

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

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In re:

FANSTEEL INC., et al.,¹

Debtors.

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02-CV-44 (JJF)

40-4580

**STIPULATION AND AGREED ORDER WITH RESPECT
TO THE SUCCESS FEE IN THE APPLICATION PURSUANT TO FEDERAL RULE
2014 (A) FOR ORDER UNDER SECTION 327 (A) OF THE BANKRUPTCY CODE
AUTHORIZING THE EMPLOYMENT AND RETENTION OF
LINCOLN PARTNERS LLC AS INVESTMENT BANKERS FOR DEBTORS AND
DEBTORS IN POSSESSION**

WHEREAS, the captioned application ("Application") was filed with the Court on January 15, 2002 ("Petition Date");

WHEREAS, the Application sought approval of the retention of Lincoln Partners LLC ("Lincoln Partners") according to the terms of a letter agreement, dated January 14, 2002, between Lincoln Partners and Fansteel Inc. ("January Letter Agreement");

WHEREAS, the Official Committee of Unsecured Creditors ("Committee") objected to the terms of the Success Fee (as such term is defined in the Application and the January Letter Agreement);

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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Wm5501 Add: RidgeGate Mall Center

WHEREAS, the Court entered an order on February 25, 2002 granting the Application, with the exception of Debtors' request to approve the Success Fee and preserving the Committee's objection to the Success Fee ("Order")[Docket no. 89];

WHEREAS, the Debtors and the Committee now have resolved the Committee's objection to the Success Fee;

WHEREAS, the terms of the Success Fee set forth in the attached letter agreement, dated March 8, 2002, between Lincoln Partners and Fansteel Inc. ("March Letter Agreement") are mutually agreeable to the Debtors and to the Committee;

WHEREAS, the March Letter Agreement replaces paragraph 8(c), pertaining to the terms of the Success Fee, with a new paragraph 8(c);

WHEREAS, the March Letter Agreement deletes in its entirety the second sentence of paragraph 13 of the January Letter Agreement, pertaining to termination of the January Letter Agreement if Bankruptcy Court approval of Lincoln Partners' retention was not obtained within 25 days of the Petition Date;

WHEREAS, the Office of the United States Trustee does not object to either the January or the March Letter Agreement or to the Application;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and between the undersigned parties, that (1) the attached March Letter Agreement shall constitute the terms of the Success Fee for Lincoln Partners' retention in these chapter 11 cases; (2) in

accordance with the March Letter Agreement, paragraph 13 of the January Letter Agreement is deleted in its entirety; (3) in accordance with the Order, the January Letter Agreement and Application shall apply to all other terms of Lincoln Partners' retention as investment banker to the Debtors' during these chapter 11 cases.

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DEBTORS HEREBY MOVE the Court to approve the retention of Lincoln

Partners according to the terms of this Stipulation.

Dated: March __, 2002

AGREED:

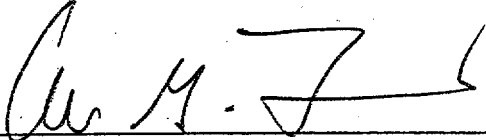
OFFICIAL COMMITTEE OF
UNSECURED CREDITORS

FANSTEEL INC.

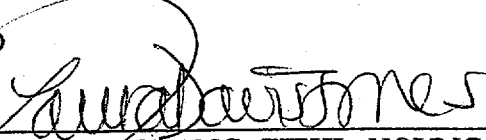
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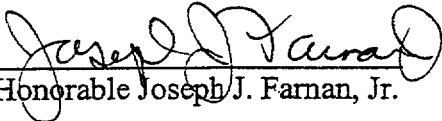
AND

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[Proposed] Counsel to Creditors'
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Co-Counsel to the Debtors

So Ordered this 14 day of March, 2002


The Honorable Joseph J. Farnan, Jr.