IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

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

STIPULATION AND ORDER REGARDING
FILED CLAIM NO. 852 OF MID AMERICA CAPITAL SERVICES INC.
d/b/a MID AMERICA LEASING COMPANY

WHEREAS the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed the above-captioned chapter 11 cases (collectively, the "Case") in the United States Bankruptcy Court ("Court") for the District of Delaware on January 15, 2002;

WHEREAS Mid America Capital Services Inc. d/b/a Mid America Leasing Company ("Mid America") timely filed the Proof of Claim No. 852 against Washington Manufacturing Company one of the Debtors, in the secured amount of $16,202.63 attached hereto as Exhibit A (the "Mid America Proof of Claim");

WHEREAS the Mid America Proof of Claim concerns an agreement (the "Agreement") for a Walk Behind Sweeper and other items designated in Schedule A attached thereto (the "Equipment). The Agreement, together with its Schedule A, is included in Exhibit A attached hereto and is incorporated herein by reference;

[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., and American Sintered Technologies, Inc.

Date 11·25·03
Docket # 1664

12-8-03
1715
BKRP01

WHEREAS the Debtors assert that the Agreement is a financing and not a true lease;

NOW, THEREFORE, IT IS HEREBY STIPULATED ("Stipulation") by the undersigned parties and subject to the approval of this Court, that:

1. Mid America is entitled to an allowed unsecured claim in the amount of $16,202.63.

2. Upon the Effective Date, as that term is defined in the Debtors' Joint Reorganization Plan of Fansteel, Inc. [Docket No. 1345, 9/18/03], all right, title and interest in the Equipment shall automatically pass to the Debtors.

3. This Stipulation and the attached Exhibit A shall constitute a Bill of Sale evidencing such transfer in ownership.

4. Moreover, Mid America, hereby expressly releases any and all other causes of action, suits, debts, liabilities, demands, obligations or other claims of any kind or nature whatsoever, known or unknown, suspected or unsuspected, against the Debtors in connection with the Agreement.

5. In consideration of the terms and provisions recited herein, the Parties expressly waive and relinquish any and all provisions, rights and benefits, if any, afforded by California Civil Code section 1542 and any similar provisions or rule of law in any other jurisdiction. California Civil Code section 1542 provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him, must have materially affected his settlement with the debtor.

6. This Stipulation constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions between the Parties. This Stipulation may be amended only by an agreement in writing signed by the Parties.

7. For purposes of interpretation of this Stipulation, the Parties shall be deemed to have jointly drafted this Stipulation and this Stipulation shall not be interpreted in favor or against any of the Parties because such Party or its counsel drafted this Stipulation or any provision of this Stipulation.

8. The Court shall retain jurisdiction to resolve any disputes between the Parties arising with respect to the terms of the Stipulation.

9. The person executing this Stipulation on behalf of the Mid America represent that he is authorized to execute this Stipulation on behalf of his client, Mid America.

[Remainder of Page Intentionally Left Blank]

10. This Stipulation may be executed in counterparts, any of which may be transmitted by facsimile, and each of which shall be deemed an original, but all of which together shall constitute one instrument.

Dated: November 19, 2003

MID AMERICA CAPITAL
SERVICES INC. a/k/a MID
AMERICA LEASING COMPANY

_____
Greggory R. Jontz
Title_____

Dated: November _____, 2003

FANSTEEL INC.

R. Michael McEntee
Chief Financial Officer
Fansteel, Inc.

SO APPROVED AND ORDERED this 8 day of December, 2003.

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

DOCS_DE:83328.2

10. This Stipulation may be executed in counterparts, any of which may be transmitted by facsimile, and each of which shall be deemed an original, but all of which together shall constitute one instrument.

Dated: November 14, 2003

MID AMERICA CAPITAL
SERVICES INC. a/k/a MID
AMERICA LEASING COMPANY

Gregory R. Jontz
Title Vice President

Dated: November _____, 2003

FANSTEEL INC.

_____
R. Michael McEntee
Chief Financial Officer
Fansteel, Inc.

SO APPROVED AND ORDERED this __ day of _____, 2003.

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

DOCS_DE:83128.2

EXHIBIT "A"

B10 (Official Form 10) (Rev. 9/97)

UNITED STATES BANKRUPTCY COURT For the District of Delaware	PROOF OF CLAIM
In re:	Case Number:

NOTE: This claim should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Creditor Name (Person or other entity to whom debtor owes money or property): Mid America Capital Services Inc. dba Mid America Leasing Company

Address Line 1: 225 S. Main Ave.
Address Line 2: P.O. Box 5000
Address Line 3:
City, ST ZIP: Sioux Falls, SD 57117-5000

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☒ Check box if you have never received any notices from the bankruptcy court in this case.

☐ Check box if the address differs from the address on the envelope sent to you by the court.

THIS SPACE IS FOR COURT USE ONLY

ACCOUNT OR OTHER NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: 413963-2

Check here if this claim ☐ replaces ☐ amends a previously filed claim dated _____

1. BASIS FOR CLAIM
☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☐ Other (Describe briefly)
☐ Retiree benefits as defined in 11 U.S.C. § 1114(a)
☐ Wages, salaries, and compensation (Fill out below)
Your social security No. _____
Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date Debt Incurred (MM/DD/YY): 09 25 01

3. If Court Judgment, Date Obtained: _____

4. CLASSIFICATION OF CLAIM. Under the Bankruptcy Code all claims are classified as one or more of the following: (1) Unsecured nonpriority, (2) Unsecured Priority, (3) Secured. It is possible for part of a claim to be in one category and part in another. CHECK THE APPROPRIATE BOX OR BOXES that best describe your claim and STATE THE AMOUNT OF THE CLAIM AT THE TIME CASE WAS FILED.

☒ SECURED CLAIM
Attach evidence of perfection of security interest
Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle ☒ Other (Describe briefly) walk behind excavator
Amount of arrearage and other charges at time case filed included in secured claim above, if any $ _____

☐ UNSECURED NONPRIORITY CLAIM
A claim is unsecured if there is no collateral or lien on property of the debtor securing the claim or to the extent that the value of such property is less than the amount of the claim.

☐ UNSECURED PRIORITY CLAIM - Specify the priority of the claim.
☐ Wages, salaries, or commissions (up to $4,650), earned not more than 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3)
☐ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4)
☐ Up to $2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6)
☐ Taxes or penalties of governmental units - 11 U.S.C. § 507(a)(8)
☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a) _____

5. AMOUNT OF CLAIM AT TIME CASE FILED:
(Secured) $ 16,202.63 (Unsecured Nonpriority) $ _____ (Unsecured Priority) $ _____

☐ Check the box if claim includes charges in addition to the principal amount of the claim. Attach itemized statement of all additional charges.

6. CREDITS AND SETOFFS: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim. In filing this claim, claimant has deducted all amounts that claimant owes to debtor.

7. SUPPORTING DOCUMENTS: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, or evidence of security interests. If the documents are not available, explain. If the documents are voluminous, attach a summary.

