

**UNITED STATES BANKRUPTCY COURT**  
**SOUTHERN DISTRICT OF IOWA**

In re:	)	Lead Case No. 16-01823-als11
	)	Affiliated Cases: 16-01825-als11
<b>FANSTEEL, INC.</b>	)	16-01827-als11
	)	
Debtor and Debtor in Possession	)	Chapter 11
	)	
1746 Commerce Rd.	)	Hon Anita L. Shodeen
Creston, IA 50801	)	
	)	<b>DEBTOR WELLMAN DYNAMICS</b>
EIN: 36-1058789	)	<b>MACHINERY &amp; ASSEMBLY INC.'S</b>
	)	<b><u>FIRST AMENDED DISCLOSURE</u></b>
	)	<b>STATEMENT DATED <del>JANUARY</del></b>
and Affiliated Cases	)	<b><u>14 FEBRUARY 16, 2017</u></b>
	)	
	)	<b><del>No Hearing Set</del></b>

Jeffrey D. Goetz, Esq., IS# 9999366  
Krystal R. Mikkilineni, Esq., IS# 9999933  
Bradshaw, Fowler, Proctor & Fairgrave, P.C.  
801 Grand Avenue, Suite 3700  
Des Moines, IA 50309-8004  
515/246-5817  
515/246-5808 FAX  
[goetz.jeffrey@bradshawlaw.com](mailto:goetz.jeffrey@bradshawlaw.com)

General Reorganization Counsel for  
Wellman Dynamics Machinery & Assembly, Inc.  
Debtor, Debtor in Possession and  
Plan Proponent

## Table of Contents

<u>Error! Hyperlink reference not valid.I.</u>	INTRODUCTION
—1	
<u>Error! Hyperlink reference not valid.H.</u>	EXECUTIVE SUMMARY OF THE PLAN
—3	
<u>Error! Hyperlink reference not valid.III.</u>	CONFIRMATION REQUIREMENTS: VOTE REQUIRED FOR APPROVAL OF THE PLAN
—5	
<u>Error! Hyperlink reference not valid.A.</u>	Who may Vote or Object
—5	
<u>Error! Hyperlink reference not valid.IV.</u>	DESCRIPTION OF THE PLAN
—8	
<u>Error! Hyperlink reference not valid.A.</u>	What Creditors and Interest Holders will Receive under the Plan
—8	
<u>Error! Hyperlink reference not valid.B.</u>	Unclassified Claims
—8	
<u>Error! Hyperlink reference not valid.C.</u>	Classified Claims and Interests
—9	
<u>Error! Hyperlink reference not valid.V.</u>	SUMMARY OF THE MEANS FOR EFFECTUATING THE PLAN
—15	
<u>Error! Hyperlink reference not valid.VI.</u>	BACKGROUND ON DEBTOR AND EVENTS LEADING TO FILING OF THE BANKRUPTCY CASE
—19	
<u>Error! Hyperlink reference not valid.VII.</u>	ASSETS, LIABILITIES & FINANCIAL STATUS OF THE DEBTOR
—21	
<u>Error! Hyperlink reference not valid.VIII.</u>	LIQUIDATION ANALYSIS
—21	
<u>Error! Hyperlink reference not valid.IX.</u>	FEASIBILITY
—22	
<u>Error! Hyperlink reference not valid.X.</u>	MANAGEMENT AND COMPENSATION AND POST-CONFIRMATION GOVERNANCE
—22	
<u>Error! Hyperlink reference not valid.XI.</u>	UNITED STATES TRUSTEE SYSTEM FUND FEES
—22	
<u>Error! Hyperlink reference not valid.XII.</u>	TAX ANALYSIS
—23	
<u>Error! Hyperlink reference not valid.XIII.</u>	RISKS TO CREDITORS UNDER THE PLAN
—23	

<del><b>Error! Hyperlink reference not valid.XIV.</b></del> .....	<del>DEFAULT PROVISIONS</del>
—24	
<del><b>Error! Hyperlink reference not valid.XV.</b></del> .....	<del>EFFECT OF CONFIRMATION OF THE PLAN</del>
—24	
<del><b>Error! Hyperlink reference not valid.XVI.</b></del> .....	<del>CONCLUSION AND RECOMMENDATION</del>
—29	
<u>I. INTRODUCTION</u> .....	<u>1</u>
<u>II. EXECUTIVE SUMMARY OF THE PLAN</u> .....	<u>3</u>
<u>III. CONFIRMATION REQUIREMENTS: VOTE REQUIRED FOR APPROVAL OF THE PLAN</u> .....	<u>5</u>
<u>A. Who may Vote or Object</u> .....	<u>5</u>
<u>IV. DESCRIPTION OF THE PLAN</u> .....	<u>8</u>
<u>A. What Creditors and Interest Holders will Receive under the Plan</u> .....	<u>8</u>
<u>B. Unclassified Claims</u> .....	<u>8</u>
<u>C. Classified Claims and Interests</u> .....	<u>10</u>
<u>6. Class 6 – Allowed Claims Filed by the Pension Benefit Guaranty Corporation Relating to the Wellman Dynamics Corporation Salaried Employees Retirement Plan</u> .....	<u>15</u>
<u>V. SUMMARY OF THE MEANS FOR EFFECTUATING THE PLAN</u> .....	<u>17</u>
<u>VI. BACKGROUND ON DEBTOR AND EVENTS LEADING TO FILING OF THE BANKRUPTCY CASE</u> .....	<u>23</u>
<u>VII. ASSETS, LIABILITIES &amp; FINANCIAL STATUS OF THE DEBTOR</u> .....	<u>25</u>
<u>IX. LIQUIDATION ANALYSIS</u> .....	<u>26</u>
<u>X. FEASIBILITY</u> .....	<u>27</u>
<u>XI. MANAGEMENT AND COMPENSATION AND POST-CONFIRMATION GOVERNANCE</u> .....	<u>27</u>
<u>XII. UNITED STATES TRUSTEE SYSTEM FUND FEES</u> .....	<u>28</u>
<u>XIII. TAX ANALYSIS</u> .....	<u>28</u>
<u>XIV. RISKS TO CREDITORS UNDER THE PLAN</u> .....	<u>29</u>
<u>XV. DEFAULT PROVISIONS</u> .....	<u>30</u>
<u>XVI. EFFECT OF CONFIRMATION OF THE PLAN</u> .....	<u>30</u>
<u>XVII. CONCLUSION AND RECOMMENDATION</u> .....	<u>35</u>

## I. INTRODUCTION

Wellman Dynamics Machinery & Assembly, Inc. (hereinafter referred to as “WDMA” or “Debtor”) is the Debtor and Debtor in Possession in its Chapter 11 Bankruptcy Case pending before this Court. WDMA commenced its case by filing a voluntary petition for relief on September 13, 2016.

Chapter 11 allows the Debtor, and under some circumstances, Creditors and other parties, to propose a plan of reorganization. The Debtor is the Plan Proponent of the First Amended Plan of Reorganization Dated ~~January 11~~, February 16, 2017 (the “Plan”). A true and exact copy of the Plan is filed contemporaneously with this Disclosure Statement (the “Disclosure Statement”).

### A. The Purpose of this Disclosure Statement

Pursuant to Bankruptcy Code Section 1125, the Plan Proponent has prepared and filed this Disclosure Statement along with the Plan, for the Court’s approval and submission to the holders of Claims and Interests. However, before acceptance or rejection of a plan may be solicited, the Court must find that this Disclosure Statement contains “adequate information.”

“Adequate Information” is defined in Bankruptcy Code Section 1125(a)(1) to mean information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor and the condition of the Debtor’s books and records, that would enable a hypothetical reasonable investor typical of the holders of Claims or Interests of the relevant Class to make an informed judgment about the plan. In re Dakota Rail, Inc., 104 B.R. 138 (Bankr. Minn. 1989); In re Metrocraft Publishing Serv., Inc., 39 B.R. 567 (Bankr. N.D. Ga. 1984).

READ THIS DISCLOSURE STATEMENT CAREFULLY TO FIND OUT THE FOLLOWING:

1. WHO CAN VOTE OR OBJECT;
2. WHAT THE TREATMENT OF YOUR CLAIM AND/OR INTEREST IS, (i.e., if your Claim and/or Interest is disputed, and what your Claim and/or Interest will receive if the Plan is confirmed);
3. THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING ITS BANKRUPTCY CASE;
4. WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR NOT TO CONFIRM THE PLAN; AND
5. WHAT IS THE EFFECT OF CONFIRMATION?

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own lawyer to obtain more specific advice on how the Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies between the Plan and Disclosure Statement, the Plan provisions will govern.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED BY THE DEBTOR, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES. THE DEBTOR HAS NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING IT OR ITS FINANCIAL AFFAIRS, OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT.

YOU MAY NOT RELY UPON THIS DISCLOSURE STATEMENT FOR ANY PURPOSE OTHER THAN TO DECIDE HOW TO VOTE ON THE PLAN. NOTHING CONTAINED IN THE PLAN OR THE DISCLOSURE STATEMENT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY.

EXCEPT AS MAY BE SET FORTH IN THIS DISCLOSURE STATEMENT, THE BANKRUPTCY COURT HAS NOT APPROVED ANY REPRESENTATIONS CONCERNING THE DEBTOR OR THE VALUE OF ITS ASSETS. THE DEBTOR HAS NOT AUTHORIZED ANY REPRESENTATIONS OR INDUCEMENTS TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED HEREIN AND APPROVED BY THE BANKRUPTCY COURT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER DATE IS SPECIFIED HEREIN. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THIS DISCLOSURE STATEMENT AND PLAN SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH IN THE DISCLOSURE STATEMENT SINCE THE DATE THE DISCLOSURE STATEMENT WAS PREPARED.

ALTHOUGH THE DEBTOR BELIEVES THAT THE CONTENTS OF THIS DISCLOSURE STATEMENT ARE COMPLETE AND ACCURATE TO THE BEST OF ITS KNOWLEDGE, INFORMATION AND BELIEF, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED THEREIN IS WITHOUT ANY INACCURACY. ANY STATEMENTS REGARDING PROJECTED AMOUNTS OF CLAIMS AND DIVIDENDS ARE ESTIMATES OF THE DEBTOR BASED UPON CURRENTLY AVAILABLE INFORMATION AND ARE NOT A REPRESENTATION THAT SUCH AMOUNTS WILL ULTIMATELY PROVE CORRECT.

THE DEBTOR BELIEVES THAT THE TREATMENT OF CREDITORS AND INTEREST HOLDERS UNDER THE PLAN WILL RESULT IN A GREATER RECOVERY FOR CREDITORS THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER THE DIRECTION OF A TRUSTEE IN A CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE. ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTEREST OF CREDITORS AND INTEREST HOLDERS. THE DEBTOR RECOMMENDS THAT CREDITORS VOTE TO ACCEPT THE PLAN.

THE BANKRUPTCY COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE BANKRUPTCY COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

THE PLAN IS INTENDED TO RESOLVE, COMPROMISE AND SETTLE ALL CLAIMS, DISPUTES, AND CAUSES OF ACTION BETWEEN AND AMONG ALL PARTICIPANTS AND AS TO ALL MATTERS RELATING TO THESE PROCEEDINGS, EXCEPT AS EXPRESSLY PROVIDED FOR IN THE PLAN. THEREFORE, APPROVAL OF THE PLAN SHALL AFFECT THE DISCHARGE AND RELEASE OF THE DEBTOR AND SETTLE ALL CLAIMS OF CREDITORS AND INTEREST HOLDERS, EXCEPT AS EXPRESSLY PROVIDED FOR IN THE PLAN.

IF THE BANKRUPTCY COURT CONFIRMS THE PLAN, CREDITORS' CLAIMS, IF AND TO THE EXTENT ALLOWED, WILL BE PAID IN ACCORDANCE WITH THE TERMS OF, AND AT SUCH TIME(S) SPECIFIED IN, THE PLAN.

