

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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

Objections Due: February 3, 2004 at 4:00 p.m.  
Hearing Date: TBD (Only if Objections are Filed)

**NOTICE OF FILING OF  
STIPULATION AND ORDER**

**TO:** Office of the United States Trustee, Counsel for the Official Committee of Unsecured Creditors and all parties requesting notice under Bankruptcy Rule 2002.

Fansteel Inc. ("Fansteel"), one of the captioned debtors and debtors-in-possession has filed the attached Stipulation and Order Reducing and Fixing Allowed Claim of American National Bank and Trust Company of Chicago(hereinafter "ANB") (the-"Stipulation"), pursuant to which Fansteel and ANB have agreed to modify ANB claim no. 807.

Objections and other responses to the Stipulation, if any, must be in writing and filed with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, Wilmington, Delaware 19801, no later than 4:00 p.m., Eastern Time, on December 26, 2003.

At the same time, you must also serve a copy of the response upon the undersigned counsel to the Debtors at (i) Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022 (Attn: Jeffrey S. Sabin, Esq.) and (ii) Pachulski, Stang, Ziehl, Young,

<sup>1</sup> 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.

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Jones & Weintraub P.C., 919 North Market Street, 16<sup>th</sup> Floor, P.O. Box 8705, Wilmington,  
Delaware 19899-8705 (Courier 19801) (Attn: Laura David Jones, Esq.).

**A HEARING ON THE STIPULATION WILL BE HELD AT THE  
CONVENIENCE OF THE COURT BEFORE THE HONORABLE JOSEPH J. FARNAN,  
AT THE UNITED STATES BANKRUPTCY COURT LOCATED AT 824 MARKET  
STREET, SIXTH FLOOR, WILMINGTON, DELAWARE 19801 – ONLY IF TIMELY  
OBJECTIONS ARE RECEIVED BY JANUARY 20, 2004 AT 4:00 P.M., EASTERN  
TIME.**


**IF NO OBJECTIONS ARE TIMELY FILED AND SERVED IN  
ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE  
RELIEF REQUESTED BY THE STIPULATION WITHOUT FURTHER NOTICE OR  
HEARING.**

**Dated: January 14, 2003**

**SCHULTE ROTH & ZABEL LLP  
Jeffrey S. Sabin (JSS 7600)  
Lawrence V. Gelber (LVG 9384)  
919 Third Avenue  
New York, NY 10022  
Telephone: (212) 756-2000  
Facsimile: (212) 593-5955**

and

**PACHULSKI, STANG, ZIEHL, YOUNG, JONES &  
WEINTRAUB P.C.**

  
\_\_\_\_\_  
Laura Davis Jones (Bar No. 2436)  
James E. O'Neill (Bar No. 4042)  
919 North Market Street, 16<sup>th</sup> Floor  
P.O. Box 8705  
Wilmington, Delaware 19899-8705 (Courier 19801)  
Telephone: (302) 652-4100  
Facsimile: (302) 652-4400

**Co-Counsel for Debtors and Debtors-in-Possession**

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

In re:	)	Chapter 11
	)	
FANSTEEL INC., <i>et al.</i> , <sup>11</sup>	)	Case No. 02-10109 (JJF)
	)	(Jointly Administered)
	)	
Debtors.	)	

**STIPULATION AND ORDER REDUCING AND FIXING ALLOWED CLAIM  
OF AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO**

Fansteel Inc. ("Fansteel"), a debtor in the above-captioned Chapter 11 cases, and Bank One, N.A., as successor in interest to American National Bank and Trust Company of Chicago ("ANB"), stipulate and agree (the "Stipulation") as follows:

A. On January 15, 2002 (the "Petition Date"), Fansteel filed with this Court a voluntary petition for relief under 11 U.S.C. §§ 101 et seq., as amended (the "Bankruptcy Code"), and thereafter continued to operate its business and manage its affairs as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. A creditors' committee (the "Committee") was appointed in the chapter 11 cases (the "Cases") on January 28, 2002.