8. TIME-STAMPED COPY: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

Date: 9/19/02

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any): Bob Houfek

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

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FILED
2002 SEP 20 AM 10:28
US BANKRUPTCY COURT
DISTRICT OF DELAWARE

Forward Clerk

Master Lease Agreement No 028117
Schedule No 2

LEASE ASSIGNMENT

THIS LEASE ASSIGNMENT (this "Assignment") is made and entered into this 14th day of September, 2001 by and between Washington State Bank, an Iowa state chartered bank ("Assignor") and Mid America Capital Services, Inc , dba Mid America Leasing Co , ("Assignee")

FOR VALUE RECEIVED, Assignor hereby sells and assigns to Assignee, without recourse, all of its right, title and interest in schedule no 2 (the " Schedule") to master lease agreement no 028117 dated September 14, 2001 and all other documents and agreements executed in connection with the above-referenced lease transactions therewith (collectively, the "Lease") between Assignor, as Lessor, and Washington Manufacturing Company, Inc , as Lessee This Assignment includes, but is not limited to, all guarantees, rights, benefits and remedies associated with the Lease, all of Assignor's right, title and interest in the property and equipment described in the Lease (the "Equipment"), the right to collect all rental payments that are due and that become due under the Lease, and all monies that are due and that become due in connection with Lessee's exercise of an option to purchase the Equipment if any

To the best of Assignor's knowledge, Assignor warrants that the Lease is genuine and enforceable, the amount of unpaid rentals for the remaining term of the Lease is $20,382 48, the Lease is the only Lease executed concerning the Equipment and is free, at the time of assignment, from adverse claims and other liens, encumbrances, set-offs, counterclaims and defenses of any kind whatsoever, the Lease has not been assigned to anyone other than Assignee, all signatures, names, addresses and other statements and facts contained in the Lease are true and correct, the lease transaction conforms to all applicable laws and regulations, the Lease is effective against all persons, the Lease evidences a valid reservation of title to, or first lien upon, the Equipment, if filing, recording or registration of a certificate or document of title or a financing statement is required or permitted by law, such document will be so filed and recorded or registered as to be effective against all persons, and the Equipment has been delivered to and accepted by Lessee in a condition satisfactory to Lessee Assignee assumes all duties of Lessor and will comply with all its warranties, if any, and other obligations to Lessee

This Assignment is non-recourse in nature, and Assignor hereby assigns all of its rights, duties and obligations under the Lease to Assignee, without recourse, to the Assignor, and that, upon any breach or default, Assignee's sole recourse is against Lessee under the terms of the Lease Furthermore, upon execution of this Assignment, Assignee becomes holder of the Lessor's obligations under the underlying lease agreement and Assignor is relieved and discharged of any further responsibility or liability with respect to the Equipment or the Lease Assignee will keep and perform all the obligations to be performed on the part of the Lessor under the Lease

Assignor has no authority to accept collections, repossess or consent to the return of the Equipment, or to modify the Lease without Assignee's prior written consent If any of the assigned monies or the Equipment is received by or returned to Assignor, the same will be received by the Assignor as trustee for Assignee and will be immediately delivered in kind to Assignee Assignee may, upon written consent of Assignor, endorse Assignor's name on any notes and other remittances received Assignee's knowledge, past, present or future, of any breach of any of the foregoing shall not constitute a waiver of the Assignor's obligations

This Assignment is the sole agreement relating to the assignment of the Lease and there are no other statements, warranties or representations which exist regarding the subject matter of this Assignment

Assignor Washington State Bank	Assignee Mid America Capital Services, Inc., dba Mid America Leasing Co
By x [signature]	By [signature]
Title x Vice President	Title Vice President
Date x 9/14/01	Date 9/20/01

MASTER LEASE EQUIPMENT SCHEDULE

Schedule No 2 (this "Schedule")

Washington State Bank ("Lessor"), leases to Washington Manufacturing Company, Inc, a Delaware corporation ("Lessee"), and Lessee leases from Lessor, the property and equipment described in this Schedule, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (individually, an "Item of Equipment" and collectively, the "Equipment"), for the term and rental payments set forth herein and subject to the terms and conditions of master lease agreement no 028117 (the "Lease") This Schedule is executed pursuant to and made a part of the Lease, in the event of any inconsistency between the terms of this Schedule and the Lease, the terms of this Schedule shall govern with respect to the Equipment described in this Schedule All other Lease terms remain in full force and effect

1 EQUIPMENT SUBJECT TO THIS EQUIPMENT SCHEDULE

Description/ Supplier	Equipment Location	Lessor's Cost
(SEE ATTACHED SCHEDULE A)		
Total Lessor's Cost	800 E 7th Street Washington, IA 52353	$17,643 68

2 RENT, RENTAL PAYMENT DATES, TERM Lessee shall pay rent for the Equipment in the amount of $566 18, which includes all applicable taxes, on the 20th day of each month during the term of this Lease The Lease term shall begin on September 13, 2001and end on September 20, 2004 / Lessee irrevocably authorizes Lessor to insert the beginning date and the first rent payment due date in this Schedule If Lessee fails to return the Equipment to Lessor at the end of the Lease term in accordance with Section 6 of the Lease, Lessee shall pay daily rental of six one-hundredths of one percent (0 06%) of Lessor's Cost of Equipment remaining subject to the Lease The monthly lease rental factor for this Lease is 3 20898% of Lessor's Cost

3 REPRESENTATIONS AND WARRANTIES Lessee represents and warrants to Lessor and agrees that all representations and warranties made by Lessee in the Lease are true, accurate and complete on the date hereof and with respect to the Equipment described in this Schedule as if originally given on this date and with respect to such Equipment, no Event of Default and no event which with notice or lapse of time, or both, would become an Event of Default, has occurred and is continuing at the date hereof, Lessor's Cost, as indicated in Section 1 of this Schedule, includes the gross equipment cost, including all expenses incurred by Lessee and approved by Lessor in connection with the delivery and installation of such Item of Equipment, and all sale, use, or excise taxes paid or payable with respect to such Item of Equipment, all as set forth in the Equipment's purchase documents

4 CASUALTY VALUES The Casualty Value for an Item of Equipment shall equal the

product of Lessor's Cost of such Item of Equipment multiplied by the percentage in the "Casualty Value as Percentage of Lessor's Cost" column that corresponds to the applicable rent payment date set forth on Annex A attached hereto and incorporated herein

5 SECURITY INTEREST Lessee, for value received, hereby sells, assigns, transfers, conveys and mortgages to Lessor and grants Lessor a continuing security interest in all of Lessee's right, title and interest in and to the Equipment and all proceeds, products, rents and profits thereof, whether cash or noncash, immediate or remote, to secure any and all indebtedness, liabilities and obligations of Lessee arising under the Lease or any other instrument, document or agreement

6 END OF INITIAL TERM PURCHASE OPTION Upon expiration of the initial term of this Schedule and after payment by Lessee of all rent and other sums due as set forth in the Lease and this Schedule, and provided that no Event of Default shall have occurred and be continuing, Lessee shall have a non-assignable option to purchase "AS IS", "WHERE IS", and "WITH ALL FAULTS" all of Lessor's right, title and interest in the Equipment covered by this Schedule for the sum of $1 00, in addition to any applicable sale or other taxes (the "Option") The Option shall be void unless Lessee notifies Lessor, in writing, of Lessee's irrevocable intention to exercise the Initial Option at least sixty (60) days, but not more than one hundred twenty (120) days, before the expiration of the initial term for the Schedule and pays the purchase price in full before the expiration of the initial term of the Schedule Lessor makes no warranties or representations except that the Equipment shall be free and clear of liens, security interests or other encumbrances created or incurred by Lessor Once Lessee exercises the Option it shall be obligated to acquire all Equipment subject to the Schedule and the purchase shall occur, as to all Equipment subject to this Schedule, at the end of the initial term If Lessee does not exercise the Option, Lessee shall return all Equipment covered by this Schedule to Lessor at the expiration of the initial term in accordance with the terms of the Lease

Lessor Washington State Bank	Lessee Washington Manufacturing Company, Inc
By [signature]	By x [signature]
Title Vice President	Title x Gen Mgr
Date 9/14/01	Date x 9/14/01

Master Lease Agreement No 028117
Schedule No 2

Annex A

(Casualty Value Table)

