade Committee as well as the Participating Customers rejected the Debtors' out-of-court restructuring proposals, and accordingly, the Debtors filed for bankruptcy protection on September 20, 2006 (the "Petition Date").

11. Prior to the Petition Date, the Participating Customers determined to resource the work then being performed by the Debtors and CEP Mexico rather than work with the Debtors and CEP Mexico through a going concern restructuring. Without full support from the Participating Customers, the Debtors determined that no feasible going concern restructuring plan could be proposed, thus, the return to unsecured creditors would be maximized through liquidation of the Debtors and CEP Mexico.

Debtor-in-Possession Financing

12. Negotiations by and among the Debtors, Wachovia, the Participating Customers and the Committee led to a consensual Order of the Bankruptcy Court granting the DIP Financing Motion on a final basis (the "Final DIP Order"), which authorized the Debtors to enter into the First Amendment to Postpetition Agreement, Customer Agreement and Postpetition Documents (as those terms are defined in the Final DIP Order) for an aggregate maximum principal amount of $30,880,000.00. In accordance with the Final DIP Order, Wachovia was granted a security interest in substantially all of the Debtors assets on a superpriority basis for funding related to the Final DIP Order. Further, the Final DIP Order required the Participating Customers to provide Cash Infusions

(as that term is defined in the Final DIP Order) to the Debtors for the administration of the Estates.

13. Subject to the terms and conditions of the Plan, all amounts due and owing Wachovia and the Participating Customers (on account of their participations) under the Final DIP Order will be paid in full or the Disputed Amount funded into the Disputed Claim Reserve on the Effective Date, if not sooner paid.

Compliance with Bankruptcy Code, Bankruptcy Rules, Local Court Rules and U.S. Trustee Deadlines

14. On October 30, 2006, the Debtors filed their Statement of Financial Affairs, Schedules of Assets and Liabilities, and lists of Equity Security Holders, each as amended from time to time. On October 25, 2006, the Office of the United States Trustee conducted a meeting of creditors pursuant to section 341 of the Bankruptcy Code. Additionally, the Debtors have filed all monthly operating reports and timely paid all statutory quarterly fees as required by the Office of the U.S. Trustee. To the best of the Debtors' knowledge, information and belief, the Debtors have complied with all other applicable requirements of the Bankruptcy Code and Bankruptcy Rules, as well as local Bankruptcy Court rules and deadlines of the Office of the U.S. Trustee.

Sale of Substantially All of the Debtors' Assets

15. Having determined that a liquidation of their assets is in the best interests of their creditors, the Debtors moved swiftly to sell their assets with the approval of this Court. The Debtors sold their Tuscaloosa, Alabama facility and their assets related to the CEP Mexico operations through going concern sales. The Debtors employed an auctioneer which liquidated the Debtors' personal property assets at their other locations. Finally, the Debtors have sold two parcels of real estate at which the Debtors formerly manufactured parts for the Participating Customers. The Debtors have substantially liquidated all of their assets.

Assumption of Pension Plans

16. CEP by virtue of UNITE representation at its Middlefield, OH facility, is a participant in the Unite Textile Workers Pension Plan ("UNITE Plan"). CEP understands that the UNITE Plan is fully funded. CEP will terminate its participation in the UNITE Plan, and there is no expectation of withdrawal liability arising from CEP's termination of participation in the UNITE Plan.

17. CEP assumed the Pension Plan for Bargaining Unit Employees of Carlisle Engineered Products-Crestline as part of the Carlisle Transaction. The Crestline Pension Plan is a defined benefit plan for members of the United Steelworkers of America Local 563-L. The Crestline Pension Plan is underfunded and as a result of the underfunding, it is believed that certain non-Debtor entities owned or controlled by the ultimate equity owners of the Debtors are part of the ERISA controlled group and accordingly have joint and several liability for underfunding of the Crestline Pension Plan in the event of termination of the Crestline Pension Plan. As discussed in more detail below, the Plan Proponents and Reserve Group Management Company have negotiated accommodations such that the Crestline Pension Plan and the Canton Pension Plan will be assumed by a non-Debtor entity within the ERISA controlled group, Superior Fabrication Company, LLC.

