

Filed in open Court on
11/17/03

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
FANSTEEL INC., et al.,¹) Case No. 02-10109 (JFJ)
) (Jointly Administered)
)
Debtors.) Re: Docket No. 1534

**ORDER UNDER 11 U.S.C. §§ 105, 363 AND 1146(c) AND
FED. R. BANKR. P. 2002(a)(2) AND (c)(1 AND 6004: (A) APPROVING
THE ASSET PURCHASE AGREEMENT AMONG FANSTEEL INC. AND
PLANTSVILLE ACQUISITION LLC, (B) APPROVING THE SALE
OF CERTAIN VR WESSON ASSETS, AND (C) DETERMINING
THAT A POST-CONFIRMATION SALE IS EXEMPT FROM
ANY STAMP, TRANSFER, RECORDING OR SIMILAR TAXES**

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 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 (the "Seller") to Plantsville Acquisition, LLC (the "Proposed Purchaser") of certain personal property of the division of Fansteel known as VR/Wesson-Plantsville ("Plantsville Division") consisting of machinery, equipment, tooling, office and maintenance supplies, customer records, computers, telephones, telephone systems, vehicles, trademarks and trade names, and the real property and building located at 389 Marion Avenue, Plantsville Connecticut (collectively, the "Remaining Plantsville Assets"), (B) scheduling a hearing date, auction date, and bidding deadlines and procedures in connection with the sale of the Remaining Plantsville Assets, and (C) approving the form and manner of notice thereof (collectively, "Part I of the Motion"); and (II) an order

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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(this "Sale Order") under 11 U.S.C. §§ 105, 363 and 1146(c) and Fed. R. Bankr. P. 2002(a)(2) and (c)(1) and 6004, (A) approving an Asset Purchase Agreement among Fansteel and the Proposed Purchaser annexed 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 Remaining Plantsville Assets to the Proposed Purchaser or such other party making a higher and better offer therefor (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), and (C) determining that such sale, if closed post-confirmation, is exempt from any stamp, transfer, recording or similar taxes (collectively, "Part II of the Motion"); and sufficient notice of the Motion having been given; and it appearing that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor

IT IS HEREBY FOUND AND DETERMINED THAT:²

A. Fansteel received no offers for the Remaining Plantsville Assets other than the offer of the Proposed Purchaser, and Proposed Purchaser is declared the highest and best bidder for the Remaining Plantsville Assets.

B. The Purchase Price for the Remaining Plantsville Assets under the Asset Purchase Agreement is the sum of \$1,000,000, subject to higher and better offers.

C. The Purchase Price for the Remaining Plantsville Assets is fair and reasonable, and constitutes reasonable consideration and reasonably equivalent value under the Bankruptcy Code and applicable state law. Approval of the Asset Purchase Agreement and the sale of the

² Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Bankruptcy Rule 7052.

Remaining Plantsville Assets in accordance therewith at this time are in the best interests of the Debtors and their respective creditors and estates.

D. A valid and sound business purpose exists for approval of the transactions contemplated by Part II of the Motion pursuant to section 363(b) of the Bankruptcy Code. The terms of the Asset Purchase Agreement were negotiated at arms length and are fair and reasonable.

E. Proper, timely, adequate and sufficient notice of the Motion, the proposed sale, the hearings, and sale of the Remaining Plantsville Assets has been provided in accordance with sections 102(1) and 363(b) of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 9007 and 9008, and no other or further notice of the Motion, the hearings, or the entry of this Sale Order is required.

F. A reasonable opportunity to object or to be heard regarding the relief requested in the Motion has been afforded to all interested persons and entities.

G. The Debtors have demonstrated good, sufficient and sound business purposes for the sale of the Remaining Plantsville Assets pursuant to section 363(b) of the Bankruptcy Code and the Amended Joint Plan of Reorganization (the "Amended Plan") for the Debtors in that, among other things: (i) an expeditious sale of the Remaining Plantsville Assets will provide monies necessary to the consummation of the Amended Plan; (ii) absent a prompt sale, it is likely that the value of the Remaining Plantsville Assets would precipitously decline; and (iii) the Purchase Price is the highest and best offer that the Debtors have received for the Remaining Plantsville Assets.