Rent Payment Due	Casualty Value as Percentage of Lessor's Cost
10/20/01	97 81%
11/20/01	95 41%
12/20/01	92 98%
01/20/02	90 52%
02/20/02	88 04%
03/20/02	85 53%
04/20/02	83 01%
05/20/02	80 46%
06/20/02	77 89%
07/20/02	75 30%
08/20/02	72 68%
09/20/02	70 04%
10/20/02	67 38%
11/20/02	64 69%
12/20/02	61 99%
01/20/03	59 25%
02/20/03	56 50%
03/20/03	53 72%
04/20/03	50 92%
05/20/03	48 10%
06/20/03	45 27%
07/20/03	42 42%
08/20/03	39 54%
09/20/03	36 65%
10/20/03	33 73%
11/20/03	30 78%
12/20/03	27 83%
01/20/04	24 84%
02/20/04	21 84%
03/20/04	18 80%
04/20/04	15 74%
05/20/04	12 64%
06/20/04	9 52%
07/20/04	6 37%
08/20/04	3 20%

Lessor Washington State Bank

By [signature]

Title Vice President

Date 9/14/01

Lessee Washington Manufacturing Company, Inc

By x [signature]

Title x Gen Mgr

Date x 9/14/01

Master Lease Agreement No 028117
Lease Agreement No 2

LEASE ADDENDUM
(Purchase Option Guaranty)

Washington State Bank, ("Lessor") and Washington Manufacturing Company, Inc, a Delaware corporation ("Lessee"), execute this addendum (this "Addendum") to schedule no 2, dated September 13, 2001 (the "Schedule"), to master lease agreement no 028117 and any related documents (the "Lease") and concerning the property and equipment described in the Schedule, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed to it (the "Equipment") This Addendum is executed pursuant to and made a part of the Lease, in the event of any inconsistency between the terms of this Addendum and the Lease, the terms of this Addendum shall govern with respect to the Equipment described in this Addendum All other Lease terms remain in full force and effect

PURCHASE OPTION, GUARANTY Upon expiration of the initial term of the Schedule and after payment by Lessee of all rent and other sums due as set forth in the Lease and the Schedule, and provided no Event of Default shall have occurred and be continuing, Lessee shall have a non-assignable option to purchase "AS IS, WHERE IS AND WITH ALL FAULTS" all Lessor's right, title and interest in the Equipment described in the Schedule (the "Option") for a cash purchase price equal to the sum of $1 00, plus applicable sale or other taxes, if any ("Purchase Price") Lessee unconditionally guarantees that it will exercise the Option and will pay the Purchase Price in full on or before the expiration of the initial term of the Schedule Lessee shall be in default under the Lease should it fail to exercise the Option and Lessor may pursue any remedy provided for in the Lease On receipt of the Purchase Price, Lessor shall execute and deliver a bill of sale transferring title to the Equipment, Lessor makes no warranties or representations except that the Equipment shall be free and clear of liens, security interests or other encumbrances created or incurred by Lessor Lessor makes no warranties or representations with respect to the income tax consequences of this Agreement In the event that, by reason of the Option or otherwise, the Lease is determined to be a sale to Lessee of the Equipment, Lessee agrees that neither it, nor its successors or assigns has or will have any cause of action against Lessor or its successors or assigns for any reason or loss sustained because of such determination

Lessor Washington State Bank	Lessee Washington Manufacturing Company, Inc
By [signature]	By x [signature]
Title Vice President	Title x Gen Mgr
Date 9/14/01	Date x 9/14/01

Master Lease Agreement No 028117
Schedule No 2

SCHEDULE A

Washington State Bank ("Lessor"), leases to Washington Manufacturing Company, Inc., a Delaware corporation ("Lessee"), and Lessee leases from Lessor, the property and equipment described in this Schedule, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed to it (the "Equipment"), for the term and rental payments set in master lease agreement no 028117 (the "Lease")

Vendor	Description
Nogg Chemical & Paper 2165 NW 108th Street Clive, IA 50325	1 – CLA 400-041 91WS Walkbehind Sweeper w/Battery S/N 017150ZZ00D
Fax Star/Division of Sepe, Inc 245 Fischer Avenue C-4 Costa Mesa, CA 92627	1 – FaxStar Advanced Server which includes 1-Line 14KB, TCP/IP Support, Ethernet Connection, Postscript Option, Enabled On A Dedicated NT4 0 Workstation provided By Sepe, Inc, With CDRCM, Keyboard, Mouse, And Manual, S/N FS101612 1 – FaxStar Windows Network Software – Version 2 0 5-User License 1 – 36 Months Maintenance/Service Agreement.

Lessor Washington State Bank

By [signature]

Title Vice President

Date 9/14/01

Lessee Washington Manufacturing Company, Inc

By x [signature]

Title x Gen Mgr

Date x 9/14/01

Master Lease Agreement No 028117
Schedule No 2

INVOICE ASSIGNMENT

THIS INVOICE ASSIGNMENT (this "Assignment") is made and entered into this 13th day of September, 2001 by and between Washington State Bank ("Lessor") and Washington Manufacturing Company, Inc, a Delaware corporation ("Lessee")

Lessee hereby assigns and conveys to Lessor all of its right, title and interest in the equipment invoice(s) described below (the "Invoice(s)") and in the property and equipment described therein (the "Equipment") This Assignment includes, but is not limited to, all rights, credits, downpayments and deposits referenced in, or applied to, the Invoice(s)

Vendor	Description
Nogg Chemical & Paper 2165 NW 108th Street Clive, IA 50325	1 – CLA 400-041 91WS Walkbehind Sweeper w/Battery S/N 017150ZZ00D

Lessee represents and warrants that Lessee has the exclusive right and authority to assign the Invoice(s) and to execute this Assignment Lessor's acceptance of the Assignment and payment of the Equipment purchase price shall vest good and marketable title to the Equipment in Lessor free and clear of all claims, liens and encumbrances Lessee will defend this Assignment against all claims and demands

Lessor Washington State Bank	Lessee Washington Manufacturing Company, Inc.
By [signature]	By x [signature]
Title Vice President	Title x Gen Mgr
Date 9/14/01	Date x 9/14/01

Master Lease Agreement No 028117
Schedule No 2

CERTIFICATE OF ACCEPTANCE OF EQUIPMENT

Washington Manufacturing Company, Inc ("Lessee") hereby acknowledges and agrees that the property and equipment (the "Equipment") described in schedule no 2 dated September 13,2001, (the "Schedule"), to master lease agreement no 028117 (the "Lease") between Washington State Bank, ("Lessor") and Lessee has been delivered to Lessee in satisfactory condition at the location specified in the Schedule and in accordance with the terms of the lease Lessee has conducted such tests and/or inspections as Lessee deems necessary and appropriate and agrees that the Equipment operates properly and is acceptable to Lessee in all respects Lessee hereby unconditionally and irrevocably accepts the Equipment

Lessee agrees that it has not accepted the Equipment on a trial basis and specifically authorizes and requests Lessor to make payment to the supplier of the Equipment

The decals, labels, etc , if required and supplied, have been affixed to the Equipment as listed in the Lease Lessee approves Lessor's payment to the Equipment Supplier

With the execution and delivery of this document to Lessor, Lessee acknowledges and agrees that Lessee's obligations to Lessor under the Lease are absolute and irrevocable and that Lessee shall be forever estopped or barred from denying the truthfulness of the representations contained in this document

Lessee Washington Manufacturing Company, Inc

By x [signature]

Title x Gen Mgr

Date x 9/14/01

MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT (the "Lease") is entered into as of this 17th day of August, 2000 by and between Washington State Bank 121-125 South Marion Washington IA 52353 ("Lessor") and Washington Manufacturing Company Inc a Delaware corporation with its principal place of business at 800 E 7th Street Washington IA 52353 ("Lessee")

LEASE TERMS AND CONDITIONS

1 LEASE Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the personal property and equipment together with any and all replacement parts additions repairs and accessories incorporated therein and/or affixed thereto (individually an "Item of Equipment" and collectively the "Equipment") whether described in any schedule or schedules attached hereto or later executed by the parties (individually a "Schedule" and collectively the "Schedules") Although neither Lessor nor Lessee is obligated to execute subsequent Schedules the parties intend and agree that subsequent Schedules that are executed by the parties shall be incorporated in and governed by the Lease the Lease and all Schedules shall constitute a single lease of equipment Lessee authorizes Lessor to insert in this Lease and Schedules serial numbers or other identifying data concerning the Equipment

