40-7580

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

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

NOTICE OF: (I) SALE OF STOCK OF FANSTEEL SCHULZ PRODUCTS, INC., (II) BIDDING AND SALE PROCEDURES AND FINAL SALE HEARING AND (III) APPROVED BREAK-UP FEE AND EXPENSE REIMBURSEMENT

NOTICE IS HEREBY GIVEN pursuant to Fed. R. Bankr. P. 2002(a)(2) and (c)(1), 6004(a) and 6006(c), that on October 29, 2002, the Debtors filed a Motion for Orders under 11 U.S.C. § 105, 363, 365 and 1146(c) and Fed. R. Bankr. P. 6004 and 6006: (I) Scheduling Hearing on Approval of Bidding Procedures, Break-up Fee and Expense Reimbursement, (II) (A) Approving Bidding Procedures and Break-up Fee and Expense Reimbursement in Connection with the Proposed Sale of the Shares, (B) Scheduling a Hearing Date, Auction Date and Bidding Deadline in Connection with the Sale of Such Shares, and (C) Approving Form and Manner of Notice Thereof; and (III) (A) Approving the Stock Purchase Agreement with Hancock Park Associates and Fansteel Inc., (B) Approving the Sale of the Shares, (C) Determining that such Sale is Exempt from Stamp, Transfer, Recording or Similar Taxes, and (D) Approving the Assumption and Assignment of a Certain Lease of Real Property Occupied by the Company in San Gabriel, California (the "Motion").

PLEASE TAKE FURTHER NOTICE that Fansteel Inc. ("Fansteel") seeks the following relief, among other things, in the Motion:

a. authority to, among other things, sell all the shares of Fansteel Schulz Products, Inc. ("Shares") to Hancock Park Associates ("Proposed Purchaser") for a purchase price of $2,350,000, subject to certain adjustments and higher and better offers, and provided that the sale to Proposed Purchaser is consummated on or before January 22, 2002;

b. authority, pursuant to 11 U.S.C. §§ 363(b) and (f), to sell the Shares free and clear of any claims, liens and encumbrances; and

[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.

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c. a finding of the District Court that Proposed Purchaser (or such other purchaser of the Stock pursuant to the Motion) is a good-faith purchaser entitled to the protections of 11 U.S.C. § 363(m).

PLEASE TAKE FURTHER NOTICE that:

a. by order dated November 13, 2002 (the "Bidding Procedures Order"), the United States District Court for the District of Delaware ("District Court") has approved bidding procedures governing the sale of the Shares, and has scheduled a hearing to consider approval of the Sale (the "Sale Hearing") on November 26, 2002 at 12:30 p.m. (ET) before the Honorable Joseph J. Farnan, Jr., District Court Judge, United States District Court for the District of Delaware. Any objection to the proposed sale shall be filed with the United States Bankruptcy Court for the District of Delaware and served on counsel identified below;

b. all objections to the Sale must be in writing, must state the name of the objecting party, must state the particularity of the reasons and basis for the objection, and must be filed with the Court and served upon (i) Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, Attn.: Jeffrey S. Sabin, Esq., attorney for the Debtors, (ii) Paul, Hastings, Janofsky & Walker LLP, 25th Floor, 515 S. Flower Street, Los Angeles, CA 90071-2228, Attn.: Robert A. Miller, Esq., attorney for the Proposed Purchaser, (iii) the Office of the United States Trustee, 844 King Street, Ste. 2313, Wilmington, DE 19801, Attn.: David Buchbinder, Esq. and (iv) Freeborn & Peters, 311 South Wacker Drive, Ste. 3000, Chicago, IL 60606-6677, Attn.: Frances Gecker, Esq., counsel for the Official Committee of Unsecured Creditors ("Committee"), so that objections are actually received by such persons no later than November 18, 2002 at 4:00 p.m.;

c. the District Court approved a Break-Up Fee and Expense Reimbursement in favor of Proposed Purchaser in the amount of $70,500 as set forth in the Stock Purchase Agreement, that will be payable at the Closing from the sale proceeds if any other Qualified Bids is the successful bidder, as a pre-condition to the sale closing and before any application of the sale proceeds: and

d. Fansteel will either seek to approve the proposed sale of the Stock to Proposed Purchaser or to a Qualified Bidder that is otherwise the successful bidder. Pursuant to the Bidding Procedures Order, to be a Qualified Bid, the Bid must equal the sum of (x) the value, as reasonably determined by the independent financial advisor of the Seller, of the Proposed Purchaser's offer plus (y) the amount of the Break-Up Fee and Expense Reimbursement plus (z) (A) in the case of the initial Qualified Bid, $40,000, and (B) in the case of any subsequent Qualified Bids, $40,000 plus the amount by which the preceding Qualified Bid exceeds the sum of (x) plus (y) above and meets certain other conditions. Any Qualified Bid must be submitted in writing to (i) Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, Attn.: Jeffrey S. Sabin, Esq., attorney for Fansteel, (ii) Paul, Hastings, Janofsky & Walker LLP, 25th Floor, 515 S. Flower Street, Los Angeles, CA 90071-2228, Attn.: Robert A. Miller, Esq., attorney for the Proposed Purchaser, (iii) the Office of the United States Trustee, 844 King

Street, Ste. 2313, Wilmington, DE 19801, Attn.: David Buchbinder, and (iv) Freeborn & Peters, 311 South Wacker Drive, Ste. 3000, Chicago, IL 60606-6677, Attn.: Frances Gecker, Esq., attorney for the Committee, not later than 11:00 a.m. (ET) on November 21, 2002, along with evidence of financial responsibility (as provided in the Bidding Procedures Order), and must satisfy all conditions set forth in the Bidding Procedures Order. No Qualified Bid will be considered unless it satisfies, at a minimum, the terms and conditions set forth in the Bidding Procedures Order. Prospective Qualified Bidders also may conduct due diligence as provided in the Bidding Procedures Order.

Copies of the Bidding Procedures Order, the Motion and Sale Order, and other related items may be obtained from: Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, Attn.: Jeffrey S. Sabin, Esq., attorney for Debtors.

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