

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

40-1580

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

Objection Deadline: October 28, 2003 at 4:00 p.m. Eastern Time
Hearing Date: November 5, 2003 at 2:00 p.m. Eastern Time

**NOTICE OF DEBTORS' SECOND OMNIBUS
SUBSTANTIVE OBJECTION TO CLAIMS**

**To all parties entitled to notice pursuant to
Local Bankruptcy Rules 2002-1 and 3007-1:**

Fansteel Inc. ("Fansteel") and its affiliated debtors and debtors-in-possession (collectively, the "Debtors") have filed the Debtors' Second Omnibus Substantive Objection to Claims (the "Objection").

PLEASE TAKE NOTICE that responses, if any, to the Objection, must be filed with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801, on or before October 28, 2003, at 4:00 p.m. Eastern Time. At the same time, you must also serve a copy of the response upon co-counsel for the Debtors: (i) Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., 919 North Market Street, Suite 1600, P.O. Box 8705, Wilmington, Delaware 19899-8705 (courier 19801) (Attn: Laura Davis Jones, Esq.) and (ii) Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022 (Attn: Jeffrey S. Sabin, Esq.).

¹ The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., and American Sintered Technologies, Inc.
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A HEARING ON THE OBJECTION WILL BE HELD ON NOVEMBER 5, 2003 at 2:00 p.m. Eastern Time (the "Claims Hearing"). The Claims Hearing may be continued from time to time upon written notice to you or oral announcement in Court.

If you file a response to the Objection, you should be prepared to argue that response at the Claims Hearing. You need not appear at the Claims Hearing if you do not oppose the relief requested in the Objection.

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

Each claimant who has filed a claim subject to the Objection is receiving a copy of the Objection. Each claimant should read the Objection, which describes the grounds of the Objection, and should review the exhibits attached thereto, which lists all claims subject to the Objection.

Any response filed with the Court must contain at a minimum the following:

- (a) a caption setting forth the name of the Court, the names of the Debtors, the case number and the title of this Objection;
- (b) the name of the claimant and description of the basis for the amount of the claim;
- (c) a concise statement setting forth the reasons why the claim should not be disallowed or reclassified for the reasons set forth in the Objection, including, but not limited to, the specific factual and legal basis upon which the claimant will rely in opposing the Objection;
- (d) all documentation or other evidence of the claim, to the extent not included with the proof of claim previously filed with the Bankruptcy Court, upon which the claimant will rely in opposing the Objection at the Claims Hearing; and
- (e) the name, address, and telephone number of the person (which may be the claimant or the claimant's legal representative) possessing ultimate authority to reconcile, settle, or otherwise resolve the claim on behalf of the claimant.

Questions about the Objection or requests for additional information about the proposed disposition of claims should be directed to the Debtors' counsel at the addresses set forth below or by telephone at (212) 756-2000.

PLEASE TAKE FURTHER NOTICE that the Debtors reserve the right to object in the future to any of the proofs of claim which are the subject of this Objection on any further or additional grounds. Separate notice will be made and a separate hearing will be scheduled for any such objection.

Dated: October 2, 2003

SCHULTE, ROTH & ZABEL LLP
Jeffrey S. Sabin (JSS-7600)
Lawrence V. Gelber (LVG-9384)
Michael R. Mitchell (MRM-9279)
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and

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



Laura Davis Jones (Bar No. 2436)
Rosalie L. Spelman (Bar No. 4153)
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Counsel for Fansteel Inc., et al.,
Debtors and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Case No. 02-10109(JJF)
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FANSTEEL INC., *et al.*,¹) Chapter 11
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Objection Deadline: October 28, 2003 at 4:00 p.m. Eastern Time
Hearing Date: November 5, 2003 at 2:00 p.m. Eastern Time

**DEBTORS' SECOND OMNIBUS
SUBSTANTIVE OBJECTION TO CLAIMS**

Fansteel Inc. ("Fansteel") and its affiliated debtors and debtors-in-possession (the "Subsidiary Debtors," and collectively with Fansteel, the "Debtors"), by and through their undersigned counsel, hereby object (the "Objection") to each of the proofs of claim identified on Exhibits A and B annexed hereto (each a "Disputed Claim" and collectively, the "Disputed Claims") and requests that the Court enter an order disallowing or modifying and reclassifying each of the Disputed Claims for the reasons set forth below. An Affidavit of R. Michael McEntee, the Chief Financial Officer of Fansteel, in Support of the Debtors' Second Omnibus Substantive Objection to Claims is attached hereto as Exhibit C. In support of the Objection, the Debtors respectfully state as follows.

