

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.)

Objection Deadline: November 17, 2003 at 12:00 p.m. (noon) E.T.
Hearing Date: November 17, 2003 at 5:00 p.m. E.T.

**MOTION OF DEBTORS TO SHORTEN NOTICE OF
TIME PERIOD AND TO APPROVE FORM AND MANNER THEREOF**

The debtors and debtors-in-possession (the "Debtors") in the captioned cases, by and through their undersigned counsel, hereby move this Court pursuant to Rule 2002 of the Federal Rule of Bankruptcy Procedure (the "Bankruptcy Rules"), Section 102 of chapter 11 of title 11 of the United States Code ("Bankruptcy Code"), and Del. Bankr. L.R. 9006-1(e) for entry of an order providing that the notice period be shortened with respect to the attached *Motion Of Debtors For Order Under 11 U.S.C. § 105 And 363 For Order Approving Key Operating Managers' Severance Package And Granting Related Relief*.

1. The Debtors seek Court approval to shorten the notice period for the attached Motion, which requests authorization for the Debtors to enter into severance packages with five general managers, who are critical to the continued operation of five plants which will remain operating as part of the reorganized debtors after the effective date of the proposed Joint Plan of Reorganization of Fansteel Inc. and Subsidiaries (the "Amended Plan")(Docket No. 1345, filed 09/18/03).

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

2. In order to achieve the purpose of the Motion—that is, a seamless reorganization--the Debtors request that the Motion be heard at the same hearing as confirmation of the Amended Plan.

3. Debtors seek an order from this Court requiring that objections, if any, to the Motion be filed with the Court and served upon both undersigned counsel and co-counsel on or before November 17, 2003 at 12:00 p.m.(noon) Eastern Time, and providing that a hearing will be held on November 17, 2003, at 5:00 p.m. (Eastern Time) before the Honorable Joseph J. Farnan, Jr., United States District Court Judge, in the United States District Court for the District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Wilmington, Delaware 19801, Courtroom 4b.

4. In addition to shortening the time period for the notice of the Motion, the Debtors also request that the Court approve the attached Notice that sets forth an objection period of approximately four days. Debtors believe that, under the circumstances, and the significant benefit to the estates of a rapid approval of the Motion, such a notice period is justified. Service of this Motion will be made on all parties required to receive notice pursuant to the Del. Bankr. L.R. 2002-1(b).


WHEREFORE, Debtors respectfully request the entry of an Order approving the timing and attached form of Notice on those parties required to receive service pursuant to Del. Bnkr.L.R. 2002(b).

Dated: November 12, 2003

SCHULTE ROTH & ZABEL LLP
Jeffrey S. Sabin (JSS 7600)
919 Third Avenue
New York, NY 10022
Telephone: (212) 756-2000
Facsimile: (212) 593-5955

and

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



Laura Davis Jones (Bar No. 2436)
Rosalie L. Spelman (Bar No. 4153)
919 North Market Street, 16th Floor
P.O. Box 8705
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Telephone: (302) 652-4100
Facsimile: (302) 652-4400

Co-Counsel for the Debtors and Debtors in Possession

The Honorable Joseph J. Farman, Jr.
United States District Court

So order this ____ day of

_____, 2003

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.)

Objection Deadline: November 17 at 12:00 p.m. (noon), E.T.
Hearing Date: November 17, 2003 at 5:00 p.m.E.T.

NOTICE OF MOTION

TO: ALL PARTIES REQUIRED TO RECEIVE NOTICE PURSUANT TO DEL. BANKR.
LR 2002-1

PLEASE TAKE NOTICE that on or about November 12, 2003, the debtors and debtors-in-possession (the "Debtors") filed with United States District Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801 (the "Bankruptcy Court") the attached *Motion Of Debtors For Order Under 11 U.S.C. § 105 And 363 For Order Approving Key Operating Managers' Severance Package And Granting Related Relief*.

PLEASE TAKE FURTHER NOTICE that responses or objections, if any, to the relief requested in the Motion must be in writing, filed with the Bankruptcy Court, and served upon both undersigned counsel for Debtors so as to be received by 12:00 p.m. (noon), Eastern Time on November 17, 2003.

