

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

In re:	)	Case No. 16-01825-als11
	)	
<b>WELLMAN DYNAMICS MACHINERY &amp; ASSEMBLY INC.</b>	)	Chapter 11
	)	
Debtor and Debtor in Possession	)	Hon Anita L. Shodeen
	)	
1746 Commerce Rd.	)	<b>DEBTOR WELLMAN DYNAMICS</b>
Creston, IA 50801	)	<b>MACHINERY &amp; ASSEMBLY INC.'S</b>
	)	<b>SECOND AMENDED PLAN OF</b>
EIN: 36-1058789	)	<b>REORGANIZATION DATED MARCH</b>
	)	<b>6, 2017</b>
_____	)	

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Debtor, Debtor in Possession and  
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The Debtor and Debtor-in-Possession, Wellman Dynamics Machinery & Assembly, Inc. (hereinafter referred to as “WDMA” or “Debtor”) the “Plan Proponent”, hereby proposes this Second Amended Plan of Reorganization dated March 6, 2017 (the “Plan”) pursuant to Bankruptcy Code Section 1121(a).

## I. DEFINITIONS

As used in this Plan, the following terms shall have the respective meanings specified below:

Administrative Expense Claim: Any cost or expense of administration of the Bankruptcy Case that is entitled to priority in accordance with Bankruptcy Code Sections 503(b) and 507(a)(2), including, without limitation: any actual and necessary expenses of preserving the Debtor’s estate and of operating the Debtor’s business from and after the Petition Date to and including the Confirmation Date; all Professional Compensation Claims or requests for reimbursement of expenses by members of the Official Committee, as approved by a Final Order of the Court; and any fees or charges assessed against the Debtor’s estate under Chapter 123 of Title 28, United States Code.

Administrative Expense Claimant: Any Person entitled to payment of an Administrative Expense Claim.

Allowed: Shall mean (a) with respect to any Claim (including any Administrative Expense Claim) or portion thereof (to the extent such Claim is not a contested Claim or Disallowed) or any Interest, proof of which; (i) was timely filed with the Bankruptcy Court, (ii) was deemed timely filed pursuant to Bankruptcy Code Section 1111(a), or (iii) by a Final Order was not required to be filed; (b) any Claim or Interest that has been or hereafter is listed in the Schedules as liquidated in an amount other than zero or unknown and not Disputed or Contingent (or as to which the applicable proof of Claim has been withdrawn or Disallowed); (c) any Claim or Interest which has been Allowed (whether in whole or in part) by a Final Order (but only to the extent so Allowed), and, in (a), (b) and (c) above, as to which no Objection to the allowance thereof, or action to subordinate, avoid, classify, reclassify, expunge, estimate or otherwise limit recovery with respect thereto, has been filed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or a Final Order; (d) any Claim or Interest Allowed under or pursuant to the terms of the Plan; (e) any Claim arising from the recovery of property under Sections 550 or 553 of the Bankruptcy Code; (f) a Claim relating to a rejected Executory Contract or Unexpired Lease that either (i) is not a Disputed Claim or (ii) has been Allowed by a Final Order, in either case only if a proof of Claim has been filed by the applicable Claims Bar Date or has otherwise been deemed timely filed under applicable law; or (g) which is a Professional Compensation Claim for which a fee award amount has been approved by Final Order of the Bankruptcy Court; provided, however, that Claims or Interests Allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed” hereunder.

Allowed Claim: This is a Claim that is “Allowed” in the Class or category specified. Any reference herein to a particular Allowed Claim includes both the secured and unsecured portions of such Claim.

Bankruptcy Case: The Chapter 11 Bankruptcy case entitled “In re: Wellman Dynamics Machinery & Assembly, Inc. Case No. 16-01827-als11”.

Bankruptcy Code: The United States Bankruptcy Code, 11 U.S.C. § 101, et seq., as amended.

Bankruptcy Court or Court: The unit of the United States District Court for the Southern District of Iowa, constituted pursuant to 28 U.S.C. § 151, having jurisdiction over the Bankruptcy Case to the extent of any reference made pursuant to 28 U.S.C. § 157(a), or in the event such court ceases to exercise jurisdiction over the Bankruptcy Case, such court or adjunct thereof that has jurisdiction over the Bankruptcy Case.

Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure, as amended.

Business Day: Any day that is not a Saturday, Sunday or legal holiday as identified in Bankruptcy Rule 9006.

Cash: Cash and cash equivalents, including, but not limited to, bank deposits, checks and other similar items.

Causes of Action: All causes of action of any kind held by the Debtor whether or not such causes of action are the subject of presently pending lawsuits, adversary proceedings or appeals, including, without limitation, (a) causes of action belonging to the Debtor as of the Petition Date; (b) causes of action belonging to the Debtor that arose after the Petition Date; and (c) rights exercisable by the Debtor as Debtor-in-Possession pursuant to Bankruptcy Code Sections 506, 510, 544, 545, 547, 548, 549, 550 or 553.

Claim: Shall mean a claim against the Debtor, whether or not asserted, as defined in Bankruptcy Code Section 101(5).

Claims Bar Date: January 17, 2017 as established by Court Order and pursuant to Bankruptcy Rule 3003(c)(3), after which any proof of Claim or Interest filed will not be allowed (unless by Court Order) and will have no effect upon the Plan; and the holder of such filed proof of Claim or Interest shall have no right to vote upon or participate in any Distributions under the Plan.

Claims Objection Date: The date established by the Bankruptcy Court pursuant to an Order entered in this Bankruptcy Case or which is provided for and set in the Plan and established pursuant to a Confirmation Order, by which written objections to a Proof of Claim must be filed.

Class: A group of Claims classified together in a Class designated in Article III of this Plan.

Class 5 Promissory Note: That certain promissory note, issued by the Reorganized Debtor to the Collateral Trustee (for the benefit of Holders of Allowed Class 5 Claims), in the principal amount equal to the aggregate amount of the Allowed Class 5 Claims, which document shall be in form acceptable to the Debtor, and the Official Committee at least seven (7) days prior to the Confirmation Hearing.

Collateral Trust: A trust established for the benefit of Holders of Allowed Claims in Class 5 of WDMA's Plan of Reorganization which shall hold the Class 5 Promissory Note and the Collateral Trust Security Interest of the WDMA bankruptcy estate and which documents shall be in form acceptable to the Debtor, Official Committee, and the Collateral Trustee at least seven (7) days prior to the Confirmation Hearing.

Collateral Trust Agreement: The document giving rise to the Collateral Trust, which document shall be in form acceptable to the Debtor, Official Committee, and the Collateral Trustee at least seven (7) days prior to the Confirmation Hearing.

Collateral Trust Security Interest: The security interests granted by the Reorganized Debtor in the WDMA Bankruptcy Case to the Collateral Trustee, in the Debtor's non-real estate assets, including without limitation, the Debtor's equipment, accounts receivable, inventory, contract rights, general intangibles, and chattel paper, and the proceeds of all such property from the WDMA bankruptcy Estate, which shall secure the Reorganized Debtor's payment obligations as set forth in the Class 5 Promissory Note.

Collateral Trustee: The initial Collateral Trustee of the Collateral Trust shall be a Person selected by the Official Committee in consultation with the Debtor, and who shall be subject to replacement in accordance with the terms of the Collateral Trust Agreement.

Confirmation Date: (a) The first Business Day after the expiration of time for an appeal of the Confirmation Order, provided that no appeal of the Confirmation Order has been timely filed and a stay pending appeal granted; or (b) the first Business Day after the expiration of the time to seek further appeal of the Confirmation Order, in the event that an appeal of the Confirmation Order has been filed, and a stay of the Confirmation Order pending appeal has been granted; or (c) the first Business Day after the expiration or termination of any stay pending appeal of the Confirmation Order.

Confirmation Hearing: The date on which the Bankruptcy Court conducts a hearing to consider confirmation of the Plan in accordance with Bankruptcy Code Section 1129.

Confirmation Order: The order entered by the Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

Contested Claim: Any Claim as to which the Debtor or any party in interest has filed an objection in accordance with the Plan, the Bankruptcy Code or the Bankruptcy Rules, which objection has not been finally determined, i.e., an objection that is subject to appeal or certiorari proceeding, or which the Debtor's Schedules list as contingent, disputed or unliquidated.

Contingent: Means, with reference to a Claim, a Claim that has not accrued or is not otherwise payable and the accrual of which, or the obligation to make payment on which, is dependent upon a future event that may or may not occur.

Creditor: Shall have the meaning ascribed to such term in Section 101 (10) of the Bankruptcy Code.

Debtor: Wellman Dynamics Machinery & Assembly, Inc., a Delaware Corporation.

Debtor in Possession: Debtor, as debtor in possession, pursuant to Bankruptcy Code Sections 1107 and 1108.

Disallowed: A Claim or Interest that: (i) has been disallowed, in whole or in part, by an Order of the Court; (ii) has been disallowed or withdrawn, in whole or in part, by agreement of a Holder of a Claim or Interest; or (iii) a Claim scheduled by the Debtor on the Schedules as contingent, disputed or unliquidated, for which a timely proof of Claim was not filed.

Disbursing Agent: The Disbursing Agent shall be the Debtor.

Distribution or Dividend: The property required by the Plan to be distributed to the Holders of Allowed Claims.

Effective Date: The earlier of (a) the date on which all conditions precedent to consummation of the Plan have been satisfied, or (b) the first Business Day after the expiration of thirty (30) days after the Confirmation Order becomes a Final Order.

Estate: The estate of the Debtor created in this Bankruptcy Case pursuant to Bankruptcy Code Section 541.

Fansteel Bankruptcy Case: In re Fansteel, Inc., United States Bankruptcy Court, Southern District of Iowa, Case No. 16-01823-als11.

Final Order: An order or a judgment of a court which has not been reversed, stayed, modified or amended, and as to which (a) the time to appeal or to seek review by certiorari or rehearing has expired, and no such appeal, review, certiorari or rehearing petition has been filed, or (b) any such appeal, review, certiorari or rehearing proceeding has been finally determined or dismissed, and the order or judgment is conclusive of all matters adjudicated thereby and in full force and effect.

Holder: Shall mean the legal or beneficial holder of a Claim and/or Interest (and, when used in conjunction with a Class or type of Claim or Interest, shall mean a holder of a Claim or an Interest in such Class or of such type).

Impaired: Shall mean, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of Bankruptcy Code Section 1124.

Insider: A person as defined by Bankruptcy Code Section 101(31).

Interest: Equity in the Debtor arising pursuant to the ownership or right to acquire ownership or other equity interests of the Debtor.

New Senior Secured Credit Facility: Huntington National Bank, which will provide Fansteel, Wellman Dynamics and Wellman Dynamics Machining and Assembly with exit financing on a senior secured basis, secured by the assets of all three (3) Debtors and Reorganized Debtors.

New Value Equity Investment Cash: The Cash and other credit enhancements to be provided and invested in the Wellman Dynamics Bankruptcy Case on or before the Effective Date from 510 Ocean Drive Debt Acquisition, LLC, as part of its equity investment in the Wellman Dynamics bankruptcy estate. The Debtor currently estimates the New Value Equity Investment Cash across all three Bankruptcy Cases will be approximately \$7,000,000.00.

Official Committee: The official committee of unsecured creditors appointed by the United States Trustee in the Bankruptcy Case on September 23, 2016 (Docket Item 67).

Person: An individual, corporation or partnership, as defined in Bankruptcy Code Section 101(41).

Petition Date: September 13, 2016, the date the Debtor filed its voluntary petition for relief, commencing the Bankruptcy Case.

Priority Tax Claim: Any Claim entitled to priority and payment under Bankruptcy Code Section 507(a)(8).

Professional Compensation Claim: Any claim for allowance of compensation and reimbursement of costs and expenses by a Professional Person, pursuant to Bankruptcy Code Sections 330 and 331.

Professional Person: Any attorney, accountant, or other professional: (i) engaged by the Debtor or the Official Committee and approved by order of the Bankruptcy Court in the Bankruptcy Case; or (ii) engaged by the Reorganized Debtor after the Effective Date.

Pro Rata: Proportionately, so that the ratio of the Allowed amount of a particular Claim to the total amount of Allowed Claims of the Class in which a particular Claim is included, is the same as the ratio of the amount of consideration distributed on account of such particular Claim to the consideration distributed on account of the Allowed Claims of the Class as a whole in which the particular Claim is included.

Reorganized Debtor: Wellman Dynamics Machinery & Assembly, Inc. after the Confirmation Date.

Schedules: The Schedules of Assets and Liabilities filed by the Debtor in the Bankruptcy Case (Docket No. 1), as amended.

Secured Claim: A Claim to the extent such Claim is secured as defined in Bankruptcy Code Section 506.



Secured Creditor: Any Creditor that is the holder of a Secured Claim, to the extent of such Claim.

Subordination Agreement: That certain Subordination Agreement, by and between the Reorganized Debtor, the Collateral Trustee, and the New Senior Secured Credit Facility, which may provide for, inter alia, the subordination of the Collateral Trust Security Interest in an amount not to exceed \$30,000,000 to the security interests of the New Senior Secured Credit Facility, which document shall be in form acceptable to the Debtor, the Official Committee and the Collateral Trustee at least seven (7) days prior to the Confirmation Hearing.

