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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
FANSTEEL INC., et al.,¹) Case No. 02-10109 ()
) (Jointly Administered)
Debtors.)
)
)
)

**ORDER AUTHORIZING DEBTORS TO PAY
PREPETITION CLAIMS OF CRITICAL TRADE VENDORS**

Upon the motion ("Motion"),² of Fansteel Inc., a Delaware corporation, and its subsidiaries ("Subsidiaries"), Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., Wellman Dynamics Corp. and Fansteel Schulz Products, Inc., debtors and debtors-in-possession herein (each a "Debtor" and, collectively, the "Debtors"), for an order authorizing Debtors to pay certain prepetition unsecured claims of Critical Vendors; and upon consideration of the Affidavit of Gary Tessitore in Support of the First Day Motions and Applications; and due notice having been provided; and it appearing that the Court has jurisdiction over this matter and the relief requested in the Motion pursuant to 28 U.S.C. §§ 157, 1334; it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having determined that the relief sought in the Motion is in the best interests of Debtors, their estates, and all parties in interest;

¹ The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

² Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

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therefore, upon the Motion and all of the proceedings had before the Court and after due deliberation and sufficient cause appearing, it is hereby

ORDERED that the Motion is granted; and it is further

ORDERED that Debtors are authorized but not directed to pay all valid prepetition claims to the Critical Vendors, subject to the provision of terms on which a Critical Vendor receiving such payments agrees to supply Debtors with postpetition goods and services on Acceptable Supply and Credit Terms or as otherwise set forth in the Motion; and it is further

ORDERED that all applicable banks and other financial institutions are authorized to receive, process, honor, and pay any and all checks, drawn on Debtors' accounts related to the Critical Vendor Claims for which payment has been authorized hereby, whether such checks were presented prior to or after the Petition Date, provided only that sufficient funds are available in the applicable accounts to make such payments; and it is further

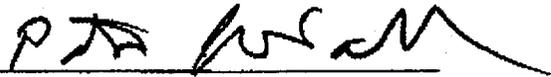
ORDERED that, if any Critical Vendor that has received payment of any prepetition amount hereunder ceases to provide such pricing and terms for any reason during the pendency of these cases, Debtors may credit such vendor's postpetition account with any such payments and increase such vendor's prepetition account accordingly. To the extent such vendor's postpetition account is less than the sum of all payments received by such vendor on its prepetition account in accordance herewith, such vendor shall disgorge to the relevant Debtor all amounts received by such vendor on account of its prepetition claim in accordance herewith; and

it is further

ORDERED that, notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall constitute, nor is it intended to constitute, an assumption of any executory contract or unexpired lease under Section 365 of the Bankruptcy Code; and it is further

ORDERED that this Court retains jurisdiction with respect to all matters arising from or related to the implementation of this order.

Dated: Jan 17, 2002



JUDGE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
FANSTEEL INC., et al.,¹) Case No. 02-10109 ()
) (Jointly Administered)
Debtors.)
)
)

**ORDER AUTHORIZING MAINTENANCE OF CASH MANAGEMENT
SYSTEM, BANK ACCOUNTS, BUSINESS FORMS, AND DEVIATION FROM
DEPOSIT AND INVESTMENT GUIDELINES SET FORTH IN 11 U.S.C. § 345(b)**

Upon the motion (the "Motion")² of Fansteel Inc., a Delaware corporation, and its subsidiaries, Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg., Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc., debtors and debtors in possession herein (each a "Debtor" and, collectively, the "Debtors"), by and through their counsel, Schulte Roth & Zabel LLP, hereby move this Court for an order ("Order") (i) permitting continued use of the Debtors' cash management system, (ii) waiving certain requirements of the U.S. Trustee Guidelines to the extent necessary to permit the Debtors continued use of their existing bank accounts and cash management system, and (iii) permitting the Debtors to deviate from the deposit and investment guidelines set forth in 11 U.S.C. § 345(b); and this Court having determined that granting the relief requested in the Motion is in the best interest of the Debtors,

