

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)
)
Reorganized Debtors.)

Objection Deadline: September 22, 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 September 11, 2006 Fansteel, Inc., et al. ("Fansteel"), 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 **September 22, 2006** at

¹ The Reorganized Debtors are the following entities: Fansteel Inc. and Wellman Dynamics Corp.

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: September 11, 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 Debtors") ("Fansteel"), 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 Fansteel chapter 11 case, Fansteel, Inc. et al. Case. No. 02-10109. In support of this motion, 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

¹ The Reorganized Debtors are the following entities: Fansteel Inc. and Wellman Dynamics Corp.

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 Fansteel 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 Fansteel were paid in accordance with the Plan or were withdrawn or disallowed by order of this Court.

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 Fansteel

were or are being paid in accordance with the Plan or were withdrawn or disallowed by order of this Court.

c) Class FAN-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 Fansteel were reclassified as general unsecured claims by order of this Court and there are no Allowed FAN-1 Other Priority Claims.

d) Class FAN-2 Secured Claims. The Amended Plan provides that each holder of an Allowed Class FAN-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. All FAN-2 Secured Claims were either paid in accordance with the Terms of the Plan or were withdrawn or disallowed by order of this Court.

e) Class FAN-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 A attached hereto, Class FAN-3 General Unsecured Claims have been allowed in amounts totaling \$25,080,430.45. All other Class 3 General Unsecured Claims filed against The Reorganized Debtors were subsequently withdrawn and/or disallowed pursuant to order of this Court.

f) Class FAN-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 FAN-4 Claims have been allowed in amounts totaling \$276,077.61 and have been paid in accordance with the Plan.

g) Class FAN-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 FAN-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, 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 Reorganized Debtors Chapter 11 estate, the total of the initial and final distributions made to holders of Allowed FAN-2 Secured Claims, Allowed Class FAN-3 General Unsecured Claims, and the final distribution made to holders of Class FAN-4 Convenience Claims. Upon information and belief, all quarterly fees that Fansteel 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 Fansteel 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 Fansteel chapter 11 case have been addressed, i.e., all contested claims filed against Fansteel have been resolved or withdrawn and all distributions in respect of the Allowed Class FAN-2 Secured Claims, Allowed Class FAN-3 General Unsecured Claims, and Allowed Class FAN-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 Fansteel chapter 11 case, the Court would have the ability to reopen the Fansteel 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 Fansteel 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 Fansteel 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.

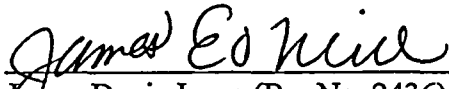
WHEREFORE, Reorganized Fansteel respectfully requests the entry of the attached Final Decree closing the Fansteel chapter 11 case, and granting such other and further relief as is just.

Dated: 9/11/2006

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) (Jointly Administered)
)
Reorganized Debtors.)

FINAL DECREE

Upon the motion (the "Motion") of Fansteel Inc. ("Fansteel"), as successor by merger to Wellman Dynamics Corp., the debtor herein Fansteel, for entry of a final decree closing the Fansteel 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 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;

² The Reorganized Debtors are the following entities: Fansteel Inc. and Wellman Dynamics Corp.

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

E. The estate of Fansteel has been fully administered.

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

1. The Motion is granted; and
2. The Chapter 11 case of Fansteel, Inc. et al., Case No. 02-10109, is closed.

Dated: _____, 2006

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

EXHIBIT A

FANSTEEL INC. Et Al.

SUMMARY OF ALLOWED CLAIMS AND DISPUTED CLAIM RESERVES

Debtor	Allowed Admin. Expense	Disputed Admin. Expense	Allowed Priority Tax Claims	Disputed Priority Tax Claims	Allowed Class One Other Priority Claims	Disputed Class One Other Priority Claims	Allowed Class Two Secured & Other Secured Claims	Disputed Class Two Secured Claims	Allowed Class Three (plus Classes Five, Six, Seven) Unsecured Claims	Disputed Class Three Unsecured Claims	Allowed Class Four Convenience Claims	Disputed Class Four Convenience Claims
Fansteel	\$15.26	\$10,037.12	\$53,279.83	\$133,734.82	\$0.00	\$9,968.86	\$6,462.56	\$20,313.69	\$24,414,002.79	\$4,394,883.70	\$276,077.61	\$0.00
AST	\$0.00	\$0.00	\$9,891.21	\$0.00	\$0.00	\$0.00	\$1,327,537.35	\$73,729.75	\$553,714.41	\$7,271.80	\$24,535.15	\$0.00
Custom	\$0.00	\$0.00	\$0.00	\$505.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Escast	\$0.00	\$0.00	\$0.00	\$42,266.25	\$0.00	\$0.00	\$0.00	\$17,332.00	\$799,870.15	\$311,491.62	\$51,420.40	\$0.00
Holdings	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Phoenix	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Washington	\$0.00	\$38,545.61	\$0.00	\$55,894.00	\$0.00	\$0.00	\$130,937.00	\$17,408.54	\$478,469.10	\$83,159.97	\$62,341.47	\$0.00
Wellman	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$125,396.66	\$15,969.50	\$111,792.24	\$2,279,873.23	\$475,000.00	\$72,746.19	\$0.00
Total	\$15.26	\$48,582.73	\$63,171.04	\$232,400.17	\$0.00	\$135,365.52	\$1,480,906.41	\$240,576.22	\$28,525,929.68	\$5,271,807.09	\$487,120.82	\$0.00

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 PBGC 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