Notice To Claimants

ATTENTION CLAIMANTS: Please be aware that if you filed a proof of claim against the Debtors that is identified on any of the Exhibits attached to this Objection, the Debtors

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

have objected to that claim through this Objection. If you have filed more than one proof of claim against the Debtors, each such claim may be objected to on the same or different Exhibits to this Objection. This Objection thus directly affects your rights, and your claim may be reclassified, reduced, modified, disallowed, expunged or eliminated by the relief sought by the Debtors in this Objection. Please carefully review the accompanying Notice for important information regarding the date of the Objection hearing as well as the deadlines and procedures for filing a response to this Objection. If you or your attorney do not respond to this Objection by the deadline set forth in that Notice, the Court may decide that you do not oppose the Objection. Responses must be filed with the Court and served on the Debtors' undersigned counsel. If you have questions about why your claim is identified on any of the exhibits below, please contact the Debtors' counsel at Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, Tel: 212-756-2000.

Background

1. On January 15, 2002 (the "Petition Date"), the Debtors each filed with this Court voluntary petitions for relief under 11 U.S.C. §§ 101 *et seq.*, as amended. The Debtors continue to operate their businesses and manage their affairs as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in any of the Debtors' chapter 11 cases (together, the "Cases"). A creditors' committee (the "Committee") was appointed in these Cases on January 28, 2002.

2. In January 2002, the Debtors filed their Schedules of Assets and Liabilities (the "Initial Schedules") with the Bankruptcy Court. Subsequently and on August 28, 2003, the

Debtors filed Amendments to the Initial Schedules (the Amendments, together with the Initial Schedules, the "Schedules"). The Schedules identify numerous claims against the various Debtors in fixed, liquidated amounts reflected on the Debtors' books and records as of the Petition Date, as well as numerous contingent, unliquidated, and disputed claims.

3. This is the second omnibus Objection to claims filed by the Debtors. The Objection to the Disputed Claims listed on Exhibits A and B annexed hereto is on substantive grounds.

Jurisdiction

4. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicate for the relief sought herein is 11 U.S.C. § 502.

Relief Requested

5. By this Objection, the Debtors seek the disallowance or the reclassification of the claims set forth on Exhibits A and B attached hereto pursuant to section 502(b) of the Bankruptcy Code and Rule 3007-1 of the Local Bankruptcy Rules for the District of Delaware for the reasons set forth below.

A. Settled Critical Vendor Claims

6. The Debtors object to those claims listed on Exhibit A attached hereto, titled "Settled Critical Vendor Claims," because such claims were settled and satisfied pursuant to a Stipulation and Agreed Order Modifying Order Authorizing Payment of Pre-Petition Critical Vendors Claims and Establishing Procedures for Future Arrangements entered on March 18,

2002. Each of the claimants listed on Exhibit A agreed to waive and release any further claim in consideration of the payment or payments made by the Debtors in settlement of the claimant's Critical Vendor Claim. Accordingly, each of the scheduled or filed claims listed on Exhibit A should be disallowed and expunged in its entirety, with the exception of Claim No. 85 filed by Alldyne Powder Technologies which should be reduced to \$276,510.34.

