

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11 *40-7580*  
)  
FANSTEEL INC., et al.,<sup>1</sup> ) Case No. 02-10109 (JJF)  
) (Jointly Administered)  
Debtors. )

Objection Deadline: August 14, 2002 at 4:00 P.M. E.S.T.  
Hearing Date: TBD (Only if objections are timely filed)

**NOTICE OF DEBTORS' MOTION FOR ORDER  
AUTHORIZING THE DEBTORS TO ASSUME MOCNIAK  
CONFIDENTIAL SEVERANCE AGREEMENT AND MUTUAL RELEASE**

TO: ALL PARTIES REQUIRED TO RECEIVE NOTICE PURSUANT TO  
DEL.BANKR.L.R. 2002-1(b)

On July 25, 2002, the captioned debtors and debtors-in-possession (the "Debtors")  
filed with United States Bankruptcy Court for the District of Delaware, 824 Market Street,  
Wilmington, Delaware 19801 (the "Bankruptcy Court") the Debtors' Motion for Order  
Authorizing the Debtors to Assume Mocniak Confidential Severance Agreement and  
Mutual Release (the "Motion"). A true and correct copy of the Motion is attached.

RESPONSES OR OBJECTIONS, IF ANY, TO THE RELIEF REQUESTED IN  
THE MOTION MUST BE IN WRITING, FILED WITH THE BANKRUPTCY COURT, AND  
SERVED UPON BOTH OF THE UNDERSIGNED COUNSEL FOR DEBTORS SO AS TO BE  
RECEIVED BY 4:00 P.M., EASTERN STANDARD TIME, ON AUGUST 14, 2002.

<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., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

*NMSS01 Add Logo Mail Center*

IF ANY OBJECTIONS ARE TIMELY FILED AND SERVED, A HEARING ON THE MOTION MAY BE HELD AT A TIME TO BE DETERMINED, BEFORE THE HONORABLE JOSEPH J. FARNAN, JR., OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE. THE HEARING WILL BE HELD IN COURTROOM 6A, J. CALEB BOGGS FEDERAL BUILDING, 844 N. KING STREET, WILMINGTON, DELAWARE 19801. ONLY TIMELY FILED AND RECEIVED WRITTEN OBJECTIONS WILL BE CONSIDERED BY THE COURT AT THE HEARING.

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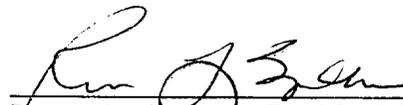
IF NO OBJECTIONS ARE TIMELY FILED AND SERVED IN  
ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF  
REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: July 25, 2002

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

and

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



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Laura Davis Jones (Bar No. 2436)  
Hamid Rafatjoo (CA Bar No. 181564)  
Rosalie L. Spelman (Bar No. 4153)  
919 North Market Street, 16<sup>th</sup> Floor  
P.O. Box 8705  
Wilmington, DE 19899-8705 (Courier 19801)  
Telephone: (302) 652-4100  
Facsimile: (302) 652-4400

Co-Counsel for the Debtors and  
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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

Chapter 11  
(Jointly Administered)

Objection Deadline: 14, 2002 at 4:00 p.m. E.S.T.  
Hearing Date: TBD (only if objections are filed)

**DEBTORS' MOTION FOR ORDER  
AUTHORIZING THE DEBTORS TO ASSUME MOCNIAK  
CONFIDENTIAL SEVERANCE AGREEMENT AND MUTUAL RELEASE**

The above-captioned debtors and debtors in possession (each a Debtor and collectively, the "Debtors") hereby move the Court (the "Motion") for the entry of an order pursuant to section 365 of title 11 of the United States Code (as amended, the "Bankruptcy Code") authorizing the Debtors to assume a certain confidential severance agreement and mutual release dated as of June 24, 2001 (the "Agreement") between Fansteel, Inc. ("Fansteel"), and Michael Mocniak ("Mocniak"). Prior to the filing and service of this Motion, each party to the Agreement waived any requirement by the other party to keep the terms of the Agreement confidential. In support of this Motion, the Debtors respectfully represent as follows:

**Jurisdiction**

1. This Court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of the Debtors' bankruptcy cases and this Motion is proper in the District of

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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., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

Delaware pursuant to 28 U.S.C. §§1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (O). The statutory predicate for relief is section 365 of the Bankruptcy Code.

### Background

2. On January 15, 2002 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Court has entered an order pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), directing that the Debtors’ separate chapter 11 cases (the “Bankruptcy Cases”) be procedurally consolidated and jointly administered by this Court.

3. The Debtors continue to manage their respective properties and operate their respective businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. On January 29, 2002, the Office of the United States Trustee for the District of Delaware appointed an official committee of unsecured creditors (the “Creditors Committee”) for these chapter 11 cases. No trustee or examiner has been appointed in any of the Bankruptcy Cases.

