

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Chapter 11

Sheldahl, Inc.,

Debtor.

Case No. 02-31674
(see also Case No. 02-30000)

LIMITED NOTICE OF SETTLEMENT

TO: Entities Specified in Local Rule 6004-1(b)(1):

NOTICE. On **October 6, 2004 at 1:30 p.m.**, or as soon thereafter as the transaction may be completed, the Sheldahl, Inc. Steering Committee (“Committee”), which is a duly appointed, qualified and acting representative of the estate of the Debtor pursuant to 11 U.S.C. § 1123(b)(3)(B), will settle the following Adversary Proceedings:

1. Sheldahl Inc. Steering Committee v. Watertech of America, Inc., Adv. Proc. No. 04-3339. The Committee commenced this adversary proceeding pursuant to 11 U.S.C. §§ 547 and 550 against the Defendant seeking to avoid and recover a preferential transfer in the amount of \$5,333.34. The Defendant has denied liability and has indicated a willingness to litigate. Both parties wish to avoid the expense and risk of litigation. The settlement provides that the Defendant will pay \$500.00 to the Committee and the Defendant will waive its right to all claims against the estate including, without limitation, its filed proof of claim and the right to file a 11 U.S.C. § 502(h) claim. After analyzing the Defendant’s asserted defenses, the Committee believes the proposed settlement is reasonable.

2. Sheldahl Inc. Steering Committee v. IOS Capital, Adv. Proc. No. 04-3158. The Committee commenced this adversary proceeding pursuant to 11 U.S.C. §§ 547 and 550 against the Defendant seeking to avoid and recover a preferential transfer in the amount of \$ 5,505.57. The Defendant has denied liability and has indicated a willingness to litigate. Both parties wish to avoid the expense and risk of litigation. The settlement provides that the Defendant will pay \$2,000.00 to the Committee and the Defendant will waive its right to file a 11 U.S.C. § 502(h) claim. After analyzing the Defendant’s asserted defenses, the Committee believes the proposed settlement is reasonable.

3. Sheldahl Inc. Steering Committee v. Buermann Machine & Fabrication, Adv. Proc. No. 04-3142. The Committee commenced this adversary proceeding pursuant to 11 U.S.C. §§ 547 and 550 against the Defendant seeking to avoid and recover a preferential transfer in the amount of \$6,127.83. The Defendant

has denied liability and indicated a willingness to litigate. Both parties wish to avoid the expense and risk of litigation. The settlement provides that the Defendant will pay \$2,000.00 to the Committee and the Defendant will waive its right to file a 11 U.S.C. § 502(h) claim. After analyzing the Defendant's asserted defenses, the Committee believes the proposed settlement is reasonable.

4. Sheldahl Inc. Steering Committee v. Bostik Findley Inc., Adv. Proc. No. 04-3220. The Committee commenced this adversary proceeding pursuant to 11 U.S.C. §§ 547 and 550 against the Defendant seeking to avoid and recover a preferential transfer in the amount of \$168,657.40. The Defendant has denied liability and indicated a willingness to litigate. Both parties wish to avoid the expense and risk of litigation. The settlement provides that the Defendant will pay \$40,000.00 to the Committee and the Defendant will waive its right to all claims against the estate including, without limitation, its filed proof of claim and the right to file a 11 U.S.C. § 502(h) claim. After analyzing the Defendant's asserted defenses, the Committee believes the proposed settlement is reasonable.

5. Sheldahl Inc. Steering Committee v. Fastenal Company, Adv. Proc. No. 04-3152. The Committee commenced this adversary proceeding pursuant to 11 U.S.C. §§ 547 and 550 against the Defendant seeking to avoid and recover a preferential transfer in the amount of \$5,668.92. The Defendant has denied liability and indicated a willingness to litigate. Both parties wish to avoid the expense and risk of litigation. The settlement provides that the Defendant will pay \$2,700.00 to the Committee and the Defendant will waive its right to file a 11 U.S.C. 502(h) claim. After analyzing the Defendant's asserted defenses, the Committee believes the proposed settlement is reasonable.

6. Sheldahl Inc. Steering Committee v. Accountemps, a division of Robert Half International Inc. ("Accountemps"). The Committee did not file an adversary proceeding against Accountemps. The Committee demanded that Accountemps return a preferential transfer in the amount of \$23,057.44. Accountemps has denied liability and indicated a willingness to litigate. Both parties wish to avoid the expense and risk of litigation. The settlement provides that Accountemps will pay \$16,000 to the Committee and Accountemps will waive its right to all claims against the estate including, without limitation, its filed proof of claim and the right to file a 11 U.S.C. § 502(h) claim. After analyzing Accountemp's asserted defenses, the Committee believes the proposed settlement is reasonable.