2 TERM The Lease term for an Item of Equipment begins on the date Lessee executes the applicable Certificate of Acceptance and ends on the date designated in the applicable Schedule unless earlier terminated pursuant to this Lease If any Lease term is extended or the Lease is renewed pursuant to a Renewal Option if any the term shall include all such extensions and renewals, and all provisions of this Lease shall continue to apply If Lessor permits Lessee to use the Equipment after the applicable term ends all Lease terms and provisions shall continue to apply including Lessee's obligation to pay rent at the highest rate applicable Such permissive use shall not be construed as a renewal of the Lease term nor as a waiver of any right by Lessor or of any obligation of Lessee under the Lease

3 RENT Lessee shall pay Lessor rent for each Item of Equipment in the amounts and on the dates set forth in the applicable Schedule at Lessor's offices as indicated above, or as otherwise directed by Lessor Lessee shall also pay (i) a late fee equal to seven percent (7%) of the amount due or the maximum amount permitted by law whichever is less on any rent payment that is not paid within ten (10) days when due (ii) interest on any unpaid rent payment from the due date at an annual interest rate of eighteen percent (18%), or the highest rate permitted by law (the "Late Charge Rate") and (iii) all other expenses and costs incurred by Lessor by reason of such non-payment Lease payments shall be applied first to costs and expenses incurred by Lessor under the Lease then to interest due and owing and then to rent or other amounts due and owing

4 DISCLAIMER OF WARRANTIES AND CLAIMS, LIMITATION OF REMEDIES LESSEE ACKNOWLEDGES AND AGREES THAT

(A) LESSOR MAKES NO WARRANTIES EITHER EXPRESS OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE ITS DESIGN ITS CAPACITY, ITS QUALITY OR WITH RESPECT TO ANY CHARACTERISTIC OF THE EQUIPMENT

(B) LESSEE LEASES THE EQUIPMENT AS IS" AND WITH ALL FAULTS AND LESSOR HAS NO OBLIGATION TO INSTALL, TEST, REPAIR OR SERVICE THE EQUIPMENT

(C) LESSEE SPECIFICALLY ACKNOWLEDGES THAT THE EQUIPMENT IS LEASED TO LESSEE SOLELY FOR COMMERCIAL OR BUSINESS PURPOSES AND SHALL NOT BE USED FOR PERSONAL FAMILY OR HOUSEHOLD PURPOSES

(D) LESSOR DID NOT DESIGN MANUFACTURE, SELECT OR SUPPLY THE EQUIPMENT AND DID NOT SELECT THE EQUIPMENT MANUFACTURER OR SUPPLIER IF THE EQUIPMENT IS NOT PROPERLY INSTALLED DOES NOT OPERATE AS REPRESENTED OR WARRANTED BY THE EQUIPMENT MANUFACTURER OR SUPPLIER OR AS EXPECTED BY LESSEE OR IS UNSATISFACTORY FOR ANY REASON REGARDLESS OF CAUSE OR CONSEQUENCE LESSEE'S ONLY REMEDY IF ANY, SHALL BE AGAINST THE EQUIPMENT MANUFACTURER OR SUPPLIER AND NOT AGAINST LESSOR,

(E) PROVIDED LESSEE IS NOT IN DEFAULT UNDER THIS LEASE LESSOR ASSIGNS TO LESSEE ANY WARRANTIES MADE BY THE EQUIPMENT MANUFACTURER OR SUPPLIER

(F) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL INDIRECT SPECIAL OR INCIDENTAL DAMAGES AGAINST LESSOR NO DEFECT DAMAGE, UNFITNESS OR LOSS OF THE EQUIPMENT FOR ANY REASON OR PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE

(G) LESSOR SHALL NOT BE LIABLE OR RESPONSIBLE FOR ANY DIRECT OR INDIRECT DAMAGE TO PERSONS OR PROPERTY THAT RESULTS FROM THE EQUIPMENT OR ANY DEFECTS WHETHER OR NOT DISCOVERABLE BY LESSEE IN THE EQUIPMENT

(H) LESSOR SHALL NOT BE LIABLE TO LESSEE FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND CAUSED DIRECTLY OR INDIRECTLY BY THE DELIVERY USE OR MAINTENANCE OF THE EQUIPMENT

(I) LESSOR MAKES NO REPRESENTATION OR WARRANTY AS TO THE ACCOUNTING TREATMENT TO BE ACCORDED TO THIS LEASE OR AS TO THE TAX CONSEQUENCES AND/OR TAX TREATMENT OF THIS LEASE AND

(J) LESSEE ACKNOWLEDGES AND AGREES THAT NEITHER THE MANUFACTURER THE SUPPLIER THE DEALER NOR ANY EMPLOYEE, SALESMAN REPRESENTATIVE OR OTHER AGENT OF THE MANUFACTURER, DEALER OR SUPPLIER, IS AN AGENT OF LESSOR. NO EMPLOYEE, SALESMAN REPRESENTATIVE OR AGENT OF THE MANUFACTURER, DEALER OR SUPPLIER IS AUTHORIZED TO

WAIVE ALTER OR ADD TO THE TERMS OR CONDITIONS OF THIS LEASE AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE MANUFACTURER DEALER OR SUPPLIER SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY RENT AND PERFORM ITS OTHER OBLIGATIONS AS SET FORTH IN THIS LEASE

5 DELIVERY, ACCEPTANCE Lessee agrees to inspect each item of Equipment promptly on delivery and to execute a Certificate of Acceptance of Equipment, as provided by Lessor after Lessee is satisfied that the Equipment is in good working order and is satisfactory in every respect. Regardless of whether Lessee executes a Certificate of Acceptance of Equipment Lessee shall be deemed to have unconditionally accepted the Equipment for all purposes of this Lease and shall be forever barred and estopped from denying the foregoing and rejecting the Equipment 30 days after delivery unless Lessee has provided Lessor with prior written notice specifying the defect in or objection to the Equipment

6 SURRENDER On the expiration or earlier termination of this Lease or upon demand by Lessor made pursuant to Section 19 hereof Lessee shall at its sole risk and expense return the Equipment (including all plans specifications operating manuals software documentation disks, warranties and other documents relating to the use and maintenance of the Equipment) by delivering it in the same condition and repair as at the beginning of the Lease ordinary wear and tear resulting from the proper use thereof alone excepted properly packed and crated and ready for shipment to such place or carrier as Lessor may specify Lessee has no ownership rights in the Equipment and has no option to purchase the same If Lessee fails to return the Equipment as provided herein Lessee shall be responsible for all cost and expense incurred by Lessor in returning the Equipment to such required condition or any reduction in value as a result thereof and shall pay Lessor rent for the Equipment in an amount equal to the highest rate payable under the Lease for each day that Lessee fails to return the Equipment in the manner and condition required by this Section Prior to returning an item of Equipment to Lessor and if requested by Lessor Lessee agrees for a period of ninety (90) days to keep the Equipment in a storage space at the Equipment location shown in the applicable Schedule (the "Equipment Location") that has adequate power heat water and lighting to maintain and demonstrate the Equipment Lessee further agrees to allow Lessor and prospective purchasers reasonable access to the Equipment and to maintain all required policies of insurance and to continue to bear all risk of loss, theft or damage to the Equipment

7 LOCATION, INSPECTIONS Lessee shall keep or permanently garage, as appropriate each item of Equipment in Lessee's sole possession and control at the Equipment Location designated in the applicable Schedule or at such other location to which the Equipment may have been moved with the prior written consent of Lessor and shall inform Lessor of the exact location of any item of Equipment, on request. Lessee shall make the Equipment and all books and records related thereto, available for inspection and inventory by Lessor upon prior notice to Lessee of not less than forty-eight (48) hours

