03-1047-CD
THOMAS M. McCLOSKY, etal vs. MCCLOSKEY HOMES. INC.

03-1047-CD

FILED

JUL 17 2003

William A. Shaw
Prothonotary

CONTRACTOR'S WAIVER OF LIENS

THIS AGREEMENT, made and entered into this 8th day of July, 2003, by and between THOMAS M. McCLOSKEY and LINDA A. McCLOSKEY, of 241 Treasure Lake, DuBois, Pennsylvania, 15801, hereinafter "Owner" and McCLOSKEY HOMES, INC., a Pennsylvania Corporation, of 241 Treasure Lake, DuBois, Pennsylvania 15801, hereinafter "Contractor".

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND HEREBY, the parties do agree as follows:

1. The Contractor for himself and anyone else acting or claiming through or under him, intending to be legally bound hereby, does hereby waive and relinquish all right to file a mechanic's lien, claim or notice of intention to file any lien or claim, and does hereby covenant, promise and agree that no mechanics' lien or claim or other lien or claim of any kind whatsoever shall be filed or maintained against the improvements or the estate or the title of the Owner in the Property or the curtilage or curtilages appurtenant thereto, by or in the name of the Contractor or any subcontractor, materialmen or laborers for work done or materials furnished under the Contract or by any other party acting through or under them or any of them for and about the improvements or the Property or any part thereof, or on credit thereof, and that all subcontractors, materialmen and laborers on the works shall look to and hold Contractor personally liable for all subcontractors, materials furnished and work and labor done, so that there shall not be any legal or lawful claim of any kind whatever against Owner for any work done or labor or materials furnished under the Contract for and about the erection, construction and completion of the improvements or under any contract for extra work, or for work supplemental thereto, or otherwise.

2. The Contractor does hereby remise, release and waive for himself, subcontractor and materialmen the right under the Act of Assembly entitled the Mechanics's Lien Act of 1963 to file or enter on record any Mechanic's Lien or Liens against:

ALL that certain tract of land designated as Section No. 15, Lot 174, in the Treasure Lake Subdivision in Sandy Township, Clearfield County, Pennsylvania, recorded in the Office of the Recorder of Clearfield County.

EXCEPTING AND RESERVING therefrom and subject to:

1. All easements, rights of way, reservations, restrictions and limitations shown or contained in prior instruments of record and in the aforesaid recorded plan.

2. The Declaration of Restrictions, Treasure Lake, Inc. recorded in Misc. Book Vol. 146, p. 476; all of said restrictions being covenants which run with the land.

3. All minerals and mining rights of every kind and nature.

4. A lien for all unpaid charges or assessments as may be made by Treasure Lake Property Owners Association, Inc.; which lien shall run with the land and be an encumbrance against it.

3. This Agreement waiving the right of lien shall be an independent covenant and shall operate and be effective as well with respect to work done and materials furnished under any supplemental contract for extra work in the erection, construction and completion of the improvements as to any work and labor done and materials furnished under the Contract.

4. In the event Contractor consists of more than one person, firm or corporation, the undertakings hereunder of each of such persons, firms or corporations shall be joint and several, and the word "Contractor" shall mean all or some or any of them. For purposes of this Agreement, the singular shall be deemed to include the plural, and the neuter shall be deemed to include the masculine and feminine, as the context may require. This Agreement shall be binding upon the parties hereto, their heirs, executors, administrators and assigns.

IN WITNESS WHEREOF, the parties hereto intending to be legally bound hereby do execute this Agreement the day and year first above written.

Witness:

_____ _____(Seal)
Thomas M. McCloskey, Owner

Witness:

_____ _____(Seal)
Linda A. McCloskey, Owner

Witness:

_____ _____(Seal)
McCloskey Homes, Inc., Contractor

Exhibit "A"

Thomas M. and Linda A. McCloskey

ALL that certain tract of land designated as Section No. 15, Lot 174, in the Treasure Lake Subdivision in Sandy Township, Clearfield County, Pennsylvania, recorded in the Office of the Recorder of Clearfield County.

EXCEPTING AND RESERVING therefrom and subject to:

1. All easements, rights of way, reservations, restrictions and limitations shown or contained in prior instruments of record and in the aforesaid recorded plan.

2. The Declaration of Restrictions, Treasure Lake, Inc. recorded in Misc. Book Vol. 146, p. 476; all of said restrictions being covenants which run with the land.

3. All minerals and mining rights of every kind and nature.

4. A lien for all unpaid charges or assessments as may be made by Treasure Lake Property Owners Association, Inc.; which lien shall run with the land and be an encumbrance against it.

Being known as Tax Parcel No. 128-D3-15-174.

FILED Atty pd. 20.00
01 2:23 BCK 2 cc Atty Hopkins
JUL 17 2003

William A. Shaw
Prothonotary

Appeal Docket Sheet — **Superior Court of Pennsylvania**

Docket Number: 1847 WDA 2005

October 27, 2005

03-1048-CD

In Re: Metaltech Corporation and Dock Street Manufacturing, Inc.; Application of Richard Gordon and Beverly Gordon, Dissenting Shareholders
Appeal of: Richard Gordon and Beverly Gordon, Dissenting Shareholders, Appellants

Initiating Document: Notice of Appeal

Case Status: Active

Case Processing Status: October 27, 2005 Awaiting Original Record

Journal Number:

Case Category: Civil CaseType: Declaratory Judgment

Consolidated Docket Nos.: **Related Docket Nos.:**

SCHEDULED EVENT

Next Event Type: Receive Docketing Statement — Next Event Due Date: November 10, 2005
Next Event Type: Original Record Received — Next Event Due Date: December 6, 2005

1847 WDA 2005

Record - 4 parts
2 Transcripts
Set of Exhibits (7)

RECORD
JUN - 1 2006
PITTSBURGH OFFICE OF SUPERIOR COURT

FILED
m 12:25/BY
OCT 31 2005
William A. Shaw
Prothonotary/Clerk of Courts

#10


RECORD
PITTSBURGH OFFICE OF
SUPERIOR COURT

Superior Court of Pennsylvania

COUNSEL INFORMATION

Appellant Gordon, Richard
Pro Se: Appoint Counsel Status:
IFP Status: No

Appellant Attorney Information:

Attorney: Ejzak, Richard
Bar No.: 56699 Law Firm: Cohen & Grigsby P.C.
Address: 11 Stanwix St 15th Fl
Pittsburgh, PA 15222-1319
Phone No.: (412)297-4900 Fax No.:
Receive Mail: Yes
E-Mail Address:
Receive E-Mail: No

Attorney: Newman, Eric Scott
Bar No.: 89949 Law Firm: Bobal, Raj K., Law Offices of
Address: 15th Floor
11 Stanwix Street
Pittsburgh, PA 15222
Phone No.: (412)297-4730 Fax No.: (412)209-1874
Receive Mail: No
E-Mail Address: enewman@cohenlaw.com
Receive E-Mail: No

Appellant Gordon, Beverly
Pro Se: Appoint Counsel Status:
IFP Status:

Appellant Attorney Information:

Attorney: Ejzak, Richard
Bar No.: 56699 Law Firm: Cohen & Grigsby P.C.
Address: 11 Stanwix St 15th Fl
Pittsburgh, PA 15222-1319
Phone No.: (412)297-4900 Fax No.:
Receive Mail: No
E-Mail Address:
Receive E-Mail: No

Attorney: Newman, Eric Scott
Bar No.: 89949 Law Firm: Bobal, Raj K., Law Offices of
Address: 15th Floor
11 Stanwix Street
Pittsburgh, PA 15222
Phone No.: (412)297-4730 Fax No.: (412)209-1874
Receive Mail: No
E-Mail Address: enewman@cohenlaw.com
Receive E-Mail: No

Appellee Metaltech Corporation
Pro Se: Appoint Counsel Status:
IFP Status:

Appellee Attorney Information:
Attorney: Taladay, Matthew B.
Bar No.: 49663 Law Firm: Hanak, Guido & Taladay
Address: 498 Jeffers St
PO Box 487
DuBois, PA 15801
Phone No.: (814)371-7768 Fax No.: (814)371-1974
Receive Mail: Yes
E-Mail Address:
Receive E-Mail: No

Appellee Dock Street Manufacturing, Inc.
Pro Se: Appoint Counsel Status:
IFP Status:

Appellee Attorney Information:
Attorney: Taladay, Matthew B.
Bar No.: 49663 Law Firm: Hanak, Guido & Taladay
Address: 498 Jeffers St
PO Box 487
DuBois, PA 15801
Phone No.: (814)371-7768 Fax No.: (814)371-1974
Receive Mail: No
E-Mail Address:
Receive E-Mail: No

FEE INFORMATION

Fee Date	Fee Name	Fee Amt	Paid Amount	Receipt Number
10/26/05	Notice of Appeal	60.00	60.00	2005SPRWD001298

TRIAL COURT/AGENCY INFORMATION

Court Below: Clearfield County Court of Common Pleas
County: Clearfield Division: Civil

Appeal Docket Sheet

Docket Number: 1847 WDA 2005

October 27, 2005

Superior Court of Pennsylvania

Date of Order Appealed From:	September 23, 2005	Judicial District:	46
Date Documents Received:	October 26, 2005	Date Notice of Appeal Filed:	October 24, 2005
Order Type: Order Entered		OTN:	
Judge:		Lower Court Docket No.:	No. 03-1048-CD

ORIGINAL RECORD CONTENTS

Original Record Item	Filed Date	Content/Description

Date of Remand of Record:

BRIEFS

DOCKET ENTRIES

Filed Date	Docket Entry/Document Name	Party Type	Filed By
October 27, 2005	Notice of Appeal Filed	Appellant	Gordon, Richard
October 27, 2005	Docketing Statement Exited (Civil)		Western District Filing Office

FILED

OCT 3 1 2005

William A. Shaw
Prothonotary/Clerk of Courts

CERTIFICATE AND TRANSMITTAL OF RECORD UNDER PENNSYLVANIA RULE OF APPELLATE PROCEDURE 1931(C)

To the Prothonotary of the Appellate Court to which the within matter has been appealed:

THE UNDERSIGNED, Clerk (or Prothonotary) of the court of Common Pleas of Clearfield County, the said Court being a court of record, does hereby certify that annexed hereto is a true and correct copy of the whole and entire record, including an opinion of the Court as required by Pa. R.A.P. 1925, the original papers and exhibits, if any, on file, the transcript of the proceeding, if any, and the docket entries in the following matter:

03-1048-CD

In Re: Metaltech Corporation and Dock Street Manufacturing, Inc.; Application of Richard Gordon and Beverly Gordon, Dissenting Shareholders

In compliance with Pa. R.A.P. 1931 (c).

The documents compromising the record have been numbered from **No. 1 to No.** 27, and attached hereto as Exhibit A is a list of the documents correspondingly numbered and identified with reasonable definiteness, including with respect to each document, the number of pages compromising the document.

The date on which the record had been transmitted to the Appellate Court is May 31, 2006.

Prothonotary/Clerk of Courts

(seal)

Clearfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date		Judge
07/18/2003	Filing: Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. Pursuant to 15 PA. C.S. 1579 Paid by: Belin & Kubista Receipt number: 1863235 Dated: 07/18/2003 Amount: $85.00 (Check) 1 CC to Belin & Kubista	No Judge
07/25/2003	Certificate of Service, Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. upon: METALTECH CORPORATION, DOCK STREET MANUFACTURING, INC and DuPENN, INC. filed by s/John R. Ryan, Esquire	No Judge
08/15/2003	Notice of Intention to File Praecipe for Entry of Judgment by Default, filed by Atty. Ejzak 1 Cert. to Atty.	No Judge
08/25/2003	Answer and New Matter. filed by s/Matthew B. Taladay, Esquire Verification s/Robert M. Hanak Certificate of Service 1 cc to Atty	No Judge
09/12/2003	Reply to New Matter filed by Atty. Ejzak, Cert. of Service. no cert. copies.	No Judge
12/09/2003	ORDER,AND NOW, this 9th day of December, 2003, re; Status Conference scheduled for Monday, January 12, 2004, at 11:00 a.m. by the Court, sJFA,J. 1 cc Atty Taladay, Ejzak	Fredric Joseph Ammerman
01/12/2004	ORDER, NOW, this 12th day of January, 2004, re: CA shall schedule a further status conference following completion of the expert reports to be filed by each party and a 1 day trial before the Court w/o a jury no less than 60 days from date hereof. by the Court, s/JKR,JR., Senior Judge, Specially Presiding 1 cc Attys Taladay, Ejzak, Ryan	Fredric Joseph Ammerman
10/12/2004	Order, AND NOW, this 12th day of October, 2004, it is the Order of the Court that a Status Conference in the above-captioned matter has been scheduled for Tuesday, Nov. 9, 2004 at 1:30 p.m. in the Clfd. Co. Courthouse, Clfd. PA before the Honorable John K. Reilly Jr., Senior Judge, Specially Presiding. Please report to the Court Administrator's Office. You will be directed from there where this conference will be held. BY THE COURT:/s/ John K. Reilly, Jr. Senior Judge 1CC Atty. Belin, 1CC Atty. Taladay.	John K. Reilly Jr.
11/09/2004	Order, filed cert. to Taladay, Ejzak and Ryan NOW, this 9th day of November, 2004, Order of this Court that C/A shall schedule the above matter or hearing on merits. BY THE COURT: John K. Reilly, Jr. Senior Judge. 1CC Atty Taladay, 1CC Atty Ejzak, 1CC to Ryan	Fredric Joseph Ammerman
02/03/2005	Order, AND NOW, this 3rd day of February, 2005, Hearing on the Merits has been scheduled for March 29 and 30, 2005, at 9:00 a.m. each day before the Honorable John K. Reilly, Jr., Senior Judge, Specially Presiding. BY THE COURT: /s/John K. Reilly, Jr., Senior Judge, Specially Presiding One CC Attys: Taladay, Ejzak, Ryan	John K. Reilly Jr.
03/08/2005	Petition for Continuance, filed by s/Matthew B. Taladay, Esq. One CC Attorney Taladay	John K. Reilly Jr.
03/10/2005	Order, filed 3 Cert. to Atty. Taladay Now, this 10th day of March, 2005, RE: Petition for Continuance, ORDER of Court tha Petition for Continuance is Denied.	John K. Reilly Jr.
03/17/2005	Certificate of Service, 16th day of March, Court certified Order of Court sent to Richard A Ejzak, Esquire. Filed by s/ Matthew B. Taladay, Esquire. No CC	John K. Reilly Jr.

Clearfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date		Judge
09/23/2005	Opinion and Order, NOW, this 22nd day of Sept., 2005, following hearing and briefs into the above captioned action seeking to determine the value of dissenting shareholders' interest in Metaltech Corporation and Dock Street Manufacturing, Inc., it is the Order of this Court that judgment shall be and is hereby entered in favor of said dissenters in the amount of $20,000, in accordance with the foregoing Opion. By The Court, /s/ John K. Reilly, Jr., Senior Judge. 1CC Taladay, Ejzak, J. Ryan, D. Mikesell, Law Library	John K. Reilly Jr.
10/03/2005	Motion For Post-Hearing Relief, filed by s/John Ryan , Esquire. 3CC Atty. Ryan	John K. Reilly Jr.
10/17/2005	Response to Motion for Post-Hearing Relief, filed by s/ Matthew B. Taladay Esq. No CC.	John K. Reilly Jr.
10/24/2005	Filing: Appeal to High Court Paid by: Ejzak, Richard A. (attorney for Gordon, Richard) Receipt number: 1910568 Dated: 10/24/2005 Amount: $45.00 (Check)	John K. Reilly Jr.
	Notice of Appeal and Proof of Service of Notice of Appeal, upon Matthew B. Taladay, Esquire; The Honorable John K. Reilly, Jr.; Jenny L. Scalise; David Meholick, and William A. Shaw, Prothonotary. Filed by s/ Richard A. Ejzak, Esquire. 1CC & $60.00 to Superior Court, 1CC Atty.	John K. Reilly Jr.
10/25/2005	Certificate of Service, copy of Brief in Support of Motion for Post Hearing Relief filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon, served upon Matthew B. Taladay, Esquire, on October 24, 2005. Filed by s/ John R. Ryan, Esquire. No CC	John K. Reilly Jr.
10/31/2005	Appeal Docket Sheet, filed. 1847 WDA 2005	John K. Reilly Jr.
11/08/2005	Order AND NOW, this 7th day of November 2005, upon consideration of the Motion for Post-Hearing Relief filed by Dissenting Shareholders in the above-captioned action, it is the ORDER of this Court that said Motion be heard the 22nd day of November 2005 at 1:30 p.m. in Courtroom No. 2. BY THE COURT: /s/ John K. Reilly, Jr. S.J. 1CC Attys: Taladay, Ejzak, and Ryan.	John K. Reilly Jr.
11/18/2005	Motion for Continuance, filed by s/Matthew B. Taladay One CC Atty Taladay	John K. Reilly Jr.
	Order, AND NOW, this 18th day of November, 2005, continuance is granted. Hearing will be rescheduled by the Court Administrator. BY THE COURT: /s/John K. Reilly, Jr., Sr. One CC Attorney Taladay	John K. Reilly Jr.
11/23/2005	Order NOW, this 23rd day of November, 2005, upon consideration of Post-Trial Motions filed on behalf of Dissenters herein and argument and briefs thereon, it is the ORDER of this Court that each party shall, within thirty (30) days from date hereof, submit further briefs on the issue of burden of proof at the initial trial herein. If the Court determines the burden of proof to be on the dissenters, the Opinion and Order shall remain undisturbed. If the burden of proof is equally shared be the parties, the Court will thereupon appoint an independent valuation expert to determine the value of the shares of the dissenters in accordance with the business corporation law, costs thereof to be bornes by the dissenters with the right petition the Court for reimbursement following submission of the independent expert's report. In the event said expert is appointed and report received, each party shall have the right to be heard with regards to their positions on each on said report. BY THE COURT: /s/ John K. Reilly, Jr. SJSP. CC to Ejzak, Ryan and Taladay.	John K. Reilly Jr.

Clearfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date		Judge
11/28/2005	Certificate of Service, filed. That on the 23rd day of November, a Court certified copy of MOTION FOR CONTINUANCE and ORDER OF COURT was sent via first class mail, postage paid, to Richard A. Ejzak Esq., filed by s/ Matthew B. Taladay Esq. No CC.	John K. Reilly Jr.
04/05/2006	Order, NOW, this 4th day of April, 2006, Ordered that a telephonic conference call regarding the above matter has been scheduled for Thursday, April 6, 2006 at 1:00 p.m. at the initiation of Matthew B. Taladay, Esquire. By The Court, /s/ John K. Reilly, Jr., Senior Judge. 1CC Attys: Taladay, Ejzak, Ryan	John K. Reilly Jr.
04/11/2006	Order, NOW, this 7th day of April, 2006, Joseph J. Evans shall be appointed to evaluate the shares of the dissenting shareholders and, for that purpose, to hold such hearing, take such testimony and receive such evidence as he shall deem necessary. By The Court/s/ John K. Reilly, Jr., Senior Judge. 1CC Attys: Taladay, Ejzak, Ryan, 1CC Joseph J. Evans	John K. Reilly Jr.
05/30/2006	Transcript, March 29, 2005, Volume I of II (with Exhibits), filed.	John K. Reilly Jr.
	Transcript, March 29, 2005, Volume II of II (with Exhibits), filed.	John K. Reilly Jr.
05/31/2006	May 31, 2006, Mailed Appeal to Superior Court. May 31, 2006, Notification of Mailing Appeal letters mailed to Matthew B. Taladay, Richard A. Ejzak, and John R. Ryan with certified copies of the docket sheet and the summary of docket entries submitted to Superior Court.	John K. Reilly Jr.

I hereby certify this to be a true and attested copy of the original statement filed in this case.

MAY 31 2006

Attest.

Prothonotary/
Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

No. 2003-1048-CD
IN RE: METALTECH CORPORATION
And DOCK STREET
MANUFACTURING, INC.;
APPLICATION OF RICHARD GORDON
And BEVERLY GORDON, Dissenting
Shareholders

ITEM NO.	*DATE OF FILING*	*NAME OF DOCUMENT*	*NO. OF PAGES*
01	07/18/03	Filing: Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. Pursuant to 15 PA. C.S. 1579	35
02	07/25/03	Certificate of Service, Application to Determine and Recover the Fair Value of Shares of Metaltech Corp. and Dock Street Manufacturing, Inc.	3
03	08/15/03	Notice of Intention to File Praecipe for Entry of Judgment by Default	4
04	08/25/03	Answer and New Matter	9
05	09/12/03	Reply to New Matter	7
06	12/09/03	Order, Re: Scheduling Status Conference	1
07	01/12/04	Order, Re: CA shall schedule a further status conference	1
08	10/12/04	Order, Re: Status Conference has been scheduled	1
09	11/09/04	Order, Re: Court Administrator shall schedule matter for hearing on the merits	1
10	02/03/05	Order, Re: Hearing on the Merits has been scheduled	1
11	03/08/05	Petition For Continuance	5
12	03/10/05	Order, Re: Petition for Continuance is Denied	1
13	03/17/05	Certificate of Service, certified copy of Court Order dated March 10, 2005	2
14	09/23/05	Opinion and Order, Re: judgment entered in favor of said dissenters in the amount of $20,000	4
15	10/03/05	Motion For Post-Hearing Relief (missing from original record)	20
16	10/17/05	Response to Motion for Post-Hearing Relief	14
17	10/24/05	Notice of Appeal and Proof of Service of Notice of Appeal	6
18	10/25/05	Certificate of Service, copy of Brief in Support of Motion for Post Hearing Relief	2
19	10/31/05	Appeal Docket Sheet, 1847 WDA 2005	04
20	11/08/05	Order, Re: scheduling Motion for Post-Hearing Relief filed by the Dissenting Shareholders	02
21	11/18/05	Motion for Continuance with Order granting continuance	06
22	11/23/05	Order, Re: Post-Trial Motions (Certified copy enclosed; original not in file)	02
23	11/28/05	Certificate of Service, Motion for Continuance	02
24	04/05/06	Order, Re: telephonic conference call scheduled	02
25	04/11/06	Order, Re: Joseph J. Evans appointed to evaluate the shares of the dissenting shareholders	02
26	05/30/06	Transcript, March 29, 2005, Volume I of II (with Exhibits)	Separate Cover
27	05/30/06	Transcript, March 29, 2005, Volume II of II (with Exhibits)	Separate Cover

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

I, **William A. Shaw**, Prothonotary/Clerk of Courts of Common Pleas in and for said County, do hereby certify that the foregoing is a full, true and correct copy of the whole record of the case therein stated, wherein

In Re: Metaltech Corporation and Dock Street Manufacturing, Inc.; Application of Richard Gordon and Beverly Gordon, Dissenting Shareholders

03-1048-CD

So full and entire as the same remains of record before the said Court, at **No. 03-1048-CD**

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said Court, this Nov. Day of 18, 2005.

Prothonotary/Clerk of Courts

I, **John K. Reilly, Jr.,** Senior Judge, Specially Presiding, in the Forty-sixth Judicial District, do certify that **William A. Shaw** by whom the annexed record, certificate and attestation were made and given, and who, in his own proper handwriting, thereunto subscribed his name and affixed the seal of the Court of Common Pleas of said county, was at the time of so doing and now is Prothonotary/Clerk of Courts in and for said County of Clearfield, the Commonwealth of Pennsylvania, duly commissioned and qualified; to all of whose acts as such, full faith and credit are and ought to be given, as well in Courts of Judicature, as elsewhere, and that the said record, certificate and attestation are in due form of law and made by the proper officer.

Senior Judge, Specially Presiding

I, **William A. Shaw**, Prothonotary/Clerk of Courts of the Court of Common Pleas in and for said county, do certify that the Honorable **John K. Reilly, Jr.**, Senior Judge, Specially Presiding, by whom the foregoing attestation was made and who has thereunto subscribed his name was at the time of making thereof and still is Senior Judge, Specially Presiding, in and for said county, duly commissioned and qualified; to all whose acts, as such, full faith and credit are and ought to be given, as well in Courts of Judicature as elsewhere.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Court, this 30th day of Nov., 2005

Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

CIVIL DIVISION

METALTECH CORPORATION and DOCK :

STREET MANUFACTURING, INC. :

Application of RICHARD GORDON : NO. 03-1048-CD

and BEVERLY GORDON, :

Dissenting Shareholders :

O R D E R

AND NOW, this 7th day of April, 2006, the Court being satisfied of the necessity to appoint an independent appraiser in the above-captioned matter, it is the ORDER of this Court that Joseph J. Evans of the firm of Hill, Barth and King, LLC, shall be and is hereby appointed to evaluate the shares of the dissenting shareholders and, for that purpose, to hold such hearing, take such testimony and receive such evidence as he shall deem necessary.

BY THE COURT,

John K. Reilly, Jr.
Senior Judge
Specially Presiding

FILED
03:34 BY
APR 11 2006

William A. Shaw
Prothonotary/Clerk of Courts

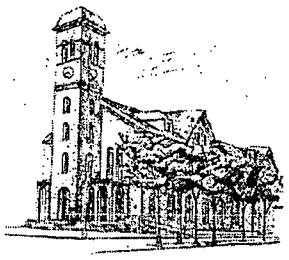
1CC Attys:
Taladay
Eszak
Ryan
1CC Joseph J. Evans
GR

#25

FILED

APR 11 2006

William A. Shaw
Prothonotary/Clerk of Courts



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw Prothonotary/Clerk of Courts
David S. Ammerman Solicitor
Jacki Kendrick Deputy Prothonotary
Bonnie Hudson Administrative Assistant

To: All Concerned Parties

From: William A. Shaw, Prothonotary

It has come to my attention that there is some confusion on court orders over the issue of service. To attempt to clear up this question, from this date forward until further notice, this or a similar memo will be attached to each order, indicating responsibility for service on each order or rule. If you have any questions, please contact me at (814) 765-2641, ext. 1331. Thank you.

Sincerely,

William A. Shaw
Prothonotary

DATE: 4/11/06

_____You are responsible for serving all appropriate parties.

__X__The Prothonotary's office has provided service to the following parties:

__X__Plaintiff(s)/Attorney(s)

__X__Defendant(s)/Attorney(s)

_____Other

_____Special Instructions:

CA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA
CIVIL DIVISION

METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC. APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ORDER

AND NOW, this 4th day of April, 2006, it is the ORDER of the Court that a telephonic conference call regarding the above matter has been scheduled for Thursday, April 6, 2006 at 1:00 P.M. at the initiation of Matthew B. Taladay, Esquire.

BY THE COURT:

JOHN K. REILLY, JR.
Senior Judge

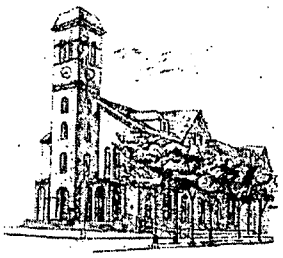
FILED 1cc Attys: Taladay, Ejzak, Ryan
01:40 BD
APR 05 2006
William A. Shaw
Prothonotary/Clerk of Courts

#24

FILED

APR 05 2006

William A. Shaw
Prothonotary/Clerk of Courts



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw Prothonotary/Clerk of Courts
David S. Ammerman Solicitor
Jacki Kendrick Deputy Prothonotary
Bonnie Hudson Administrative Assistant

To: All Concerned Parties

From: William A. Shaw, Prothonotary

It has come to my attention that there is some confusion on court orders over the issue of service. To attempt to clear up this question, from this date forward until further notice, this or a similar memo will be attached to each order, indicating responsibility for service on each order or rule. If you have any questions, please contact me at (814) 765-2641, ext. 1331. Thank you.

Sincerely,

William A. Shaw
Prothonotary

DATE: 4/5/06

_____You are responsible for serving all appropriate parties.

__X__The Prothonotary's office has provided service to the following parties:

__X__Plaintiff(s)/Attorney(s)

__X__Defendant(s)/Attorney(s)

_____Other

_____Special Instructions:

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	CIVIL DIVISION No. 03-1048-CD Type of Pleading: **CERTIFICATE OF SERVICE** Filed on Behalf of: RESPONDENTS, METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC. Counsel of Record for This Party: Matthew B. Taladay I.D. No. 49663 Hanak, Guido and Taladay 498 Jeffers St., P. O. Box 487 DuBois, PA 15801 814-371-7768

FILED

NOV 28 2005
m/ 8:30 (cc)
William A. Shaw
Prothonotary/Clerk of Courts
w/ c/c

(#23)

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	: : : : : :	No. 03-1048-CD

CERTIFICATE OF SERVICE

I certify that on the 23rd day of November, a Court certified copy of MOTION FOR CONTINUANCE and ORDER OF COURT was sent via first class mail, postage prepaid, to the following:

Richard A. Ejzak, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

Matthew B. Taladay, Esq.
Attorney for Respondents

FILED
NOV 28 2005
William A. Shaw
Prothonotary/Clerk of Courts

CA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

CIVIL DIVISION

METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC., Application of RICHARD GORDON and BEVERLY GORDON, dissenting shareholders	:	NO. 03-1048-CD

FILED

NOV 23 2005

03:55 /C

William A. Shaw

Prothonotary/Clerk of Courts

CERT TO ATTY FEZZAIL RYMAN TALADAY.

O R D E R

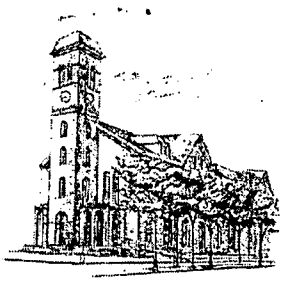
NOW, this 23rd day of November, 2005, upon consideration of Post-Trial Motions filed on behalf of Dissenters herein and argument and briefs thereon, it is the ORDER of this Court that each party shall, within thirty (30) days from date hereof, submit further briefs on the issue of burden of proof at the initial trial herein. If the Court determines the burden of proof to be on the dissenters, the Opinion and Order shall remain undisturbed. If the burden of proof is determined to be on the corporations, or if the burden of proof is equally shared by the parties, the Court will thereupon appoint an independent valuation expert to determine the value of the shares of the dissenters in accordance with the business corporation law, costs thereof to be borne by the dissenters with the right petition the Court for reimbursement following submission of the independent expert's report. In the event said expert is appointed and report received, each party

#22

shall have the right to be heard with regards to their positions on said report.

BY THE COURT,

John K. Reilly, Jr.
Senior Judge
Specially Presiding



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw Prothonotary/Clerk of Courts
David S. Ammerman Solicitor
Jacki Kendrick Deputy Prothonotary
Bonnie Hudson Administrative Assistant

To: All Concerned Parties

From: William A. Shaw, Prothonotary

Date: September 19, 2005

Over the past several weeks, it has come to my attention that there is some confusion on court orders over the issue of service. To attempt to clear up this question, from this date forward until further notice, this or a similar memo will be attached to each order, indicating responsibility for service on each order or rule. If you have any questions, please contact me at (814) 765-2641, ext. 1331. Thank you.

Sincerely,

William A. Shaw
Prothonotary

_____You are responsible for serving all appropriate parties.

__X__The Prothonotary's office has provided service to the following parties:

__X__Plaintiff(s)/Attorney(s)

__X__Defendant(s)/Attorney(s)

_____Other

_____Special Instructions:

CA

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	CIVIL DIVISION No. 03-1048-CD Type of Pleading: **MOTION FOR CONTINUANCE** Filed on Behalf of: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC. Counsel of Record for This Party: Matthew B. Taladay I.D. No. 49663 Hanak, Guido and Taladay 498 Jeffers St., P. O. Box 487 DuBois, PA 15801 814-371-7768

FILED 1cc
03:28 BH Atty Taladay
NOV 18 2005
William A. Shaw
Prothonotary/Clerk of Courts

#21

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	: : : : : :	No. 03-1048-CD

MOTION FOR CONTINUANCE

AND NOW, come Metaltech Corporation and Dock Street Manufacturing, Inc., by and through their undersigned counsel and hereby petitions the Court for a continuance averring as follows:

1. The Dissenting Shareholders have filed a Motion for Post-Hearing Relief which is scheduled for Argument before the Court on Monday, November 22, 2005 at 1:30 p.m.

2. Your undersigned counsel for Metaltech Corporation and Dock Street Manufacturing, Inc. is unavailable at the above date and time due to a previously scheduled Court appearance in the Court of Common Pleas of the Fifty-Ninth Judicial District, Cameron County Division, at 3:00 p.m. on November 22, 2005.

3. It is respectfully requested that the hearing on Motion for Post-Hearing Relief be scheduled for another date and time, or, in the alternative, be scheduled in the morning hours of November 22, 2005.

WHEREFORE, it is respectfully requested that the within motion for continuance be granted.

Respectfully submitted,

HANAK, GUIDO and TALADAY

By _____

Matthew B. Taladay
Attorney for Metaltech Corporation
and Dock Street Manufacturing

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ORDER

AND NOW, this 18th day of November, 2005, upon consideration of the foregoing Motion,

IT IS HEREBY ORDERED AND DECREED that the requested continuance is granted. Hearing will be rescheduled by the Court Administrator.

BY THE COURT,

John K. Reilly, Jr.
J.

FILED 1cc Atty Taladay
013:28/64
NOV 18 2005
William A. Shaw
Prothonotary/Clerk of Courts

#2

FILED

NOV 18 2005

William A Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

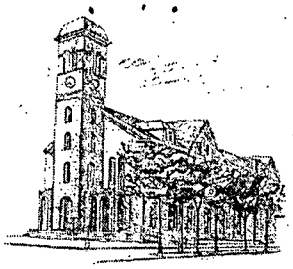
IN RE:	METALTECH CORPORATION	:	
	and DOCK STREET	:	
	MANUFACTURING, INC.;	:	No. 03-1048-CD
	APPLICATION OF RICHARD	:	
	GORDON and BEVERLY GORDON,	:	
	Dissenting Shareholders	:	

CERTIFICATE OF SERVICE

I certify that on the 17th day of November, 2005, a true and correct copy of the foregoing MOTION FOR CONTINUANCE was sent via first class mail, postage prepaid, to the following:

Richard A. Ejzak, Esq.
Attorney for Dissenting Shareholders
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

Matthew B. Taladay
Attorney for Metaltech Corporation
and Dock Street Manufacturing



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw Prothonotary/Clerk of Courts
David S. Ammerman Solicitor
Jacki Kendrick Deputy Prothonotary
Bonnie Hudson Administrative Assistant

To: All Concerned Parties

From: William A. Shaw, Prothonotary

Date: September 19, 2005

Over the past several weeks, it has come to my attention that there is some confusion on court orders over the issue of service. To attempt to clear up this question, from this date forward until further notice, this or a similar memo will be attached to each order, indicating responsibility for service on each order or rule. If you have any questions, please contact me at (814) 765-2641, ext. 1331. Thank you.

Sincerely,

William A. Shaw
Prothonotary

__X__ You are responsible for serving all appropriate parties.

_____ The Prothonotary's office has provided service to the following parties:

_____ Plaintiff(s)/Attorney(s)

_____ Defendant(s)/Attorney(s)

_____ Other

_____ Special Instructions:

CA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders: Case No. 03-1048-CD

ORDER

AND NOW, this 7th day of November, 2005, upon consideration of the Motion for Post-Hearing Relief filed by the Dissenting Shareholders in the above-captioned action, it is the ORDER of this Court that said Motion be heard the 22nd day of November, 2005, at 1:30 o'clock P.M., Courtroom No. 2 of the Clearfield County Courthouse, Clearfield, Pennsylvania.

BY THE COURT:

John K. Reilly, Jr.
Judge

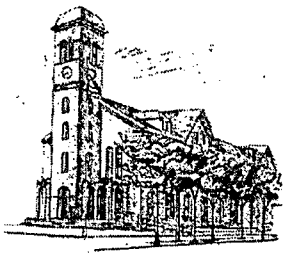
FILED 1cc Attys:
01/10:47/61 Taladay
NOV 08 2005 Ejzak
William A. Shaw Ryan
Prothonotary/Clerk of Courts

#20

FILED

NOV 0 8 2005

William A. Shaw
Prothonotary/Clerk of Courts



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw Prothonotary/Clerk of Courts
David S. Ammerman Solicitor
Jacki Kendrick Deputy Prothonotary
Bonnie Hudson Administrative Assistant

To: All Concerned Parties

From: William A. Shaw, Prothonotary

Date: September 19, 2005

Over the past several weeks, it has come to my attention that there is some confusion on court orders over the issue of service. To attempt to clear up this question, from this date forward until further notice, this or a similar memo will be attached to each order, indicating responsibility for service on each order or rule. If you have any questions, please contact me at (814) 765-2641, ext. 1331. Thank you.

Sincerely,

William A. Shaw
Prothonotary

_____You are responsible for serving all appropriate parties.

__X__The Prothonotary's office has provided service to the following parties:

__X__Plaintiff(s)/Attorney(s)

__X__Defendant(s)/Attorney(s)

_____Other

_____Special Instructions:

Appeal Docket Sheet

Superior Court of Pennsylvania

Docket Number: 1847 WDA 2005

October 27, 2005

03-1048-CD

In Re: Metaltech Corporation and Dock Street Manufacturing, Inc.; Application of Richard Gordon and Beverly Gordon, Dissenting Shareholders
Appeal of: Richard Gordon and Beverly Gordon, Dissenting Shareholders, Appellants

Initiating Document: Notice of Appeal

Case Status: Active

Case Processing Status: October 27, 2005 Awaiting Original Record

Journal Number:

Case Category: Civil CaseType: Declaratory Judgment

Consolidated Docket Nos.: **Related Docket Nos.:**

SCHEDULED EVENT

Next Event Type: Receive Docketing Statement	Next Event Due Date: November 10, 2005
Next Event Type: Original Record Received	Next Event Due Date: December 6, 2005

FILED COPY
12:25 BY
OCT 31 2005
William A. Shaw
Prothonotary/Clerk of Courts

Superior Court of Pennsylvania

COUNSEL INFORMATION

Appellant Gordon, Richard
Pro Se: Appoint Counsel Status:
IFP Status: No

Appellant Attorney Information:
Attorney: Ejzak, Richard
Bar No.: 56699 Law Firm: Cohen & Grigsby P.C.
Address: 11 Stanwix St 15th Fl
Pittsburgh, PA 15222-1319
Phone No.: (412)297-4900 Fax No.:
Receive Mail: Yes
E-Mail Address:
Receive E-Mail: No

Attorney: Newman, Eric Scott
Bar No.: 89949 Law Firm: Bobal, Raj K., Law Offices of
Address: 15th Floor
11 Stanwix Street
Pittsburgh, PA 15222
Phone No.: (412)297-4730 Fax No.: (412)209-1874
Receive Mail: No
E-Mail Address: enewman@cohenlaw.com
Receive E-Mail: No

Appellant Gordon, Beverly
Pro Se: Appoint Counsel Status:
IFP Status:

Appellant Attorney Information:
Attorney: Ejzak, Richard
Bar No.: 56699 Law Firm: Cohen & Grigsby P.C.
Address: 11 Stanwix St 15th Fl
Pittsburgh, PA 15222-1319
Phone No.: (412)297-4900 Fax No.:
Receive Mail: No
E-Mail Address:
Receive E-Mail: No

Superior Court of Pennsylvania

Attorney: Newman, Eric Scott
Bar No.: 89949 Law Firm: Bobal, Raj K., Law Offices of
Address: 15th Floor
11 Stanwix Street
Pittsburgh, PA 15222
Phone No.: (412)297-4730 Fax No.: (412)209-1874
Receive Mail: No
E-Mail Address: enewman@cohenlaw.com
Receive E-Mail: No

Appellee Metaltech Corporation
Pro Se: Appoint Counsel Status:
IFP Status:

Appellee Attorney Information:
Attorney: Taladay, Matthew B.
Bar No.: 49663 Law Firm: Hanak, Guido & Taladay
Address: 498 Jeffers St
PO Box 487
DuBois, PA 15801
Phone No.: (814)371-7768 Fax No.: (814)371-1974
Receive Mail: Yes
E-Mail Address:
Receive E-Mail: No

Appellee Dock Street Manufacturing, Inc.
Pro Se: Appoint Counsel Status:
IFP Status:

Appellee Attorney Information:
Attorney: Taladay, Matthew B.
Bar No.: 49663 Law Firm: Hanak, Guido & Taladay
Address: 498 Jeffers St
PO Box 487
DuBois, PA 15801
Phone No.: (814)371-7768 Fax No.: (814)371-1974
Receive Mail: No
E-Mail Address:
Receive E-Mail: No

FEE INFORMATION

Fee Date	Fee Name	Fee Amt	Paid Amount	Receipt Number
10/26/05	Notice of Appeal	60.00	60.00	2005SPRWD001298

TRIAL COURT/AGENCY INFORMATION

Court Below: Clearfield County Court of Common Pleas
County: Clearfield Division: Civil
10/27/2005

Appeal Docket Sheet

Docket Number: 1847 WDA 2005

October 27, 2005

Superior Court of Pennsylvania

Date of Order Appealed From: September 23, 2005
Date Documents Received: October 26, 2005
Order Type: Order Entered
Judge:

Judicial District: 46
Date Notice of Appeal Filed: October 24, 2005
OTN:
Lower Court Docket No.: No. 03-1048-CD

ORIGINAL RECORD CONTENTS

Original Record Item	Filed Date	Content/Description

Date of Remand of Record:

BRIEFS

DOCKET ENTRIES

Filed Date	Docket Entry/Document Name	Party Type	Filed By
October 27, 2005	Notice of Appeal Filed	Appellant	Gordon, Richard
October 27, 2005	Docketing Statement Exited (Civil)		Western District Filing Office

BELIN & KUBISTA
ATTORNEYS AT LAW
15 NORTH FRONT STREET
P. O. BOX 1
CLEARFIELD, PENNSYLVANIA 16830

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders:

Case No. 03-1048-CD

CERTIFICATE OF SERVICE

Filed on behalf of:
Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of Record for this Party:

John R. Ryan
Attorney-At-Law

Pa. I.D. 38739

BELIN & KUBISTA
15 N. Front Street
P.O. Box 1
Clearfield, PA 16830
(814) 765-8972

FILED
0 11:00 a.m 6K
OCT 25 2005 no cc
William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

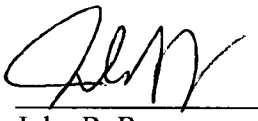
IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders:	:	Case No. 03-1048-CD

CERTIFICATE OF SERVICE

This is to certify that I have served a copy of Brief in Support of Motion for Post-Hearing Relief filed on behalf of Dissenting Shareholders, RICHARD GORDON and BEVERLY GORDON, in the above captioned matter on the following party by postage prepaid first-class United States mail, on the 24th day of October, 2005:

Matthew B. Taladay, Esquire
Hanak, Guido & Taladay
498 Jeffers Street
P.O. Box 487
Du Bois, PA 15801
Attorney for Metaltech Corporation
and Dock Street Manufacturing, Inc.

BELIN & KUBISTA



John R. Ryan
Attorney for Dissenting Shareholders,
Richard Gordon and Beverly Gordon

FILED

OCT 25 2005

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

NOTICE OF APPEAL AND PROOF OF SERVICE OF NOTICE OF APPEAL

Filed on behalf of Appellants, Dissenting Shareholders Richard Gordon and Beverly Gordon

Counsel of Record for this Party:

Richard A. Ejzak, Esq.
Pa. ID No. 56699

Eric S. Newman, Esq.
Pa. ID No. 89949

COHEN & GRIGSBY, P.C.
Firm No. 621
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319
(412) 297-4900

FILED Atty pd. 45.00
012:54 BK
OCT 24 2005 1 CC & $20.00
to Sup. Crt.
William A. Shaw
Prothonotary/Clerk of Courts 1 CC Atty
GP

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

NOTICE OF APPEAL

Notice is hereby given that Appellants, Dissenting Shareholders Richard Gordon and Beverly Gordon, hereby appeal to the Superior Court of Pennsylvania from the Order entered in this matter on the 23rd day of September, 2005. This Order has been entered in the docket as evidenced by the attached copy of the docket entry (Exhibit A).

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

Richard A. Ejzak
Pa. ID No. 56699
Eric S. Newman
Pa. ID No. 89949

11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
(412) 297-4900

Attorneys for Appellants,
Dissenting Shareholders RICHARD GORDON AND BEVERLY GORDON

Dated: October 24, 2005

Civil In RE

Date		Judge
07/18/2003	Filing: Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. Pursuant to 15 PA. C.S. 1579 Paid by: Belin & Kubista Receipt number: 1863235 Dated: 07/18/2003 Amount: $85.00 (Check) 1 CC to Belin & Kubista	No Judge
07/25/2003	Certificate of Service, Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. upon: METALTECH CORPORATION, DOCK STREET MANUFACTURING, INC and DuPENN, INC. filed by s/John R. Ryan, Esquire	No Judge
08/15/2003	Notice of Intention to File Praecipe for Entry of Judgment by Default, filed by Atty. Ejzak 1 Cert. to Atty.	No Judge
08/25/2003	Answer and New Matter. filed by s/Matthew B. Taladay, Esquire Verification s/Robert M. Hanak Certificate of Service 1 cc to Atty	No Judge
09/12/2003	Reply to New Matter filed by Atty. Ejzak, Cert. of Service. no cert. copies.	No Judge
12/09/2003	ORDER,AND NOW, this 9th day of December, 2003, re; Status Conference scheduled for Monday, January 12, 2004, at 11:00 a.m. by the Court, sJFA,J. 1 cc Atty Taladay, Ejzak	Fredric Joseph Ammerman
01/12/2004	ORDER, NOW, this 12th day of January, 2004, re: CA shall schedule a further status conference following completion of the expert reports to be filed by each party and a 1 day trial before the Court w/o a jury no less than 60 days from date hereof. by the Court, s/JKR,JR., Senior Judge, Specially Presiding 1 cc Attys Taladay, Ejzak, Ryan	Fredric Joseph Ammerman
10/12/2004	Order, AND NOW, this 12th day of October, 2004, it is the Order of the Court that a Status Conference in the above-captioned matter has been scheduled for Tuesday, Nov. 9, 2004 at 1:30 p.m. in the Clfd. Co. Courthouse, Clfd. PA before the Honorable John K. Reilly Jr., Senior Judge, Specially Presiding. Please report to the Court Administrator's Office. You will be directed from there where this conference will be held. BY THE COURT:/s/ John K. Reilly, Jr. Senior Judge 1CC Atty. Belin, 1CC Atty. Taladay.	John K. Reilly Jr.
11/09/2004	Order, filed cert. to Taladay, Ejzak and Ryan NOW, this 9th day of November, 2004, Order of this Court that C/A shall schedule the above matter or hearing on merits. BY THE COURT: John K. Reilly, Jr. Senior Judge. 1CC Atty Taladay, 1CC Atty Ejzak, 1CC to Ryan	Fredric Joseph Ammerman
02/03/2005	Order, AND NOW, this 3rd day of February, 2005, Hearing on the Merits has been scheduled for March 29 and 30, 2005, at 9:00 a.m. each day before the Honorable John K. Reilly, Jr., Senior Judge, Specially Presiding. BY THE COURT: /s/John K. Reilly, Jr., Senior Judge, Specially Presiding One CC Attys: Taladay, Ejzak, Ryan	John K. Reilly Jr.
03/08/2005	Petition for Continuance, filed by s/Matthew B. Taladay, Esq. One CC Attorney Taladay	John K. Reilly Jr.
03/10/2005	Order, filed 3 Cert. to Atty. Taladay Now, this 10th day of March, 2005, RE: Petition for Continuance, ORDER of Court tha Petition for Continuance is Denied.	John K. Reilly Jr.
03/17/2005	Certificate of Service, 16th day of March, Court certified Order of Court sent to Richard A Ejzak, Esquire. Filed by s/ Matthew B. Taladay, Esquire. No CC	John K. Reilly Jr.
03/30/2005	Miscellaneous Payment: Subpoena Paid by: Keith Gordon Receipt number: 1898229 Dated: 03/30/2005 Amount: $3.00 (Cash)	John K. Reilly Jr.

