

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Case No. 02-10109 (JF)
)
FANSTEEL INC., *et al.*,¹) Chapter 11
) (Jointly Administered)
Debtors.)
) Related Docket No. 1923
)

**STIPULATION AND ORDER BY THE DEBTORS, McBRIDE BAKER & COLES,
AND HOLLAND & KNIGHT LLP EXTENDING THE TIME FOR
DEBTORS TO COMMENCE PREFERENCE ACTIONS UNDER 11 U.S.C. §547**

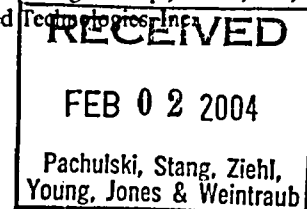
This Stipulation and Order (the "Stipulation") by and among the Debtors, McBride, Baker and Coles and Holland & Knight LLP Extending the Time for the Debtors to Commence Preference Actions under 11 U.S.C. §547 against McBride, Baker & Coles, dated and effective as of as of January 14, 2004, by and among the undersigned parties, is entered into based upon the following:

WHEREAS, prepetition the Debtors retained McBride Baker & Coles ("MBC") to provide advice regarding environmental matters, including recovery of insurance claims made by the Debtors under various policies that were obtained to offset certain environmental risks; and

WHEREAS, as of January 15, 2002 (the "Petition Date"), Fansteel owed MBC approximately \$95,027.86.

WHEREAS, on or about September 18, 2003, MBC filed a proof of claim in these chapter 11 cases against Fansteel Inc. ("Fansteel") (Claim # 00732) in the amount of \$95,027.86

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.



(the "Prepetition Claim") for claimed unpaid fees and expenses associated with the prepetition services provided to Fansteel by MBC; and

WHEREAS, Fansteel, notwithstanding the Prepetition Claim, had made payments to MBC within the ninety days prior to the Petition Date which payments may be recoverable by the Debtor as a preference pursuant to 11 U.S.C. § 547 (the "Preference Claims"); and

WHEREAS, on or about August 13, 2002, MBC combined with Holland & Knight, LLP ("H&K"), but MBC retained the Prepetition Claim against Fansteel and was not an asset conveyed to H&K through the combination; and

WHEREAS, the Debtors subsequently retained H&K pursuant to the order approving the retention of ordinary course professionals entered January 20, 2002; as amended by order dated March 6, 2003 (Docket No. 821) (the "OCP Order"); and

WHEREAS, following the engagement of H&K, a further dispute arose with respect to the post-petition fees and expenses charged by the H&K in the approximate amount of \$42,000 (the "Post Petition Claim"); and

WHEREAS the Debtors time to commence an action to enforce their Preference Claim will expire after the last time available for filing on January 15, 2004 pursuant to 11 U.S.C. §546; and

WHEREAS, the Debtors, MBC and H&K (each a "Party" and collectively, the "Parties") wish to resolve the Prepetition Claim, the Post Petition Claim and the Preference Claims and are in the process of finalizing an agreement to reflect a resolution of these matters in their entirety, the undersigned parties pursuant to this Stipulation, and in furtherance of the foregoing, have agreed to the accommodations and undertakings provided for herein;

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

1. The statute of limitations with respect to the commencement of any action by the Debtors to seek to enforce their Preference Claim shall hereby be tolled from the effective date of this Stipulation until the earlier of (a) the date an order becomes final which approves and resolves a settlement of the Prepetition Claim, the Post Petition Claim and the Preference Claim in their entirety or (b) March 31, 2004.

2. The extension of the time within which the Debtors may commence an action to recover their Preference Claim hereunder is without prejudice to any rights or defenses that may be asserted by H&K or MBC with respect to the Preference Claim the Postpetition Claim and the Prepetition Claim.

3. Except for the tolling of the Statute of Limitations, nothing contained in this Agreement shall be deemed to modify any of the parties' respective rights and obligations under the Bankruptcy Code or other applicable law, or constitute an admission of liability, law or fact, or a waiver of any defense, claim or counterclaim, by any party to this Agreement.

4. This Agreement constitutes the entire agreement between the parties and supersedes any prior negotiation and agreement between the parties, whether written or oral. Any modifications or amendments to this Agreement must be made in writing and duly executed by all parties or their authorized representatives.

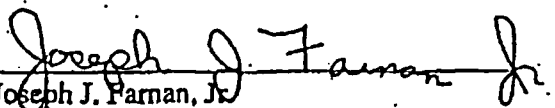
5. This Stipulation shall be binding upon the Parties and their respective successors and assigns including, without limitation, a chapter 11 trustee or a chapter 7 trustee.

6. 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 as though original.

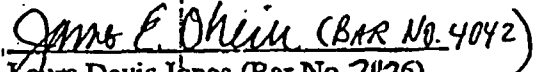
7. All Parties further acknowledge that they are executing this Stipulation voluntarily and freely for the purposes intended. No presumption shall apply against the drafter of this Stipulation with respect to its interpretation or construction.

8. The each person who executes this Stipulation on behalf of the Parties hereto, hereby warrants and affirms that he has the authority to bind the respective Party for whom he has signed to the terms of this Stipulation.


Dated: JANUARY 29, 2004
Wilmington, Delaware



Joseph J. Farman, Jr.
United States District Court Judge

So stipulated this 14th day of January 2004:


James E. Oheim (Bar No. 4042)
Laura Davis Jones (Bar No. 2436)
Christopher J. Lhulier (Bar No. 3850)
Steven J. Kahn (CA Bar No. 76933)
919 North Market Street, 16th Floor
P.O. Box 8705
Wilmington, Delaware 19899-8705
Tel. No. 302.652.4100
Fax No. 302.652.4100

ATTORNEYS FOR THE DEBTORS


Mark Steger, Esq.
Holland & Knight, LLP
131 South Dearborn Street
30th Floor
Chicago, IL 60603
Telephone: 312-263-3600
Facsimile: 312-578-6666


Mark Steger, Esq.
McBride Baker & Coles
C/o Holland & Knight, LLP
131 South Dearborn Street
30th Floor