5. Mocniak was employed by Fansteel from January 1986 to June 24, 2001. He served as Fansteel's VP & General Counsel and Secretary from 1988 until the time he left Fansteel. In this role, Mocniak (i) was responsible for the Debtors' legal matters, (ii) served as Fansteel' Secretary to the Board of Directors, (iii) had oversight responsibility for the Muskogee

Site,<sup>2</sup> (iv) was the principal point of contact with the Nuclear Regulatory Agency ("NRC") and Earth Sciences Consultants, Inc., environmental consultants to the Debtors, (v) had direct supervisory responsibility for the Corporate Director of Environmental and Safety and (vi) was responsible for the Corporate Human Relations function.

6. Mocniak's involvement with the Muskogee Site, including development of the original processing strategy and subsequent negotiation with the NRC on the development of the decommissioning plan, can provide the Debtors with an invaluable source of background as the Debtors develop their revised decommissioning plan and seek to reach a consensual resolution of treatment of any and all decommissioning funding obligations.

7. Mocniak has been involved with environmental issues at the Debtors' various sites and has a substantial history regarding the involvement of the various regulatory agencies at each site.

8. On June 24, 2001, Mocniak voluntarily elected to resign his position as Fansteel's Vice President, General Counsel and Secretary and from any and all officer and other positions at Fansteel and its subsidiaries and affiliates in exchange for the benefits provided in the Agreement.

#### **The Agreement**

9. Fansteel and Mocniak entered into the Agreement, attached hereto as Exhibit A, for the purpose of forever mutually releasing (i) Mocniak and all Employee Parties (as defined in the Agreement) and (ii) Fansteel and all Company Parties (as defined in the

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<sup>2</sup> The Debtors' bankruptcy cases are an outgrowth of the discontinuation of one of the operations of Fansteel that was conducted from the 1950s through 1989 at a site owned and operated by Fansteel in Muskogee, Oklahoma (the "Muskogee Site").

Agreement) from any and all possible liability to each other, subject to the terms and conditions of the Agreement.

10. Certain terms of the Agreement require that the parties to Agreement keep the terms of the Agreement confidential; however, as stated above, prior to the filing and service of this Motion, both Mocniak and Fansteel waived any interest in continuing the Agreement's confidentiality.

11. Pursuant to the Agreement, Mocniak has, and continues to, consult and cooperate with Fansteel and its representatives, answer questions with regards to the business, management and finances of Fansteel and with regard to any dispute between Fansteel and third parties concerning any matters in which Mocniak was involved during the course of his employment by Fansteel.

12. Mocniak has provided, and continues to provide, up to twenty (20) hours of his services per month to the Debtors. Mocniak does not receive consulting fees for the aforesaid obligations.

13. The Agreement further provides Mocniak with salary and benefit continuation for a period of 13 months from the date of his termination, as well a payment of \$64,485 representing the accumulated balance in the Mocniak's EVA long-term incentive account (\$32,242.50 has been paid prepetition to Mocniak).

14. The Agreement provides that Mocniak shall make a good faith effort to continue to seek employment of a similar type during the term of the Agreement. In the event Mocniak has not found employment within the aforesaid 13 month period, the Agreement provides that the Debtors will continue to pay Mocniak his salary at 50% of his base pay for up

to an additional 6 months. Assuming Mocniak has not found employment, under the terms of the Agreement, Mocniak is owed a total of \$156,398.55. Washington has made one post petition payment (on February 1, 2002) to Mocniak in the amount of \$11,653.82 which shall be repaid to Washington if this Motion is not granted.

### **Relief Requested**

15. Given the critical importance of the Agreement to the Debtors' reorganization, the Debtors seek entry of an order authorizing the Debtors to assume the Agreement pursuant to section 365(a) of the Bankruptcy Code.

16. It is the Debtors' business judgment that the assumption of the Agreement is critical to the ultimate success of the Debtors' reorganization efforts.

### **Basis for Relief Requested**

17. Section 365(a) of the Bankruptcy Code expressly authorizes – subject to court approval – the assumption of any executory contract or unexpired lease by a debtor. 11 U.S.C. § 365(a). The purpose of the statute is to enable a debtor “to maximize the value of the debtor’s estate by assuming executory contracts that benefit the estate.” Cinicola v. Scharffenberger, 248 F.3d 110, 119 (3d Cir. 2001). “Section 365 enables the trustee [or debtor] to maximize value of the debtor's estates by assuming executory contracts and unexpired leases that benefit the estate and rejecting those that do not.” In re Rickel Home Centers, Inc., 209 F.3d 291 (3d Cir. 2000).

18. The facts and circumstances surrounding the Debtors' bankruptcy cases and the Agreement readily satisfy the above-noted requirements.

**The Agreement  
Constitutes an Executory Contract**

19. A contract is executory within the meaning of section 365 of the Bankruptcy Code if “the obligations of both the bankrupt and the other party remain so far unperformed that failure of either to complete performance would constitute a material breach excusing performance of the other.” Counties Contracting and Constr. Co. v. Constituion Life Ins. Co., 855 F.2d 1054, 1060 (3d Cir. 1988); Sharon Steel Corp. v. National Fuel Gas Distribution, 872 F.2d 36, 39-40 (3d Cir. 1989).