Unimpaired: Means the legal, equitable and contractual rights of Holders of Claims that are unaltered under the Plan.

Unsecured Claim: Any Claim other than an Administrative Expense, a Priority Tax Claim, a Priority Non-Tax Claim, or a Secured Claim, and all Claims of Secured Creditors whose Claims are valued as unsecured pursuant to Bankruptcy Code Section 506(a).

Unsecured Creditor: Any Creditor holding an Unsecured Claim.

WDC Bankruptcy Case: In re Wellman Dynamics Corporation, United States Bankruptcy Court, Southern District of Iowa, Case No. 16-01825-als11.

WDMA Bankruptcy Case: In re Wellman Dynamics Machinery & Assembly, Inc., United States Bankruptcy Court, Southern District of Iowa, Case No. 16-01827-als11.

The words “herein” and “hereunder” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection or clause contained in this Plan, unless the context requires otherwise. Whenever from the context it appears appropriate, each term stated in either the singular or the plural includes the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender include the masculine, feminine and the neuter. The section headings contained in the Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan.

A term used in this Plan and not defined herein, but that is defined in the Bankruptcy Code, has the meaning assigned to the term in the Bankruptcy Code. A term used in this Plan and not defined herein or in the Bankruptcy Code, but which is defined in the Bankruptcy Rules, has the meaning assigned to the term in the Bankruptcy Rules.

## **II. DESIGNATION AND TREATMENT OF UNCLASSIFIED CLAIMS**

### **A. Designation**

Unclassified Claims consist of the following:

1. Administrative Expense Claims: Allowed Administrative Expense Claims as defined above; and

2. Priority Tax Claims: Allowed Claims entitled to priority pursuant to Bankruptcy Code Section 507(a)(8).

## **B. Treatment**

1. Administrative Expense Claims: Except to the extent that the Holder has agreed to different and/or less favorable treatment of such Claim, each Holder of an Allowed Administrative Expense 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; provided, however, that Administrative Expense Claims that represent expenses, debts, or liabilities incurred by the Debtor in the ordinary course of business from and after the Petition Date shall be assumed and paid in the order and course of the administration of the Debtor's affairs in accordance with the terms and conditions of any agreements relating thereto. The Administrative Expense Claims will be paid proportionally by all three estates – the WDC Bankruptcy Case, Fansteel Bankruptcy Case, and WDMA Bankruptcy Case.

2. Priority Tax Claims: 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 Priority Tax Claim, payment in Cash by the Reorganized Debtor the allowed amount of such 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 Section 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. The Debtor believes there are two Priority Tax Claims, that owed to Jean Stambaugh, County Treasurer, for pre-petition property taxes, in the approximate amount of \$57,590.39 and that of the IRS in the amount of \$5,542.43. The IRS Claim is contingent as it is based on an unassessed liability.

## **III. CLASSIFICATION AND TREATMENT OF IMPAIRED AND UNIMPAIRED CLASSES AND INTERESTS**

Classes 1 and 8 are Unimpaired under the Plan. Classes 2, 3, 4, 5, 6, and 7 are Impaired under the Plan.

The following is a description of all Classes of Claims and Interests other than the Unclassified Claims, and their treatment under the Plan.

**A. Class 1 – Allowed Priority Non-Tax Claims**

1. Classification: Class 1 consists of Allowed Priority Non-Tax Claims accrued and owing as of the Petition Date and entitled to priority pursuant to Bankruptcy Code Sections 507(a)(1), (4), (5), (6) or (7). The Debtor does not believe there are any Allowed Bankruptcy Code Section 507(a)(1), (4), (5), (6) or (7) Claims. Class 1 claims are Unimpaired.

2. Treatment: 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.

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

1. Classification: 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 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 agreed to withdraw the disputed portion in the amount of \$292,364 from its Claim.

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. TCTM also asserts that it is entitled to the payment of additional interest accrued pursuant to the terms of its promissory notes and loan documents given the default status of the notes. The Class 2 Claim is Impaired.

2. Treatment: 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. On the Effective Date, the Class 2 Claim Holder shall release all liens, claims and encumbrances on all the assets of the Fansteel, WDC, and WDMA bankruptcy estates.

**C. Class 3 - Allowed Secured Real Estate Lease Claim of Burnside's LLC /Rock Trust**

1. Classification: 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.

2. Treatment: 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.

**D. Class 4 – Allowed Unsecured Administrative Convenience Class Claims**

1. Classification: 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). The list of Class 4 claims is attached hereto as Exhibit "A" and incorporated by reference herein. Class 4 is Impaired.

2. Treatment: 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.

**E. Class 5 – Allowed General Unsecured Claims**

1. Classification: 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. There are approximately two (2) Claims in Class 5, and the total amount of such Claims is approximately \$81,535.87. The list of Class 5 Claims is attached hereto as Exhibit "B" and incorporated by reference herein. Class 5 is Impaired.

2. Treatment: 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. The Class 5 Claims will be paid through the Debtor WDMA's Bankruptcy Estate and not by the WDC Bankruptcy Estate or the Fansteel Bankruptcy Estate.

It is estimated that the unsecured creditors will receive full repayment from the Collateral Trust. Class 5 Claim Holders may elect one of two options. For the first option, the Class 5

Claim Holders may elect to receive one hundred percent (100%) of their Allowed Claim within five (5) years plus annual amortized interest of 3% as follows: (a) the first four (4) quarters (Quarters 1-4) shall receive a payment of interest only and the first payment shall be made within thirty (30) days from the Effective Date; (b) the next fifteen (15) quarters (Quarters 5-19) shall receive a payment of principal and interest and payment shall be made in advance within ten (10) days from the first day of each quarterly payment; and (c) the one final payment (Quarter 20) of accrued interest and principal is due as a full settlement no later than the end of the final amortization day. 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 1.1 ratio, which means that the Debtor needs 10% 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.

The second option for Holders of Class 5 Claims is to elect to receive thirty percent (30%) of their Allowed Claim paid in full 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, with interest, 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 the total of all Class 5 Claims against the Debtor, except such Class 5 Claims as have been disallowed or otherwise fixed in a lesser amount by a Final Order of the Bankruptcy Court entered before the Effective Date. 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 to be paid in full. 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.

3. Security: 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 assets.

The Collateral Trust Security Interest is valid, perfected, enforceable and effective as of the Effective Date, in all of the Debtor’s assets and interests except real estate, 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.

4. **Default:** 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 \$40,000,000 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.

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

1. **Classification:** 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 of Intercast.

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. Since the Pension Plan will remain ongoing when the Debtors' reorganization plan becomes effective, the PBGC's contingent Proof of Claim No. 11 in the amount of \$5,538,828.00 will be deemed withdrawn.

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.

2. Treatment: 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, WDMA and, or, Fansteel shall pay the balance owed.

**G. Class 7 – Subordinated Unsecured Claims of Insiders.**

1. Classification: Class 7 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 7 Claim is Impaired.

2. Treatment: The Holder of the Class 7 Claim shall receive nothing under the Plan, unless the Debtor provides a 100% dividend to all Holders of Allowed Claims in Classes 1 through 6 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 6 under the Plan such that no payment shall be made on account of any Class 7 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 6.

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.

**I. Class 8 – Equity Interests.**

Class 8 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 8 Equity Interest Holder shall retain its equity interests in the corporate Debtor. Class 8 is Unimpaired.

**J. 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.

**IV. MEANS FOR IMPLEMENTATION OF 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 New Senior Secured Credit Facility secured by the assets of Fansteel, WDC and WDMA, and the New Value Equity Investment Cash to the bankruptcy estates of Fansteel, 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. Fansteel Debt Converted to Equity in Wellman Dynamics**

Fansteel's inter-company debt of \$32,106,036 owed to WDC shall be converted into WDC's 100% equity ownership of Fansteel. All prior equity interests in Fansteel shall be cancelled on the Effective Date.

**C. Fansteel Debt to 510 Ocean Drive Converted to Equity in Wellman Dynamics**

\$4,000,000 of the Fansteel Class 3 Claim of 510 Ocean Drive shall be converted into a corresponding amount of Equity in Reorganized WDC. The remaining debt of Fansteel owed to the Fansteel Class 3 Claim Holder shall be subordinated.

**D. 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. The Debtor maintains that the February 23, 2017 Proposal Letter from Huntington Bank (the "Proposal Letter") and Preliminary Term Sheet (the "Term Sheet") reflect a bona fide offer already approved by Huntington Bank's loan committee and includes the signature of Mr. Larry Swinney, Huntington Bank's Senior Vice President. The Proposal Letter contemplates payment by the Debtors of an initial deposit of \$60,000.00 to conduct a credit and due diligence investigation of the Debtors. The Debtors will provide such initial deposit upon execution of the Proposal Letter, but no later than March 3, 2017, as contemplated by the Proposal Letter. The Debtors anticipate that a fully-executed commitment letter from Huntington Bank will be provided prior to the Confirmation Date.

The Term Sheet requires, in addition to the New Value Equity Investment Cash from 510 Ocean Drive, an additional \$5 million infusion of cash collateral to secure the New Senior Secured Credit Facility. The Debtor anticipates that this additional \$5 million of cash collateral will be provided by 510 Ocean Drive. The Term Sheet further includes a provision for Huntington Bank to recapture 25% of the Debtors' excess cash flow to pay down the real estate loans.

The Term Sheet also incorporates the following fees:

- 1) Letter of Credit Fees equivalent to the revolving credit interest rate for LIBOR Rate loans plus Huntington Bank's issuance fees;
- 2) Upfront Fees equal to 1% of the aggregate proposed credit facility, which will be due and payable at closing, unless Huntington Bank issues a commitment letter prior to closing, in which case, 50% of the Upfront Fees will be due upon the issuance of the commitment letter with the remainder due at closing;

- 3) Unused Facility Fee accruing on the revolving credit facility at .375% per annum on the daily average unused portion of the revolving credit facility, payable monthly in arrears and on the maturity date;
- 4) Collateral Management and Collateral Evaluation Fee equal to \$9,750 per calendar month; and

Prepayment Fee of 3% of the aggregate commitment if prepaid within one year from the closing date; 1.5% of the aggregate commitment if prepaid in year two and .75% in year three and 0% thereafter; there is no Prepayment Fee if the Debtors refinance during this period with Huntington Bank.

#### **E. 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 executed an Acknowledgment and Agreement to provide the New Value Equity Investment Cash. The Acknowledgment and Agreement provides an acknowledgment by 510 Ocean Drive of its intent and ability to materially support the Plan, including the Bankruptcy Rule 3020(a) Plan provision for a Special Deposit Account prior to confirmation. It further provides that 510 Ocean Drive consents to provide the New Value Equity Investment Cash in an amount no less than \$7 million, subject to Huntington Bank's issued commitment to loan the Debtor \$30 million, and an absence of material adverse change in the finances and business of the Debtor in the 30 days preceding the funding date.

510 Ocean Drive is an entity in which Leonard Levie ("Levie") and Brian Cassidy 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 recorded on April 7, 2014. On September 8, 2015, 510 Ocean Drive subordinated its security interest in all assets of all three Debtors to Fifth Third Bank including a collateral assignment of 510 Ocean Drive's mortgage interest on the Creston property recorded on September 21, 2015. Shortly after 510 Ocean Drive perfected its lien on the Creston property, William Bieber domesticated his lien interest on the Creston property. WDC granted to Fifth Third Bank a mortgage on the Creston property on September 8, 2015, that was recorded on September 21, 2015, the same day as the recording of the subordination agreement and the collateral assignment of mortgage executed by 510 Ocean Drive in favor of Fifth Third Bank. On September 1, 2016, Fifth Third Bank assigned all of its security interests in and liens on the assets of the Debtors, including the Creston property, to TCTM.

The Debtors maintain that 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; and that 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, subject to the subordination in favor of Fifth Third Bank, now TCTM, described in the paragraph above. The Committee disputes these assertions by the Debtors.

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, in the approximate amount of \$2,139,713.83, 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.

In partial consideration of 510 Ocean Drive's agreement to provide no less than \$7,000,000 in New Value Equity Investment 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. TCTM's position is that neither the Debtors, nor their successors and assigns, are entitled to bring any such causes of action against TerraMar Capital and its officers, directors and affiliates, including TCTM, by virtue of the proposed Order After Hearing Approving Debtor's First Amended Motion for Order Authorizing Final Use of Cash Collateral and Providing Post-Petition Liens (Docket Item No. 238) and the Court's Order dated November 4, 2016 (Docket Item No. 251). The Debtor disagrees with TCTM's position and has filed a Motion for Clarification as to Paragraph 19 of the Cash Collateral Order or in the Alternative Reformation of Paragraph 19 in the Fansteel Bankruptcy Case (Docket No. 609).