8 UTILITY CHARGES, REPAIRS, MAINTENANCE, USE, ALTERATIONS Lessee shall pay when due at its sole cost and expense, all charges incurred in the operation maintenance, use and repair of the Equipment. Lessee shall keep the Equipment in good working condition repair and maintenance ordinary wear and tear excepted Lessee shall make no modifications alterations, additions, or improvements to the Equipment which detract from its economic value or functional utility without the prior written consent of Lessor All Equipment maintenance and the frequency thereof, shall be performed in a manner no less comprehensive than that recommended by the Equipment manufacturer Lessee shall maintain accurate and complete records of all Equipment repairs and maintenance The Equipment shall at all times be operated in a careful and proper manner and in compliance with all applicable laws and regulations and all manufacturer's instructions and warranty requirements

9 RISK OF LOSS Lessee hereby assumes and shall bear the entire risk of loss theft damage destruction confiscation or condemnation concerning any item of Equipment from any cause whatsoever ("Casualty Occurrence") No Casualty Occurrence shall relieve Lessee of its obligation to pay rent or to perform any other obligation under this Lease, except as specifically provide for in this section In the event of a Casualty Occurrence to an item of Equipment Lessee shall give Lessor prompt notice thereof and shall promptly place such item of Equipment in good repair condition and working order and shall continue to pay rent therefore provided however that if Lessor determines any item of Equipment to have been lost stolen destroyed, or damaged beyond repair or such item of Equipment is confiscated or condemned ("Casualty Item"), Lessee shall pay no later than the due date of the next following installment of rent with respect to such item of Equipment the total of (i) all rent and other amounts if any due at the time of such payment and allocable to the Casualty Item plus (ii) the Casualty Value allocable to the Casualty Item computed as of the first rental payment date following such loss or damage calculated in accordance with the applicable Schedule Upon such payment, this Lease shall terminate with respect to the Casualty Item and Lessee shall be entitled to such Casualty Item "AS IS" "WHERE IS" and "WITH ALL FAULTS" without any warranty whatsoever express or implied, upon payment of any sales or other transfer taxes payable by Lessor or Lessee in connection therewith

10 INSURANCE Lessee, at its sole cost and expense shall obtain and thereafter continuously maintain (A) "all-risk" physical damage insurance against loss of, or damage to the Equipment from any cause whatsoever for not less than the Casualty Value thereof naming Lessor as loss payee and (B) comprehensive liability insurance (including automobile if the Equipment includes motor vehicles and/or trailers) for the Equipment covering liability for bodily injury, including death and property damage, in an amount of at least $ 1,000,000 per occurrence with respect to liability insurance and not to exceed $ 1,000,000 per occurrence for all such other insurance or such other amounts as Lessor may require naming Lessor as an additional insured All such insurance shall be in a form and with companies acceptable to Lessor shall provide at least thirty (30) days prior written notice to Lessor of cancellation or material modification thereof shall provide that Lessor will be insured regardless of any breach by Lessee of any representation warranty or covenant in any such policy or any application therefore shall waive any claim for premiums, warranties or representations against Lessor and shall provide that the coverage is "primary coverage" for the protection of Lessee and Lessor regardless of whether Lessor or Lessee carry other coverage that protects against similar risks Lessee shall provide Lessor with a certificate evidencing such insurance and at the request of Lessor with an original policy; provided, however that Lessor shall be under no duty to ascertain the existence or adequacy of such insurance In the case of renewals evidence of renewal shall be delivered to Lessor within ten (10) days of the renewal of the current policy In the event of an assignment of this

Lease by Lessor of which Lessee has notice Lessee shall cause such insurance to provide the same protections to the assignee as its interests may appear Lessee shall promptly notify any appropriate insurer, Lessor and any assignee of Lessor of each and every occurrence which may become the basis of a claim or cause of action against the insured and provide Lessor or any such assignee with all data pertinent to such occurrence

At Lessor's sole option the proceeds of insurance with respect to loss or damage to the Equipment shall be applied toward the repair of the Equipment the payment of the Casualty Value thereof or the payment of or as a provision for satisfaction of any other accrued obligations of Lessee under this Lease Any excess of such proceeds remaining shall belong to Lessee so long as no Event of Default has occurred and is continuing Lessee hereby appoints Lessor as Lessee s attorney-in-fact such appointment is irrevocable and coupled with an interest with full power and authority to do all things including but not limited to making claims receiving payments executing and endorsing documents checks or drafts necessary or advisable to secure payments due under any policy contemplated hereby

11 GENERAL TAX INDEMNITY For purposes of this Lease "Charge" shall mean every tax fee assessment or charge of any nature whatsoever together with every penalty fine, or interest amount thereon levied or assessed by any federal state or local government or taxing authority with respect to an Item of Equipment the Lease or any Schedule any application of an Item of Equipment or the Lease or any Schedule, and the rent or other sums payable by Lessee Lessee shall pay every Charge when due and will indemnify and hold Lessor harmless from every Charge regardless of whether the Charge is imposed levied or assessed on a date that precedes, follows or is within the term of the Lease or is imposed or assessed in the name of Lessor or any other person or entity unless Lessee is contesting the imposition of the Charge in good faith and, upon reasonable grounds has established an adequate reserve for the payment of the Charge and such other sums due, and there is no risk of imposition of any lien or other encumbrance on the Equipment or other property of Lessee or Lessor or secure of the Equipment on account of the Charge Lessee will promptly notify Lessor of any report return or declaration required to be made with respect to any Charge If required by Lessor Lessee shall prepare and/or file any such return report or declaration and shall furnish Lessor with a copy of each such filing and with a receipt or other proof of payment of such Charge Each payment required to be made by Lessee under this section shall be made in an amount which, after reduction by all federal, state, and local income taxes payable by Lessor in respect of its actual or constructive receipt or accrual of such amount, and after taking into account any deduction allowable to Lessor for the amount actually or constructively paid or accrued, shall preserve the after-tax yield and after-tax cash flow Lessor would have had in the absence of such payment

12 LESSOR'S RIGHT TO PERFORM If Lessee fails to pay any amount due under the Lease or to comply with any other Lease term Lessor may, but is not required to, at its sole option pay such amount or comply with such Lease term and Lessee shall immediately reimburse Lessor for the amount of such payments or costs and the amount of the reasonable expenses of Lessor incurred in connection with such payment or compliance together with interest on such amounts for the time outstanding at the Late Charge Rate

13 GENERAL INDEMNITY Lessee hereby assumes liability for and agrees to indemnify, protect save and keep harmless Lessor, and its officers directors, employees agents attorneys and successors and assigns from and against any and all liabilities obligations, losses, damages (including indirect, special or consequential damages) harm penalties injuries claims, actions suits costs expenses and disbursements, and all legal proceedings, and any and all costs and expenses in connection therewith (including court costs and attorneys' fees and expenses), of whatever kind and nature imposed on incurred by or asserted against Lessor or any officer, director, employee, agent, attorney or successor and assign (whether or not also indemnified against by any other person or entity) in any way relating to or arising out of this Lease or in connection with this Lease or the enforcement hereof or the manufacture, purchase acceptance rejection selection, modification, ownership delivery, lease, possession, maintenance, use, operation condition, sale, transportation storage return or other disposition of the Equipment or any Item of Equipment by Lessor or Lessee including without limitation any claim alleging latent or other defects whether or not discoverable by Lessor or Lessee any claim for patent, trademark, or copyright infringement; any claim arising out of negligence strict liability or tort and any claim relating to any default by Lessee or any Event of Default. Lessee agrees to give Lessor and Lessor agrees to give Lessee notice of any claim or liability hereby indemnified against promptly following receipt thereof Each payment required to be made by Lessee under this Section 13 shall be made in an amount which, after reduction by all federal state and local income taxes payable by Lessor in respect of its actual or constructive receipt or accrual of such amount and after taking into account any deduction allowable to Lessor for the amount actually or constructively paid or accrued, shall preserve the after-tax yield and after-tax cash flow Lessor would have had in the absence of such payment

