

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

40-7580

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

In re:) Chapter 11
)
WELLMAN DYNAMICS CORP.,) Case No. 02-10113 (JJF)
)
Former Debtor.)

Objection Deadline: March 27, 2006 at 4:00 p.m.
Hearing Date: To Be Determined

NOTICE OF MOTION PURSUANT TO 11 U.S.C. § 350(a) AND FED. R. BANKR. P. 3022 FOR ENTRY OF FINAL DECREE CLOSING CHAPTER 11 CASE

TO: All Parties Required to Receive Notice Pursuant to Local Rule of Bankruptcy Practice and Procedure 2002 -1(b) of the United States Bankruptcy Court for the District of Delaware:

PLEASE TAKE NOTICE that on August 30, 2005 Fansteel, Inc. ("Reorganized Fansteel"), as successor by merger to Wellman Dynamics, Corp., the debtor herein, by and through its counsel, Schulte Roth & Zabel LLP and Pachulski Stang Ziehl Young Jones & Weintraub LLP, filed with The United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801 (the "Bankruptcy Court") the Motion Pursuant to 11 U.S.C. §350(a), and Fed. R. Bankr. P. 3022 for Entry of Final Decree Closing Chapter 11 Case (the "Motion").

Objections or responses to the Motion, if any, must be made in writing, filed with the United States Bankruptcy Court for the District of Delaware, Marine Midland Plaza, 824

Market Street, 3rd Floor, Wilmington, Delaware 19801, on or before **March 27, 2006 at 4:00 p.m. Prevailing Eastern Time.**

At the same time, you must also serve a copy of the objections or responses, if any, upon the undersigned counsel.

A HEARING ON THE MOTION WILL BE HELD ON A DATE AND TIME TO BE DETERMINED BEFORE THE HONORABLE JOSEPH J. FARNAN, JR., OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE. THE HEARING WILL BE HELD IN COURTROOM 4B, J. CALEB BOGGS FEDERAL BUILDING, 844 KING STREET, WILMINGTON, DELAWARE 19801.

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.

Dated: March 8, 2006

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-and-

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Attorneys for Reorganized Fansteel

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**MOTION PURSUANT TO 11 U.S.C. § 350(a) AND FED. R. BANKR. P. 3022
FOR ENTRY OF FINAL DECREE CLOSING CHAPTER 11 CASE**

Fansteel, Inc. ("Reorganized Fansteel"), as successor by merger to Wellman Dynamics Corp., the debtor herein ("Wellman"), by and through its counsel, Schulte Roth & Zabel LLP and Pachulski Stang Ziehl Young Jones & Weintraub LLP hereby moves this Court pursuant to section 350(a) of the Bankruptcy Code, 11 U.S.C. § 350(a), and Fed. R. Bankr. P. 3022, for the entry of a final decree closing the Wellman chapter 11 case, Case No. 02-10113. In support of this motion, Reorganized Fansteel respectfully represents as follows:

Background

1. On January 15, 2002 (the "Petition Date"), Fansteel and certain of its direct and indirect wholly-owned subsidiaries, American Sintered Technologies, Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Phoenix Aerospace Corp., Fansteel

Holdings, Inc., and Washington Mfg. Co. (collectively, the "Debtors") each filed with this Court voluntary petitions for relief under 11 U.S.C. §§ 101 et seq., as amended. Thereafter, the Debtors continued to operate their businesses and manage their affairs as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On January 17, 2002, the Court entered an order directing that the Debtors' separate chapter 11 cases be procedurally consolidated and jointly administered by the Court under Case No. 02-10109.

2. On July 24, 2003, the Debtors and the Creditors' Committee filed, as co-proponents, their proposed Joint Reorganization Plan for Fansteel Inc. and Subsidiaries. Thereafter, on September 18, 2003, the Amended Joint Reorganization Plan (hereafter, the "Plan") was filed with this Court, together with the First Amended Disclosure Statement for the 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.

5. On November 17, 2003, at the hearing to consider confirmation of the Plan and certain objections interposed thereto by the State of Oklahoma, the Court overruled the objections of the State of Oklahoma and entered an order confirming the Plan. (Docket No. 1622). Thereafter, on December 19, 2003, the Debtors filed their Emergency Motion For an Order Pursuant to 11 U.S.C. §1127(b) Seeking Modification of the Debtors' Amended Joint Reorganization Plan together with the Debtors' proposed Second Amended Joint Plan of Reorganization dated as of December 18, 2003 (the "Amended Plan").

