

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In Re:) Chapter 11
)
FANSTEEL, INC., et al.,¹) 02-10109 (JJF)
)
Debtors.) (Jointly Administered)
)
) Hearing Date: May 21, 2003 at 3:00 p.m.
) Objection Deadline: May 16, 2003 at 4:00 p.m.

NOTICE OF MOTION

TO: Debtors Counsel to Debtors' Post-Petition lenders
Counsel to Debtors Office of the United States Trustee
All parties requesting notices

The Official Committee of Unsecured Creditors ("Committee") of the above captioned debtors and debtors-in-possession (collectively, the "Debtors") has filed the attached Motion of the Official Committee of Unsecured Creditors For Entry of an Order (I) Authorizing the Filing of a Plan of Reorganization Without an Accompanying Disclosure Statement Pursuant to Bankruptcy Rule 3016(b), (II) Compelling the Debtors to Provide the Committee with the Information Necessary to Complete the Disclosure Statement and (III) Enjoining the Debtors from Transferring, Selling or Consigning Estate Assets Until Confirmation of Plan (the "Motion").

You are required to file a response to the Motion on or before 4:00 p.m. on May 16, 2003.

At the same time, you must also serve a copy of the response upon Movant's attorneys:

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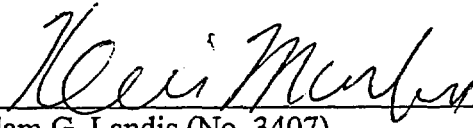
¹The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schultz Products, Inc.

BKRPOL

HEARING ON THE MOTION WILL BE HELD ON MAY 21, 2003 AT 9:30 a.m.

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

KLETT ROONEY LIEBER & SCHORLING
A Professional Corporation

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Dated: May 9, 2003

Counsel to the Official Committee of Unsecured
Creditors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
)	
FANSTEEL INC., <u>et al.</u>,	)	Case No.02-10109 (JJF)
)	
Debtors.	)	Jointly Administered
	)	Objection Deadline: May 16, 2003 at 4:00 p.m.
	)	Hearing Date: May 21, 2003 at 3:00 p.m.

**MOTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR ENTRY OF AN ORDER (I) AUTHORIZING THE FILING OF A PLAN OF
REORGANIZATION WITHOUT AN ACCOMPANYING DISCLOSURE STATEMENT
PURSUANT TO BANKRUPTCY RULE 3016(b), (II) COMPELLING
THE DEBTORS TO PROVIDE THE COMMITTEE WITH THE INFORMATION
NECESSARY TO COMPLETE THE DISCLOSURE STATEMENT AND (III)
ENJOINING THE DEBTORS FROM TRANSFERRING, SELLING OR CONSIGNING
ESTATE ASSETS UNTIL CONFIRMATION OF A PLAN**

The Official Committee of Unsecured Creditors (the "Committee") of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), hereby moves (the "Motion") the Court for entry of an order (i) authorizing the Committee to file a plan of reorganization without an accompanying disclosure statement pursuant to Rule 3016(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), (ii) compelling the Debtors to provide the Committee with the information necessary for the Committee to complete its disclosure statement and (iii) enjoining the Debtors from transferring, selling or consigning estate assets, outside the ordinary course of the Debtors' businesses, until the confirmation of a plan. In support of its Motion, the Committee respectfully represents as follows:

BACKGROUND

1. On January 15, 2002, (the "Petition Date"), the Debtors filed their respective voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware. At the Debtors' request, the reference of the Debtors' reorganization cases was withdrawn to the District Court.

2. On January 28, 2002, the Office of the United States Trustee (the "UST") appointed the Committee to serve in these cases pursuant to Bankruptcy Code Section 1102.

3. The Debtors have continued to operate their businesses and manage their properties as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

4. On or about February 27, 2003, the Debtors' exclusive period to file a plan of reorganization expired. To date, no party has filed a plan of reorganization in these cases.

5. Following the expiration of exclusivity, the Committee negotiated with the Debtors in an attempt to develop a consensual plan of reorganization. Unfortunately, these negotiations proved fruitless. In an attempt to finally bring these cases to a close, the Committee has negotiated and drafted its own plan of reorganization (the "Plan," a copy of which is attached hereto as Exhibit "A"). The Plan provides for the sale of substantially all of the Debtors' assets, except the assets of Debtors American Sintered Technologies, Inc., Escast, Inc., and Wellman Dynamics Corporation, to the Purchaser (as defined in the Plan), or to a higher bidder following an auction process.

6. The Committee has presented the Debtors with the Plan, but at present, the Debtors do not support it. Nonetheless, the Committee believes that the Plan provides a fair and reasonable recovery to the Debtors' creditors and, equally important, would allow the Debtors to emerge from bankruptcy sooner than any other available alternative. The Committee believes that failure to immediately proceed with the Plan may have a disastrous effect on the Debtors, their estates and creditors.

7. The Committee has been unable to finalize a disclosure statement to accompany the Plan because it does not have access to information required to complete the document. Despite requests from the Committee, the Debtors have not provided the Committee with the information needed to complete a disclosure statement to accompany the Plan. Accordingly, the

Committee also seeks entry of an order compelling the Debtors to provide the Committee and its professionals with the necessary information identified on Exhibit "B" within two weeks of the entry of an order approving the Motion.

8. The Committee continues to be concerned about the duration of these cases, and the manner in which the Debtors have been discharging their duties under the Bankruptcy Code. Upon information and belief, the Debtors have been selling - outside of the ordinary course of their businesses and without motion or Court approval - assets at their Lexington facility. The Committee does not know the extent of such unauthorized sales, but believes that assets necessary for an effective reorganization may have been removed from the Debtors' estates without Court approval or consultation with the Committee. The Committee has requested information from the Debtors regarding all of these transactions but to date, has received none. Consequently, as such, the Committee also seeks an order requiring the Debtors to disclose any such transactions and enjoining the Debtors from selling, transferring or consigning estate assets, outside the ordinary course of business, until confirmation of a plan.

RELIEF REQUESTED

9. By this Motion, the Committee seeks the entry of an order (i) authorizing the Committee to file the Plan without an accompanying disclosure statement pursuant to Bankruptcy Rule 3016(b), (ii) compelling the Debtors to provide the Committee with the information requested in Exhibit "B" within two weeks and (iii) enjoining the Debtors from transferring, selling or consigning, outside of the ordinary course of their businesses, any estate assets until the confirmation of a plan.

BASIS FOR RELIEF

10. Pursuant to Bankruptcy Rule 3016, a disclosure statement "shall be filed with the plan or filed within a time fixed by the court." Fed. R. Bankr. P. 3016(b) (emphasis added).

The Committee respectfully requests that the Court allow the Committee sufficient time to obtain from the Debtors the information necessary to complete a disclosure statement. Such time will be dependent upon the Debtors' timeliness in responding to the Committee's information requests, as set forth in Exhibit "B."

11. Bankruptcy Code Section 1103 provides that the Committee has the power and duty to, among other things, participate in the formulation of a plan. Bankruptcy Code Section 105(a) provides that the court may "issue any order ...that is necessary or appropriate to carry out the provisions of the title." The Committee submits that the Court can, and should, order the Debtors to provide the requested information to the Committee. Doing so will (i) enable the Committee to fulfill its statutory duties, and (ii) move these cases forward to a resolution, which is certainly a primary goal of chapter 11.

12. In addition, the Committee seeks an order enjoining the Debtors from transferring, selling or consigning, outside the ordinary course, any of the Debtors' assets. Upon information and belief, the Debtors have sold and/or consigned valuable assets without first obtaining Court approval. This violates the Bankruptcy Code which require notice and hearing prior to such actions. See 11 U.S.C. § 363(b)(1) ("The trustee, after notice and hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate..."). The Debtors have not filed any motion requesting authorization to sell, transfer and/or consign estate assets and these transactions are outside the Debtors' ordinary course of business. As such, the Committee finds it necessary to obtain an order enjoining the Debtors from taking any such actions in the future.

NOTICE

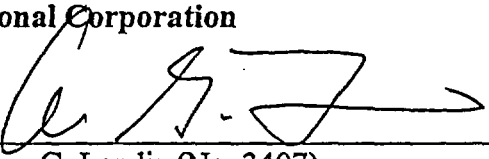
12. Notice of this Motion has been provided to (i) counsel for the Debtors, (ii) the UST and (iii) all parties requesting notice in these cases. The Committee submits that such notice is sufficient and that no further notice is required.

WHEREFORE, the Committee respectfully requests the Court enter an order (i) granting the Motion, (ii) authorizing the Committee to file the Plan without an accompanying disclosure statement, (iii) compelling the Debtors to provide the Committee with information requested on Exhibit "B," (iv) enjoining the Debtors from selling, transferring or consigning, outside the ordinary course of business, any estate asset until confirmation of a plan and (iv) granting such other and further relief the Court deems just and proper.

Dated: May 9, 2003

KLETT ROONEY LIEBER & SCHORLING
A Professional Corporation

By: _____


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Counsel to the Official Committee
of Unsecured Creditors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re:	)	Chapter 11
)	
FANSTEEL, INC., <u>et al.</u> , ¹	)	02-10109 (JJF)
)	
Debtors.	)	(Jointly Administered)
)	

ORDER [D.I. 1]

This Court having considered Motion of the Official Committee of Unsecured Creditors For Entry of an Order (I) Authorizing the Filing of a Plan of Reorganization Without an Accompanying Disclosure Statement Pursuant to Bankruptcy Rule 3016(b), (II) Compelling the Debtors to Provide the Committee with the Information Necessary to Complete the Disclosure Statement and (III) Enjoining the Debtors from Transferring, Selling or Consigning Estate Assets Until Confirmation of Plan (the "Motion");² and any responses or replies to the Motion having considered; and the Court having jurisdiction to hear the Motion; and adequate and appropriate notice of the Motion having been given; and after due deliberation; it is hereby so

ORDERED that the Motion is GRANTED; and it is further

ORDERED that the Committee is authorized to file the Plan without an accompanying disclosure statement pursuant to Bankruptcy Rule 3016(b); and it is further

ORDERED that the Debtors shall provide to the Committee the information requested in Exhibit "B" to the Motion within two weeks of the date here; and it is further

ORDERED that consistent with Section 363 of the Bankruptcy Code the Debtors

¹The 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 Schultz Products, Inc.