B. On September 23, 2002, ANB filed a proof of claim in the Cases in the total amount of \$1,756,666.93 (Claim No. 807) asserting the following claims against Fansteel: (1) a secured claim in the total amount of \$904,746.93 (the "ANB Secured Claim"), consisting of a noncontingent claim for reimbursement of advances made and negotiation fees

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<sup>1</sup> 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.

under a certain Letter of Credit No. 60710939 issued in favor of the Mississippi Business Finance Corporation (the "MBFC LC") and a contingent claim for reimbursement of outstanding obligations under the MBFC LC; (2) a noncontingent general unsecured claim in the amount of \$751,920.00 for reimbursement of advances made to beneficiary U.S. Nuclear Regulatory Agency and negotiation fees under a certain Letter of Credit No. 60706650 (the "ANB Noncontingent Unsecured Claim"); and (3) contingent claims totaling \$100,000 for reimbursement of outstanding obligations under Letter of Credit No. 60706223 expiring May 1, 2003 and Letter of Credit No. 60706651 expiring September 1, 2003 (the "ANB Contingent Claim").

C. Pursuant to an order of this Court dated October 7, 2003, Fansteel was authorized, among other things, to sell substantially all the assets, property and businesses of the division of Fansteel known as Hydro Carbide-Gulfport. Thereafter the property collateralizing the ANB Secured Claim was transferred to the purchaser of the Hydro Carbide-Gulfport assets (the "Purchaser") subject to the liens of ANB, the noncontingent portion of the ANB Secured Claim was satisfied from the proceeds of the sale, and the contingent portion of the ANB Secured Claim was assumed by the Purchaser and satisfied by the substitution of a Letter of Credit issued by Citizens Bank of Pennsylvania for the MBFC LC.

D. On November 17, 2003, an order was entered by the Court confirming the Amended Joint Reorganization Plan for Fansteel Inc. and Subsidiaries (the "Plan"). Pursuant to the terms of the Plan, the Distribution Date (as that term is defined in the Plan) will occur no later than 20 business days after the date that the Plan becomes effective. In connection therewith, the parties hereto have agreed to fix the allowed amount of ANB's proof of claim upon the terms set forth in this Stipulation and Order.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained, Fansteel and Bank One, N.A. stipulate and agree as follows:

1. The ANB Secured Claim has been satisfied and is hereby withdrawn and disallowed. The proof of claim filed by ANB (Claim No. 807) is hereby reduced from the amount of \$1,756,666.93 to the sum of \$851,920.00 and is classified as a Class FAN-3 General Unsecured Claim under the Plan in such reduced amount.

2. The ANB Noncontingent Unsecured Claim shall be fixed and allowed in the amount of \$751,920.00 as of the Effective Date of the Plan (as that term is defined in the Plan) and Claim No. 807 shall be deemed an Allowed Claim in such amount for purposes of distributions under the Plan.

3. The balance of Claim No. 807 consisting of the ANB Contingent Claim in the amount of \$100,000.00 shall be deemed a Disputed Claim as of the Effective Date of the Plan and an appropriate amount of Cash and other property shall be withheld in the Disputed Claim Reserve on account of the ANB Contingent Claim pending the realization of the contingencies. In the event the contingencies are not realized on or before September 15, 2004, the ANB Contingent Claim shall be deemed withdrawn and disallowed and the Cash and other property held on account of the ANB Contingent Claim in the Disputed Claim Reserve may be distributed as provided in the Plan. In the event that some portion or all of the contingencies are realized prior to September 15, 2004, then the ANB Contingent Claim shall become an Allowed Claim to the extent of the amount of the realized contingency or contingencies and a distribution shall be made to the claimant from the Disputed Claim Reserve as provided in the Plan.

4. This Stipulation constitutes the entire agreement among the parties hereto and may not be modified, vacated or amended except in writing executed by Fansteel and Bank One, N.A.

5. This Stipulation is subject to and conditioned upon the approval of this Court and shall not be effective until "So Ordered" by this Court. In the event this Stipulation is not approved by this Court, it shall be null and void and shall have no force or effect.

6. 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: December 29, 2003

BANK ONE, N.A., as Successor In Interest to  
AMERICAN NATIONAL BANK AND TRUST  
COMPANY OF CHICAGO

Susan B. Kuezi  
Title: FIRST VICE PRESIDENT  
FANSTEEL INC.

\_\_\_\_\_  
Title:

SO ORDERED this \_\_\_ day of \_\_\_\_\_, 2004.

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

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Dated: December 29, 2003

BANK ONE, N.A., as Successor In Interest to  
AMERICAN NATIONAL BANK AND TRUST  
COMPANY OF CHICAGO

\_\_\_\_\_  
Title:

FANSTEEL INC.



Title: Vice President & Chief Financial Officer

SO ORDERED this \_\_\_ day of \_\_\_\_\_, 2004.

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