

152

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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

**ORDER SCHEDULING HEARING ON DEBTORS' MOTION  
TO APPROVE BIDDING PROCEDURES AND BREAK-UP FEE IN  
CONNECTION WITH THE PROPOSED SALE OF ASSETS**

Upon the motion (the "Motion") of Fansteel Inc. ("Fansteel") and its affiliated debtors and debtors-in-possession (the "Debtors") for entry of (I) an order scheduling a hearing date to approve the bidding procedures and a break-up fee, (II) an order under 11 U.S.C. §§ 105 and 363 and Fed. R. Bankr. P. 6004(f) (A) approving bidding procedures (the "Bidding Procedures Order") and a break-up fee in connection with the proposed sale by Fansteel and Phoenix Aerospace Corporation ("Phoenix") to Stoutheart East Corporation ("Stoutheart"), WPC III Inc. ("WPC") and Richard Burkhart ("Burkhart") (Stoutheart, WPC and Burkhart collectively, the "Proposed Purchaser") of substantially all of the assets, property and businesses of Phoenix and the divisions of Fansteel known as California Drop Forge, Hydro Carbide-Gulfport and Hydro Carbide-Latrobe ("Fansteel Cal Drop and Hydro Carbide Divisions"), the accounts receivable and inventory of the Fansteel division known as VR/Wesson-Plantville ("Plantville Division"), and the equipment and inventory located at Fansteel's facility in Lexington, Kentucky (collectively, the "Purchased Assets"), (B) scheduling a hearing date, auction date, and bidding deadlines and procedures in connection with the sale of the Purchased Assets, and (C) and

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

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approving the form and manner of notice thereof (collectively, "Part I of the Motion"); and (III) an order (the "Sale Order") under 11 U.S.C. §§ 105, 363, 365 and 1146(c) and Fed. R. Bankr. P. 2002(a)(2) and (c)(1), 6004 and 6006, (A) approving the Asset Purchase Agreement among Fansteel, Phoenix and the Proposed Purchaser substantially in the form of the Agreement attached to the Motion as Exhibit "D" (the "Asset Purchase Agreement"), or a modification thereof if another party is the Successful Bidder, (B) approving the sale of the Purchased Assets to the Proposed Purchaser or such other party making a higher and better offer therefore (the "Successful Bidder"), free and clear of liens, interests, claims, restrictions, encumbrances, encroachments and charges of every kind (except as otherwise provided in the Asset Purchase Agreement), (C) determining that such sale is exempt from any stamp, transfer, recording or similar taxes, and (D) approving the assumption by the Debtors and the assignment to the Buyer of certain pre-petition executory contracts and unexpired leases (collectively, "Part II of the Motion"); and it appearing that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor, it is

**ORDERED** that a hearing to consider that part of the Motion seeking approval of the Bidding Procedures and Break-up Fee shall be held before the Honorable Joseph J. Farnan on ~~September 5, 2003~~ <sup>at 11.00 a.m. *OK*</sup> ~~August 2003~~ at ~~{ }~~ a.m. (EST) at the United States Bankruptcy Court for the District of Delaware, located in Wilmington, Delaware or as soon thereafter as counsel may be heard; and it is further

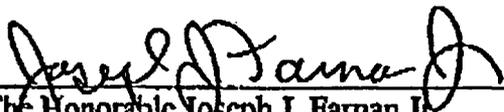
**ORDERED** that a copy of this order, together with the Motion shall be served by regular mail upon (i) Benesch, Friedlander, Coplan & Aronoff LLP, 2300 BP Tower, 200 Public Square, Cleveland, OH 44114, Attn: Peter K. Shelton, Esq., attorney for the Proposed Purchaser; (ii) the Office of the United States Trustee; (iii) counsel to the Creditors' Committee; (iv) all

appropriate federal, state and local taxing authorities, (v) all parties who have made written expressions of interests in acquiring the Purchased Assets; and (vi) all parties having filed a notice of appearance in the Debtors' chapter 11 cases, which service shall constitute good and sufficient notice of this order and the hearing on the Bidding Procedures and Break-up Fee; and it is further

**ORDERED** that all objections to the Bidding Procedures and Break-up Fee as described in the Motion must be in writing, must state the name of the objecting party, must state the particularity of the reasons and basis for the objection, and be filed with the Court (with a copy delivered to Chambers) and served upon (i) Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, Attn: Jeffrey S. Sabin, Esq., attorney for the Debtors, (ii) Benesch, Friedlander, Coplan & Aronoff LLP, 2300 BP Tower, 200 Public Square, Cleveland, OH 44114, Attn: Peter K. Shelton, Esq., attorneys for the Proposed Purchaser; (iii) the Office of the United States Trustee, 844 King Street, Ste. 2313, Wilmington, DE 19801, Attn: David Buchbinder; and (iv) Freeborn & Peters, 311 South Wacker Drive, Ste. 3000, Chicago Ill. 60606-6677, Attn: Frances Gecker, Esq., counsel for the Creditors' Committee, so that such objections are actually received by such persons no later than August 29, 2003 at 5:00 p.m. (EST).

Dated: Wilmington, Delaware

July 2003  
August 5

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