² All Terms not herein defined shall have the same meaning as set forth in the Motion.

are prohibited from transferring, selling or consigning, outside of the ordinary course of their businesses, any estate asset until the confirmation of a plan; unless court authorization is obtained; and it is further

ORDERED that the Debtors shall disclose to the Committee any and all transactions taken by the Debtors resulting in the sale, transfer of or consignment of estate assets.

SO ORDERED this _____ day of _____, 2003

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

EXHIBIT A

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
	)	Chapter 11
FANSTEEL INC., <i>et al.</i> ,)	
	)	Case No. 02-10109 (JJF)
Debtors.	)	(Jointly Administered)

**CONSOLIDATED PLAN OF REORGANIZATION OF FANSTEEL, INC., FANSTEEL
HOLDINGS, INC., AMERICAN SINTERED TECHNOLOGIES, INC., CUSTOM
TECHNOLOGIES CORPORATION, ESCAST, INC., WASHINGTON
MANUFACTURING COMPANY, WELLMAN DYNAMICS CORPORATION, AND
PHOENIX AEROSPACE, INC.**

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CONSOLIDATED PLAN OF REORGANIZATION OF THE FANSTEEL DEBTORS
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

The Official Committee of Unsecured Creditors of Fansteel, Inc. (the "Committee") proposes this Consolidated Plan of Reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code.

For a discussion of the history, businesses, properties and future business plans of Fansteel and the Subsidiaries, creditors and shareholders of the Fansteel companies should consult the Disclosure Statement to which the Plan is attached. All creditors are encouraged to consult the Disclosure Statement and to read the Plan carefully before voting to accept or reject the Plan.

The Plan contemplates the sale of substantially all of the assets of Fansteel and the Subsidiaries, other than American Sintered Technologies, Inc., Escast, Inc. and Wellman Dynamics Corporation, to the Purchaser on the Effective Date in accordance with the APA and pursuant to Bankruptcy Code Sections 363, 1123(b) and 1129. The Purchaser will pay the Purchase Price in cash, notes and assumed liabilities with the cash and notes to be deposited into the Unsecured Creditors' Trust for distribution as stated in the Plan. The Purchaser and the Fansteel entities that the Purchaser acquires will have no obligation under the Plan for the distribution or other application of the Purchase Price. In accordance with the APA, the Purchaser and the Fansteel entities that the Purchaser acquires will assume certain liabilities of the acquired entities incurred after the Petition Date in the ongoing operation of the businesses, as well as certain other liabilities as specified in the APA. The Purchaser and the Fansteel entities that the Purchaser acquires will have no liability under the Plan to any parties in interest except as provided in the APA.

NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED HERewith AND APPROVED BY THE BANKRUPTCY COURT, HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT FOR USE IN SOLICITING ACCEPTANCE OR REJECTION OF THE PLAN.

SECTION I

DEFINITIONS

The following terms, when used in the Plan, shall have the meanings set forth below:

1.1 "Administrative Claim" shall mean any cost or expense of the administration of the Chapter 11 cases entitled to priority in accordance with the provisions of 11 U.S.C. §§ 365(d)(3), 365(d)(10), 503(b), 507(a)(1) and (b) or 1114(e)(2) including, without limitation: (a) any actual and necessary expenses of preserving the Debtors' estates and operating the Debtors' businesses; and (b) all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under 11 U.S.C. §§ 330, 331 and 503, including fees due the United States Trustee assessed against the Debtors' estates under 28 U.S.C. § 1930.

1.2 "Allowed Claims" shall mean all Claims (including Secured Claims) against the Debtors (a) as to which a proof of claim was timely and properly filed before the bar date set for the filing of Claims, or, (b) if no proof of Claim was filed, which the Debtors have listed on the Debtors' schedules or any amended schedules as liquidated in amount, non-disputed and non-contingent. However, a Claim shall only qualify as an Allowed Claim if it satisfies one or more of the following conditions: any Claim (i) as to which no objection has been made to the allowance thereof on or before the applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court, or (ii) as to which any objection was filed but the objection has been resolved by a Final Order in favor of the claimant. Unless otherwise specified herein or by order of the Bankruptcy Court, Allowed Claims shall not include interest on such Claims for the period from and after the Petition Date, except for Secured Claims entitled to interest under 11 U.S.C. § 506(b), or claims which are subject to 11 U.S.C. § 502(d).

1.3 "Amended Bylaws" shall mean the amended and restated bylaws of Reorganized Fansteel, AST, Escast and Reorganized Wellman, all of which shall be substantially in the form contained in the Plan Supplement.

1.4 "Amended Certificates of Incorporation" shall mean the amended and restated certificate of incorporation of Reorganized Fansteel, AST, Escast and Reorganized Wellman, all of which shall be substantially in the form contained in the Plan Supplement.

1.5 "APA" shall mean the Asset Purchase Agreement, dated as of _____, 2003, by and among Fansteel, Inc., Washington Manufacturing Company (collectively, the "Selling Debtors"), and Stoutheart East Corporation and WPC III, Inc. (collectively, the "Purchaser").

1.6 "Assumption and Assignment Schedule" shall mean the schedule of executory contracts and unexpired leases designated by the Debtors for assumption and assignment pursuant to Bankruptcy Code sections 365 and 1123(b)(2) and Section 8.1 of the Plan, which schedule shall be in substantially the form contained in the Plan Supplement.

1.7 "AST" shall mean American Sintered Technologies, Inc.

1.8 "Avoidance Actions" shall mean actions brought under any of the provisions of 11 U.S.C. §§ 502, 510, 522(f), 522(h), 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552, 553, or 724(a), including the Debtors' right of setoff, recoupment, contribution, reimbursement, subrogation or indemnity (as those terms are defined under applicable non-bankruptcy law) and any other indirect claim of any kind whatsoever, whenever and wherever arising or asserted.

1.9 "Ballot" shall mean the form or forms distributed to each holder of an impaired Claim entitled to vote on the Plan, on which form or forms the holder may, among other things, vote to accept or reject the Plan and, if applicable, elect to have its Trade Claim treated as a Trade Convenience Claim.

1.10 "Ballot Agent" shall mean _____, which was appointed in the Ballot Agent Order to be the agent to receive and tabulate Ballots from Entities authorized by the Bankruptcy Code, the Bankruptcy Rules, or a Final Order of the Court to vote on the Plan.

1.11 "Ballot Agent Order" shall mean the order, entered by the Court on ____, which (among other things) approved the appointment of the Ballot Agent.

1.12 "Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as amended.

1.13 "Bankruptcy Court" shall mean the United States District Court for the District of Delaware, sitting as a bankruptcy court

1.14 "Bankruptcy Judge" shall mean the United States District Judge for the United States District Court for the District of Delaware, sitting as a bankruptcy judge.

1.15 "Bankruptcy Rules" shall mean the Federal Rules of Bankruptcy Procedure.

1.16 "Business Day" shall mean a day which is not a Saturday, a Sunday, a "legal holiday" as defined in Bankruptcy Rule 9006(a), or a day in which commercial banks in Chicago, Illinois are authorized or required by law, executive order or governmental decree to be closed for conducting business.

1.17 "Cash" shall mean cash, cash equivalents and other readily marketable securities or instruments, including, without limitation, readily marketable direct obligations of the United States of America, certificates of deposit issued by banks, commercial paper of any entity, and letters of credit, including interest earned or accrued thereon.

1.18 "Cash Distribution" shall mean payment in cash, draft, uncertified check, certified or cashier's checks, wire transfer, or other legal tender.

1.19 "Chapter 11" shall mean 11 U.S.C. § 101 et seq.

1.20 "Claim" shall mean a claim against the Debtors, whether or not asserted, as defined in 11 U.S.C. § 101(5).

1.21 "Closing" shall mean, with respect to the APA, the closing of the transactions

contemplated by the APA which shall occur on or before the fifteenth Business Day following entry of the Confirmation Order, unless another date is mutually agreed to in writing by the parties thereto.

1.22 "Closing Date" shall mean the date on which the Closing occurs, which shall be the Effective Date.

1.23 "Collateral" shall mean any property, or interest in property, of the Debtors subject to a lien to secure the payment or performance of a Claim.

1.24 "Confirmation Date" shall mean the date on which the Bankruptcy Court enters the Confirmation Order.

1.25 "Confirmation Hearing" shall mean the hearing held by the Court on confirmation of the Plan as it may be adjourned or continued from time to time.

1.26 "Confirmation Order" shall mean the order that the Bankruptcy Court enters, pursuant to 11 U.S.C. § 1129, confirming the Plan and approving the transactions contemplated by the Plan.

1.27 "Consolidated Estate" shall mean the single bankruptcy estate resulting from the substantive consolidation of the Estates of the Debtors.

1.28 "Creditors' Committee" shall mean the duly appointed and acting Official Committee of Unsecured Creditors of Fansteel, Inc., et. al.

1.29 "Cure" shall mean the Distribution of Cash, or such other property as may be agreed upon by the parties or ordered by the Court, with respect to the assumption of an executory contract or unexpired lease pursuant to Bankruptcy Code section 365(d), in an amount equal to all accrued, due and unpaid monetary obligations, without interest (or such other amount as may be agreed upon by the parties or ordered by the Court), under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable nonbankruptcy law.

1.30 "Debtors" shall mean Fansteel, Inc., Fansteel Holdings, Inc., American Sintered Technologies, Inc., Custom Technologies Corporation, Escast, Inc., Washington Manufacturing Company, Wellman Dynamics Corporation, and Phoenix Aerospace, Inc.

1.31 "DIP Facility" shall mean that certain credit agreement by and among the Debtors and Congress Financial Corporation, dated as of May 21, 2002, as the same may be amended from time to time.

1.32 "Discharged Claims and Interests" and "Discharged Claim or Interest" shall have the meaning ascribed thereto in Section 12.

1.33 "Disclosure Statement" shall mean the Disclosure Statement filed with the Bankruptcy Court on _____.

1.34 "Distributions" means the distributions of Cash, notes and beneficial interests

in Reorganized Fansteel and Reorganized Wellman to be made in accordance with the Plan.

1.35 "Effective Date" shall mean the first Business Day on which the Confirmation Order becomes enforceable pursuant to Bankruptcy Rule 7062 in the absence of any stay thereof.

1.36 "Escast" shall mean Escast, Inc.

1.37 "Equity Interest" means any capital stock or other ownership interest in any Debtor and any option, warrant, or right to purchase, sell, or subscribe for an ownership interest in, or other equity security of, any Debtor.

1.38 "Estate" means the estate of each of the Debtors that was created by Section 541 of the Bankruptcy Code upon commencement of the Chapter 11 cases.

