

board of directors. I make this affidavit based on my own personal knowledge, and can and will testify competently about these facts if called upon to do so.

PERSONAL BACKGROUND

2. I attended Valparaiso University from 1980 to 1984. I have worked for Lockformer in a variety of capacities since 1977, primarily in sales: from 1985 to 1989, I was the Inside Sales Project Coordinator; from 1989 to 1993, I was the Regional Sales Manager; from 1993 to 1997, I was the National Sales Manager; from 1997 to 2001, I was the Vice President of Sales and Marketing; in 2001, I became the Vice President and General Manager of Lockformer; and in 2002, I also became Senior Vice President of Met-Coil, and a member of its board of directors. I currently have complete, day-to-day oversight and responsibility for the bottom line performance of the entire Lockformer Division's machine tool manufacturing operations, which includes sales and operations.

MET-COIL'S BACKGROUND

3. Met-Coil is comprised of two divisions, Lockformer, located in Lisle, Illinois, and Iowa Precision Industries ("IPI"), located in Cedar Rapids, Iowa. Met-Coil currently employs approximately 225 people in its operations, approximately 100 at Lockformer and approximately 125 at IPI.

4. For over 30 years, Met-Coil has manufactured advanced sheet metal forming equipment, fabricating equipment, and computer-controlled fabrication systems for the global market. The primary customers for Met-Coil's products are sheet metal and metal contractors, steel service centers, contract metal stampers, contract roll formers and manufacturers of various metal products, including: large and small appliances, commercial and residential lighting fixtures, automotive parts and accessories, office furniture and equipment, tubing and pipe products, metal construction products, doors, windows and screens, electrical enclosures, shelves

and racks, and heating, ventilation and air conditioning ("HVAC") equipment. Met-Coil's products are generally custom-designed and manufactured to meet unique customer specifications, and the products are often incorporated into the customer's standard product line.

5. A component of the Lockformer metal fabrication facility in Lisle, Illinois was a metal "degreaser," which used a chlorinated solvent known as trichloroethylene ("TCE") in its operation. The TCE was stored in a rooftop tank. Honeywell, International, Inc. ("Honeywell"), and its predecessors, AlliedSignal, Inc. ("AlliedSignal") and Baron-Blakeslee, Inc., owned and maintained the rooftop storage tank and supplied TCE the chlorinated solvents to Met-Coil.

6. Prior to taking on the General Manager responsibilities in 2001, I was not in a managerial or operational capacity with oversight or involvement in Lockformer's operations. However, over time and in my present capacity I have learned of the following events, for which I was not responsible. According to complaints filed against Met-Coil, which I discuss further below, in the 1970's and early 1980's TCE was occasionally spilled as AlliedSignal's employees transferred the solvent from delivery tanker trucks to the rooftop storage tank. In response to increased awareness of potential health risks associated with TCE solvents, Met-Coil and AlliedSignal took steps to mitigate the risk of accidental releases of TCE in the transfer from tanker trucks to the rooftop storage tank.

7. In or about 1991, during the course of repairs to underground utilities, Met-Coil discovered a concentration of TCE deposited in the soil near the fill pipe for the TCE storage tank. Met-Coil thereafter retained an environmental consulting firm to investigate the TCE contamination and to recommend appropriate remediation.

8. In March 1993, Lockformer commenced an action against AlliedSignal seeking recovery of investigation and remediation costs, entitled *The Lockformer Company v. AlliedSignal Inc.*, No. 93 C 1934. Thereafter, in December, 1994, Lockformer and AlliedSignal

on behalf of itself and its successors (including Honeywell), entered a Settlement, Release, and Indemnity Agreement (the "Indemnity") (a copy of which is attached to my declaration as Exhibit A).

9. Under the Indemnity Agreement, AlliedSignal paid a total of \$800,000 to Lockformer for the costs of investigation and remediation. In exchange, Met-Coil agreed to "defend, hold harmless, and indemnify Allied Signal from all claims, demands, damages, expenses, costs, attorneys' fees, actions and liabilities of any kind and nature" including those "brought by any person or entity, private, governmental or otherwise" for any "act or omission on the part of AlliedSignal."

MET-COIL'S RELATIONSHIP WITH MESTEK

10. I was involved in the presentation of Lockformer and IPI to Mestek for potential acquisition, and I am familiar with many of the benefits enjoyed by Met-Coil as a result of the Mestek acquisition. As part of a larger organization, Met-Coil now enjoys a variety of benefits not available previously, including marketing synergies, inter-company sales, centralized corporate purchasing power, manufacturing guidance and assistance, and assistance with various administrative and personnel issues.

11. Mestek is involved indirectly with Met-Coil as a subsidiary in a number of ways, including establishing broad policies and systems for the Mestek family of companies, interactively assisting with Met-Coil's long-term planning processes, and providing financial guidelines for Met-Coil consistent with Mestek's overarching financial objectives and business strategies. The collaborative ventures and resources made available to Met-Coil as a result of its acquisition by Mestek have greatly increased the overall value of Met-Coil's business.

12. As a manufacturer of capital goods used in other manufacturing processes, Met-Coil is subject to fluctuations in demand. Met-Coil also faces significant competition from other

domestic and foreign manufacturers. Mestek's acquisition of Met-Coil has substantially improved Met-Coil's competitive position by creating the opportunity for collaborative ventures between Met-Coil and the other Mestek subsidiaries in Mestek's Metal Forming Segment, with whom Met-Coil shares complementary products and distribution channels, potential manufacturing synergies, shared technologies and engineering skills, potential purchasing synergies, common field service skills and organizations, and shared customer bases. The most significant synergy is the existing and potential common customer base. To a large degree, any historical customer of one of the companies is a potential customer for any of the others. Exploiting this cross selling opportunity is an important element of Met-Coil's business plan.