B. Claims Improperly Classified

7. The Debtors object to the proofs of claim listed on Exhibit B hereto, titled "Claims Improperly Classified," because each of the claimants listed on Exhibit B has improperly asserted entitlement to secured status or to priority status under section 507(a) of the Bankruptcy Code. Each creditor listed on Exhibit B has asserted that its pre-petition claim for goods sold or services supplied to one of the Debtors is a secured or priority claim, but has failed to attach to the proof of claim any documents evidencing a lien or security interest or setting forth any statutory basis for the asserted priority. Accordingly, the Debtors request that the secured or priority status of each of the proofs of claim listed on Exhibit B be modified and each claim reclassified and allowed as a general unsecured claim as indicated in Exhibit B under the column heading "Reason for Reclassification".

Reservation of Debtors' Rights

8. The Debtors hereby reserve the right to object in the future to any of the claims listed in this Objection on any additional ground, and to amend, modify and/or supplement this Objection as may be necessary. In addition, the filing of this Objection is not intended to limit the Debtors' ability to file future objections to any claims that have been or may subsequently be filed in this case, or that may be listed on the Debtors' Schedules, on the grounds set forth herein or any other appropriate grounds.

Notice

9. Notice of the Objection and a copy of this Objection has been served on all parties entitled to notice pursuant to Local Bankruptcy Rules 2002-1 and to each of the claimants set forth on Exhibits A and B annexed hereto. In light of the nature of the relief requested herein, the Debtors respectfully submit that no further notice need be given.

10. In compliance with Del.Bankr.LR 3007-1(e)(ii) (E), the Debtors and their counsel believe that that the Objections comply with Del.Bankr.LR 3007-1.

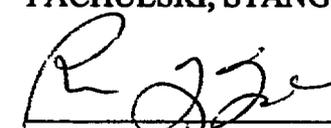
WHEREFORE, the Debtors respectfully requests that the Court enter an order (a) granting the relief sought herein, and (b) providing such other and further relief as justice may require.

Dated: October 2, 2003

SCHULTE, ROTH & ZABEL LLP
Jeffrey S. Sabin (JSS-7600)
Michael R. Mitchell (MRM-9279)
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Counsel for Fansteel Inc., et al.,
Debtors and Debtors in Possession

EXHIBIT A

SETTLED CRITICAL VENDOR CLAIMS

Fansteel Inc.

Name of Creditor	Claim Nos.	Proof of Claim Amount	Scheduled Amount	Reason for Disallowance
AGGRESSIVE GRND. SERVICE 2106 HARRISON AVENUE LATROBE, PA 156501756	---	---	\$123,002.44	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$98,401.95 in full settlement of claim.
ALLDYNE POWDER TECHNOLOGIES ATTN: SUSAN BATTEN #1 TELEDYNE PLACE LAVERGNE, TN 37086	85	\$846,078.40		Claim partially settled and satisfied pursuant to critical vendor order. Claimant was paid \$469,588.32 in full settlement of claim against V/R Wesson- Lexington Division, and proof of claim should be reduced to \$276,510.34.
ALLVAC DEPT. LA 21001 PASADENA, CA 91185	---	---	\$466,988.08	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$494,981.00 in full settlement of claim.
AMERICAN SUPERABRASIVES CORP. RED BANK, NJ 07701	576	\$44,100.00		Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$26,240.00 in full settlement of claim.
FRY STEEL COMPANY P.O. BOX 4028 SANTE FE SPRINGS, CA 90670	---	---	\$40,247.27	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$50,598.00 in full settlement of claim.
H C STARCK INC. P.O. BOX 371229 PITTSBURGH, PA 152517229	---	---	\$980,511.86	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$784,408.49 in full settlement of claim.

Name of Creditor	Claim Nos.	Proof of Claim Amount	Scheduled Amount	Reason for Disallowance
OMG AMERICAS P.O. BOX 6066N CLEVELAND, OH 44193	731	\$645,294.55		Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$516,239.64 in full settlement of claim.
OUTREACH LABORATORY 311 NORTH ASPEN BROKEN ARROW, OK 74012	774	\$0.00	\$46,700.00	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$37,360.00 in full settlement of claim.
REMET PRODUCTS, INC. 112 INDUSTRIAL DRIVE OAK HILL, WV 25901	---	---	\$130,188.50	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$104,150.80 in full settlement of claim.
T.T.I. METALS INC C/O REED SMITH LLP 1650 MARKET ST 2500 ONE LIBERTY PL PHILADELPHIA, PA 19103	788	\$506,845.50		Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$390,356.40 in full settlement of claim.
TIMKEN LATROBE STEEL P.O. BOX 360434 PITTSBURGH, PA 15251	---	---	\$148,009.00	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$172,834.20 in full settlement of claim.

