

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF IOWA

In re:)	Case No. 16-01825-als11
)	
FANSTEEL, INC.)	Chapter 11
)	
Debtor and Debtor in Possession)	Hon Anita L. Shodeen
)	
1746 Commerce Rd.)	DEBTOR'S MOTION FOR
Creston, IA 50801)	CONTINUED USE OF CASH
)	COLLATERAL
EIN: 36-1058780)	
_____)	No Hearing Set

COMES NOW, Fansteel, Inc. (“Fansteel” or the “Debtor”), Debtor and Debtor in Possession herein, by and through its duly-employed General Reorganization Counsel, Jeffrey D. Goetz, Esq. of the law firm of Bradshaw, Fowler, Proctor & Fairgrave, P.C., and pursuant to Bankruptcy Code Section 363, files this Motion for Continued Use of Cash Collateral for the period beginning on December 2, 2017, through and including January 26, 2018, and in support of this Motion, the Debtor would show this Honorable Court as follows:

1. On September 13, 2016 (the “Petition Date”), Fansteel, Inc. (“Fansteel”), WDC, and Wellman Dynamics Machinery & Assembly, Inc. (“WDMA”) (collectively, the “Debtors”) filed their Voluntary Petitions under Chapter 11 of the Bankruptcy Code (Docket Item 1), and each is duly operating as Debtor in Possession of its respective estate pursuant to Bankruptcy Code Sections 1107 and 1108. Debtors filed motions to jointly administer the cases pursuant to Bankruptcy Rule 1015(b) and the Court entered an Order authorizing joint administration on October 17, 2016 (Fansteel Docket Item 207). The Court subsequently entered an Order on May 24, 2017 vacating its prior Order granting joint administration and discontinuing the joint administration of the Debtors’ cases under the lead case of Fansteel (WDC Docket Item 170).

2. On September 23, 2016, the Office of the United States Trustee filed a Notice of Appointment of Committee of Unsecured Creditors (the “Committee”) (Fansteel Docket Item 67).

3. On December 23, 2016, the Debtors filed a Motion for Continued Use of Cash Collateral (Fansteel Docket Item 337) and TCTM Financial FS (“TCTM”) and the Committee filed limited objections thereto (Fansteel Docket Items 366 & 367). On January 5, 2017, the Court granted the Debtors’ Motion for Continued Use of Cash Collateral through February 13, 2017, provided that the Debtors reserve and set aside (i) \$1,200,000 representing the customer pre-payments already received (the “Restricted Deposits”); (ii) the Restricted Deposits received from and after the date of the Court’s order unless use is authorized by Court Order; and (iii) the monthly payment amount to FMRI related to expenses arising due to environmental issues unless payment(s) is authorized by further Court Order. (Fansteel Docket Item 372). A final hearing on the use of cash collateral was scheduled for February 10, 2017.

4. On February 6, 2017, the Debtors filed a Motion to Obtain Credit (Fansteel Docket Item 478) seeking Court approval of the Restricted Deposits made to the Debtors by Sikorsky Aircraft Corporation (“Sikorsky”). On February 9, 2017, the Committee filed an Objection to the Motion to Obtain Credit (Fansteel Docket Item 496) and on February 14, 2017, TCTM filed an Objection to the Motion to Obtain Credit (Docket Item 529).

5. A hearing on the Debtors’ use of cash collateral was scheduled for February 16, 2017 (Fansteel Docket Items 417 & 505). By agreement of the parties, the hearing was deferred as the parties consented to Debtors’ use of cash collateral for four additional weeks (Fansteel Docket Item 552), or through March 17, 2017, under the similar terms of the Court’s January 5, 2017 Order, and additionally providing that any Restricted Deposits received by the Debtors would be set aside and used for payment of professional fees only upon entry of a Court Order

approving same from and after the date of the statements made in open Court on February 16 and 17, 2017 until March 16, 2017. The Court entered an Order authorizing continued use of cash collateral as previously ordered for a time period not longer than four weeks pending further Order of the Court (Fansteel Docket Item 552). The matter was rescheduled for hearing on February 28, 2017. The hearing on use of cash collateral scheduled for February 28, 2017 was continued to late March or early April. The Parties further agreed that the Debtors were authorized to pay, from the Restricted Deposits, the \$60,000 initial deposit to Huntington Bank for its continued due diligence analysis in connection with Huntington Bank's financing proposal. (Fansteel Docket Item 588). The Court entered the Stipulation and Consent Order on February 28, 2017 (Fansteel Docket Item 595).