EXHIBIT "A"

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date		Judge
09/23/2005	Opinion and Order, NOW, this 22nd day of Sept., 2005, following hearing and briefs into the above captioned action seeking to determine the value of dissenting shareholders' interest in Metaltech Corporation and Dock Street Manufacturing, Inc., it is the Order of this Court that judgment shall be and is hereby entered in favor of said dissenters in the amount of $20,000, in accordance with the foregoing Opion. By The Court, /s/ John K. Reilly, Jr., Senior Judge. 1CC Taladay, Ejzak, J. Ryan, D. Mikesell, Law Library	John K. Reilly Jr.
10/03/2005	Motion For Post-Hearing Relief, filed by s/John Ryan , Esquire. 3CC Atty. Ryan	John K. Reilly Jr.
10/17/2005	Response to Motion for Post-Hearing Relief, filed by s/ Matthew B. Taladay Esq. No CC.	John K. Reilly Jr.

PROOF OF SERVICE

I hereby certify that I am this day serving the foregoing NOTICE OF APPEAL upon the persons and in the manner indicated below, which service satisfies the requirements of Pennsylvania Rule of Appellate Procedure 121:

Service by first class mail addressed as follows:

Matthew B. Taladay, Esq. (Phone: 814-371-7668)
Hanak, Guido, and Taladay
498 Jeffers Street
P.O. Box 487
DuBois, PA 15801
(Counsel for Metaltech Corporation and Dock Street Manufacturing, Inc.)

The Honorable John K. Reilly, Jr. (Phone: 814-765-2641)
Senior Judge, Specially Presiding
Court of Common Pleas of Clearfield County
230 East Market Street
Clearfield, PA 16830
(Judge of the Trial Court)

Jenny L. Scalise, RPR (Phone: 814-723-2036)
P.O. Box 153
Warren, PA 16365
(Official Court Reporter for the Trial Court)

David Meholick (Phone: 814-765-2641, extension 5982)
Court Administrator
Court of Common Pleas of Clearfield County
230 East Market Street
Clearfield, PA 16830
(District Court Administrator)

Service by hand delivery addressed as follows:

William A. Shaw (Phone: 814-765-2641, extension 5988)
Prothonotary / Clerk of Courts
Court of Common Pleas of Clearfield County
230 East Market Street
Clearfield, PA 16830
(Prothonotary)

Dated: October 24, 2005

Richard A. Ejzak, Esq.
Pa. ID No. 56699

COHEN & GRIGSBY, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
Attorneys for Appellants,
Dissenting Shareholders Richard Gordon and
Beverly Gordon
(412) 297-4900

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	CIVIL DIVISION No. 03-1048-CD Type of Pleading: **RESPONSE TO MOTION FOR POST-HEARING RELIEF** Filed on Behalf of: RESPONDENTS, METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC. Counsel of Record for This Party: Matthew B. Taladay, Esq. I.D. No. 49663 Hanak, Guido and Taladay 498 Jeffers Street P. O. Box 487 DuBois, PA 15801 814-371-7768

FILED No CC
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OCT 17 2005
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IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	: : : : : : :	No. 03-1048-CD

RESPONSE TO MOTION FOR POST-HEARING RELIEF

Metaltech Corporation and Dock Street Manufacturing, Inc. ("the Companies") file this Response to the Motion for Post-Hearing Relief of Dissenting Shareholders Richard and Beverly Gordon ("Gordons"):

1. THE COURT PROPERLY EXERCISED ITS DISCRETIONARY AUTHORITY TO REJECT EXPERT TESTIMONY AND MAKE AN INDEPENDENT FACTUAL DETERMINATION OF FAIR VALUE.

Given the disparity between the expert valuations in this case, the Court had authority pursuant to Pa.C.S.A. §1579 to appoint a neutral expert appraiser to make a fair value determination. Indeed, the parties discussed the prospect of an independent appraiser both at the time of trial and post-trial. Ultimately no agreement could be reached as to the appointment of an independent appraiser and the parties agreed to submit the case to Court for a ruling based solely on the evidence submitted at trial.

It must be noted that Plaintiffs at all time bear the burden of proof regarding their contention of fair value. At the conclusion of testimony, the Court expressed some concern regarding the disparity

between the competing experts. The Gordons had the option at that time to request at their expense the appointment of an independent appraiser. Instead, they chose to rely on what they believed to be the strength of their expert witness testimony and requested that the evidentiary record be closed and the Court make a determination on the evidence presented.

Being obviously dissatisfied with the Court's determination, the Gordons now seek a second chance or "do over" with the hope that an appointed appraiser may then establish the burden or proof that they failed to carry with their trial evidence.

The Trial Judge has sole discretion to appoint an appraiser, or to consider the evidence and expert testimony presented by each party and decide the issue of fair value. *15 Pa.C.S.A. 1579(c).*

It was not an abuse of discretion or authority for the Court to make an independent evaluation of the evidence, *Jones & Laughlin Steel Corp, 328 Pa.Super 442, 477 A.2d 527 (1984),* nor was it improper under the circumstances for the Court to exercise its option not to appoint an appraiser. The Superior Court in *Glosser Bros., Inc. 382 Pa.Super. 177, 195, 555 A.2d 129, 138 (1989)* addressed the issue as follows:

> In a non-jury action involving questions of such complexity where the court has exercised its option not to appoint an appraiser but rather to make its own valuation, we fully understand the court's desire to have at its disposal as much competent evidence, including expert opinion, as possible. We also approve of the trial court's realistic recognition, however, that the weight that should be accorded such evidence should be determined in light of the adversial atmosphere that prevailed. We also presume that the weight to be accorded expert testimony will

depend upon the court's assessment of the qualifications of the expert insofar as each area of testimony is concerned.

The trial record supports the Court's conclusion that the value assigned by the Gordons' expert was unreliable in that it was a gross overvaluation. There is competent and substantial evidence on the record to support the court's conclusions that Gordons' proposed valuation was based on unreliable data and inadmissible projections, and is completely unrealistic. The Court properly exercised its discretion in assessing the expert evidence, rejecting the proposed valuations, and making an independent valuation.

2. THE COURT PROPERLY CONSIDERED THE EVIDENCE AND MADE A DETERMINATION OF FAIR VALUE IN ACCORDANCE WITH THE PENNSYLVANIA BUSINESS CORPORATION LAW.

As the finder of fact, it was proper for the Court to reject expert testimony that it found unreliable. Based on non-expert trial testimony, the Court made an independent determination of the fair value of Plaintiffs' shares in each corporation. The Court's Order and the fair value determination is in accordance with the Pennsylvania Business Corporation Law.

The Gordons have suggested that because the Court rejected the report of the Gordons' expert in its entirety "such an all-or-nothing approach is not in line with the valuation analysis required under the Pennsylvania BCL". To the contrary, there is nothing in the Business Corporation Law which requires the trial court to accept all or part of expert testimony that the Court does not deem to be reliable. Instead, the Court is free to make an independent

assessment of the evidence and determine a proper valuation based on relevant, admissible and reliable evidence on the record.

In the Delaware case cited by the Gordons, Matter of Shell Oil Company, 607 A.2d 1213 (Del. 1992), the Court stated "when a court is faced with a lack of reliable direct evidence of value, or when doubt exists as to the accuracy of its findings, it is appropriate for the Court, as a fact finder to test its conclusions against other evidence in the record before it". However, in the Delaware court indicated that it is not improper for a court to totally reject expert testimony if the court finds it to be highly illogical or invalid. Thus, the decision whether to accept or reject any or all of an expert opinion is within the sound discretion of the trial court.

Furthermore, the Delaware court recognized that the trial court has the inherent authority to appoint a neutral expert witness, but "there is, of course, no requirement that the court do so." Ultimately, the trial court has wide discretion to accept or reject a party's experts and their respective valuation frameworks. The court may select one of the party's valuation methods or fashion its own. See *15 Pa.C.S.A. §1579(c).*

As discussed above, Pennsylvania has the same standard as Delaware, permitting a trial judge to make an independent assessment of the weight to be accorded to expert testimony, and assign a "fair value" based on any credible evidence presented. *See Also Gaydos v. Gaydos, 693 A.2d 1368 (1997)(Trial court has discretion to reject expert valuation); Bryn Mawr Trust Co. v. Healy, 667 A.2d 719 (Pa.Super 1995)(Trier of fact has exclusive authority to weigh credibility of expert witness' testimony regarding valuation).* It is not

error for the judge to dismiss unreliable expert testimony, and independently assess the evidence.

3. THE BURDEN OF PROOF WAS PROPERLY ASSIGNED TO THE DISSENTING SHAREHOLDERS.

The Gordons' Motion for Post-Hearing Relief inaccurately contends that the companies, not the Dissenting Shareholders, bear the burden of proof to establish fair value in a dissenting shareholder's action. To the contrary, the Court was correct in placing the burden of proof on the Dissenting Shareholders.

The Gordons' Motion states that "no court in Pennsylvania has analyzed this statutory scheme for purposes of determining who bears the burden of proof". Plaintiffs relied on an 11th Circuit Federal Court Opinion to support the argument that the companies should have the burden of proof in this case. In fact, Pennsylvania Courts have consistently assigned the burden of proof to dissenting shareholders seeking fair value determination of their shares.

In *Ferrando vs. United States National Building and Loan Association, 307 Pa. 25, 160 A. 716 (1932)*, the Supreme Court of Pennsylvania held the following:

> When a corporation, against the protest of one of its stockholders, transfers all its assets either through sale or merger to another corporation, a dissenting stockholder is entitled to demand and receive in cash the value of his stock at the time of such transfer. In an action to secure the worth of the stock, the burden rests on the protesting shareholder to prove the recoverable value of his stock as of the date of transfer. No particular method is necessary to determine value, but the evidence should be such as would fairly satisfy the Chancellor as to what the actual value was.

160 A. at 716 - 717 (Internal citations omitted.) See also *In Re: Glosser Bros., Inc., 382 Pa.Super. 177, 555 A.2d 129 (1989)*; holding that the burden is on the shareholder to show why he should be afforded dissenter's rights; *Landy vs. Amsterdam, 815 S.2nd 925 (CA 3 Pa. 1987)* in a minority shareholder action against corporation challenging merger, minority shareholders have the burden to prove the transaction was unfair; *Austin vs. City Stores Co., 89 Pa. D&C 57 (1954)* in an action instituted under the Business Corporation Law for an appraisal of the "fair value" of the shares of dissenters to a corporate merger, petitioners, having instituted the action, have the burden of establishing the "fair value" of their shares. It must further be noted that the 11th Circuit case cited by Gordons was brought by the corporation, so the corporation naturally had the burden of proof regarding valuation.

The trial record shows that the companies acted in accordance with the Pennsylvania Business Corporation Law by notifying the shareholders of the proposed corporate action. When the Gordons dissented, the companies notified them that there was no value attached to the shares. Given the negative value of the shares, the companies also notified the shareholders that no remittance would be made. No further corporate action was required. It was then up to the Dissenting Shareholders to apply to the Court and sufficiently prove that fair value was something other than the company's assessment. *15 Pa.C.S.A.. §1571, et seq.*

4. THE COURT PROPERLY REJECTED THE DISSENTING SHAREHOLDERS' EVIDENCE CONCERNING FAIR VALUE.

The expert opinion presented by the Gordons was properly rejected in its totality by the Court. The Gordons' expert based his valuation on inadmissible projections in anticipation of the planned merger. Throughout their fourth assignment of error, the Gordons attempt to bolster the credentials of their expert and rehash the valuation approach and methodology used by the expert in making the valuation. However, there is no question that the Gordons' expert made the valuation analysis by relying on company projections in anticipation of the merger. By definition, the expert did not make an acceptable determination of "fair value". *15 Pa.C.S.A. §1572* (definition of "fair value" excludes any appreciation in anticipation of the corporate action).

The Court properly rejected the Gordons' expert testimony as unreliable and the Dissenting Shareholders did not meet their burden in proving a fair value by any other reliable and acceptable evidence. Therefore, there was no error in the Court making an independent determination of fair value without considering the expert opinion presented by the Dissenting Shareholders.

5. THE EXPERT REPORT AND TESTIMONY PRESENTED BY THE COMPANIES WAS A PROPER AND RELIABLE VALUATION.

The Court rejected the testimony of both experts in this case, and made an independent determination of fair value. Therefore, should the Court confirm that a proper fair value determination was made pursuant to the Business Corporation Law and supported by competent and substantial evidence, the assignment of

error raised at No. 5 by Gordons' Post-Hearing Motions is moot as it concerns the reliability of the companies' expert. Alternatively, if the Court is to reconsider the expert testimony, then the companies incorporate the Post-Trial Brief (at page 15 et seq.) where the companies discussed the credentials and valuation methodology of the companies' expert, James Mulick.

The Gordons fault the companies' expert for not allegedly considering the potential for an upswing in the economy, and specifically the powdered metal industry. In fact, relevant economic and industry projections were considered by Mulick in formulating his calculations. What was not considered by Mulick was the economic infusion and subsequent growth based on the plan of merger on which Plaintiffs' valuations were based.

The Gordons' criticism of Mr. Mulick's valuation is unfounded, and the remaining record serves to support Mulick's valuations. The Court rejected the experts' opinions in part because of the vast disparity and expressed disappointment in the differing valuations. However, the remaining record is in accord with the minimal valuation opinion of Mr. Mulick and there is absolutely no support for increasing the value attributed to the shares by the companies.

The factual testimony at trial supports the fair values assigned by the Court. Plaintiff Richard Gordon himself testified that his initial investment in Metaltech Corporation was $25,000.00. Despite acquisition of assets over the years, Mr. Gordon, along with Robert Hanak and Don Asti, confirmed that with this growth the company's debt load increased commensurately. At the time of the

planned merger, Metaltech was in serious financial jeopardy. Patrick Heath, the Bank representative who managed the Metaltech loan account, indicated that prior to the merger, the financial obligations of Metaltech were seriously delinquent and that Bank action was imminent. In addition, the evidence showed that absent the personal guarantees of Robert Hanak, the assets of Metaltech did not adequately collateralize its debt.

Given that the evidence showed Metaltech to be a company that was simply "treading water", barely managing to meet its debts, and with no significant growth, profit or dividend, the Court rightfully assigned the fair value of Plaintiffs' shares at $25,000.00, the amount of his initial investment.

Likewise, the evidence showed that prior to the plan of merger, Dock Street was a severely distressed company on the verge of collapse. The Gordons made no financial investment for their shares in Dock Street other than signing as co-guarantor of the acquisition financing. Richard Gordon conceded that his primary concern with Dock Street was to be relieved of his financial responsibility for the significant company debt. The evidence showed that the merger process included a release and indemnification of the Gordons for all debts related to Dock Street. Accordingly, the Court properly ruled that the Gordons have received adequate consideration and "fair value" for their shares.

The Court's assignment of value to the Gordons' shares was not made blindly or arbitrarily, but was based on the credible evidence of record. The determination of fair value based on the Plaintiffs'

capital investment in each corporation is a proper fair value determination and should not be disturbed.

6. THERE WAS NO INADMISSIBLE TESTIMONY BY THE EXPERT FOR THE COMPANIES THAT WAS BEYOND THE SCOPE OF HIS REPORT.

Given that the Court did not accept the conclusions of either expert, it is a moot point as to whether an admissible testimony was presented by the expert for the companies. However, in that the company continues to contend that Mr. Mulick's testimony was proper and valid, this issue, raised by the Dissenting Shareholders as an assignment of error, will be addressed.

Although Pennsylvania law holds that it is proper for an expert to consider all valuation methods, the expert is not required to discuss each rejected method in his report. Mr. Mulick focused his evaluation report on his chosen method. In rebuttal, Mr. Mulick testified that he did properly consider alternative methods, but as did the opposing expert, he rejected those other methods as unreliable for this case.

There is no dispute that the valuation method used by Mulick in preparation of his report was the only acceptable method. It would have been a waste of time and resources to require the expert to discuss optional valuation methods that were clearly inapplicable and quickly rejected in this case.

The mandate for an appraiser to *consider* alternate valuation methods was discussed by the Pennsylvania Superior Court:

> While the mandate of O'Connor is that the appraising court *consider* the three methods of valuation, it does not

> require that after consideration, actual weight be ascribed to any of the valuation methods in attempting to determine a fair value. The goal of fairness would suggest the opposite: i.e., once there has been a determination that a method of valuation is of no assistance or would be misleading, it should not become a component of the final determination.
> *In re Sprang Industries, Inc., 369 Pa. Super. 133, 535 A.2d 86, 89 (1988) citing In re Jones & Laughlin Steel Corp., 328 Pa. Super. 442, 477 A.2d 527 (1984).*

Likewise, the mandate that consideration be given to various valuation methods does not require an expert to include discussions of the methods rejected as a component of his report. There was no error or impropriety in Mr. Mulick's report or testimony and it was entirely proper for him to discuss the valuation methods considered and rejected as part of his rebuttal testimony.

7. INTEREST

The companies accept the Court's fair value determination as made by the Order of September 22, 2005. The companies do not dispute that it would be proper for the Court in its discretion to award interest from the valuation date. Therefore, the companies do not oppose the Gordons' right to request interest, however the companies urge the Court to exercise its discretion against any award of interest, fees or costs.

Under the Business Corporation Law, the Court has discretion to order payment of interest at such rate as the Court deems to be fair and equitable under all the circumstances, taking into account all relevant factors, from the effective date of the corporate action until the date of payment. *15 Pa.C.S.A. §1572.* Because the Gordons brought this action before the court with no credible

evidence to support the escalated valuation demanded for the stock, and settlement negotiations were pointless as the Gordons continued to demand an outrageous sum, the companies have been forced to defend this action through trial, and are continuing to incur the expense of defense for post-trial matters.

Given the failure of the shareholders to meet their burden of proof and lack of merit to their outrageous demands, it would be unfair and inequitable for the court to award interest, fees or costs to the Gordons.

8. THE COMPANIES COMPLIED WITH ALL ASPECTS OF THE BUSINESS CORPORATION LAW AND THERE IS NO BASIS FOR AN AWARD OF FEES AND COSTS TO THE DISSENTING SHAREHOLDERS.

As discussed in No. 3 above, the companies properly notified the shareholders of the planned merger, and of its assignment of no value to the shares. There has been no finding that the companies failed to comply with the Business Corporation Law, and there is no basis for an award of fees and costs to the Dissenting Shareholders.

WHEREFORE, it is respectfully requested that the Dissenting Shareholder's Motions for Post-Trial Relief be denied.

Respectfully submitted,

HANAK, GUIDO and TALADAY

By _____
Matthew B. Taladay, Esq.
Attorney for Respondents

CERTIFICATE OF SERVICE

I certify that on the 14th day of October, 2005, a true and correct copy of the RESPONSE TO MOTION FOR POST-HEARING RELIEF was sent via first class mail, postage prepaid, to the following:

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FILED

OCT 17 2005

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Civil Division

Case No. 03-1048-CD

MOTION FOR POST-HEARING RELIEF

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

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Civil Division

Case No. 03-1048-CD

MOTION FOR POST-HEARING RELIEF

Dissenting shareholders Richard and Beverly Gordon file this post-hearing brief pursuant to Pa.R.Civ.P. 227.1.

A. Grounds for Relief.

1. Given The Widely Divergent Expert Opinions, The Court Should Have Exercised Its Authority To Appoint A Neutral Expert.

1. The Court expressed its frustration, both during the hearing and in the opinion it handed down after the hearing, over the fact that the parties presented such vastly different valuations. It is precisely this type of situation that cries out for the appointment of an independent expert.

2. The Pennsylvania Business Corporation Law expressly provides that:

> [t]he court may appoint an appraiser to receive evidence and recommend a decision on the issue of fair value.

15 Pa.C.S.A. §1579(c).

3. The need for a court-appointed expert is particularly acute where, as here, the experts retained by the parties are far apart in their conclusions. This was the clear message of the court in In the Matter of the Appraisal of Shell Oil Co., 607 A.2d 1213 (Del. 1992). The parties' respective experts in Shell Oil offered starkly different conclusions regarding the value of the dissenting shareholders' stock. The trial court in Shell Oil expressed dissatisfaction with the lack of objectivity of the experts' presentations.

4. On appeal, the Delaware Supreme Court noted that the "the clash of contrary, and often antagonistic, expert opinions on value" was "a recurring theme in recent appraisal cases," and that "[t]he presentation of widely divergent views reflecting partisan positions in appraisal proceedings adds to the burden of the Court of Chancery's task of fixing value." 607 A.2d at 1222.

5. The Delaware Supreme Court "imputed no impropriety" to the litigants in attempting to advance their respective positions, noting that "[t]hat is to be expected in an adversarial system." Id. Regardless of whether any party was to blame, however, the court recognized that the problem was real:

> . . . [i]f the Court is limited to the biased presentation of the parties, it is often forced to pick and choose from a limited record without the benefit of objective analysis and opinion.

Id.

6. The solution to this problem is the appointment of a neutral, independent expert:

> To compensate for this handicap, the Court of Chancery should consider, in a proper case, appointing its own expert witness.
>
> * * *

> **[W]e believe the time has come for the Court of Chancery to avail itself of such a practice whenever it believes that a more objective presentation of evidence is required, particularly in valuation matters.**

607 A.2d at 1222-23.

7. Similarly, in Gonsalves v. Straight Arrow Publishers, Inc., 701 A.2d 357 (Del. 1997), the parties presented "opinion evidence of absurdly differing values." Citing Shell Oil, the court repeated that the trial court "has the inherent authority to appoint neutral expert witnesses whenever it believes that a more objective presentation of evidence is required, particularly in valuation matters. We continue to commend that alternative in appraisal cases." 701 A.2d at 362.

8. The need for a court-appointed neutral appraiser is even clearer in the present case than in the cases cited above. First, the cases cited above were decided under Delaware law, which, unlike Pennsylvania, does not expressly authorize the court to appoint an appraiser in a dissenting shareholder suit. Second, the disparity in the expert valuations in this case is greater than it was in either Shell Oil or Gonsalves.

9. The dissenting shareholders suggested that the Court appoint its own appraiser upon first hearing the Court's frustration over the vastly different conclusions by the parties' experts. See Tr. (Vol. II) at 215-16. At that time, the dissenting shareholders advised the Court that the Pennsylvania BCL provides explicit authority for a court to appoint its own expert. The Court indicated that it would appoint an independent expert if the parties agreed, but the parties were not able to agree on a person who could serve as an independent expert. The dissenting shareholders repeated their suggestion when they submitted their post-hearing brief. See letter from R. Ejzak dated July 1, 2005.

2. The Court Failed To Engage In A Proper Determination Of Fair Value As Required By The Dissenting Shareholder Statute Of The Pennsylvania Business Corporation Law.

10. In its opinion, the Court states that it "is not prepared to accept either expert's report as presenting a true picture of the valuation of the two subject corporations." Opinion, p. 2. Based on that finding, the Court rejected the report of the dissenting shareholders' expert in its entirety. Such an all-or-nothing approach is not in line with the valuation analysis required under the Pennsylvania BCL.

11. First, it is important to recognize that the dilemma this Court confronted here in dealing with drastically different expert reports is not unusual in this context. "Valuation is an art rather than a science." In re Appraisal of Shell Oil Co., 1990 Del.Ch. LEXIS 199 at *16 (Dec. 11, 1990). As one commentator observed, even though the income approach is highly regarded, it unavoidably relies to some extent on guesswork and subjectivity at various junctures in the analysis. See *The Shareholder's Appraisal Remedy And How Court's Determine Value*, 47 Duke L.J. 613, 629-30 (1998)

> Because of the inherent subjectivity and estimation involved, the parties' experts can compute dramatically different valuations, even if they utilize the same methodology. . . .Thus, the expert retained by the dissenting shareholder invariably concludes that the corporation has a very high fair value, while the corporation's expert determines that the fair value of the corporation is much lower. It is not unusual for the opinions of the experts to differ by a factor of ten. It is, therefore, not surprising that courts have evidenced frustration with this process.

Id. at 630-31 (citing, inter alia, Hodas v. Spectrum Tech., Inc., 1992 Del. Ch. LEXIS 252 at *7, *9 (Dec. 7, 1992) (expert opinions ranged from $68 per share to $896 per share); Cavalier Oil Corp. v. Harnett, 1988 Del.Ch. LEXIS 28 at *34, *54 (Feb. 22, 1988), aff'd 564 A.2d 1137 (Del. 1989) (expert opinions ranged from $44 per share to $676 per share).

12. While courts have expressed frustration with the process, their answer has not been to abandon the task of conducting a meaningful valuation analysis. Nor has it been to adopt mechanically all of one expert's report to the complete exclusion of an opposing expert's report. In fact, it has been held improper for a court to announce that it is taking such an approach. See Gonsalves v. Straight Arrow Publishers, Inc., 701 A.2d 357 (Del. 1997). Instead, recognizing their statutory obligation to determine the fair value of the dissenting shareholder's stock, courts have analyzed the positions taken by the respective experts, challenging or rejecting parts of the experts' opinion while accepting others. The result invariably is a fair value determination by the court that is not identical to the valuation by either of the parties' experts.

13. For example, the court in Salomon Brothers Inc. v. Interstate Bakeries Corp, 1992 WL 94367 (Del. Ch. 1992), one party argued that the fair value of the stock before the merger was almost $40/share, while the other party argued that it was between $21 and $24/share – a difference of nearly 100%. The court rejected portions of each expert's evidence. With respect to one of the experts, the court found that his discounted cash flow analysis (which is another title for the income approach used here) rested on an incorrect assumption about capital expenditures, which was at odds with management's assumption. Salomon Brothers. 1002 WL 94367 at *5. Another expert improperly relied on projections that included value arising from the anticipated merger. Id. After making the modifications and adjustments on account of these errors by the experts, the court determined that the fair value of the stock was $32.50/share.

14. Here, the task of analyzing the respective expert valuations is made somewhat easier by the fact that both experts adopted the same methodology – the income approach. The primary areas of disagreement are fairly clear. First, the projections on which the respective experts relied were wildly different. The expert for the dissenting shareholders relied on

projections prepared by the subject companies without the taint of litigation, while the expert for the subject companies relied on projections prepared expressly for this litigation. Second, the discount rates applied by the respective experts were far apart.

15. For the reasons discussed below, the dissenting shareholders believe that the projections and discount rates used by their expert are appropriate, and those used by the expert retained by the subject companies are not. However, the lesson of the case law is that the Court need not accept one expert's views in toto to the exclusion of the other. Instead, the Court should consider the various issues on which the respective experts disagree, decide what it believes is the proper resolution of those issues, and adjust the fair value figure accordingly.

16. The dissenting shareholders were unaware that the Court was not going to engage in a meaningful fair value analysis until they received the Court's opinion, and therefore did not raise this issue previously.

3. The Court Improperly Assigned The Burden Of Proof To The Dissenting Shareholders.

17. In its opinion, the Court states that it "must find that the dissenting shareholders have not met their burden of proof by the fair weight or preponderance of the evidence." Under the law, however, it is the subject companies, not the dissenting shareholders, that bear the burden of proof.

18. The Pennsylvania Business Corporation Law provides that the company is required to take the lead in the process that results in paying a dissenting shareholder the fair value for his stock. For example, the company is required to (a) mail a notice to the dissenting shareholders informing them when and where they must demand payment for their shares

(among other things); and (b) either remit the amount owed for the shares or notify the dissenting shareholders that no remittance will be made. 15 Pa.C.S.A. §§1575 and 1577(c).

19. Most significantly, Section 1579 allows the company to file an application with the court in the event the parties are unable to reach an agreement on the fair value of the dissenting shareholders' stock. The dissenting shareholder has no right to file the application unless the company fails to do so.

20. While no court in Pennsylvania has analyzed this statutory scheme for purposes of determining who bears the burden of proof, a federal circuit court did conduct such an analysis in Multitex Corp. of America v. Dickinson, 683 F.2d 1325 (11th Cir. 1983). Analyzing statutory provisions similar to the dissenting shareholder provisions in the Pennsylvania Business Corporation Law discussed above, the court in Multitex declared that:

> . . . imposing the burden of proof on the corporation in appraisal proceedings is more harmonious with the general statutory scheme.

683 F.2d at 1331. The court noted that "the corporation is required by statute to institute appraisal proceedings." The court then reasoned that

> we find it incredible that institution of proceedings by the corporation would be *mandated* only to impose upon the shareholder the burden of coming forward with evidence.

Id.

21. As the court explained, "the Act's purpose of affording protection to minority shareholders is better furthered if the corporation bears the burden of proof." The corporation is in a far better position to establish value, the court noted, because it has "immediate and unrestricted access to information concerning its financial condition and faces only a comparatively minimal burden in presenting that information to the court. On the other hand, "discovery and assimilation of the same information by a minority shareholder might be an

insurmountable financial and impractical burden." Id. Thus, placing the burden of proof on the corporation not only fits with the statutory scheme, but also makes sense from a practical standpoint.

22. In short, shifting the burden from the corporation to the dissenting shareholder where the corporation has completely ignored the provisions of the statute, and has forced to the dissenting shareholder to take the initiative in filing suit, would reward the corporation for its improper conduct. The legislature obviously could not have intended such a bizarre consequence.

23. The dissenting shareholders were unaware that the Court intended to shift the burden of proof to them until they received the Court's opinion, and therefore did not raise this issue previously.

4. Even Assuming, Arguendo, That The Dissenting Shareholders Had The Burden Of Proof, The Dissenting Shareholders Satisfied That Burden.

24. While the burden of proof for determining the value of the companies' stock properly lies with the subject companies, the dissenting shareholders easily satisfied that burden even if it is shifted to them. The Court's opinion states that expert testimony was necessary because determining the value of corporate shares of stock is not within the general knowledge of the community. Opinion, p. 1.

25. The dissenting shareholders presented expert testimony through Mark Gleason. Mr. Gleason is a certified valuation analyst who has performed hundreds of business valuations over the last 15 to 20 years. Tr. (Vol. I) 10, 11. He graduated with a degree in economics from the University of Pittsburgh, where he later earned a masters degree in business administration with an emphasis in financing accounting. Tr. (Vol. I) 9. He worked at Arthur Anderson and

Price Waterhouse before starting his own current accounting firm. In addition, he has the practical experience of seeing how a business really operates from his role as vice president and chief financial officer at Mulach Steel Company. Tr. (Vol. I) 10. In short, Mr. Gleason is eminently qualified to analyze the value of the dissenting shareholders' stock.

26. Mr. Gleason prepared a separate, lengthy expert report for each of the two subject companies. In preparing those reports, Mr. Gleason considered three different valuation methodologies: the income approach, the market approach and the net asset approach. These methodologies, which are well-recognized in the field of business valuations, are the three methodologies the Pennsylvania Supreme Court endorsed in the seminal case of In re Glosser Brothers, 555 A.2d 129 (Pa. 1989).

27. After considering all three methodologies (as is appropriate under In re Glosser Brothers), Mr. Gleason determined that the income approach is the most reliable method for valuing the subject companies.[1] Of all of the approaches to valuation, the income approach is "probably the most prominent and frequently used." See *The Shareholder's Appraisal Remedy And How Court's Determine Value*, 47 Duke L.J. at 628. Adopting this approach also is consistent with the Pennsylvania Supreme Court's opinion in In re Glosser Brothers (where the Court referred to it as the investment approach).

28. There is no dispute in this case that the income approach is the appropriate method, as Mr. Mulick (the expert who testified on behalf of the subject companies) endorsed the same approach. Nor is there any doubt that the methodology used by the dissenting shareholder's expert is well-established and highly regarded.

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1 This approach also is known as the discounted cash flow or investment approach.

29. The income approach requires the appraiser to take projections of future cash flow and reduce them to present value. It is a complicated, multi-step analysis, as summarized below:

Calculate projected free cash flow by:

a. projecting net income of the subject company into the future;

b. adjusting net income by adding back depreciation, amortization and interest, and deducting capital expenditures; Tr. (Vol. I) 37;

Reduce the projected free cash flow to present value by:

a. calculating the weighted average cost of capital (or "WACC"), which requires:

i. calculating the cost of debt;

ii. calculating the cost of equity;

iii. adjusting for the debt to equity ratio; and

iv. applying the appropriate tax rate;

Apply the WACC to the free cash flow; and

Subtract the long term debt.

30. It is undisputed that these are the necessary steps that apply under the income approach. See In re Glosser Brothers, 555 A.2d at 186; and see *The Shareholder's Appraisal Remedy And How Court's Determine Value*, 47 Duke L.J. 613, 627-28 (1998) (listing the basic elements of the income approach). Indeed, Mr. Mulick followed the same steps in performing his valuation. It is alsc undisputed that Mr. Gleason performed each of these steps. Thus, there is no question that the dissenting shareholders provided expert evidence regarding every component of the valuation methodology that is applicable here.

31. In performing each of the steps listed above, Mr. Gleason followed sound appraisal practices. First, and most significantly, in calculating the projected free cash flow of

the companies, Mr. Gleason used projections **prepared by the companies themselves.** While the companies (predictably) tried to distance themselves from those projections, their own director of operations testified that they were assembled by someone in management for the companies. Tr. (Vol. II) 107, 116-18. In addition, counsel for the subject companies stipulated during the trial that the projections were generated by the companies. Tr. (Vol. II) 206.

32. Courts understandably have declared that such projections, prepared without the taint of litigation, are far more reliable than litigation-driven forecasts. See, e.g., Cede & Co. v. Technicolor, Inc., 2003 WL 23700218 at *7 (Del. Ch. July 9, 2004 (appeal pending) (preferring impartially created pre-merger projections to "litigation-driven forecasts")); accord Cede & Co. v. JRC Acquisition Corp., 2004 WL 286963 at *2 (Del. Ch. Feb. 10, 2004); In re Emerging Communications. Inc. v. S'holders Litig., 2004 WL 1305745 at *14 (Del. Ch. June 4, 2004); Prescott Group L.P. v. The Coleman Co., 2004 WL 2059515 at *21 (Del. Ch. Sept. 8, 2004).

32. Courts also have refused to allow management to distance themselves from their own projections. See, e.g., Grav v. Cytokine Pharmasciences, Inc., C.A. No. 27541, 2002 WL 853549 at *8 (Del.Ch. 2002). Thus, because it relies on projections prepared by the companies without the taint of litigation, the expert valuation submitted by the dissenting shareholders stands on a solid foundation.

33. If the Court had any doubt about the reliability of the projections prepared by the companies on which Mr. Gleason relied, that doubt should be eliminated by the actual performance of the companies. In the first quarter of 2003, the actual net income for Dock Street

exceeded the projections by 33%, and the actual net income for Metaltech was only slightly less than what was projected (a variance of under 10%). Compare Ex. 6 and 7 to Ex. 9 and 10.[2]

34. In calculating the cost of debt, Mr. Gleason used the actual interest rate that the subject companies in fact were being charged. Tr. (Vol. I) 29. And see Ex. 1, Tab I and Ex. 2, Tab H. In calculating the cost of equity, Mr. Gleason relied on data provided by Ibbotson Associates, a well-known research center that is routinely used by valuation experts. Tr. (Vol. I) 30-32. Indeed, Mr. Mulick himself relied on data from Ibbotson. See Ex. B, pp. 21 and 24.

34. Rather than blindly applying data from Ibbotson, Mr. Gleason made adjustments in the cost of equity to account for the small size of the subject companies and for the weak financial performance of these companies during the recession. Tr. (Vol. I) 32. Each of those risk factors increased the cost of equity by nearly 75%. Tr. (Vol. I) 32. Mr. Gleason also made adjustments for the ratio of debt to equity and the applicable tax rate. Tr. (Vol. I) 33-36.

35. In light of this well-supported, thorough analysis by Mr. Gleason, which was submitted to the Court both through his expert testimony and his expert reports, the dissenting shareholders provided sufficient evidence of the fair value of their stock in Dock Street and Metaltech. The dissenting shareholders therefore respectfully disagree with the Court's decision that they failed to submit sufficient evidence to carry their burden of proof.

---

[2] Although counsel for the companies argues that these projections and the actual performance of the companies reflect an appreciation in value due to the merger, the evidence is otherwise. First, the undisputed evidence shows that DuPenn, the company into which Dock Street and Metaltech were being merged, was expected to continue its dismal performance. Indeed, the strong performance of Dock Street and Metaltech was expected to offset the losses of DuPenn. See Ex. 21 and 22. Second, the projections do not reflect any benefits from the merger. For example, while the merger was expected to result in a refinancing of the bank debt, the projections do not predict any change in that payment pattern. The point is underscored when the projections are compared to the actual data, which shows a dramatic decrease in interest payments after the merger date. Compare Ex. 6 and 7 to Ex. 9 and 10 (line item labeled "Interest expense").

36. The dissenting shareholders raised the above points both during trial and in their post-trial brief.

5. The Expert Report And Testimony Presented By The Subject Companies Is Fundamentally Flawed And Unreliable.

37. To the extent the Court relied on the report prepared by Mr. Mulick, the expert retained by the subject companies, that reliance was misplaced. First, as established during trial, Mr. Mulick is not a certified valuation analyst, and he did not certify that his report complies with the Uniform Standards of Professional Appraisal Practice or the Standards of the National Association of Certified Valuation Analysts.

38. After admitting that it is important to know what management itself was projecting for the future performance of the companies, Mr. Mulick conceded that he was unaware of the projections the company prepared without the taint of litigation on which Mr. Gleason relied.

39. Rather than relying on (or even considering) projections prepared by the companies prior to the valuation date, Mr. Mulick created his own projections specifically for this litigation. As discussed above, such litigation-driven projections are far less reliable.

40. The unreliability of Mr. Mulick's projections is clear when they are compared to the actual performance of the companies. For example, Mr. Mulick predicted total net income of only $11,458 for Metaltech in the year 2003. In reality, Metailtech had actual net income in excess of $33,000 in January, 2003 alone. Despite having the benefit of hindsight, therefore, Mr. Mulick projected annual net income that he knew (or should have known) was exceeded in the first month of the year.

41. In basing his projections on the historic performance of the subject companies, Mr. Mulick failed to adjust for certain distortions in those past figures. For example, Mr. Mulick failed to adjust for the 25% to 30% price increase that Dock Street obtained with its primary customer in 2002 (which change went into effect in 2003).

42. Mr. Mulick also failed to account for the fact that Dock Street changed the manner in which it handled castings, which initially were reflected as a purchase from and then a resale back to Invensys, but eventually were reflected as a tolling process.

43. In general, Mr. Mulick failed to accord proper weight to the effects of the recession that the economy experienced after the terrorist attacks on September 11, 2001. Mr. Mulick's overly pessimistic projections are inconsistent with his own admission that the country at large, and the powdered metal industry in particular were showing signs of improvement by the end of 2002.

44. In calculating his discount rate, Mr. Mulick applied extreme numbers that are devoid of any support. For example, Mr. Mulick made adjustments of 15% and 20% to the cost of capital for Dock Street and Metaltech, respectively, that are excessive. Mr. Mulick also applied a Firm Specific Premium for Dock Street due to "customer concentration," despite the absence of any evidence of risk regarding that customer.

45. The dissenting shareholders raised these points during the trial and in their post-trial brief.

6. The Court Improperly Permitted The Expert For The Subject Companies To Testify On Matters Beyond The Scope Of His Report.

46. Unlike Mr. Gleason, whose report refers to valuation methods other than the income approach, Mr. Mulick's report only refers to and discusses the income approach. Such a

narrow focus is improper under the Pennsylvania Supreme Court's opinion in In re Glosser Brothers.

47. To try to remedy this problem, Mr. Mulick testified during trial that he did consider other approaches. Counsel for the dissenting shareholders promptly objected to this testimony.

48. It is well-established under Pennsylvania law that an expert cannot testify beyond the scope of his report.

49. Accordingly, it was improper to permit Mr. Mulick to testify that he considered other valuation approaches where his report is devoid of any references to other approaches.

50. The dissenting shareholders raised this objection during the trial.

7. The Court's Award Should Include Interest From the Valuation Date.

51. While the dissenting shareholders disagree with the fair value determination by this Court, the Court should award interest from the valuation date (March 31, 2003) on whatever fair value ultimately is determined to be appropriate in this case. The dissenting shareholders requested interest in the application filed with the Court on or about July 13, 2003.

8. The Court Should Award Fees And Costs To The Dissenting Shareholders Given The Complete Failure By The Subject Companies To Comply With The Pennsylvania Business Corporation Law.

52. The dissenting shareholders presented evidence during trial that the subject companies failed to comply with any of the requirements of the dissenting shareholders statute in the Pennsylvania BCL. The subject companies have not and cannot present any evidence to the contrary.

53. The dissenting shareholders raised this issue during the trial and in their post-trial brief.

B. Relief Requested

1. The Court Should Exercise Its Authority To Appoint A Neutral Expert And Either Order A New Trial Or Modify The Court's Decision Based On The Neutral Expert's Opinion.

54. For the reasons argued above, the Court should appoint a neutral expert to analyze the fair value of the dissenting shareholders' stock and either order a new trial or modify its decision based on the neutral expert's opinion. Although not required under the Pennsylvania BCL, the dissenting shareholders are willing to pay 100% of the fees and costs of the neutral expert in preparing an independent valuation.

2. In The Alternative, The Court Should Modify Its Decision By Awarding The Fair Value As Determined By The Dissenting Shareholders' Expert Or Awarding Whatever Value The Court Determines Following A Proper Fair Value Analysis.

55. In the alternative, the Court should modify its decision and award the fair value as determined by the dissenting shareholders' expert or whatever value the Court determines following a proper fair value analysis. The Court should include interest on whatever amount is awarded as the fair value

56. The Court's award should include fees and costs to the dissenting shareholders in an amount determined at a future hearing given the complete failure of Dock Street and Metaltech to comply with the provisions of the dissenting shareholder statute.

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

Richard A. Ejzak
PA. I.D. #56699
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
(412) 297-4900

Dated: October 3, 2005

1006725_1

BERN & KUBISTA
LOCAL COUNSEL
FOR GORDON

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	Civil Division Case No. 03-1048-CD

ORDER

AND NOW, this _____ day of _____, 2005 upon consideration of the Motion for Post Hearing Relief filed by Dissenting Shareholders and any opposition thereto, it is hereby ORDERED that said Motion is GRANTED. The Court will appoint an independent expert to advise on the fair value of the Dissenting Shareholders' stock, and shall conduct a new trial following the completion of the independent expert's opinion.

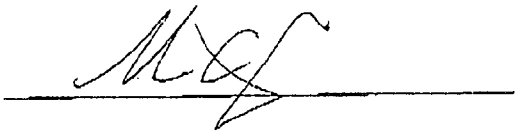
By the Court:

_____
J.

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Motion for Post-Hearing Relief was sent to the following counsel of record via first class U.S. mail, postage prepaid, on this 3rd day of October, 2005:

Matthew B. Taladay, Esq.
Hanak, Guido, and Taladay
498 Jeffers Street
P.O. Box 487
DuBois, PA 15801



FILED 1cc:
01 10:31 BL
SEP 23 2005
William A. Shaw
Prothonotary/Clerk of Courts
Taladay
Ejzak
J. Ryan
D. Mikesell
Law Library
(GK)

IN THE COURT OF COMMON PLEAS

OF CLEARFIELD COUNTY, PENNSYLVANIA

CIVIL DIVISION

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	03-1048-CD

OPINION AND ORDER

This action arises from the merger of two companies, Dock Street Manufacturing, Inc., and Metaltech Corporation, into a third company, DuPenn, Inc. Richard and Beverly gordon are shareholders in both Dock Street and Metaltech and objected to the merger of those companies with DuPenn. Under Pennsylvania's Business Corporation Law, the Gordons are entitled to receive the fair value of their interest in Dock Street and Metaltech as dissenting shareholders. The sole issue then before this Court is the determination of the fair value of the Gordons' shares in each of the two corporations, Metaltech and Dock Street, immediately prior to the merger of these companies with DuPenn, excluding any appreciation or depreciation in anticipation of the corporate merger.

The determination of the value of corporate shares of stock is not one within the general knowledge of the community and, therefore, expert testimony must be

relied upon. At the hearing, each party presented an expert on their behalf. Mark Gleason testified on behalf of the dissenting shareholders and gave his opinion that the 33 1/3 percent interest of Richard Gordon in Dock Street was $766,000 and the 8.16 percent interest of both Gordons in Metaltech was $336,000.

James Mulick testified as an expert on behalf of the surviving shareholders in DuPenn and expressed his opinion that the value of the shareholders' interest of the dissenters in Dock Street was zero, and in Metaltech, $860.

The difference in the experts' opinion as to valuation in this case is staggering, and this Court is very disappointed that the experts could be no more helpful than to present such widely differing opinions. Based on their testimony and the briefs following hearing, this Court is not prepared to accept either expert's report as presenting a true picture of the valuation of the two subject corporations. This being the case, the Court must find that the dissenting shareholders have not met their burden of proof by the fair weight or preponderance of the evidence. Nevertheless, this Court is further of the opinion that the shares of said dissenters in and to each of the two corporations do have some value, although the Court is unable to assign a dollar figure to said value based on the reports of the two experts.

This Court notes that in acquiring his interest in Metaltech set at 6.6 percent, Richard Gordon paid the sum of $20,000. In acquiring the 33 1/3 percent in Dock Street, the shareholders made no cash outlay but instead each side personally guarantees to secure the debt of the corporation. The Gordons have since been released from that guarantee. With no other credible basis for making an award to the dissenting shareholders, the Court will return to them the $20,000 cash outlay incurred as set forth above.

Wherefore, the Court enters the following Order:

O R D E R

NOW, this 22nd day of September, 2005, following hearing and briefs into the above captioned action seeking to determine the value of dissenting shareholders' interest in Metaltech Corporation and Dock Street Manufacturing, Inc., it is the ORDER of this Court that judgment shall be and is hereby entered in favor of said dissenters in the amount of $20,000, in accordance with the foregoing Opinion.

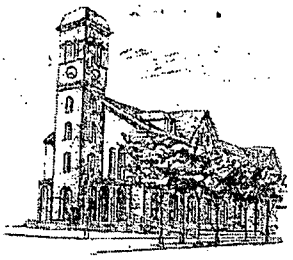
BY THE COURT,

THE HONORABLE JOHN K. REILLY, JR.
Senior Judge, Specially Presiding

FILED

SEP 23 2005

William A. Shaw
Prothonotary/Clerk of Courts



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw Prothonotary/Clerk of Courts
David S. Ammerman Solicitor
Jacki Kendrick Deputy Prothonotary
Bonnie Hudson Administrative Assistant

To: All Concerned Parties

From: William A. Shaw, Prothonotary

Date: September 19, 2005

Over the past several weeks, it has come to my attention that there is some confusion on court orders over the issue of service. To attempt to clear up this question, from this date forward until further notice, this or a similar memo will be attached to each order, indicating responsibility for service on each order or rule. If you have any questions, please contact me at (814) 765-2641, ext. 1331. Thank you.

Sincerely,

William A. Shaw
Prothonotary

_____ You are responsible for serving all appropriate parties.

__X__ The Prothonotary's office has provided service to the following parties:

_____ Plaintiff(s)/Attorney(s)

_____ Defendant(s)/Attorney(s)

__X__ Other Attorneys: Taladay, Ejzak, Ryan

(on Ejzak & Ryan) __X__ Special Instructions:

Please file a Praecipe to Enter Judgment per Court Order with the $20.00 filing fee to have the judgment reflected. Thank you.