13. Formtek assists Met-Coil and its affiliates with developing and coordinating their respective long-term sales and marketing plans to maximize the strong synergies among these companies. For example, starting after the Mestek acquisition, Formtek began overseeing the coordination of marketing at trade shows and in advertising for a variety of the entities in the Metal Forming Segment, including Met-Coil, which results in more efficient and effective marketing and advertising.

14. While Met-Coil handles its basic purchasing functions locally, Met-Coil benefits from reduced prices as part of high-volume supply contracts negotiated by Mestek and Formtek. Due to the combined purchasing volume of the Mestek entities, material purchase prices are negotiated from a stronger position than from any of the divisions individually.

15. By consolidating various support functions, Met-Coil has reduced costs while both increasing efficiency and enhancing its available human resources and technological and business management expertise. As a result of such efforts, Met-Coil believes that its present business model within the Metal Forming Segment of Mestek has materially enhanced Met-Coil's competitive position in the metal forming industry.

16. Met-Coil can receive additional benefits from Mestek and Formtek in the form of specialized services that would cost Met-Coil more from other outside vendors. In exchange for an annual fee based on a variable percentage of Met-Coil's net sales, Mestek provides Met-Coil with support on various functions, including: payroll services, human resources, information technology, and legal and regulatory matters. Mestek also assists with matters such as plant layouts, facility additions, and environmental health and safety issues. Met-Coil is also free to undertake any of these support functions internally, or to contract any of them out to a third-party vendor.

17. Formtek also provides a number of services to Met-Coil in exchange for an annual fee of 2.6% of net sales, including: sales and marketing assistance, engineering and design assistance, and assistance with purchases from international suppliers.

18. In addition, Mestek assists Met-Coil purchase insurance, such as comprehensive general liability policies, product liability policies, and workers' compensation insurance policies. Mestek's bargaining power enables Met-Coil to obtain more favorable rates and thus reduce its insurance costs.

19. As a Mestek entity, Met-Coil also has the ability to participate in inter-company sales between Mestek companies and divisions.

20. Mestek has also assisted in Met-Coil's efforts to expand the reach of its sales, marketing, and sourcing efforts by providing significant assistance with international sales and purchasing. These efforts, starting in late 2002, are an ongoing opportunity by which Met-Coil hopes to realize royalties from the licensing of certain products for sale internationally.

21. Mestek assists Met-Coil with market and product development services, including assisting Met-Coil in efforts to expand its product lines beyond what would be feasible for Met-Coil alone.

22. The value of Met-Coil's business lies largely in its strong industry reputation and established customer relationships, as well as the technical expertise of its employees and its intellectual property. For all the reasons set forth above, these values are greatly enhanced by Met-Coil's position within the Mestek family of companies.

ENVIRONMENTAL LITIGATION

23. Following Mestek's acquisition of Met-Coil, Met-Coil's Lockformer Division has been the target of significant litigation related to the alleged discharge of TCE onto or into the soil of Lockformer's site in Lisle, Illinois. To date, 11 lawsuits have been filed against Lockformer by individual plaintiffs and government agencies relating to the alleged discharge of TCE at the Lisle site. Met-Coil now faces a staggering financial burden to defend these actions and to satisfy any resulting judgments or negotiated settlements. In 2002 alone, Met-Coil recorded expenses of \$18,046,000 related to the remediation efforts as well as to litigation defense and settlement costs, which are ongoing.

24. As Vice President and General Manager of Lockformer, I have spent significant amount of my time involved in the Lockformer environmental litigation. In my position, I should be spending approximately 50 percent of my time in sales and marketing interacting with dealers and customers, 30 percent of my time overseeing the operations, and 20 percent of my time on planning and development issues. Due to the ongoing environmental litigation, I am often required to spend 100 percent of my time attending to the litigation. When my entire day is not devoted to the litigation, I still spend on average 80 percent of my day on the environmental litigation issues. The level of my required involvement in this litigation has resulted in significant negative impacts on Lockformer's sales and revenues, associated with my inability to monitor the ordinary day-to-day functions of Lockformer's business. For example, in 2002, when I spent considerable time, including weeks of full days, attending to the litigation entitled

LeClercq, et al. v. The Lockformer Company et al., United States District Court for the Northern District of Illinois, Case No. 00 C 7164, Lockformer experienced a drop of approximately \$1 million in monthly sales revenues from April and May 2002 to June and July 2002. While some of this drop may be attributed to typical seasonal purchase cycles, the magnitude of the drop is largely the result of the attention required by the LeClercq litigation, to the detriment of Lockformer's day-to-day operations.


MET-COIL'S BANKRUPTCY CASE

25. After the filing of Met-Coil's chapter 11 petition, I anticipate that I will be spending as much as 90 percent of my time reassuring customers that despite the company's bankruptcy filing, Met-Coil is staying in business and will be able to continue to serve their business needs. We currently have approximately 49,000 customers that have Lockformer machines worldwide, many of which are repeat customers. It will take many months to reach out to each of these customers to assure them that their relationship with Met-Coil should not be affected by the filing of the petition.

26. There is a class action entitled Mejdrech, et al. v. The Lockformer Company, et al., 01 C 6107, that is set for trial on September 8, 2003. If that case is not stayed or postponed, then I anticipate that, like with the LeClercq trial, I will need to spend virtually all of my time for the next month or more preparing for and attending trial.

I declare under penalty of perjury, as set forth in 28 U.S.C. § 1746, that the foregoing is true and correct.

Executed in Lisle, Illinois, on August 26, 2003.



Rian Scheel