7. Sheldahl Inc. Steering Committee v. Aramark Uniform Services a/k/a Aramark Uniform & Career Apparel Inc. ("Aramark"). The Committee did not file an adversary proceeding against Aramark. The Committee demanded that Aramark return a preferential transfer in the amount of \$18,249.67. Aramark has denied liability and indicated a willingness to litigate. Both parties wish to avoid the expense and risk of litigation. The settlement provides that Aramark will pay \$13,500.00 to the Committee and Aramark will waive its right to all claims against the estate including, without limitation, its filed proof of claim and the right to file a

11 U.S.C. § 502(h) claim. After analyzing the Defendant's asserted defenses, the Committee believes the proposed settlement is reasonable.

8. Sheldahl Inc. Steering Committee v. American Flexible Products, Inc., Adv. Proc. No. 04-3191. The Committee commenced this adversary proceeding pursuant to 11 U.S.C. §§ 547 and 550 against the Defendant seeking to avoid and recover a preferential transfer in the amount of \$7,434.55. The Defendant has denied liability and indicated a willingness to litigate. Both parties wish to avoid the expense and risk of litigation. The settlement provides that the Defendant will pay \$4,000.00 to the Committee and the Defendant will waive its right to all claims against the estate including, without limitation, its filed proof of claim and the right to file a 11 U.S.C. § 502(h) claim. After analyzing the Defendant's asserted defenses, the Committee believes the proposed settlement is reasonable.

OBJECTION: MOTION: HEARING. Pursuant to the Order Establishing Case Management Procedures to Govern Certain Avoidance Actions, entered on June 21, 2004, the Committee is authorized to provide this limited notice of settlement pursuant to Local Rules 9019-1 and 6004-1(b)(1) and comply with the service requirements of Local Rule 6004-1(b). **Under applicable rules any objection must be in writing, be delivered to the Committee, and be filed with the clerk, not later than 12:00 o'clock noon on October 5, 2004.** If an objection is timely delivered and filed, the Committee moves the Court to hear the matter at **October 6, 2004 at 1:30 p.m.** or as soon thereafter as counsel may be heard, in Courtroom No. 228A, United States Courthouse, 316 North Robert Street, St. Paul, Minnesota.

MOSS & BARNETT
A Professional Association

Dated: September 24, 2004

By: /e/ Lorie A. Klein
James A. Rubenstein, #94080
Lorie A. Klein, #311790
4800 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-4129
Telephone: (612) 347-0300
Co-Counsel to the Steering Committee

HALPERIN & ASSOCIATES
Robert D. Raicht, #RR-2370
Ethan D. Ganc, #EG-3842
Neal Cohen #NC-3573
555 Madison Avenue, 9th Floor
New York, NY 10022
Telephone: (212) 765-9100
Co-Counsel to the Steering Committee

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Chapter 11

Sheldahl, Inc.,

Bky Case No. 02-31674

Debtor.

CERTIFICATE OF SERVICE

Maureen A. Montpetit, employed by Moss & Barnett, with office address of 4800 Wells Fargo Center, 90 South 7th Street, Minneapolis, MN 55402, declares under penalty of perjury that on September 24, 2004, I served the annexed:

1. Limited Notice of Settlement; and
2. Certificate of Service.

upon all persons listed on the attached Service List by United States Mail, a copy thereof, addressed to them at their last known address.

Executed: September 24, 2004

Signed: /e/ Maureen A. Montpetit
Maureen A. Montpetit

SERVICE LIST
September 24, 2004
In re: Sheldahl, Inc.
Bky Case No. 02-31674

James L. Baillie, Esq. Fredrikson & Byron 200 South Sixth Street Minneapolis MN 55402	The Marshall Group John C. Thomas, Esq. Dorsey & Whitney 50 S Sixth St, Suite 1500 Minneapolis MN 55402
US Trustee 1015 US Courthouse 300 South Fourth Street Minneapolis MN 55415	Benoit Pouliquen President & CEO Sheldahl Inc. 1150 Sheldahl Road Northfield MN 55057
US Attorney 600 US Courthouse 300 South Fourth Street Minneapolis MN 55415	City of Northfield Minnesota c/o Michael L. Meyer, Esq. Ravich Meyer Kirkman McGrath 4545 IDS Center 80 S Eighth St Minneapolis MN 55402
MN Dept of Revenue Collection Enforcement 551 Bankruptcy Section PO Box 64447 St Paul MN 55164	Medica c/o Jane S. Welch Esq. 333 S 7th St Ste 2000 Minneapolis MN 55402
Internal Revenue Service Special Procedures Branch 316 N Robert St Stop 5700 St Paul MN 55101	Orbotech Inc. c/o Michael M. Zizza, Esq. Legal Manager 44 Manning Rd Billerica MA 01821
IRS District Counsel 650 Galtier Plaza 175 E 5th St St Paul MN 55101	Uyemura Intl Corp c/o Phillip Bohl, Esq. Gray Plant Mooty Mooty & Bennett Pa 500 IDS Center 80 South Eighth Street Minneapolis MN 55402
Securities & Exchange Comm. Bankruptcy Section 500 W Madison #1400 Chicago IL 60661-2511	Qualitek Eng & Manufacturing Michael L. Nepsund, Chairperson 2455 Louisiana Ave N Golden Valley MN 55424