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	CIVIL DIVISION No. 03-1048-CD Type of Pleading: **CERTIFICATE OF SERVICE** Filed on Behalf of: RESPONDENTS, METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC. Counsel of Record for This Party: Matthew B. Taladay I.D. No. 49663 Hanak, Guido and Taladay 498 Jeffers St., P. O. Box 487 DuBois, PA 15801 814-371-7768

FILED
m/10:45cm
MAR 17 2005
no cc
William A. Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

CERTIFICATE OF SERVICE

I certify that on the 16th day of March, 2005, a Court certified Order of Court dated March 10, 2005 was sent via first class mail, postage prepaid, to the following:

Richard A. Ejzak, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

Matthew B. Taladay
Attorney for Respondents

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA
CIVIL DIVISION

METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC., APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ORDER

AND NOW, this 10TH day of March, 2005, in consideration of Attorney Taladay's Petition for Continuance; the Court noting that the Hearing on the Merits in the above-captioned matter has been scheduled by Order dated February 3, 2005 and due to the fact that Senior Judge, John K. Reilly, Jr. is not available to preside in Clearfield County on a full-time or regular basis, it is the ORDER of the Court that said Petition for Continuance is hereby Denied.

FILED 3cc Atty Taladay
01:07 BH
MAR 10 2005
William A. Shaw
Prothonotary/Clerk of Courts

BY THE COURT:

FREDRIC J. AMMERMAN
President Judge

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	CIVIL DIVISION No. 03-1048-CD Type of pleading: **PETITION FOR CONTINUANCE** Filed on Behalf of: RESPONDENTS, METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC. Counsel of Record for This Party: Matthew B. Taladay I.D. No. 49663 Hanak, Guido and Taladay 498 Jeffers St., P. O. Box 487 DuBois, PA 15801 814-371-7768

FILED 1cc
01:19 BOH Atty Taladay
MAR 08 2005
William A. Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	: : : : : : :	No. 03-1048-CD

PETITION FOR CONTINUANCE

AND NOW, comes the Petitioner, Robert M. Hanak, by and through his undersigned counsel and hereby petitions the Court for a continuance of the scheduled trial in this matter as follows:

1. The above captioned matter is a minority shareholder action brought by Richard and Beverly Gordon for purposes of determining the value, if any, of their minority ownership in the above referenced corporations.

2. The Defendant, Robert M. Hanak, is the majority shareholder of Metaltech Corporation and Dock Street Manufacturing, Inc. and will be the primary factual witness for the defense.

3. The Petitioner hereby requests this Honorable Court for a continuance of the scheduled trial for the following reasons:

(a) The Petitioner has been out of state on an annual extended family vacation, which was scheduled and prepaid prior to the scheduling of trial in this matter, and will not return to Pennsylvania until March 27, 2005.

(b) The Petitioner is a practicing attorney and upon his return will face a significant work load resultant from his absence.

(c) The Petitioner will not have adequate time to meet with trial counsel and prepare for trial in this matter absent a continuance.

(d) There have been no prior motions for continuance and it is verily believed that the Gordons will suffer no prejudice from a brief continuance.

5. It is respectfully requested that this matter be continued until the soonest available dates after April 11, 2005.

WHEREFORE, it is respectfully requested that the within motion for continuance be granted.

Respectfully submitted,

HANAK, GUIDO and TALADAY

By _____
Matthew B. Taladay
Attorney for Petitioner

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ORDER

AND NOW, this _____ day of March, 2005, upon consideration of the foregoing Petition,

IT IS HEREBY ORDERED AND DECREED that the requested continuance is granted. Trial will be rescheduled by the Court Administrator.

BY THE COURT,

_____

J.

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

CERTIFICATE OF SERVICE

I certify that on the 8th day of March, 2005, a true and correct copy of the foregoing PETITION FOR CONTINUANCE was sent via first class mail, postage prepaid, to the following:

Richard A. Ejzak, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

Matthew B. Taladay
Attorney for Petitioner

FILED

MAR 0 8 2005

William A. Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA
CIVIL DIVISION

METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC., APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ORDER

AND NOW, this 3rd day of February, 2005, it is the Order of the Court that Hearing on the Merits in the above-captioned matter has been scheduled for **Tuesday and Wednesday, March 29 and 30, 2005 at 9:00 A.M.** each day in the Clearfield County Courthouse, Clearfield, PA before the Honorable John K. Reilly, Jr., Senior Judge, Specially Presiding. Please report to the Court Administrator's Office. You will be directed from there where this Hearing will be held.

BY THE COURT:

JOHN K. REILLY, JR.
Senior Judge

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01:00 Atty's: Taladay
FEB 03 2005 Ejzak
William A. Shaw Ryan
Prothonotary/Clerk of Courts

FILED

FEB 0 3 2005

William A. Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

CIVIL DIVISION

METALTECH CORPORATION and :
DOCKET STREET MANUFACTURING, :
INC.; application of RICHARD : NO. 03-1048-CD
GORDON and BEVERLY GORDON, :
Dissenting Shareholders :

O R D E R

NOW, this 9th day of November, 2004, following status conference into the above-captioned matter, it is the ORDER of this Court that the Court Administrator of Clearfield County shall schedule the above matter for hearing on the merits, not to exceed two (2) days, to be scheduled after the first of the year at the convenience of the parties.

BY THE COURT:

John K. Reilly, Jr.
Senior Judge
Specially Presiding

FILED
EGK @ 3:45 BA 1cc atty Holdaway
1cc atty Elijah
1cc Hon. Ryan
NOV 09 2004

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA
CIVIL DIVISION

METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC., APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ORDER

AND NOW, this 12 day of October, 2004, it is the Order of the Court that a Status Conference in the above-captioned matter has been scheduled for **Tuesday, November 9, 2004 at 1:30 P.M.** in the Clearfield County Courthouse, Clearfield, PA before the Honorable John K. Reilly, Jr., Senior Judge, Specially Presiding. Please report to the Court Administrator's Office. You will be directed from there where this conference will be held.

BY THE COURT:

JOHN K. REILLY, JR.
Senior Judge

FILED 6cc
02:12 60 1cc atty Belin
1cc atty Delaney

OCT 12 2004

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

CIVIL DIVISION

METALTECH CORPORATION and :

DOCK STREET MANUFACTURING, INC; : NO. 03-1048-CD

Application of RICHARD GORDON and:

BEVERLY GORDON :

O R D E R

NOW, this 12th day of January, 2004, following status conference in the above-captioned matter, it is the ORDER of this Court that the Court Administrator shall schedule a further status conference following completion of the expert reports to be filed on behalf of each party and a one-day trial before the Court without a jury no less than sixty (60) days from date hereof.

BY THE COURT,

Senior Judge,
Specially Presiding

FILED

JAN 12 2004

William A. Shaw
Prothonotary/Clerk of Courts

FILED
01 3:52 BK
JAN 12 2004

William A Shaw
Prothonotary/Clerk of Courts

1 cc Attys Taladay, Ejzak, Ryan

CA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA
CIVIL DIVISION

METALTECH CORPORATION and DOCK STREET MANUFACTURING INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ORDER

AND NOW, this 9 day of December, 2003, it is the ORDER of the Court that a Status Conference in the above matter has been scheduled for **Monday, January 12, 2004 at 11:00 A.M.** in Courtroom No. 1, Clearfield County Courthouse, Clearfield, PA.

BY THE COURT:

FREDRIC J. AMMERMAN
Judge

FILED

DEC 09 2003

Prothonotary

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01 2:20 PM
DEC 09 2003

William A. Shaw
Prothonotary/Clerk of Courts

1 CC Atty Taladay
1 CC Atty Ejzak

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

REPLY TO NEW MATTER

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

Richard A. Ejzak, Esq.
Pa. I.D. No. 56699

COHEN & GRIGSBY, P.C.
Firm No. 621
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319
(412) 297-4900

FILED

SEP 12 2003
M/ 11:30/
William A. Shaw
Prothonotary
no CKMT.

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	Civil Division Case No. 03-1048-CD

REPLY TO NEW MATTER

Plaintiffs Richard Gordon and Beverly Gordon, as dissenting shareholders, file the following Reply to the New Matter of Defendants Metaltech Corporation ("Metaltech") and Dock Street Manufacturing, Inc. ("Dock Street").

38. The averments of paragraph 38 are denied as stated. It is admitted that Richard Gordon acted as the Controller and Accountant for Defendants Metaltech and Dock Street for a period of time. It is further admitted that, during the time in which he held these positions, Mr. Gordon had authority to review certain books and financial records of those corporations.

39. The averments of paragraph 39 are admitted in part and denied in part. It is admitted that, during the time period when Richard Gordon acted as Controller and Accountant for Metaltech and Dock Street, Richard Gordon had check writing powers on behalf of these companies. It is denied that Mr. Gordon's son had check-writing powers for these companies. To the contrary, Richard Gordon's son never had check-writing powers for either Metaltech or Dock Street, and strict proof thereof is demanded at trial if relevant.

40. The averments of paragraph 40 are impertinent and wholly irrelevant to this litigation. These averments therefore should be stricken and no response should be required. To the extent a response is deemed required, these averments are denied as stated. It is admitted that Richard Gordon and Keith Gordon occupied space in a facility owned by Dock Street for a period of time. It is further admitted that neither Richard Gordon nor Keith Gordon paid rental fees or utility expenses in connection with their occupation of the space in question. Plaintiffs deny any implication that such rental fees or utility expenses were expected to be paid by Richard Gordon or Keith Gordon. To the contrary, Richard Gordon requested the use of certain office space. Both Robert Hanak and Tony Zaffuto granted Mr. Gordon's request, with a clear understanding among all parties that Mr. Gordon would not be charged in any manner for his use of the space. As recently as April of 2003, Messrs. Hanak and Zaffuto extended Mr. Gordon's occupation privileges indefinitely. Mr. Gordon vacated the premises voluntarily on or about August 1, 2003.

41. The averments of paragraph 41 are impertinent and wholly irrelevant to this litigation. These averments therefore should be stricken and no response should be required. To the extent a response is deemed required, the averments of paragraph 41 are admitted in part and denied in part. It is admitted that Richard Gordon received salary compensation on his own behalf from both Metaltech and Dock Street during the time that he provided services for those companies. It is further admitted that Richard Gordon charged Metaltech and Dock Street for the professional services he provided for the companies. It is denied that Richard Gordon received any salary compensation on behalf of Beverly Gordon, and strict proof thereof is demanded at trial if relevant. To the contrary, Beverly Gordon received compensation from Defendants on her own behalf at an hourly rate for services she provided for the companies. It is further denied

that any such compensation paid to Richard Gordon and Beverly Gordon was unreasonable or unjustified, and strict proof thereof is demanded at trial if relevant. To the contrary, Richard Gordon's compensation by Defendants was extremely low in light of (a) Richard Gordon's 35 years of experience as an accountant, (b) his employment by Defendants as both a Controller and an Accountant, and (c) his oversight responsibilities with regard to the Defendants' corporate books and financial records. By way of further response, Richard Gordon denies any implication that, by virtue of his oversight powers over certain corporate financial matters, he had any improper influence over his own compensation. To the contrary, Richard Gordon's compensation was determined by either Tony Zaffuto (President of both Metaltech and Dock Street) or by a compensation committee.

42. The averments of paragraph 42 state legal conclusions to which no response is required. To the extent a response is deemed required, the averments of paragraph 42 are denied. To the contrary, Richard and Beverly Gordon do not owe anything to Metaltech or Dock Street and strict proof thereof is demanded at trial if relevant.

WHEREFORE, Richard and Beverly Gordon respectfully requests the Court to:

(a) determine and award the fair value of their shares of Metaltech and Dock Street as of the date immediately before the effectuation of the corporate action to which they objected, along with interest, upon terms the Court deems just and reasonable;

(b) assess against Metaltech and Dock Street the costs and expenses of this proceeding, including but not limited to fees and expenses of counsel and experts and compensation and expenses of any appraiser appointed by the Court; and

(c) grant such other relief as the Court deems appropriate.

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

Richard A. Ejzak
PA. I.D. #56699
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
(412) 297-4900

Dated: September 10, 2003

VERIFICATION

I, Richard Gordon, hereby verify that I have read the foregoing Reply to New Matter and that the averments of fact made therein are true and correct based upon my knowledge, information and belief.

I understand that the statements of fact set forth herein are made subject to the penalties of 18 Pa.C.S. §4904 relating to unsworn falsification to authorities.

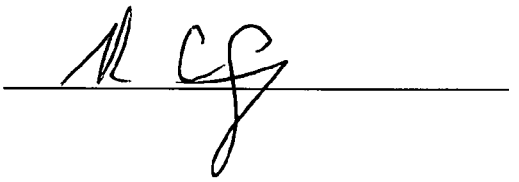
Richard Gordon

Dated: September 10, 2003

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Reply to New Matter was sent to the following counsel of record via first class U.S. mail, postage prepaid, on this 10th day of September, 2003:

Matthew B. Taladay, Esq.
Hanak, Guido, and Taladay
498 Jeffers Street
P.O. Box 487
DuBois, PA 15801



FILED

SEP 12 2003

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE:
METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders

CIVIL DIVISION

No. 03-1048-CD

Type of pleading:

ANSWER AND NEW MATTER

Filed on behalf of:

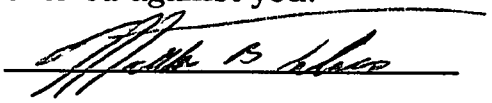
RESPONDENTS, METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.

Counsel of record for this party:

Matthew B. Taladay
I.D. No. 49663
Hanak, Guido and Taladay
498 Jeffers St., P. O. Box 487
DuBois, PA 15801

814-371-7768

You are hereby notified to plead to the within pleading within twenty (20) days hereof or a default judgment may be entered against you.



FILED

AUG 25 2003
03:40 (
William A. Shaw
Prothonotary/Clerk of Courts

1 CERT TO ATTY

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ANSWER

AND NOW, comes the Metaltech Corporation and Dock Street Manufacturing, Inc., by and through its Attorneys, Hanak, Guido and Taladay, and responds to the Application to Determine and Recover the Fair Value of Shares as follows:

Introduction

1. Admitted.

Metaltech and Dock Street

2. Admitted.

3. Admitted.

4. Admitted as to the address of the business and as to the production of powdered metal parts. It is denied that on March 31, 2003, and prior thereto, that Metaltech was financially viable. As of March 31, 2003, Metaltech was sustaining losses and was in arrearage on bank payments, and per book value was insolvent.

5. Admitted as to the address of the business and as to the production of CNC machined and metal stamping parts. It is denied that on March 31, 2003, and prior thereto, that Dock Street was financially viable. As of March 31, 2003, Dock Street was

sustaining losses and was in arrearage on bank payments, and per book value was insolvent.

6. Admitted.

7. Admitted.

8. Admitted in all parts with the exception of the share percentage claimed by Richard and Beverly Gordon. Richard and Beverly Gordon owned 666-2/3 shares, however, the percentage of ownership represented by such shares was 6.66% of the corporate outstanding equity.

The Merger of Metaltech and Dock Street Into DuPenn, Inc.

9. Admitted.

10. Admitted.

11. Admitted as to the status of DuPenn, but denied as to the status of Metaltech and Dock Street which were also financially troubled.

12. Admitted.

13. Admitted.

14. Admitted.

15. Admitted.

16. Admitted.

17. Admitted.

18. The plan of merger did not provide for ownership by the Gordons because the Gordons had notified the respective corporations of their dissent. The Gordons served notice on the corporations that they did not want stock in the surviving corporation.

Failure to Comply with Dissenters Rights Provisions of the Pennsylvania BCI

22. This allegation is admitted in part, but by way of further answer, at the meetings held by the corporation, the Gordons and the respective corporations did attempt settlement of any claims by Gordons. The Gordons made it clear that their main concern was to be removed from corporate debt which they endorsed or guaranteed. Because of discussions held between the parties from March 31, 2003 to approximately July 10, 2003, settlement negotiations were attempted by the parties. In fact, had this Application not been filed, settlement negotiations may have continued at the instance of the responding corporations.

23. Admitted, but Respondents incorporate the answers of Paragraph 22.

24. Admitted. By way of further answer, Respondents incorporate the answers of Paragraph 22.

25. Admitted. By way of further answer, Respondents incorporate the answers of Paragraph 22.

26. Admitted.

27. Admitted that the valuations as averred in this paragraph were given to the respondent corporation, however, it is denied that such valuations were made in good faith or by independent examination or valuation.

28. Admitted.

29. Admitted.

30. Admitted.

31. Admitted.

32. Admitted.

Request to Assess Costs Against Metaltech and Dock Street

33. It is denied that the valuations submitted by the Gordons were made in good faith. To the contrary, such valuations were based on financial reports which do not accurately reflect the financial status of the three respective corporations, did not reflect the minority status of the Gordons' interests in such corporations, and did not accurately reflect the percentage of equity owned in Metaltech Corporation. Such valuations were prepared by the son of Richard and Beverly Gordon who had a direct or an indirect interest in the outcome of such valuations.

34. It is denied that Metaltech and Dock Street failed to provide the Gordons with a plan of merger. To the contrary, the plan of merger was presented at meetings of the corporations attended by Richard Gordon, and was discussed in detail as to all matters of the merger.

35. Denied. Should Metaltech and Dock Street fail to comply with the Dissenters' Rights, such failure was as a result of the actions or omissions of the Gordons by continuing to discuss settlement of matters thereby estopping any protest.

36. It is denied that Metaltech and Dock Street acted in bad faith in a dilatory, obdurate, arbitrary or vexatious manner.

37. This is a conclusion of law, and a responsive answer is not necessary. To the degree a court may determine otherwise, it is denied that there is any obligation for cost or expenses on the part of Metaltech or Dock Street.

NEW MATTER

The Respondents further aver New Matter as follows:

38. Richard Gordon acted as the Controller and Accountant for Metaltech and Dock Street, and at all times had oversight powers of all books and corporate financial records.

39. Said Richard Gordon and/or his son had check writing powers on behalf of Metaltech and Dock Street Manufacturing.

40. The said Richard Gordon, along with his son, Keith Gordon, occupied space in the corporate facility owned or controlled by Dock Street Manufacturing without paying or securing rental for such usage, including utilities.

41. The said Richard Gordon received salary compensation on his behalf, and on behalf of Beverly Gordon, both from Metaltech Corporation and Dock Street Manufacturing, and, furthermore, charged for professional services. It is averred that compensations made to Richard Gordon and to the family of Richard Gordon were unreasonable and unjustified.

42. Should there be any determination of fair market value, Dock Street Manufacturing and Metaltech Corporation aver offsets for amounts of reimbursement owed by the said Richard Gordon and/or Beverly Gordon.

Matthew B. Taladay
Attorney for Respondents

VERIFICATION

I, ROBERT M. HANAK, being the President or DuPenn, Inc. and succeesor to Metaltech Corporation, do hereby verify that I have read the foregoing ANSWER and NEW MATTER. The statements therein are correct to the best of my personal knowledge or information and belief.

This statement and verification are made subject to the penalties of 18 Pa.C.S. Section 4904 relating to unsworn fabrication to authorities, which provides that if I make knowingly false averments I may be subject to criminal penalties.

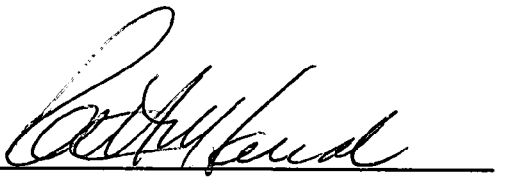
Date: August 25, 2003

VERIFICATION

I, ROBERT M. HANAK, being the President of DuPenn, Inc., successor to Dock Street Manufacturing, Inc., do hereby verify that I have read the foregoing ANSWER and NEW MATTER. The statements therein are correct to the best of my personal knowledge or information and belief.

This statement and verification are made subject to the penalties of 18 Pa.C.S. Section 4904 relating to unsworn fabrication to authorities, which provides that if I make knowingly false averments I may be subject to criminal penalties.

Date: August 25, 2003



CERTIFICATE OF SERVICE

I certify that on the 25th day of August, 2003, a true and correct copy of the ANSWER AND NEW MATTER was sent via first class mail, postage prepaid, to the following:

Richard A. Ejzak, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

Matthew B. Taladay
Attorney for Respondents

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION And DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

CIVIL DIVISION

NO. 03-1048-CD

NOTICE OF INTENTION TO FILE PRAECIPE FOR ENTRY OF JUDGMENT BY DEFAULT

Filed on Behalf of:
Dissenting Shareholders Richard Gordon and Beverly Gordon

Counsel of Record for these Parties:

Richard A. Ejzak
Pa. ID No. 56699

COHEN & GRIGSBY, P.C.
Firm No. 621
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
(412) 297-4900

John R. Ryan, Esquire
Pa. ID No. 38739

BELIN & KUBISTA
15 North Front Street
P.O. Box 1
Clearfield, PA 16830
(412) 765-8972 (PHONE)
(412) 765-9893 (FAX)

FILED
AUG 15 2003 Ejz
m/11:15/lm
William A. Shaw
Prothonotary
1 CERT TO ATTY

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE:	METALTECH CORPORATION And DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	CIVIL DIVISION NO. 03-1048-CD

IMPORTANT NOTICE

YOU ARE IN DEFAULT BECAUSE YOU HAVE FAILED TO ENTER A WRITTEN APPEARANCE PERSONALLY OR BY ATTORNEY AND FILE IN WRITING WITH THE COURT YOUR DEFENSES AND OBJECTIONS TO THE CLAIMS SET FORTH AGAINST YOU. UNLESS YOU ACT WITHIN TEN DAYS FROM THE DATE OF THIS NOTICE, A JUDGMENT MAY BE ENTERED AGAINST YOU BY THE COURT WITHOUT A HEARING AND YOU MAY LOSE YOUR PROPERTY OR OTHER IMPORTANT RIGHTS. YOU SHOULD TAKE THIS NOTICE TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE ONE OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE FOLLOWING OFFICE TO FIND OUT WHERE YOU CAN GET LEGAL HELP:

COURT ADMINISTRATOR
CLEARFIELD COUNTY COURTHOUSE
SECOND & MARKET STREETS
CLEARFIELD, PA 16830

(814) 765-2641, EXT. 50-51

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

Richard A. Fijzak
Pa. ID No. 56699

11 Stanwix Street
15th Floor
Pittsburgh, PA 15222
(412) 297-4900

Dated: August 14, 2003

ATTORNEY FOR DISSENTING SHAREHOLDERS RICHARD GORDON AND BEVERLY GORDON

756958_1

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I served a true and correct copy of the foregoing **NOTICE OF INTENTION TO FILE PRAECIPE FOR ENTRY OF JUDGMENT BY DEFAULT** via certified mail, return receipt requested, on August 14, 2003, upon Defendants addressed as follows:

Metaltech Corporation
R.D. #1, Route 219
Box 26
DuBois, PA 15801

Dock Street Manufacturing, Inc.
498 Jeffers Street
DuBois, PA 15801

DuPenn, Inc.
10 Dock Street
DuBois, PA 15801

FILED

AUG 15 2003

William A. Shaw
Prothonotary

BELIN & KUBISTA
ATTORNEYS AT LAW
15 NORTH FRONT STREET
P. O. BOX 1
CLEARFIELD, PENNSYLVANIA 16830

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-cd

Filed on Behalf of:
Dissenting Shareholders,
Richard Gordon and
Beverly Gordon

Counsel of Record for
This Party:

Richard A. Ejzak, Esquire
PA I.D. #56699

COHEN & GRIGSBY, P.C.
Firm No. 621
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319
(412) 297-4900

John R. Ryan, Esquire
PA I.D. #38739

BELIN & KUBISTA
15 North Front Street
P.O. Box 1
Clearfield, PA 16830
(814) 765-8972 (PHONE)
(814) 765-9893 (FAX)

FILED
10:28 AM NO CC
JUL 25 2003
William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	: : : : :	No. 03-1048-CD

CERTIFICATE OF SERVICE

This is to certify that the undersigned has sent a certified copy of Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. Pursuant to 15 Pa. C.S. § 1579 in the above-captioned matter to the following parties by postage prepaid United States certified mail, return receipt requested on the following dates with said return receipts hereto attached and made a part hereof:

Metaltech Corporation	7/21/03
Dock Street Manufacturing, Inc.	7/22/03
DuPenn Inc.	7/21/03

BELIN & KUBISTA

By _____
John R. Ryan, Esquire

JRR

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Metaltech Corporation
R.D. #1, Route 219
Box 26
DuBois, PA 15801

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) | B. Date of Delivery 7/24/2

C. Signature
X Carl Jordan ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article 7001 2510 0002 6639 6668

PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789

JRR

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dock Street Manufacturing Inc.
498 JEffers Street
DuBois, PA 15801

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Eleanor Haley | B. Date of Delivery 07-22

C. Signature
X Eleanor Haley ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number 7001 2510 0002 6639 6651

PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789

JRR

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

DuPenn Inc.
10 Dock Street
DuBois, PA 15801

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Denise M. Trunzo | B. Date of Delivery 07-24-03

C. Signature
X Denise M Trunzo ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Co 7001 2510 0002 6639 6644

PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

APPLICATION TO DETERMINE AND RECOVER THE FAIR VALUE OF SHARES OF METALTECH CORPORATION AND DOCK STREET MANUFACTURING, INC. PURSUANT TO 15 PA. C.S. § 1579

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

Richard A. Ejzak, Esq.
Pa. I.D. No. 56699

COHEN & GRIGSBY, P.C.
Firm No. 621
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319
(412) 297-4900

FILED

JUL 18 2003

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	Civil Division Case No.

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claim set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by an attorney and filing in writing with the court your defenses or objections to the claim set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE OR KNOW A LAWYER, THEN YOU SHOULD GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP:

COURT ADMINISTRATOR
Clearfield County Courthouse
Second & Market Streets
Clearfield, PA 16830
(814) 765-2641 Ext. 50-51

APPLICATION TO DETERMINE AND RECOVER THE FAIR VALUE OF SHARES OF METALTECH CORPORATION AND DOCK STREET MANUFACTURING, INC.

Richard Gordon and Beverly Gordon, as dissenting shareholders, file this Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. pursuant to 15 Pa.C.S. §1579.

Introduction

1. Richard and Beverly Gordon, shareholders in two Pennsylvania corporations, dissented from the merger of those corporations into a third Pennsylvania corporation. Under the Pennsylvania Business Corporation Law ("BCL"), Mr. and Mrs. Gordon are entitled to obtain the fair value of their shares of stock in the corporations. The procedure set forth in the BCL authorizes this Court to determine and award that value to Mr. and Mrs. Gordon.

Metaltech and Dock Street

2. Applicants Richard and Beverly Gordon are married adult individuals residing at 404 Fourth Street, Reynoldsville, Pennsylvania, 15801.

3. The two Pennsylvania corporations at issue in which Mr. and Mrs. Gordon own stock are Metaltech Corporation ("Metaltech") and Dock Street Manufacturing, Inc. ("Dock Street").

4. Metaltech is Pennsylvania corporation with its principal place of business at RD 1, Route 219, Box 26, DuBois, Pennsylvania 15801. Prior to March 31, 2003, Metaltech was a financially viable corporation that produced powdered metal parts in DuBois, Clearfield County, Pennsylvania.

5. Dock Street is a Pennsylvania corporation with its principal place of business at 498 Jeffers Street, DuBois, Pennsylvania 15801. Prior to March 31, 2003, Dock Street was a financially viable corporation engaged in manufacturing CNC machined and metal stamping parts in DuBois, Clearfield County, Pennsylvania.

6. Prior to March 31, 2003, the shareholders of Metaltech consisted of Richard and Beverly Gordon, Robert Hanak and Anthony Zaffuto. The Metaltech shares owned by Richard and Beverly Gordon were owned jointly. At all times relevant to this Application, Beverly Gordon authorized Richard Gordon to act on her behalf with regard to their jointly-owned shares in Metaltech.

7. Prior to March 31, 2003, the shareholders of Dock Street consisted of Richard Gordon, Robert Hanak and Anthony Zaffuto. Applicant Beverly Gordon was not a co-owner of Richard Gordon's shares in Dock Street.

8. The number of shares and percentage of ownership held by Mr. and Mrs. Gordon jointly, Mr. Gordon individually, Hanak, and Zaffuto immediately prior to March 31, 2003 were as follows:

	Shareholder	Number of Shares	Percentage of Ownership
Metaltech	Robert Hanak	3,750	45.92%
	Anthony Zaffuto	3,750	45.92%
	Richard and Beverly Gordon (jointly)	666-2/3	8.16%
Dock Street	Robert Hanak	333.33	33.33%
	Anthony Zaffuto	333.33	33.33%
	Richard Gordon (individually)	333.33	33.33%

The Merger of Metaltech and Dock Street Into Du Penn, Inc.

9 In addition to being the majority shareholders of Metaltech and Dock Street, Messrs. Zaffuto and Hanak owned the majority of the shares of a third Pennsylvania corporation – Du Penn, Inc., d.b.a. IGM Carbon ("Du Penn").

10. Du Penn produced machined and unmachined molded, extruded and isostatically molded graphite products.

11. Unlike Metaltech and Dock Street, Du Penn was a financially troubled corporation.

12. In the winter of 2002, Messrs. Zaffuto and Hanak proposed that Metaltech and Dock Street merge into Du Penn. The surviving corporation of the proposed merger would be Du Penn.

13. Mr. Gordon and Mrs. Gordon opposed the planned merger. In accordance with Section 1574 of the BCL, they filed written notices of their intention to demand the fair value of their stock in Metaltech if the prepared merger were effectuated. Mr. Gordon likewise filed a written notice of his intention to demand the fair value of his stock in Dock Street if the proposed merger were effectuated. Copies of the written notices are attached hereto as Exhibit A.

14. From January 3, 2003 through March 31, 2003, Mr. and Mrs. Gordon did not effect change in the beneficial ownership of their shares in Metaltech and Mr. Gordon did not effect change in the beneficial ownership of his shares in Dock Street.

15. In March, 2003, the shareholders of Metaltech and Dock Street held a meeting to vote on the proposed merger of Metaltech and Dock Street into Du Penn.

16. Mr. and Mrs. Gordon refrained from voting their shares in approval of the proposed merger.

17. Messrs. Zaffuto and Hanak voted their shares in approval of the proposed merger at the meeting, and the proposed action was effectuated with an agreement between Metaltech, Du Penn, Dock Street, Anthony and Diane Zaffuto, Robert M. and Barbara F. Hanak, and James and Linda Zeh and the filing of Articles of Merger on March 31, 2003. A copy of the Agreement is attached hereto as Exhibit B. A copy of the Articles of Merger is attached hereto as Exhibit C.

18. The plan of merger fails to provide for the Gordons' ownership interest in Metaltech and Dock Street in any way. The merger purports to eliminate the Gordons' shares of Metaltech and Mr. Gordon's shares of stock in Dock Street without providing any stock in the surviving corporation. A copy of the plan of merger is included in the Articles of Merger attached hereto as Exhibit C.

Failure to Comply with Dissenters Rights Provisions of the Pennsylvania BCL

22. Upon effectuation of the proposed merger, Section 1575 of the BCL required Metaltech and Dock Street to mail a notice to the Gordons:

(i) stating where and when a demand for payment for their shares must be sent and certificates for certificated shares must be deposited in order to obtain payment;

(ii) informing the Gordons to what extent transfer of shares will be restricted from the time that demand for payment is received;

(iii) supplying a form for demanding payment that includes a request for certification of the date on which the shareholder acquired beneficial ownership of the shares; and

(iv) enclosing a copy of Subchapter D, Dissenters Rights, 15 Pa.C.S. § 1571 et seq.

See 15 Pa.C.S.A. § 1575.

23. Metaltech and Dock Street failed to comply with any of the requirements listed above. Indeed, Metaltech and Dock Street failed to provide the Gordons with any notice whatsoever.

24. In addition, Metaltech and Dock Street failed to comply with the requirements of Section 1577 of the BCL. That section provides, in relevant part:

> Promptly after effectuation of the proposed corporate action, or upon timely receipt of demand for payment if the corporate action has already been effectuated, the corporation shall either remit to dissenters who have made demand and (if their shares are certificated) have deposited their certificates the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made.

15 Pa.C.S.A. § 1577(c).

25. Metaltech and Dock Street neither remitted to the Gordons the amount that the corporations estimated to be the fair value of their shares, nor did they give written notice that no remittance would be made.

26. Despite this failure to comply with Section 1577 by Metaltech and Dock Street, Mr. Gordon sent his estimate of the fair value of the relevant shares to Metaltech and Dock Street pursuant to Section 1578 and demanded payment of the amount stated by letters dated April 21, 2003. Copies of the letters are attached hereto as Exhibit D.

27. Mr. Gordon valued the 666-2/3 shares of Metaltech stock owned jointly by the Gordons at $380,000 (Three Hundred Eighty Thousand Dollars) and his 333.33 shares of Dock Street stock at $1,000,000 (One Million Dollars).

28. Under Section 1579(a) of the BCL, a corporation may file an application asking the court to determine the fair value of a dissenter's shares if the dissenter's demand for payment

remains unresolved. However, the corporation must file that application within 60 days of the latest of:

(a) effectuation of the proposed corporate action;

(b) timely receipt of any demands for payment under section 1575; or

(c) timely receipt of any estimates pursuant to section 1578.

15 Pa.C.S.A. § 1579(a).

29. Thus, in the event Metaltech and Dock Street did not agree with the value Mr. Gordon placed on his shares, Section 1579(a) required Metaltech and Dock Street to file an application with the court within 60 days after receiving Mr. Gordon's April 21, 2003 letters (that is, by June 20, 2003).

30. Metaltech and Dock Street did not file the required application by June 20, 2003 or at any time since that date.

31. Subsection (e) of Section 1579 provides, in relevant part:

> If the corporation fails to file an application as provided in subsection (a), any dissenter who made a demand and who has not already settled his claim against the corporation may do so in the name of the corporation at any time within 30 days after the expiration of the 60-day period.

15 Pa.C.S.A. § 1579(e).

32. Pursuant to Subsection (e) of Section 1579, Mr. and Mrs. Gordon file the instant application requesting the Court to determine and award the fair value of their shares in Metaltech and Dock Street.

Request to Assess Costs Against Metaltech and Dock Street

33. Mr. and Mrs. Gordon's notices of the estimates of the fair value of their shares of Metaltech and Dock Street and his demands for payment were prepared in good faith based upon a reasonable valuation.

34. Metaltech and Dock Street failed to provide for the Gordons in any way in the corporations' plan of merger. A copy of the plan of merger is included in the Articles of Merger attached hereto as Exhibit C.

35. Metaltech and Dock Street failed to comply with the Dissenters' Rights provisions of Pennsylvania's Business Corporation Law prior to, during and following the effectuation of the merger into Du Penn.

36. Metaltech and Dock Street, through the aforementioned acts, acted in bad faith or in a dilatory, obdurate, arbitrary or vexatious manner.

37. Section 1580 of the BCL authorizes this Court to assess against Metaltech and Dock Street the costs and expenses of this proceeding, including the reasonable compensation and expenses of any appraiser appointed by the Court, and including the fees and expenses of counsel and of experts.

WHEREFORE, Richard and Beverly Gordon respectfully requests the Court to:

(a) determine and award the fair value of their shares of Metaltech and Dock Street as of the date immediately before the effectuation of the corporate action to which they objected, along with interest, upon terms the Court deems just and reasonable;

(b) assess against Metaltech and Dock Street the costs and expenses of this proceeding, including but not limited to fees and expenses of counsel and experts and compensation and expenses of any appraiser appointed by the Court; and

(c) grant such other relief as the Court deems appropriate.

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

Richard A. Eizak
PA. I.D. #56699
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
(412) 297-4900

VERIFICATION

I, Richard Gordon, hereby verify that I have read the foregoing Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. and that the averments of fact made therein are true and correct based upon my knowledge, information and belief.

I understand that the statements of fact set forth herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Richard Gordon

Richard Gordon

Dated: July 16, 2003

VERIFICATION

I, Beverly Gordon, hereby verify that I have read the foregoing Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. and that the averments of fact made therein are true and correct based upon my knowledge, information and belief.

I understand that the statements of fact set forth herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Beverly Gordon

Beverly Gordon

Dated: July 16, , 2003

EXHIBIT A

COPY

Richard R. Gordon
Certified Public Accountant

404 Fourth Street
Reynoldsville, PA 15851
Telephone: (814) 653-2517
Fax: (814) 653-8177

January 3, 2003

To Metaltech, Inc. (the Corporation)

If the proposed merger is effectuated, I hereby notify the Corporation of my intention to demand that I be paid the fair value for my shares in the Corporation. This notice is given pursuant to 15 Pa. C.S.A.§1574.

Richard Gordon

Beverly Gordon

Richard R. Gordon
Certified Public Accountant

COPY

404 Fourth Street
Reynoldsville, PA 15851
Telephone: (814) 653-2517
Fax: (814) 653-8177

January 3, 2003

To Dock Street Mfg. Inc. (the Corporation)

If the proposed merger is effectuated, I hereby notify the Corporation of my intention to demand that I be paid the fair value for my shares in the Corporation. This notice is given pursuant to 15 Pa. C.S.A.§1574.

Richard Gordon

THIS AGREEMENT made by and between:

METALTECH, INC., DUPENN, INC., and DOCK STREET MANUFACTURING, INC., each corporate entities,

and

ANTHONY ZAFFUTO and DIANE ZAFFUTO, husband and wife, Shareholders, ROBERT M. HANAK and BARBARA F. HANAK, husband and wife, Shareholders, and JAMES ZEH and LINDA ZEH, husband and wife, Shareholders.

BACKGROUND

Metaltech, DuPenn and Dock Street are to this point individual corporations in which the Shareholders own substantially all of the outstanding common stock. The Directors of the corporations and Shareholders agree that a merger of the corporations will enhance the financial outlook of the corporations with one succeeding corporate entity, DuPenn, Inc., as the surviving merged corporation. The corporations are now in illiquid positions because of debt of the corporations and need to refinance all existing debt. The corporations have not been successful in obtaining refinanced debt without the assistance of shareholder equity, primarily the pledge of marketable securities by Hanak. First Commonwealth Bank has agreed to extend term loans and line of credit loans to the corporations in the total amount of $5,520,000.00, however, such loans will only be made providing that Hanak becomes the maker of the notes for such indebtedness, as well as the merged corporation, DuPenn, Inc. Hanak is willing to pledge marketable securities, and become a maker of the note, providing, that shares of stock be issued to Hanak in such

manner that there is control of the corporation so long as Hanak is obligated on the debt and/or marketable securities are held by the bank as pledge.

NOW, THEREFORE, in consideration of the mutual promises, the parties hereby agree as follows:

1. MERGER. It is hereby agreed by all parties, that DuPenn, Inc., Metaltech, Inc. and Dock Street Manufacturing, Inc. shall be merged with Articles of Merger filed immediately after the execution of this document. DuPenn, Inc. shall be the surviving merged corporation.

2. STOCKHOLDING. After merger, the parties agree that stock of the merged corporation shall be issued to the parties as follows:

(a) To Robert M. Hanak and Barbara F. Hanak - 75.15% of the outstanding shares of the stock;

(b) To Anthony Zaffuto and Diane Zaffuto - 20.49% of the outstanding shares of the stock;

(c) To James Zeh and Linda Zeh - 4.36% of the outstanding shares of the stock.

DuPenn, Inc. shall issues shares of stock in accordance with the above percentages, which shares shall be considered fully paid and non-assessable. The Shareholders agree that they will return existing shares of stock of the respective corporations into the merged corporation. The stock issued pursuant to the merger and this agreement shall represent all of the outstanding shares of stock of the merged corporate entity.

3. **DIVIDENDS.** It is agreed that corporate dividends shall not be paid for so long as there is outstanding indebtedness to the First Commonwealth Bank, or any successor or replacement bank of the debt for which Hanak has endorsed or guaranteed.

4. **RESTORATION.** At such time as Hanak is no longer a maker of the note to First Commonwealth Bank per the above transaction, or any successor bank or successor transaction, and at such time as all of his marketable securities have been released, then it is agreed that the stockholding among the respective shareholders shall be changed, and stock certificates presented in such manner that the share holding of such corporation, after payment of the debt, shall be as follows:

(a) Robert M. Hanak and Barbara F. Hanak - 53.28%;

(b) Anthony Zaffuto and Diane Zaffuto - 38.52%;

(c) James Zeh and Linda Zeh - 8.20%.

5. **SUBSEQUENT SALE OF COMPANY.** In the event that DuPenn, Inc. sells its assets or all of the outstanding stock to any third party, it is agreed that the proceeds from such sale shall be allocated as follows:

(a) Payment of all corporate debt, including the First Commonwealth Bank debt or any replacement debt thereof.

(b) Proceeds after payment of debt shall then be divided among the Shareholders based on their proportionate ownership assuming that the bank debt and corporate debt have been paid in full, i.e. the restored status referenced above.

6. It is further agreed that Richard Gordon and Beverly Gordon will be removed as guarantors of any corporate debt of Metaltech, Inc., DuPenn, Inc. or Dock Street Manufacturing, Inc. The said merged corporation, DuPenn, Inc. hereby agrees to save, indemnify, release and hold harmless the said Richard Gordon and Beverly Gordon from any and all debt exposure of any prior corporate debt of the three entities, and Robert M. Hanak and Barbara F. Hanak hereby agree to further save, indemnify, release and hold harmless the said Richard Gordon and Beverly Gordon from such debt.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, intending to be legally bound, this 28 day of MARCH, 2003.

METALTECH, INC.

By: _____ (SEAL)
President

DUPENN, INC.

By: _____ (SEAL)
President

DOCK STREET MANUFACTURING, INC.

By: _____ (SEAL)
President

_____ (SEAL)
Anthony Zaffuto and Diane Zaffuto
by Anthony Zaffuto

_____ (SEAL)
Robert M. Hanak and Barbara F. Hanak
by Robert M. Hanak

_____ (SEAL)
James Zeh and Linda Zeh
by James Zeh

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PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Articles/Certificate of Merger

(15 Pa.C.S.)

Entity Number
0099313

___ Domestic Business Corporation (§ 1926)
__ Domestic Nonprofit Corporation (§ 5926)
__ Limited Partnership (§ 8547)

Name
Robert M. Hanak, Esq.

Address
P. O. Box ~~467~~, 498 Jeffers St.

City | State | Zip Code
DuBois, PA 15801

Document will be returned to the name and address you enter to the left.
⇐

Fee: $108 plus $28 additional for each Party in additional to two

Filed in the Department of State on _____

Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions (relating to articles of merger or consolidation), the undersigned, desiring to effect a merger, hereby state that:

1. The name of the corporation limited partnership surviving the merger is:
DuPenn, Inc.

2. *Check and complete one of the following*

X. The surviving corporation ~~limited partnership~~ is a domestic business ~~nonprofit corporation/limited partnership~~ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street | City | State | Zip | County
R. R. 1, Box 100, DuBois, PA 15801 Clearfield
Old Route 219 South

(b) Name of Commercial Registered Office Provider | County
c/o

___ The surviving corporation limited partnership is a qualified foreign business/nonprofit corporation /limited partnership incorporated formed under the laws of _____ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street | City | State | Zip | County
N/A

(b) Name of Commercial Registered Office Provider | County
c/o

___ The surviving corporation limited partnership is a nonqualified foreign business/nonprofit corporation/limited partnership incorporated formed under the laws of _____ and the address of its principal office under the laws of such domiciliary jurisdiction is:

Number and Street | City | State | Zip
N/A

203303 P 24

4. The name and the address of the registered office in this Commonwealth or name of its commercial registered office provider and the county of venue of each other domestic business/nonprofit corporation/limited partnership and qualified foreign business nonprofit corporation/limited partnership which is a party to the plan of merger are as follows:

Name	Registered Office Address	Commercial Registered Office Provider	County
DuPenn, Inc.,	R. R. 1, Box 100 Old Route 219 South, DuBois, PA 15801		Clearfield
Dock Street Manufacturing, Inc.,	10 Dock St., DuBois, PA 15801		Clearfield
MetalTech, Inc.,	R. D. 1, Box 26, DuBois, PA 15801		Clearfield

5. *Check, and if appropriate complete, one of the following:*

___ The plan of merger shall be effective upon filing these Articles/Certificate of Merger in the Department of State.

X The plan of merger shall be effective on: 3/31/2003 (Date) at 12:01 p.m. (Hour).

6. The manner in which the plan of merger was adopted by each domestic corporation/limited partnership is as follows:

Name	Manner of Adoption
	Adopted by the Directors and Shareholders pursuant to 15 Pa. C.S. 1924(a)

~~6. *Strike out this paragraph if no foreign corporation/limited partnership is a party to the merger.* The plan was authorized, adopted or approved, as the case may be, by the foreign business/nonprofit corporation/limited partnership (or each of the foreign business/nonprofit corporations/limited partnerships) party to the plan in accordance with the laws of the jurisdiction in which it is incorporated/organized.~~

7. *Check, and if appropriate complete, one of the following:*

X The plan of merger is set forth in full in Exhibit A attached hereto and made a part hereof.

Pursuant to 15 Pa.C.S. § 1901 § 8547(b) (relating to omission of certain provisions from filed plans) the provisions, if any, of the plan of merger that amend or constitute the operative provisions of the Articles of Incorporation/Certificate of Limited Partnership of the surviving corporation/limited partnership as in effect subsequent to the effective date of the plan are set forth in full in Exhibit A attached hereto and made a party hereof. The full text of the plan of merger is on file at the principal place of business of the surviving corporation/limited partnership, the address of which is:

Number and street	City	State	Zip	County

200303 : 25

DSCB:15-7926-502(A)SP

IN TESTIMONY WHEREOF, the undersigned corporation/limited partnership has caused these Articles/Certificate of Merger to be signed by a duly authorized officer thereof this

23 day of March, 2003.

DuPenn, Inc.
Name of Corporation ~~Limited Partnership~~

Signature

President
Title

Dock Street Manufacturing, ~~Inc.~~
Name of Corporation ~~Limited Partnership~~

Signature

President
Title

Metaltech, Inc.
Name of Corporation

Signature

President

200303 - 26

PLAN OF MERGER
DUPENN, INC., METALTECH, INC., AND DOCK STREET MANUFACTURING, INC.

As approved by the Board of Directors of each corporation, and a majority of the shareholders of each corporation, the following plan of merger of the said three corporations is as follows:

(1) SURVIVING CORPORATION.

DuPenn, Inc.

Current Address: Old Route 219 South, R. R. 1
Box 100, DuBois, PA 15801

(2) STOCKHOLDING.

All shares of stock of Metaltech, Inc., and Dock Street Manufacturing, Inc., shall be remitted to the surviving corporation, and new shares of stock shall be issued to present stockholders as follows:

(a) Robert M. Hanak - 75.15% of the outstanding shares of stock;

(b) To Anthony Zaffuto - 20.49% of the oustanding shares of stock;

(c) To James Zeh - 4.3% of the outstanding shares of stock

The corporation will continue having one class of common stock as its only equity. The holding of stock is subject to a Shareholders Agreement entered on March 27, 2003, which on the occurrence of certain future events and pay down of debt, the stockholding will be adjusted per the terms of that agreement.

(3) OPERATIONS.

Operations will be consolidated as to administration and manufacturing commencing immediately.

(4) EFFECTIVE DATE.

The effective date of the merger is March 31, 2003.

200303 J· 27

(5) BOARD OF DIRECTORS.