1.39 "Executory Contract" shall mean any executory contract or unexpired leases of real or personal property, as contemplated by sections 365, 1113 and 1114 of the Bankruptcy Code, in effect on the Petition Date, between any of the Debtors and any other Person.

1.40 "Final Order" shall mean an order which has become final for purposes of 28 U.S.C. §§ 158 and 1291, including, but not by way of limitation, any order (a) which is no longer subject to appeal or certiorari proceeding, (b) as to which an appeal or certiorari proceeding is pending but a court order granting a stay has not been entered, or (c) as to which any appeal or certiorari proceeding has been rendered moot pursuant to applicable provisions of federal law.

1.41 "Impaired Class" shall mean a class of Claims which is impaired within the meaning of 11 U.S.C. § 1124.

1.42 "NRC" shall mean the Nuclear Regulatory Commission.

1.43 "PBGC" shall mean the Pension Benefit Guaranty Corporation.

1.44 "Petition Date" shall mean January 17, 2002, the date on which the Debtors filed the petitions for relief commencing their Chapter 11 cases.

1.45 "Plan" shall mean this Consolidated Plan of Reorganization, either in its present form or as it may be amended or modified from time to time.

1.46 "Plan Entities" shall mean Reorganized Fansteel, Reorganized Wellman and the Unsecured Creditors Trust.

1.47 "Plan Supplement" shall mean the form of documents specified in Section ____, which are incorporated herein by reference and which shall be filed with the Court no later than ten days before the Voting Deadline.

1.48 "Plan Transactions" shall mean all of the transactions effectuated or to be effectuated on or before the Effective Date pursuant to the terms of the Plan.

1.49 "Prepetition Lender Claims" shall mean the claims of The Northern Trust

Company and M&I Marshall & Ilsley Bank arising from that certain prepetition loan agreement between the prepetition lenders and Fansteel, Inc., dated as of May 20, 1999, as subsequently amended.

1.50 "Priority Non-Tax Claim" shall mean any Claim of a kind specified in Bankruptcy Code section 507(a)(3), (4), (5), (6), (7) or (9).

1.51 "Priority Tax Claim" shall mean any Claim of a governmental unit of the kind specified in Bankruptcy Code sections 502(i) or 507(a)(8).

1.52 "Professional Persons" shall mean persons retained or to be compensated pursuant to 11 U.S.C. §§ 326, 327, 328, 330, 331, 503(b) or 1103.

1.53 "Purchaser" shall mean collectively Stoutheart East Corporation and WPC III, Inc., each a corporation formed under the laws of the state of Texas.

1.54 "Purchase Price" shall mean an aggregate amount equal to the sum of (i) eighty percent (80%) of the book value of the receivables being acquired, taking into account all reserves for bad debts and credits and discounts in the ordinary course, plus (ii) eighty percent (80%) of the book value of the inventory being acquired, taking into account reserves for excess and obsolete stock and scrap, plus (iii) fifty percent (50%) of the book value of the Prepaid Items and Deposits, plus (iv) eighty percent (80%) of the book value of the Fixed Assets.

1.55 "Reorganization Cases" shall mean the cases commenced under Chapter 11 of the Bankruptcy Code by the Debtors.

1.56 "Reorganized Fansteel" shall mean Escast, Inc. and American Sintered Technologies, Inc.

1.57 "Secured Claims" shall mean any Claims, including the Claims of equipment lessors, which are secured by a lien, mortgage, security or collateral interest, trust deed, encumbrance or other interest which has been properly perfected as required by law with respect to property of the estate within the meaning of Bankruptcy Code section 506(a), to the extent of the lesser of the value of the collateral or the amount of the Claim.

1.58 "Selling Debtors" shall mean Fansteel, Inc. and Washington Manufacturing Company.

1.59 "Trade Claim" shall mean an Unsecured Claim asserted by a creditor that arises out of the prepetition provision by such creditor of goods or services to any of the Debtors.

1.60 "Trade Convenience Claim" means a Trade claim that the holder thereof elects to treat as a Trade Convenience Claim in accordance with Section ____.

1.61 "Trustee" shall mean the Trustee of the Unsecured Creditors Trust.

1.62 "United States Trustee" shall mean the Acting United States Trustee appointed under 28 U.S.C. § 591 to serve in the District of Delaware.

1.63 "Unsecured Claim" shall mean any Claim for unsecured debts, liabilities, demands, or Claims of any character whatsoever arising prior to the Petition Date which is not an Administrative Claim, a Priority Tax Claim, a Priority Non-Tax Claim, or a Secured Claim, including, without limitation, the deficiency claims of holders of Secured Claims and any claim resulting from the rejection of an Executory Contract.

1.64 "Unsecured Creditor" shall mean any person who is the holder of an Unsecured Claim.

1.65 "Unsecured Creditors Trust" shall mean the trust to be established pursuant to the Unsecured Creditors Trust Agreement to (a) receive the Distributions intended for holders of Allowed Claims in Classes 1B, 3B, 3D and 4B and to Distribute those funds to holders as their Claims are Allowed; and (b) have exclusive authority to prosecute, settle, or otherwise resolve objections to Claims in Classes 1B, 3B, 3D and 4.

1.66 "Unsecured Creditors Trust Agreement" shall mean the agreement described in Section 7.16, which shall be substantially in the form contained in the Plan Supplement and acceptable to the Creditors' Committee.

1.67 "Voting Deadline" shall mean the date set by the Court by which all Ballots for acceptance or rejection of the Plan must be received by the Ballot Agent.

1.68 "Wellman" shall mean Wellman Dynamics Corporation.

1.69 Unless otherwise set forth herein, all other terms shall have the meaning assigned to them under the Bankruptcy Code or Bankruptcy Rules.

SECTION II

INTERPRETATION: APPLICATION OF DEFINITIONS, RULES OF CONSTRUCTION, AND COMPUTATION OF TIME

Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. For purposes of the Plan: (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the document shall be substantially in that form or substantially on those terms and conditions; (b) any reference in the Plan to an existing document or exhibit filed or to be filed means the document or exhibit as it may have been or may be amended, modified or supplemented; and (c) unless otherwise specified, all references in the Plan to Sections, Schedules and Exhibits are references to sections, schedules and exhibits of or to the Plan. Unless otherwise specified, the words "herein," "hereof," "hereto," "hereunder," and other words of similar meaning refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. A capitalized term used but not defined herein shall have the meaning given to that term in the Bankruptcy Code or in the exhibits hereto. The rules of construction contained in Bankruptcy Code section 102 shall apply to the construction of the

Plan. The headings in the Plan are for the convenience of reference only and shall not expand, limit, or otherwise affect the provisions of the Plan. Unless otherwise indicated herein, all references to dollars are to United States Dollars. Unless otherwise expressly provided herein, in computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

SECTION III

PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS, AND OTHER UNCLASSIFIED CLAIMS ALLOWED AGAINST THE DEBTORS

3.1 Administrative Expense Claims

3.1.1 Payment of Certain Administrative Expense Claims by Reorganized Fansteel

Allowed Administrative Expense Claims against the Debtors (other than the Administrative Expense Claims described in Section 3.1.2) shall be paid by Reorganized Fansteel in Cash, in full, on the Effective Date, or as soon as practicable after they become Allowed Claims if the date of allowance is later than the Effective Date, or in such amounts and on such other terms as may be agreed on between the holders of such Claims and Reorganized Fansteel.

3.1.2 Payment of Certain Administrative Claims by the Purchaser

Except as otherwise specifically provided in the Plan, those Administrative Expense Claims against the Selling Debtors (but not Claims for Professional Fees, obligations to provide Cure, Claims relating to Escast, Inc., American Sintered Technologies, Inc. or Wellman Manufacturing Corporation, or Claims based on the rejection of executory contracts or unexpired leases) incurred after the Petition Date in the ordinary course of the Debtors' business shall be assumed by the Purchaser in accordance with the terms and subject to the conditions of the APA and shall be paid by the Purchaser in the ordinary course of business in accordance with the ordinary business terms governing the transactions underlying those Claims or as may be otherwise agreed upon between the holders of such Claims and Purchaser. Other than as set forth in the APA, Purchaser shall have no liability or obligation to make any distribution or other payment to holders of Administrative Expense Claims.

3.2 DIP Facility Claims

Allowed DIP Facility Claims against the Debtors shall be paid by the Purchaser in Cash on the Effective Date in accordance with the terms and subject to the conditions of the APA.

3.3 Priority Tax Claims

Each holder of a Priority Tax Claim shall receive from Reorganized Fansteel on or as soon as practicable after the Effective Date (and in no event later than the Initial Distribution Date), in full satisfaction, settlement, release and discharge of and in exchange for its Claim: (a) Cash payments in an aggregate amount equal to the Allowed amount of the Claim, without premium or penalty; or (b) such other treatment as to which Reorganized Fansteel shall have agreed upon in writing. Each holder of a Priority Tax Claim against any of the Debtors which is Disputed on the Effective Date, but is thereafter Allowed in whole or in part as a Priority Tax Claim, shall receive from Reorganized Fansteel on or as soon as practicable after such Disputed Priority Tax Claim becomes an Allowed Priority Tax Claim, in full satisfaction, settlement, release and discharge of and in exchange for its Claim: (a) Cash payments in an aggregate amount equal to the Allowed amount of the Claim, without premium or penalty; or (b) such other treatment as to which Reorganized Fansteel and the holder shall have agreed upon in writing.