14 ASSIGNMENT LESSEE S INTEREST IN THIS LEASE IS NOT ASSIGNABLE LESSEE SHALL NOT ASSIGN MORTGAGE OR PLEDGE THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE OR OTHERWISE DISPOSE OR TRANSFER POSSESSION OF THE EQUIPMENT COVERED HEREBY WITHOUT LESSOR S PRIOR WRITTEN CONSENT WHICH SHALL NOT BE UNREASONBLY WITHHELD Lessor may sell, transfer or assign this Lease at its sole option and without notice to Lessee Lessor's assignee shall have all of the rights but none of the obligations of Lessor under this Lease Lessee shall recognize and hereby consents to any assignment of this Lease by Lessor and shall not assert against the assignee any defense counterclaim or setoff that Lessee may have against Lessor As an expressed term and condition of this Lease Lessee shall provide Lessor or its assignee with interim or annual financial information including financial statements and tax returns as Lessor or its assignee may request now and in the future Upon being notified by Lessor of an assignment Lessee shall (a) recognize and consent to any such assignment and reaffirm in writing the provisions of this Lease with respect thereto, (b) accept the lawful demands of such assignee and (c) not attempt to require any assignee to perform any duty covenant or condition required to be performed by Lessor under this Lease Subject to the foregoing this Lease inures to the benefit of and is binding upon the heirs devisees personal representatives survivors and successors in interest and assigns of the parties hereto

15 . OWNERSHIP, MARKINGS, PERSONAL PROPERTY Lessee shall if at any time requested by Lessor, affix in a prominent position on each item of Equipment plates, tags or other identifying labels showing ownership thereof by Lessor The Equipment is and shall remain the personal property of Lessor notwithstanding that any item of Equipment may be affixed or attached to or embedded in or permanently resting upon real property

16 LESSEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

(A) Lessee represents and warrants to Lessor and agrees that the following representations and warranties shall be deemed remade by Lessee on the date of execution of each Schedule that.

(i) Lessee is a corporation duly organized validly existing and in good standing under the laws of the state of Delaware and is duly qualified to do business and is in good standing in all jurisdictions in which the Equipment is or will be located

(ii) Lessee's execution delivery and performance of this Lease the Schedules and all other related documents has been duly authorized by all appropriate action on the part of Lessee in strict accordance with its articles of incorporation and bylaws, and this Lease the Schedules and all other related documents constitute the valid and binding obligations of Lessee enforceable against Lessee in accordance with their terms

(iii) Lessee is not in default and no event or condition exists that after the giving of notice or lapse of time or both would constitute an event of default, under any mortgage indenture contract agreement judgment or other undertaking to which Lessee is a party or which purports to be binding upon Lessee or upon any of its assets except for any such default, event or condition that individually or in the aggregate would not affect Lessee's ability to perform its obligations under this Lease or the other documents contemplated hereby or any such mortgage indenture, contract agreement, judgment or other undertaking, and

(iv) the financial statements of Lessee heretofore furnished to Lessor are true, correct and complete, and have been prepared in accordance with generally accepted accounting principles consistently applied and therefore fairly present the financial condition of Lessee and that there are no known contingent liabilities or liabilities for taxes of Lessee that are not reflected in said financial statements and since the date thereof, there has been no material adverse change in such financial condition or operations

(B) Lessee covenants and agrees that so long as this Lease is continuing, that it will

(i) comply with all laws and regulations which may be applicable to it or to its business and maintain its corporate existence in good standing,

(ii) execute and deliver from time to time at the Lessor's request and at Lessee's expense, or cause to be executed and delivered to Lessor financial statements and other related information such instruments, papers and other documents and take or cause to be taken, such further action as Lessor reasonably may require in connection with the transactions contemplated hereby or as Lessor shall deem necessary or desirable to protect its interest in the Lease and the Equipment

(iii) deliver to Lessor (A) on or before the date which is ninety (90) days following the end of each fiscal year of Lessee during the term of this Lease, annual financial statements as of the end of the preceding year which financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied by an accounting company satisfactory to Lessor and (B) promptly, such additional financial and other information as Lessor may from time to time reasonably request with regard to Lessee Such financial statements shall be accompanied by a certificate of an executive officer of Lessee certifying that the financial statements fairly present the financial condition of Lessee and that there exists no Event of Default or event which with the passage of time or the giving of notice or both would become an Event of Default or if any Event of Default or such other event exists specifying the nature thereof, the period of existence thereof and what action Lessee has taken and proposes to take with respect thereto and

(iv) notify Lessor in writing promptly upon Lessee's learning thereof of any material litigation affecting Lessee, whether or not the claim is considered to be covered by insurance and the institution of any suit or administrative proceeding that may materially impair in Lessee's reasonable judgment Lessee's condition (financial or otherwise) business or operations,

(v) file all federal state and local tax returns and other reports which Lessee is required by law to file maintain adequate reserves for the payment of all taxes and similar charges and pay promptly when due all taxes assessments, and other similar charges and obligations

(vi) notify Lessor in writing within five (5) business days after the occurrence of any default which has not been cured within any applicable notice or cure period by Lessee under any note, indenture loan agreement mortgage lease deed or other similar agreement to which Lessee may be a party or by which its assets are bound, which default may materially impair in Lessee's reasonable judgment Lessee's condition (financial or otherwise) business or operations or the value or utility of any item of Equipment,

(vii) immediately notify Lessor of (A) each Casualty Item or accident involving or allegedly involving any item of equipment (B) any claim charge lien or other encumbrance which shall have attached to any item of Equipment; (C) any notice from the landlord or mortgagee of any property on which any item of Equipment is located or from any other person or entity which may affect the ability of Lessee to keep any item of Equipment at the Equipment Location specified in the applicable Schedule (D) the occurrence of any Event of Default or event which with the lapse of time or giving of notice or both would become any Event of Default and (E) Lessee's intention to grant any mortgage deed of trust or other encumbrance with respect to any location at which the Equipment is or shall be located at least ten (10) days prior to Lessee's grant thereof and

(viii) prior to the granting by Lessee of any mortgage deed of trust or other encumbrance with respect to any Equipment Location set forth on any Schedule Lessee will obtain and deliver to Lessor a mortgagee's waiver and consent in form and substance reasonable acceptable to Lessor

17 NEGATIVE COVENANTS Lessee covenants that so long as this Lease is continuing that

(A) Lessee will not directly or indirectly create incur assume or suffer to exist any lien mortgage pledge security interest charge encumbrance financing statement title retention or any other right or claim of any person or entity on or with respect to the Equipment. Lessee shall give Lessor immediate written notice thereof and shall promptly at its own cost and expense take such action as may be necessary duly to discharge or remove any such lien mortgage pledge, security interest charge encumbrance, financing statement title retention or any such other right or claim and shall indemnify Lessor from any loss caused thereby Lessor shall at its own cost and expense protect and defend Lessor's title to the Equipment against all persons or entities claiming against or through Lessee