Prior to the Confirmation Date, 510 Ocean Drive shall deposit the New Value Equity Investment Cash into a Special Deposit Account pursuant to the Bankruptcy Rule 3020(a) Plan provision to enable all three Reorganized Debtors to make those Distributions required under each respective Plan.

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.

#### **F. 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. With Fansteel as the parent company, it previously relied upon its subsidiaries, including WDC, if it had insufficient funds to meet its costs of operation or to meet its obligations to FMRI, which is why there is inter-company debt owed by Fansteel to WDC.

To prevent this risk of Fansteel obtaining money from its subsidiaries to meet its obligations, 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 remain a wholly-owned subsidiary of Fansteel and FMRI funding will be provided from a subset of Fansteel EBITDA and not from WDC. With this structure, future WDC earnings will not leave WDC for the benefit of subsidiary entities relative to FMRI and the continuing environmental cleanup costs to Fansteel.

As such, this distances FMRI from where the money is being generated through WDC and limits FMRI to payment from Fansteel's EBITDA. Therefore, there is no risk to WDC and rather a reduction of risk instead. The whole reorganization concept is being done to eliminate the risk that earnings are drawn from WDC for environmental obligations of Fansteel or otherwise at a rate that would risk another bankruptcy. The Debtors maintain that 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 in the past had a negative cash flow. WDMA has under-performed 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, the Debtor believes 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. The Debtor believes 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.

#### **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.

#### **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. The Debtor's projections of future income and expenses in support of feasibility of the Plan are attached hereto as Exhibit "C" and incorporated by reference herein.

**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 \$40,000,000.00 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 in 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.



TCTM's position is that neither the Debtors, nor their successors and assigns, are entitled to bring any such causes of action against TerraMar Capital and its officers, directors, agents, employees, legal or financial advisors, accountants, financing sources or other professionals and affiliates, including TCTM, by virtue of the proposed Order After Hearing Approving Debtor's First Amended Motion for Order Authorizing Final Use of Cash Collateral and Providing Post-Petition Liens (Docket Item No. 238) and the Court's Order dated November 4, 2016 (Docket Item No. 251). The Debtor disagrees with TCTM's position and has filed a Motion for Clarification as to Paragraph 19 of the Cash Collateral Order or in the Alternative Reformation of Paragraph 19 in the Fansteel Bankruptcy Case (Docket No. 609).

**L. 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. The Committee believes there are claims for avoidance of the 510 Ocean Drive liens and reserves its right to bring such claims and other actions under Chapter 5 of the Code and which are otherwise available.

**M. Conditions Precedent to Confirmation**

Among other conditions set forth in the Plan, 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.

**N. Condition 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 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.

2. Execution of Ancillary Plan Documents by All Signatories: To the extent any of the three Debtors, Reorganized Debtors, the Collateral Trustee, or the New Senior Secured Credit Facility 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 10 Promissory Note, and the Subordination Agreement, they shall all be prepared to execute and exchange the same at or upon the closing on the Effective Date.

**O. Effect of Confirmation**

1. Discharge and Release of Claims: Upon the Effective Date of the Plan, except as otherwise set forth in the Plan or in the Confirmation Order, 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.

2. Injunction: Except as otherwise expressly provided for in this 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, the Collateral Trust Security Interest or the Class 5 Promissory Note, as applicable.

3. 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.

4. **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.

5. **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.

#### **P. Payment of Allowed Claims**

On the Effective Date, the Reorganized Debtor as Disbursing Agent shall make all Distributions called for or provided for under the Plan, to Creditors with Allowed Unclassified and Classified Claims. To the extent Creditors with Allowed Claims have not provided the Reorganized Debtor with a social security number or other tax identification number, the Reorganized Debtor shall withhold such Distribution until so provided by such Claim Holder. The Distributions shall be made by the Reorganized Debtor as the Disbursing Agent. 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.

#### **Q. Post Confirmation Compensation of Professional Persons**

Compensation for services rendered by a Professional Person after the Confirmation Date for reimbursement of expenses incurred in connection therewith need not be approved by the Court. Professional Persons may invoice the Reorganized Debtor directly, and the Reorganized Debtor may pay said invoices directly; provided, however, that in the event of a dispute between the Reorganized Debtor and the Professional Person regarding such compensation or reimbursement, the Professional Person may submit an application to the court for review of the

request to compensation and reimbursement, and the Court retains jurisdiction to hear and approve such application and compel payment thereon. Such post confirmation compensation for services rendered and reimbursement of expenses shall be considered an ordinary course of business expense pursuant to this Plan.

**R. All Section 1129(a)(4) Payments Subject to Court Review**

As required by Bankruptcy Code Section 1129(a)(4), all payments made or to be made by the Debtor or Reorganized Debtor for services or for costs and expenses in connection with the Bankruptcy Case, or in connection with the Plan and incident to the Bankruptcy Case, are subject to approval of this Court as reasonable. To the extent that any such payment is not subject to the procedures and provisions of Bankruptcy Code Sections 326-330 and 506, then such Court approval shall be deemed to have been given through entry of the Confirmation Order unless, within 90 days of such payment or request for such payment, the Court, the United States Trustee, the party making the payment or the party receiving the payment challenges or seeks approval of the reasonableness of such payment; no other parties or entities shall have standing to make such a challenge or application for approval. Nothing in this provision shall affect the duties, obligations and responsibilities of any entity under Bankruptcy Code Sections 326-330 and 506.

**S. Default.**

1. Events of Default.

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, salaries, payments to lien holders, or any third person to whom the Reorganized Debtor becomes obligated in the ordinary course of its business.
- 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 to 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.

2. Cure of Prior Defaults

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.

**T. Assumption and/or Rejection of Unexpired Leases and Executory Contracts**

1. Assumptions

Pursuant to Bankruptcy Code Section 365 and Bankruptcy Rule 6006, the Debtor shall, and upon confirmation of the Plan, hereby does assume all executory contracts and unexpired leases to which the Debtor may be party, as identified on Exhibit “D” to this Plan (“Assumed Contracts/Leases”). The Debtor has identified on Exhibit “D” the cure amounts as of the filing of this Plan that the Debtor believes must be paid to cure all defaults under the Assumed Contracts/Leases (in each case a “Cure Amount”). The Debtor believes there are no non-monetary defaults (other than the filing of the Bankruptcy Case) which will need to be cured. The Debtor’s assumption of the obligations and responsibilities of the Assumed Contracts/Leases on Exhibit “D” shall constitute adequate assurance of future performance in accordance with Bankruptcy Code Section 365(f)(2)(B). The Confirmation Order shall constitute an Order approving the assumption of the Assumed Contracts/Leases.

In addition to the executory contracts and unexpired leases between the Debtor and any of its creditors, as listed on Exhibit “D”, all executory contracts, including purchase orders, between the Debtor and all of its customers shall also be assumed and fulfilled.

Any party seeking (i) to object to the Cure Amount as determined by Debtor or otherwise assert that any other amounts, defaults, conditions or pecuniary losses must be cured or satisfied under any of the Assumed Contracts/Leases in order for such contract or lease to be assumed or (ii) to object to the assumption of any Assumed Contract/Lease on any other basis, must file a written objection to this Plan (an “Assumption Objection”) setting forth the cure amount the objector asserts to be due, the specific types and dates of the alleged defaults, pecuniary losses and conditions to assumption and the support therefor, and the basis for the Objection. Moreover, any party filing an Assumption Objection with respect to any unliquidated damages claims or adjustments for percentage rent, real estate taxes, common area maintenance or similar adjustable charges (the “Unliquidated Charges”) must provide in such Assumption Objection a good faith estimate (if possible) of the amount of such Unliquidated Charges and a description of the factors used in calculating such charges (in all cases with appropriate documentation in support thereof). All Assumption Objections must be filed and served by the deadline established by the Bankruptcy Court for objections to the Plan.

Unless an Assumption Objection is timely filed and served, all parties shall (i) be forever barred from asserting any cure or other amounts with respect to the Assumed Contract/Lease, except as set forth on Exhibit “D”, and the Debtor shall be entitled to rely on the absence of any cure amount requiring payment; (ii) be deemed to have consented to the assumption of the Assumed Contract/Lease; and (iii) be forever barred and estopped from asserting or claiming against Debtor that any additional amounts are due or other defaults exist, that any conditions to

assumption remain to be satisfied under such Assumed Contract/Lease or that there is any objection or defense to the assumption of such Assumed Contract/Lease.

2. Rejections

On the Confirmation Date, all executory contracts and/or unexpired leases not specifically assumed in this Plan will be rejected, as of the Effective Date. The Confirmation Order shall constitute an Order approving the rejection of any such executory contract or unexpired leases. Any party to an executory contract or unexpired lease proposed to be rejected and under this Plan may object to the rejection of such contract or lease, which objection to the Plan shall be filed and served within the deadline for objecting to the confirmation of the Plan.

THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE REJECTION OF AN EXECUTORY CONTRACT OR UNEXPIRED LEASE (collectively, "Rejection Damages Claims") IS NO LATER THAN THIRTY (30) DAYS AFTER THE CONFIRMATION DATE. Any Claim based on the rejection of an executory contract or unexpired lease will be barred if the Proof of Claim is not timely filed, unless the Court later orders otherwise. Holders of Rejection Damages Claims will be deemed Class 5 Creditors and will receive treatment pursuant thereto.

3. Reservation of Rights

The Debtor and Reorganized Debtor reserve the right to file applications or motions for the assumption or rejection of any executory contract or unexpired lease at any time prior to the Confirmation Date, and to prosecute any such application to entry of a Final Order any time thereafter. In the event that the Court enters a Final Order denying rejection of an executory contract or unexpired lease, such Final Order shall be deemed to be an assumption by the Debtor of such executory contract or unexpired lease.

4. Proof of Claim

Each entity that is a party to an executory contract or unexpired lease that is rejected pursuant to this Plan, and only such entity, shall be entitled to file, not later than thirty (30) days after the Confirmation Date, a Rejection Damages Claim from the rejection of the contract or lease to which such entity is a party.

**U. Objections to Claims and Interests**

The Debtor or the Reorganized Debtor shall file any objections to Claims (collectively, "Claims Objections") on or before the Claims Objection Date, unless the Court, upon request, extends such period. Such extension may be granted without notice to the affected Claimant. Objection may include a request for subordination pursuant to Bankruptcy Code Section 510. Filing, service and prosecution of such Objections shall be subject to and in accordance with the Bankruptcy Code and Bankruptcy Rules.

**V. Resolution of Disputes**

Disputes regarding the validity or amount of Claims shall be resolved pursuant to the procedures established by the Court, the Plan, the Bankruptcy Code, the Bankruptcy Rules and other applicable law, and such resolution shall not be a condition precedent to confirmation or consummation of the Plan.

**W. Settlement**

The Debtor or the Reorganized Debtor may compromise, liquidate or otherwise settle any undetermined, contested or objected to Claim or Cause of Action pursuant to Bankruptcy Rule 9019.

**X. Allowed Amount of Claims and Interests**

No holder of an Allowed Claim shall receive a Distribution in excess of the amount allowed, either by the Court or as provided herein, with respect to such Allowed Claim.

**Y. Unclaimed Funds**

Any Distribution by check to any holder of an Allowed Claim, if unclaimed or uncashed by the payee thereof, within ninety (90) days after issuance and delivery by first class mail, shall be distributed pro-rata to such other Creditors entitled to receive a Distribution under this Plan. All liabilities and obligations of the Reorganized Debtor to such payee and any holders of such check shall thereupon cease. Any check distributed to a holder of an Allowed Claim shall bear a legend that the check shall be void if not cashed or presented for payment within 90 days of the date of issuance.

**Z. Modification/Amendment of Plan**

1. Amendments Prior to Confirmation

The Debtor may propose any number of amendments to or modifications of the Plan, or may rescind and withdraw the Plan in its entirety (with or without substitution of a replacement plan), at any time prior to confirmation. If the Debtor revokes or withdraws the Plan or if Confirmation or the Effective Date does not occur, then the Plan shall be deemed null and void, and in any such event, nothing contained herein shall be deemed to constitute an admission, omission or a waiver or release of any Claims by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any other person in any further proceedings involving the Debtor.

2. Amendments after Confirmation

The Plan may be modified by the Debtor or 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 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.

3. Effect on Claims and Interests

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

**AA. Post-Confirmation Status Reports and Final Decree**

The Reorganized Debtor shall comply fully with all provisions of the Bankruptcy Code, Bankruptcy Rules and Guidelines of the Office of the United States Trustee, and in connection therewith, shall file with the Court a status report within 120 days of the entry of the Confirmation Order, and every quarter thereafter, describing the Reorganized Debtor's progress towards consummation of the Plan. When the Plan is fully administered in all material respects, the Reorganized Debtor shall file a Final Report and Motion for Entry of Final Decree closing this Bankruptcy Case.

**BB. Termination of the Official Committee**

On the Effective Date, the Official Committee shall dissolve and the members of the 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. As of the date hereof, the Debtor is not aware of any such claims.