II. The sale of the Remaining Plantsville Assets pursuant to the Asset Purchase Agreement does not impermissibly restructure the rights of creditors of Pansteel.

L. The Debtors may sell and transfer the Remaining Plantsville Assets free and clear of all liens, claims, interests, and encumbrances because, as required by section 363(f) of the Bankruptcy Code, all parties holding a lien on the Remaining Plantsville Assets could be compelled to accept a money satisfaction of such liens in a legal or equitable proceeding pertaining thereto and such liens will attach to the proceeds of the sale of the Remaining Plantsville Assets consistent with the requirements of section 363(e) of the Bankruptcy Code.

J. The Asset Purchase Agreement was negotiated, proposed and entered into by the parties in good faith, at arms' length bargaining positions and without collusion. The Proposed Purchaser is not an "insider" or "affiliate" of the Debtors (as each such term is defined in the Bankruptcy Code). Neither the Debtors nor the Proposed Purchaser has engaged in any conduct that would prevent the application of section 363(m) of the Bankruptcy Code or cause the application of section 363(n) of the Bankruptcy Code to the proposed sale and the transactions contemplated by the Agreement. The Proposed Purchaser is a good faith buyer under section 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby.

K. The Debtors have extensively marketed the sale of the Remaining Plantsville Assets and conducted the auction process in compliance with the Bidding Procedures Order and the requirements of applicable law.

L. Effective as of the Closing (as defined in the Asset Purchase Agreement), the transfer of the Remaining Plantsville Assets (i) is a legal, valid and effective transfer of property of the estates herein to the Proposed Purchaser, as more particularly set forth in the Asset Purchase Agreement and (ii) vests the Proposed Purchaser with all right, title, and interest of Fansteel in and to the Remaining Plantsville Assets free and clear of all liens, claims and encumbrances under sections 363(f) and 105 of the Bankruptcy Code, except as otherwise

provided with respect to Permitted Liens and Environmental Liabilities in the Asset purchase Agreement.

M. The post-confirmation closing of the sale and transfer of the Remaining Plantsville Assets is an important component of, and is authorized by the terms of the Amended Plan, and, accordingly, constitutes a transfer pursuant to 11 U.S.C. § 1146(c), which shall not be taxed under any law imposing a stamp tax or similar tax.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Part II of the Motion is granted.
2. All objections to the Motion or the relief requested therein that have not been withdrawn, waived, or settled, including all reservations of rights included therein that are not otherwise provided for by this Sale Order are overruled on the merits.
3. The terms and conditions of the Asset Purchase Agreement are hereby approved.
4. The sale of the Remaining Plantsville Assets to the Proposed Purchaser pursuant to the Asset Purchase Agreement is hereby authorized under section 363(b) of the Bankruptcy Code and the entry of Fansteel into the Asset Purchase Agreement is hereby approved.
5. The Debtors are authorized and directed to execute and deliver, and empowered to fully perform under, consummate and implement, the Asset Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement such agreements, and to take all further actions as may be reasonably requested by the Proposed Purchaser for the purpose of assigning, transferring, granting, conveying and conferring to the Proposed Purchaser, or reducing to possession, any or all of the Remaining Plantsville Assets, or as may be necessary or appropriate to the performance of the obligations of the Debtors under the Asset Purchase Agreement.

