IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

| 40- | 7 | 5 | 80 | |
|-----|---|---|----|--|
|-----|---|---|----|--|

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

[DOCKET NO. 361]

ORDER AUTHORIZING THE DEBTORS' TO ASSUME EXECUTIVE PROTECTION POLICIES AND APPROVING SETTLEMENT AGREEMENT BETWEEN FEDERAL INSURANCE COMPANY AND THE DEBTORS²

Upon consideration of the Debtors Motion For Order Authorizing The Debtors'

To Assume Certain Executive Protection Policies and Approving the Settlement Between

Federal Insurance Company and the Debtors (the "Motion"), and the Court having considered the submissions and arguments of counsel, and the opposition thereto, if any; and it appearing that the decision to assume the Policy and allow the Settlement is supported by Debtors' reasonable business judgment and falls within the range of reasonableness; and it appearing that the Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having determined that granting the relief requested in the Motion is in the best interest of the Debtors, their estates, their creditors and other parties in interest; and it appearing that notice of the Motion has been given as set forth in the Motion, and that no other or further notice need be given; and for sufficient cause shown,

² Capitalized terms not defined herein shall have the meanings ascribed thereto in the Motion.

489 OGC Wail Confer

27311-001\DOCS_DE.53059.1

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.

IT IS HEREBY ORDERED THAT:

1. The Debtors assume the Policy pursuant to Bankruptcy Code § 365(a) as of the

date of entry of this order; and

2. That the Settlement as embodied by the Settlement Letter and the Confirmation

Letter approved; and

The Debtors shall pay Federal Insurance Company all cure amounts that are

required to be paid pursuant to Bankruptcy Code § 365(b)(1) and amounts projected to be owing

in accordance with that certain Settlement Letter dated as of May 2, 2002 which is attached as

Exhibit 3 to the Motion, in all cases subject to the payment terms and conditions set forth in the

Policy; and

4. All future payments from the Debtors to Federal Insurance Company shall be

made in accordance with the terms and conditions set forth in the Policy as supplemented by the

Settlement Letter and the Confirmation Letter.

5. That this Court retains jurisdiction with respect to all matters arising from or

related to the implementation of this order.

Dated: Sextanlary, 2002

The Honorable Joseph J. Farnan, J

United States District Court Judg