PLEASE TAKE FURTHER NOTICE that, a hearing on the Motion will be held before the Honorable Joseph J. Farnan, Jr., United States District Court Judge, in the United

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

States District Court for the District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Wilmington, Delaware 19801, Courtroom 4b.

Only timely filed and received written objections will be considered by the Court at the hearing.

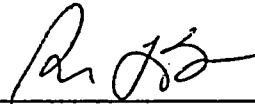
IF NO OBJECTIONS ARE TIMELY FILED AND SERVED IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: November 12, 2003

SCHULTE ROTH & ZABEL LLP
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919 Third Avenue
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Co-Counsel for the Debtors and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

Objection Deadline: November 17, 2003, at 12:00 p.m. E.T.
Hearing Date: November 17, 2003, at 5:00 p.m. E.T.

**MOTION OF DEBTORS FOR ORDER UNDER 11 U.S.C. § 105 AND
363 FOR ORDER APPROVING KEY OPERATING
MANAGERS' SEVERANCE PACKAGE AND GRANTING RELATED RELIEF**

Fansteel Inc. ("Fansteel"), a Delaware corporation, and its direct and indirect subsidiaries, as debtors and debtors-in-possession (collectively, the "Debtors"), by and through their counsel, Schulte Roth & Zabel LLP and Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., submit this motion (the "Motion") for entry of an order approving the severance package for five (5) key operating employees and granting related relief pursuant to sections 105(a) and 363(a) of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* as amended (the "Bankruptcy Code") and Rules 2002, 6004 and 9013 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). The facts supporting the relief sought in this motion (the "Motion"), as summarized below, are set forth in the Declaration of Gary Tessitore, Chief Executive Officer of Fansteel Inc. dated November 12, 2003 ("Tessitore Decl.") attached hereto as Exhibit "A". In support of this Motion, the Debtors respectfully represent as follows:

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.

JURISDICTION

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334.

This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (D).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the requested relief are sections 105(a) and 363 of the Bankruptcy Code, and Rules 2002, 6004 and 9013 of the Bankruptcy Rules.

PROCEDURAL HISTORY

4. On January 15, 2002 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. During the course of the first day hearings on the Debtors' motions, the Court entered an order directing the joint administration of the Debtors' cases (the "Chapter 11 Cases"), for procedural purposes only.

5. Since the Petition Date, the Debtors have continued in possession of their properties and are operating and managing their businesses as debtors and debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

6. By order entered on January 22, 2002, the United States District Court for the District of Delaware withdrew the reference of these chapter 11 cases; the cases are being administered by the bankruptcy court, but under the jurisdiction of the United States District Court for the District of Delaware as an Article III court.

7. No request has been made for the appointment of a trustee or examiner in the Debtors' cases. On January 28, 2002, the Official Committee of Unsecured Creditors (the "Creditors' Committee") was appointed by the United States Trustee.

8. On July 24, 2003, the Debtors and the Creditors' Committee filed, as co-proponents, their Disclosure Statement and proposed Joint Reorganization Plan of Fansteel Inc. and Subsidiaries. Thereafter, on September 18, 2003, the Amended Joint Reorganization Plan of Fansteel Inc and Subsidiaries (the "Plan") was filed with this Court, together with the First Amended Disclosure Statement for the Joint Reorganization Plan (the "Disclosure Statement"). On September 30, 2003, the Court entered an order approving the Disclosure Statement as containing "adequate information" within the meaning of 11 U.S.C. §1125(a)(1) and scheduled the hearing on confirmation of the Debtors' Plan for November 17, 2003 at 5:00 p.m., Eastern Time.

RELIEF REQUESTED

9. By this Motion, the Debtors seek an order of this Court approving, pursuant to sections 105(a) and 363(a) of the Bankruptcy Code, the terms and conditions of the Severance Package (as defined below) for five (5) key operating employees of the Reorganized Debtors.

10. The Severance Package is in the best interests of the Debtors' estates and creditors because it provides incentive for certain existing key employees of the Debtors to continue to provide valuable services by managing the Debtors' operations at the Plants (as

defined below). The continuation of their efforts supports the Debtors' post-reorganization efforts, to the overall benefit of the parties in interest in these cases.