American Sintered Technologies, Inc.

Name of Creditor	Claim Nos.	Proof of Claim Amount	Scheduled Amount	Reason for Disallowance
ARC METALS CORPORATION P.O. BOX 372 RIDGWAY, PA 15701	733	\$223,253.46		Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$178,602.77 in full settlement of claim.
DECC 1266 WALLEN AVE. S.W. GRAND RAPIDS, MI 49507 —and— C/O CAPITAL MARKETS, ASSIGNEE ONE UNIVERSITY PLAZA, SUITE 518 HACKENSACK, NJ 07601	465	\$2,102.57		Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$3,200.68 in full settlement of claim.
QMP AMERICA 770 SHERBROOKE ST. WEST SUITE 1800 MONTREAL, QB, CANADA	---	---	\$125,740.14	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$100,592.11 in full settlement of claim.
SCM METAL PRODUCTS, INC. D/B/A OMG AMERICAS C/O NATIONSBANK OF GA P.O. BOX 198374 ATLANTA, GA 30384	524	\$109,038.50		Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$87,230.80 in full settlement of claim.

Escast, Inc.

Name of Creditor	Claim Nos.	Proof of Claim Amount	Scheduled Amount	Reason for Disallowance
REMET CORPORATION 210 COMMONS ROAD UTICA, NY 13502 6395	---	---	\$327,139.81 and \$27,811.00	Claim was settled and satisfied pursuant to critical vendor order. Claimant was paid \$272,555.24 in full settlement of claim.

Washington Manufacturing Company

Name of Creditor	Claim Nos.	Proof of Claim Amount	Scheduled Amount	Reason for Disallowance
A-1 WIRE 840 39 TH AVENUE ROCKVILLE, IL 61109	---	---	\$36,899.22	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$142,853.15 in full settlement of claim.
KRUEGER & COMPANY INC 900 INDUSTRIAL DR ELMHURST, IL 60126-0000	609	\$205,118.09 Contingent		Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$164,094.47 in full settlement of claim.
WALKER WIRE & STEEL CORPORATION 660 E. 10 MILE ROAD FERNDALE, MI 48220	---	---	\$139,044.26	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$88,035.40 in full settlement of claim.

Wellman Dynamics Corporation

Name of Creditor	Claim Nos.	Proof of Claim Amount	Scheduled Amount	Reason for Disallowance
HA INTERNATIONAL ATTN. MIKE DE ROSA 180 E. BROAD ST., 29 TH FL. COLUMBUS, OH 43215-3799	846	\$148,641.07		Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$118,912.86 in full settlement of claim.
LIBERTY PATTERN COMPANY P.O. BOX 67 NEW LIBERTY, IA 52765-0067	---	---	\$602,597.00	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$542,337.30 in full settlement of claim.
READE MANUFACTURING DIV. P.O. BOX 930862 ATLANTA, GA 31193-0862	---	---	\$630,720.49	Claim settled and satisfied pursuant to critical vendor order. Claimant was paid \$567,648.25 in full settlement of claim.

EXHIBIT B

CLAIMS IMPROPERLY CLASSIFIED

Fansteel Inc.