18. CEP assumed the pension plan for Bargaining Unit Employees of the Canton, Ohio Plan of Geauga Company Division of Carlisle Corporation as part of the Carlisle Transaction. The Canton Pension Plan is a defined benefit plan for members of the United Steelworkers of America Local 3610-04. The Canton Pension Plan is underfunded and as a result of the underfunding, it is believed that certain non-Debtor entities owned or controlled by the ultimate equity owner(s) of the Debtors are part of the ERISA controlled group and accordingly have joint and several liability for underfunding of the Canton Pension Plan in the event of termination of the Canton Pension Plan. The

Plan Proponents and The Reserve Group Management Company have negotiated accommodations such that the Crestline Pension Plan and Canton Pension Plan will be assumed by non-Debtor entity within the ERISA controlled group, Superior Fabrication Company, LLC.

19. The Debtors filed the Motion of Debtors and Debtors in Possession, Pursuant to Section 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019, for Entry of an Order Approving and Authorizing the Debtors to Execute and Perform Under a Settlement Agreement by and Between the Debtors, the Official Committee of Unsecured Creditors, the Reserve Group Management Company and Superior Fabrication, LLC [D.I. # 608] that seeks Bankruptcy Court approval of a settlement agreement (the "Settlement Agreement") among the Debtors, Committee, Reserve Group Management Company and affiliates that provides, *inter alia,* (a) Superior Fabrication Company, LLC, an affiliate of Reserve Group Management Company, will assume the Pension Plans; (b) Reserve Group Management Company will release all claims against the Debtors and their Estates, other than those to which Reserve Group Management Company may, through subrogation to Washington Penn Plastics Company, become a party; (c) The Debtors, the Estates and the Committee will release Reserve Group Management Company and its affiliates of claims and Causes of Action connected with their dealings and involvement with/on behalf of the Debtors; and (d) the Estates will pay (i) to the PBGC an amount not to exceed $42,482 with respect to post-Petition Date premiums due under the Pension Plans; (ii) as a contribution to the Pension Plans an amount not to exceed $29,776 with respect to normal costs charged to funding standard accounts under the Pension Plans post-Petition Date; (iii) $18,000.00 to the Pension Plans for and on account of the accrual of benefits and the change in liabilities under the Pension Plans that will occur in the month of July of 2007, and (iv) as reimbursement to the Pension Plans an amount not to exceed $20,000 with respect to post-

Petition Date in respect of actuarial services provided by Watson Wyatt to the Pension Plans.

20. The Settlement Agreement referenced herein contains several conditions precedent including Bankruptcy Court approval; agreement by the USW to freeze accrual of benefits under the Pension Plans as of a date certain (contemplated to be June 30, 2007); and agreement by the PBGC to withdraw its proof of claim for unfunded liabilities relating to the Pension Plans. It is a non-waivable condition to the effectiveness of the Plan that Superior Fabrication assume the Pension Plans.

Termination of Collective Bargaining Agreements

21. The Debtors engaged in good faith effects bargaining with the unions representing former represented employees of the Debtors, in accordance with applicable non-bankruptcy law. The Debtors and the unions have agreed to the termination of collective bargaining agreements. The Debtors have filed the Motion of Debtors and Debtors in Possession, Pursuant to Section 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019, for Entry of an Order Approving and Authorizing the Debtors to Enter Into a Settlement Agreement with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Employees International Union Regarding the Resolution of the Debtors' Outstanding Obligations under Collective Bargaining Agreements which motion seeks entry of an order approving the results of such agreement (the "Bargaining Agreement"). The Bargaining Agreement resolves the Debtors' outstanding obligations under the Collective Bargaining Agreements (as such term is defined in such motion) and complex claims asserted by the unions against the Debtors' estates that would be expensive and costly to litigate. The Bargaining Agreement includes (i) a payment of $1,000 to each Canton and Crestline union employee on behalf of their WARN Act claims, (ii) the assumption of the Pension Plans by Superior Fabrication and the cessation of the pension creep under the Collective Bargaining Agreements, (iii) a release of

the Debtors by the union employees and (iv) the termination of the Collective Bargaining Agreements.