20. Court have held that non-competition and confidential agreements qualify as executory contracts. See, e.g., In re Teligent, Inc., 268 B.R. 723 (Bankr. S.D.N.Y. 2001); In re Golconda, Inc., 56 B.R. 136 (Bankr. M.D. Fla. 1985).

21. Given the ongoing obligations among the parties, the Agreement constitutes an executory contract that may be assumed under section 365 of the Bankruptcy Code.

**The Debtors' Assumption of the Agreement Falls  
Within the Exercise of the Debtors Sound Business Judgment**

22. In determining whether to approve a debtor's decision to assume an executory contract, courts have consistently applied the “business judgment” test. See, e.g., Delightful Music Ltd. v. Taylor, (In re Taylor), 913 F.2d 102 (3d Cir. 1990); Group of Institutional Investors v. Chicago Milwaukee St. Paul & Pacific Rail Road Co., 318 U.S. 523,

550 (1943); Matter of Telco, Inc., 558 F.2d 1369, 1173 (10<sup>th</sup> Cir. 1977); Matter of Minges, 602 F.2d 38, 43 (2d Cir. 1979); In re Chi-Feng Huang, 23 B.R. 798, 800 (B.A.P. 9<sup>th</sup> Cir. 1982).

23. A debtor satisfies the “business judgment” test when it determines, in good faith, that assumption of an executory contract will benefit the debtor’s estate and unsecured creditors. In re FCX, Inc., 60 B.R. 405, 411 (Bankr. E.D.N.C. 1986); In re Chipwich Inc., 54 B.R. 427, 430-31 (Bankr. S.D.N.Y. 1985).

24. The Debtors believe, pursuant to their business judgment, that it is in the best interest of the Debtors and their estates to assume the Agreement. By assuming the Agreement, the Debtors will enhance the Debtors’ ongoing viability and reorganization efforts.

25. If the Debtors were unable to assume the Agreement, they would be unable to utilize the experience and expertise of Mocniak, including Mocniak's knowledge of significant pre-petition and on-going environmental actions, which in turn would hinder the Debtors' reorganization efforts.

#### Notice

26. Notice of this Motion has been given all parties required to receive notice pursuant to Del.Bankr.L.R. 2002-1(b).

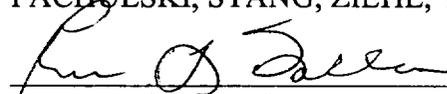
**WHEREFORE**, the Debtors respectfully request that the Court grant the Motion and enter the proposed order authorizing the Debtors to assume the Agreement pursuant to section 365 of the Bankruptcy Code.

Dated: July 25, 2002

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

and

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

  
\_\_\_\_\_  
Laura Davis Jones (Bar No. 2436)  
Rosalie L. Spelman (Bar No. 4153)  
919 North Market Street, 16th Floor  
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Telephone: (302) 652-4100  
Facsimile: (302) 652-4400

Counsel for Fansteel, Inc., et al.,  
Debtors and Debtors in Possession

**EXHIBIT A**

Gary L. Tessitore  
Chairman, President and  
Chief Executive Officer

# Fansteel

## CONFIDENTIAL SEVERANCE AGREEMENT AND MUTUAL RELEASE

This Confidential Severance Agreement and Release ("Agreement"), dated as of June 24, 2001, is made between Michael J. Mocchiak ("Employee") and Fansteel Inc. (the "Company") for the purpose of forever mutually releasing Employee and all "Employee Parties", as defined in Paragraph 3 herein and the Company and all "Company Parties", as defined in Paragraph 3 herein, from any and all possible liability to each other. The parties, intending to be legally bound hereby, enter into this agreement as follows:

1. Employee voluntarily elected to resign from employment with the Company and its subsidiaries and affiliates and from any and all officer and other positions at the Company and its subsidiaries and affiliates in exchange for the benefits provided herein. The Company's employment records will reflect that Employee resigned his position as Vice President, General Counsel and Secretary with the Company effective as of June 24, 2001 (the "Termination Date") and that he will be maintained on the Company's records and payroll as an employee until the end of the Severance Period, as defined in Paragraph 2(e) herein, for purposes of accruing credited service under the Pension Plan as defined in Paragraph 2(h) herein.