<p>Kaneka High-Tech Materials Gregory E. Albert 6101 Underwood Pasadena TX 77507</p>	<p>Amalgamated Cotton Garment & Allied Industrial Fund-Textile c/o Judith Greenspan, Esq. Amalgamated Life Insurance Co 730 Broadway 10th Floor New York NY 1003-9511</p>
<p>Alps Automotive Inc. Beth A. Hornbeck 1500 Atlantic Blvd Auburn Hills MI 48326</p>	<p>Wells Fargo Bank Minnesota NA c/o Gregory G. Hesse, Esq. 1445 Ross Ave Ste 3200 Dallas TX 75202-2799</p>
<p>Unisource Worldwide Mark C. Seburg 9001 Wyoming Ave N Brooklyn Park MN 55445</p>	<p>Ford Motor Credit Co c/o Stewart Zlimen & Jungers Ltd 430 Oak Grove St, Ste 200 Minneapolis MN 55403</p>
<p>BCC Equipment Leasing Co f/k/a MDFC Equipment Leasing Joseph F. Corff 3780 Kilroy Airport Way, Ste 750 Long Beach CA 90806</p>	<p>Tri-C Design Inc c/o Michael Dove, Esq. Gislason & Hunter 2700 S Broadway New Ulm MN 56073</p>
<p>Manchester Companies Inc. James C Hawley IDS Center Ste 4700 Minneapolis MN 55053</p>	<p>Ampersand 1999 Limited Partnership c/o Richard Hiersteiner, Esq. Palmer & Dodge 111 Huntington Ave Boston MA 02199-7613</p>
<p>Morgenthaler Management Co Jeffrey Baddeley, Esq. Baker & Hostetler 3200 National City Center 1900 E Ninth St Cleveland OH 44114</p>	<p>Ampersand 1999 Companion Fund Limited Partnership c/o Richard Hiersteiner, Esq. Palmer & Dodge 111 Huntington Ave Boston MA 02199-7613</p>
<p>The Colorado Group Inc Paige M Coker or Neil A Littmann 3434 47th St Ste 220 Boulder CO 80301</p>	<p>Bankruptcy Administration IOS Capital Inc 1738 Bass Rd PO Box 13708 Macon GA 31208-3708</p>
<p>Ampersand IV Ltd Partnership 55 William St, Ste 240 Wellesley Hills MA 02481</p>	<p>Miller & Shroeder Investments 150 S 5th St Minneapolis MN 55402</p>
<p>City of Britton PO Box 91 Britton, SD 57430</p>	<p>MM&S Investments Corporation 150 S 5th St, Ste 3000 Minneapolis MN 55402</p>

GE Capital Corp Commercial Equipment Fin 44 Old Ridgebury Rd Danbury CT 06810-5105	Molex Incorporated 222 Wellington Court Lisle IL 60532
Greenfield Commercial Credit 300 E Long Lake Rd, Ste 180 Bloomfield Hills MI 48304-2375	Morgan Guaranty Trust Co of New York 50 Wall St New York NY 10260
Morgenhaler Partners VII LP 50 Public Sq, Ste 2700 Cleveland OH 44113	Morton Electronic Int'l Inc 2631 Michelle Dr Tustin CA 92780
TMI Coatings Inc 2805 Dodd Rd St Paul MN 55121	Uyemura International Corp 2625 E Cedar St Ontario CA 91761
Wells Fargo(Norwest) Sixth St & Marquette Ave Minneapolis MN 55479	Span Manufacturing Limited Richard D Anderson, Esq. Briggs & Morgan 2200 IDS Center 80 S Eighth St Minneapolis MN 55402-2157
Margaret J. Womack c/o Steven J Kluz Sr. 333 S 7th St Minneapolis MN 55402	Wells Fargo Bank MN Ted R Cheesebrough, Esq. Faegre & Benson LLP 90 S 7th St Ste 2200 Minneapolis MN 55402-3901
City of Britton, SD c/o Bantz Gosch & Cremer 305 6th Ave SE PO Box 970 Aberdeen SD 57402-0970	Bowne of Chicago c/o Eric D Fein PC & Associates 3500 Oak Lawn Avenue Suite 510 Dallas TX 75219-6725
Electro Scientific Industries c/o Stephen A Redshaw Stoel Rives LLP 900 SW 5th Ave Ste 2600 Portland OR 97204	Pension Benefit Guaranty Corp John R Paliga 1200 K Street NW Washington DC 20005-4026
Molex, Inc. C/O Robert E Richards, Esq. Gordon P Paulson, Esq. Sonnenschein Nath & Rosenthal 8000 Sears Tower Chicago IL 60606	Elliot H Herskowitz Regen Capital I Inc PO Box 626 Planetarium Station New York NY 10024-0540