The three corporations shared interlocking Directors up to this point. The Directors shall be those Directors as seated on the Board of Dock Street Manufacturing as of the date of the merger.

(6) CORPORATE OFFICERS.

The corporate officers of the merged and succeeding corporation shall be as follows:

President	Robert M. Hanak
Secretary/Treasurer and Vice-President	Anthony Zaffuto

(7) The above plan of merger was duly adopted by the shareholders and directors of the respective corporations at a meeting held on March 27, 2003, at the corporate office of Dock Street Manufacturing, Inc. At such meeting, the shareholders and directors agreed in written agreement as to this plan of merger.

DUPENN, INC.

By: _____
Asst. Secretary

EXHIBIT D

COPY

April 21, 2003

Mr. Anthony M. Zaffuto
President
Metaltech Corporation
RD 1 Route 219, Box 26
DuBois, PA 15801

Re: Exercise of Dissenter's Rights

Dear Mr. Zaffuto:

As a shareholder holding 666 2/3 shares of a Pennsylvania corporation, Metaltech Corporation (the "Corporation"), I objected to the plan of merger of Dock Street Manufacturing, Inc. and Metaltech Corporation into DuPenn, Inc. Accordingly, I (i) filed written notice of my intention to demand payment of the fair value of my shares with the Corporation on January 3, 2003 (a copy of which is attached hereto as Exhibit A), and (ii) effected no change in the beneficial ownership of my shares from that date in accordance with 15 Pa Cons. Stat. Ann. § 1574 (West 1995). Additionally, I refrained from voting my shares in approval of the proposed action at the shareholders meetings held in January and again in March (also in accordance with § 1574).

It is my understanding that (i) the proposed action was approved by the required vote at the March shareholder meeting, (ii) an agreement was entered into by Metaltech, Inc.,[1] Dock Street Manufacturing, Inc. and DuPenn, Inc. on March 28, 2003 to effect a merger on March 31, 2003 (the "Agreement"), and (iii) Articles of Merger were filed with the Pennsylvania Department of State on March 28, 2003. Subsequent to the approval of the proposed merger, pursuant to 15 Pa Cons. Stat. Ann. § 1574 (West 1995), the Corporation should have mailed written notice to me, the dissenting shareholder, as required which should:

> (1) State where and when a demand for payment must be sent[, which shall not be less than 30 days from the mailing of the notice,] and certificates for certified shares must be deposited in order to obtain payment.

---

[1]The Agreement uses "Metaltech, Inc." According to the Pennsylvania Department of State, the corporate name is Metaltech Corporation.

(2) Inform holders of uncertificated shares to what extent transfer of shares will be restricted from the time that demand for payment is received.

(3) Supply a form for demanding payment that includes a request for certification of the date on which the shareholder, or the person on whose behalf the shareholder dissents, acquired beneficial ownership of the shares.

(4) Be accompanied by a copy of [Subchapter D, 15 Pa. Cons. Stat. Ann. §§ 1571-80].

§1575(a). At this time, I have not received such a notice.

Pursuant to § 1577(c),

[p]romptly after effectuation of the proposed corporate action, . . . the corporation shall either remit to dissenters who have made demand and (if their shares are certificated) have deposited their certificates and the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made. The remittance or notice shall be accompanied by:

(1) The closing balance sheet and statement of income of the issuer of the shares held or owned by the dissenter for a fiscal year ending not more than 16 months before the date of remittance or notice together with the latest available interim financial statements.

(2) A statement of the corporation's estimate of the fair value of the shares.

(3) A notice of the right of the dissenter to demand payment or supplemental payments, as the case may be, accompanied by a copy of [Subchapter D, 15 Pa. Cons. Stat. Ann. §§ 1571-80].

§1577(c). It is my understanding that the proposed corporate action, the merger, was effectuated by the Agreement on March 31, 2003. Because three weeks have passed and I have not received either (i) the notice required by § 1575(a) or (ii) payment of the fair values of my shares, I must assume that the Corporation estimates the fair value of my shares to be zero dollars.

I disagree with this valuation. Accordingly, pursuant to § 1578(a), I am submitting my own estimate of the fair value of my 666 2/3 shares which I have determined to be Three Hundred Eighty Thousand Dollars, and demanding prompt payment of this amount.

I look forward to the Corporation's prompt remittance of Three Hundred Eighty Thousand Dollars which can be sent to the following address:

Richard Gordon

404 Fourth Street

Reynoldsville, PA 15801

I will deposit my share certificates promptly to a location of your designation.

Sincerely,

Richard Gordon

Richard Gordon

MRY
725706 1

Richard R. Gordon
Certified Public Accountant

COPY

404 Fourth Street
Reynoldsville, PA 15851
Telephone: (814) 653-2517
Fax: (814) 653-8177

Exhibit A

January 3, 2003

To Metaltech, Inc. (the Corporation)

If the proposed merger is effectuated, I hereby notify the Corporation of my intention to demand that I be paid the fair value for my shares in the Corporation. This notice is given pursuant to 15 Pa. C.S.A.§1574.

Richard Gordon

Richard Gordon

Beverly Gordon

Beverly Gordon

COPY

April 21, 2003

Mr. Anthony M. Zaffuto
President
Dock Street Manufacturing, Inc.
10 Dock Street
DuBois, PA 15801

Re: Exercise of Dissenter's Rights

Dear Mr. Zaffuto:

As a shareholder holding a 33 1/3 percent interest of a Pennsylvania corporation, Dock Street Manufacturing, Inc. (the "Corporation"), I objected to the plan of merger of Dock Street Manufacturing, Inc. and Metaltech Corporation into DuPenn, Inc. Accordingly, I (i) filed written notice of my intention to demand payment of the fair value of my shares with the Corporation on January 3, 2003 (a copy of which is attached hereto as Exhibit A), and (ii) effected no change in the beneficial ownership of my shares from that date in accordance with 15 Pa Cons. Stat. Ann. § 1574 (West 1995). Additionally, I refrained from voting my shares in approval of the proposed action at the shareholders meetings held in January and again in March (also in accordance with § 1574).

It is my understanding that (i) the proposed action was approved by the required vote at the March shareholder meeting, (ii) an agreement was entered into by Metaltech, Inc.,[1] Dock Street Manufacturing, Inc. and DuPenn, Inc. on March 28, 2003 to effect a merger on March 31, 2003 (the "Agreement"), and (iii) Articles of Merger were filed with the Pennsylvania Department of State on March 28, 2003. Subsequent to the approval of the proposed merger, pursuant to 15 Pa Cons. Stat. Ann. § 1574 (West 1995), the Corporation should have mailed written notice to me, the dissenting shareholder, as required which should:

> (1) State where and when a demand for payment must be sent[, which shall not be less than 30 days from the mailing of the notice,] and certificates for certified shares must be deposited in order to obtain payment.

---

[1] The Agreement uses "Metaltech, Inc." According to the Pennsylvania Department of State, the corporate name is Metaltech Corporation.

(2) Inform holders of uncertificated shares to what extent transfer of shares will be restricted from the time that demand for payment is received.

(3) Supply a form for demanding payment that includes a request for certification of the date on which the shareholder, or the person on whose behalf the shareholder dissents, acquired beneficial ownership of the shares.

(4) Be accompanied by a copy of [Subchapter D, 15 Pa. Cons. Stat. Ann. §§ 1571-80].

§1575(a). At this time, I have not received such a notice.

Pursuant to § 1577(c),

[p]romptly after effectuation of the proposed corporate action, . . . the corporation shall either remit to dissenters who have made demand and (if their shares are certificated) have deposited their certificates and the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made. The remittance or notice shall be accompanied by:

(1) The closing balance sheet and statement of income of the issuer of the shares held or owned by the dissenter for a fiscal year ending not more than 16 months before the date of remittance or notice together with the latest available interim financial statements.

(2) A statement of the corporation's estimate of the fair value of the shares.

(3) A notice of the right of the dissenter to demand payment or supplemental payments, as the case may be, accompanied by a copy of [Subchapter D, 15 Pa. Cons. Stat. Ann. §§ 1571-80].

§1577(c). It is my understanding that the proposed corporate action, the merger, was effectuated by the Agreement on March 31, 2003. Because three weeks have passed and I have not received either (i) the notice required by § 1575(a) or (ii) payment of the fair values of my shares, I must assume that the Corporation estimates the fair value of my shares to be zero dollars.

I disagree with this valuation. Accordingly, pursuant to § 1578(a), I am submitting my own estimate of the fair value of my 33.1/3 percent interest which I have determined to be One Million Dollars, and demanding prompt payment of this amount.

I look forward to the Corporation's prompt remittance of One Million Dollars which can be sent to the following address:

Richard Gordon

404 Fourth Street

Reynoldsville, PA 15801

Please provide me with my original share certificates and I will propertly endorse and deposit them promptly to a location of your designation.

Sincerely,

Richard Gordon

Richard Gordon

MRY
725706 1

Richard R. Gordon
Certified Public Accountant

COPY

404 Fourth Street
Reynoldsville, PA 15851
Telephone: (814) 653-2517
Fax: (814) 653-8177

Exhibit A

January 3, 2003

To Dock Street Mfg. Inc. (the Corporation)

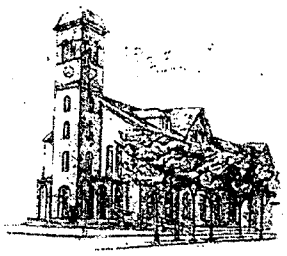
If the proposed merger is effectuated, I hereby notify the Corporation of my intention to demand that I be paid the fair value for my shares in the Corporation. This notice is given pursuant to 15 Pa. C.S.A.§1574.

Richard Gordon

Richard Gordon

FILED 1CC Atty Belin & Kubista (local)
01 11:20 BH pd. 85.00
JUL 18 2003

William A. Shaw
Prothonotary



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw
Prothonotary/Clerk of Courts

David S. Ammerman
Solicitor

Jacki Kendrick
Deputy Prothonotary

Bonnie Hudson
Administrative Assistant

John K. Reilly, Jr., S.J., Specially Presiding
Court of Common Pleas
230 E. Market Street
Clearfield, PA 16830

Matthew B. Taladay
PO Box 487
498 Jeffers Street
DuBois, PA 15801

Richard A. Ejzak
11 Stanwix St., 15th Floor
Pittsburgh, PA 15222

John R. Ryan
15 N. Front Street
Clearfield, PA 16830

FILED
01 9:27 BA
JUL 13 2006
William A. Shaw
Prothonotary/Clerk of Courts

In Re: Metaltech Corporation and Dock Street Manufacturing, Inc.
Application of Richard Gordon and Beverly Gordon, Dissenting Shareholders

Court No. 03-1048-CD; Superior Court No. 1847 WDA 2005

Dear Counsel:

Please be advised a supplement to the above referenced record was forwarded to the Superior Court of Pennsylvania on July 13, 2006. Please see attached sheet for the details of the supplement.

RECORD
JUL 14 2006
PITTSBURGH OFFICE OF
SUPERIOR

Sincerely,

William A. Shaw
Prothonotary/Clerk of Courts

#32

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

No. 2003-1048-CD
IN RE: METALTECH CORPORATION
And DOCK STREET
MANUFACTURING, INC.;
APPLICATION OF RICHARD GORDON
And BEVERLY GORDON, Dissenting
Shareholders

ITEM NO.	*DATE OF FILING*	*NAME OF DOCUMENT*	*NO. OF PAGES*
	05/31/06	***Appeal Transferred to Superior Court***	
28	05/31/06	Copy of Certified Mail Receipt	01
29	06/05/06	Domestic Return Receipt	01
30	07/12/06	Stipulation of Counsel to Correct Record	02
31	07/12/06	Praecipe to Correct Record Pursuant to Stipulation of Counsel; (A) Dissenting Shareholders Richard and Beverly Gordon's Post-Hearing Brief, filed on or about July 1, 2005; (B) The Appendix to Dissenting Shareholders Richard and Bevery Gordon's Post-Hearing Brief, filed on or about July 1, 2005; (C) Defendant Metaltech Corporation and Dockstreet Manufacturing, Inc.'s Post-Hearing Brief, filed on or about August 15, 2005; (D) Dissenting Shareholders Richard and Beverly Gordon's Reply Brief, filed on or about September 23, 2005; (E) Dissenting Shareholders Richard and Beverly Gordon's Brief in Support of their Motion for Post-Hearing Relief, filed on or about October 21, 2005.	Separate Cover

Clearfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date	Selected Items	Judge
05/31/2006	May 31, 2006, Mailed Appeal to Superior Court. May 31, 2006, Notification of Mailing Appeal letters mailed to Matthew B. Taladay, Richard A. Ejzak, and John R. Ryan with certified copies of the docket sheet and the summary of docket entries submitted to Superior Court.	John K. Reilly Jr.
	Copy of Certified Mail Receipt, sent to Superior Court of Pa., filed. Original to 01-891-CD	John K. Reilly Jr.
06/05/2006	Domestic Return Receipt. To Superior Court of PA. filed 7002 2030 0004 5014 8095. (record) received 6/1/06	John K. Reilly Jr.
07/12/2006	Stipulation of Counsel to Correct Record, filed by s/Richard A. Ejzak (faxed consent signature s/Matthew B. Taladay) No CC	John K. Reilly Jr.
	Praecipe to Correct Record Pursuant to Stipulation of Counsel, s/Richard A. Ejzak (A) Dissenting Shareholders Richard and Beverly Gordon's Post-Hearing Brief, filed on or about July 1, 2005; (B) The Appendix to Dissenting Shareholders Richard and Bevery Gordon's Post-Hearing Brief, filed on or about July 1, 2005; (C) Defendant Metaltech Corporation and Dockstreet Manufacturing, Inc.'s Post-Hearing Brief, filed on or about August 15, 2005; (D) Dissenting Shareholders Richard and Beverly Gordon's Reply Brief, filed on or about September 23, 2005; (E) Dissenting Shareholders Richard and Beverly Gordon's Brief in Support of their Motion for Post-Hearing Relief, filed on or about October 21, 2005.	John K. Reilly Jr.

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

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m/12:59 BC
JUL 12 2006

William A. Shaw
Prothonotary/Clerk of Courts

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

STIPULATION OF COUNSEL TO CORRECT RECORD

1. This Stipulation of Counsel to Correct Record is filed pursuant to the authority granted in Pa.R.A.P. 1926.

2. On October 24, 2005, Dissenting Shareholders Richard Gordon and Beverly Gordon filed a Notice of Appeal in the Superior Court of Pennsylvania at Pittsburgh 1847 WDA 2005.

3. On May 31, 2006, the Prothonotary of the Court of Common Pleas of Clearfield County, pursuant to Pa.R.A.P. 1931, transmitted the record on appeal in this proceeding to the Superior Court of Pennsylvania.

4. The original record transmitted to the Superior Court of Pennsylvania in this case does not include the following documents, which were filed in this proceeding in the Court of Common Pleas of Clearfield County:

(a) Dissenting Shareholders Richard and Beverly Gordon's Post-Hearing Brief, filed on or about July 1, 2005

(b) The Appendix to Dissenting Shareholders Richard and Beverly Gordon's Post-Hearing Brief, filed on or about July 1, 2005

(c) Defendant Metaltech Corporation and Dockstreet Manufacturing, Inc.'s Post-Hearing Brief, filed on or about August 15, 2005

(d) Dissenting Shareholders Richard and Beverly Gordon's Reply Brief, filed on or about September 23, 2005

#30

(e) Dissenting Shareholders Richard and Beverly Gordon's Brief in Support of their Motion for Post-Hearing Relief, filed on or about October 21, 2005

5. Counsel for the parties hereby stipulate that the above-identified documents filed in this matter should be included in the original record and transmitted to the Superior Court of Pennsylvania.

6. The parties hereto hereby stipulate that counsel for Dissenting Shareholders/Appellants is authorized to praecipe the Prothonotary of the Court of Common Pleas of Clearfield County to transmit the above-identified documents (set forth in paragraph 4) to the Prothonotary of the Superior Court of Pennsylvania.

Attorney for Dissenting Shareholders/Appellants

By: _____
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Richard A. Ejzak
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11 Stanwix Street, 15th Floor
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(412) 297-4900

Dated: June 30, 2006

Attorney for Defendants/Appellees

By: _____
HANAK, GUIDO, AND TALADAY
Matthew B. Taladay
PA I.D. No. 49663
498 Jeffers Street, P.O. Box 487
DuBois, PA 15801
(814) 371-7768

Dated: June 30, 2006

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William A. Shaw
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01-891-CD
attachment

03-1048-CD
Record

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Pittsburgh, PA 15219

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03-1048-CD

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IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

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IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

PRAECIPE TO CORRECT RECORD
PURSUANT TO STIPULATION OF COUNSEL

TO THE PROTHONOTARY:

Please correct the record on appeal in the above-captioned case, consistent with the Stipulation of Counsel to Correct Record filed in this Court contemporaneously with the filing of this Praecipe, by transmitting to the Superior Court of Pennsylvania the following attached documents in this case, docketed in the Superior Court of Pennsylvania at Pittsburgh 1847 WDA 2005:

(A) Dissenting Shareholders Richard and Beverly Gordon's Post-Hearing Brief, filed on or about July 1, 2005;

(B) The Appendix to Dissenting Shareholders Richard and Beverly Gordon's Post-Hearing Brief, filed on or about July 1, 2005;

(C) Defendant Metaltech Corporation and Dockstreet Manufacturing, Inc.'s Post-Hearing Brief, filed on or about August 15, 2005;

(D) Dissenting Shareholders Richard and Beverly Gordon's Reply Brief, filed on or about September 23, 2005;

(E) Dissenting Shareholders Richard and Beverly Gordon's Brief in Support of their Motion for Post-Hearing Relief, filed on or about October 21, 2005;

Dated: July 5, 2006

Attorney for Dissenting Shareholders/Appellants

By: _____

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RECORD
JUL 14 2006
PITTSBURGH OFFICE OF
SUPERIOR COURT

#31

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

PLAINTIFFS' POST-HEARING BRIEF

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

Richard A. Ejzak, Esq.
Pa. I.D. No. 56699

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CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

APPENDIX TO PLAINTIFFS' POST-HEARING BRIEF

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

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IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

PLAINTIFFS' POST-HEARING BRIEF

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

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Pa. I.D. No. 56699

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IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	Civil Division Case No. 03-1048-CD

PLAINTIFFS' POST-HEARING BRIEF

In accordance with the Court's request, Richard and Beverly Gordon, the dissenting shareholders in this action, file the following post-hearing brief.

INTRODUCTION

This action arose from the merger of two companies, Dock Street Manufacturing, Inc. ("Dock Street") and Metaltech Corporation("Metaltech"), into a third company, Du Penn, Inc. ("DuPenn"). The Gordons objected to that merger and properly exercised their rights as dissenting shareholders under Pennsylvania's Business Corporations Law. Under the BCL, the Gordons are entitled to receive the fair value of their interest in Dock Street and Metaltech. The only issue the Court must decide is what that fair value is.

The expert report submitted on behalf of the Gordons concludes that the fair value of their interest in Metaltech is approximately $336,000, and the fair value of Richard Gordon's

interest in Dock Street is approximately $766,000. See Exh. 1 and Exh. 2.[1] The opposing expert report concludes that the Gordon's stock in both companies has no value whatsoever. The primary reason why these reports came to such starkly different conclusions is that they are based on different projections of the companies' future performance. The expert report submitted by the Gordons is based on projections prepared by the management of the companies prior to litigation. The opposing expert admitted the importance of considering such projections, but conceded that he was not aware of the projections when he prepared his report. Instead, the opposing expert relied on projections that were prepared specifically for use in this valuation proceeding. Such litigation-driven projections are inherently less credible.

In addition, the opposing expert report fails to account for the improvement in the economy in general, and these companies in particular, as the effects of the terror attacks on September 11, 2001 began to recede. The projections prepared by the companies' managers anticipate this improvement. Perhaps most significantly, the actual performance of the companies was similar to, and in some cases exceeded, these projections, thereby confirming their reliability.

For all of these reasons, the Court should adopt the fair value conclusions proffered by the Gordon's expert.

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[1] For the sake of clarity, all exhibits identified in this brief are being submitted in a separate appendix bearing the same exhibit number or letter that was assigned at trial.

FACTUAL BACKGROUND

Richard Gordon owns a 33.33% interest in Dock Street. Tr. (Vol. II) 18.[2] In addition, Richard and his wife Beverly own an 8.16% interest in Metaltech. Tr. (Vol. II) 8-9, 11. Dock Street and Metaltech were merged into a third company known as DuPenn. The effective date of the merger was March 31, 2003. Tr. (Vol. II) 33-34.

The Gordons objected to the merger because it was clear that the management of Dock Street and Metaltech intended to use those companies to save Du Penn from its extremely troubled condition. This is apparent from the projections management prepared, which demonstrated that substantial profits from Dock Street and Metaltech were going to be used to offset continued losses from Du Penn. Tr. (Vol. II) 22, 25-30. See also Exh. 21 and 22.[3]

Using Dock Street and Metaltech to help Du Penn was in the interest of Mr. Zaffuto and Mr. Hanak who owned a majority of shares in all three companies. Tr. (Vol. II) 9, 18, 21. By contrast, the Gordons did not own any stock in Du Penn, nor were they involved in Du Penn as officers, directors or otherwise.

In objecting to the merger, the Gordons complied with all of the requirements for exercising their rights as dissenting shareholders set forth in the Pennsylvania Business Corporation Law, 15 Pa.C.S.A. § 1571 et seq. In accordance with Section 1574, they filed

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[2] A copy of the relevant portions of the two volume transcript from the hearing are attached hereto under tabs labelled Tr. (Vol. I) and Tr. (Vol. II).

[3] More specifically, management projected a decrease in total capital for Du Penn of $181,498 in 2003 and $149,940 in 2004. Tr. (Vol. II) 26, Exh. 21. At the same time, management projected an increase in total capital of the combined company of Du Penn, Dock Street and Metaltech of $467,858 in 2003 and $532,206 in 2004. Tr. (Vol. II) 26-27, Exh. 22. The difference between what Du Penn was projected to lose and what the combined companies were expected to gain is exactly equal – to the dollar – to the projected net income of Dock Street and Metaltech during that period. Tr. (Vol. II) 27-30.

written notices of their intention to demand the fair value of their stock if the proposed merger was effectuated. Tr. (Vol. II) 32-33. And see Exh. 23 and 24.

When Dock Street and Metaltech failed to pay the Gordons the fair value for their shares (or to provide any notice whatsoever), the Gordons sent their estimate of fair value to the companies pursuant to Section 1578 and demanded payment of that amount. Tr. (Vol. II) 34-35, Exh. 26 and 27. When Dock Street and Metaltech failed to file an application requesting the Court to determine the fair value of the shares at issue, the Gordons filed that application in accordance with Section 1579(a), which commenced the instant litigation. Tr. (Vol. II) 36.

ARGUMENT

A. The Gordon's Are Entitled To Receive The Fair Value Of Their Stock In Dock Street And Metaltech.

Pennsylvania's Business Corporation Law provides that a shareholder who dissents from a merger is entitled to receive the fair value of his interest in the corporation. See 15 Pa.C.S.A. §1571 et seq. As described in the preceding section, there is no doubt in this case that the Gordons complied with all of the requirements that must be satisfied in order to protect that right under the BCL. Consequently, the only issue the Court needs to decide at this juncture is what is the fair value of the Gordons' interest in Dock Street and Metaltech.

B. The Income Approach Is The Appropriate Method For Determining The Fair Value Of The Gordons' Interest In Dock Street And Metaltech.

In order to determine the fair value of their stock, the Gordons retained Gleason & Associates, ("Gleason"), a firm with extensive experience in valuing businesses. Tr. (Vol. I) 11; Tr. (Vol. II) 37. Mr. Gleason is a certified valuation analyst who has performed hundreds of

valuations of large commercial businesses over the last 15 to 20 years. Tr. (Vol. I) 10, 11. Gleason & Associates prepared a separate report for each company. See Exh. 1 and Exh. 2. In those reports, Gleason explained that the most appropriate method for appraising the value of the subject companies is the income approach. The expert retained by management of Dock Street and Metaltech, James Mulick, agreed that this is the most appropriate method. Thus, there is no dispute over the method that should be applied here.

Reduced to its essence, the income approach takes projections of the cash flow a company anticipates having in the future, and then reduces that future cash flow to its present value. Tr. (Vol. I) 26 ("[V]aluation is essentially the income stream or the earning stream in the future brought back to a present value."). Because the income approach focuses on the anticipated future earnings of the company, the projections on which an expert relies are absolutely critical. Indeed, the single most significant difference between the reports prepared in this case result from the projections on which each side relied.

1. Determination Of Future Free Cash Flow

Gleason Based His Free Cash Flow Calculation On Reliable Projections Prepared By Management.

In preparing his valuation report for the Gordons, Mr. Gleason used projections that had been prepared by management of the two subject companies. Tr. (Vol. I) 26. Significantly, those projections were prepared prior to this litigation. Management provided these projections to Richard Gordon in connection with the merger. Tr. (Vol. II) 22, 28-30. In fact, they were prepared within several months of the March 31, 2003 valuation date. Those projections were admitted into evidence as Plaintiffs' Exh. 6 (Metaltech projections) and Exh. 7 (Dock Street projections). Mr. Gleason explained the significance of these projections:

> That gave us an idea of what management's expectations were at the end of December of 2002, prior to the merger and prior to the valuation. And that information allowed us to understand what they thought was going to take place the next two years.

Tr. (Vol. I) 26.

These projections predict the following net income for the companies in 2003 and 2004:

Table 1

Year	Dock Street	Metaltech
2003	$184,225	$465,131
2004	$193,457	$488,690

Tr. (Vol. I) 113-118.

The validity and reliability of these projections is confirmed by the actual performance of the companies. The first three month period the projections cover are January, February and March of 2003 – that is, the period immediately prior to the merger (and the valuation date). The following chart illustrates the actual performance of the companies during this period as compared to the projected performance:

Table 2

Dock Street	2003			
	Jan.	Feb.	March	TOTAL
Projections	14,580	15,446	19,445	48,000
Actual[4]	23,621	33,861	8,398	64,000

[4] The figures in this chart for Dock Street's actual net income come from Plaintiffs' Exhibit 9.

Thus, Dock Street's actual net income for the first three months of 2003 exceeded management's projections by $16,000 or approximately 33%.

Table 3

Metaltech	2003			
	Jan.	Feb.	March	TOTAL
Projections	33,991	24,173	29,316	87,480
Actual[5]	33,291	20,411	25,458	79,160

While the actual net income is slightly less than what was projected (approximately $8,000 or less than 10%), the difference in any particular month is less than $4,000, which Mr. Gleason explained is not significant. Tr. (Vol. I) 118. Even the opposing expert agreed that he would have more confidence in management projections where, as in the present case, the actual performance of the company is about the same or exceeds those projections. Tr. (Vol. I) 185.

A further test of reliability comes from the nine month period immediately after the merger. During that period, the actual performance of Dock Street exceeded the projections by an even greater margin. Metaltech's actual performance fell short of the projections, but was still far better than the preceding two years. A comparison of the projected and actual performance of Dock Street and Metaltech is illustrated in the following tables:

---

[5] The figures in this chart for Metaltech's actual net income come from Plaintiffs' Exhibit 10.

Table 4

Dock Street	2003									
	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total 12 Months
Projected	25,808	19,550	23,882	38,815	8,709	7,633	11,666	(994)	(315)	184,225
Actual	31,392	18,069	44,406	32,278	10,100	5,646	23,262	28751	(1,668)	258,117

Table 5

Metaltech	2003									
	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total 12 Months
Projected	2,247	4,130	1,910	69,647	59,701	56,749	66,404	48,947	67,915	465,132
Actual	27,426	15,198	21,970	37,795	31,458	28,556	59,636	29,189	39,423	369,810

The information regarding the companies' actual performance during this period appears on Exhibit 9 and Exhibit 10, which were admitted into evidence for the information they contained on the first three months of 2003. While information on the companies' actual performance during the remaining nine month period was not admitted into evidence because it was after the valuation date, many courts have considered such evidence relevant as a test of the reasonableness of management's projections. See Gonsalves v. Straight Arrow Publishers, Inc., 701 A.2d 357, 362 (Del. 1997) ("post-merger evidence is not necessarily inadmissible to show that plans in effect at the time of the merger have born fruition"); Hogle v. Zinetics Medical, Inc., 63 P.3d 80, 89 (Utah 2002) (citing Gonsalves) ("We note that while it would be impermissible to consider post-merger increases above and beyond the pre-merger projections, post-merger

information may be used to verify the projections."); Sun Ins. Marketing Network, Inc. v. AIG Life Ins. Co., 254 F. Supp.2d 1239, 1248 (M.D. Fla. 2003) (citing Gonsalves) ("Delaware, like Florida, allows evidence of future events (hindsight), to support or refute the assumptions underlying an expert's opinion."). As Mr. Gleason explained, it is proper to consider post-valuation date information because "[s]ometimes in a valuation you use those to somehow confirm or better verify the information assumptions that were developed prior to the valuation." Tr. (Vol. I) 60.

The projections prepared by management predict the performance of the respective companies for a two year period. Mr. Gleason used these management projections to predict the performance of the companies for three additional years, or a total period of five years. Tr. (Vol. I) 27. And see Exh. 1, Tab F, and Exh. 2, Tab E. Mr. Gleason then calculated the following net income values for the five year period after the valuation:

Table 6

Dock Street					
	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
	184,225	**193,457**	246,111	446,481	685,252

Table 7

Metaltech					
	3/31/04	3/31/05	3/31/06	3/31/07	3/31/08
	465,131	**488,690**	554,326	625,213	701,771

(The numbers in bold are taken directly from the projections prepared by management). As Mr. Gleason explained, net income must be adjusted in order to determine the "free cash flow" of a business, which is the true measure of earnings for purposes of valuing a business. The adjustments include adding back depreciation, amortization and interest and deducting capital expenditures. Tr. (Vol. I) 37. The free cash flow for Dock Street and Metaltech is set forth below:

Table 8

Dock Street					
	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
	259,647	269,901	298,893	477,859	696,784

Table 9

Metaltech					
	3/31/04	3/31/05	3/31/06	3/31/07	3/31/08
	775,745	785,835	827,701	896,168	970,223

2. Reducing Future Cash Flow To Present Value

Gleason Applied An Appropriate Discount Rate To Reduce Free Cash Flow To Present Value

After calculating the free cash flow that is anticipated in the future, a business valuation must reduce those future earnings to present value. This reduction to present value is made by applying a discount rate. Both experts in this case determined the discount rate by calculating

the weighted average cost of capital (or "WACC"). The two components of a WACC are the cost of debt and the cost of equity. Tr. (Vol. I) 28-29. For the cost of debt, Mr. Gleason used the interest rate that Dock Street and Metaltech were being charged. Tr. (Vol. I) 29. And see Ex. 1, Tab I and Ex. 2, Tab H. For the cost of equity, Mr. Gleason explained that he relied on a well-known research center known as Ibbotson Associates to make certain adjustments to the equity rate. Ibbotson provides information on how equity rates should be adjusted for companies of a particular size in a particular industry. Tr. (Vol. I) 30-31.

Mr. Gleason recognized the additional risk involved because of the small size of both Dock Street and Metaltech. Accordingly, he applied the rate Ibbotson assigned to this additional small company risk, which increased the cost of equity by nearly 75%. Tr. (Vol. I) 32.[6] In addition, Mr. Gleason added another risk factor to account for the fact that both Dock Street and Metaltech had endured difficult financial times during the recession that preceded the valuation date. Tr. (Vol. I) 32.[7] This risk factor likewise increased the cost of equity by nearly 75%. Tr. (Vol. I) 32.

After making further adjustments to account for the ratio of debt to equity and the applicable tax rate, Mr. Gleason calculated the WACC for Dock Street and Metaltech as 12.8% and 12.5%, respectively. Tr. (Vol. I) 33-36. And see Exh. 1, Tab G and Exh. 2, Tab F. The corresponding discount rates for these corporations, after making further adjustments for tax rates, are 21% and 20.5%, respectively. Tr. (Vol. I) 36. And see Exh. 1, Tab G and Exh. 2, Tab F.

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6 This additional risk is identified in Gleason's reports as "Premium for Size." See Exh. 1, Tab H and see Exh. 2, Tab G.

7 This additional risk is identified in Gleason's reports as "Specific Company Risk." See Exh. 1, Tab H and see Exh. 2, Tab G.

Mr. Gleason then applied these discount rates to the free cash flow calculated above in Table 8 and 9. That calculation yielded the present value of the free cash flow of the respective companies in the future. Tr. (Vol. I) 36-38. And see Exh. 1, Tab J and Exh. 2, Tab I. The present values were then added together, and the sum reflected the total value of the equity. Tr. (Vol. I) 41. For Dock Street, that value is $3,226,827. Id. For Metaltech, that value is $4,118,035. To determine the fair value of the Gordon's interest in those companies, Mr. Gleason subtracted the long term debt from those equity values, and multiplied that difference by the percentage of stock the Gordon's own. See Exh. 1, Tab N and see Exh. 2, Tab M. Those calculations are set forth below:

Table 10

	Dock Street	Metaltech
Indicated value of invested capital	$3,226,827	$5,690,375
Less debt	$ 928,358	$1,572,340
Indicated value	$2,298,469	$4,118,035
Gordon's ownership interest	33.0%	8.16%
Value of Gordon's ownership interest	$ 766,156	$336,032

Id.

3. Mr. Mulick Failed To Consider Management's Own Pre-Litigation Projections And Relied On Distorted Historical Figures.

The expert retained by Dock Street and Metaltech is James Mulick. Unlike Mr. Gleason, Mr. Mulick is not a certified valuation analyst. Tr. (Vol. I) 127-28. Unlike Mr. Gleason, Mr. Mulick does not confirm that his report conforms with the Uniform Standards of Professional

Appraisal Practice and the Standards of the National Association of Certified Valuation Analysts. Tr. (Vol. I) 160. Finally, unlike Mr. Gleason, Mr. Mulick did not prepare a report that complies with Section 3.6 of the latter standards, which states that a valuation should consider all three valuation approaches. Tr. (Vol. I) 161.

Like Mr. Gleason, however, Mr. Mulick performed a discounted cash flow analysis in valuing the two companies. Mr. Mulick agreed that, in preparing his own projections, it was important to know what management itself was projecting for the future performance of the companies. Tr. (Vol. I) 178, 180-81, 185. When asked about the projections management prepared without the taint of litigation (on which Mr. Gleason relied), Mr. Mulick made a surprising, and extremely damaging, concession:

MR. EJZAK:	Did you know at that time [when you prepared your projections] that management had made projections prior to this litigation being filed?
MR. MULICK:	Was I aware that they made projections for 2003 and 2004 prior to that – to the litigation being filed?
MR. EJZAK:	Yes.
MR. MULICK:	No, I was not aware of that.

Tr. (Vol. I) 181. In fact, Mr. Mulick had never seen the management projections relied on by Mr. Gleason prior to the hearing. Tr. (Vol. I) 182. Management of Dock Street and Metaltech obviously were aware or should have been aware of the projections prepared by those companies. Nonetheless, for some unknown reason, they did not alert Mr. Mulick to the fact that those projections existed.

Without the benefit of these projections, Mr. Mulick created his own projections from scratch for purposes of this litigation. Courts understandably have viewed such litigation-driven projections as being far less reliable than projections prepared for reasons unrelated to the

litigation. Cede & Co. v. Technicolor, Inc., 2003 WL 23700218 at *7 (Del. Ch. July 9, 2004 (appeal pending) (preferring impartially created pre-merger projections to "litigation-driven forecasts"); accord Cede & Co. v. JRC Acquisition Corp., 2004 WL 286963 at *2 (Del. Ch. Feb. 10, 2004); In re Emerging Communications, Inc. v. S'holders Litig., 2004 WL 1305745 at *14 (Del. Ch. June 4, 2004); Prescott Group L.P. v. The Coleman Co., 2004 WL 2059515 at *21 (Del. Ch. Sept. 8, 2004).

Courts also refuse to allow management to distance themselves from the projections they created. Gray v. Cytokine Pharmasciences, Inc., C.A. No. 27451, 2002 WL 853549 at *8 (refusing to "condone allowing a company's management or board of directors to disavow their own data in order to justify a lower valuation in an appraisal proceeding"); Ryan v. Tad's Enters., 709 A.2d 675, 681 (Del. Ch. 1996), aff'd, 693 A.2d 1082 (Del. 1997) (considering "contemporaneous valuation more reliable than [one] which was conducted six years later and for purposes of litigation"). Thus, Dock Street and Metaltech cannot now attempt to discredit the projections they themselves created.

The unreliability of Mr. Mulick's projections is revealed by comparing those projections to the companies' actual performance. For example, Mr. Mulick projected a total net income of $11,458 for Metaltech in the year 2003. Tr. (Vol. I) 180. In reality, Metaltech had actual net income of $33,291 in January, 2003 alone. Thus, in one month, Metaltech achieved three times the net income Mr. Mulick projected for an entire year. Tr. (Vol. I) 191. If Mr. Mulick had known of management's own projections, he would have seen that management predicted net income of $33,991 for Metaltech in January alone.

Mr. Mulick attempted to justify his pessimistic projections by referring to the performance of the companies in the years immediately preceding the valuation date. In doing

so, however, Mr. Mulick failed to make any adjustment for certain distortions in those historical figures. For example, Dock Street initially worked under a pricing agreement established by its predecessor that did not reflect true market value. In 2002, that agreement changed, and that change (which went into effect in 2003) increased the price Dock Street received from its primary customer by 25% to 30%. Tr. (Vol. I) 23, 165. Mr. Gleason properly adjusted for this distortion in his report. See Exh. 1, Tab C. Mr. Mulick did not. Tr. (Vol. I) 164. Dock Street also changed the manner in which it handled castings, which initially were reflected as a purchase from and then a resale back to Invensys. Dock Street eventually reflected that transaction more accurately as a tolling process. Tr. (Vol. I) 23. Mr. Mulick did not make any adjustments to reflect that reality. Tr. (Vol. I) 166-67.

In focusing on the historical figures, Mr. Mulick also failed to accord proper weight to the fact that the economy in general plunged into a recession after the terrorist attacks on September 11, 2001. That recession affected the metal fabrication industry in which the subject companies operated. By the end of 2002, however, both the general economy and this specific industry showed signs of recovery, and there were positive expectations. See Tr. (Vol. I) 16-17 and see Exh. 1, pp. 7-8. Indeed, Mr. Mulick himself notes in his report that "[a]s of March 31, 2003, the powdered metals industry was, like the broader industrial economy, beginning to show signs of emerging from recession." Exh. B, p. 5. At the hearing, Mr. Mulick agreed that the United States was emerging from a recession by the first quarter of 2003, and that both Dock Street and Metaltech "were on the up-swing." Tr. (Vol. I) 171, 177.

The projections management prepared in late 2002 reflected this positive outlook. Mr. Mulick's projections do not. Because Mr. Mulick based his discounted cash flow analysis on overly pessimistic projections, rather than management's own projections that forecast a more

positive performance of the companies in the future, Mr. Mulick grossly understates the value of the subject companies.

C. Management of Dock Street and Metaltech Failed To Comply With Any Of The Requirements Set Forth In the Dissenters Rights Provisions Of The Pennsylvania Business Corporation Law.

The Pennsylvania BCL imposes certain requirements corporations must follow where a shareholder dissents from a proposed merger. Dock Street and Metaltech failed to comply with any of those requirements. Section 1575 of the BCL required Dock Street and Metaltech to mail a notice to the Gordons:

> (i) stating where and when a demand for payment for their shares must be sent and certificates for certificated shares must be deposited in order to obtain payment;
>
> (ii) informing the Gordons to what extent transfer of shares will be restricted from the time that demand for payment is received;
>
> (iii) supplying a form for demanding payment that includes a request for certification of the date on which the shareholder acquired beneficial ownership of the shares; and
>
> (iv) enclosing a copy of Subchapter D, Dissenters Rights, 15 Pa.C.S. § 1571 et seq.

See 15 Pa.C.S.A. § 1575. And see Tr. (Vol. II) 35. Dock Street and Metaltech failed to comply with any of the requirements listed above. Indeed, Dock Street and Metaltech failed to provide the Gordons with any notice whatsoever. Tr. (Vol. II) 36.

In addition, Dock Street and Metaltech failed to comply with the requirements of Section 1577 of the BCL. That section provides, in relevant part:

> Promptly after effectuation of the proposed corporate action, or upon timely receipt of demand for payment if the corporate action has already been effectuated, the corporation shall either remit to dissenters who have made demand and (if their shares are

> certificated) have deposited their certificates the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made.

See 15 Pa.C.S.A. § 1577(c). Dock Street and Metaltech neither remitted to the Gordons the amount that the corporations estimated to be the fair value of their shares, nor did they give written notice that no remittance would be made. Tr. (Vol. II) 36.

Notwithstanding this failure to comply by the corporations, the Gordons properly exercised their rights under Section 1578 by sending their estimate of the fair value of the relevant shares to Dock Street and Metaltech demanding payment. See Tr. (Vol. II) 36, Exh. 26 and 27. The Gordon's estimates and demands for payment were prepared in good faith based upon a reasonable valuation. Without the benefit of an expert valuation, the Gordon's estimates of the fair value of their shares in Dock Street and Metaltech were only 23% and 12% higher, respectively, than the valuations determined by Mr. Gleason.

Under Section 1579(a) of the BCL, a corporation may file an application asking the court to determine the fair value of a dissenter's shares if the dissenter's demand for payment remains unresolved. However, the corporation must file that application within 60 days of the latest of:

(a) effectuation of the proposed corporate action;

(b) timely receipt of any demands for payment under section 1575; or

(c) timely receipt of any estimates pursuant to section 1578.

15 Pa.C.S.A. § 1579(a). Thus, in the event Dock Street and Metaltech did not agree with the value the Gordons placed on their shares, Section 1579(a) permitted Dock Street and Metaltech to file an application with the court within 60 days after receiving Mr. Gordon's April 21, 2003 letters (that is, by June 20, 2003). Dock Street and Metaltech did not file that application by June 20, 2003 or at any time since that date.

In short, Dock Street and Metaltech did not comply with a single requirement set forth in the BCL. By completely disregarding these statutory obligations, Dock Street and Metaltech acted in bad faith or in a dilatory, obdurate, arbitrary or vexatious manner. Section 1580 of the BCL authorizes this Court to assess against Dock Street and Metaltech the costs and expenses of this proceeding, including the reasonable compensation and expenses of any appraiser appointed by the Court, and including the fees and expenses of counsel and of experts.

At the beginning of the hearing, counsel for the Gordons raised this issue with the Court, and requested that evidence regarding these fees, costs and expenses not be submitted until after the Court determines the threshold question of whether to award those amounts (in order to avoid disclosing any potential attorney-client privileged information). Opposing counsel did not object to that request, and the Court agreed with the proposed procedure. Tr. (Vol. 1) 5, 6. The Gordons therefore request that the Court assess against Dock Street and Metaltech the costs and expenses of this proceeding in an amount to be determined in a subsequent proceeding.

CONCLUSION

For all of the reasons set forth above, Richard and Beverly Gordon respectfully request that the Court issue an order stating that the fair value of their interest in Metaltech is $336,000, and the fair value of Richard Gordon's interest in Dock Street is approximately $766,000. The Gordons further request that the Court issue an order assessing fees, costs and expenses of this

proceeding against Dock Street and Metaltech in an amount to be determined at a future hearing.

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

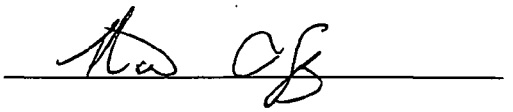
Richard A. Ejzak
PA. I.D. #56699
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
(412) 297-4900

Dated: July 1, 2005

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Post-Hearing Brief was sent to the following counsel of record via first class U.S. mail, postage prepaid, on this 1st day of July, 2005:

Matthew B. Taladay, Esq.
Hanak, Guido, and Taladay
498 Jeffers Street
P.O. Box 487
DuBois, PA 15801



IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

APPENDIX TO PLAINTIFFS' POST-HEARING BRIEF

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

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Gleason&Associates
certified public accountants & consultants

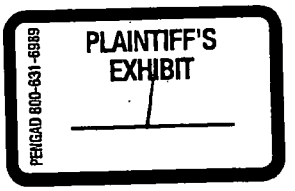
Gleason & Associates, P.C.

Valuation of 33.33% Interest in

Dock Street Manufacturing, Inc. as of

March 31, 2003

October 8, 2004



Gleason&Associates
certified public accountants & consultants

Granite Building, Third Floor
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Pittsburgh, PA 15222-2509

October 8, 2004

Richard A. Ejzak, Esquire
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

Re: Fair Value of 33.33% Interest in Dock Street Manufacturing, Inc.

Dear Mr. Ejzak:

We have prepared and attach a summary valuation report regarding our analysis of the fair value of Richard Gordon's 33.33% interest in Dock Street Manufacturing, Inc. ("Dock Street" or the "Company").

The purpose of this valuation was to render an opinion regarding the approximate fair value of a 33.33% interest in Dock Street as of March 31, 2003 for a dissenting shareholder action by Richard Gordon.

Based upon my firm's study and analysis, which is presented in the attached report, we have concluded that a reasonable estimate of the fair value of a 33.33% interest in Dock Street is approximately $766,000 as of March 31, 2003.

No public market exists for Dock Street and the objective of the valuation analysis was not to determine the price or fair market value at which the Company's stock would sell, if publicly traded. The objective was to estimate the fair value of a 33.33% interest in Dock Street for a dissenting shareholder action by Richard Gordon.

The Revised Model Business Corporation Act, Section 13.01(3) (1998) defines fair value as:

> "The value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable."

Fair value answers the question "what would the shareholder have received if the merger had not occurred?" Fair value considers what the shareholders' future benefits would have been if the

action had not occurred and places limited dependence on what the entity could be sold for at the current time. The premise of value in this analysis is as a going concern.

The scope of this valuation analysis was limited, although the Company provided us with all of the information and documents we requested. We believe the information requested and furnished provides a sufficient basis for our conclusion regarding the estimate of value. In performing this valuation analysis, we have relied upon the historical and prospective financial information of the Company that was provided regarding the Company's operations, financial results and business prospects. We also take no responsibility for the underlying financial data of the Company presented and we have assumed that all information provided to us is accurate and complete.

The statements of fact contained in this report are true and correct to the best of our knowledge, information and belief. We have no present or contemplated financial interest in Dock Street. Our fees for this valuation analysis are based upon our normal hourly billing rates and are in no way contingent on the results or findings. We have no responsibility to update this report for events and circumstances occurring subsequent to the date of this report. Our analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice and standards of the National Association of Certified Valuation Analysts.

The accompanying report has been prepared specifically to determine the fair value of a 33.33% interest in Dock Street for a dissenting shareholder action. The use of this report is limited to the current matter and this report may not be used for any other purpose without our prior written consent.

The accompanying report summarizes the results of our analyses to date. We reserve the right to amend or supplement this report as necessary should additional information become available to us.

The accompanying report was prepared with significant professional assistance from Steve Thimons.

Very truly yours,

Mark M. Gleason

MMG/sdt
Attachment

GA

Valuation Analysis of

Dock Street Manufacturing, Inc.

I. INTRODUCTION

Purpose of the Valuation

Dock Street Manufacturing, Inc's ("Dock Street") principal activity is the machining and metal stamping of components used in the gas metering and regulating industry.