2. The Company, on its behalf, and on behalf of the other Released Parties, has agreed to provide to Employee, and Employee has expressly agreed to accept, the following, in full settlement, release and discharge of all possible claims, known or unknown, which Employee might have or might have claimed for any reason, in each case to be effective promptly following the expiration of the "Revocation Period", as defined in Paragraph 1.1 herein, provided that Employee shall not revoke the release contained in Paragraph 3 during such period:

a. Employee shall receive an aggregate lump sum cash payment of \$15,538.48 representing the sum of four weeks accrued vacation pay as of the Termination Date.

b. Employee shall receive a lump sum cash payment of any previously unreimbursed Company-related business expenses (subject to presentation of adequate supporting documentation therefor and compliance with other Company policies regarding expense reimbursement).

c. Employee shall receive a lump sum cash payment of \$64,485 (minus applicable withholding taxes) in full satisfaction of the Company's obligation to Employee under the Company's executive bonus (EVA) plan. This payment shall be made in two (2) equal installments of \$32,242.50. The first

installment will be paid at the time the first salary continuation payment is made to the Employee and the second payment will be paid at the time the Company normally issues the 2001 EVA payments (i.e., first quarter 2002).

d. Employee shall receive all benefits to the extent accrued and vested as of the Termination Date under the Company's 401(k) savings plan and stock option plan. The parties acknowledge and agree that Employee's vested stock options, consisting of an option on 20,000 shares of Fansteel Common Stock at the exercise price of \$9.19 per share and an option on 1,667 shares of Fansteel Common Stock at the exercise price of \$3.53 per share, shall remain exercisable until July 24, 2002, subject to the applicable terms and conditions of the stock option plan and agreements.

e. Beginning on the next regularly scheduled payday following the expiration of the Revocation Period, the Company shall commence salary continuation payments to Employee, at Employee's most recent base rate of pay, which payments shall continue for a period ("Severance Period") of thirteen (13) months following the Termination Date. If Employee has not yet acquired other comparable employment at the termination of the thirteen month Severance Period and he has made reasonable efforts throughout the Severance Period to obtain such other comparable employment, the Company will continue salary payments at fifty (50) percent of the Employee's most recent base rate of pay for a period of up to six (6) additional months or until such time as the Employee has acquired other employment, whichever occurs first. If Employee becomes so employed within six (6) months from the end of the termination period and is continuing to receive any payments from the Company, the Employee must notify the Company by contacting in writing Gary L. Tessitore, Chief Executive Officer of the Company at Fansteel Inc., Number One Tantalum Place, North Chicago, IL 60064. Such salary continuation payments shall be payable in accordance with the regular payroll practices of the Company. In addition, during the Severance Period, the Employee shall be provided with an automobile allowance of \$1,550 per month, plus such automobile insurance policy as currently provided by the Company.

f. Health and life insurance benefits will be provided to Employee for the length of the Severance Period (i.e., thirteen (13) months with no possible extension other than COBRA, the period of which will not be reduced by the coverage provided pursuant to this paragraph (f)) of the same kind and at the same cost to Employee as if still employed by the Company. If Employee becomes employed during the period of time he is on salary continuance, he must notify the Company by contacting in writing Gary L. Tessitore, Chief Executive Officer of the Company at Fansteel Inc., Number One Tantalum Place, North Chicago, IL 60064. The benefits Employee is receiving from the Company will then cease if he is eligible to receive from his new employer benefits that the Company reasonably determines to be comparable to the benefits Employee is receiving from the Company. Salary Continuation payments, automobile

allowance and automobile insurance will, however, continue to be paid during the Severance Period.

g. The Company shall pay for executive level outplacement in an aggregate amount not to exceed \$20,000, at an outplacement firm selected by Employee. The Employee will provide the Company with an executed copy of the agreement between the Employee and the selected outplacement firm specifying the services to be provided and the payment terms for these services. The Company will pay the outplacement firm directly for these services in an aggregate amount not to exceed \$20,000. Except as provided in Paragraphs (e) and (f) above, nothing in this Agreement shall impose on Employee an obligation to seek other employment, or otherwise mitigate damages, and (except as provided in Paragraph (f) above) no compensation earned from other employment shall reduce the Company's obligations hereunder.

h. Employee shall be credited with service under the Company's Consolidated Employee's Pension Plan ("Pension Plan") through July 24, 2002.

Except as expressly provided above, Employee waives any compensation, benefits or rights that may have accrued in his capacity as an employee or otherwise prior to the date of this Agreement and shall not be entitled to receive any salary or benefits or participate in any compensation plans, programs or arrangements of the Company and its affiliates after the Termination Date.

By signing this Agreement, Employee acknowledges that this Agreement provides him with valuable payments and benefits he would not ordinarily be entitled to receive and that he is being awarded such payments and benefits in consideration for signing this Agreement.

3. In consideration of the covenants and agreements set forth herein, Employee on behalf of himself and his dependents, heirs, administrators, representatives, executors, successors, assigns and any other person or entity, including any governmental agency seeking to assert a claim on his behalf (severally and collectively the "Employee Parties"), on the one hand, and the Company and its agents, servants, officers, directors, employees, parents, subsidiaries, divisions, affiliates, predecessors, successors and assigns, all its employee benefit plans and their administrators, trustees and other fiduciaries (severally and collectively, the "Company Parties"); on the other hand, hereby mutually release and forever discharge, respectively, the Company and Company Parties and Employee and Employee Parties from any and all injuries, causes of actions, claims and demands whatsoever, and from all debts and liabilities whatsoever, whether known or unknown, asserted or unasserted or any that the parties or any person or entity acting for either of the parties respectively now has or hereafter may have against, respectively, the Company and Company Parties and Employee and Employee Parties for any acts, practices or events up to and including the Termination Date and the continuing effects hereof, it being the parties' intention to effect a general release of all claims. This release includes, without

