

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

40-7580

In re:

FANSTEEL INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 02-10109 (JJF)
(Jointly Administered)

Objection Deadline: May 7, 2002 at 4:00 p.m.
Hearing Date: To Be Determined, Only if Objections are Timely Filed

**NOTICE OF APPLICATION PURSUANT TO FED. R. BANKR. P. 2014(A) FOR
AN ORDER UNDER SECTION 327(a) OF THE BANKRUPTCY CODE AUTHORIZING
THE EMPLOYMENT AND RETENTION *NUNC PRO TUNC* TO APRIL 1, 2002
OF ERNST & YOUNG LLP AS ACCOUNTANTS AND AUDITORS FOR
DEBTORS AND DEBTORS IN POSSESSION**

TO: ALL PARTIES REQUIRED TO RECEIVE NOTICE PURSUANT TO
DEL. BANKR. LR 2002-1.

The captioned debtors and debtors in possession (collectively, the "Debtors")
filed the attached "**Application Pursuant to Fed. R. Bankr. P. 2014(A) For An Order Under
Section 327(a) Of The Bankruptcy Code Authorizing The Employment And Retention
Nunc Pro Tunc To April 1, 2002 Of Ernst & Young LLP As Accountants And Auditors For
Debtors And Debtors In Possession**" (the "Application") with the United States Bankruptcy
Court for the District of Delaware, 824 Market Street, Wilmington, DE 19801 (the "Bankruptcy
Court"). The Application seeks approval of Ernst & Young LLP as accountants and auditors to
the Debtors.

Objections and responses to the Application, if any, must be in writing and filed

¹ The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.
27311-001\DOCS_DE:44952.1

Wmss01 Add: RedLge MailCenter

with the Bankruptcy Court no later than 4:00 p.m. on May 7, 2002. At the same time, you must also serve a copy of the objection or response on the undersigned Debtors' counsel.

IF OBJECTIONS OR RESPONSES ARE TIMELY FILED AND SERVED IN ACCORDANCE WITH THE PRECEEDING PARAGRAPH, A HEARING ON THE APPLICATION WILL BE HELD BEFORE THE HONORABLE JOSEPH J. FARNAN, JR., UNITED STATES DISTRICT COURT, IN COURTROOM 6A ON THE 2ND FLOOR, BOGGS FEDERAL BUILDING, WILMINGTON, DELAWARE 19801, AT A DATE AND TIME TO BE DETERMINED BY THE COURT.

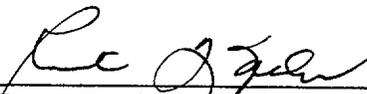
IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

Dated: April 17, 2002

SHULTE ROTH & ZABEL LLP
Jeffrey S. Sabin
Mark A. Broude
919 Third Avenue
New York, NY 10022
Telephone: (212) 756-2000
Facsimile: (212) 593-5955

and

PACHULSKI, STANG, ZIEHL, YOUNG & JONES P.C.



Laura Davis Jones (Bar No. 2436)
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919 North Market Street, 16th Floor
P.O. Box 8705
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Co-Counsel for the Debtors and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

FANSTEEL INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 02-10109 (JJF)
(Jointly Administered)

Objections Deadline: May 7, 2002 at 4:00 p.m.
Hearing: To Be Determined, Only if Objections are Timely Filed

**APPLICATION PURSUANT TO FED. R. BANKR. P. 2014(A) FOR AN ORDER
UNDER SECTION 327(a) OF THE BANKRUPTCY CODE AUTHORIZING THE
EMPLOYMENT AND RETENTION *NUNC PRO TUNC* TO APRIL 1, 2002 OF
ERNST & YOUNG LLP AS ACCOUNTANTS AND AUDITORS
FOR DEBTORS AND DEBTORS IN POSSESSION**

TO: ALL PARTIES REQUIRED TO RECEIVE NOTICE PURSUANT TO DEL. BANKR.
LR 2002-1.

The above-captioned debtors and debtors in possession (collectively the “Debtors” or “Fansteel”) hereby submit this Application Pursuant to Federal Rule of Bankruptcy Procedure 2014(a) for an Order Under Section 327(a) of the Bankruptcy Code Authorizing the Employment and Retention of Ernst & Young LLP, as Auditors and Accountants for Debtors and Debtors in Possession (the “Application”). In support of this Application, Debtors rely on the Affidavit of James J. Doyle (“Doyle Affidavit”), attached hereto as Exhibit 1. In addition, Debtors respectfully represent as follows:

¹ The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

Jurisdiction

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334.

This matter is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2).

2. The statutory bases for the relief requested herein are sections 327(9), 328 and 330 of the Bankruptcy Code and Bankruptcy Rules 2002, 2014 and 6004.

Background

3. Fansteel and the other eight Debtors (each a direct or indirect wholly-owned subsidiary of Fansteel) have been engaged for over 70 years in the business of manufacturing and marketing specialty metal products with today's operations being conducted at ten manufacturing facilities (five of which are owned by Fansteel) in nine states. Collectively, Debtors have approximately 1,250 employees, substantially all on a full time basis, including approximately 365 employees that are working under collective bargaining agreements with four different unions. Each Debtor is operated separately, with separate employees, separate operations and separately maintained books and records.

A. Pre-Petition Unsecured Lenders

4. Prior to the Petition Date, The Northern Trust Company ("NTC"), as agent for itself and M&I Bank ("M&I"), had extended to Fansteel a \$30 million unsecured revolving facility (the "Pre-Petition Credit Facility"). Fansteel is the only borrower under the Pre-Petition Credit Facility and none of the other Debtors has any obligations thereunder; however, under the Pre-Petition Credit Facility, Fansteel agreed not to permit any of its direct or indirect subsidiaries (including all of the other Debtors) to incur indebtedness or to pledge any of their assets, subject

to certain exceptions. As of the Petition Date, there was approximately \$8.5 million outstanding under the Pre-Petition Credit Facility in addition to \$6.5 million in outstanding letters of credit, which includes a \$3.7 million letter of credit in favor of the United States Nuclear Regulatory Commission (“NRC”).¹

B. Causes Leading to the Bankruptcy Filings

5. The operations of Debtors’ respective businesses have involved compliance with state and federal environmental laws, including the Atomic Energy Act. The Debtors’ bankruptcy cases are an outgrowth of the discontinuation of one of Fansteel’s operations that was conducted from the 1950s through 1989 at a site owned and operated by Fansteel in Muskogee, Oklahoma (the “Muskogee Site”). At the Muskogee Site, Fansteel, in accordance with a license obtained from the NRC in 1967, processed tantalum ore for further processing at Fansteel’s plant in North Chicago. Tantalum naturally occurs with other metals, including uranium and thorium, each of which is radioactive, and the processing of tantalum results in, among other things, radioactive residues and soils. Fansteel, in accordance with applicable regulations promulgated by the NRC, is required, upon discontinuance of its business to remediate these residues and soils.