18 DEFAULT Any of the following events or conditions shall constitute an Event of Default hereunder

(A) Lessee's failure to make any payment due under this Lease for a period of ten (10) days from the date thereof
(B) Lessee's failure to perform or observe any other obligation term, covenant condition or agreement to be performed or observed by it hereunder for a period of ten (10) days
(C) any writ or order of attachment or execution or other legal process being levied on or charged against any item of Equipment and not being released or satisfied within thirty (30) days
(D) any representation or warranty made (i) by Lessee herein, (ii) by Lessee or any guarantor of Lessor's obligations hereunder (a "Guarantor") in any writing delivered in connection herewith (including without limitation any guaranty of a Guarantor (a "Guaranty")) or (iii) in any financial information now or hereafter furnished Lessor in connection with this Lease shall prove at any time to have been false, misleading or erroneous in any material respect.
(E) Lessee fail be in default under any other agreement executed at any time between Lessor or an affiliate of Lessor or under any note bond indenture loan agreement or other instrument or agreement by which it is bound or there shall be a default under any Guaranty
(F) Lessee shall default in the performance of any lease, mortgage, deed of trust or other such similar document affecting the real property at which any item of Equipment is located
(G) Lessee or any Guarantor ceases doing business as a going concern, Lessee or any Guarantor becomes insolvent any formal or informal proceeding is filed by Lessee or any Guarantor under any bankruptcy insolvency or similar laws, the making by Lessee or any Guarantor of a transfer of all or a material portion of Lessee's or any Guarantor's assets or inventory not in the ordinary course of business or any formal or informal proceeding is filed under any bankruptcy insolvency or similar laws against Lessee or any Guarantor and is not dismissed within thirty (30) days thereafter
(H) any document, agreement or instrument executed in connection herewith shall cease to be in full force and effect or shall be declared to be null and void or the validity or enforceability thereof shall be contested by any party thereto other than Lessor or any party thereto other than Lessor shall deny that it has any further liability to Lessor with respect thereto or
(I) any Guarantor shall die (if an individual) or dissolve, liquidate or otherwise no longer be in existence

19 REMEDIES Regardless of the remedy or remedies elected by Lessor Lessee shall reimburse Lessor for any and all reasonable attorney fees Lessor incurs in pursuing and enforcing such remedy or remedies No right or remedy herein conferred upon or reserved to Lessor is exclusive of any other right or remedy herein, or by law or by equity provided or permitted but each shall be cumulative of every other right or remedy given herein or now or hereafter existing by law or equity or by statute or otherwise and may be enforced concurrently therewith or from time-to-time No single or partial exercise by Lessor of any right or remedy hereunder shall preclude any other or further exercise of any other right or remedy If Lessee is in default Lessor with or without notice to Lessee shall have the right to exercise any one or more of the following remedies concurrently or separately and without any election of remedies being deemed to have been made

(A) Demand that Lessee and Lessee shall at its sole cost and expense upon such demand return the Equipment promptly to Lessor at such place in the continental United States as Lessor shall specify, or Lessor, at its option may enter upon the premises where the Equipment is located and take immediate possession of the Equipment and remove the same by summary proceedings or otherwise all without liability for or by reason of such entry or taking of possession whether for the restoration of damage to property caused by such taking or otherwise
(B) Sell the Equipment at public or private sale with or without notice, advertisement or publication as Lessor may determine or otherwise dispose of hold, use operate, lease to others or keep idle the Equipment as Lessor in its sole discretion may determine all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto
(C) By written notice to Lessee specifying a payment date demand that Lessee pay to Lessor, and Lessee shall pay to Lessor on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty any accrued and unpaid rent for the Equipment due on all rent payment dates up to and including the payment date specified in such notice plus an amount (together with interest on such amount at the Late Charge Rate, from the payment date specified in such notice to the date of actual payment) equal to the excess, if any, of the Stipulated Loss Value of the Equipment as of the payment date specified in such notice over the Fair Market Sale Value of the Equipment as of such date
(D) By written notice to Lessee specifying a payment date, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor on the payment date specified in such notice as liquidated damages for loss of a bargain and not as a penalty, all accrued and unpaid rent for the Equipment due on all rent payment dates up to and including the payment date specified in such notice plus an amount (together with interest on such amount at

the Late Charge Rate from the payment date specified in such notice to the date of actual payment) equal to the Casualty Value for the Equipment computed as of the payment date specified in such notice and upon such payment of liquidated damages and the payment of all other amounts then due hereunder Lessor shall proceed to sell the Equipment and shall pay over to Lessee the net proceeds of such sale (after deducting from such proceeds all costs and expenses whatsoever incurred by Lessor in connection therewith and all other amounts that may become payable to Lessor) up to the amount of the Casualty Value actually paid

(E) By written notice to Lessee specifying a payment date demand that Lessee pay to Lessor and Lessee shall pay to Lessor, on the payment date specified in such notice as liquidated damages for loss of a bargain and not as a penalty, the sum of all accrued and unpaid rent for the Equipment and other payments and charges due under this Lease then accrued, plus all accelerated future payments due under this Lease discounted to their present value at a discount rate of 9% plus incidental damages including costs and expenses incurred by Lessor in stopping delivery of the Equipment, in the transportation care and custody of the Equipment after Lessee's default or otherwise resulting from Lessee's default or the return or disposition of the Equipment plus Lessor's estimate at the time this Lease was entered into of Lessor's residual interest in the Equipment reduced to present value at a discount rate of 9% as of the date of default less the net proceeds of disposition if any of the Equipment;

(F) proceed to enforce performance by Lessee of its obligations hereunder or to recover damages for breach thereof;

(G) terminate this Lease and all Schedules executed pursuant hereto or

(H) exercise any other right or remedy which may be available to it under the Uniform Commercial Code or any other applicable law or in equity

20 RECOVERY OF SUMS DUE OR TO BECOME DUE, WAIVER Lessee shall pay Lessor all costs and expenses, including reasonable attorneys' fees, costs and expenses and court costs, incurred by Lessor in exercising any of its rights or remedies hereunder or enforcing any of the terms conditions or provisions hereof To the extent permitted by applicable law Lessee hereby waives any and all rights and remedies conferred upon a lessee to (a) cancel or terminate this Lease (b) repudiate this Lease (c) reject the Equipment; (d) revoke acceptance of the Equipment (e) recover damages from Lessor for any breaches of warranty or for any other reason with respect to the Equipment; (f) a security interest in the Equipment in Lessee's possession or control for any reason (g) deduct all or any part of any claimed damages resulting from Lessor's default, if any under this Lease (h) accept partial delivery of the Equipment, (i) "cover" by making any purchase or lease of, or contract to purchase or lease, Equipment in substitution for that due from Lessor; (j) recover any general, special, incidental or consequential damages for any reason whatsoever and (k) obtain specific performance, replevin, detinue sequestration, claim and delivery or the like for any Equipment identified in any Schedule to this Lease

21 NONCANCELABLE LEASE, OFFSET, SURVIVAL This Lease cannot be cancelled or terminated except as expressly provided in the Lease Lessee hereby agrees that Lessee's obligation to pay all rent and perform all other obligations under the Lease shall be absolute irrevocable, unconditional and independent and shall be paid and performed without abatement deduction or offset of any kind or nature whatsoever This Lease shall not terminate, or the respective obligations of Lessor or Lessee be otherwise affected or Lessor have any liability whatsoever to Lessee by reason of any failure or delay in delivery of any or all items of Equipment any defect in or damage to or loss or destruction of any or all items of Equipment from whatever cause, the prohibition of Lessee's use of any item of Equipment the interference with such use by any government, person or entity the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, any lack of right power or authority of Lessor or Lessee to enter into this Lease or any other cause whether similar or dissimilar to the foregoing

22 NOTICES All notices and demands made pursuant to this Lease shall be in writing, and shall be deemed to have been given or made when (a) deposited in the U S mail, first class postage prepaid (b) telecopied with evidence of confirmation or (c) delivered to a nationally recognized overnight courier service for delivery in each case addressed to the address of the parties set forth above or to such other address as the parties designate in writing to the other

23 CHOICE OF LAW, CONSENT TO JURISDICTION This Lease shall be considered to have been made in the state of Iowa and shall be interpreted in accordance with the laws and regulations of the state of Iowa, except the law of conflicts of law LESSEE CONSENTS AND AGREES TO PERSONAL JURISDICTION IN THE STATE OF IOWA IN ANY ACTION, SUIT OR PROCEEDING REGARDING THIS LEASE OR ANY SCHEDULE OR ADDENDA RELATING THERETO AND IRREVOCABLY WAIVES ANY OBJECTION BASED ON VENUE OR INCONVENIENT FORUM OR RELATED CLAIMS AND WAIVES TRIAL BY JURY IN ADDITION LESSEE CONCEDES THAT IT, AND EACH OF THEM TRANSACTED BUSINESS IN THE STATE OF IOWA BY ENTERING INTO THIS LEASE In the event of any legal action with regard to this Lease or the Equipment covered hereby Lessee agrees that venue is proper in Marshall County Iowa or in the County of Lessor's or Lessor's assigns, principal place of business