limitation to the generality of the foregoing, any claims for attorneys' fees, any claims arising from any alleged violation by the parties of any federal, state or local statute, ordinance, rule, Executive Order or regulation, including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, the Americans with Disabilities Act and the Age Discrimination in Employment Act, as amended; provided, however, that the foregoing release shall not adversely affect (i) Employee's COBRA rights, (ii) any claim by the Company or Employee with respect to the enforcement of their respective rights and obligations set forth in this Agreement, (iii) any claim Employee may have under any applicable workers' compensation statute, (iv) any claim Employee may file for unemployment compensation, and the Company also specifically agrees not to contest any such unemployment compensation claim filed by Employee, (v) or any rights or claims Employee may have to indemnity or defense, or both, under the Company's by-laws, corporate policies and/or insurance policies in accordance with the terms thereof.

4. Nothing in this Release is intended as a waiver of, or to interfere with, Employee's right to file a charge under, or to testify, assist or participate in any manner in any investigation, hearing or proceeding under any statute over which the Equal Employment Opportunity Commission has jurisdiction; provided however, that Employee agrees that the waiver and release in Paragraph 3 bars him from receiving any personal financial recovery or other personal remedy as a result of, or in connection with, any such charge, investigation, hearing or proceeding.

5. Employee agrees to refrain from making any disparaging remarks about any of the Company Parties or otherwise acting or commenting in a way that reflects adversely upon the business or the personnel of the Company or any of its affiliates. The Company agrees to refrain from making any disparaging remarks about Employee or from otherwise acting or commenting in any way that reflects adversely on Employee. The Company shall respond to any inquiries concerning Employee with the reference described in Exhibit A and shall place such reference in writing in Employee's personnel record including the final FNL-122.

6. The terms of this Agreement shall remain strictly confidential. Employee agrees that he will not, unless compelled by law or judicial process to do so, disclose or discuss, directly or indirectly, its terms with anyone other than his spouse, attorney, financial advisors and prospective employers who have specifically requested a copy hereof.

7. Employee agrees to deliver to the Company on or before the Termination Date, all confidential or proprietary information, equipment, documents, files, lists or other written, graphic or electronic records relating to the Company's business and/or any affiliate of the Company's business, and all copies of such materials, which are or have been in Employee's possession, or under his control. The Company shall give Employee the personal computer he has been using.

8. During the Severance Period, Employee shall, if requested by the Company from time to time, consult and cooperate with the Company and its representatives, answer questions with regard to the business, management and finances of the Company and with regard to any dispute between the Company and third parties concerning any matters in which Employee was involved during the course of his employment by the Company, whether in connection with litigation with respect to matters or otherwise; provided, that the Company shall take reasonable measures to ensure that such obligations of Employee do not materially interfere with any employment opportunities or responsibilities of Employee during such Severance Period and that any travel required of Employee, if any, shall be very occasional and shall be scheduled with due regard to his other commitments. Employee shall not be required to furnish more than twenty (20) hours of services in any month pursuant to this paragraph, provided that all time out of town shall be counted for purposes of this limitation. The Company shall reimburse Employee for any reasonable out-of-pocket expenses incurred by him in performing his obligations under this Paragraph 8; provided, however, that no consulting fees shall be payable to Employee in respect of his obligations under this Paragraph 8 other than the payments described in Paragraph 2 hereof.

9. It is expressly understood and agreed that by entering into this Agreement, the Company does not admit in any way that it has treated Employee unlawfully or wrongfully. To the contrary, the Company expressly denies that it has violated any of Employee's rights or harmed him in any way.

10. Employee acknowledges that he has carefully read and fully understands all the provisions and effects of this Agreement; that he has had the opportunity to consult and thoroughly discuss all aspects of it with an attorney; that he is voluntarily entering into this Agreement; and that neither the Company nor its agents or attorneys made any representations or promises concerning the terms or effects of this Agreement other than those contained herein.

11. Employee acknowledges that he has been given no less than twenty-one (21) days to consider this Agreement before executing it. Employee acknowledges that he has been advised orally and by this writing to consult with an Attorney prior to signing this Agreement. He further acknowledges that he may revoke this Agreement for a period of seven (7) days from the date he executes it (the "Revocation Period"), by notifying in writing, Gary L. Tessitore, Chief Executive Officer of the Company at Fansteel Inc., Number One Tantalum Place, North Chicago, IL 60064.