6. In 1989, Fansteel discontinued its operations at the Muskogee Site. Notwithstanding such discontinuation, Fansteel has remained at all times in compliance with its NRC license, and has maintained the Muskogee Site in a manner that protects the health and safety of its employees and the public. Following its discontinuation of operations at the

¹ There is a second letter of credit in favor of the NRC in the amount of approximately \$750,000, which is not issued pursuant to the Pre-Petition Credit Facility.

Muskogee Site, Fansteel developed a method to reprocess the residues at the Muskogee Site and to remediate the contaminated soils, and obtained the approval of the NRC for various aspects of such reprocessing and remediation. Unfortunately, due to operational problems in the plant and the significant decline in the price of tantalum during the second and third quarters of 2001, operation of the reprocessing facility was determined to be uneconomic, requiring Fansteel, as a matter of generally accepted accounting principals, in its financial statements for the quarter ended September 30, 2001, to write off the costs that Fansteel had expended in designing and building the reprocessing plant (approximately \$32 million), and to take an immediate reserve for the reasonably anticipated costs of remediating the radioactive residues and soils that remain on the Muskogee Site without regard to any reprocessing (an approximately \$57 million reserve).

7. Fansteel's plight was further aggravated by the actions of NTC and M&I. In mid October 2001, Fansteel promptly informed NTC of the prospective write-off and reserve required with respect to the Muskogee Site, and requested waivers of any events of default arising under the Pre-Petition Credit Facility as a result thereof, as well as an amendment of the loan documents governing the Pre-Petition Credit Facility in order either to allow Fansteel sufficient additional availability under the Pre-Petition Credit Facility or to allow Fansteel's subsidiaries to borrow funds on a secured basis which, in either case, would have provided the Debtors with sufficient liquidity to avoid a bankruptcy filing. However, NTC refused these requests and, on November 19, 2001, accelerated the Pre-Petition Credit Facility, froze all of the Debtors' accounts that were maintained at NTC and M&I and set-off amounts owed under the Pre-Petition Credit Facility against those accounts. As a result of the freeze and such set-off, the

Debtors no longer had access to the funds necessary to operate their respective businesses and a bankruptcy filing became inevitable.

Relief Requested

8. By this Application, Debtors seek to employ and retain the firm of Ernst & Young LLP ("E&Y") as their accountants and auditors. Accordingly, Debtors respectfully request the entry of an order pursuant to section 327(a) of the Bankruptcy Code authorizing them to employ and retain the firm of E&Y as their accountants and auditors during these chapter 11 cases. The terms of E&Y's retention are set forth in the Doyle Affidavit and the engagement letter, dated April 8, 2002, between E&Y and Fansteel Inc. ("Engagement Letter") attached as Exhibit A to the Doyle Affidavit.

9. Debtors seek to retain E&Y as their accountants and auditors because of E&Y's extensive experience and knowledge in the field and because of the firm's experience and knowledge of Debtors' business operations.

a. Subject to Court approval in accordance with Section 330(a) of the Bankruptcy Code, compensation will be payable to E&Y on an hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by E&Y. The range of hourly rates to be charged are set forth in the Doyle Affidavit and the Engagement Letter.

10. The hourly rates set forth in the Doyle Affidavit and the Engagement Letter are subject to periodic adjustments to reflect economic and other conditions. Other professionals may from time to time serve Debtors in connection with the matters herein described.

11. The hourly rates set forth in the Doyle Affidavit and the Engagement Letter are E&Y's standard hourly rates for work of this nature. These rates are set at a level designed to fairly compensate E&Y for the work of its professionals and to cover fixed and routine overhead expenses. It is E&Y's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, document retrieval, photocopying charges, charges for mailing supplies (including, without limitation, envelopes and labels) provided by E&Y to outside copying services for use in mass mailings, travel expenses, expenses for "working meals," computerized research, transcription costs, as well as non-ordinary overhead expenses such as secretarial and other overtime. E&Y will charge Debtors for these expenses in a manner and at rates consistent with charges made generally to E&Y's other clients. E&Y believes that it is more fair to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients.

12. The professional services that E&Y will render to Debtors are audit and accounting services as set forth in the Doyle Affidavit and the Engagement Letter.

13. To the best of Debtors' knowledge, and except as disclosed in the Doyle Affidavit and the Engagement Letter, E&Y has not represented Debtors, their creditors, equity security holders, or any other parties in interest, or its respective attorneys, in any matter relating to Debtors or their estates.

14. To the best of Debtors' knowledge and except as otherwise disclosed in the Doyle Affidavit and/or the Engagement Letter, E&Y does not hold or represent any interest adverse to Debtors' estates, E&Y is a "disinterested person" as that phrase is defined in Section 101(14) of the Bankruptcy Code, and E&Y's employment is necessary and in the best interests of Debtors and their estates.

Notice

15. Notice of this Application has been given to all parties required to receive notice pursuant to Delaware Local Rule of Bankruptcy 2002-1(b). In light of the nature of the relief requested, Debtors submit that no other or further notice is required.

WHEREFORE, Debtors request entry of an Order substantially in the form attached hereto, authorizing Debtors to employ and retain E&Y as accountants and auditors, and granting such other and further relief as is just and proper.

FANSTEEL INC., FANSTEEL HOLDINGS, INC.,
CUSTOM TECHNOLOGIES CORP., ESCAST, INC.,
WELLMAN DYNAMICS CORP., WASHINGTON MFG.
CO., PHOENIX AEROSPACE CORP., AMERICAN
SINTERED TECHNOLOGIES, INC., FANSTEEL
SCHULZ PRODUCTS, INC.