**B. Defined Terms**

For purposes of this Disclosure Statement, all capitalized terms used herein, and not otherwise defined, shall have the meanings set forth in the Plan. A term used, but not defined, in the Plan, but defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to it in the Bankruptcy Code or the Bankruptcy Rules, unless the context clearly requires otherwise. The rules of construction used in Bankruptcy Code Section 102 shall apply to construction of this Disclosure Statement and the Plan. Headings and captions are used in this Disclosure Statement for the convenience of reference only, and shall not constitute a part of this Disclosure Statement for any other purpose.

**II. EXECUTIVE SUMMARY OF THE PLAN**

The Debtor's Plan is an "operating" Plan and not a "liquidating" Plan. That means the Debtor intends reorganize its finances and business affairs, continue its business operations, and pay its Creditors from revenue generated by future operations. The Debtor intends to fund its Plan through a New Senior Secured Credit Facility and a New Value Equity Investment Cash. It is also planned for the Debtor to be sold or substantially all of its assets sold as a "going concern".

The following chart provides a summary of the classification of Creditors and Interests under the Plan and the anticipated aggregate amounts that will be allowed within each Class (on the Effective Date). This summary chart is purely an estimate based on the information presently available to the Debtor; the actual Distributions to certain Classes under the Plan may vary from the projections.

Class	Constituency	# of Claims	Estimated Distribution	Treatment
Unclassified	§507(a)(2)-Administrative	13	<del>\$2,515,000</del> 2,655,000	Paid through the Fansteel Bankruptcy Estate

	Expense Claims			
Unclassified	§507(a)(8) Priority Tax Claims	1	Undetermined	Payment in Cash of the Allowed Amount of the Claim on the later of the Effective Date or the date such Claim becomes an Allowed Claim or the Holder of the Claim will receive regular installment payments in Cash of a value equal to the allowed amount of such Claim, unless creditor agrees to different and/or less favorable treatment.
Class 1	§507(a)(1), (4), (5), (6) & (7) – Priority Non-Tax Claims		\$0	Paid in full on the Effective Date of the Plan, or such date as approved by the Court, unless creditor agrees to different/less favorable treatment
Class 2	Allowed Secured Claim of TCTM Financial FS LLC	1	\$30,569,860.12	Paid <u>in full on the Effective date of the Plan</u> through the Fansteel Bankruptcy Case
Class 3	Allowed Secured Real Estate Lease Claim of Burnside’s LLC/Rock Trust	1	\$37,820.00	The pre-petition claim will be paid as a Cure Amount in three equal monthly installments.
Class 4	Allowed Unsecured Administrative Convenience Class Claims	64	\$66,275.00	Unless creditor agrees to different/less favorable treatment, in exchange for full satisfaction of claim, each creditor will receive a cash payment equal to 75% of the Allowed amount of its Claim, without interest, within thirty days of the Effective Date.
Class 5	Allowed General Unsecured Claims	2	\$81,535.87	Each Claim holder to receive a dividend, in Cash, in deferred quarterly payments, with the first payment being on the Effective Date, and subsequent payments within ninety days thereafter, for a period not to exceed five years from and after the Effective Date, unless Claim holders elect to receive 30% of their Allowed Claim paid in Cash on the Effective Date in complete satisfaction of their Allowed Claim.
<u>Class 6</u>	<u>Allowed Claims Filed by the Pension Benefit Guaranty Corporation Relating to the</u>	<u>1</u>	<u>\$6,995,929.89</u>	<u>The Class 6 Claim will be treated and paid through the WDC Plan of Reorganization. Should WDC fail to make any of the WDC Class 14</u>

	<u>Wellman Dynamics Corporation Salaried Employees Retirement Plan</u>			<u>claims payments, WMDA and, or, Fansteel shall pay the balance owed.</u>
Class <u>67</u>	Subordinated Unsecured Claims of Insiders	1	\$0	Holder of Class <u>67</u> Claim to receive nothing under the Plan, unless the Debtor provides a 100% dividend to all holders of Allowed Claims in Classes 1 through <u>56</u> .
Class <u>78</u>	Equity Interests	1	\$0	Holder of Class <u>78</u> Interest will retain its equity interests in the corporate Debtor.

### III. CONFIRMATION REQUIREMENTS: VOTE REQUIRED FOR APPROVAL OF THE PLAN

PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THE PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing Claims. The Plan Proponent CAN NOT and DOES NOT represent that the discussion contained below is a complete summary of the law on this topic.

#### A. Who may Vote or Object

##### 1. Who May Object to Confirmation of the Plan?

Any party in interest may object to confirmation of the Plan, but as explained below not everyone is entitled to vote to accept or reject the Plan.

##### 2. Who May Vote to Accept/Reject the Plan?

A Creditor has a right to vote for or against the Plan if that Creditor has a Claim which is both (1) Allowed or Allowed for voting purposes and (2) classified in an Impaired Class.

##### a) What is an Allowed Claim?

As noted above, a Creditor must first have an Allowed Claim to have the right to vote. Generally, any Proof of Claim will be allowed, unless a party in interest brings a motion objecting to the Claim. When an objection to a Claim is filed, the Creditor holding the Claim cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the Claim for voting purposes.

THE BAR DATE FOR FILING A NON-GOVERNMENTAL PROOF OF CLAIM IN THIS CASE IS WAS JANUARY 17, 2017. A Creditor may have an Allowed Claim even if a Proof of Claim is not timely filed. A Claim is deemed allowed if (1) it is scheduled on the



Debtor's Schedules and such Claim is not scheduled as Disputed, Contingent, or Unliquidated, and (2) no party in interest has objected to the Claim.

b) What is an Impaired Claim?

As noted above, an Allowed Claim only has the right to vote if it is in a Class that is Impaired under the Plan. A Class is Impaired if the Plan alters the legal, equitable, or contractual rights of the members of that Class. For example, a Class comprised of General Unsecured Claims is Impaired if the Plan fails to pay the members of that Class 100% of what they are owed.

In this case the Debtor believes that Classes 1 and 8-is are Unimpaired and Classes 2, 3, 4, 5, 6 and 7 are Impaired, and that holders of Claims in Classes 2-7 are therefore entitled to vote to accept or reject the Plan. The Debtor believes that Classes 1 and 8-is are Unimpaired and holders of Claims in this Class does not have the right to vote to accept or reject the Plan. Parties who dispute the Debtor's characterization of their Claim as being Impaired or Unimpaired may file an objection to the Plan contending that the Debtor has incorrectly characterized the Class.

3. Who is Not Entitled to Vote?

The following four types of Claims are not entitled to vote: (1) Claims that have been disallowed; (2) Claims in Unimpaired Classes; (3) Claims entitled to priority pursuant to Bankruptcy Code Sections 507(a)(2), (a)(3) and (a)(8); and (4) Claims in Classes that do not receive or retain any value under the Plan. Claims in Unimpaired Classes are not entitled to vote because such Classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to Bankruptcy Code Sections 507(a)(2), (a)(3), and (a)(8) are not entitled to vote because such Claims are not placed in Classes and they are required to receive certain treatment specified by the Bankruptcy Code. Claims in Classes that do not receive or retain any value under the Plan do not vote because such Classes are deemed to have rejected the Plan. **EVEN IF YOUR CLAIM IS OF A TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO CONFIRMATION OF THE PLAN.**

4. Who can Vote in More than One Class?

A Creditor who's Claim has been allowed in part as a Secured Claim and in part as an Unsecured Claim is entitled to accept or reject the Plan in both capacities, by casting one ballot for the secured part of the Claim and another ballot for the Unsecured Claim.

5. Votes Necessary to Confirm the Plan.

Since Impaired Classes exist, the Court cannot confirm the Plan unless (1) at least one Impaired Class has accepted the Plan without counting the votes of any Insiders within that Class, and (2) all Impaired Classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cramdown" on non-accepting Classes, as discussed later in paragraph 7 of this Section.

6. Votes Necessary for a Class to Accept the Plan.

A Class of Claims is considered to have accepted the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar amount of the Claims which actually voted, voted in favor of the Plan. A Class of Interests is considered to have accepted the Plan when at least two-thirds (2/3) in amount of the Interest holders of such Class which actually voted, voted to accept the Plan.

7. Treatment of Non-accepting Classes: Absolute Priority Rule

As noted above, even if all Impaired Classes do not accept the Plan, the Court may confirm the Plan as long as the non-accepting Classes are treated in the manner required by the Bankruptcy Code. The process by which non-accepting Classes are forced to be bound by the terms of a plan is commonly referred to as “cramdown.” The Bankruptcy Code allows a plan to be “crammed down” on non-accepting Classes of Claims if it meets all consensual requirements, except the voting requirements of Bankruptcy Code § 1129(a)(8), and if the plan does not “discriminate unfairly” and is “fair and equitable” toward each Impaired Class that has not voted to accept the plan, as referred to in Bankruptcy Code § 1129(b), and applicable case law.

a) Secured Claims

There are three ways to satisfy the fair and equitable standard with respect to a dissenting Class of Secured Claims. The first way is to provide that Class members retain their security interests (whether the collateral is kept or is transferred by the Debtor) to the extent of their allowed Secured Claims, and to give each Secured Creditor in the Class deferred Cash payments that aggregate to at least the amount of the allowed Secured Claim, and which have a present value equal to the value of the collateral. This method of satisfying the fair and equitable standard may be complicated by the application of the Bankruptcy Code § 1111(b)(2). The meaning of “Allowed Secured Claim” as used in this paragraph will depend on whether the Secured Class makes a Bankruptcy Code § 1111(b)(2) election to be treated as fully secured despite the fact that the collateral may be worth less than the amount of the Claim.

The Bankruptcy Code § 1111(b)(2) Election converts an Unsecured Deficiency Claim into a Claim secured by the collateral of the electing Creditor. If a Creditor so elects, the Debtor must treat the Creditor’s entire Claim as a Secured Claim, and the Plan must provide for the Creditor to receive, (on account of its Claim) payments (either present or deferred), of a principal face amount equal to the amount of the Claim and of a present value equal to the value of the collateral.

A second alternative for complying with the fair and equitable standard with respect to a Class of dissenting Secured Creditors is for the Plan to provide for the realization of the “indubitable equivalent” of their Secured Claims.

The third alternative for satisfying the fair and equitable standard is for the Plan to provide for the sale of the collateral free and clear of liens, with the liens to attach to the sale proceeds.

b) Unsecured Claims

There are two ways of satisfying the fair and equitable standard with respect to a dissenting Class of Unsecured Claims. The first way is for the Plan to provide for Distributions to the dissenting Class worth the full amount of their Allowed Claims. The Allowed Claims need not be paid in full on the Effective Date of the Plan. If the Plan provides for deferred payments, an appropriate discount factor must be used so that the present value of deferred payments equals the full amount of the Allowed Unsecured Claims of the dissenting Class.

The second way to satisfy the fair and equitable test with respect to a dissenting Class of Unsecured Creditors, is for the Plan to provide that all Claims and/or Interests that are junior to the dissenting Class do not receive or retain any property on account of their Claims or Interests. Accordingly, if a dissenting Unsecured Creditor Class is to receive property worth only one-half of its Allowed Claims, the Plan may still be fair and equitable if all junior Classes are to receive or retain nothing, and if no senior Class is to receive more than 100% of its Allowed Claims.

8. Request for Confirmation Despite Non-acceptance by Impaired Class(es)

If any Impaired Class does not accept the Plan, the Debtor will seek confirmation by the cramdown provisions of Section 1129(b), provided that all of the applicable requirements of Section 1129(a), other than Section 1129(a)(8), have been met.

#### **IV. DESCRIPTION OF THE PLAN**

The following description of the Plan is qualified in its entirety by the terms of the Plan itself.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN. THE STATEMENTS CONTAINED HEREIN DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN, AND REFERENCE IS MADE TO THE PLAN FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF WILL BE FILED CONTEMPORANEOUSLY WITH THIS DISCLOSURE STATEMENT, AND WILL CONTROL THE TREATMENT OF CREDITORS AND INTEREST HOLDERS UNDER THE PLAN UPON THE EFFECTIVE DATE, AND WILL BE BINDING UPON CREDITORS, INTEREST HOLDERS AND OTHER PARTIES.

##### **A. What Creditors and Interest Holders will Receive under the Plan**

As required by the Bankruptcy Code, the Plan classifies Claims and Interests in various Classes according to their right to priority. The Plan states whether each Class of Claims or Interests is Impaired or Unimpaired. The Plan also provides the treatment Claims and Interests in each Class will receive.