12. All payments made under this Agreement are subject to all appropriate tax and other withholdings.

13. This Agreement shall be construed under the laws of the United States and of the State of Illinois. The provisions hereof are severable, except the provisions of Paragraph 3 are not severable from the consideration provided in Paragraph 2. If any term, condition, clause or provision of this Agreement shall be deemed

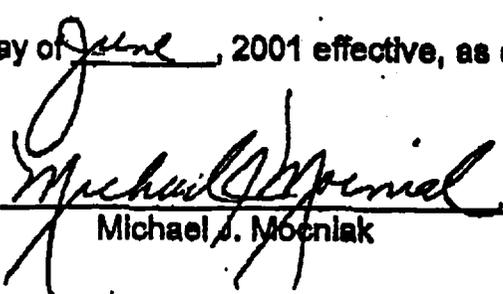
unenforceable, it shall have no effect on the enforceability of the other provisions hereof.

14. This Agreement represents the entire agreement of the parties and any amendments hereto shall not be effective unless they are in writing signed by all parties and/or their duly authorized representatives.

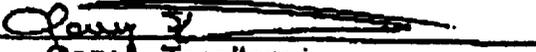
15. By signing this Agreement, Employee has made the following representation: "I HAVE READ THIS AGREEMENT, AND HAVE HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF MY CHOOSING ABOUT IT. I HAVE BEEN GIVEN THE NECESSARY TIME TO CONSIDER ITS CONTENTS AND I FULLY UNDERSTAND ALL OF ITS TERMS. I AM SIGNING THIS AGREEMENT VOLUNTARILY."

This Agreement is made as of the 19<sup>th</sup> day of June, 2001 effective, as of the Termination Date.

\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Michael J. Moczniak

FANSTEEL INC.

By:   
\_\_\_\_\_  
Gary L. Tessitore  
Chairman, President & Chief  
Executive Officer

## EXHIBIT A

In January 1986, Michael J. Mocniak joined Fansteel Inc. as General Counsel. Mr. Mocniak had served as the Assistant General Counsel of an affiliated company, H.K. Porter Company, Inc., from 1982 until his assignment to the Company in 1986. Mr. Mocniak was elected Vice President and General Counsel of the Company in April 1988 and Secretary in May 1988. He served in these positions until his resignation on June 24, 2001. During Mr. Mocniak's employment by the Company, he served not only as the Company's Chief Legal Officer but also in several other corporate and operational management roles. The Company recommends Mr. Mocniak for employment in a position utilizing the variety of business and legal talents which he demonstrated throughout his career with the Company. In recognition of Mr. Mocniak's significant contributions to the Company over a lengthy tenure, the Company has retained him as a consultant for legal, financial and other business matters.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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

**ORDER AUTHORIZING THE DEBTORS TO ASSUME MOCNIAK  
CONFIDENTIAL SEVERANCE AGREEMENT AND MUTUAL RELEASE**

Upon consideration of the Debtors Motion For An Order Authorizing The Debtors To Assume Mocniak Confidential Severance Agreement And Mutual Release (the "Motion"); and the Court having considered the submissions and arguments of counsel, and opposition thereto, if any; and it appearing that the decision to assume the Agreement<sup>2</sup> is supported by Debtors' reasonable business judgment; and it appearing that the Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having determined that granting the relief requested in the Motion is in the best interest of the Debtors, their estates, their creditors and other parties in interest; and it appearing that notice of the Motion has been given as set forth in the Motion, and that no other or further notice need be given; and for sufficient cause shown,

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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., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

<sup>2</sup> Defined terms shall have the meanings ascribed to them in the Motion.

**IT IS HEREBY ORDERED THAT**

1. The Agreement be assumed by the Debtors pursuant to section 365(a) of the Bankruptcy Code as of the date of entry of this order;
2. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this order.

Dated: \_\_\_\_\_, 2002

---

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

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. )

**AFFIDAVIT OF SERVICE**

Tanya Thompson, being duly sworn according to law, deposes and says that she is employed by the law firm of Pachulski, Stang, Ziehl, Young & Jones P.C., and that on the 25<sup>th</sup> day of July 2002, she caused a copy of the following document(s) to be served upon the attached service lists in the manner indicated:

**1. DEBTORS' MOTION FOR ORDER AUTHORIZING THE DEBTORS TO ASSUME MOCNIAK CONFIDENTIAL SEVERANCE AGREEMENT AND MUTUAL RELEASE; and**

**2. NOTICE OF DEBTORS' MOTION FOR ORDER AUTHORIZING THE DEBTORS TO ASSUME MOCNIAK CONFIDENTIAL SEVERANCE AGREEMENT AND MUTUAL RELEASE**

  
\_\_\_\_\_  
Tanya Thompson

Sworn to and subscribed before  
me this 25<sup>th</sup> day of July 2002

  
\_\_\_\_\_  
Notary Public

MARLENE S. CHAPPE  
NOTARY PUBLIC  
STATE OF DELAWARE  
My Commission Expires July 31, 2005

<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., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

**Fansteel Inc. Additional Service List  
for Debtors' Motion For Order Authorizing  
The Debtors To Assume Mocniak Confidential  
Severance Agreement And Mutual Release**

Case No. 02-10109 (JJF)

Doc. #51600

1 – First Class Mail

*Via Class Mail*

Michael J. Mocniak

21267 West Lakeview Parkway

Mundelein, IL 60060

**Fansteel Inc. 2002 Service List**

Case No. 02-10109 (JJF)

Doc. #38494

14 - Hand Delivery

39 - First Class Mail

02 - Express Mail

15- Overnight Delivery

1 - Via Los Angeles PSZYJ Pouch

***(Co-Counsel for Debtors)***

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Rosalie L. Spelman, Esquire

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919 Market Street, 16th Floor

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Wilmington, DE 19899-8705

***Via Los Angeles (PSZYJ) Pouch***

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10100 Santa Monica Boulevard, Suite 1100

Los Angeles, CA 90067

***Hand Delivery***

***(Parcels)***

Vito I. DiMiao

Parcels, Inc.