By: _____
R. Michael McEntee
Chief Financial Officer

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:

FANSTEEL INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 02-10109 (JJF)
(Jointly Administered)

**ORDER UNDER SECTION 327(a) OF THE BANKRUPTCY CODE
AUTHORIZING THE EMPLOYMENT AND RETENTION *NUNC PRO TUNC*
TO APRIL 1, 2002 OF ERNST & YOUNG LLP AS ACCOUNTANTS AND
AUDITORS FOR DEBTORS AND DEBTORS IN POSSESSION**

Upon the application of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for Application Pursuant To Federal Rule of Bankruptcy Procedure 2014(a) For Order Under Section 327(a) of the Bankruptcy Code Authorizing the Employment and Retention of Ernst & Young LLP ("E&Y") as Accountants and Auditors for Debtors and Debtors in Possession (the "Application"), and upon the Affidavit of James J. Doyle, a partner of the Firm, in support thereof (the "Doyle Affidavit") and the engagement letter, dated April 8, 2002, between Fansteel Inc. and E&Y ("Engagement Letter"), attached to the Doyle Affidavit as Exhibit A; and the Court being satisfied based on the representations made in the Application and in the Doyle Affidavit that said professionals represent no interest adverse to Debtors' estates with respect to the matters upon which they are to be engaged, that they are disinterested persons as that term is defined under Section 101(14) of the Bankruptcy Code, as modified by Section 1107(b) of the Bankruptcy Code, and that their employment is necessary and would be in

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the best interests of Debtors' estates, and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application is granted *nunc pro tunc* to April 1, 2002; and it is further

ORDERED that in accordance with Section 327(a) of the Bankruptcy Code, Debtors are authorized to employ and retain E&Y as accountants and auditors on the terms set forth in the Application, the Doyle Affidavit, and the Engagement Letter; and it is further

ORDERED that the Firm shall be entitled to allowance of compensation and reimbursement of expenses, upon the filing and approval of interim and final applications pursuant to the Federal Rules of Bankruptcy Procedure, the Local Rules of this Court and such other orders as this Court may direct.

Wilmington, Delaware
Dated: _____, 2002

Honorable Joseph J. Farnan, Jr.
United States District Court Judge

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:

FANSTEEL INC., *et al.*,¹

Debtors.

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27311-001\DOCS_DE:35972.5

Jurisdiction

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334.

This matter is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2).

2. The statutory bases for the relief requested herein are sections 327(9), 328 and 330 of the Bankruptcy Code and Bankruptcy Rules 2002, 2014 and 6004.

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to certain exceptions. As of the Petition Date, there was approximately \$8.5 million outstanding under the Pre-Petition Credit Facility in addition to \$6.5 million in outstanding letters of credit, which includes a \$3.7 million letter of credit in favor of the United States Nuclear Regulatory Commission (“NRC”).¹

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5. The operations of Debtors’ respective businesses have involved compliance with state and federal environmental laws, including the Atomic Energy Act. The Debtors’ bankruptcy cases are an outgrowth of the discontinuation of one of Fansteel’s operations that was conducted from the 1950s through 1989 at a site owned and operated by Fansteel in Muskogee, Oklahoma (the “Muskogee Site”). At the Muskogee Site, Fansteel, in accordance with a license obtained from the NRC in 1967, processed tantalum ore for further processing at Fansteel’s plant in North Chicago. Tantalum naturally occurs with other metals, including uranium and thorium, each of which is radioactive, and the processing of tantalum results in, among other things, radioactive residues and soils. Fansteel, in accordance with applicable regulations promulgated by the NRC, is required, upon discontinuance of its business to remediate these residues and soils.

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Debtors no longer had access to the funds necessary to operate their respective businesses and a bankruptcy filing became inevitable.

Relief Requested

8. By this Application, Debtors seek to employ and retain the firm of Ernst & Young LLP (“E&Y”) as their accountants and auditors. Accordingly, Debtors respectfully request the entry of an order pursuant to section 327(a) of the Bankruptcy Code authorizing them to employ and retain the firm of E&Y as their accountants and auditors during these chapter 11 cases. The terms of E&Y’s retention are set forth in the Doyle Affidavit and the engagement letter, dated April 8, 2002, between E&Y and Fansteel Inc.(“Engagement Letter”) attached as Exhibit A to the Doyle Affidavit.

9. Debtors seek to retain E&Y as their accountants and auditors because of E&Y’s extensive experience and knowledge in the field and because of the firm’s experience and knowledge of Debtors’ business operations.

a. Subject to Court approval in accordance with Section 330(a) of the Bankruptcy Code, compensation will be payable to E&Y on an hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by E&Y. The range of hourly rates to be charged are set forth in the Doyle Affidavit and the Engagement Letter.

10. The hourly rates set forth in the Doyle Affidavit and the Engagement Letter are subject to periodic adjustments to reflect economic and other conditions. Other professionals may from time to time serve Debtors in connection with the matters herein described.

11. The hourly rates set forth in the Doyle Affidavit and the Engagement Letter are E&Y's standard hourly rates for work of this nature. These rates are set at a level designed to fairly compensate E&Y for the work of its professionals and to cover fixed and routine overhead expenses. It is E&Y's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, document retrieval, photocopying charges, charges for mailing supplies (including, without limitation, envelopes and labels) provided by E&Y to outside copying services for use in mass mailings, travel expenses, expenses for "working meals," computerized research, transcription costs, as well as non-ordinary overhead expenses such as secretarial and other overtime. E&Y will charge Debtors for these expenses in a manner and at rates consistent with charges made generally to E&Y's other clients. E&Y believes that it is more fair to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients.

12. The professional services that E&Y will render to Debtors are audit and accounting services as set forth in the Doyle Affidavit and the Engagement Letter.

13. To the best of Debtors' knowledge, and except as disclosed in the Doyle Affidavit and the Engagement Letter, E&Y has not represented Debtors, their creditors, equity security holders, or any other parties in interest, or its respective attorneys, in any matter relating to Debtors or their estates.

14. To the best of Debtors' knowledge and except as otherwise disclosed in the Doyle Affidavit and/or the Engagement Letter, E&Y does not hold or represent any interest adverse to Debtors' estates, E&Y is a "disinterested person" as that phrase is defined in Section 101(14) of the Bankruptcy Code, and E&Y's employment is necessary and in the best interests of Debtors and their estates.