SECTION IV

CLASSIFICATION OF CLAIMS

Except as otherwise provided herein, for purposes of all confirmation issues (including voting, confirmation, and distribution), all Claims against (except for Administrative Expense Claims, DIP Facility Claims, and Priority Tax Claims), and Equity Interests in the Debtors are classified as follows:

CLASS	CLASS NAME	STATUS
Class 1	Priority Non-Tax Claims	Unimpaired-deemed to have accepted the Plan and not entitled to vote
Class 1A	Priority Non-Tax Claims against Reorganized Fansteel	See above
Class 1B	Priority Non-Tax Claims against Selling Debtors	See above
Class 1C	Priority Non-Tax Claims against Wellman	See above

CLASS	CLASS NAME	STATUS
Class 2	Secured Creditor Claims	Impaired—entitled to vote
Class 3	Unsecured Claims	See below
Class 3A	Unsecured Claims against Reorganized Fansteel	Impaired—entitled to vote
Class 3B	Unsecured Claims against Selling Debtors	Impaired—entitled to vote
Class 3C	Unsecured Claims against Wellman	Impaired—entitled to vote
Class 3D	Prepetition Lender Claims	Impaired—entitled to vote
Class 4	Trade Claims less than \$500 (including all Unsecured Claims that the holders thereof have elected, pursuant to Section 5.5, to have treated under the Plan as Trade Convenience Claims)	Impaired—entitled to vote
Class 4A	Trade Claims against Reorganized Fansteel	Impaired—entitled to vote
Class 4B	Trade Claims against Selling Debtors	Impaired—entitled to vote
Class 5	NRC Claims	Impaired—entitled to vote
Class 6	PBGC Claims	Impaired—entitled to vote
Class 7	Environmental Claims	Impaired—entitled to vote
Class 7A	Environmental claims against North Chicago real property	Impaired—entitled to vote
Class 7B	Environmental claims against Waukegan real property	Impaired—entitled to vote
Class 7C	Environmental claims against Lexington real property	Impaired—entitled to vote

CLASS	CLASS NAME	STATUS
Class 7D	Environmental Claims against Wellman real property	Impaired—entitled to vote
Class 8	Shareholders Interests	Impaired—deemed to have rejected the Plan and not entitled to vote
Class 9	Other Equity Interests (includes the interests of holders of Stock Options, any and all other Claims of the types described in Bankruptcy Code section 510(b) that may be asserted by any Entity)	Impaired—deemed to have rejected the Plan and not entitled to vote

SECTION V

TREATMENT OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS UNDER THE PLAN

The following treatment set forth in this Section V shall be accorded to Claims against, and Equity Interests in, the Debtors.

5.1 Distributions under the Plan

No Class, member of any Class, or holder of any Claim shall be entitled to receive Cash or any other property allocated for Distribution to any other Class or to another holder of a Claim under the Plan, except as expressly specified in the Plan.

5.2 Class 1: Priority Non-Tax Claims

Class 1 shall be divided into three subclasses: (i) Class 1A, consisting of all Priority Non-Tax Claims against Reorganized Fansteel; (ii) Class 1B, consisting of all Priority Non-Tax Claims against the Selling Debtors; and (iii) Class 1C, consisting of all Priority Non-Tax Claims against Wellman. Each holder of an allowed Priority Non-Tax Claim in Class 1A shall receive from Reorganized Fansteel, in full satisfaction, settlement, release and discharge of and in exchange for its Claim, Cash equal to the amount of the Claim or such other treatment to which Reorganized Fansteel and the holder shall have agreed upon in writing. Each holder of an Allowed Priority Non-Tax Claim in Class 1B shall receive from the Unsecured Creditors Trust, in full satisfaction, settlement, release, and discharge of and in exchange for its Claim, Cash equal to the amount of the Claim or such other treatment to which the Unsecured Creditors Trust and the holder shall have agreed upon in writing. Each holder of an allowed Priority Non-Tax Claim in Class 1C shall receive from Reorganized Wellman, in full satisfaction, settlement, release and discharge of and in exchange for its Claim, Cash equal to the amount of the Claim or

such other treatment as to which Reorganized Wellman and the holder shall have agreed upon in writing.

5.3 Class 2: Prepetition Secured Creditor Claims

Each holder of an Allowed Secured Claim shall be treated as a separate subclass of Class 2. Each holder of an Allowed Secured Claim will receive from Reorganized Fansteel, the Purchaser or Reorganized Wellman, in full satisfaction, settlement, release, and discharge of and in exchange for its Claim, either: (a) Cash on the Effective Date equal to the Allowed amount of its Secured Claim, (b) secured notes on terms that satisfy section 1129(b)(2)(A) of the Bankruptcy Code or such other treatment as is permitted thereunder, (c) Reinstatement of its Secured Claim, (d) the Collateral securing its Secured Claim, or (e) such other treatment as may be agreed upon in writing between the holder, Reorganized Fansteel, the Purchaser, or Wellman. Any deficiency amount relating to an Allowed Secured Claim shall be treated as a Class 3 Unsecured Claim or a Class 4 Convenience Claim, as applicable.

5.4 Class 3: Unsecured Claims

5.4.1 Division of Class 3 Into Four Subclasses

Class 3 shall be divided into four subclasses: (i) Class 3A, consisting of all Unsecured Claims against Reorganized Fansteel; (ii) Class 3B, consisting of all Unsecured Claims against the Selling Debtors; (iii) Class 3C, consisting of all Unsecured Claims against Wellman; and (iv) Class 3D, consisting of the Prepetition Lender Claims.

5.4.2 Treatment of Claims in Class 3A

Each holder of an Allowed Unsecured Claim in Class 3A shall receive from Reorganized Fansteel, in full satisfaction, settlement, release and discharge of and in exchange for its Claim a Distribution equal to ____% of its Allowed Unsecured Claim (the "Class 3A Distribution"). Each holder of an Allowed Unsecured Claim in Class 3A shall receive a Cash Distribution in five equal payments payable over five years in arrears, with the first payment due on or before the first anniversary of the Effective Date.

5.4.3 Treatment of Claims in Class 3B

Each holder of an Allowed Unsecured Claim in Class 3B shall receive from the Unsecured Creditors Trust, in full satisfaction, settlement, release and discharge of and in exchange for its Claim a Distribution equal to ____% of its Allowed Unsecured Claim (the "Class 3B Distribution"). On the Effective Date, or as soon as practicable thereafter, each holder of an Allowed Unsecured Claim in Class 3B shall receive a Cash Distribution equal to 50% of its Allowed Class 3B Distribution, and on or before the first anniversary of the Effective Date a Cash Distribution equal to 50% of its Allowed Class 3B Distribution.

5.4.4 Treatment of Claims in Class 3C

Each holder of an Allowed Unsecured Claim in Class 3C shall receive from the Reorganized Wellman, in full satisfaction, settlement, release and discharge of and in exchange for its claim a Distribution equal to ___% of its Allowed Unsecured Claim (the "Class 3C Distribution"). On the Effective Date, or as soon as practicable thereafter, each holder of an Allowed Unsecured Claim in Class 3C shall receive its pro rata share of the stock of Reorganized Wellman equal to its Allowed Class 3C Distribution.

5.4.5 Treatment of Claims in Class 3D

On the Effective Date, or as soon as practicable thereafter, each holder of an Allowed Unsecured Claim in Class 3D shall receive from the Unsecured Creditors Trust, in full satisfaction, settlement, release and discharge of and in exchange for its claim a Cash Distribution equal to ___% of its Allowed Unsecured Claim (the "Class 3D Distribution"). In addition, and as further consideration for the Class 3D Distribution, each holder of an Allowed Unsecured Claim in Class 3D shall enter into a loan agreement with the Purchaser whereby the holders of claims in Class 3D shall loan the Purchaser up to 75% of the appraised value of the property, plant and equipment acquired by the Purchaser pursuant to the APA, for a period of five (5) years, at a floating interest rate per annum of one percent above the prime rate, secured by the property, plant and equipment.

5.5 Class 4: Trade Claims and Trade Convenience Claims

Class 4 is divided into two subclasses: Class 4A consisting of all Trade Convenience Claims against Reorganized Fansteel; and Class 4B consisting of all Trade Convenience Claims against the Unsecured Creditors Trust. In lieu of treatment under any subsection of this Section V that would otherwise apply to an Unsecured Claim (or an Unsecured Claim that the holder thereof elects to have treated as an Unsecured Convenience Claim pursuant to this Section 5.5), and in full satisfaction, settlement, release, and discharge of and in exchange for its Claim, a holder of an Allowed Unsecured Trade Claim of less than \$500 or an Trade Convenience Claim shall receive from Reorganized Fansteel or the Unsecured Creditors Trust a Cash Distributions equal to ___% of its Allowed Class 4 Claim on the Effective Date or as soon as practicable thereafter. Unsecured Claims of less than \$500 are automatically placed into Class 4. A holder with an Allowed Unsecured Trade Claim in excess of \$500 will receive a Ballot for Class 3 but may elect, by affirmatively so marking the Ballot it receives with respect to that Claim, to have that Claim treated as an Allowed Trade Convenience Claim and placed in Class 4.

Such an election shall constitute the agreement of the holder to reduce the amount of its Claim to \$500 and to waive any and all rights that it might otherwise have to receive any Distributions under the Plan with respect to the difference between the amount of its Allowed Claim and \$500.

Only a holder of an Unsecured Trade Claim in excess of \$500 is eligible to make an election to have its Unsecured Claim treated as a Trade Convenience Claim. Once made, an election to have an Unsecured Claim treated as an Unsecured Convenience Claim cannot be rescinded unless the Plan is revoked pursuant to Section 6.3 or, prior to confirmation, is modified or amended in a manner that results in the resolicitation of votes to accept or reject the Plan from one or more Classes (and, in case of any such resolicitation, only if the holder is a member of the Class from which votes to accept or reject the Plan are resolicited). All Avoidance Actions

against holders of Class 3 or Class 4 claims shall be deemed waived and released, whether or not any such Avoidance Actions had been actually commenced as of the Effective Date (and, to the extent commenced as of the Effective Date, shall be dismissed with prejudice), by each of the Plan Entities, except that Avoidance Actions against a holder of a Class 3 or Class 4 Claim may be asserted by Reorganized Fansteel, Reorganized Wellman or the Unsecured Creditors Trust as a defense or offset to a proof of an Administrative Priority Claim, other Priority Claim, or Secured Claim asserted by any such holder.

5.6 Class 5: NRC Claims

Class 5 consists of the claims of the Nuclear Regulatory Commission relating to the real property owned by Fansteel, Inc. in Muskogee, Oklahoma. Reorganized Fansteel shall continue as the licensee and shall remediate the property in accordance with the decommissioning plan approved by the Nuclear Regulatory Commission. Fansteel, Inc. estimates the cost of remediation and related expenses are \$41.6 million, of which \$35 million is insurable. The remediation shall be funded by the cash flow of Reorganized Fansteel and environmental cleanup cost cap insurance placed with a AAA-rated insurance carrier. The insurance coverage shall pay for cleanup and related expenses over \$38.5 million. Reorganized Fansteel shall purchase \$80 million in cost cap coverage for a premium of approximately \$2.9 million. The premium shall be payable over three years at a finance rate of 6% per annum. On the Effective Date, or as soon as practicable thereafter, Reorganized Fansteel shall sell the three, contiguous parcels of real estate located in Los Angeles, California and presently owned by Fansteel, Inc. and Phoenix Aerospace, Inc. The sale of the Los Angeles real estate is estimated to yield net proceeds of approximately \$2 million, which proceeds shall be used to fund the cost cap insurance premium payment.

