

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

COPY

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

[Docket No. 688]

**ORDER NUNC PRO TUNC TO FEBRUARY 10, 2003 ESTABLISHING PROCEDURES
FOR, AND APPROVING, SALE BY LIQUIDATOR OF CERTAIN MACHINERY
AND EQUIPMENT FREE AND CLEAR OF ALL LIENS, CLAIMS,
INTERESTS, AND ENCUMBRANCES**

Fansteel Inc. ("Fansteel") and Escast, Inc. ("Escast") each a debtor and debtor-in-possession in the above-captioned case having filed their motion (the "Motion")² for an order establishing procedures for, and approving, sale by liquidator of certain machinery and equipment free and clear of all liens, claims, interests, set off rights and other encumbrances without further order of this Court; and the Court having determined that the proposed sale is supported by, and is in the exercise of, the sound business judgment of Fansteel and Escast; and the Court having further determined that the relief requested in the Motion is in the best interests of Fansteel and Escast, their estates, their creditors and other parties-in-interest; and it appearing that notice of the Motion, given as set forth in the Motion, was good and sufficient under the particular circumstances and no other or further notice need be given; and upon the record herein; and after due deliberation thereon; for cause appearing therefor; it is hereby

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., and American Sintered Technologies, Inc

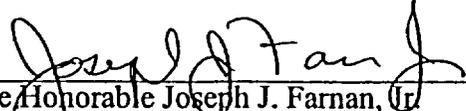
² Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

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ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion, as modified by this Order, is granted, nunc pro tunc to February 10, 2003.
2. Escast is authorized, under section 363(b) of the Bankruptcy Code and without further order of this Court, to sell the M&E free and clear of all Liens, with such Liens to attach to the Net Proceeds in the order of their priority, with the same validity, force, and effect that such Liens now have against the M&E, subject to any claims and defenses Escast may have with respect thereto. If and to the extent any Liens on M&E sold by Escast are disputed Liens, the undisbursed Net Proceeds shall be segregated by Escast pending further order of this Court.
3. Escast shall remit the Net Proceeds of each sale of M&E to any holder or holders of valid and undisputed Liens on the M&E that was the subject of the sale. In the absence of any Lien other than the blanket Lien held by Congress, Escast shall deposit the Net Proceeds in an account controlled by Congress, and, notwithstanding anything to the contrary contained in the Motion, shall not use such Net Proceeds for any purpose absent either (a) the prior written consent of the Creditors' Committee or (b) entry of a further order of this Court.
4. Pursuant to Federal Rule of Civil Procedure 6004(c), Escast shall file, within a reasonable period of time, a Report of Sale for the M&E, including the auctioneer's report.
5. This court retains jurisdiction to enforce and implement the terms and provisions of this order.

Dated: February 12, 2003


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