Notice

15. Notice of this Application has been given to all parties required to receive notice pursuant to Delaware Local Rule of Bankruptcy 2002-1(b). In light of the nature of the relief requested, Debtors submit that no other or further notice is required.

WHEREFORE, Debtors request entry of an Order substantially in the form attached hereto, authorizing Debtors to employ and retain E&Y as accountants and auditors, and granting such other and further relief as is just and proper.

FANSTEEL INC., FANSTEEL HOLDINGS, INC.,
CUSTOM TECHNOLOGIES CORP., ESCAST, INC.,
WELLMAN DYNAMICS CORP., WASHINGTON MFG.
CO., PHOENIX AEROSPACE CORP., AMERICAN
SINTERED TECHNOLOGIES, INC., FANSTEEL
SCHULZ PRODUCTS, INC.

By: R. Michael McEntee
R. Michael McEntee

Chief Financial Officer

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
FANSTEEL INC., et al.,¹) Case No. 02-10109 (JF))
) (Jointly Administered)
)
Debtors.)

**AFFIDAVIT AND DISCLOSURE STATEMENT OF ERNST & YOUNG LLP IN
SUPPORT OF APPLICATION FOR EMPLOYMENT AND RETENTION OF ERNST &
YOUNG LLP AS ACCOUNTANTS TO THE DEBTOR FANSTEEL INC., et al
PURSUANT TO SECTION 327 OF THE BANKRUPTCY CODE, NUNC PRO TUNC TO
APRIL 1, 2002**

Pursuant to Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), James J. Doyle, being duly sworn, deposes and says:

1. I am a partner of Ernst & Young LLP ("E&Y LLP"), I submit this Affidavit in support of the Application of the Debtors in the above-captioned Chapter 11 cases for an Order authorizing the employment and retention of E&Y as accountants to provided the services outlined below for Fansteel Inc., et al., and its affiliated debtors ("Fansteel" or the "Debtors") *nunc pro tunc*, to April 1, 2002 (the "Application"), in these Chapter 11 cases pursuant to the terms and conditions set forth in the agreement between Fansteel and E&Y (the "Engagement Letter"),

¹ The Debtors are the following entities: Fansteel, Inc., Fansteel Holdings, Inc. Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

copies of which are attached to the Affidavit as Exhibit A and are submitted for approval herewith.

2. The facts set forth in my affidavit are based upon my personal knowledge, upon information and belief and upon client matter records kept in the ordinary course of business that were reviewed by me or other employees of E&Y LLP under my supervision and direction.
3. As set forth in further detail in the Engagement Letter, E&Y LLP's services in connection with these Chapter 11 cases will be to render audit services to the Debtors, including but not limited to auditing the annual consolidated financial statements of Fansteel, Inc., reviewing the quarterly financial statements of Fansteel, Inc., and providing other accounting and auditing consultation therewith, as requested by the Debtors (the "Audit Services").
4. Subject to the Court's approval and pursuant to the terms and conditions of the Engagement Letter, E&Y intends to charge for the professional services on an hourly basis in accordance with its ordinary and customary hourly rates in effect on the date of service, plus expenses. E&Y's applicable billing rates for the Audit Services, which are revised annually effective each July 1st, are set forth below:

Partners and Principals	\$570 to \$640
Senior Managers	\$425 to \$495
Managers	\$325 to \$360
Seniors	\$215 to \$261
Staff	\$145 to \$175

5. A copy of the Engagement Letter is submitted for approval herewith. E&Y LLP's provision of services to the Debtor is contingent upon the Court's approval of each term and condition set forth in the Engagement Letter. Included among the terms and conditions set forth in the Engagement Letter is the following:

Any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Agreement or the services provided hereunder (including any such matter involving parent, subsidiary, affiliate, successor in interest or agent of any member of the Committee or of EY LLP) shall be brought in the Bankruptcy Court, or the District Court for the District of Delaware if such District Court withdraws the reference, and the parties to this Agreement, and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such court does not have or retain jurisdiction over such claims or controversies) for the resolution of such claims, causes of action or lawsuits. The parties to this Agreement, and any and all successors and assigns thereof, hereby waive trial by jury, such waiver being informed and freely made. If the Bankruptcy Court, or the District Court upon withdrawal of the reference, does not have or retain jurisdiction over the foregoing claims or controversies, the parties to this Agreement, and any and all successors and assigns thereof, agree to submit first to non-binding mediation; and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures set forth in Appendix A to this Agreement. Judgment on any arbitration award may be entered in any court having proper jurisdiction. The foregoing is binding upon the Committee and EY LLP, and any and all successors and assigns thereof.

6. In connection with E&Y LLP's proposed retention by the Debtors, E&Y LLP has requested and, unless otherwise noted, obtained from counsel to the Debtors the names, as applicable, of the following entities:

- (i) Debtors;
- (ii) Attorneys for Debtors (general counsel and special bankruptcy counsel)²;
- (iii) Other professionals of the Debtors retained in connection with the Chapter 11 proceeding¹;
- (iv) Debtors' affiliates;
- (v) Attorneys for Debtors' affiliates, if different from above¹;
- (vi) Other professionals of Debtors' affiliates retained in connection with the Chapter 11 proceeding if different from above¹;
- (vii) Debtors' officers;
- (viii) Attorneys for Debtors' officers retained in connection with the Chapter 11 proceeding, if different from above¹;
- (ix) Other business affiliations of Debtors' officers;
- (x) Debtors' directors;
- (xi) Attorneys for Debtors' directors retained in connection with the Chapter 11 proceeding¹;
- (xii) Other business affiliations of Debtors' directors;
- (xiii) Debtors' major shareholders (5% or more);
- (xiv) Attorneys for Debtors' major shareholders retained in connection with the Chapter 11 proceeding¹;
- (xv) Secured lenders;
- (xvi) Attorneys for secured lenders retained in connection with the Chapter 11 proceeding¹;
- (xvii) Substantial unsecured bondholders or lenders;

² Debtors' counsel provided a list of legal and other professional service firms, but was unable to provide details about whom each of the firms represented.

