

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
FANSTEEL INC., et al.,¹)
Debtors.) Case No. 02-10109 (JJF)
) (Jointly Administered)
) Related Docket No. 1688 & 1619

ORDER APPROVING SETTLEMENT

Upon the Joint Motion for Order Approving Settlement (the "Joint Motion") seeking an order pursuant to Federal Rule of Bankruptcy Procedure 9019 approving the Proposed; the Court having considered the Motion and being fully advised; and good and sufficient cause appearing therefor;²

IT IS HEREBY FOUND THAT:

A. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

B. Notice of the Motion was appropriate under the circumstances, and no other or further notice need be given.

C. The Proposed Settlement is in the best interests of the Debtors' estates, creditors and other parties in interest.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

¹ The Debtors in these proceedings are: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., and American Sintered Technologies, Inc.

² Capitalized terms used herein but not otherwise defined herein, shall have the same meaning as assigned in the Joint Motion.

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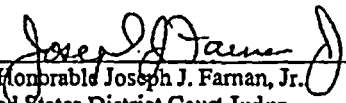
1. The Joint Motion is granted in its entirety and the Proposed Settlement is approved in each and every respect;
2. Consistent with (and without limiting the generality of) the foregoing, and pursuant to Bankruptcy Rule 9019 and Section 105(a) of the Bankruptcy Code, the Debtors and the Lenders are hereby authorized and directed to enter into the Proposed Settlement, which Proposed Settlement is approved in its entirety.
3. Claim No. 821 shall be increased in the amount of \$99,954.86 and be an allowed general unsecured claim in the amount of \$5,267,084.74.
4. Claim No. 840 shall be increased in the amount of \$200,045.14 and be an allowed general unsecured claim in the amount of \$10,541,305.03.
5. The Lenders shall pay to the Debtors \$300,000 prior to the Effective Date, as defined in the Plan, and in any event, on or before December 17, 2003.
6. The Debtors and their estates hereby release the Lenders and each of their predecessors, successors, present and former affiliates, subsidiaries, parents, assigns, officers, directors, shareholders, employees, attorneys, trustees, representatives and agents from any and all claims, counterclaims, demands, causes of action, obligations, damages, and liabilities of whatever kind, type, nature, character or description, in law, equity or otherwise, whether now known or unknown, whether in contract or in tort, inchoate or choate, contingent or vested, liquidated or unliquidated, suspected or unsuspected, and whether or not sealed or hidden, which have existed, or which do exist as of the date hereof, including, but not limited to, any claims pursuant to 11 U.S.C. §553(b).

7. The Proposed Settlement is subject to entry of a final non-appealable order prior to January 15, 2004, approving the terms of the Proposed Settlement. Prior to the Effective Date, as defined in the Plan, and in any event, on or before December 17, 2003, Lenders shall pay to the Debtors \$300,000, which amount shall be held in a segregated account by the Debtor, until such order become final and non-appealable. If such an order either is not entered or does not become final and non-appealable prior to January 15, 2004, the Proposed Settlement shall become null and void and of no force or effect, and the Debtor shall return the \$300,000 to Lenders.

8. This Court shall retain jurisdiction over all matters arising from or related to the implementation of this Order.

9. Notwithstanding Federal Rule of Bankruptcy Procedure 6004(g) (or any similar Bankruptcy Rule), this is a final Order, effective immediately upon its entry by the clerk.

Dated: December 8, 2003


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