11. Accordingly, for the reasons set forth herein, at the hearing on confirmation, the Debtors will request that the Court include in the order confirming the Plan ("Confirmation Order") approval of the Severance Package described below.

THE SERVICES OF THE KEY OPERATIONS MANAGERS MANDATE THE SEVERANCE PACKAGE

12. Fansteel, a Delaware corporation, and its subsidiary debtors have been engaged for over 90 years in the business of manufacturing and marketing specialty metal products with today's operations being conducted at seven manufacturing facilities in four states and Mexico. As of September 30, 2003, Fansteel employed approximately 900 individuals. Tessitore Decl. at ¶4.

13. Following the Effective Date (as defined in the Plan), the Reorganized Debtors will continue to be engaged in their specialty metal products businesses as set forth in the Disclosure Statement and contemplated under the Plan. Operations will continue at the Muskogee, Wellman, Washington Manufacturing, AST and Intercast facilities (the "Plants"). Such businesses and Plants are highly specialized and require management by individuals who possess extensive knowledge and expertise peculiar to their operations. Tessitore Decl. at ¶5.

14. Accordingly, the Debtors have determined that to ensure that Plant operations continue as seamlessly as possible, it is in the best interests of the Debtors, their creditors and other parties in interest to make such arrangements as are necessary or advisable to ensure the continued engagement of Fred Dohmann, David Leitten, Cass Suwinski, Joe

Holjencin and Ray Chapman (the "General Managers"), as key operating managers of the Muskogee, Wellman, Washington Manufacturing, AST and Intercast facilities. A list of the names and annual and monthly compensation of the General Managers is attached to the Tessitore Declaration as Exhibit "A". Tessitore Decl. at ¶6.

15. Such arrangements include providing each of the General Managers with a severance package that provides him, upon his termination for any reason other than "cause" during the first one hundred eighty days following the Effective Date (the "Initial Operations Period"), with his existing salary and fringe benefits for a period of one hundred eighty days following the date of such termination (the "Severance Package"). Such fringe benefits are comprised of vacation, sick pay, health insurance, car allowance and expense reimbursement benefits that have accrued and become due and payable during the Initial Operations Period. The Debtors estimate that the cost of the Severance Package, which will be provided to each General Manager by his direct employer, would not exceed \$364,875 in the aggregate in salary, plus benefits which are estimated at approximately 25% of base salary (which would be the maximum amount payable in the unlikely event that all of the General Managers were terminated within such period). Tessitore Decl. at ¶7.

16. The Debtors believe that the Severance Package is warranted because each of the General Managers has the degree of knowledge and experience that will be required to stabilize the Reorganized Debtors' businesses during the critical Initial Operations Period. Each General Manager has accumulated specialized knowledge of his Plant's processes and a deep understanding and appreciation of his suppliers, his work force and his customers. Because of

this expertise, the General Managers will bring a high level of employee and customer confidence to the Reorganized Debtors' operations, to the benefit of the Debtors' creditors and other parties in interest. In addition, throughout the pendency of these cases, Fred Dohmann has been the principal contact with the U.S. Nuclear Regulatory Commission ("NRC") and has gained specialized knowledge of NRC regulations and personnel as well as a comprehensive knowledge of the remediation methodology for the Muskogee site. Such knowledge and experience is invaluable and extremely difficult to duplicate, and provides further justification for the relief requested in this Motion. Tessitore Decl. at ¶8.

BASIS FOR RELIEF

17. Courts have applied the business judgment test and have approved incentive programs necessary, in the business judgment of the debtors, to attract and retain essential employees. Section 363(b)(1) of the Bankruptcy Code authorizes a debtor in possession, after notice and hearing, to use property of the estate other than in the ordinary course of business. See 11 U.S.C. § 363(b)(1). In reviewing such requests by debtors, courts have typically required that a good business justification exist for the request. If a valid business justification exists, the law vests a debtor's decision to use the property of the ordinary course of business with a strong presumption "that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interest of the company." In re Integrated Resources, 147 B.R. 650, 656 (S.D.N.Y. 1990) *quoting* Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985). See also In re Delaware & Hudson Ry., 124 B.R. 169, 176 (D. Del. 1991) (explaining that the Third Circuit has

adopted the “sound business purpose” test to evaluate motions brought pursuant to section 363(b)); see also Stephen Industries, Inc. v. McClung, 789 F.2d 386, 390 (6th Cir. 1986) (adopting the “sound business purpose” standard for sales proposed pursuant to section 363(b)); Titusville Country Club v. Pennebank (In re Titusville Country Club), 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991) (same).