- (xviii) Attorneys for substantial unsecured bondholders or lenders retained in connection with the Chapter 11 proceeding¹;
- (xix) Indenture trustees;
- (xx) Attorneys for indenture trustees retained in connection with the Chapter 11 proceeding¹;
- (xxi) Twenty largest unsecured creditors as of the date of filing;
- (xxii) Attorneys for the twenty largest unsecured creditors retained in connection with the Chapter 11 proceeding¹;
- (xxiii) Other significant parties in interest including parties in material litigation against the Debtors, and/or parties to potential significant transactions with the Debtors;
- (xxiv) Attorneys for other parties in interest retained in connection with the Chapter 11 proceeding¹;
- (xxv) Parties to significant executory contracts and leases of the Debtors;
- (xxvi) Attorneys for the parties to significant executory contracts and leases retained in connection with the Chapter 11 proceeding¹;
- (xxvii) Official statutory committees members (all committees);
- (xxviii) Official statutory committees attorneys (for each official committee);
- (xxix) Official statutory committees other professionals³; and
- (xxx) Attorneys for the official statutory committees members².

The identities of the interested parties are set forth on Exhibit B to the Affidavit.

7. E&Y LLP searched certain databases of EYCF and E&Y LLP to determine whether either entity has provided in the recent past or is currently providing services to the parties-in-interest listed in Exhibit B attached hereto. To the extent that E&Y LLP's research of relationships with the interested parties indicated that Ernst & Young has provided in the recent past or is currently providing services to

any of these entities in matters unrelated to these Chapter 11 cases, E&Y LLP has so indicated in the attached Exhibit B to the Affidavit. Should additional relationships with parties in interest become known to E&Y LLP, a supplemental affidavit will be filed with the Court.

8. The U.S. firm of Ernst & Young LLP and the Canadian firm of Ernst & Young LLP (“E&Y (Canada)”) are separate legal entities which, through various agreements, have a close operational relationship, that, inter alia, provides for certain shared costs and services and mutual financial support and, in certain circumstances, calls for compensation payments as between the two firms.
9. E&Y LLP has requested E&Y (Canada) to conduct research with respect to services provided by it to the parties listed in Exhibit B attached hereto. The results of such research have not yet been received by E&Y LLP, but will be disclosed in a supplemental affidavit that will be filed with the Court once available.
10. Donahue LLP (“Donahue”) is a Canadian law firm with offices in Toronto, Montreal and Calgary. Donahue is owned and managed by its partners. Donahue has an alliance agreement with E&Y (Canada) under which the firms work together to market and coordinate services to clients. In addition, E&Y (Canada) provides certain facilities and support services to Donahue. E&Y (Canada) has no ownership

³ Information was received from counsel to the Committee.

interest in Donahue, nor do the firms share revenues or profits. However, the partners of Donahue are partners in E&Y (Canada).

11. E&Y LLP has requested Donahue to conduct research with respect to services provided by it to the parties listed in Exhibit B attached hereto. The results of such research have been completed, and no connections have been found. To the best of E&Y LLP's knowledge, Donahue does not presently provide any services to the Debtors or their affiliates and will not do so during the tendency of this Chapter 11 proceeding.

12. E&Y LLP and E&Y (Canada) are members of E&Y International ("EYI"), a company limited by guarantee, incorporated in the Cayman Islands, that has no shareholders and no capital. EYI is a network of correspondent accountant firms that have agreed to conduct their individual practices in accordance with EYI's Articles of Association.

13. The Debtors have operations in Mexico. Accordingly, E&Y made inquiries of E&Y (Mexico), an EYI member firm, with respect to services performed for the Debtors. E&Y (Mexico) has performed certain minimal services for the Debtors prior to the inception of the cases.

14. E&Y LLP had no outstanding balance due from the Debtors as of the Petition Date with respect to the services provided by E&Y LLP.

15. As part of its practice, Ernst & Young appears in cases, proceedings and transactions involving many different attorneys, financial advisors and creditors, some of which may represent or be claimants and/or parties in interest in these cases. Ernst & Young will not have any relationship with such entity, attorney or financial advisor that would be materially adverse to the Debtor. Attached hereto as Exhibit B is a list of professional service firms that are currently providing or have in the recent past provided services to Ernst & Young, and are included in the listing of interested parties received from Debtors' counsel. The following professionals whom we believe to be closely associated with the Debtors' Chapter 11 cases have provided in the past and/or are currently providing services to Ernst & Young: Kirkpatrick & Lockhart LLP and Fried Frank Harris Shriver & Jacobson have provided in the past, and are presently providing services to Ernst & Young. Goldberg, Kohn, Bell, Black, Rosenbloom, Moritz, LTD. has provided services in the past to Ernst & Young.
16. Ernst & Young has thousands of professional employees. It is possible that certain employees of Ernst & Young have business associations with parties in interest in these cases or hold securities of the Debtors or interests in mutual funds or other investment vehicles that may own securities of the Debtors.
17. To the best of my knowledge, information and belief formed after reasonable inquiry, but for services provided to the Debtors prior to the Petition Date as set

forth above, none of the services rendered by E&Y LLP, EYCF, E&Y (Canada) or Donahue to the entities as set forth in Exhibit B hereto and herein, have been in connection with Debtors or these Chapter 11 cases. E&Y LLP believes that these relationships will not impair E&Y LLP's ability to objectively perform professional services on behalf of the Debtors.

18. To the best of my knowledge, information and belief, neither the undersigned nor the professionals anticipated to assist the Debtors in these matters are connected to the judge, U.S. Trustee or assistant U.S. Trustee assigned to this matter.
19. Despite the efforts described above to identify and disclose connections with parties in interest in these cases, because the Debtors are a large enterprise with thousands of creditors and other relationships, E&Y LLP is unable to state with certainty that every client representation or other connection of E&Y LLP, EYCF, E&Y (Canada) and Donahue have been disclosed. In this regard, if EYCF discovers additional information that requires disclosure, E&Y LLP will file supplemental disclosures with the Court as promptly as possible.
20. To the best of my knowledge, information and belief formed after reasonable inquiry, E&Y LLP does not hold nor represent any interest adverse to the Debtor in the matters for which E&Y LLP is proposed to be retained. The proposed employment of E&Y LLP is not prohibited by or improper under Bankruptcy Rule

5002. Accordingly, I believe that E&Y LLP is eligible for retention by the Committee under the Bankruptcy Code.

21. During the ninety days immediately preceding the Petition Date, the Debtors paid fees totaling \$117,500 to E&Y LLP.

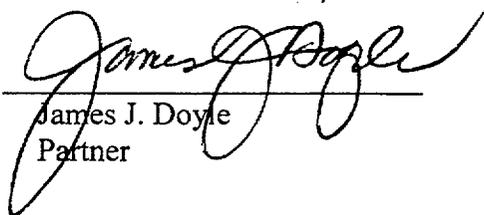
22. E&Y LLP and the professionals that it employs, are qualified to represent the Debtor in the matters for which E&Y LLP is proposed to be employed.