5.7 Class 6: PBGC Claims

On the Effective Date, the Fansteel Consolidated Employees' Pension Plan shall terminate, and, as a result of the termination, the Pension Benefit Guaranty Corporation ("PBGC") shall have a claim estimated to be no greater than \$19 million. On the Effective Date, in full satisfaction, release and discharge of its claim, the PBGC shall receive 100% of the stock of Reorganized Fansteel and an unsecured, non-interest bearing 15-year note in the amount of \$18 million, payable in annual installments of \$1.8 million commencing in 2009.

5.8 Class 7: Environmental Claims

5.8.1 Division of Class 7 Into Four Subclasses

Class 7 shall be divided into four subclasses: Class 7A consisting of the environmental claims against the real property owned by Fansteel, Inc. and located in North Chicago, Illinois; Class 7B consisting of the environmental claims against the real property owned by Fansteel, Inc. and located in Waukegan, Illinois; Class 7C consisting of the environmental claims against the real property owned by Fansteel, Inc. and located in Lexington, Kentucky; and Class 7D consisting of the environmental claims against the real property owned by Wellman. Each claim arising under U.S. CERCLA as a potentially responsible person shall be treated as a Class 3A general unsecured claim against Reorganized Fansteel.

5.8.2 Treatment of Claims in Class 7A

In full satisfaction, settlement, release and discharge of the claims of the United States Environmental Protection Agency and the obligations of Fansteel, Inc. related to the vacant lots located in North Chicago, Illinois, Reorganized Fansteel shall remediate the property in accordance with a consent decree to be entered into by Reorganized Fansteel and the United States Environmental Protection Agency. The anticipated cost of the remediation is approximately \$1.8 million. The cost of remediation shall be funded by the cash flow from Reorganized Fansteel and the proceeds of any successful prosecution of insurance claims relating to the North Chicago real property. Upon completion of the remediation, the real property shall be sold or transferred to the City of North Chicago.

5.8.3 Treatment of Claims in Class 7B

As soon as practicable after the Effective Date, Reorganized Fansteel shall sell or transfer to the City of Waukegan the real property and improvements located in Waukegan, Illinois. Any environmental claims of governmental agencies shall be paid from the proceeds, if any.

5.8.4 Treatment of Claims in Class 7C

As soon as practicable after the Effective Date, Reorganized Fansteel shall sell or transfer to the City of Lexington the real property and improvements located in Lexington, Kentucky. Any environmental claims of governmental agencies shall be paid from the proceeds, if any.

5.8.5 Treatment of Class in Class 7D

In full satisfaction, settlement, release and discharge of the claims of the United States Environmental Protection Agency and the obligations of Wellman related to the real property located in Creston, Iowa, Reorganized Wellman shall remediate the property in accordance with a consent decree to be entered into by Reorganized Wellman and the United States Environmental Protection Agency. The anticipated cost of the remediation is approximately \$3 million. The cost of remediation shall be funded by the cash flow from Reorganized Wellman and the proceeds of any successful prosecution of insurance claims relating to the Wellman real property.

5.9 **Class 8: Shareholder Interests**

A holder of an Equity Interest in any of the Debtors shall receive no Distribution under the Plan on account of that Interest.

5.10 Class 9: Other Equity Interests

A holder of a Stock Option or other Claim as described in Section 510(b) of the Bankruptcy Code shall receive no Distributions under the Plan on account of that Interest.

SECTION VI

IMPAIRED AND UNIMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN; ACCEPTANCE OR REJECTION OF THE PLAN

6.1 Holders of Claims and Equity Interests Entitled to Vote

Each holder of an Allowed Claim (and each holder of a Claim that has been temporarily allowed for voting purposes only under Bankruptcy Rule 3018(a)) in an impaired Class of Claims with respect to which any Distribution shall be made hereunder shall be entitled to vote separately to accept or reject the Plan as provided in the Disclosure Statement Approval Order. In accordance with Bankruptcy Code section 1126(g), Classes 8 and 9 are deemed to have rejected the Plan and the holders of Claims and Equity Interests in those Classes are not entitled to vote thereon. In accordance with Bankruptcy Code section 1126(f), Class 1 is deemed to have accepted the Plan and the holders of Claims in that Class are not entitled to vote on the Plan. Each of Classes 2, 3, 4, 5, 6, and 7 is impaired under the Plan and the holders of Allowed Claims (and holders of Claims that have been temporarily allowed for voting purposes only under Bankruptcy Rule 3018(a)) in those Classes are entitled to vote on the Plan.

6.2 Nonconsensual Confirmation

In view of the deemed rejection of the Plan by Classes 8 and 9, the Creditors' Committee will request that the Court confirm the Plan in accordance with Bankruptcy Code section 1129(b) by finding that the Plan does not unfairly discriminate against, and provides fair and equitable treatment to, all impaired Classes of Claims and Equity Interests voting to reject the Plan or deemed to have rejected the Plan. If any of Classes 2, 3, 4, 5, 6 or 7 fails to accept the Plan, the Committee reserves its rights to (a) modify the Plan, and (b) request that the Court confirm the Plan (whether or not it is modified) in accordance with Bankruptcy Code section 1129(b), notwithstanding such lack of acceptance.

6.3 Revocation of the Plan

The Creditors' Committee may revoke and withdraw the Plan at any time prior to entry of the Confirmation Order. If the Plan is so revoked or withdrawn, it shall be deemed null and void.

SECTION VII

MEANS OF IMPLEMENTATION OF THE PLAN

7.1 Substantive Consolidation

7.1.1 Substantive Consolidation

Subject to Section 7.1.2, on the Effective Date and pursuant to Bankruptcy Code section 105(a), the Estates of the Consolidating Debtors will be substantively consolidated for all purposes related to the Plan (but only for those purposes), including voting, confirmation, Distributions, and Claim determinations. The substantive consolidation of the Estates of the Consolidating Debtors shall have the following effects:

- (a) All assets of the Estates of the Consolidating Debtors shall be treated as though they were assets of the single Consolidated Estate;
- (b) No Distributions shall be made under the Plan on account of intercompany Claims among the Consolidating Debtors;
- (c) No Distributions shall be made under the Plan on account of any Subsidiary Equity Interests; and
- (d) All guaranties by any of the Consolidating Debtors of the obligations of any other Consolidating Debtor and any Liability (whether primary or secondary, or individual or joint and several) of the Consolidating Debtors with respect to the Nuclear Regulatory Commission and the Pension Benefit Guaranty Corporation shall be deemed to be one obligation of the Consolidated Estate.

The substantive consolidation provided for herein shall not, other than for purposes related to the Plan and Distributions to be made hereunder, affect any obligations under any executory contract or unexpired leases assumed in the Plan or otherwise in the Reorganization Cases, or affect the DIP Facility, or affect the corporate structure of AST, Wellman or Escast.

7.1.2 Plan as Motion for Approval of Substantive Consolidation Provided for Herein

The filing of the Plan shall constitute a motion for an order of the Bankruptcy Court approving, and the Confirmation Order shall constitute the Bankruptcy Court's approval of, the substantive consolidation of the Estates of the Consolidating Debtors as and to the extent set forth in this Section 7.1.

7.2 Treatment of Intercompany Claims

Consistent with the substantive consolidation of the Consolidating Debtors and to the extent necessary to avoid adverse tax consequences to the Consolidated Estate and Reorganized Fansteel, but subject to the final sentence of this section, (a) certain intercompany claims between members of Fansteel may, at the option of Fansteel, be contributed by one member of Fansteel to one or more other members of Fansteel prior to substantive consolidation pursuant to Section 7.1.1; and (b) all intercompany Claims not so contributed shall be extinguished and no distribution shall be made under the Plan with respect to any such Claim. Notwithstanding anything herein, however, there will be no treatment of intercompany Claims or any other intercompany obligations that is inconsistent with or would violate the APA.

7.3 Sale by Certain Debtors of Assets to the Purchaser

7.3.1 Sale by Certain Debtors of Assets

Entry of the Confirmation Order shall constitute the Court's approval of the APA and the transactions to be entered into, and actions to be taken, thereunder pursuant to Bankruptcy Code sections 363, 1123, and 1129. The Selling Debtors shall sell the operating assets of Washington Manufacturing, and the operating assets of Hydro-Carbide, Cal Drop, Plantsville and Lexington divisions of Fansteel, Inc., free and clear of all liens, claims and encumbrances, to the Purchaser or to the Successful Bidder on substantially the same terms as those contained in the APA. The sale proceeds resulting therefrom shall be transferred to the Unsecured Creditors Trust to fund Distributions to be made under the Plan.

7.3.2 Sale Subject to Higher or Better Offers

The sale shall be subject to higher or better offers in accordance with the procedures set forth below. One day prior to the commencement of the Confirmation Hearing, the Creditors' Committee shall determine the Successful Bidder.

7.3.3 Participation Requirements

To participate in the bidding process, each person (a "Potential Bidder") must deliver to the Creditors' Committee or its designee: (i) current audited financial statements or other financial information of the Potential Bidder, or, if the Potential Bidder is an entity formed for the purpose of acquiring the assets, current audited financial statements or other financial information of the equity holder(s) of the Potential Bidder, or such other form of financial disclosure acceptable to the Creditors' Committee or its designee, demonstrating such Potential Bidder's ability to close the proposed transaction; and (ii) a preliminary, non-binding proposal regarding the purchase price range, the structure and financing of the transaction, the sources of funding, any conditions to closing, and the nature and extent of due diligence the Potential Bidder may wish to conduct.

7.3.4 Qualified Bidder

A Qualified Bidder is a Potential Bidder that delivers the documents described above, whose financial information demonstrates the financial capability of the Potential Bidder to consummate the sale, and that the Creditors' Committee or its designee determines is reasonably likely (based on the availability of financing, experience and other considerations) to submit a bona fide offer and to be able to consummate the sale if selected as the Successful Bidder. Within two business days after a Potential Bidder delivers all of the materials required in Section 7.3.3, the Creditors' Committee or its designee shall determine, and shall notify the Potential Bidder in writing, whether the Potential Bidder is a Qualified Bidder.

7.3.5 Bid Deadline

A Qualified Bidder that desires to make a bid shall deliver a written copy of its bid to _____, so as to be received no later than 4:00 p.m. (CDT) on _____, 2003.