18. The Debtors have assessed their rights and obligations under the Severance Package and determined that there are clear benefits to their estates from its implementation. As set forth above, the General Managers covered by the Severance Package are essential to the continued operations of the Reorganized Debtors because they possess highly specialized knowledge of such entities' businesses and properties. See Tessitore Decl. ¶¶ 4-9. These key employees have a broad understanding of the Debtors' personnel, vendors and customers, and are otherwise able to provide continuity to the Debtors' ongoing operations at the Plants. See id. Mr. Dohmann's knowledge of NRC negotiation process would be highly difficult to reproduce. Tessitore Decl. at ¶ 8. Thus, the General Managers covered by the Severance Package are essential to the successful operations of the Reorganized Debtors following the Effective Date. See generally Tessitore Decl. ¶¶ 2-9.

19. Moreover, the Debtors' failure to implement the Severance Package would likely have a deleterious effect on the Debtors' ability to retain the General Managers and on their performance. It could result in their seeking employment elsewhere. It is imperative that in the months immediately following the Effective Date, the Debtors' employees continue to remain focused on stabilizing and improving the Debtors' business operations, rather than

pursuing alternative employment. Accordingly, the Debtors submit that the foregoing facts provide ample business justification to grant the requested relief pursuant to section 363 of the Bankruptcy Code.

20. Alternatively, this Court may grant the relief requested pursuant to the powers granted to bankruptcy courts under section 105(a) of the Bankruptcy Code, which provides that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” U.S.C. § 105(a). Section 105(a) essentially codifies the bankruptcy court’s inherent equitable powers. See In re Charles & Lilian Brown’s Hotel, Inc., 93 B.R. 49, 54-55 (Bankr. S.D.N.Y. 1988) (court’s equitable power derived from section 105).

21. This court's approval of the Severance Package will carry out the provisions of the Bankruptcy Code by helping the Debtors to reorganize successfully. The General Managers' being provided with incentives to continue employment will ease the business transition that will take place during the critical Initial Operations Period. The cost to the Debtors' estates will not exceed \$364,875 in the aggregate in salary, plus benefits which are estimated at approximately 25% of base salary (which would be the maximum amount payable in the unlikely event that all of the General Managers were terminated within such period). Tessitore Decl. at ¶7. Accordingly, the Debtors believe that the Severance Package should be afforded to the General Managers, to ensure the protection of their compensation immediately following the Effective Date which, in turn, will help ensure the continued successful operations

of the Reorganized Debtors' businesses and properties for the benefit of all parties in interest.

Tessitore Decl. at ¶9.

22. The terms of the Severance Package have been disclosed to, and approved and supported by, the Creditors' Committee. Tessitore Decl. at ¶10.

23. For all of the foregoing reasons, the Debtors believe that granting this Motion is consistent with, and is authorized by, sections 105(a) and 363 of the Bankruptcy Code and it is in the best interest of the Debtors, their creditors, and their estates.

NOTICE

24. Notice of this Motion has been given to (a) the Office of the United States Trustee, (b) counsel to the Creditors' Committee, (c) the General Managers and (d) all parties that have requested notice pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

25. The Debtors have been advised that the Creditors' Committee has no objection to the relief sought in this Motion.

WAIVER OF MEMORANDUM OF LAW

26. Pursuant to Local Bankruptcy Rule 9013-1(G), and because there are no novel issues of law presented in the Motion, the Debtors request that the requirement that all motions be accompanied by a written memorandum of law be waived.

NO PRIOR REQUEST


27. No previous request for the relief sought herein has been made to this Court or any other court.

CONCLUSION

WHEREFORE, the Debtors respectfully request entry of an Order, substantially in the form attached hereto, (a) authorizing the Severance Package, and (b) granting such other and further relief as is just and proper.