##### **B. Unclassified Claims**

Certain types of Claims are not placed into voting Classes; instead they are Unclassified. They are not considered Impaired and will not vote on the Plan because they are automatically

entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Plan Proponents have not placed the following Claims in a Class.

1. Administrative Expense Claims

Administrative Expense Claims are Claims for costs and/or expenses of administering the Debtor's Bankruptcy Case which is allowed under Bankruptcy Code § 507(a)(2). The Bankruptcy Code requires that all Administrative Expense Claims be paid on the Effective Date of the Plan unless a particular claimant agrees to a different and/or less favorable treatment.

The Administrative Expense Claims will be paid proportionally by all three estates – the WDC Bankruptcy Case, Fansteel Bankruptcy Case, and WDMA Bankruptcy Case.

2. Court Approval of Fees Required

The Court must rule on all Professional Fees, except U.S. Trustee Quarterly Fees, before the fees will be paid. For all fees except the U.S. Trustee's fees, the professional or party seeking reimbursement must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be paid under this Plan.

3. Priority Tax Claims

Priority Tax Claims include certain unsecured income, employment and other taxes described in Bankruptcy Code § 507(a)(8). The Bankruptcy Code requires that each holder of such a § 507(a)(8) Priority Tax Claim receive the present value of such Claim in deferred Cash payments, over a period not exceeding five (5) years from the Petition Date.

The Debtor is aware of one Priority Tax Claim - the Internal Revenue Service has filed a proof of claim with a priority claim in the amount of \$5,542.43. The Debtor asserts that this Claim is contingent as it is based on an unassessed liability.

Except to the extent that the holder of a particular Allowed Priority Tax Claim has agreed to a different and/or less favorable treatment of its Claim, such holder will receive on account of such Claim either: (i) in the case of an Allowed Secured Priority Tax Claim, payment in Cash by the Reorganized Debtor the allowed amount of such Secured Priority Tax Claim on the later of the Effective Date or the date such Claim becomes an Allowed Claim; or (ii) the holder of such a Claim will receive on account of such Claim regular installment payments in Cash, of a value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim. In the event the holder of such a Claim will receive deferred Cash payments, such Claim holder shall receive equal monthly installments of principal and interest beginning on the first day of the month following the Effective Date and amortized over a period equal to but not exceeding five (5) years after the Petition Date, with such equal monthly installments based on the allowed amount of such Claim with interest thereon calculated pursuant to Bankruptcy Code § 511. The treatment proposed for Priority Tax Claims as outlined above also applies to any claims that are secured by perfected tax liens. Secured tax creditors shall retain their liens until the claims are paid in full.

**C. Classified Claims and Interests**

**1. Class 1 - Priority Non-Tax Claims**

Class 1 includes certain Priority Non-Tax Claims that are referred to in Bankruptcy Code Sections 507(a)(1), (4), (5), (6), and (7) that are required to be placed in Classes. These are generally for Domestic Support Obligations, Wages, and Contributions to Employee Benefit Plans, Grain Production and Purchase/Lease Deposits.

These types of Claims are entitled to priority treatment as follows: the Bankruptcy Code requires that each holder of such a Claim receive Cash on the Effective Date equal to the Allowed amount of such Claim. However, Priority Non-Tax Claim holders may vote to accept deferred Cash payments (of a value as of the Effective Date) equal to the Allowed amount of such Claim. These Claims are Unimpaired.

Except to the extent that the Holder of an Allowed Class 1 Claim has agreed to different and/or less favorable treatment of such Claim, each Holder of an Allowed Class 1 Claim shall be paid in Cash the Allowed amount of such Claim on the later of (i) the Effective Date or (ii) the entry of a Final Order approving such Claim. These types of Claims are entitled to priority treatment as follows: the Bankruptcy Code requires that each holder of such a Claim receive Cash on the Effective Date equal to the Allowed amount of such Claim. However, Priority Non-Tax Claim holders may vote to accept deferred Cash payments (of a value as of the Effective Date) equal to the Allowed amount of such Claim. These Claims are Unimpaired. The Debtor does not believe there are any Allowed Bankruptcy Code Section 507(a)(4) Claims. To the extent there are any Allowed Priority Non-Tax Claims due and owing on the Effective Date, they will be paid in full on the Effective Date; or (ii) the entry of a Final Order approving such Claim.

**2. Class 2– Allowed Secured Claim of TCTM Financial FS LLC**

Class 2 consists of the Allowed Secured Claim of TCTM Financial FS LLC (“TCTM”), which includes obligations owing both before and after the Petition Date by the Debtor to TCTM. TCTM filed a Proof of Claim asserting a secured claim in the amount of \$30,569,860.12 as of the Petition Date, based on certain promissory notes and security agreements referenced and itemized in its Proof of Claim, identified as Claim No. 4 on the Court’s Claim Register in this Bankruptcy Case. The promissory notes and security agreements were assigned to TCTM from Fifth Third Bank on or about September 1, 2016, as described in TCTM’s Proof of Claim. The Class 2 Claim is Impaired.

The Debtor does not dispute the TCTM Proof of Claim, except for one issue: the Debtor disputes the full amount claimed for “Other Unpaid Fees”. TCTM claims \$357,530.02 for “Other Unpaid Fees” on its Proof of Claim. After review of additional documentation and information provided by Fifth Third Bank concerning this amount, the Debtor asserts that at least \$292,364 of that \$357,530.02 was included in the “Revolver Balance” on the Proof of Claim. As such, the Debtor believes the Proof of Claim is overstated by \$292,364 (the “Disputed Unpaid Other Fees”), plus a credit for an amount of interest the Debtor asserts it has been paying twice on that amount (the “Interest Credit”).

TCTM has included on its Proof of Claim a line item of \$500,000 for the “Multi-Card” program on account of its credit backup to Fifth Third Bank which administered the Multi-Card program the Debtor Fansteel, Inc. (“Fansteel”) used. Subsequent to the Petition Date, the Debtor Fansteel’s Multi-Card program with Fifth Third Bank was terminated and the Debtor Fansteel paid all outstanding amounts then due to Fifth Third Bank. The Debtor here is further informed that upon termination of the Debtor Fansteel’s use of the Multi-Card program, TCTM was released of its credit backup obligation to Fifth Third Bank and \$500,000 of TCTM’s security for the credit backup was released by Fifth Third Bank to TCTM. The Debtor here therefore asserts it should be entitled to a reduction or other credit from TCTM for \$500,000 from its Proof of Claim (“Multi-Card Credit”).

There is currently pending a motion by the Debtor Fansteel, proposing to sell its American Sintered Technologies (“AST”) division, and TCTM will be receiving net sale proceeds and additional funds in connection with that sale on account of its security interests on those assets. The Debtor herein asserts that it will be entitled to a credit for the net sale proceeds and additional funds (the “AST Credit”).

The Debtor is informed TCTM has and will continue to assert that its claim is subject to supplemental amounts for pre- and post-petition attorney fees and other reimbursable expenses provided for under its promissory notes and security documents. The Class 2 Claim is Impaired.

On the Effective Date, the Holder of the Class 2 Claim will be paid in full on account of its Allowed pre-petition Claim, in Cash, less the credits for the Disputed Unpaid Other Fees, the Interest Credit, the AST Credit and the Multi-Card Credit in the amount of \$500,000.

TCTM’s Allowed Secured Claim will further be adjusted pending resolution of TCTM’s request for payment of professional fees under Bankruptcy Code Section 506. The Debtor will pay the full amount asserted by TCTM for professional fees into a separate escrow account until allowance and payment of TCTM’s professional fees is authorized by either stipulation or Court order (the “Post-Confirmation Attorney Fee Reserve”).

The Class 2 Claim shall be paid from a combination of the New Senior Secured Credit Facility, the New Value Equity Investment Cash, in addition to the credits referenced above and the Letters of Credit Credit. On the Effective Date, the Class 2 Claim Holder shall release all liens, claims and encumbrances on all the assets of the Fansteel, ~~Wellman Dynamics~~ WDC, and WDMA bankruptcy estates.

3. Class 3 – Allowed Secured Real Estate Lease Claim of Burnside’s LLC/Rock Trust

~~Class 3~~ consists of the Allowed Secured Real Estate Lease Claim of Burnside’s LLC/Rock Trust (“Burnside’s”) for the lease of property located at 706 Willow Springs Lane, York, PA 17406 (the “Burnside’s Lease”). The Burnside Lease is evidenced by that certain Agreement of Lease between Burnside’s as Landlord, and WDMA as Tenant, with the effective date of October 10, 2012. Burnside’s has not filed a Proof of Claim as of the filing of this Plan. Based on the Debtor’s Motion to Assume the Burnside’s Lease, the Debtor owes \$37,820.00 in order to cure the lease. The Debtor will pay the pre-petition claim as a Cure Amount on account

of the Debtor's Motion to Assume the Burnside Lease, said Cure Amount to be made in three equal monthly installments, in compliance with and pursuant to the terms set forth in the Motion for Order Approving Assumption of Unexpired Lease with Burnside's LLC. The Class 3 Claim is Impaired.

The Burnside's Lease will be assumed post-petition/pre-confirmation and the pre-petition Cure Amount will be paid post-petition. The Debtor will pay the pre-petition claim as a Cure Amount on account of the Debtor's Motion to Assume the Burnside's Lease, said Cure Amount to be made in three equal monthly installments, in compliance with and pursuant to the terms set forth in the Motion for Order Approving Assumption of Unexpired Lease with Burnside's LLC. To the extent the arrearage is not paid in full post-petition, the balance will be paid post-confirmation on the same terms as the Order authorizing the assumption. The Reorganized Debtor retains all rights to assign the Lease to a new buyer, as well as all other rights assumed under the Burnside's Lease.

4. Class 4 – Allowed Unsecured Administrative Convenience Class Claims

Class 4 is an Administrative Convenience Class pursuant to Bankruptcy Code Section 1122(b). Class 4 consists of each Unsecured Claim against the Debtor that is not otherwise entitled to priority, that is not otherwise classified in this Plan, and that meets either of the following two requirements: (i) the Holder of such Claim asserts Unsecured Claims in the aggregate against the Debtor of \$7,500.00 or less; or (ii) if the Unsecured Claims of a Creditor exceed \$7,500.00, the Holder of such Claims irrevocably elects to limit the total of all Unsecured Claims held by such Holder against the Debtor to no more than \$7,500.00. The Debtor believes that as of the Petition Date, there are approximately sixty four (64) Class 4 Claims totaling approximately \$66,275.00 (without regard to any Holders of Class 5 Claims that may elect Class 4 treatment). Class 4 is Impaired.

Except to the extent that a Holder of a particular Class 4 Claim agrees to different and/or less favorable treatment of its Claim, each Holder of an Allowed Class 4 Claim shall receive, in exchange for and in full satisfaction of such Claim, a Cash payment equal to 75% of the Allowed amount of such Claim, without interest, within thirty (30) days of the Effective Date. Any Creditor asserting Unsecured Claims totaling more than \$7,500.00 in amount that wishes to elect Class 4 treatment of its Unsecured Claim must make such election on the ballot accompanying this Plan.

5. Class 5 – Allowed General Unsecured ~~Trade~~ Claims

Class 5 consists of all Allowed General Unsecured Claims that are: (i) against the Debtor and not otherwise entitled to priority; (ii) are not held by an insider of the Debtor, as that term is defined in the Bankruptcy Code, and (iii) not otherwise classified above. The Creditors whose Claims are included in Class 5 are primarily trade Creditors who continue to do business with the Debtor, and whose Claims amount to less than the dollar volume (on a yearly basis) of their ongoing business with the Debtor. There are two (2) Claims in Class 5, and the total amount of such Claims is approximately \$81,535.87. Class 5 is Impaired.