7.3.6 Bid Requirements

All bids must include the following documents (the "Required Bid Documents"):

- (i) a letter stating that the bid is irrevocable until 30 days after the Confirmation Hearing; (ii) an executed copy of the APA marked to show amendments and modifications, if any to the APA;
- (ii) a good faith deposit in the form of a certified check in the amount of \$500,000 payable to _____, as escrow agent for the Creditors' Committee; and (iii) written evidence of a commitment for financing or other evidence of ability to consummate the proposed transaction satisfactory to the Creditors' Committee in its sole discretion.

7.3.7 Auction

After all Qualified Bids have been received, the Creditors' Committee may conduct an auction if, in the sole discretion of the Creditors' Committee, the Creditors' Committee determines that an auction will result in higher or better offers. The auction, if conducted, will take place one Business Day prior to the date set for the Confirmation Hearing at the office of _____, on _____, 2003, commencing at 10:00 a.m. CDT.

7.3.8 Return of Good Faith Deposit

The good faith deposit of all Qualified Bidders shall be held in escrow until 3 Business Days after the property has been sold pursuant to the Confirmation Order.

7.3.9 Break-Up Fee

In the event the Purchaser is not the Successful Bidder, the Purchaser shall receive a break-up fee of \$500,000.

7.4 Exit Financing

Reorganized Fansteel shall enter into a postpetition revolving loan facility in the principal amount of no less than \$3 million on terms and conditions no more onerous than the DIP Facility. Reorganized Fansteel shall use the proceeds from the postpetition revolving loan, as and if necessary to make the Distributions under the Plan.

7.5 Continuation of Business

On and after the Effective Date, Reorganized Fansteel, AST, Escast and Reorganized Wellman shall continue to engage in business.

7.6 Charter and Bylaws

The Amended Bylaws and Amended Certificates of Incorporation shall be filed as part of the Plan Supplement and shall contain (a) such provisions as are necessary to satisfy the provisions of the Plan, and (b) to the extent necessary, provisions to prohibit the issuance of nonvoting equity securities as required by Bankruptcy Code section 1123(a)(6).

7.7 Treatment of Existing Equity Interests and Issuance of New Stock

On the Effective Date, all existing Equity Interests shall, without any further action, be cancelled, annulled, and extinguished and any certificates representing such canceled, annulled, and extinguished equity interests shall be null and void. On the Effective Date, New Common Stock of Reorganized Fansteel, AST, Escast and Wellman will be issued. AST and Escast shall be merged with and into Custom Technologies Corporation. Custom Technologies Corporation will be merged with and into Fansteel Holdings. Fansteel Holdings will be merged with and into Reorganized Fansteel.

7.8 Boards of Directors of Reorganized Fansteel and Wellman

On the Effective Date, the existing board of directors of each of the Debtors shall be deemed to have resigned. The PBGC and NRC shall designate the initial board of directors for each of the Reorganized Fansteel entities. The Unsecured Creditors of Wellman shall designate the initial board of directors for Reorganized Wellman. The current management of Fansteel, Inc. shall continue as the management of Reorganized Fansteel. The management of Reorganized Wellman shall be determined and disclosed no later than ten days before the Voting Deadline.

[ADD ORGANIZATIONAL STRUCTURE FOR REORGANIZED WELLMAN]

7.9 Operations of the Debtors Between the Confirmation Date and the Effective Date

The Debtors shall continue to operate as Debtors in Possession during the period from the Confirmation Date through the Effective Date.

7.10 Revesting of Assets

Pursuant to Bankruptcy Code section 1141(b), the assets and property of the Debtors shall vest or revest, such that: (a) on the Effective Date, all assets and property that are to be transferred to the Purchaser under the APA, shall be transferred to the Purchaser in accordance with the APA; (b) on the Effective Date, all assets and property that are to be retained or acquired by Reorganized Fansteel, AST and Escast shall vest or revest in Reorganized Fansteel, AST and Escast; and (c) on the Effective Date, all assets and property that are to be retained by Wellman shall vest or revest in Reorganized Wellman. As of the Effective Date, all assets and property of the Debtors dealt with by the Plan, shall be free and clear of all liens, Claims and interests except as provided for under the Plan.

7.11 Effectuating Documents; Further Transactions

The Chairman of the Board, Chief Executive Officer, Chief Financial Officer, or any other appropriate officer of each of the Debtors, Reorganized Fansteel, Reorganized Wellman, and the Unsecured Creditors Trust shall be, and are hereby, authorized and directed to execute, deliver, file, and record such contracts, instruments, releases, indentures, certificates, and other agreements or documents, and take such actions as they deem necessary or appropriate, to effectuate and further evidence the terms and conditions of the Plan and the APA.

7.12 Assumption of Obligations Under the Plan

On the Effective Date, the obligations to make the Distributions under the Plan shall be assumed, as applicable by Reorganized Fansteel, Reorganized Wellman and the Unsecured Creditors Trust, all of which shall have the liability for, and obligation to make all Distributions of Cash and other property to be issued or distributed under the Plan and to perform all other obligations required by the Plan.

7.13 Distributions Under the Plan

On the Effective Date or as soon thereafter as is reasonably practicable, each of the Plan Entities shall make, or shall make adequate reserve for, the Distributions required to be made under the Plan. All Distributions reserved pursuant to this Section shall be held by the foregoing entities in trust for the holders of Claims entitled to receive those Distributions. Each entity holding Distributions reserved under the Plan shall place the Distributions in one segregated account for each Class with respect to which those Distributions are reserved hereunder.

7.14 Substantial Consummation

Substantial consummation of the Plan under Bankruptcy Code section 1101(2) shall be deemed to occur on the Effective Date.

7.15 Release of Avoidance Actions

All Avoidance Actions against holders of Class 3 or Class 4 Claims shall be deemed waived and released, whether or not any such Avoidance Actions had been actually commenced as of the Effective Date (and, to the extent commenced as of the Effective Date, shall be dismissed with prejudice), by each of the Plan Entities, except that Avoidance Actions against a holder of a Class 3 or Class 4 Claim may be asserted by Reorganized Fansteel, Reorganized Wellman or the Unsecured Creditors Trust as a defense or offset to a proof of an Administrative Priority Claim, other Priority Claim, or Secured Claim asserted by any such holder.

7.16 Unsecured Creditors Trust

There shall be established, pursuant to the Unsecured Creditors Trust Agreement, the Unsecured Creditors Trust. The beneficiaries of the Unsecured Creditors Trust shall be the holders of Allowed Claims in Classes 1B, 3B, 3D and 4B. On the Effective Date, each holder of an Allowed Unsecured Claim in Classes 1B, 3B, 3D and 4B shall, by operation of the Plan, (i) become a beneficiary of the Unsecured Creditors Trust, (ii) be bound by the Unsecured Creditors Trust Agreement, and (iii) receive an uncertified beneficial interest in the Unsecured Creditors Trust in proportion to the pro rata share of its Allowed Claim.

The trustee of the Unsecured Creditors Trust shall be designated by the Creditors' Committee on or before the Confirmation Date. The Trustee shall be the exclusive trustee of the assets of the Unsecured Creditors' Trust for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representative of the Selling Debtors' estate appointed pursuant to Bankruptcy Code section 1123(b)(3)(B). The powers, rights, duties and responsibilities of the Trustee shall be specified in the Unsecured Creditors Trust Agreement and shall include the authority and responsibility to (a) receive, manage, invest, supervise, and protect trust assets; (b) pay taxes or other obligations incurred by the trust; (c) retain and compensate, without further order of the Bankruptcy Court, the services of professionals to advise and assist in the administration, prosecution, and distribution of trust assets; (d) calculate and implement distributions of trust assets; and (e) prosecute, compromise, and settle, in accordance with the terms of the Unsecured Creditors Trust Agreement, Disputed Claims in classes 1B, 3B, 3D and 4B. The expenses of the Unsecured Creditors Trust shall be paid from the assets of the Unsecured Creditors Trust. Other rights and duties of the Trustee and the beneficiaries shall be as set forth in the Unsecured Creditors Trust Agreement.

7.17 Employee Retention and Executive Severance Program

Reorganized Fansteel shall pay all amounts due under the Key Employee Retention Program and the Executive Severance Program.

SECTION VIII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1 Assumption and Assignment Schedule

Except as otherwise provided herein or pursuant to a Final Order of the Court, (a) effective as of the Effective Date, all executory contracts and unexpired leases of any Debtor that are listed on Schedule __ of the APA and listed on the Assumption and Assignment Schedule to the Plan as executory contracts and unexpired leases to be assumed and assigned hereunder shall be deemed to be assumed by the Debtor that is a party thereto and assigned to (as applicable) the Purchaser, Reorganized Fansteel, or Reorganized Wellman; and (b) effective as of the Petition Date, all other executory contracts and unexpired leases of the any Debtor, except for any executory contracts and unexpired leases dealt with by a Final Order of the Court entered on or before the Effective Date or that are the subject of a motion to reject, assume, or assume and assign that is pending before the Court on the Effective Date, shall be deemed to be rejected. The Confirmation Order shall constitute an order of the Court approving all such assumptions and assignments and rejections pursuant to Bankruptcy Code section 365.

8.2 Contracts and Leases Assumed During the Pendency of the Reorganization Cases

All executory contracts and unexpired leases assumed during the pendency of the Reorganization Cases and listed on the Schedule of Already Assumed Obligations or in the APA Schedule shall be assigned to the Purchaser, Reorganized Fansteel or Reorganized Wellman, as applicable, and the Confirmation Order shall provide for such assignment.

8.3 Payments Related to Assumption of Executory Contracts and Unexpired Leases

Any monetary amounts by which each executory contract and unexpired lease to be assumed under the Plan may be in default shall be satisfied by Cure pursuant to Bankruptcy Code section 365(b)(1). If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of the Purchaser, Reorganized Fansteel or Reorganized Wellman to provide "adequate assurance of future performance" (within the meaning of Bankruptcy code section 365) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption or assignment, Cure shall occur following the entry of a Final Order resolving the dispute and shall be made in accordance with the applicable Final Order.

8.4 Bar Date for Rejection Damages

If the rejection by one of the Debtors, pursuant to the Plan, of an executory contract or unexpired lease results in a Claim, that Claim shall be discharged and barred forever and shall not be enforceable against any Plan Entity, or any of their respective properties, unless a proof of Claim or proof of Administrative Expense Claim is filed with the clerk of the Court

and served upon counsel to the Debtors and the Creditors' Committee within thirty days after the Confirmation Date, and in all events shall be discharged and barred forever.