Oracle Corp Dorian Daley 500 Oracle Pkwy Mail Stop 5OP7 Redwood City CA 94065	General Electric Capital Corp Connie A Lahn Esq. Oppenheimer Wolff & Donnelly LLP 3300 Plaza VII 45 S 7th St Minneapolis MN 55402
Official Committee of Unsecured Creditors c/o Douglas J Pick PC 350 5th Ave Ste 3000 New York NY 10018	Federal Express Corp Cummings & Lockwood LLC 700 State St PO Box 1960 New Haven CT 06509 1960
Leasetec Corp 100 S McCaslin Blvd Superior CO 80027	General Electric Capital Corp Joseph O'Neil Jr. Esq. and Reed Smith LLP 599 Lexington Ave New York NY 10022
Kimot Tech Karol K. Denniston Esq. 600 Peachtree St NE Ste 2400 Atlanta GA 30308-2222	Pension Plus Inc David Pratt 7400 Metro Blvd Ste 220 Edina MN 55439
Oracle Corporation Shawn M. Christianson, Esq. Buchalter Nemer Fields & Younger 333 Market Street, 25 th Floor San Francisco CA 94105-2130	TMI Coatings Michael G. Phillips, Esq. 1012 Grain Exchange Building 400 South Fourth Street Minneapolis MN 55415
Bank of American NA Preston P. Dufouchard, Jr., Esq. 555 California Street, 8 th Floor San Francisco CA 94104	Federal Express Corporation Charles J. Filardi, Jr., Esq. Pepe & Hazard LLP 30 Jelliff Lane Southport CT 06890-1436
Minnesota Mining and Manufacturing Michael F. McGrath, Esq. Ravich Meyer Kirkman McGrath 4545 IDS Center 80 S Eighth St Minneapolis MN 55402	Mr. Michael Knight Alliance Management Carlson Towers, Suite 1050 601 Carlson Parkway Minneapolis, MN 55305
Snaptron, Inc. c/o Earl R. Tatman, President 2468 East 9 th Street Loveland, CO 80537	Jack D. Vahrenwald, Esq. Allen, Vahrenwald & Johnson P.O. Box 608 Fort Collins, CO 80522

<p>MacDermid, Inc. c/o Joseph L. Kinsella, Esq. Carmody & Torrance 50 Leavenworth Street P.O. Box 1110 Waterbury, CT 06721-1110</p>	<p>Linear Industries, Ltd. c/o Patrick B. Hennessy, Esq. Best & Flanagan 225 South Sixth Street Suite 4000 Minneapolis, MN 55402-4690</p>
<p>K2/K & K Express, Inc. c/o Dawn M. Parsons, Esq. 4651 Nicols Road Suite 103 Eagan, MN 55122</p>	<p>SFR, Inc. d/b/a QED, Inc. c/o Douglass B. Auer, Esq. Attorney and Counsellor at Law 1600 Broadway, Suite 2350 Denver, CO 80202-4923</p>
<p>Autotype Americas, Inc. c/o Todd C. Meyers, Esq. Kilpatrick Stockton, LLP 1100 Peachtree Street Suite 2800 Atlanta, GA 30309-4530</p>	<p>Alps Automotive, Inc. c/o Evelynn N. Tran, Esq. McGrane Greenfield Hannon & Harrington 40 South Market Street Second Floor San Jose, CA 95113</p>
<p>Buermann Machine and Fabrication 19910 147th Ave. N. Rogers, MN 55374 Attn: Mr. Cedric Buermann</p>	<p>Lisa E. Brody, Esq Associate General Counsel Total American Services, Inc. 2000 Market Street Philadelphia, PA 19103-3222</p>
<p>John Milek General Counsel Fastenal Company 2001 Theurer Boulevard WINONA, MN 55987</p>	<p>Mr. Patrick C. Summers Attorney at Law Mackall, Crouse & Moore, PLC 1400 AT&T Tower 901 Marquette Avenue Minneapolis, MN 55402</p>
<p>Ellyn Freed, Esq. Robert Half International Inc. 2884 Sand Hill Road Menlo Park, CA 94025</p>	<p>Sheila R. Schwager, Esq. Hawley Troxell Ennis & Hawley LLP 877 Main Street, Suite 1000 Boise, ID 83701-1617</p>
<p>Ms. Jennifer Presnall-Harpe Bankruptcy Specialist Icon Financial Services 1738 Bass Road Macon, GA 31210</p>	