Name of Creditor	Claim Nos.	Proof of Claim Amount	Claim Priority Status	Modified Status/ Classification	Reason For Reclassification
BILLY HARRIS PLUMBING CO. 13077 EAST ECHO DRIVE GULFPORT, MS 39503	494	\$2,086.50	Priority	General Unsecured	No basis is set forth for asserted section 507(a)(6) priority and claim should be reclassified as a general unsecured claim.
BLUEGRASS OFFICE SYSTEMS 667 E. NEW CIRCLE RD. LEXINGTON, KY 40505 and DEBT ACQUISITION COMPANY OF AMERICA V, INC., TRANSFeree 2120 WEST WASHINGTON STREET SAN DIEGO, CA 92110	65	\$619.80	Priority	General Unsecured	No basis is set forth for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
CONCENTRIC DIE CO. 1527 W. 13th STREET "B" UPLAND, CA 91786	825	\$10,596.00	Secured and Priority	General Unsecured	Claim is for goods sold and services performed at Cal Drop Forge and documentation attached does not evidence a lien or any basis for the wage priority asserted by claimant. Claim should be reclassified as a general unsecured claim.
FCG, INC. A/K/A FORM CENTERLESS GRINDING, INC. D/B/A/ ASSABET LAPPING 1 KENWOOD CIRCLE FRANKLIN, MA 02038	924 Late	\$1,930.00	Priority	General Unsecured	No basis is set forth for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
ORBIT TESTING INC 7335 E MADISON ST PARAMOUNT, CA 90723	579	\$15,085.05	Priority	General Unsecured	No basis is set forth for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.

Name of Creditor	Claim Nos.	Proof of Claim Amount	Claim Priority Status	Modified Status/ Classification	Reason For Reclassification
RAMP ENGINEERING 6850 WALTHALL WAY PARAMOUNT, CA 90723	760	\$17,224.00	Priority	General Unsecured	Claimant improperly asserts priority predicated on the fact that it is a small business. Claim should be reclassified as a general unsecured claim..
THOMAS PUBLISHING COMPANY ATTN: F H JONES 5 PENN PLAZA NEW YORK, NY 10001	128	\$12,280.25	Priority	General Unsecured	No basis is set forth for asserted priority. Claim is not entitled to priority and should be reclassified as a general claim.

American Sintered Technologies, Inc.

Name of Creditor	Claim Nos.	Proof of Claim Amount	Claim Priority Status	Modified Status/ Classification	Reason For Reclassification
GASBARRE PRODUCTS, INC. PO BOX 1022 DU BOIS, PA 15801-1022	679	\$4,497.99	Priority	General Unsecured	Claimant asserts priority and identifies itself as critical vendor but is not on critical vendor list. Claim is not entitled to priority and should be reclassified as general unsecured claim.
SINTERITE FURNACE DIVISION 310 STATE ROAD ST.MARYS, PA 15857	678	\$9,349.59	Priority	General Unsecured	Claimant asserts priority and identifies itself as critical vendor but is not on critical vendor list. Claim is not entitled to priority and should be reclassified as general unsecured claim.
SKYLINE SECONDARIES INC. PO BOX 118 DAGUS MINES, PA 15831	502	\$1,839.68	Priority	General Unsecured	Claimant asserts priority and identifies itself as critical vendor but is not on critical vendor list. Claim is not entitled to priority and should be reclassified as general unsecured claim.
US BRONZE POWDERS PO BOX 31 FLEMINGTON, NJ 08822	686	\$74,646.00	Priority	General Unsecured	No basis is set forth for asserted priority. Claim should be reclassified as a general unsecured claim.

Escast Inc.

Name of Creditor	Claim Nos.	Proof of Claim Amount	Claim Priority Status	Modified Status/ Classification	Reason For Reclassification
DISA GOFF, INC. P.O. BOX 1607, SEMINOLE, OK 74818 and CAPITAL MARKETS, ASSIGNEE ONE UNIVERSITY PLAZA, SUITE 518 HACKENSACK, NJ 07601	256	\$2,711.24	Priority	General Unsecured	No basis is set forth for asserted priority. Claim is not entitled to priority and should be reclassified as general unsecured claim.
PACK MARK SHIPPING INC. 1375 E. BITTERS RD. SAN ANTONIO, TX 78216	309	\$520.00	Priority	General Unsecured	Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.