24 SURVIVAL If during the Lease term, one or more events occur which give rise to a liability of Lessee under this Lease any Schedule(s) or both, such liability shall continue notwithstanding the expiration or termination of this Lease any Schedule, or both until each such liability is paid or otherwise satisfied in full by Lessee The survival of the liability of Lessee shall not be conditioned in any way upon the issuance of a report or any other determination of liability by a taxing authority within the term of this Lease or of any Schedule The representations and warranties contained herein and Lessee's obligations pursuant to sections 6 11 and 13 shall survive the expiration or early termination of the Lease and Lessee shall remain liable therefor

25 MULTIPLE LESSEES Lessor may, with the consent of any one of the Lessees hereunder modify extend or change any of the Lease terms without the consent or knowledge of the others, without in any way releasing waiving or impairing any right granted to Lessor against the others, Lessee and each of them are jointly and severally responsible and liable to Lessor under this Lease

26 ENTIRE AGREEMENT, NO ORAL MODIFICATIONS, NO WAIVER This Lease constitutes the entire agreement between Lessor and Lessee and supersedes and replaces any prior or contradictory representations warranties or agreements between Lessor and Lessee No provision of this Lease shall be modified or rescinded unless in writing signed by an authorized representative of Lessor Waiver by Lessor of any provision hereof in one instance shall not constitute a waiver as to any other instance

27 SEVERABILITY This Lease is intended to constitute a valid and enforceable legal instrument and no provision of this Lease or related Schedule or Addenda that may be deemed unenforceable shall in any way invalidate any other provision or provisions hereof all of which shall remain in full force and effect

28 MISCELLANEOUS Whenever the context of this Lease requires the singular number includes the plural whenever the word "Lessor" is used herein it shall include all assignees of Lessor and whenever the word "Equipment" is used herein it shall include all related Schedules and Addenda Lessee hereby authorizes Lessor to insert in this Lease or any Schedule serial numbers and other identifying data of the Equipment when determined by Lessor Lessee shall provide Lessor with invoices and other supporting documentation reasonably acceptable to Lessor describing each item of Equipment Lessee authorizes Lessor at Lessee's sole expense to cause this Lease or related Schedules Addenda and documents that show Lessor's interest in the Equipment to be filed or recorded Lessee specifically authorizes Lessor to file UCC financing statements with respect to the Equipment not signed by Lessee or to execute same for and on behalf of Lessee as Lessee's attorney-in-fact, irrevocably and coupled with an interest for such purposes should the Lessee fail to do so within five (5) days of written notice thereof Lessee agrees to pay or reimburse Lessor for its costs and expenses relating to any searches undertaken by Lessor, or any filing, recording stamp fees or taxes arising from the filing or recording of any such instrument or statement and any other costs, expenses or charges incurred by Lessor in documenting administering and terminating this Lease including, without limitation attorneys' fees and costs

READ UNDERSTOOD AND AGREED TO

Lessor Washington State Bank	Lessee Washington Manufacturing Company, Inc
By [signature]	By [signature]
Title Vice President	Title General Mgr
Date 10/11/00	Date 10/10/00

CERTIFICATE
OF
FANSTEEL INC.

The undersigned, Secretary of Washington Manufacturing Company a Delaware corporation (the "Corporation") does hereby represent and certify as follows:

4 The Corporation is duly organized and existing and existing and is in good standing under the laws oOf the state of Delaware and is authorized to do business in the state of Iowa.

5, The Corporation, in strict accordance and compliance with its articles of incorporation and bylaws, as duly adopted resolutions authorizing the following officers, or any one of them, of the Corporation to negotiate, execute and deliver commercial lease agreement no. 028711 dated August 17, 2000 and all related documents and schedules (the "Lease") on the Corporation's behalf.

NAME OF OFFICER	TITLE	SIGNATURE
GEORGE Schneider	General Manager	
Michael Morrisal	Secretary	

6 The lease is a valid and binding obligation of the Corporation and is enforceable in all respects and in accordance with its terms.

WITNESS MY HAND this 8 day of 17, 2000

Lessee: _____

Signature of Secretary

Secretary

OR

_____

If no Secretary, other Officer Signature and Title

Master Lease Agreement No. 028711

EQUIPMENT LEASE GUARANTY

THIS EQUIPMENT LEASE GUARANTY (this "Guaranty") is made and entered into this 17th day of August, 2000 by Fansteel Inc. in its capacity as a corporation (the "Guarantor") in favor of Washington State Bank ("Lessor").

Guarantor desires that Lessor enter into master lease agreement no.028711, and any related documents and schedules (the "Lease") with Washington Manufacturing Company, Inc., a Delaware corporation. Guarantor has an interest, financial or otherwise, in Lessee and it is to Guarantor's benefit that Lessor enter into the Lease with Lessee. Guarantor has read the Lease in full and finds the Lease terms to be acceptable. Guarantor acknowledges that Lessor is unwilling to enter into the Lease without Guarantor's acceptance of this Guaranty and understands that Lessor is acting in reliance on the same.

Therefore, in order to induce Lessor to enter into the Lease, Guarantor, jointly and severally, hereby unconditionally and irrevocably guarantee Lessee's faithful and full performance of all Lease terms and conditions. Guarantor unconditionally and irrevocably promises to pay Lessor all sums due under the Lease, plus collection costs, including reasonable attorney fees, if Lessee defaults or otherwise fails to perform any of Lessee's obligations under the Lease. Guarantor's obligations are joint and several and are independent of Lessee's under the Lease. A separate action may be brought against Guarantor immediately and without any demand or notice regardless of whether or not an action is brought against Lessee or whether Lessee be joined in such action; Guarantor's liability under this Guaranty is primary

Guarantor waives the benefit of any suretyship defenses that might effect Guarantor's liability under, or the enforcement of, this Guaranty. Guarantor waives any right to require Lessor to proceed against Lessee, or against or exhaust the Equipment or other security held by Lessor, or to pursue any other remedy that might be available to Lessor. In addition, Guarantor waives any defense arising by reason of any defense of Lessee, or by reason of Lessee's release or discharge of liability under the Lease, regardless of the cause or source thereof

Guarantor authorizes Lessor to renew, extend, accelerate or amend the Lease payment terms or other Lease terms without notice or demand to Guarantor and without affecting Guarantor's liability under this Guaranty. Lessor may sell, assign or transfer this Guaranty, in whole or in part and without notice to Guarantor This Guaranty shall be binding on Guarantor's successors, heirs and personal representatives and shall inure to the benefit of Lessor's successors and assigns.

This Guaranty shall be considered to have been made and entered into in the state of Iowa and shall be interpreted in accordance with the laws and regulations of the state of Iowa except the law of conflicts of laws. Guarantor consents and agrees TO PERSONAL JURISDICTION IN THE STATE OF IOWA IN ANY ACTION, SUIT OR PROCEEDING REGARDING THIS GUARANTY AND WAIVES ANY OBJECTION BASED ON VENUE OR FORUM NON CONVENIENS OR RELATED CLAIMS AND WAIVES TRIAL BY JURY IN ADDITION, GUARANTOR CONCEDES THAT IT, AND EACH OF THEM, TRANSACTED BUSINESS IN THE STATE OF IOWA BY ENTERING INTO THIS GUARANTY. In the event of any legal action with regard to this Guaranty, the Lease or the Equipment, Guarantor agrees that venue is proper in the County of Lessor's, or Lessor's assign's, principal place of business in the state of Iowa.

READ, UNDERSTOOD AND AGREED TO.

FANSTEEL INC.

Guarantor: Mohan [illegible] V.P

Date: 8/17/00

Witness: [illegible]