

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

ORIGINAL

In re:)	Case No. 02-10109 (JJF)
)	
FANSTEEL INC., et al., ¹)	Chapter 11
)	(Jointly Administered)
Debtors.)	
)	Regarding Docket Nos. 1744 & 1789
)	01/08/04 Agenda Item No. 5

**STIPULATION AND ORDER REGARDING (A) MOTION OF THE
POST-CONFIRMATION COMMITTEE OF THE ESTATE OF R. LAVIN & SONS, INC.
TO VACATE COURT ORDER APPROVING CONSENT DECREE AND (B) DEBTORS'
OBJECTION TO CLAIMS OF THE POST CONFIRMATION COMMITTEE ON
BEHALF OF THE ESTATE OF R. LAVIN & SONS, INC.**

*This Stipulation and Order Regarding (A) Motion of the
Post-Confirmation Committee of the Estate of R. Lavin & Sons, Inc. to Vacate Court Order
Approving Consent Decree and (B) Debtors' Objection to Claims of the Post Confirmation
Committee on Behalf of the Estate of R. Lavin & Sons, Inc. (the "Stipulation") dated as of
January 8, 2004, by and among the undersigned parties, is entered into based upon the following:*

WHEREAS, on March 20, 2001, R. Lavin & Sons, Inc. ("Lavin") consented to an involuntary petition filed against Lavin on February 26, 2001 in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, under Section 303(b) of the Bankruptcy Code, Case No. 01-B-06301 (the "Lavin Case"); and

WHEREAS, on September 13, 2001 the Post Confirmation Committee of the Estate of R. Lavin & Sons, Inc., (the "Lavin Committee") was formed pursuant to and in accordance with the "Order Confirming Creditors' Committee's Amended Liquidating Plan of

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.

BKRP01

Reorganization and Approving Amendments to the Plan" entered in the Lavin Case and charged with the responsibility for administering and liquidating the Lavin estate; and

WHEREAS, on October 3, 2001, Fansteel, Inc. ("Fansteel") filed a proof of claim (Claim No. 548) (the "Fansteel Claim") in the Lavin Case asserting an unsecured, non-priority claim in an amount in excess of \$1,000,000 arising from alleged contamination of certain property in North Chicago, Illinois; and

WHEREAS, on January 15, 2002, Fansteel, a Delaware corporation, and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 (the "Cases") of the Bankruptcy Code; and

WHEREAS, on September 5, 2002, the Lavin Committee filed proofs of claim dated August 28, 2002 and against Fansteel Inc., Claim No. 639 (the "Lavin Claim"), Fansteel Holdings, Inc. Claim No. 640 (the "FHI Claim"), Custom Technologies Corp. Claim No. 642 (the "CTC Claim"), and Phoenix Aerospace Corp. Claim No. 641 (the "Phoenix Claim" and together with the FHI Claim and the CTC Claim, the "Subsidiary Claims") asserting an unsecured, non-priority claim in an amount in excess of \$1,000,000 arising from alleged contamination of certain property in North Chicago, Illinois; and

WHEREAS, on March 31, 2003, the Lavin Committee filed its objection to the Fansteel Claim (the "Fansteel Claim Objection") which sought to disallow and expunge the Fansteel Claim and whereas such objection remains pending in the Lavin Case; and

WHEREAS, on October 1, 2003 [Docket No. 1388], the Debtors filed with this Court their *Objection to Claims of the Post Confirmation Committee on Behalf of the Estate of R.Lavin & Sons, Inc.* (the "Lavin Claim Objection") which sought to disallow and expunge the Lavin Claim and the Subsidiary Claims; and