6. On December 23, 2003, the Court entered an order confirming the Amended Plan and adopting all of the Court's previous findings of fact and conclusions of law set forth in the earlier confirmation order. The Effective Date (as that term is defined in the

Amended Plan) occurred on January 23, 2004, and distributions by the Disbursing Agent and the Transfer Agent to holders of Allowed Claims and Interests commenced on February 22, 2004 (the "Distribution Date").

Treatment of Claims Under the Amended Plan

7. The Amended Plan provided for the treatment of claims against Wellman in the following manner:

a) **Administrative Expense Claims.** Holders of Allowed Administrative Claims were to receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, Cash equal to the unpaid portion of the Allowed Administrative Claim, on, or as soon as reasonably practicable after the Effective Date or the date such Claim became an Allowed Administrative Claim or otherwise payable pursuant to any agreement between a Debtor and the holder of an Administrative Claim. All Administrative Claims asserted against Wellman were withdrawn or disallowed by order of this Court and there are no Allowed Administrative Claims against Wellman.

b) **Priority Tax Claims.** Each holder of an Allowed Priority Tax Claim was to receive, at the applicable Debtor's discretion, and in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (i) Cash equal to the unpaid portion of such Allowed Priority Tax Claim, (ii) as provided in section 1129(a)(9)(C) of the Bankruptcy Code, Cash payments made in equal annual installments beginning on or before the first anniversary following the Effective Date, with the final installment payable not later than the sixth (6th) anniversary of the date of the assessment of such Allowed Priority Tax Claim, together with interest (payable in arrears) on the unpaid portion thereof from the Effective Date through the date of payment thereof, or (iii) such other treatment as to which the applicable

Debtor and such holder agreed on in writing. All Priority Tax Claims asserted against Wellman were withdrawn or disallowed by order of this Court and there are no Allowed Priority Tax Claims against Wellman.

c) Class WDC-1 Other Priority Claims. Each holder of an Allowed Class 1 Other Priority Claim was to receive Cash in an amount equal to the unpaid portion of such Allowed Class 1 Other Priority Claim or such other treatment as the applicable Debtor and such claimant agreed upon in writing, on, or as soon as reasonably practicable after, the later of the Distribution Date or the date such Class 1 Other Priority Claim became an Allowed Claim. All Priority Claims asserted against Wellman were reclassified as general unsecured claims by order of this Court and there are no Allowed WDC-1 Other Priority Claims.

d) Class WDC-2 Secured Claims. The Amended Plan provides that each holder of an Allowed Class ESC-2 Secured Claim, was to receive, in the sole discretion of the applicable Debtor (provided that such creditor had not elected to be treated as fully secured under Code section 1111(b)) (i) cash payments totaling at least the value, as of the Effective Date, of such holder's interest in the collateral securing such Claim, (ii) a return of the collateral securing such Allowed Claim, (iv) other treatment constituting the indubitable equivalent of the value of such holder's interest in the collateral securing such Allowed Claim, or (d) reinstatement. Such distributions were to be made on, or as soon as reasonably practicable after, the latest of (i) the Distribution Date, (ii) the date such Class 2 Secured Claim became an Allowed Claim, or (iii) the date such Class 2 Secured Claim became payable pursuant to any agreement between the Debtor and the holder of the Class 2 Secured Claim. As reflected by Exhibit A attached hereto, there is one Allowed Class WDC-2 Secured Claim, which was paid in full on the Amended Plan Distribution Date.

e) Class WDC-3 General Unsecured Claims. Each holder of an Allowed General Unsecured Claim against a Debtor was to receive, on, or as soon as reasonably practicable after, the later of the Distribution Date or the date such Class 3 General Unsecured Claim became an Allowed Claim, its pro rata share of the General Unsecured Distribution Pool, consisting of (i) cash contributed by the Debtors in the amount of \$3.1 million *plus* (ii) 100% of the net proceeds from certain sales of Fansteel's assets up to \$11.5 million and 50% of any net proceeds from such sales over and above \$ 11.5 million, (collectively, the "Available General Unsecured Cash") *plus* (iii) 70% of the recovery of any Avoidance Actions after the Debtors' recoupment of costs and expenses associated with the recovery actions taken in respect of any such Avoidance Actions (the "Avoidance Action Cash") and (iv) 55% of the New Fansteel Common Stock (subject to dilution of up to 5% for employee stock options). As reflected by Exhibit B attached hereto, 104 Class WDC-3 General Unsecured Claims have been allowed in amounts totaling \$2,526,513.78. All other Class 3 General Unsecured Claims filed against Wellman were subsequently withdrawn and/or disallowed pursuant to order of this Court.