Each Holder of a Class 5 Claim shall receive, in exchange for and in full satisfaction of such Claim, a dividend, in Cash, in deferred quarterly payments, with the first payment being on the Effective Date, and subsequent payments within ninety (90) days thereafter, for a period not to exceed five (5) years from and after the Effective Date. The quarterly dividend shall be divided Pro-Rata among all Class 5 Claim Holders based on the amount of their respective Allowed General Unsecured Claims. The Debtor estimates that the minimum total amount of such dividends to be paid on all Allowed Class 5 Claims shall be equal to 100% of such Claims, plus interest at 3.0% per annum, as and from the Effective Date.

Holders of Allowed Class 5 Claims may elect to receive thirty percent (30%) of their Allowed Claim paid in Cash on the Effective Date in complete satisfaction of their Allowed Claim. If Holders of Allowed Class 5 Claims wish to elect to receive payment of thirty percent (30%) of their Claim in full satisfaction of said Claim, they must clearly select such option on their Ballot and timely submit same by the Ballot Deadline.

Pursuant to Bankruptcy Code Section 1111(a), a Proof of Claim is deemed filed under Bankruptcy Code Section 501 for any Claim that appears in the Debtor's Schedules, except for Claims that the Debtor specifically scheduled as disputed, contingent and/or unliquidated. In the case where the Debtor duly scheduled Claims as either disputed, contingent and/or unliquidated, and no Proof of Claim was timely filed by such Claim Holder, such scheduled debt shall not be deemed a Claim, and shall not participate in this Plan or receive any dividend on account of such scheduled debt under Class 5 treatment.

The Reorganized Debtor shall be entitled and authorized to immediately pre-pay all the Class 5 Claim Holders in an amount equal to 100% of their respective Allowed Class 5 Claims, at the Debtor's sole discretion, and any such pre-payment shall be in full and complete satisfaction of its obligations under the Plan, and be a discharge of its obligations to pay any further dividend to Allowed Class 5 Claim Holders.

All Allowed Class 5 Claims shall be deemed assigned to the Collateral Trust; in exchange, each Holder of an Allowed Class 5 Claim shall receive a Pro Rata beneficiary's interest in the Collateral Trust, such Pro Rata interest to be based on the Allowed amount of each Class 5 Claim. The payment obligation on account of the Class 5 Claims shall be evidenced by the Class 5 Promissory Note payable to the Collateral Trust and executed by the Reorganized Debtor, who shall be liable for payment of the Class 5 Promissory Note.

The initial principal amount of the Class 5 Promissory Note shall be equal to (i) the total of all Class 5 Claims against the Debtor, or (ii) such lesser amount as the Bankruptcy Court may designate as a result of a proceeding to estimate Claims pursuant to Bankruptcy Code Section 502(c). The principal amount of the Class 5 Promissory Note shall be adjusted (the "Adjusted Principal Amount") to reflect any Class 5 Claims that are increased, reduced, or disallowed by a Final Order of the Bankruptcy Court entered after the Effective Date. Likewise, the principal balance of the Class 5 Promissory Note shall be adjusted to reflect principal payments made pursuant to this Plan.

The Class 5 Promissory Note shall provide for interest at the rate of three percent (3.0%) per annum, and shall be paid in quarterly installments (the "Class 5 Quarterly Payments") as



follows: (i) the first quarterly payment due date shall be made on the Effective Date, and (ii) each successive quarterly payment due date shall be exactly three months after the immediately preceding payment due date (each, a “Class 5 Quarterly Payment Date”).

To the extent any Class 5 Quarterly Payment Date falls on a day that is not a Business Day, the payment to be made on such date shall be made on the next Business Day. The Class 5 Promissory Note may be prepaid without penalty. The Reorganized Debtor shall receive credit for any payments that are excess payments due to adjustments in the principal amount of the Class 5 Promissory Note, with any such credits being applied against the next due Class 5 Quarterly Payment.

The Reorganized Debtor shall satisfy its payment obligations under the Class 5 Promissory Note by making payments directly to Holders of Allowed Class 5 Claims, each Claimant to receive a Pro Rata portion of the payment then due under the Class 5 Promissory Note based on the amount of such Claimant’s Allowed Claim.

The Reorganized Debtor shall create a Contested Claims Reserve consisting of one hundred percent (100%) of the principal amount of (i) any Class 5 Claims that are, as of the Effective Date, Contested Claims; and (ii) Claims that become Contested Claims by the filing of an objection to such Claims. If a Contested Class 5 Claim becomes Allowed, the Holder of such Class 5 Claim shall be entitled to catch-up distributions from the Contested Claims Reserve beginning on the next Class 5 Quarterly Payment Date; provided, however, that if the Contested Class 5 Claim becomes Allowed after all Class 5 Quarterly Payments have been made, the Holder of such Class 5 Claim shall be entitled to a single catch-up distribution within ten (10) days of entry of a Final Order allowing the Class 5 Claim. If a Contested Class 5 Claim is disallowed (in part or in whole), an amount of the Contested Claims Reserve equal to the disallowed amount shall be released to the Reorganized Debtor.

To the extent that the principal amount of the Class 5 Promissory Note and the Contested Claim Reserve are insufficient to pay all Allowed Class 5 Claims, the Reorganized Debtor shall continue to be responsible for paying all Allowed Class 5 Claims.

To secure the Reorganized Debtor’s obligations under the Class 5 Promissory Note, the Reorganized Debtor shall grant the Collateral Trust Security Interest to the Collateral Trust. The Collateral Trust Security Interest shall be a first priority security interest subordinate only to (a) the security interest held by the New Senior Secured Credit Facility; and (b) any purchase-money security interests in leased tangible personal property asset~~equipment~~.

The Collateral Trust Security Interest is valid, perfected, enforceable and effective as of the Effective Date without any further action by the Collateral Trust and/or the Collateral Trustee and without the necessity of the execution, filing or recordation of any financing statements, security agreements or other documents. Notwithstanding the foregoing, the Collateral Trust and/or the Collateral Trustee shall be authorized, but not required, to file or record financing statements, trademark filings, notices of lien or similar instruments in any jurisdiction, or take any other action in order to validate and perfect such liens and security interests. The Collateral Trust Security Interest shall continue and remain perfected in any collateral that is the subject of any unauthorized transfer of property by the Debtor and/or Reorganized Debtor.

The Collateral Trust shall execute documentation reasonably necessary to effectuate any subordination of security interests authorized by this Plan, the Subordination Agreement, or ordered by the Bankruptcy Court.

An event of default shall occur if the Reorganized Debtor (a) fails to make any regular payment under the Class 5 Promissory Note when such payment is due; (b) fails to remit the proceeds of any of the Collateral Trust's collateral as required by this Plan and as set forth in the Collateral Trust Agreement and the Class 5 Promissory Note; (c) subordinates the Collateral Trust Security Interest in an amount exceeding \$430,000,000 without the express written consent of the Collateral Trustee; or (d) sells, disposes of or otherwise compromises the collateral securing the Collateral Trust Security Interest outside the ordinary course of business without the express written consent of the Collateral Trustee. The Collateral Trustee is permitted, in his sole discretion, and subject to any restrictions in the Collateral Trust Agreement, to exercise default remedies in the event one of the above defaults is committed, pursuant to this Plan, the Collateral Trust Agreement or the Class 5 Promissory Note.

6. Class 6 – Allowed Claims Filed by the Pension Benefit Guaranty Corporation Relating to the Wellman Dynamics Corporation Salaried Employees Retirement Plan

Class 6 consists of the Allowed Claims filed by the Pension Benefit Guaranty Corporation (“PBGC”) relating to the Wellman Dynamics Corporation Salaried Employees Retirement Plan.

WDC sponsors and maintains a defined benefit pension plan known as the Wellman Dynamics Corporation Salaried Employees’ Retirement Plan (the “Pension Plan”). The Pension Plan is covered by Title IV of the Employee Retirement Income Security Act of 1974, as amended 29 U.S.C. §§ 1301-1461 (2012, Supp. II 2014) (“ERISA”).

The PBGC is the wholly-owned United States government corporation and agency of the United States created under Title IV of ERISA to administer the federal pension insurance programs and enforce compliance with the provisions of Title IV. PBGC guarantees the payment of certain pension benefits upon termination of a pension plan covered by Title IV.

WDC and all members of its controlled group are obligated to pay the contributions necessary to satisfy the minimum funding standards under sections 412 and 430 of the Internal Revenue Code (“IRC”) and sections 302 and 303 of ERISA. 26 U.S.C. § 412(c)(11), 29 U.S.C. § 1082(c)(11).

The Pension Plan may be terminated only if the statutory requirements of either ERISA section 4041, 29 U.S.C. § 1341 or ERISA section 4042, 29 U.S.C. § 1342, are met. In the event of a termination of the Pension Plan, WDC and all members of its controlled group are jointly and severally liable for the unfunded benefit liabilities of the Pension Plan. See 29 U.S.C. § 1362(a). WDC and all members of its controlled group are also jointly and severally liable to PBGC for all unpaid premium obligations owed by WDC on account of the Pension Plan. See 29 U.S.C. § 1307.

Class 6 is partially secured by a 2009 mortgage on certain assets.

The Debtors have decided to continue and maintain the Pension Plan. They will fund the Pension Plan in accordance with the minimum funding standards under the Internal Revenue Code and ERISA, pay all required PBGC insurance premiums, and continue to administer and operate the Pension Plan in accordance with the terms of the Pension Plan and provisions of ERISA. If the Pension Plan remains ongoing when the Debtors' reorganization plan becomes effective, the Debtors anticipate the claims (or portions thereof) contingent on Pension Plan termination that were filed by PBGC in the Debtors' bankruptcy cases will be withdrawn or rendered moot.

The Class 6 Claim is Impaired.

No provision contained herein, the Plan of Reorganization, the Order Confirming the Plan of Reorganization, or section 1141 of the Bankruptcy Code, shall be construed as discharging, releasing or relieving any party, in any capacity, from any liability with respect to the Pension Plan under any law, government policy or regulatory provision. PBGC and the Pension Plan shall not be enjoined or precluded from enforcing such liability or responsibility against any party as a result of any of provisions for satisfaction, release, injunction, exculpation, and discharge of claims in the Plan of Reorganization, Confirmation Order, Bankruptcy Code, or any other document filed in any of the Debtors' bankruptcy cases.

The Class 6 Claims will be treated and paid through the WDC Plan of Reorganization. Should WDC fail to make any of the WDC Class 14 claims payments, WMDA and, or, Fansteel shall pay the balance owed.

7. Class 7 – Subordinated Unsecured Claims of Insiders

Class 67 consists of all Allowed Subordinated Unsecured Claims held by an Insider of the Debtor against the Debtor. The Debtor believes Fansteel, the Debtor's corporate parent, and thus an Insider, has an inter-company claim against Debtor. The Debtor further believes and asserts that Fansteel's Claim against the Debtor is in the amount of \$8,202,197.00. The Class 67 Claim is Impaired.

The Holder of the Class 67 Claim shall receive nothing under the Plan, unless the Debtor provides a 100% dividend to all Holders of Allowed Claims in Classes 1 through 56 inclusive. Notwithstanding the foregoing payment provisions, in the event (1) the Debtor pays a 100% Dividend plus interest to all Class 5 Claim Holders; and (2) the Debtor has the ability to pay a Dividend to the Holders of Class 6 Claims, such Dividend shall be subordinated to Claims of Classes 1 through 56 under the Plan such that no payment shall be made on account of any Class 67 Claim unless and until: (1) the Allowed Claims of Class 5 have been paid in full; and (2) the Debtor is current with respect to its payment obligations to Holders of Allowed Claims in Classes 1 through 56.

Subordination of Insider Claims is not required under the Bankruptcy Code; however, the Plan's subordination of such Claims reflects the Debtor's belief that the Claims of other Creditors of the Debtor generally should be paid before the Debtor pays Insiders.

78. Class 78 – Equity Interests

Class ~~78~~ consists of the equity interests in the corporate Debtor represented by all of the issued and outstanding shares in the Debtor, as of the Petition Date. The shares of the corporate Debtor are owned by Fansteel. The Class ~~78~~ Equity Interest Holder shall retain its equity interests in the corporate Debtor. Class ~~78~~ is Unimpaired.