THE PROPOSED PLAN OF LIQUIDATION

22. The Plan is the product of collective negotiations of the Debtors and the Committee with The Reserve Group Management Company, Pension Benefit Guaranty Corporation, the USWA, the Participating Customers and Wachovia. The Plan will be funded by the net proceeds from the liquidation of the Debtors' assets, which will, on the Effective Date, be transferred together with any other rights and interests of the Debtors to the CEP Liquidating Trust. The CEP Liquidating Trustee will liquidate any and all assets of the Debtors and distribute the same in accordance with the provisions of the Bankruptcy Code.

23. The Plan proposes that all secured, priority and tax claims will be paid and that unsecured creditors will receive a pro rata distribution of remaining assets in the CEP Liquidating Trust. The principal purpose of the Plan is not avoidance of taxes or avoidance of the application of section 5 of the Securities Act of 1933. All payments to be made in connection with the Plan, or which otherwise are required to be disclosed, are disclosed in the Disclosure Statement and the Plan. Furthermore, all matters relating to the Plan and the confirmation thereof have been fully disclosed, and there are no special arrangements, amounts to be paid, or transactions not provided for in the Plan and/or Plan related documents.

24. As set forth in the Memorandum of Law of the Debtor in Support of Confirmation of the Plan dated July 20, 2007, the Debtors believe that the Plan is proposed in good faith and complies with the applicable sections of the Bankruptcy Code.

SOLICITATION OF THE PLAN

25. On June 6, 2007, this Court entered an order which approved the Disclosure Statement (the "Disclosure Statement Order") and, on June 6, 2007, this Court entered an order (the "Voting Procedures Order") which approved certain voting and solicitation procedures relating to the Disclosure Statement. Following entry of the Disclosure Statement Order and the Voting Procedures Order, the Debtor, through its Court-appointed notice and balloting agent, BMC Group, caused to be disseminated the Disclosure Statement and the Plan, Ballots and related solicitation materials to its Creditors in accordance with the Disclosure Statement Order and the Voting Procedures Order. The Debtors did not solicit the acceptance or rejection of the Plan by any Creditor before the transmission of the Disclosure Statement.

THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND SHAREHOLDERS

26. As set forth in the Distribution Analysis attached as Exhibit C to the Plan, the Debtors believe that the Plan is in the best interests of creditors and stockholders. If the Plan is not confirmed and the case is converted to Chapter 7, the Debtors believe that Creditors will likely fare worse than as proposed under the Plan.

27. Liquidation under Chapter 7 would result in administrative costs and expenses. The Chapter 7 Trustee would be entitled to collect a fee of up to three percent (3%) from distributions to creditors. In addition, the Chapter 7 Trustee would lack familiarity with the Debtor's operations. This would lead to additional costs and delay as the Trustee became familiar with the Debtor's business.

THE PLAN IS FEASIBLE

28. The CEP Liquidating Trustee will have sufficient resources to perform his obligations under the Plan and Plan Trust Agreement. The Plan contemplates that the CEP Liquidating Trustee will collect the assets of the Debtors, liquidate any unliquidated assets, resolve claims against the Debtors and distribute the Debtors assets as provided in the Plan. There are sufficient proceeds from the liquidation of the Debtors to pay all administrative claims against the Debtors estates on the Effective Date. All other administrative claims will be paid as they become undisputed and liquidated.

CONCLUSION

29. I believe that the Plan treats all Classes fairly, equitably and reasonably. As a result, I believe the Plan is in the best interests of the Debtors, their Creditors, Equity Interest holders and all parties in interest. I further believe that the Plan will enable the Debtors to maximize the returns to Creditors and Equity Interest holders.

30. I declare under penalty of perjury that the foregoing is true and accurate.

Dated: July 20, 2007

/s/ Joseph Mallak
Joseph Mallak