Washington Manufacturing Company

Name of Creditor	Claim Nos.	Proof of Claim Amount	Claim Priority Status	Modified Status/ Classification	Reason For Reclassification
ENVIRONTECH 4429 ROYAL OAKS DRIVE DAVENPORT, IA 52806	259	\$178.02	Priority	General Unsecured	Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
GLOBAL EQUIPMENT COMPANY 22 HARBOR PARK DR. PORT WASHINGTON, NY 11050	51	\$1,058.38	Priority	General Unsecured	Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
IOWA BATTERY CO INC. 4016 STATE STREET PO BOX 444 BETTENDORF, IA 52722	517	\$4,485.75	Secured	General Unsecured	Invoice attached is for a battery sold and delivered to Washington Mfg; documentation attached does not evidence a lien. Claim should be reclassified as a general unsecured claim.
KEL WELCO DISTRIBUTING INC CORPORATE HEADQUARTERS 9447 "J" ST. OMAHA, NE 68127-1288	262	\$509.17	Priority	General Unsecured	Metal blade and tools sold. Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
METOKOTE CORP 312 SAVANNAH PARK RD CEDAR FALLS, IA 50613	482	\$21,368.45	Priority	General Unsecured	Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
ORION REGISTRAR INC PO BOX 200 GEORGETOWN, ON L7G 4Y5 CANADA	512	\$1,850.00	Secured	General Unsecured	Claim is for onsite surveillance assessment report. Collateral is described as quality system certification; documentation attached does not evidence a lien. Claim is not entitled to priority and should be reclassified as a general unsecured claim.

Wellman Dynamics Corporation

Name of Creditor	Claim Nos.	Proof of Claim Amount	Claim Priority Status	Modified Status/ Classification	Reason For Reclassification
ALLSTAFF SOLUTIONS 100 E. TAYLOR CRESTON, IA 50801	645	\$560.00	Priority	General Unsecured	Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
L.W. HICKS O.D. 900 N SUMNER CRESTON, IA 50801	329	\$130.00	Priority	General Unsecured	Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
LAB QUIP - DIV. OF TINIVS OLSEN TESTING MACHINE CO., INC. P.O. BOX 759 MINOOKA, IL 60447	408	\$1,666.13	Priority	General Unsecured	Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
LEWIS & SAUNDERS INC. 93 LEXINGTON DRIVE LACONDA, NH 03247-0678	431	\$1,700.00	Secured	General Unsecured	Claim is for goods sold and no basis for lien or description of collateral is set forth. Claim should be reclassified as a general unsecured claim.
MG INDUSTRIES LEGAL DEPARTMENT 3 GREAT VALLEY PKWY MALVERN, PA 19355	623	\$7,797.18	Priority	General Unsecured	Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
MID-LAND EQUIP. CO. (CASE) P.O. BOX 309 AKENY, IA 50021 -and- DEBT ACQUISITION CO. OF AMERICA V, INC., 2120 WEST WASHINGTON STREET SAN DIEGO, CA 92110	348	\$6,736.80	Priority	General Unsecured	Claimant sets forth no basis for asserted priority. Claim is not entitled to priority and should be reclassified as a general unsecured claim.
OUTREACH LABORATORY 311 N. ASPEN AVE. BROKEN ARROW, OK 70412	773	\$3,032.00	Priority	General Unsecured	Priority is asserted based on critical vendor status, but such status was offered to claimant only by Fansteel and not Wellman. Claim is not entitled to priority and should be reclassified as a general unsecured claim.

EXHIBIT C

3. The Debtors maintain books and records that reflect, among other things, the Debtors' pre-petition liabilities and respective amounts owed to their creditors, as well as documentation reflecting any security interests or liens held by creditors of the Debtors.

4. I oversee and coordinate the Reconciliation Process, which involves a coordinated effort between employees of the Debtors, the Debtors' claims agent and the Debtors' bankruptcy counsel. To facilitate the preparation and filing of the Objection, I and members of my staff participated in a review of both (i) the proofs of claim, identifying those claims that should be allowed or disputed, and (ii) the Debtors' books and records with respect to both the liabilities and claim status asserted in the proofs of claim. I have also read the Objection and reviewed the exhibits attached thereto and am familiar with the information contained therein. I believe that the information contained in the Exhibits attached to the Objection is true and correct to the best of my knowledge.