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their respective estate, and their respective creditors; and it appearing that notice of the Motion was good and sufficient under the particular circumstances and that no other or further notice is necessary; and upon the record of the case; and after due deliberation; and good and sufficient cause appearing therefor, it is hereby:

ORDERED, that the Motion is granted; and it is further

ORDERED, that the Debtors are authorized to continue the use of their cash management system as described in the Motion, and as may be required for the continued operation of the cash management system; and it is further

ORDERED, that NT and M&I are hereby directed to remit to the Debtors any and all amounts received by NT and/or M&I on behalf of the Debtors on or after the Petition Date; and it is further

ORDERED, that the Debtors are authorized and empowered to incur post-petition intercompany indebtedness on an unsecured administrative basis, as described in the Motion; and it is further

ORDERED, that the Debtors are authorized to maintain, in their discretion, their pre-petition bank accounts as set forth in the Motion (collectively, the "Accounts"); and it is further

ORDERED, that the Accounts shall be treated for all purposes as accounts of the Debtors, in their capacity as debtors in possession; and it is further

ORDERED, that the Debtors are authorized to use, in the same manner and with the same account numbers, styles, and document forms, the checks, documents, and other stock

related to the Accounts as were used during the pre-petition period without the designation "Debtor in Possession" imprinted on them; provided, however, that once the Debtors' existing supplies of checks are exhausted the Debtors shall use checks marked "DIP" or "Debtor in Possession;" and it is further

ORDERED, that all banks providing and maintaining Accounts be (i) authorized and directed to service and administer the Accounts without interruption and in the usual and ordinary course (unless otherwise instructed in writing or orally by the Debtors), (ii) prohibited from exercising any claimed rights of setoff or offset of funds in such Accounts, freezing, or otherwise impeding the use, transfer of, or access to, any funds in the Accounts, subject to further orders of this Court, and (iii) directed to receive, process, honor, and, pay all checks, wires, and drafts drawn on the Accounts on or after the Petition Date, in the ordinary course of business in the same manner as occurred during the pre-petition period; and it is further

ORDERED, that the Debtors are authorized to continue to invest their Investable Funds short term in substantially the same manner such Investable Funds were invested just prior

to the Petition Date; and it is further *ORDERED that the Debtors approval of the waiver of §345(b) guidelines is limited to 30 days from entry of this Order,*
ORDERED, that within three (3) business days of the date of entry of this order, *unless the Court orders otherwise or the U.S. Trustee consents and it is further*
the Debtors shall serve by first-class United States mail a notice of entry of this Order upon the banks listed on Exhibit A to the Motion.

Dated: Jan 17, 2002



Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
FANSTEEL INC., et al.,¹) Case No. 02-10109 ()
) (Jointly Administered)
Debtors.)
)
)

ORDER AUTHORIZING DEBTORS TO PAY (i) PRE-PETITION COMMISSIONS, CONSULTING FEES, EMPLOYEE WAGES, SALARIES, AND CONTRIBUTIONS TO 401(k) AND OTHER EMPLOYEE BENEFIT PLANS, INCLUDING WORKERS' COMPENSATION PLANS, (ii) REIMBURSEMENT OBLIGATIONS ON ACCOUNT OF CERTAIN PRE-PETITION BUSINESS EXPENSES, AND (iii) ALL COSTS AND EXPENSES INCIDENT TO THE FOREGOING PAYMENTS AND CONTRIBUTIONS IN THE ORDINARY COURSE OF BUSINESS

Upon the motion ("Motion"),² of Fansteel Inc., a Delaware corporation, and its direct and indirect subsidiaries ("Subsidiaries"), Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg., Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc., debtors and debtors-in-possession herein (each a "Debtor" and, collectively, the "Debtors"), for an order under 11 U.S.C. §§ 105(a), 363, 364, and 507, (i) authorizing Fansteel to pay and to incur certain intercompany indebtedness for the payment of (a) pre-petition employee wages, salaries, contractual compensation, and benefits, (b) pre-petition commissions for independent contractors, (c) pre-petition consulting fees, (d) reimbursement obligations on account of certain