23. E&Y LLP has not shared or agreed to share any of its compensation in connection with this matter with any other person; as the sole member of E&Y LLP has a variety of legal and financial rights, including the right to receive dividends under legally appropriate circumstances.

24. E&Y LLP intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of this Court and the Engagement Letter, and pursuant to any additional procedures that may be established by the Court in these cases.

25. At the request of the Debtor and its counsel, E&Y LLP commenced performing services related to these cases on January 15, 2002. It is therefore requested that the retention of E&Y LLP as accountants providers be approved *nunc pro tunc* to April 1, 2002.

BY:


James J. Doyle
Partner

Subscribed and sworn before me
This 15 day of April, 2002


Notary Public



Exhibit A

January 14, 2002

Mr. R. Michael McEntee
Chief Financial Officer
Fansteel Inc.
One Tantalum Place
North Chicago, IL 60064

Dear Mr. McEntee:

1. This will confirm our engagement to audit and report on the consolidated financial statements of Fansteel Inc. for the year ending December 31, 2001, to review the quarterly filings for Fansteel Inc. during fiscal 2002 and to provide other accounting and auditing consultation and assistance as requested. We have agreed to provide such services, contingent upon approval of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") of our retention in accordance with the terms and conditions hereof. The objective of the audit is to express an opinion on the fairness, in all material respects, of the presentation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States.
2. Should conditions not now anticipated preclude us from completing our audit and issuing a report as contemplated by the preceding paragraph, we will advise you and the audit committee promptly and take such action as we deem appropriate.

Audit Responsibilities and Limitations

3. We will conduct our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we obtain reasonable rather than absolute assurance that the financial statements are free of material misstatement whether caused by error or fraud. As you are aware, there are inherent limitations in the audit process, including, for example, selective testing and the possibility that collusion or forgery may preclude the detection of material error, fraud, and illegal acts. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements.
4. As part of our audits, we will consider, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the Company's internal control. This consideration will not be sufficient to enable us to provide assurance on internal control or to identify all reportable conditions.

January 14, 2002

Page 2

5. We will determine that the audit committee and appropriate members of management are informed of fraud and illegal acts, unless they are clearly inconsequential, of which we become aware. In addition, we will inform the audit committee and appropriate members of management of significant audit adjustments and of reportable conditions noted during our audit procedures.
6. We also may communicate other opportunities we observe for economies in or improved controls over the Company's operations.
7. In accordance with standards established by the American Institute of Certified Public Accountants, we will communicate certain matters related to the conduct and results of the audit to the Company's audit committee. Such matters include, when applicable, disagreements with management, whether or not resolved; difficulties encountered in performing the audit; the auditor's level of responsibility under auditing standards generally accepted in the United States for the financial statements, for internal control, and for other information in documents containing the audited financial statements; unadjusted audit differences that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole; changes in the Company's significant accounting policies and methods for accounting for significant unusual transactions or for controversial or emerging areas; our judgments about the quality of the Company's accounting principles; our basis for conclusions regarding sensitive accounting estimates; management's consultations, if any, with other accountants; and major issues discussed with management prior to our retention.
8. Information is also provided to the Company's audit committee regarding management consulting services performed during the year under audit. In addition, in accordance with Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, we will communicate certain independence matters to the audit committee.

Management's Responsibilities and Representations

9. The financial statements are the responsibility of the management of the Company, which is also responsible for establishing and maintaining effective internal control, for properly recording transactions in the accounting records, for safeguarding assets, and for the overall fair presentation of the financial statements. Management of the Company also is responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.
10. Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in its representation letter that the effects of any unadjusted audit differences accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

11. As required by auditing standards generally accepted in the United States, we will make specific inquiries of management about the representations contained in the financial statements and the effectiveness of internal control over financial reporting. Auditing standards generally accepted in the United States also require that, at the conclusion of the audit, we obtain representation letters from certain members of management about these matters. The responses to those inquiries, the written representations, and the results of our audit tests comprise the evidential matter we will rely upon in forming an opinion on the financial statements. Management is responsible for providing us with all financial records and related information on a timely basis, and its failure to do so may cause us to delay our report, modify our procedures, or even terminate our engagement.

Fees and Expenses

12. Our fees for the audit, review and other services described in paragraph 1 will be based on actual time incurred, at hourly rates in effect for the Ernst & Young professionals assigned, as set forth below, plus expenses. Our rates, which are revised annually effective July 1, presently range as follows:

Partners and Principals	\$570 to \$640
Senior Managers	\$425 to \$495
Managers	\$325 to \$360
Seniors	\$215 to \$261
Staff	\$145 to \$175

13. We will request payment of our fees in accordance with local bankruptcy rules for the District of Delaware and any relevant administrative orders. In addition, we will request reimbursement of our actual expenses related to this engagement, as well as fees for any time (including any time or reasonable expenses of legal counsel) we may incur in considering or responding to discovery requests or participating as a witness or otherwise in any legal regulatory, or other proceeding as a result of our performance of these services except for such proceedings in which Ernst & Young has been named as a party.

14. In the event we are requested or authorized by the Company or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the Company, the Company will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

January 14, 2002

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Other Matters

15. Any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Agreement or the services provided hereunder (including any such matter involving any parent, subsidiary, affiliate, successor in interest or agent of the Company or of Ernst & Young) shall be brought in the Bankruptcy Court of the District Court if such District Court withdraws the reference and the parties to this Agreement, and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such court does not have or retain jurisdiction over such claims or controversies) for the resolution of such claims, causes of action or lawsuits. The parties to this Agreement, and any and all successors and assigns thereof, hereby waive trial by jury, such waiver being informed and freely made. If the Bankruptcy Court or the District Court upon withdrawal of the reference does not have or retain jurisdiction over the foregoing claims or controversies, the parties to this Agreement and any and all successors and assigns thereof, agree to submit first to nonbonding mediation; and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures set forth in the Addendum to Engagement Letter. Judgment on any arbitration award may be entered in any court having proper jurisdiction. The foregoing is binding upon the Company, Ernst & Young and any and all successors and assigns thereof.
16. If any portion of this letter is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this letter shall remain in effect.