f) Class WDC-4 Convenience Claims. Each holder of an Allowed Class 4 Convenience Claim (general unsecured claims of \$1,500 or less) was to receive Cash in an amount equal to 60% of the face amount of such Allowed Claim on, or as soon as reasonably practicable after, the later of the Distribution Date or the date such Class 4 Convenience Claim became an Allowed Claim. Class WDC-4 Claims have been allowed in amounts totaling \$72,746.19.

g) Class WDC-5 PBGC Claims. Pursuant to an agreement providing for the settlement of the approximately \$19 million claim asserted by the PBGC against the Debtors, on a joint and several basis, for underfunded pension plan liability relating to the termination of the

Fansteel Consolidated Plan, the PBGC was to receive (i) a \$1.5 million Allowed General Unsecured Claim against the estate of Fansteel (on account of which the PBGC is to receive a pro rata distribution from the General Unsecured Distribution Pool), (ii) a \$9.5 million non-interest bearing, 10-year note from Reorganized Fansteel only, secured by land, buildings, and equipment owned by or used in connection with operations of Fansteel de Mexico, a non-debtor entity, and (iii) 20% of the New Fansteel Common Stock (subject to dilution of up to 5% for employee stock options).

h) Class WDC-6 Intercompany Claims. All intercompany claims held by and among Debtors were extinguished, waived or contributed as capital by the respective Debtor on the Effective Date and no property or interest in property was received or retained on account of such Intercompany Claims.

Substantial Consummation of the Amended Plan

8. Section 1101(2) of the Bankruptcy Code, 11 U.S.C. §1101(2), defines "substantial consummation" as follows:

- (A) transfer of all or substantially all of the property proposed by the plan to be transferred;
- (B) assumption by the debtor or by the successor to the debtor under the plan of the business or of the management of all or substantially all of the property dealt with by the plan; and
- (C) commencement of distribution under the plan.

9. In the instant chapter 11 cases, Reorganized Fansteel, as successor to Wellman, has assumed the business and management of all the property of Wellman dealt with by the Amended Plan. The Effective Date of the Amended Plan has occurred and distributions have been made, and will continue to be made, to holders of Allowed Claims in the manner provided in the Amended Plan. Attached hereto are schedules reflecting the claims allowed against the Wellman chapter 11 estate, the

total of the initial and final distributions made to holders of Allowed WDC-2 Secured Claims, Allowed Class WDC-3 General Unsecured Claims, and the final distribution made to holders of Class WDC-4 Convenience Claims. Upon information and belief, all quarterly fees that Wellman was required to pay to the United States Trustee, have been paid. Accordingly, the Amended Plan has been substantially consummated and, as demonstrated below, the chapter 11 estate of Wellman has been fully administered.

Relief Requested

10. Section 350(a) of the Bankruptcy Code, 11 U.S.C. § 350(a), provides that the court shall close a case once the estate is fully administered. Bankruptcy Rule 3022 governs closing of Chapter 11 cases and provides that after an estate has been fully administered, the court, on its own motion or on a motion by a party in interest, shall enter a final decree closing the case. The Advisory Committee Notes to that Rule indicate that entry of the final decree "should not be delayed solely because payments required by the plan have not been completed." Moreover, the Advisory Committee Notes set forth the factors the court should consider in determining whether the estate has been fully administered, as follows: "(1) whether the order confirming the plan has become final, (2) whether deposits required by the plan have been distributed, (3) whether the property proposed by the plan to be transferred has been transferred, (4) whether the debtor or the successor of the debtor under the plan has assumed the business or the management of the property dealt with by the plan, (5) whether payments under the plan have commenced, and (6) whether all motions, contested matters, and adversary proceedings have been finally resolved."

