

FILED
CLERK U.S. DISTRICT COURT
DISTRICT OF DELAWARE

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

2002 MAR 15 AM 10:36

In re:)
)
FANSTEEL INC., et al.,¹) 02-CV-44 (JJF)
)
)
Debtors.)

40-7580

**STIPULATION AND AGREED ORDER MODIFYING ORDER
AUTHORIZING PAYMENT OF PRE-PETITION CRITICAL VENDORS
CLAIMS AND ESTABLISHING PROCEDURES FOR FUTURE ARRANGEMENTS.**

WHEREAS, on January 14, 2002, the Debtors filed a Motion for Order Authorizing Payment of Pre-Petition Critical Vendor Claims, seeking authorization to pay certain prepetition vendor claims;

WHEREAS, on January 17, 2002, the Court entered an Order Authorizing Debtors to Pay Prepetition Claims of Critical Trade Vendors (the "Order");

WHEREAS, on February 19, 2002 the Official Committee of Unsecured Creditors of Fansteel, Inc. (the "Committee") filed with this court a Motion Pursuant to Local Bankruptcy Rule 9013-2 and Bankruptcy Rule 9024(b) seeking Reconsideration of the Order and requesting, among other things, certain rights and information regarding the Debtors' determinations of critical vendors (the "Reconsideration Motion");

WHEREAS, vendor support is essential for the Debtors to operate their business and maintain uninterrupted service to their customers; and

WHEREAS, it is in the best interest of the Debtors and the Committee to resolve any issues concerning critical vendors expeditiously and without expending any unnecessary time or effort.

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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NOW, THEREFORE, IT IS HEREBY STIPULATED, ORDERED AND

AGREED THAT:

1. The Debtors shall deliver to the Committee (subject to confidentiality) on or before April 15, 2002 at 5:00 p.m. a list of critical vendors (the "List");
2. The List shall specify the amount of prepetition claims that the Debtors intend to pay to each critical vendor;
3. The List shall describe how the Debtors intend to disburse payment for the prepetition claims to critical vendors and provide a timeline of when the Debtors intend to pay the prepetition claims of critical vendors;
4. The List shall specify terms and conditions of postpetition credit that the critical vendors may provide to the Debtors;
5. The Committee will have three (3) business days to review and object to any payment or credit arrangement between a critical vendor and the Debtors. If the Committee objects then, both the Debtor and the Committee will in good faith attempt to resolve the Committee's objections. Finally, if no resolution is achieved within five (5) business days after the Committee files its objection, then the Debtors are authorized and directed to finalize and execute any payment or credit arrangement they may have with that critical vendor; and

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6. This Stipulation and Order shall supplement and modify the Order and except as provided herein, nothing else in the Order shall be modified.

Dated: March 14, 2002

AGREED:

OFFICIAL COMMITTEE OF
UNSECURED CREDITORS

FANSTEEL INC.

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[Proposed] Counsel to Creditors'
Committee

Co-Counsel to the Debtor

OFFICE OF THE U.S. TRUSTEE FOR
DELAWARE

By: _____

No objection

David L. Buchbinder, Esquire

844 King Street, Suite 2313

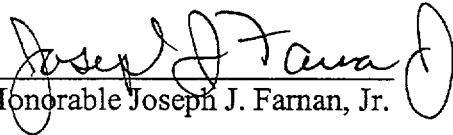
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SO ORDERED THIS 14 DAY OF March, 2002



The Honorable Joseph J. Farnan, Jr.