**CC. Post-Confirmation 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, 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 Secured Claim 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 to which the Debtor are a party or with respect to which they 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 the Disclosure Statement or remedy any defect or omission or reconcile any inconsistency in 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, the Collateral Trust Security Interests or the Class 4 Promissory Note;

12. To liquidate or estimate any undetermined Claim;

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 of the event of 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.

#### **DD. 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 Thirty (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.

#### **EE. Retirement Benefits**

The Debtor provides retirement benefits to its employees. Pursuant to Bankruptcy Code Section 1129(a)(13), after the Effective Date, and pursuant to this Plan, the Reorganized Debtor will provide, and continue to provide, for the continuation of retiree benefits to its employees, as that term is defined under Bankruptcy Code Section 1114, at the level established per Bankruptcy Code Section 1114, and for the period of time that the Debtor and the Reorganized Debtor have obligated themselves to provide such benefits.

#### **FF. General Provisions**

##### **1. Headings**

The article and section headings used in this Plan, except for definitions contained in Article I, are inserted for convenience and reference only and neither constitutes a part of the Plan nor in any manner affects the terms, provisions or interpretations of the Plan.

##### **2. Severability**

Should any term or provision in the Plan be determined to be unenforceable, such determination shall in no way limit the enforceability and operative effect of any other term or provision of the Plan; provided, however, that this provision shall not be applied or interpreted so

as to defeat the primary purpose of this Plan, to-wit: the restructuring of the Debtor's obligations to its Creditors on their material terms and according to the treatment afforded to their Claims under the Plan.

3. Governing Law

Except to the extent that the Bankruptcy Code or other provisions of federal law are applicable, the rights and obligations arising under the Plan in any documents, agreements and instruments executed in connection with the Plan (except to the extent such documents, agreements and instruments designate otherwise) shall be governed by, and construed and enforced in accordance with, the laws of the State of Iowa.

4. Successors and Assigns

The rights and obligations of any entity named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such entity.

5. Plan is Self-Executing

The terms and provisions of this Plan are self-executing on the Effective Date.

DATED: March 6, 2017

Respectfully submitted,

Wellman Dynamics Machinery &  
Assembly, Inc.

By: /s/ James Mahoney  
Its Chief Executive Officer

Prepared by:

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

<b>EXHIBIT A</b>	
<b>Name</b>	<b>Amount</b>
Advantage Security Inc.	1,290.00
Aero Industries Inc.	3,305.70
Allegheny Tool and Supply	154.56
American Alloy Steel	1,076.00
Ashland Technologies, Inc.	4,091.39
Berkshire Technology Solutions	4,594.24
Biggs Tool and Die, Inc.	922.50
Blakey Yost Bupp & Rausch LLP	1,211.50
C&T Industrial Supply	2,296.66
Carl Zeiss Inc.	2,149.05
Carr Lane MFG Co.	47.20
Columbia Gas of PA	310.02
Combined Fluid Products	1,849.26
Commonwealth Supply Co.	173.31
Fastening Products Co.	2,994.50
Ferguson Welding Inc.	4,080.00
Greenleaf Corporation	1,570.86
Greiner Industries Inc.	1,775.00
Hobot Steel Co.	2,055.00
HP White Laboratory	4,000.00
Industrial Distribution Group	5,941.31
Innovative Design Inc.	6,273.06
Instrumentation.com	881.60
Integrated Quality Systems Inc.	2,796.76
JobBoss Software	5,852.76
JP Steel, LLC	3,825.02
Kline Industrial Tool	330.55
M & Z Anodizing	54.00
Markey Trucking Inc.	855.20
Master Metrology	164.00
McMaster-Carr	13.11
Memorial Hospital	1,142.00
Metalworking Products, Co.	78.00
<b>MICHIGAN HONE &amp; DRILL</b>	2,304.80
MIL-SPEC Fasteners Corp.	190.28
MOCAP	69.97
Modern Industries, Inc.	141.30
National Bronze Mfg Co.	660.09
New Penn Motor Express	1,567.78
Northeastern Sewer Authority	138.00
Omega Engineering, Inc.	491.05
Pierce Aluminum Co., Inc.	1,425.20
Power Modules, Inc.	1,248.89
Precision Honing Corporation	2,565.00

<b>EXHIBIT A</b>	
<b>Name</b>	<b>Amount</b>
Quality Nameplate Inc.	281.00
Randolph Products	250.00
Reichard, Kirk	130.00
Rex Heat Treat	191.44
Robert F Flood Supply Corp	98.36
Roberts Oxygen	197.48
Robnet Fastener & Ind Supply	310.82
Ryerson Tull Steel	89.97
Service Tool/Mal-Ber MFG	450.00
Specialty Pipe & Tube	547.71
SRI Quality System Registrars	475.00
Technical Nameplate Corp.	235.00
Tennett Manufacturing Inc.	3,175.00
Tioga Pipe Supply Co, Inc.	360.24
Trago Mechanical Inc.	1,660.09
ULINE	101.76
USF Holland	261.12
Vacu-Braze, Inc.	675.00
Veolia	1,871.10
Vertech International, Inc.	500.89
<b>Totals</b>	<b>90,818.46</b>

<b>Wellman Dynamics Machining &amp; Assembly (WDMA)</b>	
<b>EXHIBIT B</b>	
<b>Name</b>	<b>Amount</b>
M.A. Steel Foundry Limited	65,118.25
Precision Calibration & Testing	16,417.62
<b>Totals</b>	<b>81,535.87</b>

**CONSOLIDATED INCOME  
STATEMENT 2017-2021  
(AND AMORTIZED PLAN PAYMENTS)**

**ALL UNITS COMBINED**

<b>CONSOLIDATED (excluding AST)</b>														
<b>INCOME STATEMENT</b>														
<b>2017 Plan</b>					<b>2018 Plan</b>					<b>2019 Plan</b>	<b>2020 Plan</b>	<b>2021 Plan</b>	<b>2022 Payoff</b>	
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Net Sales	16,096,973	19,057,959	18,762,639	15,270,403	69,187,973	17,671,395	17,460,795	17,438,295	17,589,495	70,159,980	76,880,863	83,059,357	87,337,055	
Cost of Goods Sold	13,336,854	14,984,463	15,484,828	13,161,998	56,968,142	14,532,353	14,439,689	14,445,089	14,511,617	57,928,748	62,457,069	66,918,718	70,082,488	
Gross profit	2,760,119	4,073,495	3,277,811	2,108,405	12,219,831	3,139,042	3,021,106	2,993,206	3,077,878	12,231,231	14,423,794	16,140,639	17,254,567	
Gross Profit %	17.1%	21.4%	17.5%	13.8%	17.7%	17.8%	17.3%	17.2%	17.5%	17.4%	18.8%	19.4%	19.8%	
Selling, General & Admin Expenses	906,282	917,083	955,258	958,368	3,736,991	983,346	983,348	996,346	996,348	3,959,387	4,196,905	4,449,850	4,678,456	
Income before Corporate Allocation	1,853,837	3,156,413	2,322,554	1,150,037	8,482,840	2,155,696	2,037,758	1,996,860	2,081,530	8,271,844	10,226,888	11,690,788	12,576,111	
Corporate Allocation	264,750	264,750	264,750	264,750	1,059,000	277,775	277,775	277,775	277,775	1,111,098	1,166,356	1,224,989	1,287,221	
Operating income (loss) EBITDA	1,589,087	2,891,663	2,057,804	885,287	7,423,840	1,877,922	1,759,984	1,719,086	1,803,756	7,160,746	9,060,532	10,465,799	11,288,890	
<b>EBITDA</b>	<b>1,589,087</b>	<b>2,891,663</b>	<b>2,057,804</b>	<b>885,287</b>	<b>7,423,840</b>	<b>1,877,922</b>	<b>1,759,984</b>	<b>1,719,086</b>	<b>1,803,756</b>	<b>7,160,746</b>	<b>9,060,532</b>	<b>10,465,799</b>	<b>11,288,890</b>	<b>11,288,890</b>
<b>Reorganization Payments</b>														
Fansteel Inc.		20,705	31,057	31,057	82,819	31,057	159,167	223,222	223,222	636,667	892,886	892,886	1,843,461	225,598
Wellman Dynamics Corp		304,944	458,146	204,035	967,125	154,035	596,837	556,955	556,955	1,864,783	2,332,395	2,264,412	3,639,144	5,769,771
Wellman (Machining & Assembly)		408	612	612	1,631	612	3,134	4,395	4,395	12,536	17,581	17,581	36,298	4,442
<b>Total Reorganization Payments</b>		<b>326,056</b>	<b>489,815</b>	<b>235,704</b>	<b>1,051,575</b>	<b>185,704</b>	<b>759,138</b>	<b>784,572</b>	<b>784,572</b>	<b>2,513,986</b>	<b>3,242,862</b>	<b>3,174,879</b>	<b>5,518,904</b>	<b>5,999,811</b>
<b>Financing</b>														
Line of Credit		147,400	221,100	221,100	589,600	221,100	221,100	221,100	221,100	884,400	884,400	884,400	884,400	884,400
Bridge loan		47,700	71,550	71,550	190,800	71,550	249,043	337,789	337,789	996,170	1,351,155	1,351,155	1,351,155	1,767,268
<b>Payments &amp; Financing</b>		<b>521,156</b>	<b>782,465</b>	<b>528,354</b>	<b>1,831,975</b>	<b>478,354</b>	<b>1,229,280</b>	<b>1,343,461</b>	<b>1,343,461</b>	<b>4,394,556</b>	<b>5,478,417</b>	<b>5,410,434</b>	<b>7,754,459</b>	<b>8,651,479</b>
<b>Discontinued operation (payment)</b>		<b>80,000</b>	<b>120,000</b>	<b>120,000</b>	<b>320,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>
<b>Total Payments</b>		<b>601,156</b>	<b>902,465</b>	<b>648,354</b>	<b>2,151,975</b>	<b>598,354</b>	<b>1,349,280</b>	<b>1,463,461</b>	<b>1,463,461</b>	<b>4,874,556</b>	<b>5,958,417</b>	<b>5,890,434</b>	<b>8,234,459</b>	<b>9,131,479</b>
<b>Proceeds after Payments &amp; Financing*</b>	<b>1,589,087</b>	<b>2,290,507</b>	<b>1,155,339</b>	<b>236,933</b>	<b>5,271,865</b>	<b>1,279,568</b>	<b>410,703</b>	<b>255,625</b>	<b>340,295</b>	<b>2,286,190</b>	<b>3,102,115</b>	<b>4,575,365</b>	<b>3,054,432</b>	<b>2,157,411</b>
<b>EBITDA coverage</b>		<b>4.81</b>	<b>2.28</b>	<b>1.37</b>	<b>3.45</b>	<b>3.14</b>	<b>1.30</b>	<b>1.17</b>	<b>1.23</b>	<b>1.47</b>	<b>1.52</b>	<b>1.78</b>	<b>1.37</b>	<b>1.24</b>
* Cap Ex Program Supported by equity			750,000	750,000	1,500,000	180,000	180,000	180,000	180,000	720,000	720,000	720,000	720,000	