Dated: Wilmington, Delaware
November 12, 2003

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



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Rosalie L. Spelman (Bar No. 4153)
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and

SCHULTE ROTH & ZABEL LLP
Jeffrey S. Sabin
919 Third Avenue
New York, New York 10022
Telephone: (212) 756-2000
Facsimile: (212) 593-5955

Attorneys for the Debtors and
Debtors in Possession

Exhibit A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

**DECLARATION OF GARY L. TESSITORE IN SUPPORT
OF MOTION OF DEBTORS UNDER 11 U.S.C. § 105 AND 363 FOR
ORDER APPROVING KEY OPERATING MANAGERS'
SEVERANCE PACKAGE AND GRANTING RELATED RELIEF**

I, GARY L. TESSITORE, make the following statements in connection with the above captioned debtors and debtors-in-possession's motion ("Motion") for entry of an order approving the severance package described below for five (5) general managers and granting related relief pursuant to sections 105(a) and 363 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as amended (the "Bankruptcy Code") and Rules 2002, 6004 and 9013 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"):

1. I am the Chairman of the Board, President and Chief Executive Officer of Fansteel, Inc. ("Fansteel"), one of the debtors and debtors in possession herein, and the direct or indirect parent corporation of all the Debtors (as defined below). I am also a director of each of the other Debtors. In these capacities, I have responsibility for ongoing operations, including commercial, employment, litigation, environmental, and health and safety matters. I am intimately familiar with the Debtors' day-to-day operations, business affairs and books and

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

records. I have also been directly involved in the Debtors' efforts since the commencement of these chapter 11 cases (the "Chapter 11 Cases") to achieve a consensual agreement for a proposed joint plan of reorganization among the Debtors' key creditor constituents. All capitalized terms not expressly defined herein shall have the meaning ascribed to such terms in the Plan.

2. All of the facts set forth in this Declaration are based upon my personal knowledge, upon information supplied to me by other officers or employees of the Debtors, upon my review of relevant documents or upon my opinion based upon my experience and knowledge of Debtors' operations and financial condition. To the extent any of the following statements concern conclusions of law, those statements are based on information and advice provided to me by Debtors' third party professionals. If I were called upon to testify, I could and would testify competently to the facts set forth herein.

3. On July 24, 2003, the Debtors and the Official Committee of Unsecured Creditors (the "Creditors' Committee") filed, as co-proponents, their Disclosure Statement and proposed Joint Reorganization Plan of Fansteel Inc and Subsidiaries. Thereafter, on September 18, 2003, the Amended Joint Reorganization Plan of Fansteel Inc and Subsidiaries (the "Plan") was filed with this Court, together with the First Amended Disclosure Statement for the Joint Reorganization Plan (the "Disclosure Statement"). On September 30, 2003, the Court entered an order approving the Disclosure Statement as containing "adequate information" within the meaning of 11 U.S.C. § 1125(a)(1) and scheduled the hearing on confirmation of the Plan for November 17, 2003 at 5:00 p.m., Eastern Time. For the reasons set forth herein, at the hearing

on confirmation, the Debtors will request that the Court include in the order confirming the Plan ("Confirmation Order") approval of the severance package described below.

4. Fansteel, a Delaware corporation, and its subsidiary debtors have been engaged for over 90 years in the business of manufacturing and marketing specialty metal products with today's operations being conducted at seven manufacturing and administrative facilities in four states and Mexico. As of September 30, 2003, Fansteel employed approximately 900 individuals.

5. Following the Effective Date (as defined in the Plan), the Reorganized Debtors will continue to be engaged in their specialty metal products businesses as set forth in the Disclosure Statement and contemplated under the Plan. Operations will continue at the Wellman, Washington Manufacturing, AST and Intercast facilities (the "Plants") and remediation activities will commence in 2004 at the Muskogee facility. Such businesses and Plants are highly specialized and require management by individuals who possess extensive knowledge and expertise peculiar to their operations.

6. Accordingly, the Debtors have determined that to ensure that Plant operations continue as seamlessly as possible, it is in the best interests of the Debtors, their creditors and other parties in interest to make such arrangements as are necessary or advisable to ensure the continued engagement of Fred Dohmann, David Leitten, Cass Suwinski, Joe Holjencin and Ray Chapman (the "General Managers"), as key operating managers of the Muskogee, Wellman, Washington Manufacturing, AST and Intercast facilities (the "Plants"). A list of the names and annual and monthly compensation of the General Managers is attached hereto as Exhibit "A".