~~8~~

9. Reservation of Rights on Classification Disputes

In the event any Creditor challenges its classification under the Plan, the Debtor reserves the right to seek Court determination of the appropriate classification. Such determination shall not be a condition precedent to confirmation of the Plan and may be effected through the Claims Objection process. Should the Creditor prevail in its classification challenge, such Creditor shall be treated under the Plan as if such Creditor were classified as so determined. In addition, the classification of Claims in specific classes is not an admission of the ultimate validity, enforceability, perfection, or liability of such Claims and the Debtor expressly reserves all rights with respect to any objections to or other litigation on such Claims.

**V. SUMMARY OF THE MEANS FOR EFFECTUATING THE PLAN**

**A. General Overview**

After confirmation of the Debtor's Plan, the Reorganized Debtor will continue the same general business activities the Debtor was engaged in both pre- and post-petition, primarily that of manufacturing and assembly of large, military-grade actuators, with the Reorganized Debtor maintaining its existing business form. The Reorganized Debtor will remain current on all of its post-Confirmation Date obligations while using profits, retained earnings, liquid estate property, and the proceeds from business operations to treat and retire Creditors' Claims as described above and as they may arise in the future.

The principal vehicle for implementation of the Plan shall be acquisition of ~~a~~the New Senior Secured Credit Facility secured by the assets of Fansteel, ~~Wellman-Dynamics~~WDC and WDMA, and the New Value Equity Investment Cash to the bankruptcy estates of Fansteel, ~~Wellman-Dynamics~~WDC and WDMA, and ultimately sale of the Reorganized Debtor WDMA, or substantially all of its assets.

Any Unclassified Claims or Classified Claims that are not Allowed as of the Effective Date, but become Allowed Claims pursuant to a Final Order after the Effective Date, shall be promptly paid after the Effective Date and after they have become Allowed Claims by Final Order of the Court as set forth in this Plan.

**B. New Senior Secured Credit Facility**

The Debtor shall receive a corresponding share of the New Senior Secured Credit Facility to facilitate meeting its payment obligations under the Plan on the Effective Date.

The Debtors have identified The Huntington National Bank ("Huntington Bank") to provide its New Senior Secured Credit Facility. Huntington Bank will provide the Debtors with

\$30,000,000 in exit financing and for working capital and other general corporate purposes including letters of credit on or before the Effective Date. Attached hereto as Exhibit "A" and incorporated by reference herein is the February 15, 2017 ABL Proposed Structure Term Sheet Digest (the "Term Sheet"). The Term Sheet reflects a bona fide offer already approved by Huntington Bank's loan committee and the Term Sheet will be memorialized in a commitment letter the week of February 20, 2017 which will include signatures of the Debtor and bank representatives and an initial payment to begin due diligence.

### **C. New Value Equity Investment Cash**

The Debtor shall receive a corresponding share of the New Value Equity Investment Cash to facilitate meeting its payment obligations under the Plan on the Effective Date.

510 Ocean Drive has committed to providing the New Value Equity Investment Cash. 510 Ocean Drive is an entity in which Leonard Levie ("Levie") and Brian Cassady used to purchase a debt obligation from the PBGC from the Debtors' first bankruptcy in 2003. The PBGC had a lien against all of the property, plant, and equipment of Intercast. The debt note had a face value that was in excess of the property, plant, and equipment at Intercast. When the debt note that was purchased by 510 Ocean Drive became due, Fansteel was unable to pay it. As forbearance for the owners of the note not foreclosing the debt on Intercast, 510 Ocean Drive asked for improved security and at that time, a lien was placed against the property in Creston, Iowa. Because Fifth Third Bank did not perfect its lien on the Creston property, 510 Ocean Drive became the first and senior secured lien holder on the Creston property. Shortly after 510 Ocean Drive perfected its lien on the Creston property, William Beiber domesticated his lien interest on the Creston property and became the second secured lien holder on the Creston property, followed by Fifth Third Bank's interest.

510 Ocean Drive is a secured creditor of the Debtors, holding a secured claim in the amount of \$6,153,485.23 as of September 13, 2016, with interest accruing at the rate of 8% per annum. The debt obligation owed by the Debtors to 510 Ocean Drive is secured by personal property of all three Debtors and a mortgage on certain real estate owned by WDC in Creston, Iowa.

The Plan provides for \$4,000,000 of 510 Ocean Drive's secured claim to be cancelled and converted into equity in Reorganized Debtor WDC. WDC will hold the equity in Reorganized Debtor Fansteel. The remaining portion of 510 Ocean Drive's secured claim will continue accruing interest at 8% and will be subordinated to the New Senior Secured Credit Facility, Bieber, and the interests of the Collateral Trust and no payments will be made until all of the other Classes are satisfied. Further, Levie's equity interest in Fansteel will be cancelled as of the Effective Date without any payment. The equity of Fansteel is currently owned by Levie, personally and through various trusts by Levie, holding a super-majority. The remaining equity of Fansteel is currently owned by Brian Cassady and unidentified shareholders totaling less than 8% of the total shares outstanding. Attached as Exhibit "B" is a list detailing the current shareholders of Fansteel.

In consideration of 510 Ocean Drive's commitment to provide \$7,000,000 in new cash to the Reorganized Debtors and agreement to cancellation and subordination of its secured claim

and cancellation of its existing equity interests, the Plan provides for a transfer to 510 Ocean Drive of all of the Debtors' rights and interests in certain causes of action against TerraMar Capital and its officers, directors and affiliates related to or in connection with the Non-Disclosure Agreement executed by Fansteel and TerraMar Capital pre-petition, as described in Section "O" below. This assignment of the causes of action against TerraMar to 510 Ocean Drive is beneficial to 510 Ocean Drive as it believes that its members have been harmed by TerraMar and Josh Phillips.

On the Effective Date, 510 Ocean Drive shall deposit the New Value Equity Investment Cash with the Reorganized Debtor WDC to enable all three Reorganized Debtors to make those Distributions required under each respective Plan. The Cash deposited shall be kept in a special account established for the exclusive purpose of making those Distributions required under all three respective Plans.

After the organizational restructuring, 510 Ocean Drive will be the majority shareholder of Reorganized Debtor WDC and Levie will be the majority member of 510 Ocean Drive.

Attached as Exhibit "C" is a copy of the 510 Ocean Drive commitment letter.

#### **D. Satisfaction of Class 2 TCTM Allowed Secured Claim**

The TCTM Allowed Secured Claim shall be paid in full on the Effective Date, pursuant to the treatment provided for Class 2 under the Plan. Upon satisfaction of the TCTM Allowed Secured Claim pursuant to the treatment accorded such Class 2 Claim, TCTM shall execute releases of its security interests.

#### **E. Reorganization of the Debtor's Business Operations**

The Debtor has made and is making changes to its business operations that have resulted and will result in substantially more efficient business operations and lower overhead costs. Such changes have caused and will cause reductions in operating expenses, and the Debtor believes that such changes will increase cash flow in the long term. The business projections accompanying the Disclosure Statement and/or this Plan are based on the Debtor's reorganized business operations and further detail the Reorganized Debtor's means for implementation of the Plan.

As discussed in Section "B" above, Fansteel will become a subsidiary of WDC upon the conversion of its inter-company debt owed to WDC into equity. A reasoned analysis of the cause of the company's bankruptcy in 2003 and the current bankruptcy case is that the company performance was not sufficient to meet the financial and funding obligations of FMRI. As such, the Debtors are reorganizing the business organizational structure with a debt to equity conversion of inter-company debt owed by Fansteel to WDC and moving WDC to the top of the organizational structure, with WDC as the consolidating parent entity. FMRI will become the wholly-owned subsidiary of Fansteel and FMRI funding will be provided from a subset of Fansteel EBITDA. With this structure, future WDC earnings will not be required or compelled to leave WDC for the benefit of subsidiary entities.



With WDC as the consolidating entity, it has no obligation to fund its subsidiaries. If it did fund its subsidiaries, though, the organizational structure provides that WDC would fund Fansteel and then Fansteel would fund FMRI. As such, this distances FMRI from where the money is being generated through WDC and limits FMRI to a diet of EBITDA. Therefore, there is no risk and rather a reduction of risk instead. The whole reorganization concept is being done to reduce the risk that earnings are drawn from WDC at a rate that would risk another bankruptcy. The benefit of reorganizing the business organizational structure to have WDC on top as the consolidating parent entity is that earnings can stay with WDC, which will benefit from badly needed capital investment that will improve product quality and company profitability.

The potential tax implications of this reorganized business organizational structure are explained in the Tax Analysis below.

The Plans provide for the reorganization of WDMA as part of the reorganization of the Debtors' business operations, even though WDMA has a negative cash flow. WDMA has underperformed from a lack of attention from the parent company. WDMA holds a substantial portion of TCTM collateral and the Debtors do not intend to sell WDMA until after performance has been improved, a track record of profitability has been established, and the Debtors locate a strategic buyer. Once performance has improved and a track record for profitability has been established, it is reasonable to assume that a strategic buyer will pay at least the book value of the business, which is approximately \$1.5 million in accounts receivable, \$4.5 million in inventory, and \$1 million in machinery at an orderly liquidation value. It is not feasible to sell WDMA presently as there is too much debt owed to TCTM. The Debtor believes that WDMA has the potential to be high-performing. It does not need more capital investment, it merely needs management attention. Therefore, the Debtor intends to use the collateral in WDMA as collateral for the New Senior Secured Credit Facility loan to pay off the amount owed to TCTM.

Additionally, after the Effective Date, the Reorganized Debtor will engage such professionals necessary to market and sell the Reorganized Debtor and/or sell substantially all of its assets as a "going concern". The Debtor believes it will accomplish same within Two (2) years of the Effective Date.

Attached as Exhibit "D" is an organizational chart explaining the reorganized business structure.

## **F. Collateral Trust**

Prior to the Effective Date, the Class 5 Promissory Note and the Collateral Trust Agreement shall be (a) executed and delivered to the Collateral Trust, and (b) recorded or filed as deemed necessary to perfect liens. The Collateral Trustee shall have the powers set forth in the Collateral Trust Agreement and shall hold and administer the Class 5 Promissory Note and the Collateral Trust Security Interest for the benefit of Holders of the Class 5 Claims. The Collateral Trust, through the actions of the Collateral Trustee, shall have the power to (i) execute all appropriate documents and to take legal action on behalf of the Holders of the Class 5 Claims, including actions to enforce the Reorganized Debtor's obligations under the Class 5 Promissory Note, (ii) to distribute proceeds from any liquidation of collateral on a Pro Rata basis to the

Holders of the Class 5 Claims based upon the unpaid Allowed Amount of each such Holder's Claim, and (iii) exercise default remedies in accordance with the Plan and any document related to the Plan, including without limitation, the Class 5 Promissory Note. The Collateral Trustee shall take actions in accordance with the Collateral Trust Agreement, and the Collateral Trust, through the actions of the Collateral Trustee, shall have the power to execute all appropriate documents and to take legal action on behalf of the Collateral Trust, including actions to enforce the Reorganized Debtor's obligations under the Class 5 Promissory Note and to distribute proceeds from any liquidation of collateral on a Pro Rata basis to Holders of Allowed Class 5 Claims based upon the unpaid Allowed amount of each such Holders' Claims.

The Reorganized Debtor shall pay reasonable administrative costs incurred by the Collateral Trustee in taking action(s) on behalf of the Holders of the Class 5 Claims, and shall provide the Collateral Trustee with initial capital of \$5,000.00 (the "Capital Reserve"). The Capital Reserve may be increased in a reasonable amount upon request by the Collateral Trustee made to the Reorganized Debtor. In the event of a dispute regarding payment of administrative costs incurred by the Collateral Trust or regarding the amount of the Capital Reserve, the dispute shall be resolved by the Bankruptcy Court after notice and a hearing.

It is estimated that the unsecured creditors will receive full repayment from the Collateral Trust. The payments from the Collateral Trust are based on a five-year repayment term of 100% of the debt plus 3% per annum of interest. The Debtor will furnish a detailed amortization schedule, which shows that the first four quarterly payments are interest only followed by quarterly payments based on a straight line amortization. The last payment is a balloon payment to pay the balance of principal plus interest. These payments are discretionary in only one instance – the New Senior Secured Credit Facility may require a minimum EBITDA in excess of fixed charge obligations. The Debtor anticipates a minimum of 1.2 ratio, which means that the Debtor needs 20% more cash flow than what it is obligated to pay to the bank, before the Debtor can make other debt payments. The Debtor's projections indicate that it will always exceed the minimum fixed charge coverage ratio and therefore the Debtor anticipates payments will not need to be discretionary and will be made as scheduled.