The purpose of this valuation analysis is to determine the approximate fair value of a 33.33 percent interest in Dock Street as of March 31, 2003. The purpose of this valuation analysis is to determine the fair value of Dock Street for a dissenting shareholder action by Richard Gordon.

We have concluded that a reasonable estimate of the fair value of a 33.33% interest in Dock Street is approximately $766,000 as of March 31, 2003.

Approach to Valuation

Our approach has been to determine an estimate of the value that would provide a fair and reasonable return on an investment in Dock Street, in view of the information made available to us. Our opinion is based, among other things, on our estimate of risks facing the Company and the return on investment required for alternative investments with similar levels of risk.

There are many factors that influence the fair value of an interest in a company that have been considered as a part of this analysis. These factors include the financial condition, the operating results and business prospects of the Company, the status of the machining and metal stamping industry, and the position of the Company relative to this industry. We also considered potential effects on the Company given the current and forecasted local and national economic conditions, the dynamic nature of the industry, and the effects of global economic issues.

Attached as **Appendix 1** is a list of information we relied upon for our analysis.

II. BACKGROUND

Dock Street was formed as a Pennsylvania Corporation on March 30, 2000 by Mr. Hanak, Mr. Zaffuto, and Mr. Gordon to purchase the machining and metal stamping

operations of Invensys Energy Metering ("Invensys"). As of March 31, 2003, Mr. Hanak, Mr. Zaffuto, and Mr. Gordon each owned 33.33% of Dock Street.

Dock Street is a precision machining and metal stamping manufacturer and primarily manufactures parts for the gas metering and regulating industry. Invensys assembles, sells, and services gas metering and regulating products. Invensys is a member of Invensys Metering Systems, an international group of leading energy and water measurement products, services and systems solutions providers. Invensys Metering Systems is part of the Invensys Controls division of Invensys plc, a global leader in the Automation and Controls industry. The company's products and services range from advanced control systems and networks for automating industrial plants and controlling the environments of buildings, to electronic devices and controls found in residential buildings and light commercial applications, plus complete power systems for the telecommunications and information technology industries

Dock Street makes 90% of its sales to Invensys. Before Dock Street purchased the machining and metal stamping business of Invensys, Invensys produced its own machining and metal stamping products. After Dock Street purchased Invensys, Invensys continued to purchase these products from Dock Street. According to Mr. Gordon, Dock Street and Invensys essentially entered into a partnership as there is no other supplier who can provide the volume of products Invensys needs to conduct its operations. However, while Dock Street currently makes most of its sales to Invensys, management anticipates broadening its customer base to support growth into the future

Some area businesses that compete with Dock Street include:

- Erickson Corp. has specialty configured machinery for customized material handling equipment; and

- MDC Machines, Inc. is a small machine shop with minimal capabilities compared to the subject company.

There are also many small machine shops in the area which in management's view would not be capable of handling large volume production machining. Dock Street is one of the largest machine shops in the western Pennsylvania region capable of high quantity production machining capabilities. Additionally Dock Street has excess capacity to support the growth of its operations into the future.

III. ECONOMIC ENVIRONMENT

The financial success of a business entity (or an asset such as intellectual property) is dependant upon, among other things, the economic conditions within which it operates. Economic conditions can have a material impact on current investment decisions. The

following is a summary of the economic conditions present in the United States in the first quarter of 2003.[1]

A. General Economic Conditions

After a sluggish fourth quarter in 2002, the U. S. economy improved slightly during the first quarter of 2003. The gross domestic product (GDP), which is the broadest measure of the economy's health, posted a weaker-than-expected first quarter figure, but it did ease fears that the economy could be headed for another recession.

B. Business Investments

After increasing in the fourth quarter of 2002 for the first time since the third quarter of 2000, business investments once again decreased during the first quarter of 2003. Business investments declined at a rate of 4.2 percent during the first quarter, compared with an increase of 2.3 percent in the previous quarter and a 5.8 percent decrease in the first quarter of 2002. Business spending on equipment and software decreased by 4.4 percent in the first quarter after posting an increase for three consecutive quarters, including a 6.2 percent gain in the fourth quarter of 2002. Business spending on structures continued to fall, declining by 3.4 percent in the first quarter after a 9.9 percent decrease in the previous quarter.

C. Consumer Prices and Inflation Rates

During the first quarter of 2003, inflationary pressures remained low. The U.S. Department of Labor reported that the Producer Price Index for finished goods, which measures inflationary pressures before they reach consumers, advanced 1.5 percent in March 2003 following a 1.0 percent increase in February and a 1.6 percent rise in January. The costs of intermediate goods increased in March by 2.0 percent after rising by 2.1 percent in February. Prices for crude oil jumped 13.3 percent in March, compared with a 4.8 percent rate of growth in the previous month. Prices for finished goods other than foods and energy increased by 0.7 percent in March after falling by 0.5 percent in February. Prices for energy goods climbed 5.7 percent in March, following a 7.4 percent increase in the previous month.

[1] All of the contents of the economic environment section of this report are quoted from the 1st Quarter 2003 Economic Outlook Update™ published by Business Valuation Resources, LLC ©2003, reprinted with permission. The editors and Business Valuation Resources, LLC, while considering the contents to be accurate as of the date of March 31, 2003, take no responsibility for the information contained herein. Relation of this information to this valuation engagement is the sole responsibility of the author of this valuation report.

D. Interest Rates

Amidst mixed economic data in the first quarter of 2003, the Federal Reserve Board (FRB) decided to keep its target federal funds rate unchanged at 1.25 percent. The Fed decreased its target for the federal funds rate by 50 basis points to 1.25 percent in November 2002 — the lowest level in 41 years.

The Federal Open Market Committee (FOMC) met twice during the first quarter — January 29 and March 18. At both meetings, the FOMC decided not to change the federal funds rate. In both meetings, the FOMC expressed that it is difficult to assess whether the current weak economic performance is due mainly to war-related uncertainties or to previous economic recession conditions. Also, the war-related uncertainties make it hard to determine which constitutes a higher risk for the economy — inflation or recession. A press release dated March 18, 2003, stated, "In light of the unusually large uncertainties clouding the geopolitical situation [...], the Committee does not believe it can usefully characterize the current balance of risks with respect to the prospects for its long-run goals of price stability and sustainable economic growth."

E. Unemployment

The unemployment rate decreased to 5.8 percent in the first quarter of 2003, down from 5.9 percent in the previous quarter. The number of unemployed persons was 8.4 million in March. In March, job losses continued in manufacturing but also fell in retail trade, transportation, and government employment.

The downward trend in manufacturing continued in March, as factories lost 36,000 jobs. Employment in manufacturing has declined by 2.5 million since April 1998, its most recent peak. The retail trade lost 43,000 jobs in March 2003, while employment declined by 14,000 in the transportation sector. Since peaking in January 2001, transportation has lost 301,000 jobs, with air transportation accounting for over half the decline. Due to budget problems, which have lowered the rate of job growth in state and local government, employment in this sector also declined by 40,000 in March.

F. Consumer Spending and Confidence

Consumer spending, which accounts for two-thirds of overall economic growth, increased at a slow rate of 1.4 percent per year in the first quarter of 2003. This is a slight decrease from a 1.7 percent rate of gain in the fourth quarter of 2002 and was the smallest increase since the first quarter of 2001.

Consumer spending on durable goods decreased by 1.1 percent in the first quarter of 2003, following an 8.2 percent decrease in the previous quarter. During the first quarter, there was an increase of 4.2 percent in spending for nondurable goods, such as clothing and food, following a 5.1 percent increase in the fourth quarter of 2002. Expenditures on

services increased by 0.5 percent in the first quarter of 2003, compared with an increase of 2.2 percent in the previous quarter.

Consumer confidence remains at its lowest level in nearly a decade, as the Conference Board reported that its Index of Consumer Confidence was 62.5 in March 2003, down from 64.8 in February. This is the lowest reading for consumer confidence since a 60.5 reading in October 1993. Conference Board numbers above 100.0 mean a growing economy. A figure between 80.0 and 100.0 suggests slow growth, while a reading below 80.0 indicates a recession. The University of Michigan's Index of Consumer Sentiment reported a reading of 77.6 in March 2003 — its lowest level since a 77.3 reading in August 1993. The Michigan sentiment survey is based on telephone interviews with roughly 500 Americans across the country on personal finances, business conditions, and buying conditions.

G. Stock Markets

The year 2003 started on an optimistic note for the stock markets in January and finished the quarter with modest losses across most of the major indexes. In the last month of the quarter, March, the stock market performance closely followed news about an imminent war with Iraq. After the war started, the markets' performance continued to follow the news and reacted negatively at the risk of a protracted battle for the Iraqi capital of Baghdad.

After 2002, when the U.S. stock market turned in its third consecutive year of losses, the risk of a fourth down year for stocks, something that has happened only once during the Great Depression, appears more probable.

In the first quarter of 2003, the Dow Jones Industrial Average (DJIA) fell 4.2 percent and the Standard and Poor's 500 Index (S&P 500) decreased by 3.6 percent. The Nasdaq Composite Index, mainly formed of high-tech stocks, increased slightly by 0.4 percent and still remains 70.6 percent off its highest peak in the first quarter of 2000, exactly three years ago. The Wilshire 5000 fell 3.49 percent for the quarter, performing slightly better than Russell 2000 Index, which fell 4.8 percent.

After posting a modest gain of 1.28 percent for the month of March, the DJIA finished the quarter at 7992.13, reflecting a 4.19 percent drop from the fourth quarter of 2002. The DJIA also declined 23.18 percent in the last 12 months since March 31, 2002, the largest decline in the last five years. Between March 2001 and March 2002, the DJIA fell 4.66 percent.

The Nasdaq Composite Index closed the quarter at 1341.17, reflecting an increase of 0.42 percent for the quarter and a gain of 0.27 percent for March. For the last 12 months — March 2002 to March 2003, the Nasdaq Composite Index fell 27.32 percent. This is the largest loss since the 12 months ended in March 2001 when the index lost 59.76 percent.

The S&P 500 closed the first quarter of 2003 at 848.18, an increase of 0.84 percent over February and a decrease of 3.6 percent for the quarter. For the last 12 months, the S&P 500 posted the largest drop in the last five years — 26.08 percent.

With the exception of the Nasdaq Composite Index, which posted a small gain for the quarter, all the other indexes dropped in the first quarter of 2003. The technology stocks were the only positive spot of the first quarter, with the Nasdaq 100 up 3.48 since the beginning of the year and other technology stocks, such as Amazon and Yahoo, posting gains in their respective stock prices. Analysts blame the weak performance of the markets on uncertainty related to the war in Iraq in addition to previous recession conditions.

In the first quarter of 2003, the bond markets were dominated by the junk bonds that reaped better returns than other debt investments. They returned about 7.2 percent in the first quarter. The 10-year Treasury note finished the quarter with a yield of 3.807 percent, compared with 3.818 percent at the beginning of 2003.

H. Economic Outlook

Based on the economic figures from the first quarter of 2003, in which most indicators grew at a slow pace, it can be suggested that the U.S. economy has not completely recovered from the recession of 2001. While the recovery may continue to be slow, it does appear that the U.S. economy will continue to grow during the year.

Consensus Forecasts – USA predicts a rise in inflation in 2003. According to the survey, consumer prices will increase 2.4 percent in 2003, and in 2004, when most economists predict the economy will begin to grow more strongly, inflation will increase 2 percent during that year. Over the next ten years, the survey forecasts that inflation will average 2.4 percent. From 2009 to 2013 the survey forecasts that inflation will average 2.4 percent. Producer prices are expected to increase 2.2 percent in 2003 and by 0.8 percent in the following year.

Interest rates on three-month Treasury bills and 10-year Treasury notes will rise over the next two years, according to the forecasters of *Consensus Forecasts – USA*. According to the survey, three-month Treasury bills will rise to 1.1 percent by the end of July 2003 and will continue to increase to 2 percent by the end of April 2004. The interest rate on 10-year Treasury notes will climb to 2 percent by the end of April 2003 and will continue to increase to 4.6 percent by the end of July 2004. Both the three-month and the 10-year Treasury rates are expected to experience an upward trend over the next 10 years. The average for the 2009-2013 period is expected to be 4.7 percent for the three-month Treasury rate and 5.9 percent for the 10-year rate.

The Livingston Survey, which is conducted by the Federal Reserve Bank of Philadelphia, predicts a slow and steady increase in the stock prices of the S&P 500 index. The survey predicts that the index will reach a level of 1076.1 by the end of 2003 and will continue

to rise to 1138.5 in 2004, which is still far below the index's value at its peak of just over 1500 in early 2000.

The Federal Open Market Committee remains optimistic about the future economic outlook. A press release dated March 18 states: "The Committee believes that as those uncertainties lift, as most analysts expect, the accommodative stance of monetary policy, coupled with ongoing growth in productivity, will provide support to economic activity sufficient to engender an improving economic climate over time." Also, the FOMC indicated that future rate cuts might become effective if the need arises: "In the current circumstances, heightened surveillance is particularly informative." The next meeting of the Board is scheduled for May 6, 2003.

I. Summary of Economic Conditions and Outlook

Poor economic conditions in the short-term have a negative impact on spending by companies. Companies are reluctant to make any unnecessary expenditures during a downturn in the economy. However, despite the poor economic environment, Dock Street's business is reliant upon the gas metering and regulating industry. The gas metering and regulating industry is highly dependant on the state of the real estate market. Given the low interest rates during the past few years, the real estate industry has performed extremely well which directly influences Dock Street's results. Thus, the economic conditions for Dock Street during the past few years have been favorable.

Additionally, the predicted stabilization of the U.S. economy appears to provide the Company with favorable economic conditions in the short-term. Any long-term recovery will mitigate the risk associated with the financial performance of the Company significantly. However, if interest rates rise as predicted, this could negatively affect both the real estate industry and Dock Street.

IV. INDUSTRY CONDITIONS

The machining, or manufacturing, industry has not experienced strong results during the past few years. However, while the industry has experienced a decline, leaders in the field expect a turnaround to occur. The following table, which captures 75% of total market activity, contains U.S. machine tool consumption figures from 1996 to 2002:

Year	Total[2] (in $ millions)	Annual Change (in $ millions)
1996	$ 5,023	
1997	5,555	$ 532
1998	4,912	(643)
1999	3,896	(1,016)
2000	3,985	89
2001	2,669	(1,316)
2002	2,047	(622)

This decline in consumption seems to have slowed, however. Consumption in December 2003 totaled $212 million while consumption totaled only $135 million in January 2003.[3] However, after consumption bottomed out in January and February 2003, it rebounded with a strong month in March 2003 with approximately $175 million in consumption.

Based upon our review, it appeared as if the market had bottomed out in January and February 2003 and started its rebound in March 2003.

V. FINANCIAL REVIEW

Dock Street's financial statements do not account for certain adjustments. See **Exhibit A** and **B**[4]. Once these adjustments are accounted for, Dock Street's financial performance improves significantly.

Dock Street's historical income statements do not account for pricing adjustments from Invensys. Originally, when Invensys owned its own machining and metal stamping operations, it charged its other business units prices lower than market prices. When Dock Street took over these operations, it continued charging Invensys the same prices. However, Dock Street realized these were not market prices and recently negotiated with Invensys to charge market prices starting in fiscal year 2003. Thus, adjustments to Dock Street's historical financial statements between 2000 and 2002 were necessary to better understand their past results.

As mentioned, accounting for this adjustment results in a significant increase in Dock Street's financial performance. See **Exhibit C**. It appears that, even after these adjustments, Dock Street has still experienced significant declines in its revenue from approximately $5.4 million in 2000 to $5.5 million in 2001 to $2.9 million in 2002. However, this reduction in revenue was due to a change in Dock Street's production

[2] "U.S. Machine Tool Consumption-History," USMTC Historical Statistics, <http://www.amtda.org/usmtc/history.htm> (8 April 2004).
[3] "U.S. Machine Tool Consumption: January 2004," USMTC: US Machine Tool Consumption, 8 March 2004, <http://www.amtda.org/usmtc/index.htm> (8 April 2004).
[4] The financial statements presented here use a tax basis of depreciation rather than a book basis of depreciation.

process, not a drop in business volume. Prior to 2002, Dock Street included the price of casting materials used in the price of its products. However, they came to an agreement with Invensys whereby Invensys would provide its own raw casting materials to Dock Street. Dock Street would use these materials in its production process and would not have to purchase these materials and then pass on the price of these materials to Invensys. Thus, the decrease in revenue had no effect on the income earned by Dock Street. Additionally, we note that between 2000 and 2002, pre-tax income has remained relatively constant at $177,000 in 2000 and $186,000 in 2002.

Dock's Street's 2000 through 2002 balance sheets are shown on **Exhibit D**. Dock Street's financial condition as of December 31, 2002 is weak. However, with the recent changes in pricing to Invensys, it is likely that Dock Street's financial condition will turn around as indicated by the relatively consistent profitability figures shown in **Exhibit C**.

Dock Street also had net cash outflows of approximately $43,000 and $67,000 in 2001 and 2002, respectively. Again, with the anticipated price increase, it is likely that Dock Street will have a much better cash flow in the future. See **Exhibit E**.

Dock Street management also prepared projected income statements for 2003 and 2004. See **Exhibit F**. Management anticipates maintaining and slightly improving profitability over the next two years. Revenue is projected to decline in 2004 to approximately $2.6 million (from adjusted revenue figures) in 2003. However, projected net income is expected to remain relatively constant. Dock Street is projected by management to experience moderate growth in 2004. Keith Gordon, with the assistance of Richard Gordon, assisted us in developing forecasts for years beyond 2004. According to Keith Gordon, after 2004, Dock Street should begin to experience significant growth and Dock Street will achieve 10 to 15% growth and also improve margins. It is anticipated that this forecasted growth will come once Dock Street understands and adapts to the Invensys business and expands its customer base.

While Dock Street's financial condition was not good between 2000 and 2002, its poor financial results were not unexpected as they had recently begun operations. Struggles with financial performance and cash flow are not uncommon in the early years of most businesses. Additionally, the pricing adjustment with Invensys should result in a significant boost to Dock Street's financial performance.

VI. ESTIMATE OF VALUE

Nature of the Security

The value of an investment is influenced by many of its characteristics, including control, marketability, expected income, perceived risks and the underlying assets, if any. The purpose of this valuation analysis is to determine the approximate fair value of a 33.33 percent interest in Dock Street as of March 31, 2003 owned by Mr. Gordon. The purpose

of this valuation analysis is to determine the fair value of Dock Street for a dissenting shareholder action.

Depending on the purpose of the valuation, one definition, or standard of value may be more appropriate than another. In this particular instance the standard of value we have applied is "fair value".

The Revised Model Business Corporation Act, Section 13.01(3) (1998) defines fair value as:

> "The value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable."

Fair value answers the question "what would the shareholder have received if the merger had not occurred?" Fair value considers what the shareholders' future benefits would have been if the action had not occurred and places limited dependence on what the entity could be sold for at the current time.

Considering judicial preference in cases involving dissenting shareholder actions (case citation have been provided in **Appendix 2**) and the standard of value definition, which emphasizes future benefits, we have employed the income approach, specifically the discounted cash flow method, as our primary valuation method. This method of valuing a business is based on the theory that the total value of a business is the present value of its projected future earnings (or cash flow), plus the present value of some terminal value of the business. We have, however, also considered both a market approach and an underlying asset approach in our determination of the fair value of the Dock Street, but believe the value calculated under the discounted cash flow analysis is the most reliable indicator of value in this situation.

Methods of Valuation

There are three traditional approaches to valuing an interest in closely held business entities such as Dock Street: the income approach, the underlying asset approach and the market approach. The following is a brief description of each approach.

Under the **income approach**, the value of an investment is determined by converting the anticipated future benefits, such as income or cash flow, into present value. The expected annual income is either discounted or capitalized at a rate that reflects the time value of money and the risks inherent in the investment.

In the **underlying asset approach**, the fair market value of all of the assets of the business (both tangible and intangible) is identified and reduced by the liabilities to determine the net worth of the business.

Value is determined under the **market approach** by a comparison of the subject business or investment to transactions involving similar businesses that are for sale or those that have been sold.

In our valuation analysis of Dock Street, each of these approaches was considered. A discussion of our analysis of the Company using each approach follows.

Income Approach

Under the income approach, the value of an investment is determined by converting the anticipated future benefits, such as income or cash flow, into present value. The expected annual income is either discounted or capitalized at a rate that reflects the time value of money and the risks inherent in the investment.

Within the income approach to valuation, cash flow is the most commonly used measure of an investor's expected future benefits. It is important to understand the cash flow that has historically been and will be available to Dock Street.

Discounted cash flow analysis using Management forecasts

The widely accepted "discounted cash flow" analysis was used to determine the fair value of Mr. Gordon's 33.33 percent interest in Dock Street, as of March 31, 2003 under the income approach. The discounted cash flow analysis uses historical and forecasted income statement, balance sheet, and cash flow statement to determine the amount of free cash flow expected from a business. See **Exhibits A, C, D** and **E** for these statements for Dock Street.

Free cash flow is discounted at a rate appropriate for the amount of risk associated with achieving the free cash flow projected, in this case at a weighted average cost of capital ("WACC"). A WACC is the most appropriate rate of return to be used in evaluating Dock Street since it considers the debt and equity capital structure of Dock Street.

A WACC varies among particular sizes and types of businesses and from one period of time to another. We have determined a WACC of 12.8%, or 21% pre-tax, for the free cash flow available to the invested capital of Dock Street, as derived in **Exhibit G**. This WACC was determined using a summation method for the cost of equity that considered the risk-free rate of return and common risk premiums applicable to equity investments such as the size of the Company, industry risks, and the financial strength of the business as well as the current interest rate on the Company's debt. Refer to **Exhibit H.**

The risk free rate was determined using the yield on 20 year U.S. Treasury Bonds as of March 31, 2003. The equity risk premium was determined from Ibbotson Associates Valuation Edition 2003 Yearbook, and represents the average historical return of large, publicly traded stocks in excess of the risk free rate of return during the period 1926

through 2002. The beta (or the risk of a particular industry compared to the market as a whole) applied to the equity risk premium was determined by using the median levered adjusted beta for SIC Code 349: Miscellaneous Fabricated Metal Products (the SIC code most applicable to Dock Street) according to Ibbotson Associates Cost of Capital Quarterly 2003 Yearbook. The size risk premium (or the return of small publicly traded stocks in excess of large publicly traded stocks) was determined using Ibbotson Associates Valuation Edition 2003 Yearbook.

In developing our discount rate under the build-up approach, we also added a specific company risk premium for an investment in Dock Street after analyzing the Company's financial situation, size, debt, management depth, and other factors. Dock Street's financial statements indicate that the Company has experienced some financial difficulties during the past few years, but according to management forecasts has a positive outlook for the future. Additionally, a significant amount of Dock Street's financial difficulties were due to the pricing of its products to Invensys which has been adjusted by the Company and will improve results and expected cash flow in the future. However, the company is very small (revenues of less than $3 million in 2002) making the company riskier than even the smallest publicly traded companies considered in the Ibbotson Associates data. Additionally, Dock Street's significant customer concentration (over 90% of its sales are made to Invensys) increases the risk associated with an investment in Dock Street. However, Dock Street's ability to meet Invensys' demand and its partnership mitigate this risk to an extent. Dock Street also receives a benefit from having a good working relationship with its most significant customer.

Because Dock Street is significantly smaller than even the smallest companies considered in the Ibbotson Associates data, does not have a long history of strong financial performance, and has a high customer concentration, an additional risk premium must be added to reflect the expected return for an investment in Dock Street. Additionally, we considered the reasonableness of the financial forecasts when developing our specific company risk factor. Factoring in the additional risk due to size and financial performance as well as the likelihood of achieving projected financial performance, a specific company risk of 6% for an investment in Dock Street was considered appropriate. This 6% specific company risk is approximately one-half of the 13% discount rate determined without the specific company risk in our build-up analysis. A specific company risk premium of 6% indicates that an investment in Dock Street is approximately 50% more risky than an investment in a small, publicly traded company in a similar industry.

We have assumed that long-term growth would equal a rate close to inflation, or 4%. We believe that in perpetuity, Dock Street will not be able to sustain the growth projected in its short-term financial forecasts for 2004 and 2005.

We have estimated Dock Street's cost of debt of 7.56% using a weighted average of their current debt from their 2001 compiled financial statements. See **Exhibit I.** The debt to value ratio in the WACC calculation was determined based upon Dock Street's current debt level. Refer to **Exhibit G.**

Projected free cash flow was calculated in a number of simple steps:

- Determine net income;
- Add back depreciation and amortization and interest expense;
- Subtract capital expenditures and changes in working capital.

In determining free cash flow, we used management's projections for net income for Dock Street for calendar years 2003 and 2004. We then assumed 10% to 15% growth in revenue (except for depreciation which was assumed to remain constant and interest expense which was assumed to decrease as the debt level decreased) between 2005 and 2007 based upon our review of Dock Street and discussions with Keith and Richard Gordon. We assumed growth rate in SG&A of 10% based upon discussions with Keith and Richard Gordon. We also assumed 10% growth for our calculation of a stabilized income statement in 2008. See **Exhibit F**.

In arriving at the indicated value in our discounted cash flow analysis, Dock Street's expected future free cash flow is discounted to a present value using the pre-tax WACC. According to our analysis, the indicated value of the invested capital of Dock Street is approximately $3.2 million using the discounted cash flow approach and management's forecasts. See **Exhibit J**.

Underlying Asset Approach

In the Underlying Asset Approach, the fair market value of all of the assets of the business (both tangible and intangible) are identified and reduced by the liabilities to determine the net worth of the business.

In the net asset approach, we have adjusted only the value of Dock Street's property, plant and equipment based upon an appraisal performed by Industrial Appraisal Company. The value of the PP&E is adjusted to approximately $2.7 million. After that adjustment, the net asset value of 100% of Dock Street equity is approximately $1.4 million.[5] The value of 100% of Dock Street's invested capital is approximately $2.3 million (i.e., the $1.4 million net asset value plus the approximately $900,000 in debt). See **Exhibit K**.

Market Approach

Value is determined under the market approach by a comparison of the subject business or investment of transactions involving similar businesses that are for sale or for those which have been sold.

[5] Dock Street has a long term lease for its property and pays only $2,500 per month. We understand that this terms of this lease are likely at a below market rate. Thus, this lease is an asset of Dock Street's that may have significant value. However, we have not valued this asset for purposes of this valuation.

There are generally three sources used to identify market transactions that may involve similar businesses that are for sale or that have been sold. These sources are publicly traded guideline companies, internal transactions of the subject company's stock, and direct market data involving private sales of similar businesses. Each of these sources of market transactions has been considered in our analysis of Dock Street.

Publicly traded guideline companies:

We were unable to identify and reasonably comparable publicly traded guideline companies to Dock Street due to the size and broad functionality of the potential publicly traded guideline companies.

Internal transactions involving the subject company's stock

We are unaware of any internal transactions involving Dock Street stock.

Direct market data involving sales of similar businesses:

We reviewed information on private transactions as found in *BVResources.com* and *DoneDeals.com*, subscriber private business transaction databases, published by Business Valuation Resources and NVST, respectively. The BVResources.com database contains transactions from Pratt's Stats, Mergerstat, BizComps and public company transactions. The DoneDeals.com database contains private transactions with purchase prices of $1 to $250 million.

We identified five potential transactions we believe to be most similar to Dock Street. We calculated the market value of invested capital ("MVIC") to operating income and the MVIC to revenue of the guideline private company transactions and then computed a simple average and median of the ratios. We use the median multiples because the Excalibur transaction produces a result that is an outlier to the results of the other transactions. Using the median multiples instead of the average multiples, we avoid having the Excalibur transaction skew our results. Additionally, we apply the median multiples to Dock Street's forecasted 2003 revenue and operating income rather then Dock Street's actual 2003 revenue and operating income because we believe Dock Street's 2003 results are more representative of Dock Street's financial performance in the future. However, the difference is minor between Dock Street's 2002 actual financial performance and Dock Street's 2003 forecasted financial performance.

The median MVIC to revenue ratio of the guideline private company transactions was 0.98. See **Exhibit L.** Applying the private company price to revenue ratio to Dock Street's 2003 forecasted revenue, we derive an aggregate indicated value of the invested capital of Dock Street of approximately $2.5 million. See **Exhibit M.**

We also derived an aggregate invested capital value for Dock Street of approximately $2.8 million, using a median MVIC to forecasted 2003 operating income multiple. See **Exhibit M.**

Indicated Values

We have derived indicated values of 100% of the invested capital of Dock Street as of March 31, 2003 using the market, income, and underlying asset approaches to valuation. These analyses show that the indicated values of 100% of the invested capital of Dock Street as of March 31, 2003 range between approximately $2.3 million under the net asset approach to approximately $3.2 million under the income approach. See **Exhibit N.**

However, the objective of our analysis is to determine the fair value of a 33.33% interest in Dock Street. First, the value of Dock Street's debt must be subtracted to determine the indicated value of 100% of Dock Street's equity.

The range of indicated values of 100% of Dock Street's equity as of March 31, 2003 are between approximately $1.4 million under the net asset approach and approximately $2.3 million under the income approach. See **Exhibit N.**

After the indicated value of 100% of Dock Street's equity is determined, the value of Richard Gordon's 33.33% interest can be determined by multiplying 33.33% by the value of Dock Street. The indicated value of 33.33% of Dock Street as of March 31, 2003 ranges from approximately $462,000 under the net asset approach to approximately $766,000 under the income approach.

Adjustments to the Indicated Values

Because the standard of value in our analysis is fair value, no adjustment for control or marketability is necessary. As **Appendix 2** indicates, a number of court cases state that, under a fair value standard, application of lack of control and lack of marketability discounts are inappropriate. Additionally, the Delaware Supreme Court stated that fair value, "measures 'that which has been taken from [the shareholder], *viz*, his proportionate interest in a going concern."[6] This "proportionate interest" concept indicates that fair value of a shareholder's interest is calculated as the shareholders proportionate share of 100% of the enterprise value of the company and implies that no discounts should be applied.

[6] From the *Matter of Shell Oil Co.*, 607 A.2d 1213, 1218 (Del. 1992), quoting *Tri Continental Corp. v. Battye*, 74 A.2d 71, 72 (Del. 1950).

VI. CONCLUSIONS

Based upon the results of our analysis, we have determined that a reasonable estimate of the approximate fair value of a 33.33% interest in Dock Street is approximately $766,000 as of March 31, 2003. This estimate has been determined using the income approach. See **Exhibit N.**

The results determined using the income approach were considered more reliable than the results determined using the market or net asset approaches because it fully considered management's best estimate of expected results of operations and growth in cash flow. The results determined using the market approach were considered less reliable because the expected future growth in earnings and cash flow for the guideline company transactions identified were not fully known, thus making comparison to Dock Street difficult. However, we note that many of the values determined using the market approach reasonably approximated the fair market value determined using the discounted cash flow approach based upon management's forecasts. Additionally, the results using a price to revenue ratio are not as reliable as the results using a price to income ratio. The price to revenue ratio does not consider differences in the cost structure of each business and thus produces less reliable results. The net asset approach was not used as it only considers the book value of each asset, not the value of the assets an assemblage of income producing assets.

VII. LIMITING CONDITIONS

The estimate of value rendered in this analysis is based upon information provided by and discussions with Dock Street personnel. We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data, including the Company's forecasts, provided to us by others. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information in performing our valuation analysis.

We have compiled certain information contained in this analysis, including the information from projections and various economic and industry data. The approaches and methodology used in our work did not comprise an examination in accordance with generally accepted auditing standards (GAAS). The objective of a GAAS examination is to express an opinion regarding the fair presentation of historical or prospective financial statements or other financial information presented in accordance with generally accepted accounting principles. Since we did not do an examination in accordance with GAAS, we do not express an opinion on either the historical or prospective financial statements of Dock Street.

Gleason & Associates does not purport to be a guarantor of value. Valuation of closely held businesses and investments is an imprecise science, with value being a question of fact, and reasonable people can differ on their estimate of value. However, Gleason & Associates has performed this analysis using conceptually sound and commonly accepted methods of valuation.

All facts set forth in this report are true and correct to the best of our knowledge, information and belief.

These calculations are solely intended to be used as an approximate fair value of Dock Street for a dissenting shareholder action. This report may not be distributed to outside parties to obtain credit or equity or for any other purpose, without the express written permission of Gleason & Associates, P.C.

We have no obligation or responsibility to update these calculations for events or circumstances occurring subsequent to the date of this memorandum.

Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material. Accordingly, to the extent that any of the information used in this analysis requires adjustment, the resulting fair value would be different. Gleason & Associates expresses no form of assurance whatsoever on the likelihood of achieving any of the financial projections or forecasts contained in this analysis, or on the reasonableness of any underlying assumptions that they may contain.

Nothing in this analysis constitutes a recommendation regarding the purchase or sale of any assets or securities. Gleason & Associates expresses no opinion, guarantees or form

of assurance of any kind, express or implied, on the potential investment performance resulting from a purchase of the Company's stock or assets. Gleason & Associates assumes no responsibility for any liability for damages of any kind resulting from reliance on this analysis by the Company or any other party.

This analysis is neither an offer to sell, nor a solicitation to buy securities, and/or equity in, or assets of, the subject Company.

We have no present or contemplated financial interest in Dock Street. Our fees for this valuation are based upon our normal hourly billing rates and are in no way contingent upon the results or findings.

Dock Street Manufacturing
2000-2002 Historical Income Statements

Exhibit A

	2000	2001	2002
Net Sales	5,330,401	4,706,860	2,756,843
Growth in sales	*N/A*	*-12%*	*-41%*
Cost of Sales	3,956,712	3,940,317	1,816,022
Gross Profit	**1,373,689**	**766,543**	**940,821**
Selling, General, and Administrative	1,150,593	1,200,353	840,399
Income from Operations	**223,096**	**(433,810)**	**100,422**
Other Income (Expense)			
Interest expense	(136,400)	(137,342)	(94,547)
Total other income (expense)	**(136,400)**	**(137,342)**	**(94,547)**
Net Income	**$ 86,696**	**$ (571,152)**	**$ 5,875**

B

Dock Street Manufacturing **Exhibit B**
2000-2002 Common Size Income Statements

	2000	2001	2002
Net Sales	100%	100%	100%
Cost of Sales	74%	84%	66%
Gross Profit	26%	16%	34%
Selling, General, and Administrative	22%	26%	30%
Income from Operations	**4%**	**-9%**	**4%**
Other Income (Expense)	0%	0%	0%
Interest expense	-3%	-3%	-3%
Total other income (expense)	**-3%**	**-3%**	**-3%**
Pre-tax income	**2%**	**-12%**	**0%**

C

Dock Street Manufacturing
2000-2002 Adjusted Income Statements

Exhibit C

	2000	Adjustment 2000	Adjusted	2001	Adjustment 2001	Adjusted	2002	Adjustment 2002	Adjusted
Net Sales	5,330,401	90,000	5,420,401	4,706,860	760,000	5,466,860	2,756,843	180,000	2,936,843
Growth in sales	*N/A*			*-12%*			*-41%*		
Cost of Sales	3,956,712	-	3,956,712	3,940,317	-	3,940,317	1,816,022	-	1,816,022
Gross Profit	**1,373,689**	**90,000**	**1,463,689**	**766,543**	**760,000**	**1,526,543**	**940,821**	**180,000**	**1,120,821**
Selling, General, and Administrative	1,150,593	-	1,150,593	1,200,353	-	1,200,353	840,399	-	840,399
Income from Operations	**223,096**	**90,000**	**313,096**	**(433,810)**	**760,000**	**326,190**	**100,422**	**180,000**	**280,422**
Other Income (Expense)									
Interest expense	(136,400)	-	(136,400)	(137,342)	-	(137,342)	(94,547)	-	(94,547)
Total other income (expense)	**(136,400)**	**-**	**(136,400)**	**(137,342)**	**-**	**(137,342)**	**(94,547)**	**-**	**(94,547)**
Pre-tax income	**$ 86,696**	**$ 90,000**	**176,696**	**$ (571,152)**	**$ 760,000**	**188,848**	**$ 5,875**	**$ 180,000**	**185,875**

Dock Street Manufacturing
2000-2002 Historical Balance Sheets

Exhibit D

	December 31, 2000	December 31, 2001	December 31, 2002
Assets			
Current Assets			
Cash	$ 126,681	$ 83,468	$ 16,153
Accounts Receivable, net	579,761	208,519	166,211
Inventory	1,538,294	559,231	295,373
Other current assets	-	-	31,525
Total Current Assets	**2,244,736**	**851,218**	**509,262**
Fixed Assets			
Plant, Propertry, and equipment	1,073,110	1,120,614	1,120,973
Accumulated Depreciation	(54,961)	(123,668)	(193,860)
Total Fixed Assets	**1,018,149**	**996,946**	**927,113**
Other Assets:			
Loan origination fees	12,500	12,500	12,500
Less: Accumulated amortization	(1,875)	(4,375)	(6,875)
Total other assets	**10,625**	**8,125**	**5,625**
Total Assets	**$ 3,273,510**	**$ 1,856,289**	**$ 1,442,000**
Liabilities and Shareholders Equity			
Current Liabilities			
Current portion of long term debt	$ 212,570	$ 284,360	$ -
Accounts payable	1,726,641	844,113	878,801
Line of credit	250,000	248,418	11,923
Accrued payroll and taxes	23,361	94,348	1,500
Total Current Liabilities	**2,212,572**	**1,471,239**	**892,224**
Advances from stockholders	20,000	19,800	-
Long-term Liabilities			
Notes payable	1,166,812	1,034,066	928,358
Less: Current portion of long term debt	(212,570)	(284,360)	-
Total Long Term Liabilities	**954,242**	**749,706**	**928,358**
Total Liabilities	**3,186,814**	**2,240,745**	**1,820,582**
Shareholders Equity			
Additional paid-in-capital	-	100,000	100,000
Retained Earnings	86,696	(484,456)	(478,582)
Total Shareholders Equity	**86,696**	**(384,456)**	**(378,582)**
Total Liabilities and Shareholders Equity	**$ 3,273,510**	**$ 1,856,289**	**$ 1,442,000**
Current Ratio	1.01	0.58	0.57
Working Capital	118,053	(419,129)	(399,115)
Change in Working Capital	N/A	(537,182)	20,014

E

Exhibit E

Dock Street Manufacturing
2000-2002 Historical Cash Flow Statements

	2000	2001	2002
Cash flows from operating activities:			
Net Income (loss)	$ 86,696	$ (571,152)	$ 5,875
Adjustments to Reconcile Net Income :			
Depreciation & amorization	56,836	71,207	97,048
Accounts receivable	(579,761)	371,242	42,308
Inventory	(1,538,294)	979,063	263,858
Other current assets	-	-	(31,526)
Accounts payable	1,726,641	(882,528)	34,688
Payroll liabilities	23,361		
Accruals	-	70,986	(329,342)
Cash from (used in) operations	(224,521)	38,818	82,909
Cash flows from investing activities:			
Purchase of equipment	(1,073,110)	(47,503)	(359)
Cash used in investing	(1,073,110)	(47,503)	(359)
Cash flows from financing activities;			
Payments on debt	(458,188)	(150,528)	(49,863)
Borrowings of debt	1,870,000	16,000	-
Proceeds from sale of treasury stock	(7,500)	-	-
Shareholder loans	20,000	100,000	(100,000)
Cash provided (used) in financing	1,424,312	(34,528)	(149,863)
Net increase in cash	126,681	(43,213)	(67,313)
Cash-beginning of year	-	126,681	83,468
Cash-end of year	126,681	83,468	16,155

Dock Street Manufacturing
2003-2008 Projected Financial Statements

Exhibit F

	Adjusted 12/31/01	Adjusted 12/31/02	Projected 12/31/03	Projected 12/31/04	Projected 12/31/05	Projected 12/31/06	Projected 12/31/07	Stabilized Projected 12/31/2008
Net Revenue	5,466,860	2,936,843	2,546,775	2,674,114	2,941,525	3,382,754	3,890,167	4,279,184
Growth	N/A	-46.3%	-13.3%	5.0%	10.0%	15.0%	15.0%	10.0%
Cost of Sales	3,940,317	1,816,022	1,676,807	1,760,647	1,936,712	2,130,383	2,343,421	2,577,763
Gross Profit	1,526,543	1,120,821	869,968	913,467	1,004,814	1,252,371	1,546,746	1,701,421
SG&A & Other expenses	1,128,651	743,351	515,307	541,052	595,157	654,673	720,140	792,154
EBITDA	397,892	377,470	354,661	372,415	409,657	597,698	826,606	909,267
Depreciation	(71,702)	(97,048)	(97,047)	(101,900)	(101,900)	(101,900)	(101,900)	(101,900)
Interest Expense	(137,342)	(94,547)	(73,389)	(77,058)	(61,646)	(49,317)	(39,454)	(39,454)
Pre-tax Income	188,848	185,875	184,225	193,457	246,111	446,481	685,252	767,913
Taxes	-	-	-	-	-	-	-	-
Net Income	188,848	185,875	184,225	193,457	246,111	446,481	685,252	767,913

Dock Street Manufacturing **Exhibit G**

Weighted Average Cost of Capital

Cost of Equity (A)	19.0%
Cost of Debt (B)	7.6%
Debt to Value Ratio (C)	43%
Equity to Value Ratio	57%
Tax Rate (D)	39%

Weighted Average Cost of Capital
(WACC = Cost of equity*(Equity to Value Ratio) + Cost of debt*(Debt to Value)*(1-Tax Rate))

12.8%		
Pre-tax	21.0%	pre-tax = (WACC/(1-Tax Rate))
Round	**21.0%**	
Growth	4.0%	
Cap rate (WACC-growth)	**17.0%**	

(A) See **Exhibit H** for calculation.

(B) See **Exhibit I** for calculation.

(C) Estimated debt to value ratio based upon estimate of a reasonable amount of debt Dock Street could be expected to have in the future assuming an optimal use of debt and equity by a hypothetic buyer or seller based upon average SIC code debt to value ratio.

(D) Estimated effective tax rate.

H

Dock Street Manufacturing
Cost of Equity

Exhibit H

Risk-free Rate (A)		4.96%
Equity Risk Premium		
Long-Term Expected Risk Premium (B)	7.00%	
Unlevered Industry Beta (C)	0.37	2.59%
Premium for Size (D)		5.67%
Specific Company Risk (E)		6.00%
Cost of Equity		19.22%
Rounded to:		**19.00%**

(A) Federal Reserve Yield on 20 Year U.S. Treasury Bonds, March 31, 2003. Available at http://www.federalreserve.gov.

(B) Large company stock total returns minus long-term government bond income returns, 1926-2002, Ibbotson Associates, SBBI Valuation Edition 2003 Yearbook.

(C) Median levered adjusted beta for SIC Code 349-Miscellaneous Fabricated Metal Products, Ibbotson Associates, Cost of Capital 2003 Yearbook.

(D) Historical return of the 10th decile of NYSE/AMEX/NASDAQ portfolio in excess of Equity Risk Premium, 1926-2001, Ibbotson Associates, SBBI Products, Ibbotson Valuation Edition 2003 Yearbook.

(E) Estimated based upon evaluation of subject company-additional risk due to rate of projected growth, size of company, debt, management depth and other qualitative and quantitative factors.

Dock Street Manufacturing
Cost of debt

Exhibit I

	Balance at 12/2001	Interest Rate	Weighted Interest Rate
Note payable--Deposit Bank	596,503	0.095	0.0548
Note payable--NCPRPDC	170,033	0.05	0.0082
Note payable--NCPRPDC	84,853	0.045	0.0037
Note payable--NCPRPDC	84,853	0.045	0.0037
Note payable--NCPRPDC	85,017	0.05	0.0041
Note payable--Community Bank	12,807	0.09	0.0011
Total	**1,034,066**		**7.56%**

Dock Street Manufacturing
Discounted Cash Flow Analysis

Exhibit J

	Projected 12/31/2003	Projected 12/31/2004	Projected 12/31/2005	Projected 12/31/2006	Projected 12/31/2007	TERMINAL VALUE
Net Income	184,225	193,457	246,111	446,481	685,252	767,913
Plus: Depreciation and Amortization	97,047	101,900	101,900	101,900	101,900	101,900
Plus: Interest Expense (a)	73,389	77,058	61,646	49,317	39,454	39,454
Less: Capital Expenditures (b)	(75,000)	(82,500)	(90,750)	(99,825)	(109,808)	(120,788)
Change in Working Capital (c)	(20,014)	(20,014)	(20,014)	(20,014)	(20,014)	(20,014)
Free Cash Flow	**259,647**	**269,901**	**298,893**	**477,859**	**696,784**	**768,465**
Capitalization rate						17.00%
Capitalized terminal value						4,520,380
Discount rate	0.93101	0.78799	0.65123	0.53820	0.44480	0.44480
Present value of cash flow	241,735	212,678	194,647	257,186	309,928	2,010,653
Indicated value of equity	**3,226,827**					

(a) Based upon discussion with R. Gordon and estimated debt level of Dock Street.
(b) Based upon discussions with R. Gordon
(c) Estimated to remain constant from 2002 level.

