

Miscellaneous:

02-10109-JJF Fansteel Inc. and HBD Industries, Inc.

40-7580

Notice of Electronic Filing

The following transaction was received from Weaver, John R. entered on 12/11/2002 at 2:36 PM EST and filed on 12/11/2002

Case Name: Fansteel Inc. and HBD Industries, Inc.

Case Number: 02-10109-JJF

Document Number: 623

Docket Text:

Certificate of No Objection to Stipulation and Agreed Order (Docket No 578) with Respect to Docket No 495 Filed by CitiCapital Commerical Corporation (related document(s)[578]). (Weaver, John)

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:N:/SCANS/FANSTEEL_CERT OF NO OBJECTION.PDF

Electronic document Stamp:

[STAMP bkecfStamp_ID=983460418 [Date=12/11/2002] [FileNumber=1156272-] [385fc1abbb6dbcc85670a3357b9e1c01b9a74c31c3483d2ebe9c465ef2d4771fb1c96ee18b2579d596ae07ffac4be529ba9b4a84e337b913226c3dff503095]]

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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re:	:	
	:	CHAPTER 11
FANSTEEL, INC., et al.	:	
	:	Case No. 02-10109 (JJF)
Debtors	:	
_____	:	Jointly Administered

**Hearing Date: TBD (Only if objections are timely filed)
Objection Deadline: December 6, 2002 at 4:00 p.m. E.S.T.**

**CERTIFICATION OF NO OBJECTION
TO STIPULATION AND AGREED ORDER (DOCKET NO. 578)
WITH RESPECT TO DOCKET NO. 495**

The undersigned hereby certifies that, as of the date hereof, he has received no answer, objection or other responsive pleading to the *Stipulation and Agreed Order resolving the Motion for Relief from Stay Docket No. 495 (Docket No. 578)* filed by CitiCapital Commercial Corporation f/k/a Associates Commercial Corporation, by and through its LCA Division and Citicorp Vendor Finance, Inc. on November 15, 2002. The undersigned further certifies that he has reviewed the Court's docket in this case and no answer, objection or other responsive pleading to the application appears thereon. Pursuant to the Notice, objections to the Stipulation were to be filed and served no later than December 6, 2002 at 4:00 p.m.

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It is hereby respectfully requested that the Stipulation and Agreed Order be entered at the earliest convenience of the Court. A true and correct copy of the Stipulation and Agreed Order is attached hereto as Exhibit "A".

Dated: December 10, 2002
Wilmington, DE

FARR, BURKE, GAMBACORTA & WRIGHT
A Professional Corporation

By:



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through its LCA Division and
CitiCorp Vendor Finance, Inc.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

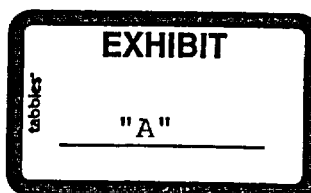
In re:) Case No. 02-10109(JJF)
)
FANSTEEL INC., *et al.*,¹) Chapter 11
) (Jointly Administered)
Debtors.)

STIPULATION AND AGREED ORDER
[RE: DOCKET NO. 495]

WHEREAS, Citicapital Commercial Corporation f/k/a Associates Commercial Corporation, by and through its LCA Division and Citicorp Vendor Finance (collectively "Citicapital"), moved ("Motion") [Docket No. 495] this Court for relief for automatic stay or, in the alternative, for adequate protection payments.

WHEREAS, the Motion concerns two agreements ("Agreements"). The first Agreement is No. 531-6949, dated January 16, 1998, between Citicapital and Fansteel Inc. d/b/a California Drop Forge (the CalDrop Agreement"). The CalDrop Agreement concerns, among other things, an Ingersoll Rand Air Compressor (the "CalDrop Equipment"). The second Agreement is No.20039766, dated June 27, 2001, between Citicapital and Washington Mfg. Co. ("Washington Mfg. 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.



concerns equipment including, among other things, a TCM lift truck (the "Washington Mfg. Equipment). Both Agreements are described in the Motion as "Equipment Leases".

WHEREAS, Debtors dispute the characterization of the Agreements as "true leases", because both Agreements have nominal purchase options for their respective Equipment. Debtors assert that under the applicable state Uniform Commercial Codes of (California and New Jersey), as the case may be, the Agreements are not "true leases", but are financing devices.

WHEREAS, the parties have reached a voluntary resolution on the Motion, as follows:

(1) The Agreements are not "true leases", but are financing devices.

(2) Citicapital is entitled to adequate protection payments on its collateral securing performance of the Agreements.

(3) At the inception of the CalDrop Agreement, the value of the CalDrop Equipment thereunder was \$145,405.00, as noted on the face of the Agreement. The parties have agreed that the useful life of the CalDrop Equipment is five years, the term of the Agreement. After depreciation, the value of the collateral on the Petition Date, January 15, 2002, was \$35,000.00. In order to protect Citicapital against the depreciation of its collateral during the pendency of these chapter 11 bankruptcies, Fansteel will make adequate protection payments of \$2,423.42 per month. Such

payments will be made monthly and applied against any secured claim that Citicapital may have pursuant to the CalDrop Agreement. Fansteel will continue to pay Citicapital California sales tax, as has been the practice in the past; and Citicapital will continue to remit such sales tax to the appropriate taxing entity. California sales tax charged in the past has been approximately 7.25% of monthly payments to Citicapital.

(4) At the inception of the Washington Mfg. Agreement, June 27, 2001, the value of the Washington Mfg Equipment was \$19,576.00. After depreciation, the value of the Washington Mfg. Equipment on the Petition Date, January 15, 2002, was \$17,408.54. The parties agree that the useful life of the Washington Mfg. Equipment is five years, the term of the Agreement. In order to protect Citicapital against the depreciation of its collateral, Fansteel will pay Citicapital \$326.00 per month. Such payments will be made monthly and applied against any secured claim that Citicapital may have pursuant to the Washington Mfg. Agreement. Fansteel will continue to pay to Citicapital North Carolina sales tax, as has been the practice in the past, and Citicapital will remit such sales tax to the appropriate taxing authority. The North Carolina sales tax paid to Citicapital in the past has been 6%.

(5) Such payments will commence five business days after the order approving this stipulation is entered. After the first payments (to include payments for September, October and November), payments will be made on the first of each month. There will be a fifteen-day grace period. Payments will be made to:

Citicapital
250 E. Carpenter Freeway
Irving, TX 75062
Attn: Linda Osinski, Bankruptcy Specialist

(6) Payments will include a payment for September, October, and November.

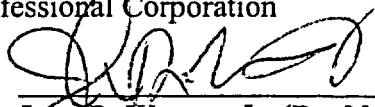
(7) Such payments will continue until the earlier of: (a) confirmation of a plan, (b) dismissal of these cases or their conversion to Chapter 7, (c) the Equipment is returned to Citicapital, (4) or any secured claims arising out of the Agreement are otherwise discharged or extinguished. It is understood between the

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parties that any secured claim of Citicapital under the Agreements may be paid prior to the termination of these bankruptcies by application of the adequate protection payments.

FARR, BURKE, GAMBACORTA & WRIGHT
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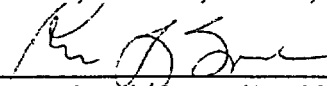
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Attorneys for Debtor, Fansteel Inc.

SO ORDERED this ____ day of
_____, 2002

The Honorable Joseph J. Farnan, Jr.
United States District Court Judge