A copy of the proposed Collateral Trust Agreement is attached hereto as Exhibit "E".

#### **G. Compliance with Projections**

The Reorganized Debtor shall operate its business in material compliance with: (i) the cash expenditures set forth in the projections attached to the Debtor's Disclosure Statement and Plan; and/or (ii) updates to such projections, which updates shall be implemented as described below. The Reorganized Debtor shall be deemed to be in material compliance with the projections or the updates thereto so long as it neither makes nor suffers a change in its business as presented in the projections (or in the updates thereto) so as to materially increase the risk to Class 5 Creditors hereunder.

#### **H. Use of Excess Cash**

Subject to the foregoing provisions of this Article, and except as otherwise provided by this Plan, any excess Cash in the possession of the Reorganized Debtor will be held in



accordance with the Plan and may be used by the Reorganized Debtor in the ordinary course of its business or, in the Reorganized Debtor's discretion, may be used to pre-pay future installments to Holders of Allowed Class 5 Claims.

**I. Prepayments**

Any prepayment(s) made under this Plan to any Creditor(s) shall satisfy the obligation(s) to make such payment(s) on the date(s) such payment(s) would otherwise be due, shall constitute full performance hereunder to the extent of any such prepayment(s), and may be made without penalty unless otherwise stated herein.

**J. Sale, Refinance or Other Disposition of Property**

Subject to the Plan's provisions, the Reorganized Debtor shall be authorized to refinance its assets to pay and/or otherwise satisfy in full any and all Allowed Secured or Unsecured Claims, and to enable it to make Plan payments or to enable it to obtain sufficient capital to operate its business. Such authorization extends to, among other property of the Reorganized Debtor, property securing the Reorganized Debtor's obligations to Holders of Claims in Class 5 (subject to the limitations set forth in this Plan and in the Collateral Trust Agreement and the Class 5 Promissory Note). The Plan generally provides that if the Reorganized Debtor sells or refinances assets that secure its obligations to claimants in Class 5 outside the ordinary course of business, without the express written consent of the Collateral Trustee, then the net proceeds from such sale or refinance will be distributed to such Claim Holders in accordance with the priority of their respective liens, and such liens thereupon shall be released, subject to those subordination provisions incorporated in the Collateral Trust Agreement. Notwithstanding the above, the Reorganized Debtor shall be authorized to borrow money and incur debt in the future with a future senior secured lender, which may provide for the subordination of the Collateral Trust Security Interests in an amount not to exceed \$430,000,000.00 to the security interests of the future senior secured lender, to enable it to obtain sufficient capital to operate its business, without distributing the proceeds from such refinance to Holders of Claims in Class 5.

**K. Assignment of Causes of Action**

In partial consideration for the New Value Equity Investment Cash, to the extent the Debtor has any actual, potential, contingent, unliquidated and/or disputed claims, Causes of Action and/or Choses in Action, against any party that may be liable to the Debtor, or its parent, or any of its affiliates, related to or in connection with that certain Non-Disclosure Agreement executed by and between the Debtor, its parent, and/or any of its affiliates, with TerraMar Capital or its officers, directors, agents, employees, legal or financial advisors, accountants, financing sources or other professionals, said claims, Causes of Action and/or Choses in Action shall be transferred and assigned to 510 Ocean Drive Debt Acquisition, LLC, as of the Effective Date.

**LL. Avoidance Actions**

Since the plan will be providing for a 100% dividend on all allowed unsecured claims from the New Senior Secured Credit Facility, the New Value Equity Investment Cash and future earnings and profits, the debtor does not believe it will be necessary to pursue Avoidance Actions.

**M. Conditions Precedent to Confirmation**

The Collateral Trust Agreement, the Class 5 Promissory Note, and the Subordination Agreement are all completed and approved as to form and content by the Debtor, the Official Committee and the Collateral Trustee at least seven (7) days before the Confirmation Hearing.

~~M~~

**N. Conditions Precedent to Consummation of the Plan**

1. Deposit of New Value Equity Investment Cash: In lieu of application of Bankruptcy Rule 3020(a), on or before the Effective Date, 510 Ocean Drive ~~Debt Acquisition, LLC~~ shall deposit the New Value Equity Investment Cash with the Reorganized Debtor ~~Wellman Dynamics WDC~~ to enable all three Reorganized Debtors to make those Distributions required under each respective Plan. The Cash deposited shall be kept in a special account established for the exclusive purpose of making those Distributions required under all three respective Plans.

2. Execution of Ancillary Plan Documents by All Signatories: To the extent any of the three Debtors, Reorganized Debtors, or the Collateral Trustee, are parties to a document that is a condition precedent to confirmation of any of the three Plans, including without limitation the Collateral Trust Agreement, the Class 5 Promissory Note, and the Subordination Agreement, they shall all be prepared to execute and exchange the same upon receipt of The New Value Investment Cash, said payment and exchange of executed documents among the parties shall occur simultaneously at or upon the closing on the Effective Date.

**NO. Effective Date of the Plan**

The Effective Date of the Plan shall be the earlier of (a) the date on which all conditions precedent to consummation of the Plan have been satisfied, as provided for in Section V.~~JN~~ above, or (b) within ten (10) days of the Confirmation Order becoming a Final Order.

**VI. BACKGROUND ON DEBTOR AND EVENTS LEADING TO FILING OF THE BANKRUPTCY CASE**

WDMA accounts for approximately 3% of Fansteel's annual sales, and conducts operations in York, PA. WDMA is an AS9100-certified CNC machine shop that designs and produces large precision parts and assemblies, primarily for the defense and aerospace markets, including hydraulic accumulators, actuators and energy absorbers critical for use on U.S. Aircraft Carriers.

Fansteel's profitability is driven by demand for helicopter production and replacement parts. The 2013 US military drawdown in Afghanistan followed by the precipitous drop in oil prices in 2015 caused two sharp declines in demand for helicopter parts. In early 2015, Fansteel's commercial lender, Fifth Third Bank, placed its Fansteel loan agreement in "workout," indicating it did not want to renew the loan following its expiration in June 2016. The previous management team first sought to sell Fansteel and secured a tentative sale agreement for the ~~Wellman Dynamics~~WDC division to a direct competitor. In 4Q 2015, oil fell to \$35 per barrel and the prospective buyer abandoned its purchase offer. At that point, the previous Fansteel management sought a comprehensive refinancing from a consortium of banks. Given comparatively poor financial performance, Fansteel was required to pay substantial due diligence fees to some of the prospective lenders including a credit fund named TerraMar Capital ("TerraMar"), based in Los Angeles, California. TerraMar signed a Non-Disclosure Agreement, and invoiced approximately \$400,000 of due diligence fees to Fansteel in preparation to offer a loan. In May 2016, the Fansteel Board of Directors rejected the terms of the loan and replaced the Fansteel CEO and COO with a seasoned team of turnaround professionals. The team went to work assessing the business and quickly developed a business plan that projected rapid improvement over six months from a June – July break even (excluding non-reoccurring losses) to a projected \$8M cash flow for 2017. On top of the profit improvement created through shared sacrifice by clients, unions, management and the shareholders, the plan proposed to substantially improve liquidity by selling AST in October for \$4 million against a collateralized borrowing of \$1.5 million. On August 15, 2016, this plan was presented to Fifth Third Bank, who expressed appreciation for the plan, recognizing that the same management team had recently performed similarly for another Fifth Third loan. After the meeting, it was indicated by Fifth Third Bank that a long term forbearance would be considered with the intention of providing the new Fansteel management team sufficient time to implement their turnaround plan and, once proven, to use the demonstrated higher profitability to secure a new loan agreement from another bank or even perhaps Fifth Third Bank under conventional Asset Based Loan terms and rates.

Fansteel has used Fifth Third Bank to provide asset-based lending since 2005. The most recent agreement was secured against collateral of accounts receivable, and inventory subject to defined borrowing base formula constraints. The existing loan agreement has been modified occasionally. In fact, Fifth Third Bank and Fansteel were negotiating in good faith to settle a 29th amendment to the 2005 loan agreement, providing a 16-month forbearance period designed to provide the new Fansteel management team time to fully implement their defined turnaround plan and to use the improved performance as a basis to seek a new lender.

From August 16, 2016 until September 1, 2016, the Fansteel management team awaited a new term sheet from Fifth Third Bank outlining mutual commitments as a condition to extend the existing loan until the end of 2017. On September 1, 2016, TerraMar contacted Fansteel via email explaining that an entity owned and controlled by TerraMar, TCTM Financial FS, LLC, had purchased the loan note from Fifth Third Bank and were requesting Fansteel to sign a series of agreements permitting TerraMar access to collections of paid invoices and to control future disbursements for working capital requirements. Concurrently, the independent Chief Restructuring Officer (CRO) hired by Fansteel at the request of Fifth Third Bank also emailed an emphatic message advising Fansteel to recognize the new owner of the loan and to sign the proposed new agreements. Subsequently, Fansteel's CEO received a phone call from Joshua Philips, Managing Partner of TerraMar. During the call, Mr. Philips outlined a sequence of

events whereby he wished to see Fansteel agree to a two-week forbearance agreement with the new owner of the debt note. Under his plan, that two week period would be used to hire both bankruptcy counsel and a new CRO in preparation to enter bankruptcy in Delaware with the intention to request a quick auction sale pursuant to Bankruptcy Code Section 363. That way, at the auction, TerraMar would have the option to “credit bid” the value of its recently purchased debt note in order to buy all the assets of Fansteel, leaving all other liabilities behind. Mr. Philips concluded by saying he expected the clients of Fansteel would be impressed to see a “before” and “after” list of liabilities because it would indicate a financially stable supplier.

The Board of Directors of Fansteel had serious objections to the plan outlined by TerraMar. Given their confidence in the new management’s already defined, initiated, and largely implemented turnaround plan, the Board did not see justice, or the necessity in wiping out creditors as a precondition to company survival. Cognizant of this perspective and aware of the CEO’s duty to represent the interests of all creditors during this zone of insolvency, the Board of Directors directed and authorized the CEO to retain the well-respected expertise of Ronald Reuter as Chief Restructuring Officer to complement and accelerate Fansteel’s performance improvement plan. With this preparation in place, Fansteel filed for relief under Chapter 11 so that it can propose an “earn-out” plan of reorganization that will pay a 100% dividend to all unsecured creditors and give the equity security holders an opportunity to retain their investments in the company.

## **VII. DEBTOR’S PRIOR ATTEMPTS TO OBTAIN FINANCING**

In May 2016, Leonard Levie purchased the minority shares held by Kurt Zamec in order to achieve supermajority control of Fansteel. At that juncture Mr. Levie was able to assume the role of activist investor; he appointed a new CEO and commissioned a cross functional team to rapidly assess every aspect of the business in order to define a restructuring plan outside of bankruptcy. One important precondition of these actions was the expiration of Fansteel’s general line of credit issued by Fifth Third Bank. The line was initiated in 2005 and expired in June 2016. Fansteel had been unsuccessful in renewing its line of credit with Fifth Third Bank or in establishing a replacement line of credit with any other conventional bank. Among the many reasons for this difficulty was a trend of diminishing EBITDA generation within Fansteel and the accumulation of total debt. Over the course of 2015- 2016, Fansteel had employed professional banking advisors (Concorde Financial Advisors LLC) to solicit loans from prospective new banks. Over 50 prospective lenders were solicited and in the end, few deemed the risk acceptable and none of the tentative offers proposed were viewed as commercially reasonable by the board of Fansteel.

## **VIII. ASSETS, LIABILITIES & FINANCIAL STATUS OF THE DEBTOR**

When the Bankruptcy Case was filed, the Debtor filed extensive and comprehensive schedules of its assets and debts, some of which were amended post-petition, along with detailed statements of the Debtor’s financial affairs. The Debtor’s petition, schedules and statements, and the amendments thereto, are public records and available for examination through the Court’s CM/ECF and PACER systems. True and exact copies will also be provided at no cost by fax, email or hard copy by contacting the Debtor’s General Reorganization Counsel and requesting same.