**CONSOLIDATED INCOME  
STATEMENT 2017-2021  
(AND AMORTIZED PLAN PAYMENTS)**

**WELLMAN DYNAMICS CORP**

**Wellman Dynamics Corp - Standalone Emergence**

**INCOME STATEMENT**

	<u>2017 Plan</u>					<u>2018 Plan</u>					<u>2019 Plan</u>	<u>2020 Plan</u>	<u>2021 Plan</u>	<u>2022 Payoff</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	
Customer Sales	12,122,605	14,540,952	15,649,793	12,519,781	54,833,131	13,455,593	13,455,593	13,455,593	13,455,593	53,822,372	59,897,473	65,215,269	68,489,700	
Tooling Sales	1,014,631	921,057	365,135	199,336	2,500,159	638,791	638,791	638,791	638,791	2,555,162	2,611,376	2,668,826	2,727,547	
Total Gross Sales	13,137,237	15,462,009	15,432,524	12,719,117	56,750,886	14,094,384	14,094,384	14,094,384	14,094,384	56,377,534	62,508,849	67,884,096	71,217,247	
Sales Returns, Allowances and Discounts	(270,334)	(324,263)	(336,003)	(279,191)	(1,209,791)	(296,023)	(296,023)	(296,023)	(296,023)	(1,184,092)	(1,317,745)	(1,434,736)	(1,506,773)	
Net Sales	12,866,903	15,137,746	15,096,521	12,439,925	55,541,095	13,798,360	13,798,360	13,798,360	13,798,360	55,193,442	61,191,104	66,449,360	69,710,474	
Cost of Goods Sold	10,856,954	12,121,487	12,762,460	10,959,721	46,700,622	11,839,558	11,839,558	11,839,558	11,839,558	47,358,234	51,425,154	55,341,476	57,661,190	
Gross profit	2,009,949	3,016,259	2,334,061	1,480,204	8,840,473	1,958,802	1,958,802	1,958,802	1,958,802	7,835,208	9,765,950	11,107,884	12,049,284	
Gross Profit %	15.6%	19.9%	15.5%	11.9%	15.6%	14.2%	14.2%	14.2%	14.2%	13.9%	14.2%	15.0%	15.6%	
Selling, General & Admin Expenses	386,573	402,483	431,984	433,086	1,654,126	435,205	435,205	435,205	435,205	1,740,820	1,836,998	1,938,580	2,045,196	
Income before Corporate Allocation	1,623,376	2,613,776	1,902,077	1,047,119	7,186,348	1,523,597	1,523,597	1,523,597	1,523,597	6,094,389	7,928,951	9,169,303	10,004,088	
Corporate Allocation	198,563	198,563	198,563	198,563	794,250	208,331	208,331	208,331	208,331	833,323	874,768	918,743	965,417	
Operating income (loss) EBITDA	1,424,813	2,415,213	1,703,515	848,556	6,392,098	1,315,266	1,315,266	1,315,266	1,315,266	5,261,066	7,054,183	8,250,560	9,038,671	
<b>EBITDA</b>	<b>1,424,813</b>	<b>2,415,213</b>	<b>1,703,515</b>	<b>848,556</b>	<b>6,392,098</b>	<b>1,315,266</b>	<b>1,315,266</b>	<b>1,315,266</b>	<b>1,315,266</b>	<b>5,261,066</b>	<b>7,054,183</b>	<b>8,250,560</b>	<b>9,038,671</b>	
<b>Reorganization Payments</b>														
Fansteel Inc.														
Wellman Dynamics Corp		304,944	458,146	204,035	967,125	154,035	596,837	556,955	556,955	1,864,783	2,332,395	2,264,412	3,639,144	
Wellman (Machining & Assembly)													5,769,771	
<b>Total Reorganization Payments</b>		<b>304,944</b>	<b>458,146</b>	<b>204,035</b>	<b>967,125</b>	<b>154,035</b>	<b>596,837</b>	<b>556,955</b>	<b>556,955</b>	<b>1,864,783</b>	<b>2,332,395</b>	<b>2,264,412</b>	<b>3,639,144</b>	
<b>Financing</b>														
Line of Credit														
Bridge loan														
<b>Payments &amp; Financing</b>														
<b>Discontinued operation (payment)</b>														
<b>Proceeds after Payments &amp; Financing*</b>														
	<b>1,424,813</b>	<b>2,110,269</b>	<b>1,245,369</b>	<b>644,521</b>	<b>5,424,972</b>	<b>1,161,231</b>	<b>718,429</b>	<b>758,311</b>	<b>758,311</b>	<b>3,396,283</b>	<b>4,721,788</b>	<b>5,986,149</b>	<b>5,399,526</b>	
* Cap Ex Program Supported by equity			750,000	750,000	1,500,000	180,000	180,000	180,000	180,000	720,000	720,000	720,000	720,000	



**CONSOLIDATED INCOME  
STATEMENT 2017-2021  
(AND AMORTIZED PLAN PAYMENTS)**

**FANSTEEL, INC**

**Fansteel Corp - Standalone Emergence (Intercast)**

**INCOME STATEMENT**

	<u>2017 Plan</u>					<u>2018 Plan</u>					<u>2019 Plan</u>	<u>2020 Plan</u>	<u>2021 Plan</u>	<u>2022 Payoff</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Net Sales	2,402,070	2,916,713	2,780,518	1,964,677	10,063,979	2,616,634	2,616,634	2,616,634	2,616,634	10,466,538	10,885,199	11,320,607	11,773,431	
Cost of Goods Sold	1,845,442	2,145,866	2,056,779	1,547,473	7,595,560	1,830,401	1,830,401	1,830,401	1,830,401	7,321,603	7,511,217	7,769,725	8,208,669	
Gross profit	556,628	770,847	723,739	417,205	2,468,419	786,234	786,234	786,234	786,234	3,144,935	3,373,982	3,550,882	3,564,762	
Gross Profit %	23.2%	26.4%	26.0%	21.2%	24.5%	30.0%	30.0%	30.0%	30.0%	30.0%	31.0%	31.4%	30.3%	
Selling, General & Admin Expenses	334,709	340,600	341,274	341,283	1,357,865	355,142	355,142	355,142	355,142	1,420,568	1,511,607	1,609,020	1,609,020	
Income before Corporate Allocation	221,919	430,247	382,465	75,922	1,110,553	431,092	431,092	431,092	431,092	1,724,367	1,862,375	1,941,862	1,955,742	
Corporate Allocation	31,770	31,770	31,770	31,770	127,080	33,333	33,333	33,333	33,333	133,332	139,962	146,998	154,466	
Operating income (loss) EBITDA	190,149	398,477	350,695	44,152	983,473	397,759	397,759	397,759	397,759	1,591,035	1,722,413	1,794,864	1,801,276	
<b>EBITDA</b>	<b>190,149</b>	<b>398,477</b>	<b>350,695</b>	<b>44,152</b>	<b>983,473</b>	<b>397,759</b>	<b>397,759</b>	<b>397,759</b>	<b>397,759</b>	<b>1,591,035</b>	<b>1,722,413</b>	<b>1,794,864</b>	<b>1,801,276</b>	
<b>Reorganization Payments</b>														
Fansteel Inc.	0	20,705	31,057	31,057	82,819	31,057	159,167	223,222	223,222	636,667	892,886	892,886	1,843,461	225,598
Wellman Dynamics Corp														
Wellman (Machining & Assembly)														
<b>Total Reorganization Payments</b>		<b>20,705</b>	<b>31,057</b>	<b>31,057</b>	<b>82,819</b>	<b>31,057</b>	<b>159,167</b>	<b>223,222</b>	<b>223,222</b>	<b>636,667</b>	<b>892,886</b>	<b>892,886</b>	<b>1,843,461</b>	<b>225,598</b>
<b>Financing</b>														
<b>Payments &amp; Financing</b>	<b>0</b>	<b>20,705</b>	<b>31,057</b>	<b>31,057</b>	<b>82,819</b>	<b>31,057</b>	<b>159,167</b>	<b>223,222</b>	<b>223,222</b>	<b>636,667</b>	<b>892,886</b>	<b>892,886</b>	<b>1,843,461</b>	<b>225,598</b>
<b>Discontinued operation (payment)</b>	<b>0</b>	<b>80,000</b>	<b>120,000</b>	<b>120,000</b>	<b>320,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>	
<b>Proceeds after Payments &amp; Financing</b>	<b>190,149</b>	<b>297,772</b>	<b>199,638</b>	<b>(106,905)</b>	<b>580,655</b>	<b>246,702</b>	<b>118,592</b>	<b>54,537</b>	<b>54,537</b>	<b>474,368</b>	<b>349,527</b>	<b>421,978</b>	<b>(522,185)</b>	

**CONSOLIDATED INCOME  
STATEMENT 2017-2021  
(AND AMORTIZED PLAN PAYMENTS)**

**WELLMAN MACHINING & ASSEMBLY**

**WDMA - Standalone Emergence**

**INCOME STATEMENT**

	<u>2017 Plan</u>					<u>2018 Plan</u>					<u>2019 Plan</u>	<u>2020 Plan</u>	<u>2021 Plan</u>	<u>2022 Payoff</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Net Sales	828,000	1,003,500	885,600	865,800	3,582,900	1,256,400	1,045,800	1,023,300	1,174,500	4,500,000	4,804,560	5,289,390	5,853,150	
Cost of Goods Sold	634,458	717,110	665,589	654,804	2,671,961	862,394	769,730	775,130	841,658	3,248,912	3,520,698	3,807,517	4,212,629	
Gross profit	123,070	215,768	202,820	193,080	910,939	342,006	224,070	211,470	296,142	1,251,088	1,283,862	1,481,873	1,640,521	
Gross Profit %	14.9%	21.5%	22.9%	22.3%	25.4%	27.2%	21.4%	20.7%	25.2%	28%	26.7%	28.0%	28.0%	
Selling, General & Admin Expenses	185,000	174,000	182,000	184,000	725,000	192,999	193,001	205,999	206,001	798,000	848,300	902,250	1,024,240	
Income before Corporate Allocation	(61,930)	41,768	20,820	9,080	185,939	149,007	31,069	5,471	90,141	453,088	435,562	579,623	616,281	
Corporate Allocation	34,418	34,418	34,418	34,418	137,670	36,111	36,111	36,111	36,111	144,443	151,626	159,248	167,338	
Operating income (loss) EBITDA	(96,348)	41,768	20,820	9,080	185,939	112,896	31,069	5,471	90,141	453,088	435,562	579,623	616,281	
<b>EBITDA</b>	<b>(96,348)</b>	<b>41,768</b>	<b>20,820</b>	<b>9,080</b>	<b>185,939</b>	<b>112,896</b>	<b>31,069</b>	<b>5,471</b>	<b>90,141</b>	<b>453,088</b>	<b>435,562</b>	<b>579,623</b>	<b>616,281</b>	
<b>Reorganization Payments</b>														
Fansteel Inc.														
Wellman Dynamics Corp														
Wellman (Machining & Assembly)	0	408	612	612	1,631	612	3,134	4,395	4,395	12,536	17,581	17,581	36,298	4,442
<b>Total Reorganization Payments</b>		<b>408</b>	<b>612</b>	<b>612</b>	<b>1,631</b>	<b>612</b>	<b>3,134</b>	<b>4,395</b>	<b>4,395</b>	<b>12,536</b>	<b>17,581</b>	<b>17,581</b>	<b>36,298</b>	<b>4,442</b>
<b>Financing</b>														
<b>Payments &amp; Financing</b>	0	408	612	612	1,631	612	3,134	4,395	4,395	12,536	17,581	17,581	36,298	4,442
<b>Discontinued operation (payment)</b>														
<b>Proceeds after Payments &amp; Financing</b>	<b>(96,348)</b>	<b>41,360</b>	<b>20,208</b>	<b>8,468</b>	<b>184,308</b>	<b>112,285</b>	<b>27,935</b>	<b>1,076</b>	<b>85,746</b>	<b>440,552</b>	<b>417,981</b>	<b>562,042</b>	<b>579,983</b>	

<b>Wellman Dynamics Machining &amp; Assembly (WDMA)</b>	
<b>EXHIBIT D</b>	<b>Amount</b>
Burnside LLC/ Rock Trust	37,820.00
<b>Totals</b>	<b>37,820.00</b>

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF IOWA

In re:	)	<del>Lead</del> Case No. <del>16-01823-als11</del>
	)	<del>Affiliated Cases:</del> 16-01825-als11
<b><u>FANSTEEL, INC.</u></b>	)	<del>16-01827-als11</del>
<b><u>WELLMAN DYNAMICS MACHINERY &amp;</u></b>	)	
<b><u>ASSEMBLY INC.</u></b>	)	Chapter 11
	)	
Debtor and Debtor in Possession	)	Hon Anita L. Shodeen
	)	
1746 Commerce Rd.	)	<b>DEBTOR WELLMAN DYNAMICS</b>
Creston, IA 50801	)	<b>MACHINERY &amp; ASSEMBLY INC.'S</b>
	)	<b><u>FIRSTSECOND</u> AMENDED PLAN OF</b>
EIN: 36-1058789	)	<b>REORGANIZATION DATED</b>
_____	)	<b><u>FEBRUARY 16</u> <u>MARCH 6</u>, 2017</b>
_____	)	
<del>and Affiliated Cases</del>	)	

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

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The Debtor and Debtor-in-Possession, Wellman Dynamics Machinery & Assembly, Inc. (hereinafter referred to as “WDMA” or “Debtor”) the “Plan Proponent”, hereby proposes this ~~First~~Second Amended Plan of Reorganization dated ~~February 16~~March 6, 2017 (the “Plan”) pursuant to Bankruptcy Code Section 1121(a).

## I. DEFINITIONS

As used in this Plan, the following terms shall have the respective meanings specified below:

Administrative Expense Claim: Any cost or expense of administration of the Bankruptcy Case that is entitled to priority in accordance with Bankruptcy Code Sections 503(b) and 507(a)(2), including, without limitation: any actual and necessary expenses of preserving the Debtor’s estate and of operating the Debtor’s business from and after the Petition Date to and including the Confirmation Date; all Professional Compensation Claims or requests for reimbursement of expenses by members of the Official Committee, as approved by a Final Order of the Court; and any fees or charges assessed against the Debtor’s estate under Chapter 123 of Title 28, United States Code.

Administrative Expense Claimant: Any Person entitled to payment of an Administrative Expense Claim.