4 East Seventh Street

Wilmington, DE 19801

***Hand Delivery***

***)***

David Buchbinder, Esquire

Office of the United States Trustee

844 King Street, Suite 2313

Wilmington, DE 19801

***Hand Delivery***

***)***

Ellen W. Slights, Esquire

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***(Counsel for the Committee of Unsecured Creditor)***

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Klett Rooney Lieber & Schorling

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***Hand Delivery***

***(TTI Metals)***

Tobery M. Daluz, Esquire

Reed Smith LLP

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Wilmington, DE 19801

***Hand Delivery***

***(U.S. Bancorp Leasing & Financial)***

James E. Huggett, Esquire

Klehr, Harrison, Harvey, Branzburg & Ellers LLP

919 Market Street, Suite 1000

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***Hand Delivery***

***(Allegheny Power)***

John D. Demmy, Esquire

300 Delaware Avenue

8<sup>th</sup> Floor, Suite 800

Wilmington, DE 19801

***Hand Delivery***

***(Advance Services, Inc)***

Bruce W. McCullough, Esquire

McCullough & McKenty, PA

824 Market Street, 4<sup>th</sup> Floor

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***(Counsel for CIT)***

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Mellon Bank Cente, Suite 1401

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***Hand Delivery***

***(Southern California Gas company)***

William D. Sullivan, Esquire

Elzufon Austin Reardon

Tarlov & Mondell, PA

300 Delaware Avenue, 17<sup>th</sup> Floor

PO Box 1630

Wilmington, DE 19899

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***(American National Bank & Trust Co. of Chicago)***

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Pepper Hamilton LLP

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Wilmington, DE 19899-1709

**Hand Delivery**

(CIT Group/Equipment Financing, Inc.)  
Jan A.T. vanAmerongen, Jr., Esquire  
Reed Smith LLP  
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(Wells Fargo Financial Leasing, Inc.)  
Kathleen M. Miller  
Paranda B. Wiedemer  
Smith Katzenstein & Furlow, LLP  
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800 Delaware Avenue, 7<sup>th</sup> Floor  
PO Box 410  
Wilmington, DE 19899

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)  
District Director  
IRS  
409 Silverside Road  
Wilmington, DE 19809

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(TTI Metals)  
Peter S. Clark II, Esquire  
Reed Smith LLP  
2500 One Liberty Place  
1650 Market Street  
Philadelphia, PA 19103-7301

**First Class Mail**

(Claims Agent)  
Bankruptcy Management Corporation  
Attn: Julia Hasenzahl  
1330 E. Franklin Ave  
El Segundo, CA 90245

**First Class Mail**

)  
Patrick M. Goy, Managing Director  
Lincoln Partners  
200 West Madison St., Suite 2100  
Chicago, IL 6060

**First Class Mail**

)  
James R. Curtiss  
Winston & Strawn  
1400 L Street, N.W.  
Washington, DC 20005-3502

**First Class Mail**

)  
Foothill Capital Corporation  
161 North Clark Street, Suite 3590  
Chicago, IL 60601

**First Class Mail**

)  
Richard Burkhart  
7205 Chagrin Road, Suite 4  
Bainbridge, OH 44023

**First Class Mail**

(Iowa Department of Economic Development)  
Brad C. Epperly  
Pingel & Templer, PC  
3737 Woodland Avenue, Suite 437  
West Des Moines, IA 50266

**First Class Mail**

(Pension Benefit Guaranty Corporation)  
Charles L. Finke, Esquire  
Assistant General Counsel  
Rhonda N. Baird, Esquire  
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1200 K Street, N.W.  
Washington, DC 20005-4026

**First Class Mail**

)  
Securities & Exchange Commission  
15<sup>th</sup> & Pennsylvania Ave., N.W.  
Washington, DE 20020

**First Class Mail**

)  
Secretary of State  
Division of Corporations  
Franchise Tax  
P.O. Box 7040  
Dover, DE 19903

**First Class Mail**

(Wellmark, Inc)  
Jeffrey W. Courter  
Nyemaster, Goode, Voigts, West Hansell  
& O'Brien, P.C.  
700 Walnut, Suite 1600  
Des Moines, IA 50309-3899