After the Petition Date, the Debtor also prepared and filed initial financial statements and records for various pre-petition periods, and has also filed detailed and comprehensive monthly reports of operations. The monthly reports of operations included balance sheets, profit and loss statements, cash receipts and disbursements, check registers and bank statements. These too are public records and available for examination through the Court's CM/ECF and PACER systems. True and exact copies will also be provided at no cost by fax, email or hard copy by contacting the Debtor's General Reorganization Counsel and requesting same.

YOU ARE ADVISED TO CONSULT WITH YOUR ACCOUNTANT OR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING TO THE FINANCIAL STATEMENTS OR MONTHLY REPORTS OF OPERATION.

#### **IX-VIII. LABOR/UNION**

The Debtor is in a contract with the GMP that is open for re-negotiation with new terms in effect April 1, 2017. The Debtor is in constructive dialogue with the union and it is management's intention to secure an agreement where labor shares 20% of actual healthcare expense versus current 10% and where future pay increases are funded by formula driven gain sharing rather than a fixed hourly wage increase. Although the outcome of upcoming negotiations are uncertain, management believes the workforce will work constructively to reset an agreement to more closely align worker interest with the long term economic health of the business.

#### **X. LIQUIDATION ANALYSIS**

Another confirmation requirement is the "Best Interest Test," which requires a liquidation analysis. Under the Best Interest Test, if a Creditor holds an Allowed Claim in an Impaired Class, and that Creditor does not vote to accept the Plan, then that Creditor must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

In a Chapter 7 case, the Debtor's assets are usually sold by a Chapter 7 Trustee. Secured Creditors are paid first from the sales proceeds of property and assets in which the Secured Creditor has a lien. Administrative Expense Claims are paid next. Unsecured Creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured Creditors with the same priority share in proportion to the amount of their Allowed Unsecured Claims. Finally, Interest Holders receive the balance that remains after all Creditors are paid, if any.

For the Court to be able to confirm this Plan, the Court must find that all Creditors who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a hypothetical Chapter 7 liquidation. The arguments the Debtor would make that the Debtor's Plan meets the best interest test, is premised primarily on one fact: Creditors will be paid in full over time, whereas in a hypothetical Chapter 7 case, unsecured creditors would receive little to no Distribution. Based on this fact, the Plan Proponents maintain that this requirement is met for the following reasons.

On the Effective Date, there will be sufficient Cash on hand from the new Senior Secured Credit Facility and the New Value Equity Investment Cash to pay those Claims that must be paid on the Effective Date. The projections of future income and expenses show that the Reorganized Debtor will have sufficient income from operations to pay those additional Claims provided for under the Plan.

Based on the above, the Debtor believes the proposed Plan is more likely to result in more money for Unsecured Creditors, and faster, compared to a similar Chapter 7 liquidation at this time. Attached hereto as Exhibit “AF” and incorporated by reference herein, is the Debtor’s liquidation analysis.

**XXI. FEASIBILITY**

Another requirement for confirmation involves the feasibility of the Plan. This means that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successors to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtor will have enough Cash on Hand on or about the Effective Date of the Plan to pay all the Allowed Claims which are entitled to be paid on such date. The Plan Proponents maintain that this aspect of feasibility will be satisfied. Based on the actual amount of Cash on hand, the Debtor believes there will be enough to pay all Allowed Unclassified and Classified Claims which are entitled to be paid on the Effective Date.

The second aspect of feasibility considers whether the Proponent will have enough Cash over the life of the Plan to make the required Plan payments. Attached hereto as Exhibit “BG” and incorporated by reference herein are the Debtor’s projections of future income and expenses in support of the feasibility of the Debtor’s Plan.

**XXII. MANAGEMENT AND COMPENSATION AND POST-CONFIRMATION GOVERNANCE**

After the Effective Date, management of the Reorganized Debtor will be conducted by substantially the same officers and managers as before the Effective Date, which is substantially the same as it was on the Petition Date, with substantially the same compensation arrangements as before the Effective Date.

Below are the current directors and officers of the Debtor WDC:

<u>Name</u>	<u>Position</u>	<u>Authorized Shares</u>	<u>Issued</u>	<u>Par</u>	<u>Directors</u>	<u>Current Salary</u>
<u>Jim Mahoney</u>	<u>President &amp; CEO</u>				<u>Jim Mahoney</u>	
<u>Robert Compernelle</u>	<u>Secretary</u>	<u>1,000</u>	<u>1,000</u>	<u>.01</u>	<u>Robert Compernelle</u>	<u>\$160,000</u>



The directors of Reorganized Debtor WDC will be Leonard Levie and Brian Cassady. It is anticipated that Leonard Levie will control at least 90% of the Reorganized Debtor WDC on the Effective Date and Brian Cassady will control less than 10% on the Effective Date. The officers of Reorganized WDC will be as follows: Jim Mahoney as CEO; Robert Compennolle as Controller; and Danette Grim as President.~~XI~~

The officers of Reorganized WDMA will be Mark Keller and Dennis Goulden. The directors of Reorganized WDMA will be Leonard Levie and Brian Cassady.

### **XIII. UNITED STATES TRUSTEE SYSTEM FUND FEES**

A fee is required by the provisions of Title 28 United States Code § 1930(a)(6), to be paid quarterly to the United States Trustee by any Debtor in a Chapter 11 Case. The amount of the fee is based on a Debtor's disbursements for the preceding quarter. A Debtor's obligation to pay the fee continues after confirmation and until the Chapter 11 Case is fully administered and closed.

On the Effective Date of the Plan, the Debtor shall be current with all quarterly fees due as of that date. Any delinquent fees will be paid in full within ten (10) days of the Effective Date of the Plan. Quarterly fees will be paid every calendar quarter thereafter, as a first priority under the Plan until the case is closed.

### **XXIV. TAX ANALYSIS**

The Debtor will not seek a ruling from the Internal Revenue Service prior to the Effective Date with respect to any of the tax aspects of the Plan.

ANY PERSON CONCERNED WITH THE TAX CONSEQUENCES OF THE PLAN IS STRONGLY URGED TO CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS TO DETERMINE HOW THE PLAN MAY AFFECT THEIR FEDERAL, STATE, LOCAL AND FOREIGN TAX LIABILITY. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers about possible tax issues the Plan may present to the Debtor. The Plan Proponents CAN NOT and DO NOT represent that the tax consequences contained below are the only tax consequences of the Plan, because the tax code embodies many complicated rules which make it difficult to completely and accurately state all of the tax implications of any action or transaction.

#### **A. Tax Impact on the Debtor**

The Debtor's parent, Fansteel, has incurred Net Operating Losses ("NOL") of \$8,660,681. Fansteel anticipates that the NOL will increase as a result of calendar year 2016 losses. The Debtor believes that the reorganization concept will preserve the NOL because the ultimate beneficial owner of the consolidated company will not change. This view has been confirmed by independent advisors and is currently the subject of a detailed study by the Debtor's duly-employed tax advisor. The Debtor's feasibility projections take into account an NOL benefit, however, dispute of the NOL is not expected to prevent the Debtor from meeting fixed charge debt obligations to the New Senior Secured Credit Facility nor to creditors. The Debtor has incurred Net Operating Losses ("NOL") of \$8,660,681. Fansteel anticipates that the NOL will increase as a result of calendar year 2016 losses.— Accordingly, as of the year ending

~~December 31, 2016, Fansteel, Inc. should have the ability to use NOLs in the future. Fansteel may be able to use of the NOLs in future tax years to reduce its Federal tax obligations. Reducing the Federal tax obligations will increase the Debtor's ability to satisfy its required future disbursements and this Plan.~~

## **B. Tax Impact on Creditors**

The Debtor is unaware of any adverse tax consequences of the Plan to Creditors. It is not necessary or practical to present a detailed explanation of the federal income tax aspects of the Plan or the related bankruptcy tax matters involved in Bankruptcy Cases. The tax consequences resulting from the Plan to each individual Creditor should not vary significantly from the past tax consequences realized by each individual Creditor. To the extent that the tax consequences do vary for individual Creditors, each one is urged to seek advice from their own counsel or tax advisor with respect to the federal income tax consequences resulting from Confirmation of the Plan.

The Debtor will withhold all amounts required by law to be withheld from payments to holders of Allowed Claims. In addition, such holders may be required to provide certain tax information to the Debtor as a condition of receiving Distributions under the Plan. The Debtor will comply with all applicable reporting requirements of the Internal Revenue Code of 1986, as amended.

## **~~XXXXV.~~ RISKS TO CREDITORS UNDER THE PLAN**

Creditors will be paid under the Plan from the Cash on hand, and revenue generated from future operations.

There is one major risk to creditors not being paid. The risk is that the Reorganized Debtor's future operations and corresponding income and expenses will not substantially match the Debtor's projections of future income and expenses, due to market conditions outside of the Debtor's control.

The Debtor is confident that the risk above is manageable and that the Debtor and Reorganized Debtor will be able to consummate the Plan and pay Creditors in full.

There are two principal risks to the feasibility of the Plan, the first being sufficient commercial bank lending and the second being enough fresh investment capital to supplement a new bank loan. With respect to a new commercial bank, the Debtor has received a detailed term sheet from Huntington Bank that outlines sufficient lending to effectuate the plan. The term sheet will be followed the week of February 20, 2017 with an executed commitment letter. The second major risk is investment capital. 510 Ocean Drive is willing to invest a fresh \$7 million of investment capital, as stated in its Objection to Joint Motion for Order Approving Stipulation Relating to "Challenge Rights" at Docket Item 466 in the Fansteel Bankruptcy Case. If 510 Ocean Drive determines more capital is required or that it prefers to invest less, it has a number of junior investors available to participate as additional members in 510 Ocean Drive.



Additional risks associated with feasibility of the Plan relate to whether the Debtor is able to reach consensual treatment of debts for the following major creditors/interested parties: (1) NRC and the state of Oklahoma; (2) William Bieber; (3) Unsecured Creditors; (4) PBGC; and (5) each of the three active union pension funds. Each of these obligations are being addressed by a good faith active engagement focused on providing the best available treatment that would be feasible in context of management's Plan.~~XIV~~

## **XVI. DEFAULT PROVISIONS**

The following shall be events of default under the Plan:

- a) The failure to make a Distribution on account of an Allowed Claim under the Plan; provided, however, that no default shall be deemed to have occurred if such missed payment is made within thirty (30) days of the date of the missed payment.
- b) Provided no agreement exists to extend or modify the terms of any agreement between the Reorganized Debtor and third party vendors or creditors, failure of the Reorganized Debtor to pay any post-confirmation expenses, including but not limited to, taxes, fees, expenses to whom the Reorganized Debtor becomes obligated after the Effective Date.
- c) The Reorganized Debtor's failure to perform nonmonetary defaults under the Plan; provided, however, that no nonmonetary default shall be deemed to have occurred if such default is cured within forty-five (45) days after written notice of such nonmonetary default has been provided the Reorganized Debtor and its General Reorganization Counsel. All such notices hereunder shall be made both by facsimile and U.S. Mail, first class postage prepaid. Notice shall be deemed complete when transmission of the facsimile is completed.

As of the Confirmation Date, any defaults by the Debtor under any non-bankruptcy law or agreement, shall be deemed cured, and notice of default or sale recorded by any Creditor prior to the Confirmation Date shall be deemed null, void and have no further force or effect.

## **~~XV~~XVII. EFFECT OF CONFIRMATION OF THE PLAN**

### **A. Discharge and Release of Claims**

Upon the Effective Date of the Plan, the Debtor shall receive the broadest discharge possible under Bankruptcy Code Section 1141(d)(1), limited as applicable by the provisions of Bankruptcy Code Section 1141(d)(6). More particularly, and subject to the preceding sentence, Confirmation of the Plan shall discharge the Debtor from any Claim or debt that arose before the Confirmation Date and any debt of a kind specified in Bankruptcy Code Sections 502(g), (h) or (i), whether or not (i) a Proof of Claim based on such debt is filed or deemed filed under Bankruptcy Code Section 501, (ii) such Claim is allowed under Bankruptcy Code Section 502, or (iii) the holder of such Claim has accepted the Plan.