7. Such arrangements include providing each of the General Managers with a severance package that provides him, upon his termination for any reason other than "cause" during the first one hundred eighty days following the Effective Date (the "Initial Operations Period"), with his existing salary and fringe benefits for a period of one hundred eighty days following the date of such termination (the "Severance Package"). Such fringe benefits are comprised of vacation, sick pay, health insurance, car allowance and expense reimbursement benefits that have accrued and become due and payable during the Initial Operations Period. The Debtors estimate that the cost of the Severance Package, which will be provided to each General Manager by his direct employer, would not exceed \$364,875 in the aggregate in salary, plus benefits which are estimated at approximately 25% of base salary (which would be the maximum amount payable in the unlikely event that all of the General Managers were terminated within such period).

8. The Debtors believe that the Severance Package is warranted because each of the General Managers has the degree of knowledge and experience that will be required to stabilize the Reorganized Debtors' businesses during the critical Initial Operations Period. Each General Manager has accumulated specialized knowledge of his Plant's processes and a deep understanding and appreciation of his suppliers, his work force and his customers. Because of this expertise, the General Managers will bring a high level of employee and customer confidence to the Reorganized Debtors' operations, to the benefit of the Debtors' creditors and other parties in interest. In addition, throughout the pendency of these cases, Fred Dohmann has been the principal contact with the U.S. Nuclear Regulatory Commission ("NRC") and has gained specialized knowledge of NRC regulations and personnel as well as a comprehensive

knowledge of the remediation methodology for the Muskogee site. Such knowledge and experience is invaluable and extremely difficult to duplicate, and provides further justification for the relief requested in this Motion.

9. For all of these reasons, the Debtors believe that the Severance Package should be afforded to the General Managers, to ensure the protection of their compensation immediately following the Effective Date which, in turn, will help ensure the continued successful operations of the Reorganized Debtors' businesses and properties for the benefit of all parties in interest.

10. The Creditors' Committee supports the relief requested in this Motion.

11. I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Executed on November 12, 2003

/s/ Gary L. Tessitore
GARY L. TESSITORE

Exhibit "A"

Fansteel Inc. et al.
General Managers

<u>Name</u>	<u>Position</u>	<u>Monthly Salary</u>	<u>Annual Salary</u>
Dohmann, Fred	General Manager – Muskogee	\$ 13,562.50	\$ 162,750.00
Leitten, David	General Manager – Wellman	10,833.33	130,000.00
Suwinski, Cass	General Manager - Washington Mfg	14,875.00	178,500.00
Holjencin, Joe	General Manager – AST	6,666.67	80,000.00
Chapman, Ray	General Manager – Intercast	<u>14,875.00</u>	<u>178,500.00</u>
Total		<u>\$60,812.50</u>	<u>\$729,750.00</u>

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

**CONTENTS OF CERTAIN PROVISIONS OF
ORDER UNDER 11 U.S.C. § 105 AND 363 APPROVING
KEY OPERATING MANAGERS' SEVERANCE
PACKAGE AND GRANTING RELATED RELIEF**

The order confirming the Debtors' Joint Plan of Reorganization (as defined in the Motion) will provide, *inter alia*, the following:

A. The relief sought in the motion, dated November 12, 2003 ("Motion"),² of Fansteel Inc. ("Fansteel"), a Delaware corporation, and its direct and indirect subsidiaries, as debtors and debtors-in-possession (collectively, the "Debtors"), for an order under sections 105(a) and 363(a) of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* as amended (the "Bankruptcy Code") and Rules 2002, 6004 and 9013 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and approving the Severance Package (as defined in the Motion) is in the best interests of the Debtors, their estates, creditors, and other parties in interest, in that it will help to stabilize the operations of the Reorganized Debtors following the Effective Date; and

B. Due and adequate notice of the Motion has been given.

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

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

Inter alia, the Confirmation Order will contain the following decretal paragraphs:

1. The Motion is GRANTED in its entirety.
2. This Court shall retain jurisdiction to hear and determine all matters

arising from the implementation of this Order.

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

So order this ____ day of

_____, 2003