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(Saegertown Manufacturing Company, Inc.)  
Mark G. Claypool  
Knox McLaughlin Gornall & Sennett, PC  
120 West Tenth Street  
Erie, PA 16501

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***First Class Mail***

(Ken Burton, Jr. Manatee County Tax Collector)  
Susan D. Profant  
P.O. Box 25300  
Bradenton, FL 34206-5300

***First Class Mail***

(Hidalgo County, City of McAllen)  
Lori Robertson  
Linebarger Gogggan Blair Pena & Sampson, LLP  
1949 South IH 35 (78741)  
P.O. Box 17428  
Austin, TX 78760-7428

***First Class Mail***

(Reade Manufacturing Company)  
Jerrold S. Kulback  
Archer & Greiner, P.C.  
One Centennial Square  
East Euclid Avenue  
P.O. Box 3000  
Haddonfield, NJ 08033-0968

***First Class Mail***

(American National Bank & Trust Company of  
Chicago)  
Marc Fenton, Esquire  
Bank One, NA  
1 Bank One Plaza, 11<sup>th</sup> Floor  
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***First Class Mail***

(Pa. Department of Community and Economic  
Development (PIDA))  
Bill Eggleston  
PIDA Office  
Commonwealth Keystone Building  
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Nancy J. Kippenhan  
Commonwealth of Pa. Dept. of community &  
Economic Development  
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(Toyota Motor Credit Corporation)  
Robert T. Aulglur, Jr.  
Kristi J. Doughty  
313 N. Dupont Hwy., Suite 110  
PO Box 617  
Odessa, DE 19730

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(The Boeing Company, GE Company, McDonnell  
Douglas Corp., TriMas Corp., Millennium  
Petrochemicals, Inc., Northrop Grumman Corp)  
S. William Livingston, Jr.  
Michael St. Patrick Baxter  
Edward H. Rippey  
Covington & Burling  
1201 Pennsylvania Ave., N.W.  
Washington, DC 20004-2401

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Special Assistant Attorney General  
Missouri Dept of Revenue  
General Counsel's Office  
301 W. High Street, Room 670  
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Jefferson City, MO 65105-0475

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Carson Precision  
PO Box 82000  
Phoenix, AZ 85071-2000

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Kathleen Strandes, Office Mgr.  
Steamaster Co., Inc.  
275 Veterans Blvd.  
Rutherford, NJ 07070

***First Class Mail***

(Glass, Molders, Potters, Plastics & Allied Workers  
International Union, AFL-CIO)  
R. Matthew Pettigrew, Jr., Esquire  
Markowitz & Richman  
1100 North American Building  
121 South Broad Street  
Philadelphia, PA 19107

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Louis P. Rochkind, Esquire  
Frank Aiello, Esquire  
Jaffee, Raitt, Heuer & Weiss  
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IOS Capital, LLC  
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(State of Oklahoma)  
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Stan A. Koop, Asst. Atty. Gen.  
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(Dallas County)  
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1720 Univision Center  
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(General Electric Capital Corporation)  
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Pitney, Hardin, Kipp & Szuch LLP  
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Elliot H. Herskowitz  
Regen Capital I, Inc.  
PO Box 626  
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(American National Bank & Trust Co. of Chicago)  
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R.C. Industrial Welding  
Attn. Roger Clement  
140 Mesa Vista Drive  
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(American Express Travel Related SVCS Co Inc Corp  
Card)  
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H. Livingston, Esquire  
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***Express Mail***

(Nuclear Regulatory Commission))  
Richard Gladstein, Esquire  
U.S. Department of Justice  
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PO Box 7611  
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Secretary of Treasury  
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)  
Ms. Leah Tremper  
License Fee & Accounts Receivable Branch  
Office of the Chief Financial Officer  
U.S. Nuclear Regulatory Commission  
Mail stop T-9E10  
Two White Flint North  
11545 Rockville Pike  
Rockville, MD 20852-2738

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)  
Ellis Merschoff, Regional Administrator  
Attention: Dr. Blair Spitzberg  
U.S. Nuclear Regulatory Commission  
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Harris Tower  
611 Ryan Plaza Drive, Suite 400  
Arlington, TX 76011-8064

***Overnight Delivery***

)  
Stuart Treby, Esquire  
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Attention: Stephen Lewis  
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One White Flint North  
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Rockville, MD 20852-2738

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John Cordes, Solicitor  
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Melvyn Leach  
Chief Fuel Cycle Licensing Branch  
Office of Nuclear Materials Safety & Safeguards  
Attention: Ms. Leslie Fields  
Mail Stop T-8A33  
Two White Flint North  
11545 Rockville Pike  
Rockville, MD 20852-2738

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Larry Camper, Chief Decommissioning Branch  
Office of Nuclear Materials Safety & Safeguards  
Attention: Dr. Blair Spitzberg  
Attention: Thomas Fredrichs  
Mail stop T-7F27  
Two White Flint North  
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)  
Document Control Desk  
U.S. Nuclear Regulatory Commission  
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(Counsel for the Committee of Unsecured Creditor)  
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