K

Dock Street Manufacturing
Net Asset Approach

Exhibit K

	December 31, 2002	Adjustments	Adjusted December 31, 2003
Assets			
Current Assets			
Cash	$ 16,153	$ -	$ 16,153
Accounts Receivable, net	166,211	-	166,211
Inventory	295,373	-	295,373
Other current assets	31,525	-	31,525
Total Current Assets	**509,262**	**-**	**509,262**
Fixed Assets			
Plant, Propertry, and equipment	1,120,973	1,569,823	2,690,796
Accumulated Depreciation	(193,860)	193,860	-
Total Fixed Assets	**927,113**	**1,763,683**	**2,690,796**
Other Assets:			
Loan origination fees	12,500	(12,500)	-
Less: Accumulated amortization	(6,875)	6,875	-
Total other assets	**5,625**	**(5,625)**	**-**
Total Assets	**$ 1,442,000**	**$ 1,758,058**	**$ 3,200,058**
Liabilities and Shareholders Equity			
Current Liabilities			
Current portion of long term debt	$ -	$ -	$ -
Accounts payable	878,801	-	878,801
Line of credit	11,923	-	11,923
Accrued payroll and taxes	1,500	-	1,500
Total Current Liabilities	**892,224**	**-**	**892,224**
Advances from stockholders	-	-	-
Long-term Liabilities			
Notes payable	928,358	-	928,358
Less: Current portion of long term debt	-	-	-
Total Long Term Liabilities	**928,358**	**-**	**928,358**
Total Liabilities	**1,820,582**	**-**	**1,820,582**
Shareholders Equity			
Additional paid-in-capital	100,000		100,000
Retained Earnings	(478,582)	1,763,683	1,285,101
Total Shareholders Equity	**(378,582)**	**1,763,683**	**1,385,101**
Total Liabilities and Shareholders Equity	**$ 1,442,000**	**$ 1,763,683**	**$ 3,205,683**

Dock Steel Manufacturing
Analysis of Private Company Transactions

Exhibit L

Buyer	Seller	Source	MVIC	Assets	Revenues	Operating Income/EBITDA	MVIC to Revenue	MVIC to Operating Income
N/A	Consulikap, Inc.	Pratt's Stats	$ 3,000,000	$ 360,000	$ 3,075,722	$ 930,933	0.98	3.22
N/A	N/A	BIZCOMPS	$ 195,000	N/A	$ 1,250,000	N/A	0.16	N/A
Excalibur Industries, Inc.	Excalibur Holdings, Inc.	Done Deals	$ 51,600,000	$14,800,000	$ 3,600,000	$ 241,000	14.33	214.11
Dynamic Materials Corporation	Nobleclad	Done Deals	$ 4,000,000	$ 7,800,000	$ 10,600,000	$ 744,000	0.38	5.38
APW Ltd	Mayville Metal Products Division	Done Deals	$ 267,100,000	$55,700,000	$170,800,000	$ 28,700,000	1.56	9.31
						Mean	3.48	58.00
						Median	0.98	7.34

Dock Street Manufacturing
Guideline Company and Transactions Analysis

Exhibit M

	MVIC to Operating Income	Dock Street 2003 Forecasted EBITDA	Indicated Value
Direct Market Data of Guideline Private Sales	7.34	$ 377,470	$ 2,771,189

	MVIC to Revenue	Dock Street 2003 Forecasted Revenue	Indicated Value
Direct Market Data of Guideline Private Sales	0.98	$ 2,546,775	$ 2,484,075

Dock Street Manufacturing
Guideline Company and Transactions Analysis

Exhibit M

	MVIC to Operating Income	Dock Street 2003 Forecasted EBITDA	Indicated Value
Direct Market Data of Guideline Private Sales	7.34	$ 377,470	$ 2,771,189

	MVIC to Revenue	Dock Street 2003 Forecasted Revenue	Indicated Value
Direct Market Data of Guideline Private Sales	0.98	$ 2,546,775	$ 2,484,075

Dock Street Manufacturing
Summary of Values

Exhibit N

	Discounted Cash Flow	Market Approach: Private Transactions (MVIC to OI)	Market Approach: Private Transactions (MVIC to Revenue)	Adjusted Net Asset Approach
Indicated value of invested capital	$ 3,226,827	$ 2,771,189	$ 2,484,075	2,313,459
Less debt	928,358	928,358	928,358	928,358
Indicated value of equity	2,298,469	1,842,831	1,555,717	1,385,101
Richard Gordon's share of Dock Street	33%	33%	33%	33%
Value of Richard Gordon's 33.33% interest in Dock Street	766,156	614,277	518,572	461,700

List of Documents Reviewed:

- Employment agreement with Donald K. Astil dated August 20, 2003
- Appraisal of Dock Streets property, plant, and equipment by Industrial Appraisal Company, dated May 17, 2000.
- Equipment asset list
- Uniform rental agreement dated March 31, 2000 and waste services agreement dated January 2, 2001.
- 2000-2002 income tax returns
- 2000-2001 compiled financial statements
- 2002-2003 (partial year) management provided income statement
- 2003-2004 management provided forecasted income statement
- Independent research

APPENDIX 2

In addition to the definition contained within the body of our report, the following citations support the use of fair value and the position of not applying discounts for lack of control and marketability:

Discount for Lack of Control

In Cavalier Oil Corp. v. Harnett, 564 A.2d 1137 (Del. 1989). The Court stated "To fail to accord a minority shareholder the full proportionate value of his shares imposes a penalty for lack of control, and unfairly enriches the majority shareholders who may reap a windfall from the appraisal process by cashing out a dissenting shareholder, a clearly undesirable result".

In HMO-W v. SSM Health Care System, No. 98-2834, 1999 WL 395650. The Wisconsin Court of Appeals held that lack of control discounts are inappropriate in dissenters' rights cases as a matter of law.

In Hansen v. 75 Ranch Company, No. 97-249, 1998 WL 180831 (Mont. April 9, 1998) the Montana Supreme Court disallowed a lack of control discount, overruling its own decision to allow a discount in a 1996 suit.

Discounts for Lack of Marketability

In Carl Borruso and William Lee v. Communications Telesystems International the Court rejected the company's expert's "discount for lack of liquidity" citing Cavalier Oil Corp. v. Harnett and saying that it was essentially a discount for lack of marketability which is inappropriate in a fair value determination.

In Sieg Company V. Kelly, No. 96-61, 1997 WL 575996 (Iowa Sept. 17, 1997) the trial court disallowed the lack of marketability discount and the case was appealed. The Supreme Court of Iowa noted: "Iowa was clear at the time Sieg made its valuation that a discount is not permitted."

In the New Jersey dissenting stockholder case of Lawson Mardon Wheaton, Inc. v. Smith, et al., 1999 WL 492634 (NJ July 14, 1999, the Supreme Court overturned the trial court's acceptance of a discount for lack of marketability.

Gleason&Associates
certified public accountants & consultants

Gleason & Associates, P.C.

Valuation of 8.16% Interest in

Metaltech, Incorporated as of

March 31, 2003

October 8, 2004

Gleason&Associates
certified public accountants & consultants

Granite Building, Third Floor
313 Sixth Avenue
Pittsburgh, PA 15222-2509

October 8, 2004

Richard A. Ejzak, Esquire
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

Re: Fair Value of 8.16% Interest in Metaltech, Incorporated

Dear Mr. Ejzak:

We have prepared and attach a summary valuation report regarding our analysis of the fair value of Richard and Beverly Gordon's 8.16% interest in Metaltech, Incorporated ("Metaltech" or the "Company").

The purpose of this valuation was to render an opinion regarding the approximate fair value of an 8.16% interest in Metaltech as of March 31, 2003 for a dissenting shareholder action by Richard and Beverly Gordon.

Based upon my firm's study and analysis, which is presented in the attached report, we have concluded that a reasonable estimate of the fair value of an 8.16% interest in Metaltech is approximately $336,000 as of March 31, 2003.

No public market exists for Metaltech and the objective of the valuation analysis was not to determine the price or fair market value at which the Company's stock would sell, if publicly traded. The objective was to estimate the fair value of an 8.16% interest in Metaltech for a dissenting shareholder action by Richard and Beverly Gordon.

The Revised Model Business Corporation Act, Section 13.01(3) (1998) defines fair value as:

> "The value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable."

Fair value answers the question "what would the shareholder have received if the merger had not occurred?" Fair value considers what the shareholders' future benefits would have been if the

action had not occurred and places limited dependence on what the entity could be sold for at the current time. The premise of value in this analysis is as a going concern.

The scope of this valuation analysis was limited, although the Company provided us with all of the information and documents we requested. We believe the information requested and furnished provides a sufficient basis for our conclusion regarding the estimate of value. In performing this valuation analysis, we have relied upon the historical and prospective financial information of the Company that was provided regarding the Company's operations, financial results and business prospects. We also take no responsibility for the underlying financial data of the Company presented and we have assumed that all information provided to us is accurate and complete.

The statements of fact contained in this report are true and correct to the best of our knowledge, information and belief. We have no present or contemplated financial interest in Metaltech. Our fees for this valuation analysis are based upon our normal hourly billing rates and are in no way contingent on the results or findings. We have no responsibility to update this report for events and circumstances occurring subsequent to the date of this report. Our analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice and standards of the National Association of Certified Valuation Analysts.

The accompanying report has been prepared specifically to determine the fair value of an 8.16% interest in Metaltech for a dissenting shareholder action. The use of this report is limited to the current matter and this report may not be used for any other purpose without our prior written consent.

The accompanying report summarizes the results of our analyses to date. We reserve the right to amend or supplement this report as necessary should additional information become available to us.

The accompanying report was prepared with significant professional assistance from Steve Thimons.

Very truly yours,

Mark M. Gleason

MMG/sdt
Attachment

GTA

I. INTRODUCTION

Purpose of the Valuation

Metaltech, Incorporated ("Metaltech" or the "Company") manufactures powdered metal products.

The purpose of this valuation analysis is to determine the approximate fair value of an 8.16 percent interest in Metaltech, as of March 31, 2003. The purpose of this valuation analysis is to determine the fair value of Metaltech for a dissenting shareholder action by Richard and Beverly Gordon.

We have concluded that a reasonable estimate of the fair value of an 8.16% interest in Metaltech is approximately $336,000 as of March 31, 2003.

Approach to Valuation

Our approach has been to determine an estimate of the value that would provide a fair and reasonable return on an investment in Metaltech, in view of the information made available to us. Our opinion is based, among other things, on our estimate of risks facing the Company and the return on investment required for alternative investments with similar levels of risk.

There are many factors that influence the fair value of an interest in a company that have been considered as a part of this analysis. These factors include the financial condition, the operating results and business prospects of the Company, the status of the powdered metal products industry, and the position of the Company relative to this industry. We also considered potential effects on the Company given the current and forecasted local and national economic conditions, the dynamic nature of the industry, and the effects of global economic issues.

Attached as **Appendix 1** is a list of information we relied upon for our analysis.

II. BACKGROUND

Metaltech was formed as a Pennsylvania Business Corporation on April 29, 1989 by Robert Hanak and Anthony Zaffuto. In March 1998, Metaltech acquired DuBois

Powdered Metals, inc. ("DPM"). As of March 31, 2003, Mr. Hanak and Mr. Zaffuto each owned 45.92% of Metaltech and Mr. and Mrs. Gordon owned the remaining 8.16%.

Metaltech manufactures powdered metal parts. The manufacturing process involves mixing elemental or pre-alloyed metal powders with lubricants or alloy additions. After mixing, controlled amounts of the mixture are gravity fed into precision dies and compacted under intense pressure. The resulting "green compact" has the size and shape of the finished part when ejected from the die and has sufficient strength for in-plant transport to a sintering furnace. The final step of the process involves heating the green compact by placing it on a continuous conveyor belt, which passes through a high-temperature, atmosphere controlled furnace. The parts are heated to below the melting point of the base metal, held at the sintering temperature, and then cooled, transforming the compacted mechanical bonds between the powder particles into metallurgic bonds. Powdered metal parts are usually ready for use after sintering, but the parts may be further treated to provide special properties.

Metaltech has a diversified customer base and serves a number of industries. Metaltech has also experienced minimal customer turnover and employs its own sales and marketing team according to discussions with Metaltech management.

III. ECONOMIC ENVIRONMENT

The financial success of a business entity (or an asset such as intellectual property) is dependant upon, among other things, the economic conditions within which it operates. Economic conditions can have a material impact on current investment decisions. The following is a summary of the economic conditions present in the United States in the first quarter of 2003.[1]

A. General Economic Conditions

After a sluggish fourth quarter in 2002, the U. S. economy improved slightly during the first quarter of 2003. The gross domestic product (GDP), which is the broadest measure of the economy's health, posted a weaker-than-expected first quarter figure, but it did ease fears that the economy could be headed for another recession.

[1] All of the contents of the economic environment section of this report are quoted from the 1st Quarter 2003 Economic Outlook Update™ published by Business Valuation Resources, LLC ©2003, reprinted with permission. The editors and Business Valuation Resources, LLC, while considering the contents to be accurate as of the date of March 31, 2003, take no responsibility for the information contained herein. Relation of this information to this valuation engagement is the sole responsibility of the author of this valuation report.

B. Business Investments

After increasing in the fourth quarter of 2002 for the first time since the third quarter of 2000, business investments once again decreased during the first quarter of 2003. Business investments declined at a rate of 4.2 percent during the first quarter, compared with an increase of 2.3 percent in the previous quarter and a 5.8 percent decrease in the first quarter of 2002. Business spending on equipment and software decreased by 4.4 percent in the first quarter after posting an increase for three consecutive quarters, including a 6.2 percent gain in the fourth quarter of 2002. Business spending on structures continued to fall, declining by 3.4 percent in the first quarter after a 9.9 percent decrease in the previous quarter.

C. Consumer Prices and Inflation Rates

During the first quarter of 2003, inflationary pressures remained low. The U.S. Department of Labor reported that the Producer Price Index for finished goods, which measures inflationary pressures before they reach consumers, advanced 1.5 percent in March 2003 following a 1.0 percent increase in February and a 1.6 percent rise in January. The costs of intermediate goods increased in March by 2.0 percent after rising by 2.1 percent in February. Prices for crude oil jumped 13.3 percent in March, compared with a 4.8 percent rate of growth in the previous month. Prices for finished goods other than foods and energy increased by 0.7 percent in March after falling by 0.5 percent in February. Prices for energy goods climbed 5.7 percent in March, following a 7.4 percent increase in the previous month.

D. Interest Rates

Amidst mixed economic data in the first quarter of 2003, the Federal Reserve Board (FRB) decided to keep its target federal funds rate unchanged at 1.25 percent. The Fed decreased its target for the federal funds rate by 50 basis points to 1.25 percent in November 2002 — the lowest level in 41 years.

The Federal Open Market Committee (FOMC) met twice during the first quarter — January 29 and March 18. At both meetings, the FOMC decided not to change the federal funds rate. In both meetings, the FOMC expressed that it is difficult to assess whether the current weak economic performance is due mainly to war-related uncertainties or to previous economic recession conditions. Also, the war-related uncertainties make it hard to determine which constitutes a higher risk for the economy — inflation or recession. A press release dated March 18, 2003, stated, "In light of the unusually large uncertainties clouding the geopolitical situation [...], the Committee does not believe it can usefully characterize the current balance of risks with respect to the prospects for its long-run goals of price stability and sustainable economic growth."

E. Unemployment

The unemployment rate decreased to 5.8 percent in the first quarter of 2003, down from 5.9 percent in the previous quarter. The number of unemployed persons was 8.4 million in March. In March, job losses continued in manufacturing but also fell in retail trade, transportation, and government employment.

The downward trend in manufacturing continued in March, as factories lost 36,000 jobs. Employment in manufacturing has declined by 2.5 million since April 1998, its most recent peak. The retail trade lost 43,000 jobs in March 2003, while employment declined by 14,000 in the transportation sector. Since peaking in January 2001, transportation has lost 301,000 jobs, with air transportation accounting for over half the decline. Due to budget problems, which have lowered the rate of job growth in state and local government, employment in this sector also declined by 40,000 in March.

F. Consumer Spending and Confidence

Consumer spending, which accounts for two-thirds of overall economic growth, increased at a slow rate of 1.4 percent per year in the first quarter of 2003. This is a slight decrease from a 1.7 percent rate of gain in the fourth quarter of 2002 and was the smallest increase since the first quarter of 2001.

Consumer spending on durable goods decreased by 1.1 percent in the first quarter of 2003, following an 8.2 percent decrease in the previous quarter. During the first quarter, there was an increase of 4.2 percent in spending for nondurable goods, such as clothing and food, following a 5.1 percent increase in the fourth quarter of 2002. Expenditures on services increased by 0.5 percent in the first quarter of 2003, compared with an increase of 2.2 percent in the previous quarter.

Consumer confidence remains at its lowest level in nearly a decade, as the Conference Board reported that its Index of Consumer Confidence was 62.5 in March 2003, down from 64.8 in February. This is the lowest reading for consumer confidence since a 60.5 reading in October 1993. Conference Board numbers above 100.0 mean a growing economy. A figure between 80.0 and 100.0 suggests slow growth, while a reading below 80.0 indicates a recession. The University of Michigan's Index of Consumer Sentiment reported a reading of 77.6 in March 2003 — its lowest level since a 77.3 reading in August 1993. The Michigan sentiment survey is based on telephone interviews with roughly 500 Americans across the country on personal finances, business conditions, and buying conditions.

G. Stock Markets

The year 2003 started on an optimistic note for the stock markets in January and finished the quarter with modest losses across almost all of the major indexes. In the last month

of the quarter, March, the stock market performance closely followed news about an imminent war with Iraq. After the war started, the markets' performance continued to follow the news and reacted negatively at the risk of a protracted battle for the Iraqi capital of Baghdad.

After 2002, when the U.S. stock market turned in its third consecutive year of losses, the risk of a fourth down year for stocks, something that has happened only once during the Great Depression, appears more probable.

In the first quarter of 2003, the Dow Jones Industrial Average (DJIA) fell 4.2 percent and the Standard and Poor's 500 Index (S&P 500) decreased by 3.6 percent. The Nasdaq Composite Index, mainly formed of high-tech stocks, increased slightly by 0.4 percent and still remains 70.6 percent off its highest peak in the first quarter of 2000, exactly three years ago. The Wilshire 5000 fell 3.49 percent for the quarter, performing slightly better than Russell 2000 Index, which fell 4.8 percent.

After posting a modest gain of 1.28 percent for the month of March, the DJIA finished the quarter at 7992.13, reflecting a 4.19 percent drop from the fourth quarter of 2002. The DJIA also declined 23.18 percent in the last 12 months since March 31, 2002, the largest decline in the last five years. Between March 2001 and March 2002, the DJIA fell 4.66 percent.

The Nasdaq Composite Index closed the quarter at 1341.17, reflecting an increase of 0.42 percent for the quarter and a gain of 0.27 percent for March. For the last 12 months — March 2002 to March 2003, the Nasdaq Composite Index fell 27.32 percent. This is the largest loss since the 12 months ended in March 2001 when the index lost 59.76 percent.

The S&P 500 closed the first quarter of 2003 at 848.18, an increase of 0.84 percent over February and a decrease of 3.6 percent for the quarter. For the last 12 months, the S&P 500 posted the largest drop in the last five years — 26.08 percent.

With the exception of the Nasdaq Composite Index, which posted a small gain for the quarter, all the other indexes dropped in the first quarter of 2003. The technology stocks were the only positive spot of the first quarter, with the Nasdaq 100 up 3.48 since the beginning of the year and other technology stocks, such as Amazon and Yahoo, posting gains in their respective stock prices. Analysts blame the weak performance of the markets on uncertainty related to the war in Iraq in addition to previous recession conditions.

In the first quarter of 2003, the bond markets were dominated by the junk bonds that reaped better returns than other debt investments. They returned about 7.2 percent in the first quarter. The 10-year Treasury note finished the quarter with a yield of 3.807 percent, compared with 3.818 percent at the beginning of 2003.

H. Economic Outlook

Based on the economic figures from the first quarter of 2003, in which most indicators grew at a slow pace, it can be suggested that the U.S. economy has not completely recovered from the recession of 2001. While the recovery may continue to be slow, it does appear that the U.S. economy will continue to grow during the year.

Consensus Forecasts – USA predicts a rise in inflation in 2003. According to the survey, consumer prices will increase 2.4 percent in 2003, and in 2004, when most economists predict the economy will begin to grow more strongly, inflation will increase 2 percent during that year. Over the next ten years, the survey forecasts that inflation will average 2.4 percent. From 2009 to 2013 the survey forecasts that inflation will average 2.4 percent. Producer prices are expected to increase 2.2 percent in 2003 and by 0.8 percent in the following year.

Interest rates on three-month Treasury bills and 10-year Treasury notes will rise over the next two years, according to the forecasters of *Consensus Forecasts – USA*. According to the survey, three-month Treasury bills will rise to 1.1 percent by the end of July 2003 and will continue to increase to 2 percent by the end of April 2004. The interest rate on 10-year Treasury notes will climb to 2 percent by the end of April 2003 and will continue to increase to 4.6 percent by the end of July 2004. Both the three-month and the 10-year Treasury rates are expected to experience an upward trend over the next 10 years. The average for the 2009-2013 period is expected to be 4.7 percent for the three-month Treasury rate and 5.9 percent for the 10-year rate.

The Livingston Survey, which is conducted by the Federal Reserve Bank of Philadelphia, predicts a slow and steady increase in the stock prices of the S&P 500 index. The survey predicts that the index will reach a level of 1076.1 by the end of 2003 and will continue to rise to 1138.5 in 2004, which is still far below the index's value at its peak of just over 1500 in early 2000.

The Federal Open Market Committee remains optimistic about the future economic outlook. A press release dated March 18 states: "The Committee believes that as those uncertainties lift, as most analysts expect, the accommodative stance of monetary policy, coupled with ongoing growth in productivity, will provide support to economic activity sufficient to engender an improving economic climate over time." Also, the FOMC indicated that future rate cuts might become effective if the need arises: "In the current circumstances, heightened surveillance is particularly informative." The next meeting of the Board is scheduled for May 6, 2003.

I. Summary of Economic Conditions and Outlook

Poor economic conditions in the short-term have a negative impact on spending by companies. Companies are reluctant to make any unnecessary expenditures during a

downturn in the economy. The poor economic environment has negatively affected Metaltech during the past two years. However, the predicted stabilization of the U.S. economy appears to provide the Company with favorable economic conditions in the short-term. Any long-term recovery will mitigate the risk associated with the financial performance of the Company significantly.

IV. INDUSTRY CONDITIONS

The powdered metal, or powder metallurgy (P/M), industry has experienced steady growth and is poised to continue to experience steady growth. From 1990 to 2002, iron powder shipments, the "unofficial bellweather" of the P/M industry, increased on an annual basis with two exceptions (1990-1991 and 2000-2001).[2] Through April 2003, shipments jumped by 9%.[3]

Another bellweather, shipments of copper and copper-based powders, also supports the growth assertions. From 1990 to 2002, shipments decreased on an annual basis on only three occasions (1990-1991, 1995-1996, and 2000-2001).[4] In addition, copper powder shipments through April 2003 rose by 3%.[5]

In the report entitled "State-of-the-North American P/M Industry – 2003," the authors state that the P/M industry "for the most part, remains strong and is on the launching pad for the next level of growth."[6] This optimism rests upon the knowledge that companies are attempting to innovate. Specifically, companies must continue to:

- Develop new materials
- Design processes that improve the quality of powders
- Invest in ways to improve the quality of P/M parts so that they match or surpass wrought properties[7]

Based upon this, it appears that the powdered metal industry is in a good position to support strong growth for Metaltech. If Metaltech can develop or duplicate new materials and processes, it should be able to reap the benefits coming from the next wave of growth in the powdered metal industry.

---

[2] David L. Schaefer and C. James Trombino, "State-of-the-North American P/M Industry – 2003," 2003, <http://www.mpif.org/industry/03stateind.pdf> (7 April 2004), 1-2.
[3] Schaefer, 3.
[4] Schaefer, 2.
[5] Schaefer, 3.
[6] Schaefer, 1.
[7] Schaefer, 7.

V. FINANCIAL REVIEW

Metaltech's financial performance has been volatile between 1998 and 2003. Metaltech has had wide swings in both its revenue and net income during that time period. See **Exhibit A**[8]. However, Metaltech was attempting to grow its business during this period and was making significant capital expenditures, especially in 1999 and 2000. It is common for businesses to experience volatility in earnings during growth periods as often the expected growth does not exactly correspond to the timing of capital investments. Thus, the volatility in Metaltech's financial results between 1998 and 2003 is not unexpected.

Between 1998 and 2003, Metaltech's revenue decreased from approximately $2.16 million to approximately $1.68 million, a reduction of 22%. The yearly growth rate during that period ranged from negative 29% to positive 30%. Net income decreased from approximately $91,000 in 1998 to approximately negative $27,000 in 2003. Net income reached a low of approximately negative $120,000 in 2002. However, from our financial review of the monthly data provided to us for Metaltech, we see that the Company began turning a profit in the first three months of calendar year 2003. This financial performance indicates that, while Metaltech had begun to turn around its financial performance in calendar year 2003, it had experienced a significant amount of volatility in its income and revenue streams and lost money during the past three years (2001-2003).

Metaltech achieved significant increases in its gross profit margin and net income margin between 2002 and 2003. Metaltech's gross profit percentage increased from 32% in 2002 to 42% in 2003 and its net income percentage increased from negative 7% in 2002 to negative 2% in 2003. See **Exhibit B**.

Metaltech's balance sheets can be seen on **Exhibit C**. Metaltech's balance sheet position experienced difficulties in fiscal years 2001 and 2002 and even into 2003. Metaltech's current ratio was 1.43 in 2000 but by 2002 it decreased to 0.73. However, in 2003, it had increased to 1.06. Additionally, Metaltech had a deficit in its retained earnings account in fiscal year 2002 and that deficit increased in 2003.

In 2000, Metaltech had approximately $2.3 million in notes payable. However, Metaltech reduced its debt level to approximately $1.6 million in notes payable by 2003.

Metaltech's cash position has mirrored its financial performance. Metaltech has had net positive cash flows in every year between 1998 and 2002[9] except for 2001 when it had a net cash outflow of approximately $123,000. Metaltech struggled to maintain positive cash flow between 2000 and 2002. Metaltech maintained positive operating cash flow

[8] The financial statements presented here use a tax basis of depreciation rather than a book basis of depreciation.

[9] We have not received compiled statements of cash flow from Metaltech for the fiscal year ended March 31, 2003 although it has been requested. However, we do not believe the lack of these cash flow statements has a material effect on our analysis.

between 1998 and 2002 despite poor financial results due mainly to the add back of non cash expenses of depreciation and amortization. As discussed previously, Metaltech incurred a significant amount of debt in 2000 but also began paying off its debt almost immediately. See **Exhibit D**.

Metaltech's management also prepared forecasts for fiscal years 2004 and 2005. See **Exhibit E**. Management anticipates significant growth in both revenue and income for 2004. Revenue is expected to increase by over 50% and net income is expected to increase from an approximately negative $27,000 in 2003 to approximately $465,000 in 2004. In 2005, management anticipates more moderate growth of approximately 5%. Based upon discussions with Keith and Richard Gordon, they anticipate continued growth in revenue and expenses beyond 2005 of approximately 8% per year.

VI. ESTIMATE OF VALUE

Nature of the Security

The value of an investment is influenced by many of its characteristics, including control, marketability, expected income, perceived risks and the underlying assets, if any. The purpose of this valuation analysis is to determine the approximate fair value of an 8.16 percent interest in Metaltech, as of March 31, 2003 owned by Mr. and Mrs. Gordon. The purpose of this valuation analysis is to determine the fair value of Metaltech for a dissenting shareholder action.

Depending on the purpose of the valuation, one definition, or standard of value may be more appropriate than another. In this particular instance the standard of value we have applied is "fair value".

The Revised Model Business Corporation Act, Section 13.01(3) (1998) defines fair value as:

> "The value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable."

Fair value answers the question "what would the shareholder have received if the merger had not occurred?" Fair value considers what the shareholders' future benefits would have been if the action had not occurred and places limited dependence on what the entity could be sold for at the current time.

Considering judicial preference in cases involving dissenting shareholder actions (case citation have been provided in **Appendix 2**) and the standard of value definition, which emphasizes future benefits, we have employed the income approach, specifically the discounted cash flow method, as our primary valuation method. This method of valuing

a business is based on the theory that the total value of a business is the present value of its projected future earnings (or cash flow), plus the present value of some terminal value of the business. We have, however, also considered both a market approach and an underlying asset approach in our determination of the fair value of Metaltech, but believe the value calculated under the discounted cash flow analysis is the most reliable indicator of value in this situation.

Methods of Valuation

There are three traditional approaches to valuing an interest in closely held business entities such as Metaltech: the income approach, the underlying asset approach and the market approach. The following is a brief description of each approach.

Under the **income approach**, the value of an investment is determined by converting the anticipated future benefits, such as income or cash flow, into present value. The expected annual income is either discounted or capitalized at a rate that reflects the time value of money and the risks inherent in the investment.

In the **underlying asset approach**, the fair market value of all of the assets of the business (both tangible and intangible) is identified and reduced by the liabilities to determine the net worth of the business.

Value is determined under the **market approach** by a comparison of the subject business or investment to transactions involving similar businesses that are for sale or those that have been sold.

In our valuation analysis of Metaltech, each of these approaches was considered. A discussion of our analysis using each approach follows.

Income Approach

Under the income approach, the value of an investment is determined by converting the anticipated future benefits, such as income or cash flow, into present value. The expected annual income is either discounted or capitalized at a rate that reflects the time value of money and the risks inherent in the investment.

Within the income approach to valuation, cash flow is the most commonly used measure of an investor's expected future benefits. It is important to understand the cash flow that has historically been and will be available to Metaltech.

Discounted cash flow analysis using Management forecasts

The widely accepted "discounted cash flow" analysis was used to determine the fair value of Mr. and Mrs. Gordon's 8.16 percent interest in Metaltech, as of March 31, 2003

under the income approach. The discounted cash flow analysis uses historical and forecasted income statement, balance sheet, and cash flow statement to determine the amount of free cash flow expected from a business. See **Exhibits A, C, D** and **E** for these statements for Metaltech.

Free cash flow is discounted at a rate appropriate for the amount of risk associated with achieving the free cash flow projected, in this case at a weighted average cost of capital ("WACC"). A WACC is the most appropriate rate of return to be used in evaluating Metaltech since it considers the debt and equity capital structure of Metaltech.

A WACC varies among particular sizes and types of businesses and from one period of time to another. We have determined a WACC of 12.5%, or 20.5% on a pre-tax basis, for the free cash flow available to the invested capital of Metaltech, as derived in **Exhibit F**. This WACC was determined using a summation method for the cost of equity that considered the risk-free rate of return and common risk premiums applicable to equity investments such as the size of the Company, industry risks, and the financial strength of the business as well as the current interest rate on the Company's debt. Refer to **Exhibit G.**

The risk free rate was determined using the yield on 20 year U.S. Treasury Bonds as of March 31, 2003. The equity risk premium was determined from Ibbotson Associates Valuation Edition 2003 Yearbook, and represents the average historical return of large, publicly traded stocks in excess of the risk free rate of return during the period 1926 through 2002. The beta (or the risk of a particular industry compared to the market as a whole) applied to the equity risk premium was determined by using the median levered adjusted beta for SIC Code 349: Miscellaneous Fabricated Metal Products (the SIC code most applicable to Metaltech) according to Ibbotson Associates Cost of Capital Quarterly 2003 Yearbook. The size risk premium (or the return of small publicly traded stocks in excess of large publicly traded stocks) was determined using Ibbotson Associates Valuation Edition 2003 Yearbook.

In developing our discount rate under the build-up approach, we also added a specific company risk premium for an investment in Metaltech after analyzing the Company's financial situation, size, debt, management depth, and other factors. Metaltech's financial statements indicate that the Company has experienced some financial difficulties during the past few years, but according to management forecasts, has a positive outlook for the future. However, the company is very small (revenues of less than $2 million expected in 2003) making the company riskier than even the smallest publicly traded companies considered in the Ibbotson Associates data. Because Metaltech is significantly smaller than even the smallest companies considered in the Ibbotson Associates data and does not have a long history of strong financial performance, an additional risk premium must be added to reflect the expected return for an investment in Metaltech. Additionally, we considered the reasonableness of the financial forecasts for 2005 and beyond when developing our specific company risk factor. Factoring in the additional risk due to size and financial performance as well as the likelihood of achieving projected financial performance, a specific company risk of 5% for an investment in Metaltech was

considered appropriate. This 5% specific company risk is approximately one third to one-half of the 13% discount rate determined without the specific company risk in our build-up analysis. A specific company risk premium of 5% indicates that an investment in Metaltech is approximately 50% more risky than an investment in a small, publicly traded company in a similar industry.

We have assumed that long-term growth would equal a rate close to inflation, or 4%. We believe that, in perpetuity, Metaltech will not be able to sustain the growth projected in its short-term financial forecasts for 2004 and 2005.

We have estimated Metaltech's cost of debt of 8.56% using a weighted average of its current interest rates on its debt from the 2002 compiled financial statements. See **Exhibit H.** The debt to value ratio in the WACC calculation was determined based upon Metaltech's current debt level. Refer to **Exhibit F.**

Projected free cash flow was calculated in a number of simple steps:

- Determine net income;
- Add back depreciation and amortization and interest expense;
- Subtract capital expenditures and changes in working capital.

In determining free cash flow, we used management's projections for net income for Metaltech for fiscal years 2004 and 2005. We then assumed 8% growth in revenue and expenses (except for depreciation and interest expense which were assumed to remain constant) between 2006 and 2008 based upon our review of Metaltech and discussions with Keith and Richard Gordon. We also assumed 8% growth for our calculation of a stabilized income statement in 2009. See **Exhibit E.**

In arriving at the indicated value in our discounted cash flow analysis, Metaltech's expected future free cash flow is discounted to a present value using the pre-tax WACC. According to our analysis, the indicated value of the invested capital of Metaletch is approximately $5.7 million using the discounted cash flow approach and management's forecasts. See **Exhibit I.**

Underlying Asset Approach

In the Underlying Asset Approach, the fair market value of all of the assets of the business (both tangible and intangible) are identified and reduced by the liabilities to determine the net worth of the business.

In the net asset approach, we have adjusted only the value of Metaltech's property, plant and equipment ("PP&E") based upon discussions with Richard Gordon. The value of the PP&E is assumed to be approximately $3.1 million. After that adjustment, the net asset value of 100% of Metaltech equity is approximately $1.9 million. The value of 100% of

Metaltech's invested capital is approximately $3.5 million (i.e., the $1.9 million net asset value plus the approximately $1.6 million in debt). See **Exhibit J.**

Market Approach

Value is determined under the market approach by a comparison of the subject business or investment of transactions involving similar businesses that are for sale or for those which have been sold.

There are generally three sources used to identify market transactions that may involve similar businesses that are for sale or that have been sold. These sources are publicly traded guideline companies, internal transactions of the subject company's stock, and direct market data involving private sales of similar businesses. Each of these sources of market transactions has been considered in our analysis of Metaltech.

Publicly traded guideline companies:

We were unable to identify and reasonably comparable publicly traded guideline companies to Metaltech due to the size and broad functionality of the potential publicly traded guideline companies.

Internal transactions involving the subject company's stock

We are aware of one internal transaction of Metaltech stock. In the fall of 2002, 5 minority shareholders, representing 22.22% of Metaltech, agreed to exchange their shares for a commercial rental building located on Beaver Drive in Dubois, Pennsylvania. The 5 minority shareholders made this transaction when they became disgruntled when 3 shareholders of Metaltech with a combined 77.78% stake in Metaltech pledged assets of Metaltech to secure financing for the acquisition and suspended payments of Metaltech dividends.

We are not aware of the value of the commercial rental building transferred in this transaction. The relevance of this transaction is suspect because it was conducted under circumstances that suggest the 5 minority shareholders may have taken less than the full value of their 22.22% interest.

Direct market data involving sales of similar businesses:

We reviewed information on private transactions as found in *BVResources.com* and *DoneDeals.com*, subscriber private business transaction databases, published by Business Valuation Resources and NVST, respectively. The BVResources.com database contains transactions from Pratt's Stats, Mergerstat, BizComps and public company transactions.

The DoneDeals.com database contains private transactions with purchase prices of $1 to $250 million.

We identified five potential transactions we believe to be most similar to Metaltech. We calculated the market value of invested capital ("MVIC") to operating income and the MVIC to revenue multiples of the guideline private company transactions and then computed a simple average and median of the ratios. We use the median multiples because the Excalibur transaction produces a result that is an outlier to the results of the other transactions. Using the median multiples instead of the average multiples, we avoid having the Excalibur transaction skew our results. Additionally, we apply the median multiples to Metaltech's 2004 revenue and operating income rather then Metaltech's actual 2003 revenue and operating income because we believe Metaltech's 2003 results are not indicative of the results Metaltech anticipates in the future. We believe the 2004 management projections are the most accurate indicators of the revenue and operating income Metaltech will achieve in the future.

The median MVIC to revenue ratio of the guideline private company transactions was 0.98. See **Exhibit K.** Applying the private company price to revenue ratio to Metaltech's 2004 forecasted revenue, we derive an aggregate indicated value of the invested capital of Metaltech of approximately $2.5 million. See **Exhibit L.**

We also derived an aggregate invested capital value of Metaltech of approximately $5.7 million, using a median MVIC to forecasted 2004 operating income multiple. See **Exhibit L.**

Indicated Values

We have derived indicated values of 100% of the invested capital of Metaltech as of March 31, 2003 using the market, income, and underlying asset approaches to valuation. These analyses show that the indicated values of 100% of the invested capital of Metaltech as of March 31, 2003 range between approximately $2.5 million under the market approach using a MVIC to revenue multiple to approximately $5.7 million under the market approach using a MVIC to operating income multiple. See **Exhibit M.**

However, the objective of our analysis is to determine the fair value of an 8.16% interest in Metaltech. First, the value of Metaltech's debt must be subtracted to determine the indicated value of 100% of Metaltech's equity.

The range of indicated values of 100% of Metaltech's equity as of March 31, 2003 are between approximately $920,000 under the market approach using an MVIC to revenue multiple and approximately $4.2 million under the market approach using an MVIC to operating income multiple. See **Exhibit M.**

After the indicated value of 100% of Metaltech's equity is determined, the value of Richard and Beverly Gordon's 8.16% interest can be determined by multiplying 8.16%

by the indicated value of Metaltech's equity. The indicated value of 8.16% of Metaltech as of March 31, 2003 ranges from approximately $67,000 under the market approach using a MVIC to revenue multiple to approximately $340,000 under the market approach using a MVIC to operating income multiple.

Adjustments to the Indicated Values

Because the standard of value in our analysis this is fair value, no adjustment for control or marketability is necessary. As **Appendix 2** indicates, a number of court cases state that, under a fair value standard, application of lack of control and lack of marketability discounts are inappropriate. Additionally, the Delaware Supreme Court stated that fair value, "measures 'that which has been taken from [the shareholder], *viz*, his proportionate interest in a going concern."[10] This "proportionate interest" concept indicates that fair value of a shareholder's interest is calculated as the shareholders proportionate share of 100% of the enterprise value of the company and implies that no discounts should be applied.

VI. CONCLUSIONS

Based upon the results of our analysis, we have determined that a reasonable estimate of the approximate fair value of an 8.16% interest in Metaltech is approximately $336,000 as of March 31, 2003. This estimate has been determined using the income approach. See **Exhibit M**.

The results determined using the income approach were considered more reliable than the results determined using the market or net asset approaches because it fully considered management's best estimate of expected results of operations and growth in cash flow. The results determined using the market approach were considered less reliable because the expected future growth in earnings and cash flow for the guideline company transactions identified were not fully known, thus making comparison to Metaltech difficult. However, we note that many of the values determined using the market approach reasonably approximated the fair market value determined using the discounted cash flow approach based upon management's forecasts. Additionally, the results using a price to revenue ratio are not as reliable as the results using a price to income ratio. The price to revenue ratio does not consider differences in the cost structure of each business and thus produces less reliable results. The net asset approach was not used as it only considers the book value of each asset, not the value of the assets an assemblage of income producing assets.

[10] From the *Matter of Shell Oil Co.*, 607 A.2d 1213, 1218 (Del. 1992), quoting *Tri Continental Corp. v. Battye*, 74 A.2d 71, 72 (Del. 1950).

VII. LIMITING CONDITIONS

The estimate of value rendered in this analysis is based upon information provided by and discussions with Metaltech personnel. We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data, including the Company's forecasts, provided to us by others. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information in performing our valuation analysis.

We have compiled certain information contained in this analysis, including the information from projections and various economic and industry data. The approaches and methodology used in our work did not comprise an examination in accordance with generally accepted auditing standards (GAAS). The objective of a GAAS examination is to express an opinion regarding the fair presentation of historical or prospective financial statements or other financial information presented in accordance with generally accepted accounting principles. Since we did not do an examination in accordance with GAAS, we do not express an opinion on either the historical or prospective financial statements of Metaltech.

Gleason & Associates does not purport to be a guarantor of value. Valuation of closely held businesses and investments is an imprecise science, with value being a question of fact, and reasonable people can differ on their estimate of value. However, Gleason & Associates has performed this analysis using conceptually sound and commonly accepted methods of valuation.

All facts set forth in this report are true and correct to the best of our knowledge, information and belief.

These calculations are solely intended to be used as an approximate value of Metaltech for a dissenting shareholder action. This report may not be distributed to outside parties to obtain credit or equity or for any other purpose, without the express written permission of Gleason & Associates, P.C.

We have no obligation or responsibility to update these calculations for events or circumstances occurring subsequent to the date of this memorandum.

Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material. Accordingly, to the extent that any of the information used in this analysis requires adjustment, the resulting fair value would be different. Gleason & Associates expresses no form of assurance whatsoever on the likelihood of achieving any of the financial projections or forecasts contained in this analysis, or on the reasonableness of any underlying assumptions that they may contain.

Nothing in this analysis constitutes a recommendation regarding the purchase or sale of any assets or securities. Gleason & Associates expresses no opinion, guarantees or form

of assurance of any kind, express or implied, on the potential investment performance resulting from a purchase of the Company's stock or assets. Gleason & Associates assumes no responsibility for any liability for damages of any kind resulting from reliance on this analysis by the Company or any other party.

This analysis is neither an offer to sell, nor a solicitation to buy securities, and/or equity in, or assets of, the subject Company.

We have no present or contemplated financial interest in Metaltech. Our fees for this valuation are based upon our normal hourly billing rates and are in no way contingent upon the results or findings.

Metaltech, Incorporated
1998-2003 Historical Income Statements

Exhibit A

	1998	1999	2000	2001	2002	2003 (actual)
Net Sales	2,157,417	2,267,651	2,958,713	2,393,642	1,699,936	1,684,486
Growth in sales	*N/A*	*5%*	*30%*	*-19%*	*-29%*	*-7%*
Cost of Sales	1,481,745	1,569,530	1,916,681	1,414,421	1,157,039	973,128
Gross Profit	**675,672**	**698,121**	**1,042,032**	**979,221**	**542,897**	**711,358**
Selling, General, and Administrative	489,683	553,665	821,447	953,181	561,950	655,092
Income from Operations	**185,989**	**144,456**	**220,585**	**26,040**	**(19,053)**	**56,266**
Other Income (Expense)						
Interest expense	(163,630)	(174,103)	(179,710)	(201,980)	(171,135)	(150,171)
Other income	48,300	48,000	70,950	74,443	74,400	66,709
Gain on sale of fixed assets	37,892	-	-	-	2,738	-
Interest income	23	17	-	61	-	-
Total other income (expense)	**(77,415)**	**(126,086)**	**(108,760)**	**(127,476)**	**(93,997)**	**(83,462)**
Income before corporate income tax	**$ 108,574**	**$ 18,370**	**$ 111,825**	**$ (101,436)**	**$ (113,050)**	**$ (27,196)**
Provision for corporate income tax	17,943	5,057	26,639	7,164	7,023	-
Net Income	**90,631**	**13,313**	**85,186**	**(108,600)**	**(120,073)**	**(27,196)**

B

Metaltech, Incorporated
1998-2003 Common Size Income Statements

Exhibit B

	1998	1999	2000	2001	2002	2003
Net Sales	100%	100%	100%	100%	100%	100%
Cost of Sales	69%	69%	65%	59%	68%	58%
Gross Profit	**31%**	**31%**	**35%**	**41%**	**32%**	**42%**
Selling, General, and Administrative	23%	24%	28%	40%	33%	39%
Income from Operations	**9%**	**6%**	**7%**	**1%**	**-1%**	**3%**
Other Income (Expense)						
Interest expense	-8%	-8%	-6%	-8%	-10%	-9%
Other Income	2%	2%	2%	3%	4%	4%
Gain on sale of fixed assets	2%	0%	0%	0%	0%	0%
Interest Income	0%	0%	0%	0%	0%	0%
Total other Income (expense)	**-4%**	**-6%**	**-4%**	**-5%**	**-6%**	**-5%**
Income before corporate income tax	**5%**	**1%**	**4%**	**-4%**	**-7%**	**-2%**
Provision for corporate income tax	1%	0%	1%	0%	0%	0%
Net Income	**4%**	**1%**	**3%**	**-5%**	**-7%**	**-2%**

Metaltech, Incorporated
1998-2003 Historical Balance Sheets

Exhibit C

	March 31, 1998	March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003 (a)
Assets						
Current Assets						
Cash	$ 3,760	$ 121,712	$ 139,276	$ 16,448	$ 24,851	50,223
Accounts Receivable	282,630	234,151	380,065	297,840	332,694	475,957
Inventory	217,120	230,989	256,274	248,347	160,920	176,433
Prepaid expenses and deposits	56,457	15,615	35,286	42,605	15,394	8,674
Total Current Assets	559,967	602,467	810,901	605,240	533,859	711,287
Fixed Assets						
Plant, Property, and equipment--net	2,594,801	2,854,792	3,436,806	3,466,763	3,474,974	3,488,146
Land	509,015	509,015	509,015	509,015	509,015	509,015
Less: Accumulated Depreciation	(1,208,408)	(1,481,590)	(1,784,094)	(2,036,864)	(2,276,814)	(2,441,409)
Total Fixed Assets	1,895,408	1,882,217	2,161,727	1,938,914	1,707,175	1,555,752
Other Assets:						
Customer list	100,000	100,000	100,000	100,000	100,000	102,355
Intangible assets-net	102	67	533	498	-	-
Total other assets	100,102	100,067	100,533	100,498	100,000	102,355
Total Assets	$ 2,555,477	$ 2,584,751	$ 3,073,161	$ 2,644,652	$ 2,341,034	$ 2,369,394
Liabilities and Shareholders Equity						
Current Liabilities						
Current portion of long term debt	$ 164,742	$ 169,539	$ 116,457	$ 259,644	$ 279,809	$ 324,986
Accounts payable	299,287	263,153	251,333	184,573	216,732	253,008
Line of credit	30,000	90,000	136,000	160,000	200,000	-
Accrued payroll and taxes	1,400	11,600	7,273	6,786	10,132	-
Corporate taxes payable	14,311	-	14,435	2,308	5,843	-
Other current liabilities	52,776	54,568	40,818	28,070	16,682	90,429
Total Current Liabilities	562,516	588,860	566,316	641,381	729,198	668,423
Long-term Liabilities						
Notes payable	1,848,632	1,843,046	2,239,068	2,000,113	1,748,916	1,572,340
Less: Current portion of long term debt	(164,742)	(169,539)	(116,457)	(259,644)	(279,809)	-
Total Long Term Liabilities	1,683,890	1,673,507	2,122,611	1,740,469	1,469,107	1,572,340
Total Liabilities	2,246,406	2,262,367	2,688,927	2,381,850	2,198,305	2,240,763
Shareholders Equity						
Common stock	78,750	78,750	78,750	78,750	78,750	78,750
Paid-in-capital	77,500	77,500	77,500	77,500	77,500	77,500
Retained Earnings	152,821	166,134	227,984	106,552	(13,521)	(27,619)
Total Shareholders Equity	309,071	322,384	384,234	262,802	142,729	128,631
Total Liabilities and Shareholders Equity	$ 2,555,477	$ 2,584,751	$ 3,073,161	$ 2,644,652	$ 2,341,034	$ 2,369,394
Working Capital (a)	158,433	61,434	221,766	207,055	59,619	(7,359)
Change in Working Capital	N/A	(96,999)	160,332	(14,711)	(147,436)	(84,541)
Current ratio	1.00	1.02	1.43	0.94	0.73	1.06

(a) 2003 balance sheet is based upon Metaltech's tax return, not compiled financial statements. Therefore, there may be some classification differences between 2003 and other years.