6. Pursuant to sections 105(a), 363(b) and 363(f) of the Bankruptcy Code, the Remaining Plantsville Assets shall be transferred to the Proposed Purchaser, in accordance with the Asset Purchase Agreement, free and clear of all liens, claims, interests and encumbrances, except as otherwise expressly set forth in the Asset Purchase Agreement, with all such liens, claims, interests and encumbrances released, terminated and discharged as to the Remaining Plantsville Assets and with all such liens, claims, interests and encumbrances attaching to the proceeds of the sale of the Remaining Plantsville Assets, in the order of their priority, with the same validity, force and effect which they now have as against the Remaining Plantsville Assets. If the proposed sale fails to close for any reason, then such liens, claims, obligations, demands, guaranties, options, rights, contractual commitments, restrictions, interests, encumbrances and matters of any kind and nature shall continue against the Remaining Plantsville Assets unaffected by this order.

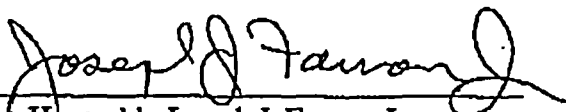
7. The Asset Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment or supplement is not material.

8. The post-confirmation transfer of the Remaining Plantsville Assets to the Proposed Purchaser, and the making, execution, delivery or recordation of any deed, termination or modification of any lease or other instrument of transfer or assignment executed post-confirmation in connection with any of the transactions contemplated in connection with the Asset Purchase Agreement or to its schedules is not subject to taxation under any law imposing a stamp tax or similar tax in accordance with section 1146(c) of the Bankruptcy Code.

9. Fansteel and the Proposed Purchaser and/or any agent or representative of either of them, are each hereby authorized and empowered to serve upon all filing and recording officers a notice when filing or recording any instruments of transfer (including, without limitation, deeds, leases, and assignments, modifications and terminations of leases) in accordance with this order and the Asset Purchase Agreement to evidence and implement this paragraph of the order. All filing and recording officers are hereby directed to accept, file and record all instruments of transfer including, without limitation, deeds, leases, and assignments, modifications and terminations of leases (if any) to be filed and recorded pursuant to and in accordance with this order or the Asset Purchase Agreement and the various documents related thereto, without the payment of any such taxes.

10. This Court retains exclusive jurisdiction (i) to enforce and implement the terms and provisions of the Asset Purchase Agreement, all amendments thereto, and any waivers and consents thereunder, and of each of the agreements executed in connection therewith, (ii) to compel delivery of the Remaining Plantsville Assets to the Proposed Purchaser, (iii) to resolve any disputes arising under or related to the Asset Purchase Agreement and related agreements, except as otherwise provided therein, and (iv) to interpret, implement and enforce the provisions of this Order.

Dated: Wilmington, Delaware
November 17, 2003


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

Tracy MacDonald

From: Laura Davis Jones
Sent: Thursday, November 20, 2003 1:28 PM
To: Tracy MacDonald
Cc: Rosalie Spelman
Subject: FW: 02-10109-JJF "Order on Motion to Approve Sale"

louise -- paperflow; serve on 2002 and affected parties

Laura Davis Jones, Esquire
Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C.
919 North Market Street, 16th Floor
Wilmington, DE 19801
Direct Dial Telephone: (302) 778-6401
General Office Telephone: (302) 652-4100
Office Facsimile: (302) 652-4400
EMail: LJones@PSZYJW.com

-----Original Message-----

From: DEBdb_ECF_Reply@deb.uscourts.gov [mailto:DEBdb_ECF_Reply@deb.uscourts.gov]
Sent: Thursday, November 20, 2003 6:20 AM
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U.S. Bankruptcy Court

District of Delaware

Notice of Electronic Filing

The following transaction was received from JSJ, entered on 11/20/2003 at 6:20 AM EST and filed on 11/17/2003

Case Name: Fansteel Inc.
Case Number: 02-10109-JJF
Document Number: 1636

Docket Text:

Order (A)Approving The Asset Purchase Agreement Among Fansteel Inc. & Plantsville Acquisition LLC, (B)Approving The Sale of Certain VR Wesson Assets, & (C)Determining That A Post-Confirmation Sale Is Exempt From Any Stamp, Transfer, Recording or Similar Taxes (Related Doc #

11/20/2003