Pursuant to our agreement as reflected in this letter, we will audit and report on the consolidated financial statements of Fansteel Inc. for each of its subsequent fiscal years until either the Company or we terminate this agreement.

If these arrangements are acceptable, please sign one copy of this letter and return it to us.

We very much appreciate the opportunity to serve as Fansteel Inc.'s independent auditors and would be pleased to furnish any additional information you may request concerning our responsibilities and functions.

Yours very truly,

Ernst & Young LLP

Fansteel Inc.

Accepted by:

R. Michael Entee M. Entee

R. Michael Entee M. Entee
Chief Financial Officer

4/8/02

Date

Dispute Resolution Procedures

The following procedures shall be used to resolve any controversy or claim (“dispute”) as provided in our engagement letter of January 14, 2002. If any of these provisions are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

Mediation

A dispute shall be submitted to mediation by written notice to the other party or parties. In the mediation process, the parties will try to resolve their differences voluntarily with the aid of an impartial mediator, who will attempt to facilitate negotiations. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the American Arbitration Association (“AAA”) or JAMS/Endispute at the request of a party. Any mediator so designated must be acceptable to all parties.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the dispute.

The mediation will be treated as a settlement discussion and therefore will be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. No recording or transcript shall be made of the mediation proceedings.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Arbitration

If a dispute has not been resolved within 90 days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute will be settled by arbitration. The arbitration will be conducted in accordance with the procedures in this document and the Arbitration Rules for Professional Accounting and Related Services Disputes of the AAA as in effect on the date of the engagement letter (“AAA Rules”).

Connections Check

Category	Name	Related Parties	No Connection	Type of Work					
				Prior Connection	Current Work				
					Audit	Tax	MC	Corp Fin	Other
	Joe Roggs		x						
	Frank Paterra		x						
	Gary Kellogg		x						
Other Advisors	Pyramid Management Group				x	x			x
	Gorman Communications		x						
	Alexander Group		x						
	Manufacturing Development		x						
	D.L. Solutions		x						
	Gates McDonald Gibbens		x						
	Earth Science Consultants		x						
	CT Corporation		x						
	R.C. Simpson		x						
	North Environmental		x						
	North Shore Office Machines		x						
	AON Consulting			x					
	Carlile & Assoc.		x						
	JBL Consulting		x						
	Robert LaMarche		x						
	Omega Project Services LLC		x						
	Richard J. Shepler Jr.		x						
	Troy Tack		x						
	Lawrence Kramer		x						
	Bob Root		x						
	Curtis Reynolds		x						
Debtor's Major Shareholders (5% or more)	E.P. Evans		x						
	R.S. Evans		x						
	T.M. Evans		x						
	FMR Corp.								
	Dimensional Fund Advisors		x						
	Royce and Associates			x					
	C. Royce		x						
Debtor's Major Shareholders Attorneys									
Secured Lenders									
Attorneys Secured Lenders									
Substantial Unsecured Bondholders or Lenders	none								
Attorneys Substantial Unsecured Bondholders or Lenders									
Indenture Trustees	none								
Indenture Trustees Attorney									
Twenty Largest Unsecured Creditors	Nuclear Regulatory Commission		x						

Connections Check

Category	Name	Related Parties	No Connection	Type of Work					
				Prior Connection	Current Work				
					Audit	Tax	MC	Corp Fin	Other
	Northern Trust Bank		x			x	x		
	American National Bank			x					
	M. C. Starck, Inc.		x						
	Pennsylvania Economiv Development Finance Authoirty		x						
	Mississippi Business Finance		x						
	OMG Americas		x						
	All Vac		x						
	Alldyne Powder		x						
	T. T. I. Metals	TTI Inc.			x	x			
	Saegertown		x						
	N F & M International. Inc.		x						
	Sogen-Afrimet		x						
	Aon Risk Service of PA			x			x		x
	Johnson Lift / Hyster		x						
	Alldyne		x						
	Timken Latrobe Steel					x			
	Umicore		x						
	Precision Rolled Products. Inc.				x				
	Remet		x						
Attorneys Twenty Largest Unsecured Creditors									
Other significant parties in interest including parties in marterial litigation against the Debtors, and / or parties to potential significant transactions	M&I Bank		x						
	Northern Trust Bank		x			x	x		
	CIT Group/ Commerical Services, Inc.		x						
	Congress Financial Corp		x						
Attorneys for other parties in interrst retained	Kirkpatrick and Lockhart		x						
	Fried Frank		x						
	Freeborn and Peters		x						
	Goldberg, Kohn		x						
Parties to the Debtor's Significant Executory Contracts or Leases	Best Power Tschonology Inc.		x						
	Brown & Sharpe Inc		x		x				
	Xesystems Inc		x			x			
	Global Imaging Systems, Inc.		x		x	x			x
	Pitney Bowes Credit Corp.		x						
	Honeywell International Inc.		x						
	Dell Computer Corp		x			x			
	GE Capital Services Inc		x						
	A T & T Corp		x						
	Schindler Elevator Corp		x		x	x			
	Taco, Inc.		x		x	x			

Connections Check

Category	Name	Related Parties	No Connection	Type of Work					
				Prior Connection	Current Work				
					Audit	Tax	MC	Corp Fin	Other
	Magnesium Elektron Inc		x		x				
	Air Liquide America Corp		x		x	x			
	T T I Inc		x			x			
	Aon Risk Services		x						
	Whirlpool Corp		x		x		x		x
	Eaton Corp		x		x	x			x
	Dana Corp.		x			x			
	Norco		x						
	Plastic Products Company		x						
	Alliant Energy Corp		x				x		
	Perle Systems Limited		x						
	International Truck and Engine		x						
Parties to the Debtor's Significant Executory Contracts or Leases Attorneys									
Official statutory committees members (All Committees)	Northern Trust Co.					x	x		
	M&I Bank		x						
	Liberty Pattern Co.		x						
	M.C. Starck, Inc.		x						
	Metalworking Products		x						
	OMG Americans, Inc.		x						
	Reade Manufacturing Co.		x						
Officials statutory committees attorneys	Klett Rooney Lieber & Schorling				x				
	Adam G. Landis Esq.		x						
Officials statutory committees other professionals									
Attorneys for the official statutory committees members									
Judge	Peter J. Walsh		x						
US Trustee	David L. Buchbinder		x						
Other Attorneys	Janice C. Hartman		x						
	Rick E. Wood		x						
	Peter J. Kalis		x						
	John Eglert		x						
	Christopher E. Dominguez		x						
	Richard G. Griffith		x						
	William H. Francis		x						
	Andy Williams				x				
	Mark J. Steger		x						
	Steven B. Varick	Varick Associates					x		
	Eric Hemmendinger		x						
	Bruce R. Disenhouse		x						
	Mark S. Hurd		x						
	Frank Harty		x						
	Tom Foley		x						
	Catherine Overberg		x						