Allowed: Shall mean (a) with respect to any Claim (including any Administrative Expense Claim) or portion thereof (to the extent such Claim is not a contested Claim or Disallowed) or any Interest, proof of which; (i) was timely filed with the Bankruptcy Court, (ii) was deemed timely filed pursuant to Bankruptcy Code Section 1111(a), or (iii) by a Final Order was not required to be filed; (b) any Claim or Interest that has been or hereafter is listed in the Schedules as liquidated in an amount other than zero or unknown and not Disputed or Contingent (or as to which the applicable proof of Claim has been withdrawn or Disallowed); (c) any Claim or Interest which has been Allowed (whether in whole or in part) by a Final Order (but only to the extent so Allowed), and, in (a), (b) and (c) above, as to which no Objection to the allowance thereof, or action to subordinate, avoid, classify, reclassify, expunge, estimate or otherwise limit recovery with respect thereto, has been filed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or a Final Order; (d) any Claim or Interest Allowed under or pursuant to the terms of the Plan; (e) any Claim arising from the recovery of property under Sections 550 or 553 of the Bankruptcy Code; (f) a Claim relating to a rejected Executory Contract or Unexpired Lease that either (i) is not a Disputed Claim or (ii) has been Allowed by a Final Order, in either case only if a proof of Claim has been filed by the applicable Claims Bar Date or has otherwise been deemed timely filed under applicable law; or (g) which is a Professional Compensation Claim for which a fee award amount has been approved by Final Order of the Bankruptcy Court; provided, however, that Claims or Interests Allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed” hereunder.

Allowed Claim: This is a Claim that is “Allowed” in the Class or category specified. Any reference herein to a particular Allowed Claim includes both the secured and unsecured portions of such Claim.

Bankruptcy Case: The Chapter 11 Bankruptcy case entitled “In re: Wellman Dynamics Machinery & Assembly, Inc. Case No. 16-01827-als11”.

Bankruptcy Code: The United States Bankruptcy Code, 11 U.S.C. § 101, et seq., as amended.

Bankruptcy Court or Court: The unit of the United States District Court for the Southern District of Iowa, constituted pursuant to 28 U.S.C. § 151, having jurisdiction over the Bankruptcy Case to the extent of any reference made pursuant to 28 U.S.C. § 157(a), or in the event such court ceases to exercise jurisdiction over the Bankruptcy Case, such court or adjunct thereof that has jurisdiction over the Bankruptcy Case.

Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure, as amended.

Business Day: Any day that is not a Saturday, Sunday or legal holiday as identified in Bankruptcy Rule 9006.

Cash: Cash and cash equivalents, including, but not limited to, bank deposits, checks and other similar items.

Causes of Action: All causes of action of any kind held by the Debtor whether or not such causes of action are the subject of presently pending lawsuits, adversary proceedings or appeals, including, without limitation, (a) causes of action belonging to the Debtor as of the Petition Date; (b) causes of action belonging to the Debtor that arose after the Petition Date; and (c) rights exercisable by the Debtor as Debtor-in-Possession pursuant to Bankruptcy Code Sections 506, 510, 544, 545, 547, 548, 549, 550 or 553.

Claim: Shall mean a claim against the Debtor, whether or not asserted, as defined in Bankruptcy Code Section 101(5).

Claims Bar Date: January 17, 2017 as established by Court Order and pursuant to Bankruptcy Rule 3003(c)(3), after which any proof of Claim or Interest filed will not be allowed (unless by Court Order) and will have no effect upon the Plan; and the holder of such filed proof of Claim or Interest shall have no right to vote upon or participate in any Distributions under the Plan.

Claims Objection Date: The date established by the Bankruptcy Court pursuant to an Order entered in this Bankruptcy Case or which is provided for and set in the Plan and established pursuant to a Confirmation Order, by which written objections to a Proof of Claim must be filed.

Class: A group of Claims classified together in a Class designated in Article III of this Plan.

Class 5 Promissory Note: That certain promissory note, issued by the Reorganized Debtor to the Collateral Trustee (for the benefit of Holders of Allowed Class 5 Claims), in the principal amount equal to the aggregate amount of the Allowed Class 5 Claims, which document shall be in form acceptable to the Debtor, and the Official Committee at least seven (7) days prior to the Confirmation Hearing.

Collateral Trust: A trust established for the benefit of Holders of Allowed Claims in Class 5 of WDMA's Plan of Reorganization which shall hold the Class 5 Promissory Note and the Collateral Trust Security Interest of the WDMA bankruptcy estate and which documents shall be in form acceptable to the Debtor, Official Committee, and the Collateral Trustee at least seven (7) days prior to the Confirmation Hearing.

Collateral Trust Agreement: The document giving rise to the Collateral Trust, which document shall be in form acceptable to the Debtor, Official Committee, and the Collateral Trustee at least seven (7) days prior to the Confirmation Hearing.

Collateral Trust Security Interest: The security interests granted by the Reorganized Debtor in the WDMA Bankruptcy Case to the Collateral Trustee, in the Debtor's non-real estate assets, including without limitation, the Debtor's equipment, accounts receivable, inventory, contract rights, general intangibles, and chattel paper, and the proceeds of all such property from the WDMA bankruptcy Estate, which shall secure the Reorganized Debtor's payment obligations as set forth in the Class 5 Promissory Note.

Collateral Trustee: The initial Collateral Trustee of the Collateral Trust shall be a Person selected by the Official Committee in consultation with the Debtor, and who shall be subject to replacement in accordance with the terms of the Collateral Trust Agreement.

Confirmation Date: (a) The first Business Day after the expiration of time for an appeal of the Confirmation Order, provided that no appeal of the Confirmation Order has been timely filed and a stay pending appeal granted; or (b) the first Business Day after the expiration of the time to seek further appeal of the Confirmation Order, in the event that an appeal of the Confirmation Order has been filed, and a stay of the Confirmation Order pending appeal has been granted; or (c) the first Business Day after the expiration or termination of any stay pending appeal of the Confirmation Order.

Confirmation Hearing: The date on which the Bankruptcy Court conducts a hearing to consider confirmation of the Plan in accordance with Bankruptcy Code Section 1129.

Confirmation Order: The order entered by the Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

Contested Claim: Any Claim as to which the Debtor or any party in interest has filed an objection in accordance with the Plan, the Bankruptcy Code or the Bankruptcy Rules, which objection has not been finally determined, i.e., an objection that is subject to appeal or certiorari proceeding, or which the Debtor's Schedules list as contingent, disputed or unliquidated.

Contingent: Means, with reference to a Claim, a Claim that has not accrued or is not otherwise payable and the accrual of which, or the obligation to make payment on which, is dependent upon a future event that may or may not occur.

Creditor: Shall have the meaning ascribed to such term in Section 101 (10) of the Bankruptcy Code.

Debtor: Wellman Dynamics Machinery & Assembly, Inc., a Delaware Corporation.

Debtor in Possession: Debtor, as debtor in possession, pursuant to Bankruptcy Code Sections 1107 and 1108.

Disallowed: A Claim or Interest that: (i) has been disallowed, in whole or in part, by an Order of the Court; (ii) has been disallowed or withdrawn, in whole or in part, by agreement of a Holder of a Claim or Interest; or (iii) a Claim scheduled by the Debtor on the Schedules as contingent, disputed or unliquidated, for which a timely proof of Claim was not filed.

Disbursing Agent: The Disbursing Agent shall be the Debtor.

Distribution or Dividend: The property required by the Plan to be distributed to the Holders of Allowed Claims.

Effective Date: The earlier of (a) the date on which all conditions precedent to consummation of the Plan have been satisfied, or (b) the first Business Day after the expiration of thirty (30) days after the Confirmation Order becomes a Final Order.

Estate: The estate of the Debtor created in this Bankruptcy Case pursuant to Bankruptcy Code Section 541.

Fansteel Bankruptcy Case: In re Fansteel, Inc., United States Bankruptcy Court, Southern District of Iowa, Case No. 16-01823-als11.

Final Order: An order or a judgment of a court which has not been reversed, stayed, modified or amended, and as to which (a) the time to appeal or to seek review by certiorari or rehearing has expired, and no such appeal, review, certiorari or rehearing petition has been filed, or (b) any such appeal, review, certiorari or rehearing proceeding has been finally determined or dismissed, and the order or judgment is conclusive of all matters adjudicated thereby and in full force and effect.

Holder: Shall mean the legal or beneficial holder of a Claim and/or Interest (and, when used in conjunction with a Class or type of Claim or Interest, shall mean a holder of a Claim or an Interest in such Class or of such type).

Impaired: Shall mean, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of Bankruptcy Code Section 1124.

Insider: A person as defined by Bankruptcy Code Section 101(31).

Interest: Equity in the Debtor arising pursuant to the ownership or right to acquire ownership or other equity interests of the Debtor.

New Senior Secured Credit Facility: Huntington National Bank, which will provide Fansteel, Wellman Dynamics and Wellman Dynamics Machining and Assembly with exit financing on a senior secured basis, secured by the assets of all three (3) Debtors and Reorganized Debtors.

New Value Equity Investment Cash: The Cash and other credit enhancements to be provided and invested in the Wellman Dynamics Bankruptcy Case on or before the Effective Date from 510 Ocean Drive Debt Acquisition, LLC, as part of its equity investment in the Wellman Dynamics bankruptcy estate. The Debtor currently estimates the New Value Equity Investment Cash across all three Bankruptcy Cases will be approximately \$7,000,000.00.

Official Committee: The official committee of unsecured creditors appointed by the United States Trustee in the Bankruptcy Case on September 23, 2016 (Docket Item 67).

Person: An individual, corporation or partnership, as defined in Bankruptcy Code Section 101(41).

Petition Date: September 13, 2016, the date the Debtor filed its voluntary petition for relief, commencing the Bankruptcy Case.

Priority Tax Claim: Any Claim entitled to priority and payment under Bankruptcy Code Section 507(a)(8).

Professional Compensation Claim: Any claim for allowance of compensation and reimbursement of costs and expenses by a Professional Person, pursuant to Bankruptcy Code Sections 330 and 331.

Professional Person: Any attorney, accountant, or other professional: (i) engaged by the Debtor or the Official Committee and approved by order of the Bankruptcy Court in the Bankruptcy Case; or (ii) engaged by the Reorganized Debtor after the Effective Date.

Pro Rata: Proportionately, so that the ratio of the Allowed amount of a particular Claim to the total amount of Allowed Claims of the Class in which a particular Claim is included, is the same as the ratio of the amount of consideration distributed on account of such particular Claim to the consideration distributed on account of the Allowed Claims of the Class as a whole in which the particular Claim is included.

Reorganized Debtor: Wellman Dynamics Machinery & Assembly, Inc. after the Confirmation Date.

Schedules: The Schedules of Assets and Liabilities filed by the Debtor in the Bankruptcy Case (Docket No. 1), as amended.

Secured Claim: A Claim to the extent such Claim is secured as defined in Bankruptcy Code Section 506.

Secured Creditor: Any Creditor that is the holder of a Secured Claim, to the extent of such Claim.

Subordination Agreement: That certain Subordination Agreement, by and between the Reorganized Debtor, the Collateral Trustee, and the New Senior Secured Credit Facility, which may provide for, inter alia, the subordination of the Collateral Trust Security Interest in an amount not to exceed \$30,000,000 to the security interests of the New Senior Secured Credit Facility, which document shall be in form acceptable to the Debtor, the Official Committee and the Collateral Trustee at least seven (7) days prior to the Confirmation Hearing.

Unimpaired: Means the legal, equitable and contractual rights of Holders of Claims that are unaltered under the Plan.

Unsecured Claim: Any Claim other than an Administrative Expense, a Priority Tax Claim, a Priority Non-Tax Claim, or a Secured Claim, and all Claims of Secured Creditors whose Claims are valued as unsecured pursuant to Bankruptcy Code Section 506(a).

Unsecured Creditor: Any Creditor holding an Unsecured Claim.

WDC Bankruptcy Case: In re Wellman Dynamics Corporation, United States Bankruptcy Court, Southern District of Iowa, Case No. 16-01825-als11.

WDMA Bankruptcy Case: In re Wellman Dynamics Machinery & Assembly, Inc., United States Bankruptcy Court, Southern District of Iowa, Case No. 16-01827-als11.

The words “herein” and “hereunder” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection or clause contained in this Plan, unless the context requires otherwise. Whenever from the context it appears appropriate, each term stated in either the singular or the plural includes the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender include the masculine, feminine and the neuter. The section headings contained in the Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan.

A term used in this Plan and not defined herein, but that is defined in the Bankruptcy Code, has the meaning assigned to the term in the Bankruptcy Code. A term used in this Plan and not defined herein or in the Bankruptcy Code, but which is defined in the Bankruptcy Rules, has the meaning assigned to the term in the Bankruptcy Rules.

## **II. DESIGNATION AND TREATMENT OF UNCLASSIFIED CLAIMS**

### **A. Designation**

Unclassified Claims consist of the following:

1. Administrative Expense Claims: Allowed Administrative Expense Claims as defined above; and

2. Priority Tax Claims: Allowed Claims entitled to priority pursuant to Bankruptcy Code Section 507(a)(8).

## **B. Treatment**

1. Administrative Expense Claims: Except to the extent that the Holder has agreed to different and/or less favorable treatment of such Claim, each Holder of an Allowed Administrative Expense 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; provided, however, that Administrative Expense Claims that represent expenses, debts, or liabilities incurred by the Debtor in the ordinary course of business from and after the Petition Date shall be assumed and paid in the order and course of the administration of the Debtor's affairs in accordance with the terms and conditions of any agreements relating thereto. The Administrative Expense Claims will be paid proportionally by all three estates – the WDC Bankruptcy Case, Fansteel Bankruptcy Case, and WDMA Bankruptcy Case.