6. On March 13, 2017, the Debtors filed an Emergency Motion for Order Authorizing Use of Restricted Deposits seeking authority to use an additional \$90,000 of the Restricted Deposits for Huntington Bank's continued due diligence expenses (Fansteel Docket Item 650). The Committee filed a Preliminary Objection to the Debtors' Emergency Motion on March 14, 2017 (Fansteel Docket Item 654) and TCTM filed a Limited Objection on March 16, 2017 (Fansteel Docket Item 677). A telephonic hearing was held on March 17, 2017 and the Parties filed a proposed consent order authorizing additional use of the Restricted Deposits (Docket Item 697). The Court entered the Order on March 24, 2017 (Fansteel Docket Item 719).

7. The Debtors' Motion to Obtain Credit and Objections thereto were scheduled for hearing on March 28, 2017. On March 28, 2017, the Debtors, the Committee, and TCTM entered into and filed a Stipulation and Consent Order re Debtors' Motion to Obtain Credit (Fansteel Docket Item 735), which provided, among other things, to authorize the Debtors to use cash collateral through April 28, 2017, which date was subsequently extended (Fansteel Docket

Item 839) through May 12, 2017.

8. On May 10, 2017, the Debtors, the Committee, and TCTM entered into and filed a Stipulation and Consent Order re Debtors' Continued Use of Cash Collateral (Fansteel Docket Item 871), which provided, among other things, to authorize the Debtors to use cash collateral through June 30, 2017. The Stipulation and Consent Order at Docket Item 871 was entered by the Court on May 11, 2017 (Fansteel Docket Item 878).

9. On June 15, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (WDC Docket Item 204) and the Court entered an Order on June 29, 2017 (WDC Docket Item 227) authorizing the Debtor to continue its use of cash collateral for four weeks, beginning on July 1, 2017, pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order at Fansteel Docket Item 871 and approved by the Court at Fansteel Docket Item 876.

10. On July 11, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (Docket Item 1020) and the Court entered an Order on July 25, 2017 (Docket Item 1040) authorizing the Debtor to continue its use of cash collateral through August 25, 2017, pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order at Fansteel Docket Item 871 and approved by the Court at Fansteel Docket Item 876.

11. On August 14, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (Docket Item 1069) (the "August 14 Cash Collateral Motion") and the Court entered an Order on August 22, 2017 (Docket Item 1088) authorizing the Debtor to continue its use of cash collateral through September 22, 2017, pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order

docketed on May 10, 2017 (Fansteel Docket Item 871) and approved by this Court in its Order dated May 11, 2017 (Fansteel Docket Item 876) (the “May 11 Consent Order”), and as modified by the relief sought in the August 14 Cash Collateral Motion, provided, however, that the Committee’s rights were reserved with respect to Paragraphs 6 and 7 of the May 11 Consent Order.

12. On August 18, 2017, the Court entered a Stipulation and Consent Order re Mediation (Docket Item 1079) ordering the Debtors, TCTM, the Committee, PBGC, the NRC, the EPA, William Bieber, 510 Ocean Drive, and ODEQ to participate in mediation regarding WDC’s and WDMA’s pending motions to sell and potential plan options.

13. On September 8, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (Fansteel Docket Item 1107) (the “September 8 Cash Collateral Motion”) and the Court entered an Order on September 20, 2017 (Fansteel Docket Item 1116), authorizing the Debtor to continue its use of cash collateral through October 20, 2017, pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order docketed on May 10, 2017 (Fansteel Docket Item 871) and approved by this Court in its Order dated May 11, 2017 (Fansteel Docket Item 876) (the “May 11 Consent Order”), and as modified by the relief sought in the September 8 Cash Collateral Motion, provided, however, that the Committee’s rights were reserved with respect to Paragraphs 6 and 7 of the May 11 Consent Order.

14. On October 6, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (Fansteel Docket Item 1127) (the “October 6 Cash Collateral Motion”), and the Court entered an Order on October 23, 2017 (Fansteel Docket Item 1143), authorizing the Debtor to continue its use of cash collateral through December 1, 2017, pursuant to and upon the same

terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order docketed on May 10, 2017 (Fansteel Docket Item 871) and approved by this Court in its May 11 Consent Order, and as modified by the relief sought in the October 6 Cash Collateral Motion, provided, however, that the Committee's rights were reserved with respect to Paragraphs 6 and 7 of the May 11 Consent Order.

15. Because of the sale hearings scheduled on December 12, 2017 and the upcoming holidays, it is necessary that the Debtor have flexibility to use cash collateral through January 26, 2018.