11. Application of the factors set forth above establish that the Wellman chapter 11 case should be closed. The order confirming the Amended Plan became final and the Effective Date of the Amended Plan occurred over one year ago. All proofs of claim filed in the Wellman chapter 11 case

have been addressed, i.e., all contested claims filed against Wellman have been resolved or withdrawn and all distributions in respect of the Allowed Class WDC-2 Secured Claims, Allowed Class WDC-3 General Unsecured Claims, and Allowed Class WDC-4 Convenience Claims have been completed as provided in the Amended Plan. Moreover, all Avoidance Actions brought by the Debtors post-confirmation in which Wellman was a transferor or a named plaintiff have been resolved or dismissed.

12. In the unlikely event that the need would arise to reopen the Wellman chapter 11 case, the Court would have the ability to reopen the Wellman case for further administration pursuant to Code section 350(b). Therefore, the relief sought herein would not prejudice any other party in interest. Moreover, closing the Wellman case at this time would relieve Reorganized Fansteel from payment of further unwarranted administrative fees on account of an estate that has been fully administered. Accordingly, it is appropriate for the Court to enter a final decree closing the Wellman chapter 11 case at this time.

Notice

13. Reorganized Fansteel has provided notice of the relief requested in this motion to the Office of the United States Trustee for the District of Delaware and all parties requesting notice pursuant to Bankruptcy Rule 2002, and submits that no further notice is necessary.

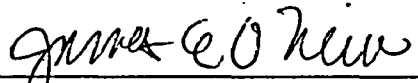
WHEREFORE, Reorganized Fansteel respectfully requests the entry of the attached Final Decree closing the Wellman chapter 11 case, and granting such other and further relief as is just.

Dated: *March 8* 2006

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Attorneys for Reorganized Fansteel

EXHIBIT A

ALLOWED SECURED CLAIMS

Class WDC-2 Secured Claims

Name of Creditor	Claim Nos.	Proof of Claim Amount	Scheduled Amount	Comments	Allowed Secured Claim
TAYLOR BALL 610 THORNTON AVE., SUITE 200 DES MOINES, IA 50321	143	\$15,969.50 Secured	\$15,969.50	Secured claim - Mechanics Lien filed on 12/13/01 against debtor's real estate in Creston, Iowa relating to unpaid contracting services.	\$15,969.50
				TOTAL	\$15,969.50

EXHIBIT B

DISTRIBUTION SUMMARY

Amount of New Common Stock on Distribution Date – 1,881,000 Shares

	Allowed Claim Totals	Initial Shares Distributed
Allowed Fansteel Class 3 Claims	\$25,080,430.45	1,228,709
Allowed FBGC Class 5 Claim	\$1,500,000.00	73,486
Allowed AST Class 3 Claims	\$583,463.64	28,585
Allowed Escast Class 3 Claims	\$1,103,044.67	54,037
Allowed Washington Class 3 Claims	\$523,703.89	25,657
Allowed Wellman Class 3 Claims	\$2,526,513.78	123,777
SUBTOTAL	\$31,317,156.43	1,534,251

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FINAL DECREE

Upon the motion (the "Motion") of Fansteel Inc. ("Reorganized Fansteel"), as successor by merger to Wellman Dynamics Corp., the debtor herein ("Wellman"), for entry of a final decree closing the Wellman chapter 11 case pursuant to section 350(a) of the Bankruptcy Code, 11 U.S.C. § 350(a), and Fed. R. Bankr. P. 3022, and Reorganized Fansteel having given due notice of the Motion to the U. S. Trustee for the District of Delaware and all parties requesting notice pursuant to Bankruptcy Rule 2002, and no other notice being required; and after due deliberation and sufficient cause appearing therefore,

THE COURT FINDS that:

- A. The Confirmation Order has become final;
- B. The property required to be transferred by the Plan has been transferred and the successor to Wellman has assumed the business or the management of the property dealt with by the Plan;
- C. Plan payments have commenced and the Plan has been substantially consummated;

D. All motions, contested matters and adversary proceedings relating to Wellman and its estate have been resolved; and

E. The estate of Wellman has been fully administered.

THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is granted; and
2. The Chapter 11 case of Wellman Dynamics Corp., Case No. 02-10113, is closed.

Dated: _____, 2006

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