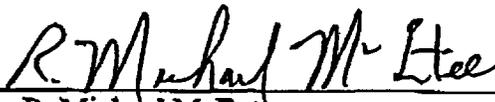
5. Each of the claims listed on Exhibit A to the Objection represent claims scheduled or filed by vendors who were offered and accepted critical vendor status and agreed to release the Debtors from any further pre-petition obligations upon receipt of the critical vendor settlement payments. The Debtors have completed all the agreed upon settlement payments as set forth in the various critical vendor settlement letters, copies of which are annexed hereto as Exhibit "1," with respect to each of the claimants listed on Exhibit A of the Objection. Accordingly, each of the claims listed on Exhibit A should be disallowed.

6. I have also reviewed the claims listed on Exhibit B which consist of proofs of claim filed by general trade creditors who have asserted that their claims are either entitled to secured or priority status, but have failed to identify or attach documents substantiating the classification asserted. Several of the claimants on Exhibit B have asserted secured status, but

neither the Debtors' records nor the documentation attached to the claim reflect the grant of a lien or security interest. For the most part, the misclassified claims consist of general trade debt, which I am advised by counsel, is not entitled to priority treatment.

7. Based on the Reconciliation Process, the Debtors have determined that the claims listed on Exhibits A and B to the Objection should be disallowed or reclassified, as the case may be, for the reasons stated in the Objection. I believe that each of the Disputed Claims was reviewed pursuant to, and in accordance with, the Debtors' internal Reconciliation Process and is appropriately the subject of a substantive objection by the Debtors.

8. Accordingly, I request that the Court grant the relief requested in the Objection.

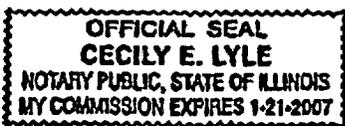


R. Michael McEntee

SUBSCRIBED AND SWORN TO
Before me this 29th day of September 2003.



Notary Public
My Commission Expires: 1-21-2007



IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

**ORDER GRANTING DEBTORS' SECOND
OMNIBUS SUBSTANTIVE OBJECTION TO CLAIMS**

Fansteel Inc. ("Fansteel") and its affiliated debtors and debtors-in-possession (collectively, the "Debtors") having filed the Debtors' Second Omnibus Substantive Objection to Claims, dated October 2, 2003 (the "Objection"), seeking entry of an order pursuant to 11 U.S.C. §502(b) and Local Rule 3007-1 disallowing or modifying and reclassifying certain claims; and upon consideration of the Objection and all responses thereto; and due and proper notice of the Objection having been given, it is hereby

ORDERED, that the relief sought in the Debtors' Second Omnibus Substantive Objection to Claims is granted in all respects; and it is further

ORDERED, that each claim listed on Exhibit A to the Objection as a "Settled Critical Vendor Claim," with the exception of Claim No. 85 filed by Alldyne Powder Technologies, is disallowed and expunged; and it is further

ORDERED, that Claim No. 85 filed by Alldyne Powder Technologies, be, and it hereby is, reduced from the amount of \$846,078.40 to the amount of \$276,510.34; and it is further

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

ORDERED, that the priority or secured status of each of the claims listed on Exhibit B to the Objection as "Claims Improperly Classified" shall be modified and such claims reclassified and allowed as general unsecured claims; and it is further

ORDERED, that nothing herein shall limit or otherwise affect the Debtors' rights to object in the future to (i) any proofs of claim that have been or may subsequently be filed in this case or that may be listed on the Debtors' Schedules, on the grounds set forth herein or any other appropriate grounds and/or (ii) any claims that are the subject of the Objection that are not disallowed pursuant to this order; on any other appropriate grounds; and it is further

ORDERED, that pursuant to Federal Rules of Civil Procedure 54(b), made applicable in this contested matter by Federal Rules of Bankruptcy Procedure 7054 and 9014, the Court hereby directs entry of a final judgment with respect to the claims objections that are the subject of this order, the Court having determined that there is no just reason for delay in the entry of judgment on these matters.

Dated: November ____, 2003

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