WHEREAS, the Debtors and the Lavin Committee reached a partial settlement with respect to the Lavin Claim Objection and on November 4, 2003, the parties entered into, and the Court approved and entered the *Stipulated Order Authorizing Partial Relief with Respect to Debtors' Objection to Claims of the Post Confirmation Committee on Behalf of the Estate of R. Lavin & Sons, Inc.* [Docket No.1572] (the "Subsidiary Claim Stipulation"), whereby the Lavin Committee forever released and waived the Subsidiary Claims and the parties agree to adjourn the hearing on the pending remainder of the Lavin Claim Objection; and

WHEREAS, on November 17, 2003, the Court entered an order confirming the Debtors' "Joint Reorganization Plan" dated September 18, 2003 as modified on November 17, 2003 including, without limitation, entering an order in furtherance of confirmation of the Plan² approving the North Chicago Consent Decree which provided Fansteel and the Settling Federal Agencies, as such parties are defined in the North Chicago Consent Decree, with statutory contribution protection under 42 U.S.C. § 9613(f)(2) and (3) (the "Contribution Protection"); and

WHEREAS, on December 17, 2003, the Lavin Committee filed its *Motion of the [Lavin Committee] to Vacate the Order Approving the Consent Decree* [Docket No. 1744] (the "Motion to Vacate") and On December 27, 2003, in response to the Motion to Vacate, the Debtors filed their *Response to Motion of the [Lavin Committee] to Vacate Court Order Approving Consent Decree* [Docket No. 1789] (the "Response") and the Environmental Enforcement Section-U.S. Department Of Justice filed its *Response to Motion of the [Lavin Committee] to Vacate Court Order Approving Consent Decree* [Docket No.1773]; and

² The "Plan" means the Debtors' Joint Reorganization Plan dated September 18, 2003, as modified and confirmed on November 17, 2003 and as subsequently amended by the Second Amended Joint Reorganization Plan dated December 23, 2003 and confirmed by order of the Court entered on December 23, 2003. All capitalized terms not expressly defined herein shall have the meanings ascribed in the Plan.

WHEREAS, the hearing on the Lavin Claim Objection and the Motion to Vacate have been scheduled for January 8, 2004; and

WHEREAS, the Lavin Committee and Fansteel (each a "Party" and collectively, the "Parties") desire to resolve the disputes with respect to Fansteel Claim Objection, the Lavin Claim Objection and the Motion to Vacate pursuant to this Stipulation and in furtherance of the foregoing, the parties have agreed to the accommodations and undertakings provided for herein;

NOW THEREFORE, incorporating the foregoing background recitals by reference, it is hereby STIPULATED and ORDERED as follows:

(1) The Motion to Vacate and the Response are hereby withdrawn with prejudice.

(2) The Lavin Committee, by this Stipulation, hereby withdraws with prejudice the Lavin Claim filed in the Debtors' Cases, thereby resolving the Lavin Claim Objection and any discovery or interrogatories related thereto, provided that such withdrawal shall be conditioned and effective upon a withdraw by Fansteel of the Fansteel Claim with prejudice, in the Lavin Case by no later than January 16, 2004, thereby resolving the Fansteel Claim Objection.

(3) Fansteel is hereby authorized and directed to file a withdrawal of the Fansteel Claim in the Lavin Case as set forth in paragraph (2) above.

(4) Subject to the conditions set forth in paragraph (2) above, Fansteel and the Lavin Committee on behalf of Lavin, hereby waive and forever release all claims for contribution against the other Party, respectively, whether under CERCLA, specifically 42 U.S.C. § 9613(f)(2), or under any other federal or state statute or at common law.

(5) Lavin and the Lavin Committee, in its representative capacity, hereby release the Debtors, their affiliates, successors and assigns and their current and former officers, directors, employees, agents, attorneys and other representatives (the "Fansteel Releasees") from any and all claims, including "claims" as defined under 11 U.S.C. § 101(5), rights, entitlements, demand, suit, causes of action, in law or in equity, under statute, current or future, known or unknown, contingent or otherwise, whether actual or potential, of any kind whatsoever including, without limitation, any and all claims which Lavin or the Lavin Committee may have against the Fansteel Releasees in connection with the Lavin Claim or the Motion to Vacate and the Debtors' Cases, whether in tort or in contract, whether present or future, and any other claim under any federal, state or local laws relating to, or arising from the Lavin Claim, the North Chicago Consent Decree, the Motion to Vacate, and the Debtors' Cases.