2. Priority Tax Claims: 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 Priority Tax Claim, payment in Cash by the Reorganized Debtor the allowed amount of such 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 Section 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. The Debtor believes there are two Priority Tax Claims, that owed to Jean Stambaugh, County Treasurer, for pre-petition property taxes, in the approximate amount of \$57,590.39 and that of the IRS in the amount of \$5,542.43. The IRS Claim is contingent as it is based on an unassessed liability.

## **III. CLASSIFICATION AND TREATMENT OF IMPAIRED AND UNIMPAIRED CLASSES AND INTERESTS**

Classes 1 and 8 are Unimpaired under the Plan. Classes 2, 3, 4, 5, 6, and 7 are Impaired under the Plan.

The following is a description of all Classes of Claims and Interests other than the Unclassified Claims, and their treatment under the Plan.

**A. Class 1 – Allowed Priority Non-Tax Claims**

1. Classification: Class 1 consists of Allowed Priority Non-Tax Claims accrued and owing as of the Petition Date and entitled to priority pursuant to Bankruptcy Code Sections 507(a)(1), (4), (5), (6) or (7). The Debtor does not believe there are any Allowed Bankruptcy Code Section 507(a)(1), (4), (5), (6) or (7) Claims. Class 1 claims are Unimpaired.

2. Treatment: 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.

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

1. Classification: 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 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 agreed to withdraw the disputed portion in the amount of \$292,364 from its Claim.

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. TCTM also asserts that it is entitled to the payment of additional interest accrued pursuant to the terms of its promissory notes and loan documents given the default status of the notes. The Class 2 Claim is Impaired.

2. Treatment: 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, WDC, and WDMA bankruptcy estates.

**C. Class 3 - Allowed Secured Real Estate Lease Claim of Burnside's LLC /Rock Trust**

1. Classification: 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.

2. Treatment: 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.

**D. Class 4 – Allowed Unsecured Administrative Convenience Class Claims**

1. Classification: 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). The list of Class 4 claims is attached hereto as Exhibit "A" and incorporated by reference herein. Class 4 is Impaired.

2. Treatment: 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.

**E. Class 5 – Allowed General Unsecured Claims**

1. Classification: 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 approximately two (2) Claims in Class 5, and the total amount of such Claims is approximately \$81,535.87. The list of Class 5 Claims is attached hereto as Exhibit "B" and incorporated by reference herein. Class 5 is Impaired.

2. Treatment: 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. The

Class 5 Claims will be paid through the Debtor WDMA's Bankruptcy Estate and not by the WDC Bankruptcy Estate or the Fansteel Bankruptcy Estate.

Holdings 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. It is estimated that the unsecured creditors will receive full repayment from the Collateral Trust. Class 5 Claim Holders may elect one of two options. For the first option, the Class 5 Claim Holders may elect to receive one hundred percent (100%) of their Allowed Claim within five (5) years plus annual amortized interest of 3% as follows: (a) the first four (4) quarters (Quarters 1-4) shall receive a payment of interest only and the first payment shall be made within thirty (30) days from the Effective Date; (b) the next fifteen (15) quarters (Quarters 5-19) shall receive a payment of principal and interest and payment shall be made in advance within ten (10) days from the first day of each quarterly payment; and (c) the one final payment (Quarter 20) of accrued interest and principal is due as a full settlement no later than the end of the final amortization day. 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 1.1 ratio, which means that the Debtor needs 10% 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.

The second option for Holders of Class 5 Claims is to elect to receive thirty percent (30%) of their Allowed Claim paid in full 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, with interest, 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) except~~ such Class 5 Claims as have been disallowed or otherwise fixed in a lesser amount as by a Final Order of the Bankruptcy Court may designate as a result of a proceeding to estimate Claims pursuant to Bankruptcy Code Section 502(e) entered before the Effective Date. 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: to be paid in full. 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.~~

3. **Security:** 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 assets.

The Collateral Trust Security Interest is valid, perfected, enforceable and effective as of the Effective Date, in all of the Debtor's assets and interests except real estate, 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.

4. **Default:** 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 \$~~3040~~0,000,000 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.

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

1. **Classification:** 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 of Intercast.

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 Since~~ the Pension Plan ~~remains will remain~~ ongoing when the Debtors’ reorganization plan becomes effective, the ~~Debtors anticipate the claims (or portions thereof) PBGC’s contingent on Pension Plan termination that were filed by PBGC Proof of Claim No. 11 in the Debtors’ bankruptcy cases amount of \$5,538,828.00~~ will be deemed 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.

2. Treatment: 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~~ WDMA and, or, Fansteel shall pay the balance owed.

#### **G. Class 7 – Subordinated Unsecured Claims of Insiders.**

1. Classification: Class 7 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 7 Claim is Impaired.

2. **Treatment:** The Holder of the Class 7 Claim shall receive nothing under the Plan, unless the Debtor provides a 100% dividend to all Holders of Allowed Claims in Classes 1 through 6 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 6 under the Plan such that no payment shall be made on account of any Class 7 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 6.

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.

#### **I. Class 8 – Equity Interests.**

Class 8 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 8 Equity Interest Holder shall retain its equity interests in the corporate Debtor. Class 8 is Unimpaired.

#### **J. 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.

### **IV. MEANS FOR IMPLEMENTATION OF 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 New Senior Secured Credit Facility secured by the assets of Fansteel, WDC and WDMA, and the New Value Equity Investment Cash to the bankruptcy estates of Fansteel, 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. Fansteel Debt Converted to Equity in Wellman Dynamics**

Fansteel's inter-company debt of \$32,106,036 owed to WDC shall be converted into WDC's 100% equity ownership of Fansteel. All prior equity interests in Fansteel shall be cancelled on the Effective Date.

**C. Fansteel Debt to 510 Ocean Drive Converted to Equity in Wellman Dynamics**

\$4,000,000 of the Fansteel Class 3 Claim of 510 Ocean Drive shall be converted into a corresponding amount of Equity in Reorganized WDC. The remaining debt of Fansteel owed to the Fansteel Class 3 Claim Holder shall be subordinated.

**B.D. 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. The Debtor maintains that the February 15<sup>23</sup>, 2017 ABL Proposed Structure Proposal Letter from Huntington Bank (the "Proposal Letter") and Preliminary Term Sheet Digest (the "Term Sheet") reflects reflect 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 includes the signature of February 20, 2017 which will include signatures of the Debtor and bank representatives and Mr. Larry Swinney, Huntington Bank's Senior Vice President. The Proposal Letter contemplates payment by the Debtors of an initial payment deposit of \$60,000.00 to begin conduct a credit and due diligence investigation of the Debtors. The Debtors will provide such initial deposit upon execution of the Proposal Letter, but no later than March 3, 2017, as contemplated by the Proposal Letter. The Debtors anticipate that a fully-executed commitment letter from Huntington Bank will be provided prior to the Confirmation Date.



The Term Sheet requires, in addition to the New Value Equity Investment Cash from 510 Ocean Drive, an additional \$5 million infusion of cash collateral to secure the New Senior Secured Credit Facility. The Debtor anticipates that this additional \$5 million of cash collateral will be provided by 510 Ocean Drive. The Term Sheet further includes a provision for Huntington Bank to recapture 25% of the Debtors' excess cash flow to pay down the real estate loans.

The Term Sheet also incorporates the following fees:

- 1) Letter of Credit Fees equivalent to the revolving credit interest rate for LIBOR Rate loans plus Huntington Bank's issuance fees;
- 2) Upfront Fees equal to 1% of the aggregate proposed credit facility, which will be due and payable at closing, unless Huntington Bank issues a commitment letter prior to closing, in which case, 50% of the Upfront Fees will be due upon the issuance of the commitment letter with the remainder due at closing;
- 3) Unused Facility Fee accruing on the revolving credit facility at .375% per annum on the daily average unused portion of the revolving credit facility, payable monthly in arrears and on the maturity date;
- 4) Collateral Management and Collateral Evaluation Fee equal to \$9,750 per calendar month; and

Prepayment Fee of 3% of the aggregate commitment if prepaid within one year from the closing date; 1.5% of the aggregate commitment if prepaid in year two and .75% in year three and 0% thereafter; there is no Prepayment Fee if the Debtors refinance during this period with Huntington Bank.

#### **€E. 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 has executed an Acknowledgment and Agreement to provide the New Value Equity Investment Cash. The Acknowledgment and Agreement provides an acknowledgment by 510 Ocean Drive of its intent and ability to materially support the Plan, including the Bankruptcy Rule 3020(a) Plan provision for a Special Deposit Account prior to confirmation. It further provides that 510 Ocean Drive consents to provide the New Value Equity Investment Cash in an amount no less than \$7 million, subject to Huntington Bank's issued commitment to loan the Debtor \$30 million, and an absence of material adverse change in the finances and business of the Debtor in the 30 days preceding the funding date.

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 recorded on April 7, 2014. On September 8, 2015, 510 Ocean Drive subordinated its security interest in all assets of all three Debtors to Fifth Third Bank did not perfect its lien including a collateral assignment of 510 Ocean Drive's mortgage interest on the Creston property, 510 Ocean Drive became the first and senior secured lien holder on the Creston property, recorded on September 21, 2015.~~ Shortly after 510 Ocean Drive perfected its lien on the Creston property, William ~~Beiber~~Bieber domesticated his lien interest on the Creston property. WDC granted to Fifth Third Bank a mortgage on the Creston property on September 8, 2015, that was recorded on September 21, 2015, the same day as the recording of the subordination agreement and the collateral assignment of mortgage executed by 510 Ocean Drive in favor of Fifth Third Bank. On September 1, 2016, Fifth Third Bank assigned all of its security interests in and became the second secured lien holder on liens on the assets of the Debtors, including the Creston property, followed by Fifth Third Bank's interest to TCTM.

The Debtors maintain that 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; and that 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, subject to the subordination in favor of Fifth Third Bank, now TCTM, described in the paragraph above. The Committee disputes these assertions by the Debtors.

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, in the approximate amount of \$2,139,713.83, 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.

In partial consideration of 510 Ocean Drive's commitment agreement to provide no less than \$7,000,000 in ~~new cash~~New Value Equity Investment 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.~~ TCTM's position is that neither the Debtors, nor their successors and assigns, are entitled to bring any such causes of action against TerraMar Capital and its officers, directors and affiliates, including TCTM, by

virtue of the proposed Order After Hearing Approving Debtor's First Amended Motion for Order Authorizing Final Use of Cash Collateral and Providing Post-Petition Liens (Docket Item No. 238) and the Court's Order dated November 4, 2016 (Docket Item No. 251). The Debtor disagrees with TCTM's position and has filed a Motion for Clarification as to Paragraph 19 of the Cash Collateral Order or in the Alternative Reformation of Paragraph 19 in the Fansteel Bankruptcy Case (Docket No. 609).

~~On~~  
Prior to the Effective Confirmation Date, 510 Ocean Drive shall deposit the New Value Equity Investment Cash with into a Special Deposit Account pursuant to the Reorganized Debtor WDC Bankruptcy Rule 3020(a) Plan provision 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.

#### **D.F. 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 With Fansteel as the parent company, it previously relied upon its subsidiaries, including WDC, if it had insufficient funds to meet its costs of operation or to meet its obligations to FMRI, which is why there is inter-company debt owed by Fansteel to WDC.

To prevent this risk of Fansteel obtaining money from its subsidiaries to meet its obligations, 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~~ remain a wholly-owned subsidiary of Fansteel and FMRI funding will be provided from a

subset of Fansteel EBITDA, ~~and not from WDC~~. With this structure, future WDC earnings will not ~~be required or compelled to~~ leave WDC for the benefit of subsidiary entities relative to FMRI and the continuing environmental cleanup costs to Fansteel.

~~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 payment from Fansteel's~~ EBITDA. Therefore, there is no risk to WDC and rather a reduction of risk instead. The whole reorganization concept is being done to ~~reduce/eliminate~~ the risk that earnings are drawn from WDC for environmental obligations of Fansteel or otherwise at a rate that would risk another bankruptcy. The Debtors maintain that 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 in the past had a negative cash flow. WDMA has under-performed 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, the Debtor believes 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. ~~#The Debtor believes 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.~~

## **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.~~

#### **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. The Debtor's projections of future income and expenses in support of feasibility of the Plan are attached hereto as Exhibit "C" and incorporated by reference herein.

**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 \$40,000,000.00 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 in 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.

TCTM's position is that neither the Debtors, nor their successors and assigns, are entitled to bring any such causes of action against TerraMar Capital and its officers, directors, agents, employees, legal or financial advisors, accountants, financing sources or other professionals and affiliates, including TCTM, by virtue of the proposed Order After Hearing Approving Debtor's First Amended Motion for Order Authorizing Final Use of Cash Collateral and Providing Post-Petition Liens (Docket Item No. 238) and the Court's Order dated November 4, 2016 (Docket Item No. 251). The Debtor disagrees with TCTM's position and has filed a Motion for Clarification as to Paragraph 19 of the Cash Collateral Order or in the Alternative Reformation of Paragraph 19 in the Fansteel Bankruptcy Case (Docket No. 609).