Exhibit B

Fansteel, Inc.
Connections Check

Category	Name	Related Parties	No Connection	Type of Work					
				Prior Connection	Current Work				
					Audit	Tax	MC	Corp Fin	Other
Debtor	Fansteel, Inc.				x	x			
Debtor's Attorneys	Pachulski, Stang Ziehl Young & Jones		x						
General Counsel and special bankruptcy counsel	Schulte, Rothe & Zabel LLP	Jeffrey S. Sabin, Esq.	x						
Other Professional of the Debtors retained									
Debtor's Affiliates	Fansteel Holding, Inc.				x	x			x
	Custom Technologies Corp.				x	x			x
	Escast Inc.				x	x			x
	Wellman Dynamics Corp.	Wellman Inc.			x	x			x
	Washington Mfg. Co.	Washington Group			x	x			x
	Phoenix Aerospace Corp.				x	x			x
	American Sintered Technologies				x	x			x
	Fansteel Schulz Products, Inc.				x	x			x
Attorneys for Debtors' affiliates (if different from above)									
Other professionals of Debtors' affiliates retained									
Debtor's Officers	Gary L. Tessitore		x						
	R. Micheal McEntee		x						
	Michael J. Monciak		x						
Attorneys for Debtors' Officers									
Debtor's Officers Other Business Affiliations									
Debtor's Directors	Gary T. Tessitore		x						
	Edward P. Evans		x						
	R. S. Evans		x						
	Thomas M. Evans, Jr.		x						
	Peter J. Kalis		x						
	Jack S. Petrick		x						
	Doanid C. Roof		x						
Debtor's Directors Attorneys									
Other Business affiliations of Debtors directors									
Business Advisors	William M. Mercer			x					
	McGlavery & Pullen LLP				x				x
	FERS		x						

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:

FANSTEEL INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 02-10109 (JJF)
(Jointly Administered)

**ORDER UNDER SECTION 327(a) OF THE BANKRUPTCY CODE
AUTHORIZING THE EMPLOYMENT AND RETENTION *NUNC PRO TUNC*
TO APRIL 1, 2002 OF ERNST & YOUNG LLP AS ACCOUNTANTS AND
AUDITORS FOR DEBTORS AND DEBTORS IN POSSESSION**

Upon the application of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for Application Pursuant To Federal Rule of Bankruptcy Procedure 2014(a) For Order Under Section 327(a) of the Bankruptcy Code Authorizing the Employment and Retention of Ernst & Young LLP ("E&Y") as Accountants and Auditors for Debtors and Debtors in Possession (the "Application"), and upon the Affidavit of James J. Doyle, a partner of the Firm, in support thereof (the "Doyle Affidavit") and the engagement letter, dated April 8, 2002, between Fansteel Inc. and E&Y ("Engagement Letter"), attached to the Doyle Affidavit as Exhibit A; and the Court being satisfied based on the representations made in the Application and in the Doyle Affidavit that said professionals represent no interest adverse to Debtors' estates with respect to the matters upon which they are to be engaged, that they are disinterested persons as that term is defined under Section 101(14) of the Bankruptcy Code, as modified by Section 1107(b) of the Bankruptcy Code, and that their employment is necessary and would be in

¹ The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.
27311-001\DOCS_DE:35972.5

the best interests of Debtors' estates, and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application is granted *nunc pro tunc* to April 1, 2002; and it is further

ORDERED that in accordance with Section 327(a) of the Bankruptcy Code, Debtors are authorized to employ and retain E&Y as accountants and auditors on the terms set forth in the Application, the Doyle Affidavit, and the Engagement Letter; and it is further

ORDERED that the Firm shall be entitled to allowance of compensation and reimbursement of expenses, upon the filing and approval of interim and final applications pursuant to the Federal Rules of Bankruptcy Procedure, the Local Rules of this Court and such other orders as this Court may direct.

Wilmington, Delaware
Dated: _____, 2002

Honorable Joseph J. Farnan, Jr.
United States District Court Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

FANSTEEL INC., *et al.*,¹

Debtors.

Chapter 11

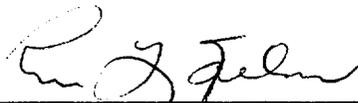
Case No. 02-10109 (JJF)
(Jointly Administered)

CERTIFICATE OF SERVICE

I, Rosalie L. Spelman, hereby certify that on the 17th day of April 2002, I caused a true and correct copy of the following document to be served on the individuals on the attached service list(s) in the manner indicated:

1. **APPLICATION PURSUANT TO FED. R. BANKR. P. 2014(A) FOR AN ORDER UNDER SECTION 327(a) OF THE BANKRUPTCY CODE AUTHORIZING THE EMPLOYMENT AND RETENTION *NUNC PRO TUNC* TO APRIL 1, 2002 OF ERNST & YOUNG LLP AS ACCOUNTANTS AND AUDITORS FOR DEBTORS AND DEBTORS IN POSSESSION; and**

2. **NOTICE OF APPLICATION PURSUANT TO FED. R. BANKR. P. 2014(A) FOR AN ORDER UNDER SECTION 327(a) OF THE BANKRUPTCY CODE AUTHORIZING THE EMPLOYMENT AND RETENTION *NUNC PRO TUNC* TO APRIL 1, 2002 OF ERNST & YOUNG LLP AS ACCOUNTANTS AND AUDITORS FOR DEBTORS AND DEBTORS IN POSSESSION**



Rosalie L. Spelman

¹ The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.