FILED CLERK U.S. DISTRICT COURT DISTRICT OF DELAWARE

IN THE UNITED STATES BANKRUPTCY COURT 2002 FEB 22 PM 3: 50 FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11 40 - 7580
FANSTEEL INC., et al.,1) Case No. 02-10109 (JJF)
Debtors.) (Jointly Administered)
))
)

ORDER AUTHORIZING DEBTORS TO MAKE PAYMENTS TO CONGRESS FINANCIAL CORPORATION NECESSARY FOR DILIGENCE, NEGOTIATION, PREPARATION AND DOCUMENTATION OF A DEBTOR IN POSSESSION FINANCING FACILITY

Upon consideration of the motion seeking entry of an order authorizing the above captioned debtors and debtors in possession (the "Debtors") to make payments to Congress Financial Corporation ("Congress") necessary for diligence, negotiation, preparation and documentation of a debtor in possession financing facility (the "Motion"); and it appearing that the relief requested is in the best interests of Debtors' estates, their creditors and other parties in interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and due and adequate notice of the Motion² having been given under the circumstances; and after due deliberation and cause appearing therefore; it is hereby

ORDERED that the Motion is granted; and it is further

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The Debtors are the following entities: Fansteel Inc. ("Fansteel"), 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.

Capitalized terms not defined herein shall have the same meaning ascribed to them in the Motion.

ORDERED that Debtors are authorized, but not directed, in their sole discretion and without further application to the Court, to pay to Congress \$100,000 as the Initial Deposit against the Due Diligence Expenses; provided, however, that Congress shall expend no more than \$60,000 of the Initial Deposit for reimbursement of internal expenses without the prior consent of the Committee; and it is further

ORDERED that Congress shall provide to Debtors and the Committee copies of all appraisals and reports obtained by Congress as a result of the due diligence for the DIP facility; and it is further

ORDERED that Debtors are authorized, but not directed, in their sole discretion, and without further application to the Court, to pay to Congress \$150,000 as the Final Deposit against the Due Diligence Expenses; provided, however, that the Final Deposit shall not be paid, in whole or in part, without the prior consent of the Committee; and it is further

ORDERED that, when consent of the Committee is required for any payment to be made pursuant to this Order, (1) the Committee shall have three business days to object to any such payment after it has received notice of the proposed payment, and (2) if such objection cannot be resolved within two business days after the Committee gives notice of such objection to the Debtors, Debtors may request an expedited hearing before the Court on three days' notice; and it is further

ORDERED that, for purposes of this order, notice shall be deemed to have been made when it is sent by overnight mail or by fax to:

COMMITTEE

Frances Gecker, Esq.
Joseph D. Frank, Esq.
Freeborn and Peters
311 South Wacker Drive, Suite 3000
Chicago, IL 60606-6677

Fax: 312-360-6596

And

Adam Landis, Esq.
The Brandywine Building
1000 West Street
Suite 1410
Wilmington, DE 19801
Fax: 302-552-4295

DEBTORS

Jeffrey S. Sabin, Esq. Mark A. Broude, Esq. Schulte Roth & Zabel LLP 919 Third Avenue New York, NY 10022 Fax: 212-593-5955

And /

Laura Davis Jones, Esq Pachulski, Stang, Ziehl, Young & Jones PC 919 North Market Street, 16th Floor P.O. Box 8705 Wilmington, DE 19899-8705 (Courier 19801) Fax: 302-652-4400

ORDERED that the Court shall retain jurisdiction with respect to any matters, claims,

rights or disputes arising from or related to the implementation of this Order.

Dated: Februar 2002

ludge Joseph J. Farnan Jr.

United States District Court Judge