SECTION IX

CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN AND THE EFFECTIVE DATE

9.1 Conditions Precedent to the Confirmation of the Plan

Unless this condition is waived in accordance with Section 9.3, the confirmation Order must be in form and substance acceptable to the Creditors' Committee and the Purchaser and shall, among other things:

(a) Order, find and decree that the APA, and all other documents necessary to consummate the sale to the Purchaser are approved in all respects and that all parties thereto are authorized and required to perform all of their obligations thereunder;

(b) Order, find and decree that the sale to the Purchaser pursuant to the Plan is approved pursuant to Bankruptcy Code sections 363, 1123 and 1129, and that the Purchaser has acted in good faith for the purposes of Bankruptcy Code section 363(m);

(c) Order and decree that the bidding procedures and break fee are approved as and to the extent set forth in Section 7.3;

(d) Order, find and decree that the Confirmation Order shall supersede any orders of the Court issued prior to the Confirmation Date to the extent that those prior orders may be inconsistent with the Confirmation Order;

(e) Order, find and decree that, except with respect to obligations specifically contemplated by the Plan, each Debtor that is not liquidated or dissolved is discharged effective as of the Effective Date;

(f) Order, find and decree that all transfers of property contemplated under the Plan, shall be free and clear of all Claims, liens, encumbrances and interests in or against such properties, except as otherwise provided for in the Plan or Confirmation Order;

(g) Order and decree that the Estates of the Consolidating Debtors shall be substantively consolidated as and to the extent set forth in Section 7.1;

(h) Authorize the implementation of the Plan in accordance with its terms;

(i) Provide that any transfers effected or mortgages or other security documents entered into or to be effected or entered into under the Plan shall be and are exempt from any state, city, or other municipality transfer taxes, mortgage recording taxes, and any other stamp or similar taxes pursuant to Bankruptcy Code section 1146(c);

(j) Provide that the registration exemption of Bankruptcy Code section 1145 applies to all securities issued and distributed pursuant to the Plan;

(k) Approve in all other respects the other settlements, transactions, and agreements to be effected pursuant to the Plan;

(l) Provide that all executory contracts or unexpired leases assumed and assigned by the Debtors during the Reorganization Cases or under the Plan shall remain in full force and effect for the benefit of the assignee thereof notwithstanding any provision in any contract or lease (including provisions of the kind described in Bankruptcy Code sections 365(b)(2) and (f)) that prohibit assignment or transfer thereof or enable or require termination or modification of such contract or lease upon assignment thereof;

(m) Provide that (i) all executory contracts and unexpired leases of any Debtor that are listed on the APA Schedule or on the Assumption and Assignment Schedule to the Plan as executory contracts and unexpired leases to be assumed and assigned hereunder shall be deemed to be assumed by the Debtor that is a party thereto and assigned to (as applicable) the Purchaser, Reorganized Fansteel or Reorganized Wellman; and (ii) effective as of the Petition Date, all other executory contracts and unexpired leases of the Debtors, except for any executory contracts and unexpired leases dealt with by a Final Order of the Court entered on or before the Effective Date or that are subject of a motion to reject, assume, or assume and assign that is pending before the Court on the Effective Date, shall be deemed to be rejected;

(n) Provide that the transfers of property by the Debtors to the Purchaser, Reorganized Fansteel or any Plan Entity: (i) are or shall be legal, valid, and effective transfers of property; (ii) vest or shall vest the transferee with good title to such property free and clear of all liens, Claims, encumbrances and interests, except as expressly provided in the Plan or Confirmation Order; (iii) do not and shall not constitute voidable transfers under the Bankruptcy Code or under applicable bankruptcy or nonbankruptcy law; and (iv) do not and shall not subject the Purchaser, Reorganized Fansteel or any Plan Entity to any liability by reason of such transfer under the Bankruptcy Code or under applicable nonbankruptcy law, including any laws affecting successor or transferee liability;

(o) Find that confirmation of the Plan is not likely to be followed by the liquidation of Reorganized Fansteel or Reorganized Wellman, or the need for further financial reorganization, except as specifically provided in the Plan;

(p) Find that any objection to the adequacy of the information contained in the Disclosure Statement that has not previously been withdrawn or settled is overruled, and that the information contained in the Disclosure Statement was adequate for purposes of soliciting acceptance of the Plan;

(q) Find that the Plan complies with all applicable provisions of the Bankruptcy Code, including that the Plan was proposed in good faith and that the Confirmation Order was not procured by fraud; and

(r) Except as expressly provided in the Plan, provide that all Equity Interests shall be extinguished and canceled effective upon the Effective Date.

9.2 Conditions Precedent to the Effective Date of the Plan

The Plan shall not become effective and the Effective Date shall not occur unless and until the following conditions shall have been satisfied or waived:

(a) After entry of the Confirmation Order, no modifications shall have been made to the Plan exception accordance with its provisions with respect to its modification;

(b) The Confirmation Date shall have occurred and the Confirmation Order, in form and substance acceptable to the Purchaser and the Creditors Committee, and in a form providing for the effectuation of all of the transactions contemplated by the APA and any operative agreements entered in connection therewith and in accordance with the terms and provisions thereof, and consistent with Section 9.1, shall have been signed by the judge presiding over the Reorganization Cases and shall have become a Final Order;

(c) All conditions precedent to the Confirmation of the Plan shall have been satisfied and shall continue to be satisfied;

(d) All actions, documents and agreements necessary to implement the provisions of the Plan to be effectuated on or prior to the Effective Date shall be reasonably satisfactory to the Purchaser and shall be acceptable to the Creditors Committee and such actions, documents, and agreements shall have been effected or executed and delivered. All Documents to be contained in the Plan Supplement shall be completed and in final form and, as applicable, executed by the parties thereto and all conditions precedent contained in any of the foregoing shall have been satisfied or waived;

(e) The Amended Certificates of Incorporation and Amended Bylaws shall have been adopted, to be effective upon the occurrence of the Effective Date, by the members of Reorganized Fansteel and Reorganized Wellman;

(f) The new boards of directors for Reorganized Fansteel and Reorganized Wellman shall have been selected as set forth herein;

(g) All conditions to the Closing under the APA shall have been satisfied or waived in accordance therewith, and the Closing is prepared to occur on the Effective Date; and

(h) The Unsecured Creditors Trust shall have been formed and a Trustee appointed in accordance with the Unsecured Creditors Trust Agreement.

9.3 Waiver of Conditions Precedent

Each of the conditions precedent in Section 9.1 and 9.2 (other than Section 9.1 (g)) may be waived or modified, in whole or in part, by the Creditors' Committee, upon the written consent of the Purchaser.

SECTION X

PROCEDURE FOR RESOLVING CONTESTED CLAIMS

10.1 Time Periods

Unless the Bankruptcy Court orders otherwise or the Plan otherwise provides, Reorganized Fansteel, Reorganized Wellman, the Trustee or any other party in interest shall file all objections to Claims, not previously filed, not later than 120 days after the Confirmation Date. If an objection to any Claim is not filed on or before that date, the Claim shall be deemed an Allowed Claim and the Distribution due on account of that Claim shall be paid immediately or when the Distributions on account of Claims of that class is authorized whichever is later.

10.2 Reversion

Creditors shall have 90 days from the check issue date to negotiate the distribution checks, otherwise payment on such checks shall be stopped and the funds shall revert to the Unsecured Creditors Trust or Reorganized Fansteel, as applicable.

SECTION XI

RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction over the Debtors and the Reorganization Cases for the following purposes:

11.1 To hear and determine any and all pending applications for the rejection, assignment or assumption of executory contracts or unexpired leases or licenses, and the allowance of Claims resulting therefrom.

11.2 To hear and determine any and all adversary proceedings, contested matters, applications and unlitigated matters related to the Debtors, the Creditors' Committee, the Trustee, the Plan or the Reorganization Cases, whether commenced prior to, or after, Confirmation.

11.3 To hear and determine any objections to Claims, filed either before or after the Confirmation Date, including objections to the classification of any Claim or Interest, and to allow or disallow any disputed Claim in whole or in part.

11.4 Subject to the specific provisions of the Plan, to determine the amount, priority, validity and security of any Claim.

11.5 To hear and determine all applications for pre-Confirmation Date compensation of Professional Persons and reimbursement of expenses under 11 U.S.C. §§ 330, 331 and 503(b).

11.6 To enter and implement such orders as may be appropriate in the event Confirmation is for any reason stayed, reversed, revoked, modified or vacated.

11.7 To hear the application of the Creditors' Committee, if any, to modify the Plan in accordance with 11 U.S.C. § 1127.

11.8 To enforce the terms of the Plan and to hear and determine disputes arising in

connection with the Plan or its implementation, including the amounts of any reserves required to be maintained under this Plan.

11.9 To hear any claim for surcharge under 11 U.S.C. § 506(c).

11.10 To enforce the consequences of any default under the Plan.

11.11 To hear any other matter not inconsistent with Chapter 11 of the Bankruptcy Code.

11.12 For all other purposes provided in any other Articles of the Plan.

SECTION XII

EFFECT OF CONFIRMATION

12.1 Jurisdiction over the Debtors and the Plan Entities

Until the Effective Date, the Court shall retain custody and jurisdiction of the Debtors and their properties, interests in properties and operations. On and after the Effective Date, the Debtors and their properties, interests in properties and operations shall be released from the custody and jurisdiction of the Court, except as provided in Section 11. In addition, except as set forth in Section 11, the Plan Entities, and their properties, interests in property and operations shall not be subject to the custody and jurisdiction of the Court; provided, however, that the Cash and other property to be distributed pursuant to the Plan and which, to the extent not distributed by the Plan Entities, is to be held in trust by the applicable Plan Entity, shall remain subject to the jurisdiction of the Court until they are distributed or become unclaimed property pursuant to Bankruptcy Code section 347(b).