16. The Debtor seeks to continue its use of cash collateral through January 26, 2018 pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order docketed on May 10, 2017 (Fansteel Docket Item 871) and approved by this Court in the May 11 Consent Order, and as modified by the relief sought in this Motion.

17. Attached hereto as Exhibit "A" is the Debtor's cash collateral budget.

18. Based on the foregoing, the Debtor requests the court enter an order authorizing the Debtor's continued use of cash collateral through and including the week ending January 26, 2018.

WHEREFORE, the Debtor prays for an Order approving the instant Motion and for such further and other relief as the Court deems just and equitable under the circumstances.

Dated: November 15, 2017

/s/ Jeffrey Goetz
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General Reorganization Counsel for Fansteel, Inc.,
Debtor and Debtor in Possession

CERTIFICATE OF SERVICE

This document was served electronically on parties who receive electronic notice through CM/ECF as listed on CM/ECF's notice of electronic filing.

/s/ Barbara Warner

Intercast Inc.
Cash Collateral Budget
8 Weeks Ending January 26, 2018

Week # Week Ended	1	2	3	4	5	6	7	8
	12/8/2017	12/15/2017	12/22/2017	12/29/2017	1/5/2018	1/12/2018	1/19/2018	1/26/2018
Week Sales	113,000	159,620	229,000	30,000	40,000	150,000	150,000	150,000
Operating Cash Receipts								
Collections from Customers	139,700	110,045	73,712	116,642	115,000	115,000	115,000	115,000
Other	-	-	-	-	-	-	-	-
Total Operating Cash Receipts	139,700	110,045	73,712	116,642	115,000	115,000	115,000	115,000
Operating Cash Disbursements								
Payroll Related - Direct Cost								
Gross Payrolls	94,639	60,152	29,067	25,009	16,163	41,937	45,163	39,937
Quarterly Employer Payroll Taxes	-	-	-	-	-	-	-	-
Vision and Dental	-	85	178	-	-	-	85	133
Union Pension Contribution	-	-	-	-	-	-	-	-
Disability	-	600	-	-	-	-	600	-
Unicorn Payroll	-	-	83	-	-	-	-	80
Subtotal - Payroll Direct Costs	94,639	60,837	29,328	25,009	16,163	41,937	45,848	40,150
Payroll Related - Allocated Cost								
Health Insurance	2,000	1,400	1,400	1,400	2,000	1,400	1,400	2,900
Workers' Compensation Insurance	1,800	1,800	1,800	1,800	1,400	1,400	1,400	1,400
Subtotal - Payroll Related Allocated Costs	3,800	3,200	3,200	3,200	3,400	2,800	2,800	4,300
Subtotal - Payroll Related	98,439	64,037	32,528	28,209	19,563	44,737	48,648	44,450
Operating Expenses - Direct Costs								
Raw Materials	21,470	30,328	18,510	-	20,000	20,000	20,000	20,000
Manufacturing Expenses	68,428	58,389	43,350	16,880	48,879	92,879	58,879	48,879
Property Taxes	-	-	-	-	-	-	-	-
Building Rent	-	-	-	-	-	-	-	-
Travel Expenses	-	-	-	-	-	-	-	-
Ordinary Course Professional Fees	3,568	3,568	3,568	0	3,600	3,600	3,600	3,600
Other Operating Expenses	-	-	-	-	-	-	-	-
Customer Deposits/Tooling	-	-	-	-	-	-	-	-
Less Prepaid to Vendor/Tooling	-	-	-	-	-	-	-	-
Subtotal - Operating Expenses- Direct Costs	93,467	92,285	65,429	16,880	72,479	116,479	82,479	72,479
Operating Expenses - Allocated Costs								
Commercial Insurance	-	-	-	-	539	-	-	-
Other	80	1,080	80	80	80	1,180	80	80
Subtotal - Operating Expenses- Allocated Costs	80	1,080	80	80	619	1,180	80	80
Subtotal - Operating Expenses	93,547	93,365	65,509	16,960	73,098	117,659	82,559	72,559
Total Operating Cash Disbursements	191,985	157,402	98,037	45,169	92,661	162,396	131,207	117,009
Net Operating Cash Flows	(52,285)	(47,357)	(24,325)	71,473	22,339	(47,396)	(16,207)	(2,009)
Non-Operating Items								
Receipts:								
AST AR / Inventory Run off	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Non-Operating Receipts	-	-	-	-	-	-	-	-
Disbursements:								
PBG Insurance Premium	-	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-	-	-
Franchise Taxes	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Paydown Secured Loan	-	-	-	-	-	-	-	-
Transfer to FMRI	-	-	-	-	-	-	-	-
Bankruptcy Professional Fees	-	-	-	-	-	-	-	-
Allocated Corporate Costs	5,584	4,170	3,701	3,140	4,367	3,728	4,021	4,709
Total Non-Operating Disbursements	5,584	4,170	3,701	3,140	4,367	3,728	4,021	4,709
Net Cash Flow	(57,870)	(51,527)	(28,026)	68,333	17,972	(51,125)	(20,228)	(6,718)
Beginning Cash Balance	198,741	140,871	89,344	61,318	129,651	147,623	96,498	76,270
Ending Cash Balance	140,871	89,344	61,318	129,651	147,623	96,498	76,270	69,551