#### **L. Avoidance Actions**

Since the ~~plan~~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~~Debtor does not believe it will be necessary to pursue Avoidance Actions. The Committee believes there are claims for avoidance of the 510 Ocean Drive liens and reserves its right to bring such claims and other actions under Chapter 5 of the Code and which are otherwise available.

#### **M. Conditions Precedent to Confirmation**

The~~Among other conditions set forth in the Plan, 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.

#### **N. Condition 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 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.

2. Execution of Ancillary Plan Documents by All Signatories: To the extent any of the three Debtors, Reorganized Debtors, ~~or~~ the Collateral Trustee, or the New Senior Secured Credit Facility 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 510 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.

#### **O. Effect of Confirmation**

1. Discharge and Release of Claims: Upon the Effective Date of the Plan, except as otherwise set forth in the Plan or in the Confirmation Order, 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.

2. Injunction: Except as otherwise expressly provided for in this 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, the Collateral Trust Security Interest or the Class 5 Promissory Note, as applicable.

3. 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.

4. 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.

5. 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.

#### **P. Payment of Allowed Claims**

On the Effective Date, the Reorganized Debtor as Disbursing Agent shall make all Distributions called for or provided for under the Plan, to Creditors with Allowed Unclassified and Classified Claims. To the extent Creditors with Allowed Claims have not provided the Reorganized Debtor with a social security number or other tax identification number, the Reorganized Debtor shall withhold such Distribution until so provided by such Claim Holder. The Distributions shall be made by the Reorganized Debtor as the Disbursing Agent. 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.

#### **Q. Post Confirmation Compensation of Professional Persons**

Compensation for services rendered by a Professional Person after the Confirmation Date for reimbursement of expenses incurred in connection therewith need not be approved by the Court. Professional Persons may invoice the Reorganized Debtor directly, and the Reorganized Debtor may pay said invoices directly; provided, however, that in the event of a dispute between

the Reorganized Debtor and the Professional Person regarding such compensation or reimbursement, the Professional Person may submit an application to the court for review of the request to compensation and reimbursement, and the Court retains jurisdiction to hear and approve such application and compel payment thereon. Such post confirmation compensation for services rendered and reimbursement of expenses shall be considered an ordinary course of business expense pursuant to this Plan.

**R. All Section 1129(a)(4) Payments Subject to Court Review**

As required by Bankruptcy Code Section 1129(a)(4), all payments made or to be made by the Debtor or Reorganized Debtor for services or for costs and expenses in connection with the Bankruptcy Case, or in connection with the Plan and incident to the Bankruptcy Case, are subject to approval of this Court as reasonable. To the extent that any such payment is not subject to the procedures and provisions of Bankruptcy Code Sections 326-330 and 506, then such Court approval shall be deemed to have been given through entry of the Confirmation Order unless, within 90 days of such payment or request for such payment, the Court, the United States Trustee, the party making the payment or the party receiving the payment challenges or seeks approval of the reasonableness of such payment; no other parties or entities shall have standing to make such a challenge or application for approval. Nothing in this provision shall affect the duties, obligations and responsibilities of any entity under Bankruptcy Code Sections 326-330 and 506.

**S. Default.**

1. Events of Default.

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, salaries, payments to lien holders, or any third person to whom the Reorganized Debtor becomes obligated in the ordinary course of its business.

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 to 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.

2. Cure of Prior Defaults

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.

**T. Assumption and/or Rejection of Unexpired Leases and Executory Contracts**

1. Assumptions

Pursuant to Bankruptcy Code Section 365 and Bankruptcy Rule 6006, the Debtor shall, and upon confirmation of the Plan, hereby does assume all executory contracts and unexpired leases to which the Debtor may be party, as identified on Exhibit “D” to this Plan (“Assumed Contracts/Leases”). The Debtor has identified on Exhibit “D” the cure amounts as of the filing of this Plan that the Debtor believes must be paid to cure all defaults under the Assumed Contracts/Leases (in each case a “Cure Amount”). The Debtor believes there are no non-monetary defaults (other than the filing of the Bankruptcy Case) which will need to be cured. The Debtor’s assumption of the obligations and responsibilities of the Assumed Contracts/Leases on Exhibit “D” shall constitute adequate assurance of future performance in accordance with Bankruptcy Code Section 365(f)(2)(B). The Confirmation Order shall constitute an Order approving the assumption of the Assumed Contracts/Leases.

In addition to the executory contracts and unexpired leases between the Debtor and any of its creditors, as listed on Exhibit “D”, all executory contracts, including purchase orders, between the Debtor and all of its customers shall also be assumed and fulfilled.

Any party seeking (i) to object to the Cure Amount as determined by Debtor or otherwise assert that any other amounts, defaults, conditions or pecuniary losses must be cured or satisfied under any of the Assumed Contracts/Leases in order for such contract or lease to be assumed or (ii) to object to the assumption of any Assumed Contract/Lease on any other basis, must file a written objection to this Plan (an “Assumption Objection”) setting forth the cure amount the objector asserts to be due, the specific types and dates of the alleged defaults, pecuniary losses and conditions to assumption and the support therefor, and the basis for the Objection. Moreover, any party filing an Assumption Objection with respect to any unliquidated damages claims or adjustments for percentage rent, real estate taxes, common area maintenance or similar adjustable charges (the “Unliquidated Charges”) must provide in such Assumption Objection a good faith estimate (if possible) of the amount of such Unliquidated Charges and a description of the factors used in calculating such charges (in all cases with appropriate documentation in support thereof). All Assumption Objections must be filed and served by the deadline established by the Bankruptcy Court for objections to the Plan.

Unless an Assumption Objection is timely filed and served, all parties shall (i) be forever barred from asserting any cure or other amounts with respect to the Assumed Contract/Lease, except as set forth on Exhibit “D”, and the Debtor shall be entitled to rely on the absence of any cure amount requiring payment; (ii) be deemed to have consented to the assumption of the

Assumed Contract/Lease; and (iii) be forever barred and estopped from asserting or claiming against Debtor that any additional amounts are due or other defaults exist, that any conditions to assumption remain to be satisfied under such Assumed Contract/Lease or that there is any objection or defense to the assumption of such Assumed Contract/Lease.

2. Rejections

On the Confirmation Date, all executory contracts and/or unexpired leases not specifically assumed in this Plan will be rejected, as of the Effective Date. The Confirmation Order shall constitute an Order approving the rejection of any such executory contract or unexpired leases. Any party to an executory contract or unexpired lease proposed to be rejected and under this Plan may object to the rejection of such contract or lease, which objection to the Plan shall be filed and served within the deadline for objecting to the confirmation of the Plan.

THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE REJECTION OF AN EXECUTORY CONTRACT OR UNEXPIRED LEASE (collectively, "Rejection Damages Claims") IS NO LATER THAN THIRTY (30) DAYS AFTER THE CONFIRMATION DATE. Any Claim based on the rejection of an executory contract or unexpired lease will be barred if the Proof of Claim is not timely filed, unless the Court later orders otherwise. Holders of Rejection Damages Claims will be deemed Class 5 Creditors and will receive treatment pursuant thereto.

3. Reservation of Rights

The Debtor and Reorganized Debtor reserve the right to file applications or motions for the assumption or rejection of any executory contract or unexpired lease at any time prior to the Confirmation Date, and to prosecute any such application to entry of a Final Order any time thereafter. In the event that the Court enters a Final Order denying rejection of an executory contract or unexpired lease, such Final Order shall be deemed to be an assumption by the Debtor of such executory contract or unexpired lease.

4. Proof of Claim

Each entity that is a party to an executory contract or unexpired lease that is rejected pursuant to this Plan, and only such entity, shall be entitled to file, not later than thirty (30) days after the Confirmation Date, a Rejection Damages Claim from the rejection of the contract or lease to which such entity is a party.

**U. Objections to Claims and Interests**

The Debtor or the Reorganized Debtor shall file any objections to Claims (collectively, "Claims Objections") on or before the Claims Objection Date, unless the Court, upon request, extends such period. Such extension may be granted without notice to the affected Claimant. Objection may include a request for subordination pursuant to Bankruptcy Code Section 510. Filing, service and prosecution of such Objections shall be subject to and in accordance with the Bankruptcy Code and Bankruptcy Rules.

**V. Resolution of Disputes**

Disputes regarding the validity or amount of Claims shall be resolved pursuant to the procedures established by the Court, the Plan, the Bankruptcy Code, the Bankruptcy Rules and other applicable law, and such resolution shall not be a condition precedent to confirmation or consummation of the Plan.

**W. Settlement**

The Debtor or the Reorganized Debtor may compromise, liquidate or otherwise settle any undetermined, contested or objected to Claim or Cause of Action pursuant to Bankruptcy Rule 9019.

**X. Allowed Amount of Claims and Interests**

No holder of an Allowed Claim shall receive a Distribution in excess of the amount allowed, either by the Court or as provided herein, with respect to such Allowed Claim.

**Y. Unclaimed Funds**

Any Distribution by check to any holder of an Allowed Claim, if unclaimed or uncashed by the payee thereof, within ninety (90) days after issuance and delivery by first class mail, shall be distributed pro-rata to such other Creditors entitled to receive a Distribution under this Plan. All liabilities and obligations of the Reorganized Debtor to such payee and any holders of such check shall thereupon cease. Any check distributed to a holder of an Allowed Claim shall bear a legend that the check shall be void if not cashed or presented for payment within 90 days of the date of issuance.

**Z. Modification/Amendment of Plan**

1. Amendments Prior to Confirmation

The Debtor may propose any number of amendments to or modifications of the Plan, or may rescind and withdraw the Plan in its entirety (with or without substitution of a replacement plan), at any time prior to confirmation. If the Debtor revokes or withdraws the Plan or if Confirmation or the Effective Date does not occur, then the Plan shall be deemed null and void, and in any such event, nothing contained herein shall be deemed to constitute an admission, omission or a waiver or release of any Claims by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any other person in any further proceedings involving the Debtor.

2. Amendments after Confirmation

The Plan may be modified by the Debtor or 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 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.

3. Effect on Claims and Interests

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

**AA. Post-Confirmation Status Reports and Final Decree**

The Reorganized Debtor shall comply fully with all provisions of the Bankruptcy Code, Bankruptcy Rules and Guidelines of the Office of the United States Trustee, and in connection therewith, shall file with the Court a status report within 120 days of the entry of the Confirmation Order, and every quarter thereafter, describing the Reorganized Debtor's progress towards consummation of the Plan. When the Plan is fully administered in all material respects, the Reorganized Debtor shall file a Final Report and Motion for Entry of Final Decree closing this Bankruptcy Case.

**BB. Termination of the Official Committee**

On the Effective Date, the Official Committee shall dissolve and the members of the 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. As of the date hereof, the Debtor is not aware of any such claims.

**CC. Post-Confirmation 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, 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 Secured Claim 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 to which the Debtor are a party or with respect to which they 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 the Disclosure Statement or remedy any defect or omission or reconcile any inconsistency in 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, the Collateral Trust Security Interests or the Class 4 Promissory Note;

12. To liquidate or estimate any undetermined Claim;

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 of the event of 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.

**DD. 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 Thirty (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.

**EE. Retirement Benefits**

The Debtor provides retirement benefits to its employees. Pursuant to Bankruptcy Code Section 1129(a)(13), after the Effective Date, and pursuant to this Plan, the Reorganized Debtor will provide, and continue to provide, for the continuation of retiree benefits to its employees, as that term is defined under Bankruptcy Code Section 1114, at the level established per Bankruptcy Code Section 1114, and for the period of time that the Debtor and the Reorganized Debtor have obligated themselves to provide such benefits.

**FF. General Provisions**

1. Headings

The article and section headings used in this Plan, except for definitions contained in Article I, are inserted for convenience and reference only and neither constitutes a part of the Plan nor in any manner affects the terms, provisions or interpretations of the Plan.

2. Severability

Should any term or provision in the Plan be determined to be unenforceable, such determination shall in no way limit the enforceability and operative effect of any other term or provision of the Plan; provided, however, that this provision shall not be applied or interpreted so



as to defeat the primary purpose of this Plan, to-wit: the restructuring of the Debtor's obligations to its Creditors on their material terms and according to the treatment afforded to their Claims under the Plan.

3. Governing Law

Except to the extent that the Bankruptcy Code or other provisions of federal law are applicable, the rights and obligations arising under the Plan in any documents, agreements and instruments executed in connection with the Plan (except to the extent such documents, agreements and instruments designate otherwise) shall be governed by, and construed and enforced in accordance with, the laws of the State of Iowa.

4. Successors and Assigns

The rights and obligations of any entity named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such entity.

5. Plan is Self-Executing

The terms and provisions of this Plan are self-executing on the Effective Date.

DATED: ~~February 16, 2017~~ March 6, 2017

Respectfully submitted,

Wellman Dynamics Machinery &  
Assembly, Inc.

By: /s/ James Mahoney  
Its Chief Executive Officer

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