Metaltech, Incorporated
1999-2000 Historical Cash Flow Statements

Exhibit D

	1999	2000	2001	2002
Cash flows from operating activities:				
Net Income (loss)	$ 13,313	$ 85,186	$ (108,600)	$ (120,073)
Adjustments to Reconcile Net Income :				
Depreciation & amorization	273,217	302,502	252,805	239,917
Accounts receivable	48,479	(145,914)	66,283	(34,322)
Inventory	(13,869)	(25,285)	7,927	87,427
Other current assets	40,842	(19,671)	(5,737)	27,211
Accounts payable	(36,134)	(11,820)	(66,760)	32,159
Accruals	(2,319)	(3,642)	(12,970)	(5,507)
Cash from (used in) operations	**323,529**	**181,356**	**132,948**	**226,812**
Cash flows from investing activities:				
Proceeds from sale of equipment	-	-	-	-
Investments-net	-	-	-	-
Additions to fixed and intangible assets	(259,991)	(582,480)	(29,956)	(8,212)
Cash used in investing	**(259,991)**	**(582,480)**	**(29,956)**	**(8,212)**
Cash flows from financing activities;				
Shareholder distributions	-	(23,336)	(12,833)	-
Payments on debt	(165,586)	(513,976)	(236,987)	(251,197)
Borrowings of debt	160,000	910,000	-	-
Line of credit	60,000	46,000	24,000	41,000
Cash provided (used) in financing	**54,414**	**418,688**	**(225,820)**	**(210,197)**
Net increase in cash	**117,952**	**17,564**	**(122,828)**	**8,403**
Cash-beginning of year	3,760	121,712	139,276	16,448
Cash-end of year	121,712	139,276	16,448	24,851

Metaltech, Incorporated
2004-2009 Projected Income Statements

Exhibit E

	Adjusted 3/31/2002	Adjusted 3/31/2003	Projected 3/31/2004 (a)	Projected 3/31/2005 (a)	Projected 3/31/2006	Projected 3/31/2007	Projected 3/31/2008	Stabilized Projection 3/31/2009
Net Revenue	1,699,936	1,684,486	2,557,475	2,685,349	2,900,177	3,132,191	3,382,766	3,653,388
Growth	*N/A*	*-0.9%*	*51.8%*	*5.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*
Cost of Sales	1,157,039	973,128	1,313,696	1,379,381	1,489,731	1,608,910	1,737,623	1,876,633
Gross Profit	542,897	711,358	1,243,779	1,305,968	1,410,445	1,523,281	1,645,144	1,776,755
SG&A & Other expenses	244,895	470,108	462,685	485,517	524,358	566,307	611,612	660,541
EBITDA	**298,002**	**241,250**	**781,094**	**820,451**	**886,087**	**956,974**	**1,033,532**	**1,116,215**
Depreciation	(239,917)	(118,275)	(174,000)	(182,700)	(182,700)	(182,700)	(182,700)	(182,700)
Interest Expense	(171,135)	(150,171)	(141,963)	(149,061)	(149,061)	(149,061)	(149,061)	(149,061)
Pre-tax Income	**(113,050)**	**(27,196)**	**465,131**	**488,690**	**554,326**	**625,213**	**701,771**	**784,454**
Other Income								
Taxes	7,023	-	-	-	-	-	-	-
Net Income	**(120,073)**	**(27,196)**	**465,131**	**488,690**	**554,326**	**625,213**	**701,771**	**784,454**

(a) These forecasts are for calendar year 2003 and 2004. We used these forecasts because it is the most relevant data we received and is conservative because it includes 3 months of data from the prior fiscal year.

F

Metaltech, Incorporated **Exhibit F**

Weighted Average Cost of Capital

Cost of Equity (A)	18.0%
Cost of Debt (B)	8.6%
Debt to Value Ratio (C)	43%
Equity to Value Ratio	57%
Tax Rate (D)	39%

Weighted Average Cost of Capital
(WACC = Cost of equity*(Equity to Value Ratio) + Cost of debt*(Debt to Value)*(1-Tax Rate))

12.5%

Pre-tax	20.49%	pre-tax rate = (WACC/(1-Tax rate))
Round	**20.50%**	
less: growth	4.0%	
Cap rate (WACC-growth)	**16.50%**	

(A) See **Exhibit G** for calculation.

(B) See **Exhibit H** for calculation.

(C) Estimated debt to value ratio based upon estimate of a reasonable amount of debt Metaltech could be expected to have in the future assuming an optimal use of debt and equity by a hypothetic buyer or seller based upon average SIC code debt to value ratio.

(D) Estimated effective tax rate.

G

Metaltech, Incorporated
Cost of Equity

Exhibit G

Risk-free Rate (A)		4.96%
Equity Risk Premium		
Long-Term Expected Risk Premium (B)	7.00%	
Unlevered Industry Beta (C)	0.37	2.59%
Premium for Size (D)		5.67%
Specific Company Risk (E)		5.00%
Cost of Equity		18.22%
Rounded to:		**18.00%**

(A) Federal Reserve Yield on 20 Year U.S. Treasury Bonds, March 31, 2003. Available at http://www.federalreserve.gov.

(B) Large company stock total returns minus long-term government bond income returns, 1926-2002, Ibbotson Associates, SBBI Valuation Edition 2003 Yearbook.

(C) Median levered adjusted beta for SIC Code 349-Miscellaneous Fabricated Metal Products, Ibbotson Associates, Cost of Capital 2003 Yearbook.

(D) Historical return of the 10th decile of NYSE/AMEX/NASDAQ portfolio in excess of Equity Risk Premium, 1926-2001, Ibbotson Associates, SBBI Products, Ibbotson Valuation Edition 2003 Yearbook.

(E) Estimated based upon evaluation of subject company-additional risk due to rate of projected growth, size of company, debt, management depth and other qualitative and quantitative factors.

Metaltech, Incorporated
Cost of debt

Exhibit H

	Balance at 3/2002	Interest Rate	Weighted Interest Rate
Note payable--County National Bank	69,298	0.0825	0.0033
Note payable--Community First Bank	64,703	0.0774	0.0029
Note payable--Deposit Bank	828,632	0.085	0.0403
Note payable--County National Bank	14,697	0.0925	0.0008
Note payable--County National Bank	50,931	0.0925	0.0027
Note payable--Deposit Bank	118,974	0.0875	0.0060
Note payable--County National Bank	49,077	0.0825	0.0023
Note payable--County National Bank	79,891	0.0925	0.0042
Note payable--Deposit Bank	472,713	0.086	0.0232
Total	**1,748,916**		**8.56%**

Metaltech, Incorporated
Discounted Cash Flow Analysis

Exhibit I

	Projected 3/31/2004	Projected 3/31/2005	Projected 3/31/2006	Projected 3/31/2007	Projected 3/31/2008	TERMINAL VALUE
Net Income	465,131	488,690	554,326	625,213	701,771	784,454
Plus: Depreciation and Amorization	174,000	182,700	182,700	182,700	182,700	182,700
Plus: Interest Expense (a)	141,963	149,061	149,061	149,061	149,061	149,061
Less: Capital Expenditures (b)	(20,000)	(50,000)	(75,000)	(78,750)	(82,688)	(86,822)
Change in Working Capital (c)	14,651	15,384	16,614	17,944	19,379	20,929
Pre-tax Free Cash Flow	**775,745**	**785,835**	**827,701**	**896,168**	**970,223**	**1,050,322**
Capitalization rate						16.50%
Capitalized terminal value						6,365,587
Discount factor @ 20.5%	0.92057	0.79207	0.65732	0.54550	0.45269	0.45269
Present value of cash flow	714,131	622,440	544,068	488,856	439,214	2,881,665
Indicated value of equity	**5,690,375**					
Less: Long-term debt	1,572,340					
Indicated value of Metaltech	**4,118,035**					

(a) Based upon discussion with R. Gordon and estimated debt level of Metaltech.
(b) Based upon discussions with R. Gordon
(c) Working capital grown at estimated growth rates.

Metaltech, Incorporated
Adjusted Net Asset Approach

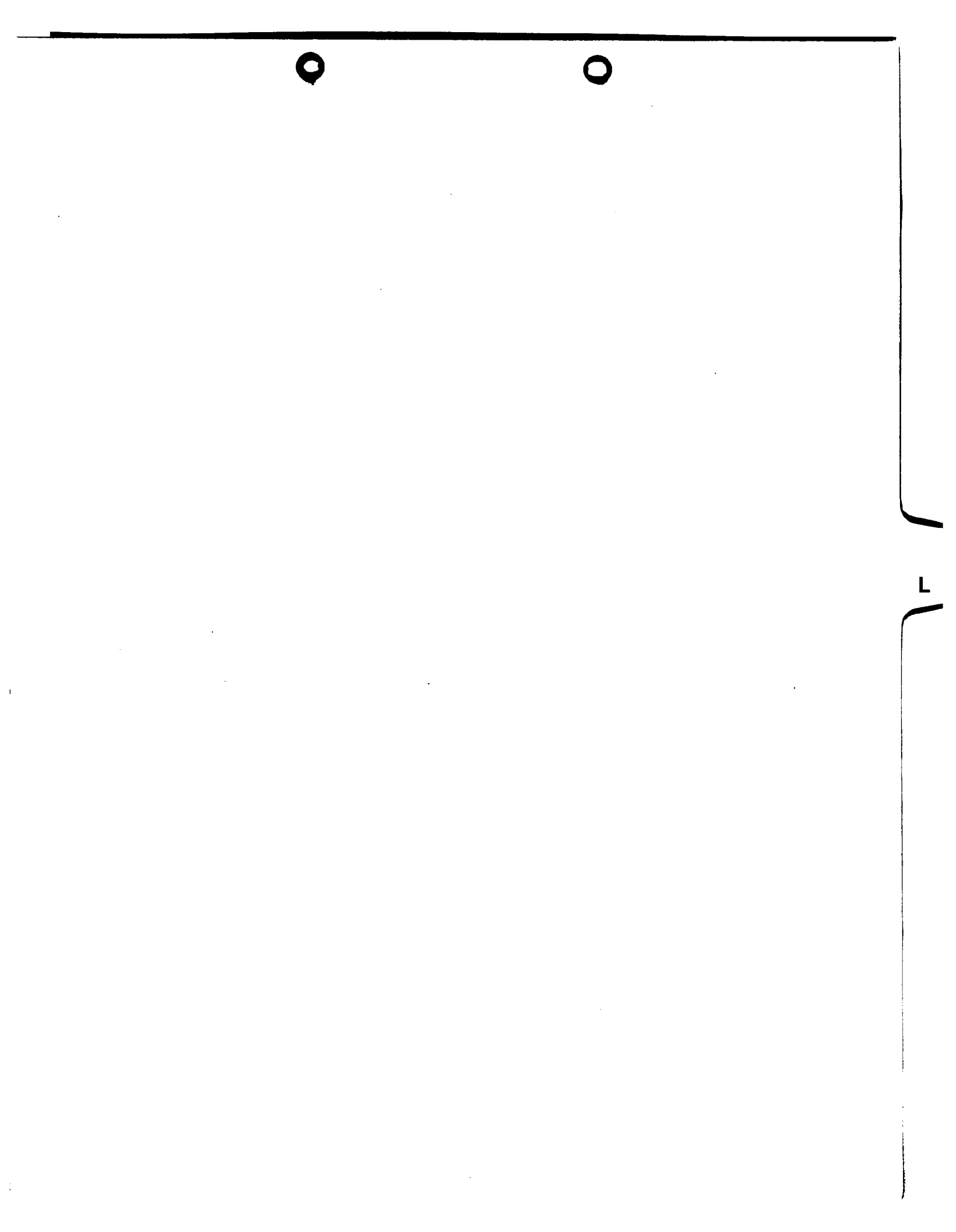
Exhibit J

	December 31, 2002	Adjustments	Adjusted March 31, 2003
Assets			
Current Assets			
Cash	$ 50,223	-	$ 50,223
Accounts Receivable	475,957	-	475,957
Inventory	176,433	-	176,433
Prepaid expenses and deposits	8,674	-	8,674
Total Current Assets	**711,287**	-	**711,287**
Fixed Assets			
Plant, Propertry, and equipment–net	3,488,146	(388,146)	3,100,000
Land	509,015		509,015
Less: Accumulated Depreciation	(2,441,409)	2,441,409	-
Total Fixed Assets	**1,555,752**	**2,053,263**	**3,609,015**
Other Assets:			
Customer list	102,355	(102,355)	-
Intangible assets-net	-	-	-
Total other assets	**102,355**	**(102,355)**	**-**
Total Assets	**$ 2,369,394**	**$ 1,950,908**	**$ 4,320,302**
Liabilities and Shareholders Equity			
Current Liabilities			
Current portion of long term debt	324,986		$ 324,986
Accounts payable	253,008		253,008
Line of credit	-		-
Accrued payroll and taxes	-		-
Corporate taxes payable	-		-
Other current liabilities	90,429		90,429
Total Current Liabilities	**668,423**	-	**668,423**
Long-term Liabilities			
Notes payable	1,572,340		1,572,340
Less: Current portion of long term debt	-		-
Total Long Term Liabilities	**1,572,340**	-	**1,572,340**
Total Liabilities	**2,240,763**	-	**2,240,763**
Shareholders Equity			
Common stock	78,750		78,750
Paid-in-capital	77,500		77,500
Retained Earnings	(27,619)	1,950,908	1,923,289
Total Shareholders Equity	**128,631**	**1,950,908**	**2,079,539**
Total Liabilities and Shareholders Equity	**2,369,394**	**$ 1,950,908**	**$ 4,320,302**

Metaltech, Incorporated
Analysis of Private Company Transactions

Exhibit K

Buyer	Seller	Source	MVIC	Assets	Revenues	Operating Income/EBITDA	MVIC to Revenue	MVIC to Operating Income
N/A	Consultkap, Inc.	Pratt's Stats	$ 3,000,000	$ 360,000	$ 3,075,722	$ 930,933	0.98	3.22
N/A	N/A	BIZCOMPS	$ 195,000	N/A	$ 1,250,000	N/A	0.16	N/A
Excalibur Industries, Inc.	Excalibur Holdings, Inc.	Done Deals	$ 51,600,000	$14,800,000	$ 3,600,000	$ 241,000	14.33	214.11
Dynamic Materials Corporation	Nobleclad	Done Deals	$ 4,000,000	$ 7,800,000	$ 10,600,000	$ 744,000	0.38	5.38
APW Ltd	Mayville Metal Products Division	Done Deals	$ 267,100,000	$55,700,000	$170,800,000	$ 28,700,000	1.56	9.31
						Mean	**3.48**	**58.00**
						Median	**0.98**	**7.34**


L

Metaltech, Incorporated
Guideline Company and Transactions Analysis

Exhibit L

	MVIC to OI	Metaltech est 2004 OI	Indicated Value of inv capital
Direct Market Data of Guideline Private Sales	7.34	$ 781,094	$ 5,734,388

	MVIC to Revenue	Metaltech 2004 Revenue	Indicated Value of inv capital
Direct Market Data of Guideline Private Sales	0.98	$ 2,557,475	$ 2,494,512

Metaltech, Incorporated
Summary of Values

Exhibit M

	Discounted Cash Flow	Market Approach: Private Transactions (P/EBITDA)	Market Approach: Private Transactions (P/R)	Adjusted Net Asset Approach
Indicated value of invested capital	$ 5,690,375	$ 5,734,388	$ 2,494,512	3,651,879
Less debt	1,572,340	1,572,340	1,572,340	1,572,340
Indicated value	**4,118,035**	**4,162,048**	**922,172**	**2,079,539**
Richard Gordon's share of Metaltech	8.16%	8.16%	8.16%	8.16%
Value of Richard Gordon's 8.16% interest in Metaltech	**336,032**	**339,623**	**75,249**	**169,690**

List of Documents Reviewed:

- Product supply agreement, dated June 24, 1997
- Credit agreements
- 2000-2002 income tax returns
- 1997-2002 compiled financial statements
- 2003 management provided income statement
- 2004-2005 management provided forecasted income statement
- Independent research

In addition to the definition contained within the body of our report, the following citations support the use of fair value and the position of not applying discounts for lack of control and marketability:

Discount for Lack of Control

In Cavalier Oil Corp. v. Harnett, 564 A.2d 1137 (Del. 1989). The Court stated "To fail to accord a minority shareholder the full proportionate value of his shares imposes a penalty for lack of control, and unfairly enriches the majority shareholders who may reap a windfall from the appraisal process by cashing out a dissenting shareholder, a clearly undesirable result".

In HMO-W v. SSM Health Care System, No. 98-2834, 1999 WL 395650. The Wisconsin Court of Appeals held that lack of control discounts are inappropriate in dissenters' rights cases as a matter of law.

In Hansen v. 75 Ranch Company, No. 97-249, 1998 WL 180831 (Mont. April 9, 1998) the Montana Supreme Court disallowed a lack of control discount, overruling its own decision to allow a discount in a 1996 suit.

Discounts for Lack of Marketability

In Carl Borruso and William Lee v. Communications Telesystems International the Court rejected the company's expert's "discount for lack of liquidity" citing Cavalier Oil Corp. v. Harnett and saying that it was essentially a discount for lack of marketability which is inappropriate in a fair value determination.

In Sieg Company V. Kelly, No. 96-61, 1997 WL 575996 (Iowa Sept. 17, 1997) the trial court disallowed the lack of marketability discount and the case was appealed. The Supreme Court of Iowa noted: "Iowa was clear at the time Sieg made its valuation that a discount is not permitted."

In the New Jersey dissenting stockholder case of Lawson Mardon Wheaton, Inc. v. Smith, et al., 1999 WL 492634 (NJ July 14, 1999, the Supreme Court overturned the trial court's acceptance of a discount for lack of marketability.

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METALTECH, INC.
P/L STATEMENT
12 MONTHS ENDING 12/31/03

FORECAST

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	%
Income														
Sales-Manufactured Products	$215,847	$187,693	$197,076	$153,295	$153,295	$146,327	$268,355	$245,020	$245,020	$264,289	$229,817	$264,289	$2,570,327	
Sales-Tool & Die													$0	
Sales-Quality Services													$0	
Other Income														
Shipping & Handling													$0	
Sales returns and allowance														
Sales Discounts	($1,079)	($938)	($985)	($766)	($766)	($732)	($1,342)	($1,225)	($1,225)	($1,321)	($1,149)	($1,321)	($12,852)	
Sub-totals	*$214,768*	*$186,755*	*$196,091*	*$152,529*	*$152,529*	*$145,596*	*$267,013*	*$243,795*	*$243,795*	*$262,968*	*$228,668*	*$262,968*	*$2,557,475*	
Cost Of Goods Sold														
Cost of goods sold														
Raw material purchases	$64,754	$56,308	$59,123	$45,989	$45,989	$43,898	$80,507	$73,506	$73,506	$79,287	$68,945	$79,287	$771,098	30.15%
Heat Treatment	$1,619	$1,408	$1,478	$1,150	$1,150	$1,097	$2,013	$1,838	$1,838	$1,982	$1,724	$1,982	$19,277	0.75%
Plating	$2,156	$1,877	$1,971	$1,533	$1,533	$1,463	$2,684	$2,450	$2,450	$2,643	$2,298	$2,643	$25,703	1.01%
Sl[illegible]	$4,749	$4,129	$4,336	$3,372	$3,372	$3,219	$5,904	$5,390	$5,390	$5,814	$5,056	$5,814	$56,547	2.21%
G[illegible]ntracting	$4,317	$3,754	$3,942	$3,066	$3,066	$2,927	$5,367	$4,900	$4,900	$5,286	$4,596	$5,286	$51,407	2.01%
Lubricants & Oils	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$3,000	0.12%
Cost of Dies	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Direct labor costs	$16,336	$15,944	$16,741	$17,538	$17,538	$16,741	$16,336	$16,741	$16,741	$16,938	$16,944	$16,938	$207,272	8.10%
Indirect labor costs	$6,744	$6,584	$6,157	$6,450	$6,450	$6,157	$6,744	$6,157	$6,157	$6,744	$6,584	$6,744	$76,232	2.98%
Payroll Tax Expense	$4,088	$2,970	$3,054	$3,137	$3,137	$3,054	$2,786	$2,620	$2,620	$2,786	$2,556	$2,786	$35,574	1.39%
Health Insurance	$2,781	$2,781	$2,781	$2,781	$2,781	$2,781	$2,781	$2,781	$2,781	$2,781	$2,781	$2,781	$33,377	1.31%
401k expense	$752	$654	$687	$720	$720	$687	$752	$687	$687	$752	$654	$752	$8,505	0.33%
Increase/Decrease - F.G.I.													$0	0.00%
Increase/Decrease - W.I.P.													$0	0.00%
Increase/Decrease - Raw Material													$0	0.00%
Cost of sales freight in													$0	0.00%
Cost of sales freight out	$2,156	$1,877	$1,971	$1,533	$1,533	$1,463	$2,684	$2,450	$2,450	$2,643	$2,298	$2,643	$25,703	1.01%
Cost of sales-other													$0	0.00%
Purchase discounts													$0	0.00%
Sub-totals	*$112,707*	*$97,817*	*$102,491*	*$87,519*	*$87,519*	*$83,738*	*$130,807*	*$119,771*	*$119,771*	*$129,304*	*$112,947*	*$129,304*	*$1,513,696*	51.77%
Other Expenses														
Advertising expense	$540	$469	$493	$383	$383	$366	$671	$613	$613	$661	$575	$661	$6,426	0.25%
Amortization expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Auto and truck expense	$345	$300	$315	$330	$330	$315	$345	$315	$315	$345	$300	$345	$3,900	0.15%
Bank charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Charitible contributions Ex	$0	$0	$100	$0	$0	$100	$0	$0	$100	$0	$0	$100	$400	0.02%
Commissions and fees exp	$4,317	$3,754	$3,942	$3,066	$3,066	$2,927	$5,367	$4,900	$4,900	$5,286	$4,596	$5,286	$51,407	2.01%
Depreciation expense	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$14,500	$174,000	6.80%
Dues and subscriptions	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$1,200	0.05%
Employee benefit programs	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$1,200	0.05%
Employee training	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$1,200	0.05%
Insurance expense	$2,245	$2,245	$2,245	$2,245	$2,245	$2,245	$2,245	$2,245	$2,245	$2,245	$2,245	$2,245	$26,945	1.05%
[illegible]-health	$661	$661	$661	$661	$661	$661	$661	$661	$661	$661	$661	$661	$7,933	0.31%
[illegible]-life & disab.	$140	$140	$140	$140	$140	$140	$140	$140	$140	$140	$140	$140	$1,684	0.07%
Interest expense	$12,325	$12,236	$12,146	$12,059	$11,969	$11,879	$11,789	$11,697	$11,606	$11,515	$11,420	$11,326	$141,963	5.55%
Laundry and cleaning exp	$288	$320	$336	$352	$352	$336	$368	$336	$336	$368	$320	$368	$4,160	0.16%
Legal and professional exp	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$3,600	0.14%
Licens[illegible]e	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Maintenance expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Meals and entertainment	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$1,800	0.07%
Office expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Payroll tax expense	$746	$598	$712	$730	$730	$712	$746	$712	$712	$746	$698	$746	$8,687	0.34%
401(K) Expense	$166	$144	$161	$159	$159	$161	$166	$161	$161	$166	$144	$166	$1,875	0.07%
Pension expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Penalties and fines exp	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Other taxes	$578	$516	$552	$552	$552	$552	$552	$595	$595	$595	$595	$595	$7,043	0.28%
Postage expense	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$900	0.04%
Rent or lease expense	$464	$464	$464	$464	$464	$464	$464	$464	$287	$287	$297	$297	$4,898	0.19%
Repairs expense	$7,955	$6,669	$6,668	$6,366	$6,366	$6,121	$9,392	$6,576	$6,576	$9,250	$9,044	$9,250	$89,961	3.52%
Supplies expense	$345	$300	$315	$330	$330	$315	$345	$315	$315	$345	$300	$345	$3,900	0.15%
Telephone expense	$450	$450	$450	$450	$450	$450	$450	$450	$450	$450	$450	$450	$5,400	0.21%
Travel expense	$540	$469	$493	$383	$383	$366	$671	$613	$613	$661	$575	$661	$6,426	0.25%
Wages expense	$5,529	$4,805	$5,046	$5,288	$5,288	$5,046	$5,529	$5,046	$5,046	$5,529	$4,805	$5,529	$62,500	2.44%
Utilities expense	$12,932	$12,339	$10,969	$11,949	$10,165	$9,944	$8,601	$8,666	$11,776	$10,174	$12,765	$8,760	$129,240	5.05%
Other expenses	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$30,000	1.17%
Sub-totals	*$68,070*	*$64,765*	*$64,286*	*$62,763*	*$60,879*	*$59,948*	*$66,560*	*$64,923*	*$67,274*	*$67,359*	*$66,775*	*$65,748*	*$778,648*	30.45%
OPERATIN[illegible]T(LOSS)	*$33,991*	*$24,173*	*$29,316*	*$2,247*	*$4,130*	*$1,910*	*$69,647*	*701*	*$56,749*	*$66,484*	*$48,947*	*$67,915*	*$465,132*	18.19%
Other (Income) and Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	

PLAINTIFF'S EXHIBIT

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METALTECH, INC.
P/L STATEMENT
12 MONTHS ENDING 12/31/03

FORECAST

	January	February	March	April	May	June					December	TOTAL	%
Income													
Sales-Manufactured Products	$226,640	$197,018	$208,932	$160,960	$160,960	$153,/					$277,804	$2,698,843	
Sales-Tool & Die												$0	
Sales-Quality Services												$0	
Other Income												$0	
Shipping & Handling												$0	
Sales returns and allowance												$0	
Sales Discounts	($1,133)	($985)	($1,035)	($805)	($805)	($					($1,388)	($13,494)	
Sub-totals	*$225,507*	*$196,093*	*$205,897*	*$160,155*	*$160,155*	*$152,6/0*					*$276,116* #	*$2,685,349*	
Cost Of Goods Sold													
Cost of goods sold													
Raw material purchases	$67,992	$59,128	$62,080	$48,288	$48,288	$46,093	$64,532	$77,151	$77,151	$83,251	$72,392	$809,653	30.15%
Heat Treatment	$1,700	$1,478	$1,552	$1,207	$1,207	$1,152	$2,113	$1,930	$1,930	$2,081	$1,810	$20,241	0.75%
Plating	$2,266	$1,971	$2,069	$1,610	$1,610	$1,536	$2,818	$2,573	$2,573	$2,775	$2,413	$26,988	1.01%
Shttering	$4,986	$4,336	$4,553	$3,541	$3,541	$3,380	$6,199	$5,660	$5,660	$6,105	$5,309	$59,375	2.21%
General Contracting	$4,533	$3,942	$4,139	$3,219	$3,219	$3,073	$5,635	$5,145	$5,145	$5,550	$4,826	$53,977	2.01%
Lubricants & Oils	$283	$283	$283	$283	$283	$283	$283	$283	$283	$283	$283	$3,150	0.12%
Cost of Dies	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Direct labor costs	$19,262	$16,741	$17,576	$13,415	$13,415	$17,576	$19,262	$17,576	$17,576	$19,262	$16,741	$217,636	8.10%
Indirect labor costs	$7,081	$6,157	$6,465	$6,773	$6,773	$6,465	$7,081	$6,465	$6,465	$7,081	$6,157	$80,044	2.98%
Payroll Tax Expense	$4,293	$3,119	$3,205	$3,294	$3,294	$3,205	$2,826	$2,751	$2,751	$2,826	$2,663	$37,353	1.39%
Health Insurance	$2,920	$2,920	$2,920	$2,920	$2,920	$2,920	$2,920	$2,920	$2,920	$2,920	$2,920	$35,046	1.31%
401K	$790	$687	$721	$766	$766	$721	$790	$721	$721	$790	$687	$9,930	0.37%
Increase/Decrease - F.G.I.												$0	0.00%
Increase/Decrease - W.I.P.												$0	0.00%
Increase/Decrease - Raw Material												$0	0.00%
Cost of sales freight in												$0	0.00%
Cost of sales freight out	$2,266	$1,971	$2,069	$1,610	$1,610	$1,536	$2,818	$2,573	$2,573	$2,775	$2,413	$26,988	1.01%
Cost of sales-other												$0	0.00%
Purchase discounts												$0	0.00%
Sub-totals	*$113,542*	*$103,707*	*$107,615*	*$91,895*	*$91,895*	*$87,925*	*$157,347*	*$125,760*	*$125,760*	*$135,770*	*$118,594*	*$1,579,581*	51.37%
Other Expenses													
Advertising expense	$387	$493	$517	$402	$402	$384	$704	$643	$643	$694	$603	$6,747	0.25%
Amortization expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Auto and truck expense	$362	$315	$331	$347	$347	$331	$362	$331	$331	$362	$315	$4,095	0.15%
Bank charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Charitible contributions Ex	$0	$0	$100	$0	$0	$100	$0	$0	$0	$0	$0	$0	0.00%
Commissions and fees exp	$4,533	$3,942	$4,139	$3,219	$3,073	$5,635	$5,145	$5,145	$5,550	$4,826	$5,550	$53,977	2.01%
Depreciation expense	$15,225	$15,225	$15,225	$15,225	$15,225	$15,225	$15,225	$15,225	$15,225	$15,225	$15,225	$182,700	6.80%
Dues and subscriptions	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$1,260	0.05%
Employee benefit programs	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$1,260	0.05%
Employee training	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$1,260	0.05%
Insurance expense	$2,358	$2,358	$2,358	$2,358	$2,358	$2,358	$2,358	$2,358	$2,358	$2,358	$2,358	$28,292	1.05%
Insurance-health	$694	$694	$694	$694	$694	$694	$694	$694	$694	$694	$694	$8,330	0.31%
Insurance -life & disab.	$147	$147	$147	$147	$147	$147	$147	$147	$147	$147	$147	$1,768	0.07%
Interest expense	$12,939	$12,447	$12,755	$12,562	$12,566	$12,473	$12,378	$12,282	$12,186	$12,059	$11,891	$149,061	5.55%
Laundry and cleaning exp	$366	$336	$353	$370	$370	$359	$366	$353	$353	$366	$336	$4,368	0.16%
Legal and professional exp	$315	$315	$315	$315	$315	$315	$315	$315	$315	$315	$315	$3,780	0.14%
Licenses expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Maintenance expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Meals and entertainment	$166	$156	$166	$155	$155	$156	$156	$166	$156	$166	$166	$1,890	0.07%
Miscellaneous	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Payroll expense	$766	$728	$747	$767	$767	$747	$766	$747	$747	$766	$728	$9,121	0.34%
01(K) Expense	$174	$151	$159	$167	$167	$159	$174	$159	$159	$174	$151	$1,969	0.07%
Pension expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Penalties and fines exp	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Other taxes	$584	$554	$566	$566	$566	$566	$586	$601	$601	$601	$601	$7,113	0.26%
Postage expense	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$945	0.04%
Rent or lease expense	$467	$487	$467	$467	$467	$467	$467	$467	$312	$312	$312	$5,143	0.19%
Repairs expense	$7,932	$6,826	$7,243	$5,634	$5,634	$5,378	$9,862	$9,004	$9,004	$9,719	$8,446	$94,460	3.52%
Supplies expense	$362	$315	$331	$347	$347	$331	$362	$331	$331	$362	$315	$4,095	0.15%
Telephone expense	$473	$473	$473	$473	$473	$473	$473	$473	$473	$473	$473	$5,670	0.21%
Travel expense	$387	$493	$517	$402	$402	$384	$704	$643	$643	$694	$603	$6,747	0.25%
Wages expense	$5,506	$5,048	$5,301	$5,553	$5,553	$5,301	$6,805	$5,301	$5,301	$5,805	$5,046	$65,625	2.44%
Utilities expense	$13,579	$12,956	$11,617	$12,647	$10,553	$10,441	$9,241	$9,099	$12,365	$10,852	$13,424	$135,702	5.05%
Other expenses	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$31,500	1.17%
Sub-totals	*$71,451*	*$67,980*	*$67,472*	*$65,877*	*$63,900*	*$62,917*	*$69,854*	*$67,515*	*$70,609*	*$70,598*	*$70,088*	*$817,370*	30.43%
OPERATING PROFIT(LOSS)	*$35,714*	*$25,405*	*$30,811*	*$2,382*	*$4,360*	*$2,033*	*$73,153*	*$62,710*	*$59,615*	*$69,748*	*$51,419*	*$488,690*	18.20%
Other (Income) and Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Net Profit	*$35,714*	*$25,405*	*$30,811*	*$2,382*	*$4,360*	*$2,033*	*$73,153*	*$6*	*$59,615*	*$69,748*	*$51,419*	*$71,340* #	*$488,690*	18.20%

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CATANDL2003DSM

DOCK STREET MFG., INC
P/L STATEMENT
12 MONTHS ENDING 12/31/03

PENCAD 800-631-6989

PLAINTIFF'S EXHIBIT 7

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
Income														
Sales-Machining	$231,000	$210,000	$220,600	$231,000	$220,500	$220,500	$252,000	$188,450	$188,450	$217,350	$189,000	$210,000	$2,598,750	
Sales-Stamping													$0	
Sales-Tool & Die													$0	
Sales-Quality Services													$0	
Other Income													$0	
Sales returns and allowance													$0	
Sales Discounts	-$4,620	-$4,200	-$4,410	-$4,620	-$4,410	-$4,410	-$5,040	-$3,969	-$3,969	-$4,347	-$3,780	-$4,200	-$51,975	
Sub-totals:	*$226,380*	*$205,800*	*$216,090*	*$226,380*	*$216,090*	*$216,090*	*$246,960*	*$194,481*	*$194,481*	*$213,003*	*$185,220*	*$205,800*	*$2,546,775*	
Cost Of Goods Sold														
Cost of goods sold													$0	0.00%
Raw material purchases	$41,803	$38,084	$39,988	$41,803	$39,998	$39,998	$48,712	$35,998	$35,998	$39,427	$34,284	$38,094	$471,408	18.51%
Plating and molding	$5,976	$5,433	$5,705	$5,976	$5,705	$5,705	$6,620	$5,134	$5,134	$5,623	$4,860	$5,433	$67,235	2.64%
Operating Supplies	$5,094	$4,631	$4,862	$5,094	$4,862	$4,862	$5,557	$4,378	$4,376	$4,793	$4,167	$4,631	$57,302	2.25%
Direct labor costs	$55,829	$48,647	$50,974	$53,401	$53,401	$50,974	$55,829	$50,974	$50,974	$55,829	$50,974	$53,401	$631,105	24.78%
Direct labor - stamping	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Direct labor - tooling	$2,852	$2,480	$2,604	$2,728	$2,728	$2,604	$2,852	$2,604	$2,604	$2,852	$2,604	$2,728	$32,240	1.27%
[illegible] labor costs	$19,912	$17,314	$18,180	$19,046	$19,046	$18,180	$19,912	$18,180	$18,180	$19,912	$18,180	$19,046	$225,087	8.84%
[illegible]ax Expense	$9,079	$8,762	$7,023	$7,284	$7,284	$7,023	$8,779	$8,258	$8,256	$8,778	$8,256	$8,518	$83,301	3.27%
[illegible]pense	$2,358	$2,050	$2,153	$2,255	$2,255	$2,153	$2,358	$2,163	$2,153	$2,358	$2,153	$2,255	$26,653	1.05%
Insurance-health	$5,281	$5,281	$5,281	$5,281	$5,281	$5,281	$5,281	$5,281	$5,281	$5,281	$5,281	$5,281	$63,375	2.49%
Inventory Burden	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Miscellaneous factory cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Cost of sales freight in	$1,698	$1,544	$1,621	$1,698	$1,621	$1,621	$1,852	$1,459	$1,459	$1,698	$1,389	$1,544	$19,101	0.75%
Cost of sales freight out													$0	0.00%
Cost of sales-other													$0	0.00%
Purchase discounts													$0	0.00%
Sub-totals:	*$149,981*	*$132,135*	*$138,401*	*$144,667*	*$142,182*	*$138,401*	*$152,651*	*$132,415*	*$132,415*	*$144,450*	*$130,179*	*$138,930*	*$1,676,807*	65.84%
Other Expenses														
Advertising expense													$0	0.00%
Amortization expense	$2,238	$2,238	$2,238	$2,238	$2,238	$2,238	$2,238	$2,238	$2,238	$2,238	$2,238	$2,238	$26,856	1.05%
Auto and truck expense	$230	$200	$210	$220	$220	$210	$230	$210	$210	$230	$200	$230	$2,600	0.10%
Bank charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Charitible contributions Ex	$0	$0	$100	$0	$0	$100	$0	$0	$100	$0	$0	$100	$400	0.02%
Commissions and fees exp	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Depreciation expense	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$70,191	2.76%
Dues and subscriptions	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$1,200	0.05%
Employee benefit programs	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$15,000	0.59%
Employee training	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$1,200	0.05%
Freight expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Insurance expense	$5,163	$5,163	$5,163	$5,163	$5,163	$5,163	$5,163	$5,163	$5,163	$5,163	$5,163	$5,163	$61,958	2.43%
Insurance-health	$785	$785	$785	$785	$785	$785	$785	$785	$785	$785	$785	$8,422	$18,059	0.71%
Insurance -life & disab.	$2,234	$2,234	$2,234	$2,234	$2,234	$2,234	$2,234	$2,234	$2,234	$2,234	$2,234	$2,234	$26,803	1.05%
Interest expense	$6,317	$6,279	$6,243	$6,207	$6,172	$6,134	$6,098	$6,060	$6,024	$5,987	$5,953	$5,917	$73,389	2.88%
Laundry and cleaning exp	$345	$300	$315	$330	$330	$315	$345	$315	$315	$345	$300	$345	$3,900	0.15%
Legal and professional exp	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$3,600	0.14%
Meals and entertainment ex	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$1,800	0.07%
Office expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Payroll tax expense	$740	$530	$549	$568	$568	$548	$510	$473	$473	$510	$473	$491	$6,436	0.25%
401(K) Expense	$170	$148	$155	$163	$163	$155	$170	$155	$155	$170	$155	$163	$1,922	0.08%
Penalties and fines exp	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Other taxes	$4,566	$4,566	$4,566	$4,566	$4,566	$4,566	$4,566	$4,566	$4,566	$4,566	$4,566	$4,566	$54,796	2.15%
Postage expense	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$900	0.04%
Rent or lease expense	$3,250	$3,250	$3,250	$3,250	$3,250	$3,250	$3,250	$3,250	$3,250	$3,250	$3,250	$3,250	$39,000	1.53%
Repairs expense	$5,094	$4,631	$4,862	$5,094	$4,862	$4,862	$5,557	$4,378	$4,376	$4,793	$4,167	$4,631	$57,302	2.25%
Supplies expense	$230	$200	$210	$220	$220	$210	$230	$210	$210	$230	$200	$230	$2,600	0.10%
Telephone expense	$450	$450	$450	$450	$450	$450	$450	$450	$450	$450	$450	$450	$5,400	0.21%
Travel expense	$231	$210	$221	$231	$221	$221	$252	$198	$198	$217	$189	$210	$2,599	0.10%
Wages expense	$5,689	$4,829	$5,176	$5,422	$5,422	$5,176	$5,669	$5,176	$5,176	$5,689	$5,176	$5,422	$64,080	2.52%
Utilities expense	$13,629	$11,874	$11,270	$8,402	$7,132	$8,942	$7,271	$7,250	$8,262	$9,571	$10,404	$11,845	$113,752	4.47%
Other expenses	$2,654	$2,308	$2,423	$2,538	$2,538	$2,423	$2,654	$2,423	$2,423	$2,654	$2,308	$2,654	$30,000	1.18%
Sub-totals:	*$61,819*	*$58,319*	*$58,245*	*$55,905*	*$54,358*	*$53,807*	*$55,494*	*$53,356*	*$54,433*	*$56,886*	*$56,035*	*$67,185*	*$685,743*	26.93%
Profit:	*$14,580*	*$15,446*	*$19,445*	*$25,808*	*$19,550*	*$23,882*	*$ [illegible]*	*$8,709*	*$7,633*	*$11,666*	*-$994*	*-$315*	*$184,23[illegible]*	7.23%

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DOCK STREET MFG., INC
P/L STATEMENT
12 MONTHS ENDING 12/31/04

ome	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
les-Machining	$242,650	$220,500	$231,525	$242,650	$231,525	$231,525	$264,600	$208,373	$208,373	$228,218	$188,450	$220,500	$2,728,688	
les-Stamping													$0	
les-Tool & Die													$0	
les-Quality Services													$0	
er Income													$0	
es returns and allowance													$0	
es Discounts	-$4,851	-$4,410	-$4,631	-$4,851	-$4,631	-$4,631	-$5,292	-$4,167	-$4,167	-$4,664	-$3,869	-$4,410	-$54,574	
Sub-totals:	*$237,699*	*$216,090*	*$226,895*	*$237,699*	*$226,895*	*$226,895*	*$259,308*	*$204,205*	*$204,205*	*$223,653*	*$194,481*	*$216,090*	*$2,674,114*	
st Of Goods Sold														
st of goods sold	$49,998	$39,998	$41,998	$49,998	$41,998	$41,998	$47,998	$37,788	$37,788	$41,998	$35,998	$39,998	$494,978	18.51%
w material purchases	$6,275	$5,705	$5,990	$6,275	$5,990	$5,990	$6,846	$5,391	$5,391	$5,904	$5,134	$5,705	$70,597	2.64%
ding and molding	$5,348	$4,862	$5,105	$5,348	$5,105	$5,105	$5,834	$4,595	$4,595	$5,032	$4,376	$4,862	$60,168	2.25%
erating Supplies	$58,620	$50,974	$53,523	$56,071	$56,071	$53,523	$58,620	$53,523	$53,523	$58,620	$53,523	$56,071	$662,661	24.78%
ect labor costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
ect labor - stamping	$2,995	$2,604	$2,734	$2,864	$2,864	$2,734	$2,995	$2,734	$2,734	$2,995	$2,734	$2,864	$33,852	1.27%
ect labor - tooling	$20,907	$18,180	$19,089	$19,998	$19,998	$19,089	$20,907	$19,089	$19,089	$20,907	$19,089	$19,998	$236,341	8.84%
r costs	$8,533	$7,100	$7,374	$7,649	$7,649	$7,374	$7,118	$6,589	$6,589	$7,118	$6,589	$6,844	$87,466	3.27%
Expense	$2,478	$2,153	$2,260	$2,368	$2,368	$2,260	$2,478	$2,260	$2,260	$2,476	$2,260	$2,368	$27,986	1.05%
k expense	$5,645	$5,645	$5,645	$5,645	$5,645	$5,645	$5,645	$5,645	$5,645	$5,645	$5,645	$5,645	$66,544	2.49%
rance-health	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
ntory Burden	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
cellaneous factory cost	$1,783	$1,621	$1,702	$1,783	$1,702	$1,702	$1,945	$1,532	$1,532	$1,677	$1,459	$1,621	$20,056	0.75%
st of sales freight in													$0	0.00%
st of sales freight out													$0	0.00%
st of sales-other													$0	0.00%
chase discounts														
Sub-totals:	*$157,480*	*$138,742*	*$145,321*	*$151,900*	*$149,291*	*$145,321*	*$160,284*	*$139,036*	*$139,036*	*$151,673*	*$136,688*	*$145,876*	*$1,760,647*	65.84%
ler Expenses														
vertising expense	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$2,350	$28,199	1.05%
ortization expense	$242	$210	$221	$231	$231	$221	$242	$221	$221	$242	$210	$242	$2,730	0.10%
to and truck expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
k charges	$0	$0	$100	$0	$0	$100	$0	$0	$100	$0	$0	$100	$400	0.01%
ritible contributions Ex	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
nmissions and fees exp	$8,142	$8,142	$8,142	$8,142	$8,142	$8,142	$8,142	$8,142	$8,142	$8,142	$8,142	$8,142	$73,701	2.76%
reciation expense	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$1,260	0.05%
s and subscriptions	$1,313	$1,313	$1,313	$1,313	$1,313	$1,313	$1,313	$1,313	$1,313	$1,313	$1,313	$1,313	$15,750	0.59%
ployee benefit programs	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$1,260	0.05%
ployee training	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
ght expense	$5,421	$5,421	$5,421	$5,421	$5,421	$5,421	$5,421	$5,421	$5,421	$5,421	$5,421	$5,421	$65,056	2.43%
rance expense	$824	$824	$824	$824	$824	$824	$824	$824	$824	$824	$824	$824	$9,893	0.37%
rance-health	$2,345	$2,345	$2,345	$2,345	$2,345	$2,345	$2,345	$2,345	$2,345	$2,345	$2,345	$2,345	$28,143	1.05%
& disab.	$6,833	$6,833	$6,655	$6,517	$6,481	$6,441	$6,401	$6,363	$6,325	$6,286	$6,251	$6,213	$77,058	2.88%
se	$362	$316	$331	$347	$347	$331	$362	$331	$331	$362	$316	$362	$4,095	0.15%
ndry and cleaning exp	$316	$316	$316	$316	$316	$316	$316	$316	$316	$316	$316	$316	$3,780	0.14%
al and professional exp	$158	$158	$158	$158	$158	$158	$158	$158	$158	$158	$158	$158	$1,890	0.07%
ils and entertainment ex	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
ce expense	$777	$557	$577	$597	$597	$577	$538	$498	$498	$538	$498	$516	$6,758	0.25%
roll tax expense	$179	$165	$163	$171	$171	$163	$179	$163	$163	$179	$163	$171	$2,019	0.08%
(IC) Expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
alties and fines exp	$4,795	$4,795	$4,795	$4,795	$4,795	$4,795	$4,795	$4,795	$4,795	$4,795	$4,795	$4,795	$57,536	2.15%
er taxes	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$945	0.04%
tage expense	$3,413	$3,413	$3,413	$3,413	$3,413	$3,413	$3,413	$3,413	$3,413	$3,413	$3,413	$3,413	$40,950	1.53%
t or lease expense	$5,348	$4,862	$5,105	$5,348	$5,105	$5,105	$6,834	$4,595	$4,595	$5,032	$4,376	$4,862	$60,168	2.25%
airs expense	$242	$210	$221	$231	$231	$221	$242	$221	$221	$242	$210	$242	$2,730	0.10%
plies expense	$473	$473	$473	$473	$473	$473	$473	$473	$473	$473	$473	$473	$5,670	0.21%
phone expense	$243	$221	$232	$243	$232	$232	$265	$208	$208	$228	$188	$221	$2,729	0.10%
al expense	$5,652	$5,176	$5,434	$5,693	$5,693	$5,434	$5,652	$5,434	$5,434	$5,652	$5,434	$5,693	$67,284	2.52%
es expense	$14,311	$12,673	$11,834	$8,822	$7,488	$7,289	$7,835	$7,612	$8,676	$10,049	$10,924	$12,228	$119,439	4.47%
r expenses	$2,787	$2,423	$2,644	$2,665	$2,665	$2,644	$2,787	$2,644	$2,644	$2,787	$2,423	$2,787	$31,500	1.18%
Sub-totals:	*$64,910*	*$61,130*	*$61,152*	*$58,701*	*$57,076*	*$56,492*	*$58,269*	*$56,024*	*$57,150*	*$59,730*	*$58,837*	*$70,539*	*$720,010*	26.93%
Net Profit:	*$15,309*	*$16,218*	*$20,422*	*$27,098*	*$20,538*	*$25,081*	*$41.*	*$9,145*	*$5,019*	*$13,250*	*-$1,044*	*-$336*	*$193,456*	7.23%