Fansteel Inc
Cash Collateral Budget
8 Weeks Ending January 26, 2018

Week # Week Ended	1 12/8/2017	2 12/15/2017	3 12/22/2017	4 12/29/2017	5 1/5/2018	6 1/12/2018	7 1/19/2018	8 1/26/2018
Operating Cash Receipts								
Collections from Customers								
Other				4,000				4,000
Total Operating Cash Receipts	-	-	-	4,000	-	-	-	4,000
Operating Cash Disbursements								
Payroll Related - Direct Cost								
Gross Payrolls	-	-	-	-	-	-	-	-
Quarterly Employer Payroll Taxes	-	-	-	-	-	-	-	-
Vision and Dental	-	87	608	-	-	-	87	456
Union Pension Contribution	-	-	-	-	-	-	-	-
Disability	-	455	-	-	-	-	455	-
Unicorn Payroll	-	-	68	-	-	-	-	20
Subtotal - Payroll Direct Costs	-	542	676	-	-	-	542	476
Payroll Related - Allocated Cost								
Health Insurance	17,400	11,600	11,600	11,600	17,400	11,600	11,600	24,500
Workers' Compensation Insurance	1,300	1,300	1,300	1,300	1,000	1,000	1,000	1,000
Subtotal - Payroll Related Allocated Costs	18,700	12,900	12,900	12,900	18,400	12,600	12,600	25,500
Subtotal - Payroll Related	18,700	13,442	13,576	12,900	18,400	12,600	13,142	25,976
Operating Expenses - Direct Costs								
Raw Materials								
Manufacturing Expenses								
Property Taxes								
Building Rent								
Travel Expenses	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Ordinary Course Professional Fees	10,000	10,000	10,000	10,000	10,000	10,000	13,100	10,000
Other Operating Expenses	470	668	268	268	268	268	268	268
Customer Deposits/Tooling								
Less Prepaid to Vendor/Tooling								
Subtotal - Operating Expenses- Direct Costs	17,470	17,668	17,268	17,268	17,268	17,268	20,368	17,268
Operating Expenses - Allocated Costs								
Commercial Insurance					725	-	-	-
Other	-	3,639	-	-	-	1,202	-	-
Subtotal - Operating Expenses- Allocated Costs	-	3,639	-	-	725	1,202	-	-
Subtotal - Operating Expenses	17,470	21,307	17,268	17,268	17,993	18,470	20,368	17,268
Total Operating Cash Disbursements	36,170	34,749	30,844	30,168	36,393	31,070	33,510	43,244
Net Operating Cash Flows	(36,170)	(34,749)	(30,844)	(26,168)	(36,393)	(31,070)	(33,510)	(39,244)
Non-Operating Items								
Receipts:								
AST AR / Inventory Run off								
Miscellaneous								
Total Non-Operating Receipts	-	-	-	-	-	-	-	-
Disbursements:								
PBGC Insurance Premium								
Capital Expenditures								
Franchise Taxes	-	-	-	-	-	-	-	-
Interest								
Paydown Secured Loan								
Transfer to FMRI								
Bankruptcy Professional	10,367	-	-	-	-	-	-	-
Allocated Corporate Costs	(46,537)	(34,749)	(30,844)	(26,168)	(36,393)	(31,070)	(33,510)	(39,244)
Total Non-Operating Disbursements	(36,170)	(34,749)	(30,844)	(26,168)	(36,393)	(31,070)	(33,510)	(39,244)
Net Cash Flow	(0)	0	0	0	0	0	0	0
Beginning Cash Balance	768	767	768	768	769	769	769	770
Ending Cash Balance	767	768	768	769	769	769	770	770