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pre-petition employce and/or indopcndent contractors business expenses, and (e) all costs and expenses incident to the foregoing (including payroll-related taxes and processing costs), and (ii) authorizing and directing the Payroll Banks and other financial institutions to receive, process, honor, and pay all related checks drawn on the Debtors' operating account; and this Court having determined that granting the relief requested in the Motion is in the best interests of Debtors, their estate, and their creditors; and it appearing that notice of the Motion was good and sufficient under the circumstances and that no other or further notice is necessary; and upon the record of the case; and after due deliberation; and good and sufficient cause appearing therefor, it is hereby

ORDERED, that the Motion is granted; and it is further

ORDERED, that Debtors are authorized and empowered, but not directed, to pay and to incur post-petition intercompany indebtedness on an unsecured administrative basis, for the payment of Pre-Petition Compensation Claims that accrued but remained unpaid as of the Petition Date, in accordance with Debtors' stated policies with respect thereto, and, to the extent set forth in the Motion, and it is further

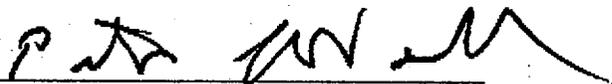
ORDERED, that the employees shall be paid for accrued vacation time as of the Petition Date that is used by such employees post-petition in accordance with Debtors' stated policies with respect thereto, but shall not be paid for accrued but unused vacation time, as set forth in the Motion; and it is further

ORDERED, that Debtors are authorized and empowered to pay and to incur intercompany post-petition indebtedness on an unsecured administrative basis for the payment of Pre-Petition Payroll Incidental Costs; and it is further

ORDERED, that Debtors are authorized and empowered to pay and to incur intercompany post-petition indebtedness on an unsecured administrative basis for the maintenance of Debtors' Workers' Compensation Policy and programs; and it is further

ORDERED, that the Payroll Bank is authorized to receive, process, honor, and pay any and all checks, wires, and drafts drawn on Debtors' payroll and operating accounts in respect of Pre-Petition Compensation Claims and Pre-Petition Payroll Incidental Costs, as identified by Debtors, whether such checks, wires, and drafts were presented prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make such payments.

Dated: Jan. 12, 2002



Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

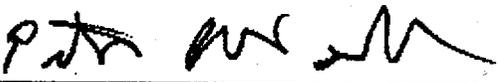
In re:) Chapter 11
FANSTEEL INC., et al.,¹)
Debtors.) Case No. 02-10109 ()
) (Jointly Administered)
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**ORDER ADMITTING ATTORNEYS
FOR THE DEBTORS PRO HAC VICE**

Upon consideration of the foregoing Motion for Admission *Pro Hac Vice*, it is hereby ORDERED that Mark A. Broude, Jeffrey S. Sabin, and Michael R. Mitchell may file pleadings and appear and be heard at hearings in the above-captioned chapter 11 cases and any and all proceedings arising therein; and it is further

ORDERED that notwithstanding the possible applicability of Fed. R. Bankr. P. 6004(g), 7062, 9014, or otherwise, the terms and conditions of this order shall be immediately effective and enforceable upon its entry.

Dated: 1/17/02



Judge

¹ The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

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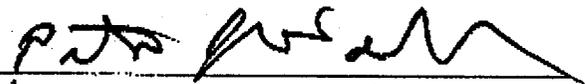
IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
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FANSTEEL INC., et al.,¹) Case No. 02-10109 ()
) (Jointly Administered)
Debtors.)
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Upon consideration of the foregoing Motion for Admission *Pro Hac Vice*, it is hereby
ORDERED that Hamid R. Rafatjoo may file pleadings and appear and be heard at
hearings in the above-captioned chapter 11 cases and any and all proceedings arising therein; and
it is further

ORDERED that notwithstanding the possible applicability of Fed. R. Bankr. P. 6004(g),
7062, 9014, or otherwise, the terms and conditions of this order shall be immediately effective
and enforceable upon its entry.

Dated: 1/17, 2002



Judge

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