12.2 Discharge of Debtors

On the Effective Date, all creditors shall be bound by the Plan, whether or not the Claim or Equity Interest of such creditor is impaired under the Plan and whether or not such creditor has accepted the Plan. Except as otherwise provided in the Plan or the Confirmation Order and in accordance with Bankruptcy Code section 1141(d)(1), entry of the Confirmation Order shall discharge the Debtors, effective as of the Effective Date, from all debts of, Claims against, liens on the property of, Equity Interests or any other interests in the Debtors and their assets and properties (collectively, the "Discharged Claims and Interest" and individually, a "Discharged Claim or Interest") that arose at any time before the entry of the Confirmation Order. The discharge of the Debtors shall be effective as to each and all Discharged Claims and Interests, regardless of whether a proof of Claim or Equity Interest therefor was filed, whether the holder thereof votes to accept the Plan, or whether the holder of any Discharged Claim or Interest receives any distribution under the Plan. On and after the Effective Date, as to all Discharged Claims and Interests, any holder thereof shall be precluded from asserting against the Debtors, the Plan Entities, the successors or assigns of any of the foregoing, or any of their assets or properties, any other or further debt, Claim, lien, Equity Interest, or other interest based upon any document, instrument, act, omission, transaction, or other action or inaction of any kind or nature that occurred before the Effective Date. Except as otherwise provided in the Plan or the

Confirmation Order or a separate order of the Court, as of the Effective Date, all entities that have held, currently hold, or may hold a Discharged Claim or Interest or other right of an equity security holder that is terminated or cancelled pursuant to the terms of the Plan, are permanently enjoined from taking any action against the Debtors, Reorganized Fansteel, Reorganized Wellman or the Purchaser on account of any Discharged Claim or Equity Interest.

SECTION XIII

GENERAL PROVISIONS

13.1 Notices

All notices, requests or demands given in connection with the Plan shall be made in writing and shall be deemed to have been given when received or, if mailed, five business days from the date of mailing, First Class, postage prepaid.

Except as otherwise provided in the Plan, notices to:

Frances Gecker
Joseph D. Frank
FREEBORN & PETERS
311 South Wacker Drive
Suite 3000
Chicago, Illinois 60606
312-360-6607
312-360-6596 (fax)

[insert other notices]

All payments, notices and requests to holders of Claims shall be sent to them at their last known address. The Plan Entities or any holder of a Claim may designate in writing any other address for purposes of this Section 13.1, which designation shall be effective upon receipt or upon publication of such notice as it is approved by the Bankruptcy Court.

13.2 Headings

The headings used in the Plan are inserted for convenience only and do not constitute a portion of the Plan or in any manner affect the provisions of the Plan.

13.3 Severability

Should any provision in the Plan, or its application to any entity, be determined to be unenforceable to any extent, the remainder of the Plan, and the application of such provision to any other entity, shall not be affected thereby, and the Plan shall be enforced to the greatest extent permitted by law.

13.4 Supersession

Except as otherwise specifically provided for herein, in the event of an inconsistency between the terms of any document and instrument prepared pursuant to this Plan and the terms of this Plan, the terms of this Plan shall govern and supersede the terms of any such documents and instruments.

13.5 Binding Effect

The rights and obligations of any entity named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors, heirs, and permitted assigns of such entity.

13.6 Post-Confirmation Fees

All Professionals who are retained or who continue to be retained by Reorganized Fansteel or the Unsecured Creditors Trust after the Effective Date shall submit invoices for their services to Reorganized Fansteel or the Unsecured Creditors Trust, as applicable, and shall be paid by the applicable entity.

Respectfully submitted,

KLETT, ROONEY, LIEBER & SCHORLING,
P.C.

By:

Adam G. Landis, Esquire (No. 3407)
Kerri K. Mumford (No. 4186)
The Brandywine Building
1000 West Street, Suite 1410
Wilmington, DE 19801
(302) 552-4200 (Telephone)
(302) 552-4295 (Facsimile)

-and-

FREEBORN & PETERS

By:

Frances Gecker (ARDC #6198450)
Joseph D. Frank (ARDC #6216085)
311 South Wacker Drive
Suite 3000
Chicago, IL 60606
(312) 360-6000 (Telephone)
(312) 360-6596 (Facsimile)

Co-Counsel to the Official Committee
of Unsecured Creditors of Fansteel, Inc.

Dated: May __, 2003

497173v3

EXHIBIT B

Fansteel, Inc.

Information Required to Complete Disclosure Statement

- 1) Financial analyses to support the proposed treatment of the Wellman intercompany claims
- 2) Supporting documentation for estimates used in the liquidation analysis
- 3) Proposed treatment and amount of all pre-petition claims, by category (priority, secured, administrative, wage, etc.) and location
- 4) Copies of all leases or contracts expected to be assumed, including estimated cure amounts, by location
- 5) Identify all leases or contracts that are expected to be rejected, including estimated pre-petition claims by lease or contract, by location
- 6) Copies of all debt obligations not included in #4 or #5 above, by location, with a description of what the indebtedness relates to
- 7) Detailed sub-ledgers for all divisions with the exception of the operations in North Chicago IL, Muskogee OK, Mexico and Emporium PA.
- 8) Copies of any appraisals for the assets of Escast/Intercast, and the owned real estate in Los Angeles CA
- 9) Fixed asset and tooling detail by location
- 10) A list of all effective date payments, other than professional fees and lease/contract cure amounts, by category
- 11) Copies of all current labor agreements
- 12) Physical location of all consigned inventory, by division
- 13) Listing of material proprietary rights (trademarks, software, licenses, etc.) by location
- 14) Individual components and associated dollar amount of the estimated \$45 million PBGC liability determined by Mercer
- 15) Amount of unpaid post-petition pension obligations
- 16) Dollar amount of the individual components of restricted cash on the balance sheet as of March 31st

- 17) Information on Fansteel's basis in the stock of AST, Escast, Washington and Wellman
- 18) Tax basis balance sheets for each location
- 19) Estimated AMT and regular tax NOLs available at December 31, 2002, by company
- 20) Total annual base payroll for the Escast and AST operations
- 21) List of active employees out on medical leave
- 22) An accounting of Lexington's inventory, by component, including all write-offs within the past three years.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re) Chapter 11
)
FANSTEEL, INC., *et al.*,¹) 02-10109 (JF)
)
Debtors.) (Jointly Administered)

AFFIDAVIT OF
MELISSA N. BISACCIA, PARALEGAL

STATE OF DELAWARE:

SS:

NEW CASTLE COUNTY:

I, Melissa N. Bisaccia, certify that I am, and at all times during the service of process, have been, an employee of Klett Rooney Lieber and Schorling, P.C., not less than 18 years of age and not a party to the matter concerning which service of process was made. I certify further that the service of the following:

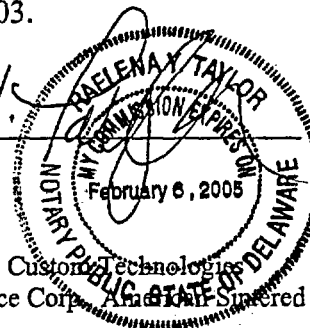
Motion of the Official Committee of Unsecured Creditors For Entry of an Order (I) Authorizing the Filing of a Plan of Reorganization Without an Accompanying Disclosure Statement Pursuant to Bankruptcy Rule 3016(b), (II) Compelling the Debtors to Provide the Committee with the Information Necessary to Complete the Disclosure Statement and (III) Enjoining the Debtors from Transferring, Selling or Consigning Estate Assets Until Confirmation of Plan

was made on the following parties on the attached list by Hand Delivery (on City of Wilmington addresses only) and First Class Mail.

Melissa N. Bisaccia
Melissa N. Bisaccia

SWORN AND SUBSCRIBED before me this 9th day of May 2003.

Raelia Y. Taylor
NOTARY



¹The 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 Fansteel Technologies, Inc., and Fansteel Schulz Products, Inc.

Fansteel Inc. - 2002

Ellis Merschoff, Regional Administrator
Attention: Dr. Blair Spitzberg
U.S. Nuclear Regulatory Commission
Region IV - Harris Tower
611 Ryan Plaza Drive, Suite 400
Arlington, TX 76011-8064

Jim Gardella
Reade Manufacturing
PO Box 930862
Atlanta, GA 31193-0862

Celest Burton
OMG, Nations Bank Of GA
PO Box 198374
Atlanta, GA 30384-8374

Karen Serrucci
Remet Corporation
PO Box 101142
Atlanta, GA 30392

Richard Burkhart
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Bainbridge, OH 44023

Sharyl O'Farrell
Ridge Realty Group
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Barrington, IL 60010

Sergio Scuteri, Esquire
Farr Burke Gambacorta & Wright PC
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CitiCapital

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Bob Beimel
J.I.T. Tool & Die
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Brockport, PA 15823

Judy Anderson
Interstate Chemical Co.
PO Box 295
Brookfield, OH 44403

Dana Hammond
CIT
2500 County Rd. 42, Ste. ES110
Burnsville, MN 55337

Dell Financial Services
Payment Processing Center
PO Box 5292
Carol Stream IL 60197

Joseph Martinez
DFS Acceptance Corp
PO Box 4125
Carol Stream, IL 60197

Claudia Romero
H Kramer & Co.
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Chicago, IL 60608

Linda Calabrese
Wright Tool And Die
770 Industrial Drive Unit A
Cary, IL 60013

Foothill Capital Corporation
161 North Clark Street, Suite 3590
Chicago, IL 60601

Jeff Smith
Metokote Corp
312 Savannah Park Rd
Cedar Falls, IA 50613

Chris Dimou
IBM Corporation
91222 Collection Center Drive
Chicago, IL 60693-1222

The Northern Trust Company
Attn: Legal Department
50 South La Salle Street
Chicago, IL 60675

Sheryl Sanetra
Magid Glove & Safety Mfg
2060 North Kolmar Ave
Chicago, IL 60639-3483

Marc Fenton, Esquire
1 Bank One Plaza, 11th Floor
Mail Code IL1-0286
Chicago, IL 60670
**(American National Bank & Trust
Co. of Chicago)**

Frances Gecker, Esquire
Freeborn & Peters
311 South Wacker Drive, Suite 3000
Chicago, IL 60606
(Counsel to Official Committee)

Susan Kruesi
120 South Lasalle
Mail Code IL1-1415
Chicago, IL 60603
(American National Bank)

Misty
Accts Receivable
Heather, Buyer Pechiney Rolled Products
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Chicago, IL 60673-1221

Tamara Volkov
The Aviant Group
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Chicago, IL 60694-3574

Patrick M. Goy, Managing Director
Lincoln Partners
181 West Madison Street, Ste 3750
Chicago, IL 60602

Mark P. Naughton, Jr., Esquire
Piper Marbury Rudnick & Wolfe
203 North La Salle Street, Suite 1800
Chicago, IL 60601
**(American National Bank & Trust
Co. of Chicago)**

Todd Williams
HA International
22668 Network Place
Chicago, IL 60673-1226

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