Pursuant to Bankruptcy Code Section 524, the discharge (i) voids any judgment at any time obtained to the extent that such judgment is a determination of the personal or corporate liability of the Debtor with respect to any debt discharged under Bankruptcy Code Section 1141, whether or not discharge of such debt is waived, and (ii) operates as an injunction against the

commencement or continuation of an action, employment of process, or an act to collect, recover or offset any such debt as a personal liability of the Debtor, whether or not discharge of such debt is waived.

Notwithstanding the foregoing, confirmation of the Plan will not discharge the Reorganized Debtor (a) from any debt of a kind specified in Bankruptcy Code Sections 523(a)(2)(A) or (2)(B) that is owed to a domestic governmental unit; (b) from a debt for a tax or customs duty with respect to which the Reorganized Debtor made a fraudulent return, or (c) willfully attempted in any manner to evade or to defeat such tax or such customs duty; or (d) from its obligations under the Plan, Confirmation Order or documents executed or entered into in relation to the Plan or Confirmation Order.

### **B. Injunction**

Except as otherwise expressly provided for in the Plan or the Confirmation Order, all persons who have held, hold, or may hold Claims against the Debtor, are permanently enjoined (a) from commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim against the Debtor and the Reorganized Debtor; (b) from the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtor and the Reorganized Debtor, and its property; (c) from creating, perfecting, or enforcing any encumbrance of any kind against the Debtor and the Reorganized Debtor, or its property with respect to such Claim, and (d) from asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Debtor, or its property with respect to any such Claim; provided, however, that such injunction shall not enjoin the Collateral Trustee (or the beneficiaries of the Collateral Trust) from exercising their respective rights and remedies under the Plan, Collateral Trust Agreement, as applicable.

### **C. Exoneration and Reliance**

Provided that the respective affiliates, officers, directors, shareholders, members, partners, representatives, attorneys, financial advisors, and agents of the Debtor, and the Official Committee act in good faith, they shall not be liable to any claimant, Interest Holder, or other party with respect to any action, forbearance from action, decision, or exercise of discretion taken during the period from the Petition Date to the Effective Date in connection with: (a) the operation of the Debtor; (b) the proposal or implementation of any of the transactions provided for, or contemplated in this Plan; or (c) the administration of this Plan or the assets and property to be distributed pursuant to this Plan, other than for willful misconduct or gross negligence. The Debtor, and the Official Committee and their respective affiliates, officers, directors, shareholders, members, partners, representatives, attorneys, financial advisors, and agents may rely upon the opinions of counsel, certified public accountants and other experts or professionals employed by the Debtor, and such reliance shall conclusively establish good faith. In any action, suit or proceeding by any Creditor or other party in interest contesting any action by, or non-action of, the Debtor, or its respective affiliates, officers, directors, shareholders, members, partners, representatives, attorneys, financial advisors, and agents as not being in good faith, the reasonable attorneys' fees and costs of the prevailing party shall be paid by the losing party.

**D. Binding Effect**

The provisions of the Plan, the Confirmation Order and any associated findings of fact or conclusions of law shall bind the Debtor, any entity acquiring property under the Plan and any Creditor of the Debtor, whether or not the Claim of such Creditor is Impaired under the Plan and whether or not such Creditor has accepted the Plan.

**E. Vesting of Property**

Confirmation of the Plan vests all of the property of the Debtor's Estate, including Causes of Action, in the Reorganized Debtor. As of the Effective Date, the assets of the Debtor dealt with under the Plan shall be free and clear from any and all Claims or the Holders of Claims, except as specifically provided otherwise in the Plan or the Confirmation Order. On the Confirmation Date, the Reorganized Debtor shall be entitled to operate and conduct its affairs without further order of the Court and to use, acquire and distribute any of its property free of any restrictions of the Bankruptcy Code or the Court, except as specifically provided otherwise in the Plan or Confirmation Order. The terms of the Plan shall supersede the terms of all prior orders entered by the Court in the Bankruptcy Case and the terms of all prior stipulations and other agreements entered into by the Debtor with other parties in interest, except as specifically recognized in the Plan or the Confirmation Order.

**F. Modification and/or Amendment of the Plan**

The Plan Proponents may modify the Plan at any time before Confirmation. However, the Court may require a new Disclosure Statement and/or re-voting on the Plan.

The Plan may be modified by the Reorganized Debtor at any time after the Confirmation Date, provided that such modification meets the requirements of the Bankruptcy Code and is not inconsistent with the provisions of the Plan. The Plan may be modified or amended after Confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

The Debtor and the Reorganized Debtor may, with the approval of the Court, and so long as it does not materially or adversely affect the interests of Creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan, or in the Confirmation Order, in such manner as may be necessary to carry out the purposes and intent of the Plan.

**G. Revocation of an Order Confirming the Plan**

Pursuant to Bankruptcy Code Section 1144, on request of a party in interest at any time before 180 days after the Confirmation Order becomes a Final Order, and after notice and a hearing, the Court may revoke the Confirmation Order only if such order was procured by fraud.

**H. Post-Confirmation Status Report**

Within ninety (90) days of the Confirmation Order, the Reorganized Debtor shall file a status report with the Court substantially in the form of the U.S. Trustee's Chapter 11 Post Confirmation Quarterly Report (UST-3 Post Confirmation Report), explaining what progress has been made toward consummation of the Plan. The status report shall be served on the United States Trustee and those parties who have requested special notice. Further status reports shall be filed every ninety (90) days and served on the same entities, until entry of a Final Decree.

**I. Final Decree**

Within thirty (30) days after Confirmation, or once the bankruptcy estate of WDMA has been fully administered pursuant to Bankruptcy Rule 3022 and applicable case law, the Plan Proponents, or such other parties as the Court may designate in the Confirmation Order, shall file a final report and motion with the Court to obtain a final decree to close the case.

**J. Effect on Claims and Interests**

A Creditor that has previously accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, the Plan, as modified, unless, within the time fixed by the Court, such Creditor elects in writing to change his/her/its previous acceptance or rejection.

**K. Termination of the Official Committee**

On the Effective Date, the Official Committee shall dissolve and the members of the Official Committee shall be released and discharged from all rights and duties arising from or related to the Bankruptcy Case. On the Effective Date, all Claims or Causes of Action, if any, of the Debtor or Reorganized Debtor against any member of the Official Committee, and any officer, director, employee, or agent of an Official Committee member shall be compromised, settled, and released in consideration of the terms of this Plan.

**L. Bar Date for Administrative Expense Claims**

All Non-Governmental Administrative Expense Claimants, including Professional Persons, shall file motions for allowance of their Administrative Expense Claims not later than 30 days after the Confirmation Date or such Administrative Expense Claims shall be disallowed and forever barred.

Any Creditor or party in interest having any Claim or Cause of Action against the Debtor, or against any Professional Persons relating to any actions or inactions in regard to the Bankruptcy Case, must pursue such Claim or Cause of Action by the commencement of an adversary proceeding within 30 days after Confirmation of the Plan, or such Claim or Cause of Action shall be forever barred and released. Nothing in this Section shall be construed to affect the Bar Date for filing pre-petition Claims against the Debtor.

The Office of the United States Trustee shall not be obligated to file any Proof of Claim for either pre-confirmation or post-confirmation fees owed by the Debtor for and on account of the U.S. Trustee Quarterly Fees.

**M. Retained Bankruptcy Court Jurisdiction**

The Court shall retain jurisdiction over the Bankruptcy Case subsequent to the Confirmation Date to the fullest extent permitted under Section 1334 of Title 28 of the United States Code, including but not limited to, the following:

- 1) To determine any requests for subordination pursuant to the Plan and Bankruptcy Code Section 510, whether as part of an objection to Claim or otherwise;
- 2) To determine any motion for the sale of the Debtor's property or to compel reconveyance of a lien against or interest in the Debtor's property upon the payment, in full, of a Claim secured under the Plan;
- 3) To determine any and all objections to the allowance of Claims, including the objections to the classification of any Claim, and including, on an appropriate motion pursuant to Bankruptcy Rule 3008, reconsidering Claims that have been allowed or disallowed prior to the Confirmation Date;
- 4) To determine any and all applications of Professional Persons, and any other fees and expenses authorized to be paid or reimbursed in accordance with the Bankruptcy Code or the Plan;
- 5) To determine any and all pending applications for the assumption or rejection of executory contracts, or for the rejection or assumption and assignment, as the case may be, of unexpired leases and executory contracts to which the Debtor is a party, or with respect to which it may be liable, and to hear and determine, and if need be, to liquidate any and all Claims arising therefrom;
- 6) To hear and determine any and all actions initiated by the Debtor or the Reorganized Debtor to collect, realize upon, reduce to judgment, or otherwise liquidate any Causes of Action of the Debtor or the Reorganized Debtor;
- 7) To determine any and all applications, motions, adversary proceedings and contested or litigated matters, whether pending before the Court on the Confirmation Date, or filed or instituted after the Confirmation Date, including, without limitation, proceedings under the Bankruptcy Code or other applicable law, seeking to avoid and recover any transfer of an interest of the Debtor, and property or obligations incurred by the Debtor, or to exercise any rights pursuant to Bankruptcy Code Sections 544-550;

- 8) To modify the Plan or Disclosure Statement, to remedy any defect or omission, or reconcile any inconsistency in an the order of the Court, including the Confirmation Order, the Plan or the Disclosure Statement, in such manner as may be necessary to carry out the purposes and effects of the Plan;
- 9) To determine disputes regarding title of the property claimed to be property of the Debtor whether as Debtor or Debtor in Possession;
- 10) To ensure that the Distributions to holders of Claims are accomplished in accordance with the provisions of the Plan;
- 11) To hear and determine any enforcement actions brought by the Collateral Trustee (or a beneficiary of the Collateral Trust) pursuant to the Collateral Trust Agreement;
- 12) To liquidate or estimate any undetermined Claim or Interest;
- 13) To enter such orders as may be necessary to consummate and effectuate the operative provisions of the Plan, including actions to enjoin enforcement of Claims inconsistent with the terms of the Plan;
- 14) To hear any other matter not inconsistent with Chapter 11 of the Bankruptcy Code;
- 15) To enter a final decree closing the Bankruptcy Case;
- 16) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked or vacated; and
- 17) To determine such other matters as may arise in connection with the Plan, the Disclosure Statement or the Confirmation Order.

If the Court abstains from exercising or declines to exercise jurisdiction or is otherwise without jurisdiction over any matter arising out of the Bankruptcy Case, this post-confirmation jurisdiction section shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

### **XVIXVIII. CONCLUSION AND RECOMMENDATION**

This Disclosure Statement has been presented for the purpose of enabling Creditors to make an informed judgment to accept or reject the Plan. Creditors are urged to read the Plan in full and consult with their counsel if questions arise.

Notwithstanding any inconsistencies between this Disclosure Statement and the Plan, the terms and conditions of the Plan shall control the treatment of Creditors and the amounts of any Distributions under the Plan.

The Debtor believes that the text of this Disclosure Statement, its Exhibits, and the Plan itself, as incorporated herein, demonstrate that the Plan will provide the greatest amount of funds for the payment of the legitimate Claims of Creditors.

The Debtor strongly urges all Creditors to vote to accept the Plan. You are urged to complete the enclosed ballot and return it immediately in accordance with the instructions above.

| DATED: ~~January 11, 2017~~ ~~February 15, 2017~~ ~~February 16, 2017~~ ~~February 13, 2017~~

Respectfully submitted,

Wellman Dynamics Machinery & Assembly, Inc.

By: /s/ James Mahoney

Its Chief Executive Officer

Prepared by:

Jeffrey D. Goetz, Esq., IS# 9999366

Krystal R. Mikkilineni, Esq., IS# 9999933

Bradshaw, Fowler, Proctor & Fairgrave, P.C.

801 Grand Avenue, Suite 3700

Des Moines, IA 50309-8004

515/246-5817

515/246-5808 FAX

goetz.jeffrey@bradshawlaw.com

General Reorganization Counsel for

Debtor, Debtor in Possession and Plan Proponent