(6) The Debtors hereby release Lavin and the Lavin Committee, their affiliates, successors and assigns and their current and former officers, directors, employees, agents, attorneys and other representatives and each of the Lavin Committee members in their representative capacity (the "Lavin Releasees") from any and all claims, including "claims" as defined under 11 U.S.C. § 101(5), rights, entitlements, demand, suit, causes of action, in law or in equity, under statute, current or future, known or unknown, contingent or otherwise, whether actual or potential, of any kind whatsoever including, without limitation, any and all claims which the Debtors may have against the Lavin Releasees in connection with the Fansteel Claim and the Lavin Case, whether in tort or in contract, whether present or future, and any other claim under any federal, state or local laws relating to, or arising from the Fansteel Claim, the Response and the Lavin Case.

(7) All actions agreed to in this Stipulation shall be without assessment of costs against any Party.

(8) This Stipulation shall be binding upon the Parties and their respective successors and assigns including, without limitation, a chapter 11 trustee or a chapter 7 trustee.

(9) This Stipulation may be executed in one or more counterparts, all of which shall be deemed to be a single original. Facsimile signatures of this Stipulation shall be binding on the Parties hereto.

(10) All Parties further acknowledge that they are executing this Stipulation voluntarily and freely for the purposes intended. No presumption shall apply against the drafter of this Stipulation with respect to its interpretation or construction.

(11) The persons who have executed this Stipulation on behalf of the Parties hereto, hereby warrant and affirm that each of them has the authority to bind the respective Party for whom they have signed to the terms of this Stipulation.


(12) This Stipulation constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof.

Dated: _____, 2004
Wilmington, Delaware

United States District Judge

So stipulated this 8th day of January 2004:

Jeffrey S. Sabin
Schulte Roth & Zabel LLP
Co-Counsel for the Debtors


Chad Gettleman
Adelman, Gettleman, Merens, Berish
& Carter, Ltd.
Counsel for the Post Confirmation
Committee for the Estate of R. Lavin &
Sons, Inc. 1-8-04

(7) All actions agreed to in this Stipulation shall be without assessment of costs against any Party.

(8) This Stipulation shall be binding upon the Parties and their respective successors and assigns including, without limitation, a chapter 11 trustee or a chapter 7 trustee.

(9) This Stipulation may be executed in one or more counterparts, all of which shall be deemed to be a single original. Facsimile signatures of this Stipulation shall be binding on the Parties hereto.

(10) All Parties further acknowledge that they are executing this Stipulation voluntarily and freely for the purposes intended. No presumption shall apply against the drafter of this Stipulation with respect to its interpretation or construction.

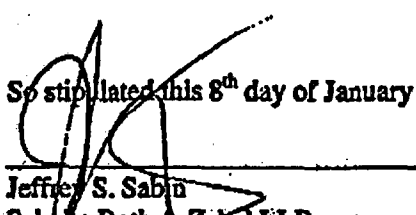
(11) The persons who have executed this Stipulation on behalf of the Parties hereto, hereby warrant and affirm that each of them has the authority to bind the respective Party for whom they have signed to the terms of this Stipulation.


(12) This Stipulation constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof.

Dated January 12, 2004
Wilmington, Delaware


United States District Judge

So stipulated this 8th day of January 2004:


Jeffrey S. Sabin
Schulte Roth & Zabel LLP
Co-Counsel for the Debtors


Chad Gettleman
Adelman, Gettleman, Merens, Berish
& Carter, Ltd.
Counsel for the Post Confirmation
Committee for the Estate of R. Lavin &
Sons, Inc.