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DOCK STREET MFG., INC
P/L STATEMENT
12 MONTHS ENDING 12/31/03

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
Income	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL		
Sales-Machining	$300,230	$257,012	$267,688	$274,810	$253,713	$248,143	$273,260	$245,389	$223,730	$260,538	$221,279	$203,521	$3,027,111	
Sales-Stamping													$0	
Sales-Tool & Die													$0	
Sales-Quality Services													$0	
Other income				$1,812		$89		$3,274					$5,155	
Sales returns and allowance													$0	
Sales Discounts	($5,879)	($5,286)	($4,993)	($4,972)	($5,848)	($4,839)	($4,478)	($5,978)	($3,738)	($4,703)	($4,106)	($3,440)	-$58,057	
Sub-totals:	*$294,551*	*$251,727*	*$262,696*	*$271,450*	*$247,865*	*$241,372*	*$268,782*	*$242,685*	*$219,994*	*$255,833*	*$217,173*	*$200,081*	*$2,974,209*	
Cost Of Goods Sold													$0	0.00%
Cost of goods sold													$501,359	16.86%
Raw material purchases	$59,634	$45,341	$43,887	$50,760	$44,407	$42,173	$51,651	$43,175	$36,680	$31,524	$25,529	$26,598	$86,318	2.90%
Plating and molding	$9,156	$10,418	$6,979	$6,215	$5,422	$6,917	$7,774	$7,960	$5,224	$6,610	$4,852	$8,791	$117,457	3.95%
Operating Supplies	$9,020	$8,950	$8,782	$11,840	$9,210	$8,202	$11,956	$12,000	$10,600	$9,822	$7,149	$9,926	$767,222	25.80%
Direct labor costs	$69,096	$57,571	$61,627	$65,975	$67,081	$63,581	$67,813	$60,175	$61,156	$64,738	$58,926	$69,484	$0	0.00%
Direct labor - stamping													$33,171	1.12%
Direct labor - tooling	$2,976	$2,620	$2,674	$2,771	$2,751	$2,604	$2,852	$2,744	$2,765	$3,038	$2,519	$2,858	$116,113	3.90%
Indirect labor costs	$9,741	$8,675	$8,818	$10,070	$6,857	$5,213	$7,846	$12,332	$10,905	$13,118	$10,667	$11,871	$90,115	3.03%
Payroll Tax Expense	$14,504	$11,249	$8,745	$7,238	$6,581	$5,366	$6,418	$6,057	$5,287	$6,522	$5,535	$6,615	$22,460	0.76%
401k expense	$2,240	$1,709	$1,741	$1,781	$2,247	$1,748	$2,047	$1,784	$1,785	$1,891	$1,704	$1,783	$69,873	2.35%
Insurance-health	$3,801	$3,834	$6,157	$6,025	$6,025	$6,170	$6,008	$5,970	$6,126	$6,110	$6,259	$7,439	$4,490	0.15%
Inventory Burden	$3,493	$3,463	-$3,709	-$3,944	-$2,891	-$6,735	-$8,106	$6,872	$4,736	$4,084	$3,741	$3,487	$68,590	2.31%
Material Rejections	$12,318		$7,998	$1,834	$10,349	$2,186	$6,823	$9,901	$2,921	$6,597	$4,345	$3,317	$8,522	0.29%
Cost of sales freight in	$870	$1,168	$1,617	$330	$1,220	$359	$383	$667	$272	$817	$429	$389	$147	0.00%
Cost of sales freight out				$147									$220	0.01%
Cost of sales-other			$210	$10									-$366	-0.01%
Purchase discounts	-$135		-$230	$1		$0		-$1		$0			$1,885,690	63.40%
Sub-totals:	*$196,715*	*$154,997*	*$155,294*	*$161,052*	*$159,259*	*$137,783*	*$163,465*	*$169,587*	*$148,457*	*$154,871*	*$131,654*	*$152,556*		
Other Expenses													$0	0.00%
Advertising expense													$1,250	0.04%
Amortization expense	$0	$0	$625	$0	$0	$625	$0	$0	$0	$0	$0	$0	$4,749	0.16%
Auto and truck expense	$46	$312	$896	$521	$49	$323	$499	$308	$190	$1,481	$0	$122	$671	0.02%
Bank charges	$45	$73	$35	$9	$15	$59	$79	$85	$54	$32	$82	$103	$0	0.00%
Charitible contributions Ex	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Commissions and fees exp													$70,192	2.36%
Depreciation expense	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$5,849	$0	0.00%
Dues and subscriptions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,644	0.19%
Employee benefit programs	$0	$0	$1,250	$1,250	$66	$1,250	$1,250	$0	$0	$0	$0	$578	$0	0.00%
Employee training	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,219	0.18%
Freight expense	$247	$265	$786	$393	$449	$363	$329	$441	$318	$615	$605	$409	$64,213	2.16%
Insurance expense	$5,302	$5,302	$5,302	$5,302	$5,302	$5,302	$5,302	$5,302	$5,302	$5,302	$5,592	$5,603	$7,644	0.26%
Insurance-health	$605	$654	$661	$661	$661	$661	$430	$661	$661	$664	$661	$661	$4,271	0.14%
Insurance -life & disab.	$75	$75	$0	$0	$0	$0	$75	$75	$1,059	$778	$1,059	$1,076	$69,502	2.34%
Interest expense	$6,683	$6,356	$6,465	$5,286	$6,030	$5,076	$5,985	$5,642	$5,418	$5,265	$5,521	$5,774	$4,354	0.15%
Laundry and cleaning exp	$320	$320	$320	$388	$320	$320	$413	$420	$448	$264	$359	$461	$61,567	2.07%
Legal and professional exp	$1,575	$5,842	$6,304	$6,632	$2,575	$1,385	$1,925	$6,439	$10,051	$10,659	$3,470	$4,710	$6,065	0.20%
Outside Services		$885	$477	$531		$455	$167	$567	$54		$1,437	$1,492	$22,525	0.76%
Maintenance expense	$1,978	$636	$656	$2,217	$1,078	$2,391	$2,779	$2,719	$2,735	$4,146	$1,040	$149	$584	0.02%
Meals and entertainment ex	$162	$10	$0	$0	$15	$27	$0	$213	$3	$153	$0	$0	$5,825	0.20%
Office expense	$438	$675	$460	$183	$274	$146	$308	$581	$166	$219	$1,341	$1,034	$16,007	0.54%
Payroll tax expense	$3,260	$2,150	$1,544	$1,714	$1,798	$1,103	$1,630	$413	$1,082	$428	$326	$560	$3,854	0.13%
401(K) Expense	$144	$122	$128	$127	$152	$122	$206	$244	$621	$1,022	$552	$414	$0	0.00%
Penalties and fines exp													$46,858	1.58%
Other taxes	$4,433	$4,433	$4,433	$3,729	$3,729	$3,729	$3,729	$3,729	$3,729	$3,729	$3,729	$3,729	$89	0.00%
Postage expense	$74	$5	$0	$0	$0	$0	$0	$0	$0	$10	$0	$0	$31,726	1.07%
Rent or lease expense	$3,250	$3,524	$3,520	$2,401	$2,124	$2,793	$2,397	$3,250	$2,351	$1,423	$2,347	$2,347	$24,379	0.82%
Repairs expense	$1,709	$1,178	$1,288	$368	$4,105	$7,115	$2,482	$1,078	$2,172	-$681	$2,705	$861	$5,366	0.18%
Supplies expense	$406	$495	$718	$1,746	$178	$418	$416	$639	$111	$196	$42	$0	$5,963	0.20%
Telephone expense	$744	$609	$739	$409	$439	$542	$615	$340	$363	$321	$410	$432	$211	0.01%
Travel expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$58	$152	$0	$214,681	7.22%
Wages expense	$23,347	$18,845	$15,971	$24,813	$24,158	$15,383	$19,977	$13,003	$13,154	$22,849	$10,888	$12,293	$135,834	4.57%
Utilities expense	$13,523	$11,822	$10,025	$11,938	$11,168	$10,026	$11,016	$11,000	$10,000	$12,920	$8,600	$13,795	$10,038	0.34%
Other expenses	$0	$0	$2,423	$2,538	$0	$2,423	$2,653	$0	$0	$0	$0	$0		
Sub-totals:	*$74,215*	*$70,436*	*$70,876*	*$79,006*	*$70,537*	*$67,887*	*$70,510*	*$62,998*	*$65,892*	*$77,700*	*$56,768*	*$62,455*	*$829,280*	27.88%
Net Profit before adjustments:	*$23,621*	*$26,294*	*$36,525*	*$31,392*	*$18,069*	*$35,702*	*$34,807*	*$10,100*	*$5,646*	*$23,262*	*$28,751*	*-$14,930*	*$259,239*	8.71%
Prior per *ustments*		*-$7,567*	*$28,127*			*-$8,704*	*$2,529*	*$0*	*$0*	*$0*	*$0*	*-$13,263*	*$1,122*	
Net Profit after adjus.	*$23,621*	*$33,861*	*$8,398*	*$31,392*	*$18,069*	*$44,406*	*$32,278*	*00*	*$5,646*	*$23,262*	*$28,751*	*-$1,668*	*$258,117*	

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PLAINTIFF'S EXHIBIT 9

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METALTECH, INC.
P/L STATEMENT
12 MONTHS ENDING 12/31/03

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	%
Income	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL		
Sales-Manfactured Products	$167,088	$194,398	$212,741	$163,954	$168,854	$171,588	$159,519	$235,674	$233,739	$283,065	$221,418	$176,334	$2,387,268	
Sales-Tool & Die								$0					$0	
Sales-Quality Services													$0	
Other income	$199											$2,005	$2,204	
Shipping & Handling	$397		$141	$325	$140		$350	$169	$423	$878	$406	$609	$3,838	
Sales returns and allowance	($2,096)												($2,096)	
Sales Discounts	($1,055)	($673)	($845)	($869)	($361)	($587)	($284)	($180)	($824)	($967)	($608)	($182)	($7,326)	
Sub-totals:	*$164,533*	*$193,724*	*$212,037*	*$163,310*	*$168,632*	*$171,001*	*$159,604*	*$235,563*	*$233,537*	*$282,976*	*$221,214*	*$177,756* #	*$2,383,889*	
Cost Of Goods Sold														
Cost of goods sold														
Raw material purchases	$51,658	$51,152	$33,907	$58,477	$38,227	$24,372	$59,128	$70,138	$75,482	$60,500	$45,207	$75,697	$643,945	27.01%
Heat Treatment	$677	$862	$1,001	$2,233	$489	$794	$420	$513	$501	$1,332	$802	$1,825	$11,450	0.48%
Plating	$426	$1,120	$3,509	$705	$2,086	$4,065	$1,452	$3,069	$3,980	$4,429	$2,897	$3,627	$31,364	1.32%
Sintering	$3,559	$5,003	$6,239	$8,491	$7,957	$6,229	$3,471	$4,415	$9,552	$12,776	$4,152	$7,562	$81,407	3.41%
General Contracting/Outside svs	$6,277	$7,086	$7,319	$1,262	$6,112	$9,812	$13,691	$21,802	$31,530	$21,713	$19,026	$10,617	$156,248	6.55%
Lubricants & Oils	$0	$230	$562	$678	$889	$715	$630	$717	$1,151	$647	$615	$1,180	$8,014	0.34%
Cost of Dies	$9,880	$13,174	$15,905	$11,459	$12,319	$135	$6,795	$12,900	$6,441	$10,467	$5,266	$9,173	$113,914	4.78%
Direct labor costs	$33,190	$28,612	$32,954	$35,833	$30,581	$27,041	$29,217	$39,192	$37,065	$37,894	$31,869	$35,566	$399,016	16.74%
Indirect labor costs	$0	$0	$0	$0	$0	$0	$0					$0	$0	0.00%
Payroll Tax Expense	$0	$0	$0	$0	$0	$0	$0					$0	$0	0.00%
Health Insurance	$6,043	$0	$2,104	$2,104	$0	$0	$0					$0	$10,252	0.43%
401k expense	$0	$0	$0	$0	$0	$0	$0					$0	$0	0.00%
Increase/Decrease - F.G.I.	($48,754)	$31,953	($7,624)	$9,020	$5,643	$7,039.00	($30,274)	$11,964	($23,785)	($58,397)	$19,200	($12,965)	($96,940)	-4.07%
Increase/Decrease - W.I.P.	$8,355	($454)	($5,592)	($12,006)	$2,799	($4,228.42)	$13,300	($6,672)	($26,868)	$32,581	$330	($1,416)	$110	0.00%
Increase/Decrease - Raw Material	$920	($13,845)	$29,916	($18,039)	($8,796)	$9,892.62	($8,180)	($12,451)	$9,809	$3,715	($5,372)	($33,998)	($46,428)	-1.95%
Cost of sales freight in		$27			$26	$335	$11						$400	0.02%
Cost of sales freight out	$1,154	$1,101	$1,117	$803	$1,098	$669	$881	$1,354	$858	$878	$1,474	$1,195	$12,582	0.53%
Material Rejections						$1,699	$1,699	$2,123	$19,319	$4,064	$6,407	$3,514	$38,824	1.63%
Purchase discounts						$5							$5	0.00%
Sub-totals:	*$73,386*	*$126,021*	*$121,319*	*$101,021*	*$99,430*	*$88,612*	*$94,242*	*$149,066*	*$145,015*	*$132,600*	*$131,871*	*$101,577*	*$1,364,161*	57.22%
Other Expenses														
Advertising expense	$0	$0	$0	$0	$0	$0	$0						$0	0.00%
Amortization expense													$0	0.00%
Auto and truck expense	$298	$151	$440	$131	$274		$758	$84	$258	$903	$374	$275	$3,946	0.17%
Bank charges		$25	$0		$79	$20		$28	$30		$28	$86	$296	0.01%
Charitible contributions Ex	$0	$0	$0	$0	$0		$0			$0	$0		$0	0.00%
Commissions and fees exp	$3,551	$3,369	$4,745	$4,320	$3,018	$3,356	$988	$1,841	$1,895	$4,247	$2,348	$1,308	$34,985	1.47%
Depreciation expense	$9,857	$9,857	$9,857	$9,857	$9,857	$9,857	$6,591	$6,591	$6,591	$6,591	$6,591	$6,591	$98,688	4.14%
Dues and subscriptions	$0	$0	$435	$0	$0		$0		$0	$0	$0	$0	$435	0.02%
Employee benefit programs	$0	$0	$0	$0	$0		$0		$0	$0	$0	$0	$0	0.00%
Employee training	$0	$0	$0	$0	$0		$0		$0	$0	$0	$0	$0	0.00%
													$0	0.00%
Insurance expense	$2,713	$2,505	$2,548	$2,548	$2,548	$2,548	$2,548	$2,548	$2,548	$2,548	$2,548	$1,875	$30,021	1.26%
Insurance-health	$700	($703)	$0	$0	$2,104	$1,764	$2,131	$2,131	$2,603	$2,352	$2,289	$2,404	$17,776	0.75%
Insurance - dental													$0	0.00%
Insurance -life & disab.	$0	$221	$0	$31	$61	$154	$61		$0	$0	$0	$0	$527	0.02%
Interest expense	$11,627	$10,568	$10,419	$5,726	$5,418	$5,029	$5,804	$5,178	$5,745	$5,175	$5,695	$5,813	$82,196	3.45%
Laundry and cleaning exp	$316	$413	$309	$306	$180	$282	$228	$456	$313	$434	$354	$354	$4,146	0.17%
Legal and professional exp	$2,141	$0	$7,200	$1,537	$0	$1,438	$0	$698	$566	$660	$728	$2,845	$17,812	0.75%
Licenses expense													$0	0.00%
Maintenance expense													$0	0.00%
Meals and entertainment	$0	$45	$0	$0	$0	$22	$0		$0	$21	$0	$140	$229	0.01%
Office expense	$330	$639	$479	$914	$217	$141	$311	$752	$914	$1,905	$703	$2,511	$9,817	0.41%
Payroll tax expense	$7,638	$4,834	$4,948	$5,400	$3,751	$2,807	$2,871	$4,547	$4,903	$4,542	$3,759	$3,646	$53,647	2.25%
401(K) Expense	$844	$525	$539	$538	$666	$553	$568	$976	$607	$626	$671	$650	$7,762	0.33%
Pension expense	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0	$0	$0	0.00%
Penalties and fines exp													$0	0.00%
Other taxes	$565	$565	$567	$567	$567	$567	$567		$567	$601	$601	$601	$6,339	0.27%
Postage expense	$0	$37	$74	$37	$37	$37	$37	$37	$74	$37	$37	$37	$481	0.02%
Rent or lease expense	$834	$1,005	$1,207	$1,625	$1,072	$857	($1,071)	$1,589	$850	$797	$767	$756	$10,288	0.43%
Repairs expense	$1,626	$851	$425	$1,232	$419	$503	$756	$2,402	$2,228	$9,176	$1,188	$4,235	$25,042	1.05%
Supplies expense	$1,303	$1,393	$771	$1,567	$2,034	$1,536	$1,871	$1,898	$1,549	$2,522	$3,745	$2,688	$22,879	0.96%
Telephone expense	$320	$269	$373	$712	$295	$300	$306	$361	$428	$356	$362	$291	$4,373	0.18%
Travel expense	$188	$0	$0	$0	$0	$480	$0		$1,250	$1,500	$511	$59	$3,989	0.17%
Wages expense	$6,590	$4,808	$5,048	$5,289	$5,288	$5,048	$1,258	$12,422	$12,318	$13,166	$10,956	$12,356	$94,546	3.97%
Utilities expense	$10,117	$9,617	$10,173	$10,028	$9,685	$8,185	$8,280	$8,000	$11,229	$10,080	$11,937	$13,207	$120,537	5.06%
Other expenses	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	($25,975)	$1,525	0.06%
Sub-totals:	*$64,056*	*$53,492*	*$63,056*	*$54,863*	*$50,271*	*$47,986*	*$37,362*	*$55,039*	*$59,967*	*$70,740*	*$58,694*	*$36,755*	*$652,282*	27.36%
OPERATING PROFIT/(LOSS)	*$27,091*	*$14,211*	*$27,663*	*$27,426*	*$18,931*	*$34,402*	*$28,000*	*$31,458*	*$28,556*	*$59,636*	*$30,649*	*$39,423*	*$347,445*	14.41%
Other (Income) and Expenses	($6,200)	($6,200)	$2,205	$0	$3,734	$12,433	($9,795)	$0	$0	$0	$1,460	$0	($2,365)	
Net Profit:	*$33,291*	*$20,411*	*$25,458*	*$27,426*	*$15,198*	*$21,970*	*$37,795*	*$31,458*	*$28,556*	*$59,636*	*$29,189*	*$39,423* #	*$369,810*	15.51%

PENGAD 800-631-6989

PLAINTIFF'S EXHIBIT 10

DUPENN, INC
BALANCE SHEET

	12/31/02	12/31/03	12/31/04
Current Assets			
Petty Cash	$20	$20	$20
RegularChecking Account	$46,201	$46,201	$46,201
Payroll Checking Account	$4	$4	$4
Special Account-Offset	$0	$0	$0
Accounts Receivable	$255,177	$255,177	$255,177
Accounts Receivable- Employees	$15	$15	$15
Other Receivables	$0	$0	$0
Allowance for Doubtful Ac	$0	$0	$0
Raw material inventory	$232,300	$203,513	$203,513
WIP	$12,769	$12,769	$12,769
Finished-goods inventory	$23,415	$23,415	$23,415
INVENTORY BURDEN	$0	$0	$0
Prepaid expenses	$0	$0	$0
Employee advances	$0	$0	$0
Total Current Assets:	***$569,901***	***$541,114***	***$541,114***
Fixed Assets			
Land	$12,000	$12,000	$12,000
Building	$216,774	$216,774	$216,774
Building - Additions	$116,826	$116,826	$116,826
Building - Improvements	$135,949	$135,949	$135,949
Tools, Small Tools	$22,489	$22,489	$22,489
Equipment	$1,187,347	$1,187,347	$1,187,347
Automobiles	$15,613	$15,613	$15,613
Office equipment and furniture	$57,602	$57,602	$57,602
Leasehold improvements	$0	$0	$0
Current Capital Acquired	$5,357	$5,357	$5,357
Accum depreciation-equip	($1,088,771)	($1,088,771)	($1,256,771)
Accum depreciation-office equi	$0	$0	$0
Accum depreciation-lease	$0	$0	$0
Accum depreciation-auto/truck	$0	$0	$0
Current year depreciation	$0	($168,000)	($156,000)
Total Fixed Assets:	***$681,186***	***$513,186***	***$357,186***
Other Assets			
Loan origination fees	$2,940	$2,940	$2,940
Total Other Assets:	***$2,940***	***$2,940***	***$2,940***
Total Assets:	***$1,254,027***	***$1,057,240***	***$901,240***

PENGAD 800-631-6989

PLAINTIFF'S EXHIBIT 21

DUPENN, INC
BALANCE SHEET

	12/31/02	12/31/03	12/31/04
Current Liabilities			
Accounts payable	$1,320,802	$1,317,802	$1,317,802
Accounts payable-other	$0	$0	$0
Payroll Taxes Wthheld & Accrued	$163,830	$160,830	$160,830
Accrued Salaries & Wages	$13,027	$13,027	$13,027
Federal income tax withholding	$0	$0	$0
Social security withholding	$0	$0	$0
Medicare withholding	$0	$0	$0
Dental withholding	$0	$0	$0
Credit union withholding	$0	$0	$0
401(K) Withholding	$0	$0	$0
401(K) Employer payable	$0	$0	$0
Pension payable	$0	$0	$0
FUTA tax payable	$0	$0	$0
State payroll taxes payable	$0	$0	$0
SUTA payable	$0	$0	$0
Local payroll taxes payable	$0	$0	$0
Notes payable CURRENT PORTION	$70,039	$70,039	$70,039
Notes payable LOC-Deposit	$493,325	$493,325	$493,325
Total Current Liabilities:	***$2,061,023***	***$2,055,023***	***$2,055,023***
Long Term Liabilities			
Notes Payable - Community First Bank	$35,902	$32,902	$32,902
Notes Payable - Stock Option	$68,571	$68,571	$68,571
Notes Payable - IGM Carbon	$161,077	$161,077	$161,077
Economic Development Loan Fund	$0	$0	$0
Notes Payable - Deposit Bank	$2,657,146	$2,651,146	$2,644,797
LESS:Curent Portion LTD	($70,039)	($70,039)	-$70,039
Total Long Term Liabilities:	***$2,852,657***	***$2,843,657***	***$2,837,308***
Capital			
Common Stock	$22,000	$22,000	$22,000
Paid in capital	$29,000	$29,000	$29,000
Retained earnings	($2,987,325)	($2,987,325)	-$3,406,151
Current Earnings (Loss)	($237,328)	($418,826)	-$149,940
LESS:Treasury Stock	($486,000)	($486,000)	-$486,000
Total Capital:	***-$3,659,653***	***-$3,841,151***	***-$3,991,091***
Total Liabilities:	***$1,254,027***	***$1,057,529***	***$901,240***

TOTAL DSM/MTI/IGM, INC.
BALANCE SHEET

	12/31/02	12/31/03	12/31/04
Current Assets			
Petty Cash	$920	$920	$920
RegularChecking Account	$58,039	$298,039	$298,039
Payroll Checking Account	$43,115	$43,115	$43,115
Special Account-Offset	$16,566	$16,566	$16,566
Accounts Receivable	$713,410	$713,410	$713,410
Accounts Receivable- MTI I/C	$38,074	$38,074	$38,074
Accounts Receivable- DPM	$118,048	$118,048	$118,048
Other Receivables	$2,184	$2,184	$2,184
Allowance for Doubtful Ac	($28,653)	($28,653)	($28,653)
Raw material inventory	$434,800	$406,013	$406,013
Supplies inventory	$54,742	$30,387	$30,387
Work-in-Process	$21,480	$21,480	$21,480
Finished-goods inventory	$144,010	$144,010	$144,010
INVENTORY BURDEN	$61,237	$61,237	$61,237
INVESTMENTS	$980,264	$980,264	$980,264
Prepaid expenses	$15,658	$15,658	$15,658
Employee advances	$0	$0	$0
Total Current Assets:	$2,673,895	$2,860,753	$2,860,753
Fixed Assets			
Land	$17,000	$17,000	$17,000
Buildings & Additions	$648,515	$648,515	$648,515
Furniture and fixtures	$190,466	$190,466	$190,466
Equipment	$4,130,301	$4,130,301	$4,130,301
Automobiles	$52,391	$52,391	$52,391
Leasehold improvements	$188,258	$188,258	$188,258
Building improvements	$136,649	$136,649	$136,649
Current Capital Acquired	$5,357	$5,357	$5,357
Accum depreciation	($3,042,307)	($3,112,498)	($3,350,690)
Accum depreciation-office equi	0	0	0
Accum depreciation-lease	0	0	0
Accum depreciation-auto/truck	0	0	0
Current year depreciation	($158,896)	($500,896)	($675,106)
Total Fixed Assets:	$2,167,734	$1,755,543	$1,343,142
Other Assets			
Loan origination fees	$8,982	$6,482	$6,482
Unamortized Costs	$110,000	$110,000	$110,000
Total Other Assets:	$118,982	$116,482	$116,482
Total Assets:	$4,960,611	$4,732,777	$4,320,376

TOTAL DSM,MI,IGM, INC.
BALANCE SHEET

	12/31/02	12/31/03	12/31/04
Current Liabilities			
Accounts payable	$1,944,659	$1,623,489	$1,543,209
Accounts payable-other	$24,757	$24,757	$24,757
Accounts Payable -MTI I/C	$2,590	$2,590	$2,590
Loan payable - Metaltech, Inc.	$36,000	$36,000	$36,000
Accounts payable-R. Gordon	$17,500	$17,500	$0
Accounts payable-A. Zuffato	$59,797	$59,797	$0
Accounts payable-R. Hanak	$30,000	$30,000	$0
VACATION & WAGE ACCRUAL	$96,659	$96,659	$96,659
Federal payroll taxes payable	$204,724	$201,724	$201,724
Medical withholding	$7,694	$7,694	$7,694
Domestic Relations	$948	$948	$948
Credit union withholding	$9,403	$9,403	$9,403
401(K) Withholding	$25,729	$25,729	$25,729
Assessment Payable - DPM	$3,439	$3,439	$3,439
Accrued Taxes	$5,843	$5,843	$5,843
Notes payable LOC-Deposit/Community	$939,228	$915,984	$765,984
Credit Card Payable	$10,360	$8,360	$0
Current Portion L-T-D	$70,039	$70,039	$70,039
Total Current Liabilities:	$3,489,370	$3,139,956	$2,794,020
Long Term Liabilities			
Commerical Loan-Deposit Bank	$4,570,104	$4,382,398	$3,914,989
Commerical Loan-County National	$237,857	$127,799	$48,477
Commerical Loan-Community 1ST	$93,356	$45,132	$32,902
Notes Payable - Stock Option	$68,571	$68,571	$68,571
Notes Payable - IGM Carbon	$161,077	$161,077	$161,077
Small Business First Fund	$154,576	$154,576	$144,576
Appalachian Revolving Loan Fun	$80,197	$80,197	$70,197
Economic Development Loan Fund	$80,197	$80,197	$70,197
Intermediary Relending Program	$83,484	$83,484	$73,484
Community First-Truck	$7,746	$7,746	$7,746
LESS:Current Portion L-T-D	($70,039)	($70,039)	($70,039)
Total Long Term Liabilities:	$5,467,126	$5,121,140	$4,522,178
Capital			
Common Stock	$100,750	$100,750	$100,750
Paid in capital	$206,500	$206,500	$206,500
Retained earnings	($3,571,779)	($3,571,779)	($3,349,278)
Current Earnings (Loss)	($245,357)	$222,501	$532,206
LESS:Treasury Stock	($486,000)	($486,000)	($486,000)
Total Capital:	($3,995,886)	($3,528,028)	($2,995,822)
Total Liabilities:	$4,960,610	$4,733,068	$4,320,375

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12/1

IGM CARBON, INC
P/L STATEMENT
12 MONTHS ENDING 12/31/03

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
ome														
es-Graphite	$233,600	$223,700	$322,000	$170,900	$268,500	$311,500	$311,236	$288,986	$283,512	$289,489	$235,344	$217,864	$3,156,931	
es-Stamping													$0	
es-Tool & Die													$0	
es-Quality Services													$0	
ier income													$0	
es returns and allowance													$0	
es Discounts	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Sub-totals:	*$233,900*	*$223,700*	*$322,000*	*$170,900*	*$268,500*	*$311,500*	*$311,236*	*$288,986*	*$283,512*	*$289,489*	*$235,344*	*$217,864*	*$3,156,931*	
t Of Goods Sold														
t of goods sold													$0	0.00%
w material purchases	$137,085	$131,088	$188,892	$100,147	$157,341	$182,539	$182,384	$169,348	$166,138	$169,641	$137,912	$127,688	$1,849,962	58.60%
ting and molding	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
erating Supplies	$4,163	$3,962	$5,732	$3,042	$4,779	$5,545	$5,540	$5,144	$5,047	$5,153	$4,189	$3,678	$56,193	1.78%
ling	$1,403	$1,342	$1,932	$1,025	$1,611	$1,869	$1,867	$1,734	$1,701	$1,737	$1,412	$1,307	$18,942	0.60%
tside Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
ect labor costs	$18,999	$17,390	$18,260	$19,129	$19,129	$18,260	$19,999	$18,260	$18,260	$19,999	$18,260	$19,129	$226,075	7.16%
ect labor - tooling	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
irect labor costs	$4,232	$3,680	$3,864	$4,048	$4,048	$3,864	$4,232	$3,864	$3,864	$4,232	$3,864	$4,048	$47,840	1.52%
roll Tax Expense	$2,774	$2,072	$2,153	$2,233	$2,233	$2,153	$2,084	$1,923	$1,923	$2,084	$1,923	$2,003	$25,555	0.81%
lk expense	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$6,000	0.19%
urance-health	$3,754	$3,754	$3,754	$3,754	$3,754	$3,754	$3,754	$3,754	$3,754	$3,754	$3,754	$3,754	$45,042	1.43%
entory Burden													$0	0.00%
scellaneous factory cost													$0	0.00%
t of sales freight in	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$12,000	0.38%
t of sales freight out	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
t of sales-other	$2,573	$2,481	$3,542	$1,880	$2,954	$3,427	$3,424	$3,179	$3,119	$3,184	$2,589	$2,397	$34,726	1.10%
chase discounts													$0	0.00%
Sub-totals:	*$177,463*	*$167,269*	*$229,428*	*$136,759*	*$197,349*	*$222,909*	*$224,783*	*$208,702*	*$205,304*	*$211,283*	*$175,402*	*$165,684*	*$2,322,335*	73.56%
ier Expenses														
vertising expense	$658	$658	$658	$658	$658	$658	$658	$658	$658	$658	$658	$658	$7,892	0.25%
ortization expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
to and truck expense	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$900	0.03%
nk charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
ritible contributions Ex	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
mmissions and fees exp	$7,602	$7,270	$10,465	$5,554	$8,728	$10,124	$10,115	$9,392	$9,214	$9,408	$7,649	$7,081	$102,600	3.25%
reciation expense	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$14,000	$168,000	5.32%
es and subscriptions	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$1,200	0.04%
ployee benefit programs	$2,632	$2,632	$2,632	$2,632	$2,632	$2,632	$2,632	$2,632	$2,632	$2,632	$2,632	$2,632	$31,578	1.00%
ployee training	$132	$132	$132	$132	$132	$132	$132	$132	$132	$132	$132	$132	$1,578	0.05%
ight expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
urance expense	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$18,000	0.57%
urance-health	$1,301	$1,301	$1,301	$1,301	$1,301	$1,301	$1,301	$1,301	$1,301	$1,301	$1,301	$1,301	$15,610	0.49%
urance -life & disab.	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$3,000	0.10%
rest expense	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$264,000	8.36%
ndry and cleaning exp	$658	$658	$658	$658	$658	$658	$658	$658	$658	$658	$658	$658	$7,892	0.25%
al and professional exp	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$3,600	0.11%
als and entertainment ex	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$1,800	0.06%
ice expense	$350	$350	$350	$350	$350	$350	$350	$350	$350	$350	$350	$350	$4,200	0.13%
roll Tax Expense	$1,192	$923	$981	$1,000	$1,000	$981	$982	$885	$885	$982	$885	$923	$11,537	0.37%
(K) Expense	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$3,000	0.10%
ier taxes	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$12,000	0.38%
itage expense	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$900	0.03%
nt or lease expense	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700	$104,400	3.31%
pairs expense	$3,742	$3,579	$5,152	$2,734	$4,298	$4,984	$4,980	$4,824	$4,536	$4,632	$3,798	$3,488	$50,511	1.60%
pplies expense	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$3,157	0.10%
ephone expense	$675	$675	$675	$675	$675	$675	$675	$675	$675	$675	$675	$675	$8,100	0.26%
vel expense	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$3,157	0.10%
ges expense	$11,587	$10,056	$10,561	$11,084	$11,084	$10,561	$11,587	$10,561	$10,561	$11,587	$10,561	$11,084	$130,758	4.14%
lities expense	$5,714	$5,714	$5,714	$5,714	$5,714	$5,714	$5,452	$5,714	$5,714	$5,714	$5,714	$5,714	$68,306	2.16%
ier expenses	$526	$526	$526	$526	$526	$526	$526	$526	$526	$526	$526	$526	$6,314	0.20%
Sub-totals:	*$83,673*	*$83,401*	*$88,710*	*$81,923*	*$86,657*	*$88,201*	*$88,932*	*$87,032*	*$86,767*	*$88,139*	*$84,431*	*$84,124*	*$1,033,991*	32.75%
OTHER EXP(INC)	*-$1,170*	*-$1,119*	*-$1,840*	*-$855*	*-$1,808*	*-$2,198*	*-$1,756*	*-$1,630*	*-$1,598*	*-$1,657*	*-$1,177*	*-$1,089*	*-$17,897*	
Net Profit:	*-$28,067*	*-$25,851*	*$5,702*	*-$46,927*	*-$13,698*	*$2,588*	*-$724*	*-$5,119*	*-$6,961*	*-$8,276*	*-$23,311*	*-$30,855*	*-$181,498*	-5.75%

PANDL2003DSM 12/

KIM CARBON, INC
P/L STATEMENT
12 MONTHS ENDING 12/31/04

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
ome														
es-Graphite	$245,595	$234,885	$338,100	$179,445	$281,925	$327,075	$326,798	$303,435	$297,688	$303,863	$247,111	$228,757	$3,314,778	
es-Stamping													$0	
es-Tool & Die													$0	
es-Quality Services													$0	
ter income													$0	
es returns and allowance													$0	
es Discounts	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Sub-totals:	*$245,595*	*$234,885*	*$338,100*	*$179,445*	*$281,925*	*$327,075*	*$326,798*	*$303,435*	*$297,688*	*$303,863*	*$247,111*	*$228,757*	*$3,314,778*	
t Of Goods Sold														
t of goods sold													$0	0.00%
v material purchases	$143,819	$137,643	$198,127	$105,155	$165,208	$191,668	$191,504	$177,813	$174,445	$178,123	$144,807	$134,052	$1,942,460	58.60%
ting and molding	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
erating Supplies	$4,372	$4,181	$6,018	$3,194	$5,018	$5,822	$5,817	$5,401	$5,299	$5,411	$4,399	$4,072	$59,003	1.78%
pling	$1,474	$1,409	$2,029	$1,077	$1,692	$1,962	$1,961	$1,821	$1,786	$1,824	$1,483	$1,373	$19,889	0.60%
tside Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
ect labor costs	$19,999	$17,390	$18,260	$19,129	$19,129	$18,260	$19,999	$18,260	$18,260	$19,999	$18,260	$19,129	$226,075	6.82%
ect labor - tooling	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
irect labor costs	$4,232	$3,680	$3,864	$4,048	$4,048	$3,864	$4,232	$3,864	$3,864	$4,232	$3,864	$4,048	$47,840	1.44%
roll Tax Expense	$2,913	$2,176	$2,260	$2,345	$2,345	$2,260	$2,188	$2,019	$2,019	$2,188	$2,018	$2,103	$26,833	0.81%
.k expense	$525	$525	$525	$525	$525	$525	$525	$525	$525	$525	$525	$525	$6,300	0.19%
rance-health	$3,941	$3,941	$3,941	$3,941	$3,941	$3,941	$3,941	$3,941	$3,941	$3,941	$3,941	$3,941	$47,294	1.43%
entory Burden													$0	0.00%
icellaneous fhctory cost													$0	0.00%
t of sales freight in	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$12,600	0.38%
t of sales freight out	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
t of sales-other	$2,702	$2,584	$3,718	$1,974	$3,101	$3,598	$3,595	$3,338	$3,275	$3,344	$2,718	$2,516	$36,463	1.10%
chase discounts													$0	0.00%
Sub-totals:	*$185,125*	*$174,579*	*$239,793*	*$142,438*	*$206,057*	*$232,948*	*$234,811*	*$218,031*	*$214,463*	*$220,636*	*$183,065*	*$172,809*	*$2,424,756*	73.15%
ter Expenses														
vertising expense	$691	$691	$691	$691	$691	$691	$691	$691	$691	$691	$691	$691	$8,287	0.25%
ortization expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
o and truck expense	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$945	0.03%
k charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
ritible contributions Ex	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
mmissions and fees exp	$7,982	$7,634	$10,888	$5,832	$9,183	$10,630	$10,621	$9,882	$9,675	$9,879	$8,031	$7,435	$107,730	3.25%
reciation expense	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$156,000	4.71%
s and subscriptions	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$105	$1,260	0.04%
ployee benefit programs	$2,763	$2,763	$2,763	$2,763	$2,763	$2,763	$2,763	$2,763	$2,763	$2,763	$2,763	$2,763	$33,157	1.00%
ployee training	$138	$138	$138	$138	$138	$138	$138	$138	$138	$138	$138	$138	$1,657	0.05%
ight expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
rance expense	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$1,575	$18,900	0.57%
rance-health	$1,366	$1,366	$1,366	$1,366	$1,366	$1,366	$1,366	$1,366	$1,366	$1,366	$1,366	$1,366	$16,390	0.49%
rance -life & disab.	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$3,150	0.10%
rest expense	$23,100	$23,100	$23,100	$23,100	$23,100	$23,100	$23,100	$23,100	$23,100	$23,100	$23,100	$23,100	$277,200	8.36%
ndry and cleaning exp	$691	$691	$691	$691	$691	$691	$691	$691	$691	$691	$691	$691	$8,287	0.25%
al and professional exp	$315	$315	$315	$315	$315	$315	$315	$315	$315	$315	$315	$315	$3,780	0.11%
als and entertainment ex	$158	$158	$158	$158	$158	$158	$158	$158	$158	$158	$158	$158	$1,890	0.06%
ice expense	$368	$368	$368	$368	$368	$368	$368	$368	$368	$368	$368	$368	$4,410	0.13%
roll Tax Expense	$1,251	$969	$1,009	$1,050	$1,050	$1,009	$1,010	$929	$929	$1,010	$929	$989	$12,113	0.37%
.(K) Expense	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$263	$3,150	0.10%
er taxes	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$1,050	$12,600	0.38%
tage expense	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$79	$945	0.03%
t or lease expense	$9,135	$9,135	$9,135	$9,135	$9,135	$9,135	$9,135	$9,135	$9,135	$9,135	$9,135	$9,135	$109,620	3.31%
pairs expense	$3,830	$3,758	$5,410	$2,871	$4,511	$5,233	$5,229	$4,855	$4,783	$4,863	$3,954	$3,690	$53,036	1.60%
plies expense	$276	$276	$276	$276	$276	$276	$276	$276	$276	$276	$276	$276	$3,315	0.10%
ephone expense	$709	$709	$709	$709	$709	$709	$709	$709	$709	$709	$709	$709	$8,505	0.26%
vel expense	$276	$276	$276	$276	$276	$276	$276	$276	$276	$276	$276	$276	$3,315	0.10%
ges expense	$11,587	$10,058	$10,581	$11,084	$11,084	$10,581	$11,587	$10,581	$10,581	$11,587	$10,581	$11,084	$130,758	3.94%
lities expense	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$5,725	$6,000	$6,000	$6,000	$6,000	$6,000	$71,721	2.16%
er expenses	$552	$552	$552	$552	$552	$552	$552	$552	$552	$552	$552	$552	$6,630	0.20%
Sub-totals:	*$87,679*	*$85,368*	*$90,918*	*$83,766*	*$88,736*	*$90,383*	*$91,100*	*$89,156*	*$88,877*	*$90,268*	*$86,424*	*$86,077*	*$1,058,753*	31.94%
OTHER EXP(INC)	*-$1,229*	*-$1,175*	*-$1,932*	*-$898*	*-$1,898*	*-$2,308*	*-$1,844*	*-$1,712*	*-$1,678*	*-$1,740*	*-$1,236*	*-$1,143*	*-$18,792*	
Net Profit:	*-$23,980*	*-$23,887*	*$9,322*	*-$43,861*	*-$10,970*	*$6,052*	*$2,730*	*-$2,040*	*-$3,975*	*-$5,200*	*-$21,142*	*-$28,986*	*-$149,940*	-4.52%

Richard R. Gordon
Certified Public Accountant

COPY

404 Fourth Street
Reynoldsville, PA 15851
Telephone: (814) 653-2517
Fax: (814) 653-8177

January 3, 2003

To Dock Street Mfg. Inc. (the Corporation)

If the proposed merger is effectuated, I hereby notify the Corporation of my intention to demand that I be paid the fair value for my shares in the Corporation. This notice is given pursuant to 15 Pa. C.S.A.§1574.

Richard Gordon

PENGAD 800-631-6989
PLAINTIFF'S EXHIBIT
23

COPY

Richard R. Gordon
Certified Public Accountant

404 Fourth Street
Reynoldsville, PA 15851
Telephone: (814) 653-2517
Fax: (814) 653-8177

January 3, 2003

To Metaltech, Inc. (the Corporation)

If the proposed merger is effectuated, I hereby notify the Corporation of my intention to demand that I be paid the fair value for my shares in the Corporation. This notice is given pursuant to 15 Pa. C.S.A. §1574.

Richard Gordon

Beverly Gordon

PENGAD 800-631-6989
PLAINTIFF'S EXHIBIT 24

COPY

April 21, 2003

Mr. Anthony M. Zaffuto
President
Dock Street Manufacturing, Inc.
10 Dock Street
DuBois, PA 15801

Re: Exercise of Dissenter's Rights

Dear Mr. Zaffuto:

As a shareholder holding a 33 1/3 percent interest of a Pennsylvania corporation, Dock Street Manufacturing, Inc. (the "Corporation"), I objected to the plan of merger of Dock Street Manufacturing, Inc. and Metaltech Corporation into DuPenn, Inc. Accordingly, I (i) filed written notice of my intention to demand payment of the fair value of my shares with the Corporation on January 3, 2003 (a copy of which is attached hereto as Exhibit A), and (ii) effected no change in the beneficial ownership of my shares from that date in accordance with 15 Pa Cons. Stat. Ann. § 1574 (West 1995). Additionally, I refrained from voting my shares in approval of the proposed action at the shareholders meetings held in January and again in March (also in accordance with § 1574).

It is my understanding that (i) the proposed action was approved by the required vote at the March shareholder meeting, (ii) an agreement was entered into by Metaltech, Inc.,[1] Dock Street Manufacturing, Inc. and DuPenn, Inc. on March 28, 2003 to effect a merger on March 31, 2003 (the "Agreement"), and (iii) Articles of Merger were filed with the Pennsylvania Department of State on March 28, 2003. Subsequent to the approval of the proposed merger, pursuant to 15 Pa Cons. Stat. Ann. § 1574 (West 1995), the Corporation should have mailed written notice to me, the dissenting shareholder, as required which should:

> (1) State where and when a demand for payment must be sent[, which shall not be less than 30 days from the mailing of the notice,] and certificates for certified shares must be deposited in order to obtain payment.

[1] The Agreement uses "Metaltech, Inc." According to the Pennsylvania Department of State, the corporate name is Metaltech Corporation.

PENGAD 800-631-6989

PLAINTIFF'S EXHIBIT 26

(2) Inform holders of uncertificated shares to what extent transfer of shares will be restricted from the time that demand for payment is received.

(3) Supply a form for demanding payment that includes a request for certification of the date on which the shareholder, or the person on whose behalf the shareholder dissents, acquired beneficial ownership of the shares.

(4) Be accompanied by a copy of [Subchapter D, 15 Pa. Cons. Stat. Ann. §§ 1571-80].

§1575(a). At this time, I have not received such a notice.

Pursuant to § 1577(c),

[p]romptly after effectuation of the proposed corporate action, . . . the corporation shall either remit to dissenters who have made demand and (if their shares are certificated) have deposited their certificates and the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made. The remittance or notice shall be accompanied by:

(1) The closing balance sheet and statement of income of the issuer of the shares held or owned by the dissenter for a fiscal year ending not more than 16 months before the date of remittance or notice together with the latest available interim financial statements.

(2) A statement of the corporation's estimate of the fair value of the shares.

(3) A notice of the right of the dissenter to demand payment or supplemental payments, as the case may be, accompanied by a copy of [Subchapter D, 15 Pa. Cons. Stat. Ann. §§ 1571-80].

§1577(c). It is my understanding that the proposed corporate action, the merger, was effectuated by the Agreement on March 31, 2003. Because three weeks have passed and I have not received either (i) the notice required by § 1575(a) or (ii) payment of the fair values of my shares, I must assume that the Corporation estimates the fair value of my shares to be zero dollars.

I disagree with this valuation. Accordingly, pursuant to § 1578(a), I am submitting my own estimate of the fair value of my 33.1/3 percent interest which I have determined to be One Million Dollars, and demanding prompt payment of this amount.

I look forward to the Corporation's prompt remittance of One Million Dollars which can be sent to the following address:

Richard Gordon

404 Fourth Street

Reynoldsville, PA 15801

Please provide me with my original share certificates and I will propertly endorse and deposit them promptly to a location of your designation.

Sincerely,

Richard Gordon

Richard Gordon

MRY
725706 1

COPY

April 21, 2003

Mr. Anthony M. Zaffuto
President
Metaltech Corporation
RD 1 Route 219, Box 26
DuBois, PA 15801

Re: Exercise of Dissenter's Rights

Dear Mr. Zaffuto:

As a shareholder holding 666 2/3 shares of a Pennsylvania corporation, Metaltech Corporation (the "Corporation"), I objected to the plan of merger of Dock Street Manufacturing, Inc. and Metaltech Corporation into DuPenn, Inc. Accordingly, I (i) filed written notice of my intention to demand payment of the fair value of my shares with the Corporation on January 3, 2003 (a copy of which is attached hereto as Exhibit A), and (ii) effected no change in the beneficial ownership of my shares from that date in accordance with 15 Pa Cons. Stat. Ann. § 1574 (West 1995). Additionally, I refrained from voting my shares in approval of the proposed action at the shareholders meetings held in January and again in March (also in accordance with § 1574).

It is my understanding that (i) the proposed action was approved by the required vote at the March shareholder meeting, (ii) an agreement was entered into by Metaltech, Inc.,[1] Dock Street Manufacturing, Inc. and DuPenn, Inc. on March 28, 2003 to effect a merger on March 31, 2003 (the "Agreement"), and (iii) Articles of Merger were filed with the Pennsylvania Department of State on March 28, 2003. Subsequent to the approval of the proposed merger, pursuant to 15 Pa Cons. Stat. Ann. § 1574 (West 1995), the Corporation should have mailed written notice to me, the dissenting shareholder, as required which should:

> (1) State where and when a demand for payment must be sent[, which shall not be less than 30 days from the mailing of the notice,] and certificates for certified shares must be deposited in order to obtain payment.

---

[1]The Agreement uses "Metaltech, Inc." According to the Pennsylvania Department of State, the corporate name is Metaltech Corporation.

PLAINTIFF'S EXHIBIT 27

PENGAD 800-631-6989

> (2) Inform holders of uncertificated shares to what extent transfer of shares will be restricted from the time that demand for payment is received.
>
> (3) Supply a form for demanding payment that includes a request for certification of the date on which the shareholder, or the person on whose behalf the shareholder dissents, acquired beneficial ownership of the shares.
>
> (4) Be accompanied by a copy of [Subchapter D, 15 Pa. Cons. Stat. Ann. §§ 1571-80].

§1575(a). At this time, I have not received such a notice.

> Pursuant to § 1577(c),
>
> [p]romptly after effectuation of the proposed corporate action, . . . the corporation shall either remit to dissenters who have made demand and (if their shares are certificated) have deposited their certificates and the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made. The remittance or notice shall be accompanied by:
>
> (1) The closing balance sheet and statement of income of the issuer of the shares held or owned by the dissenter for a fiscal year ending not more than 16 months before the date of remittance or notice together with the latest available interim financial statements.
>
> (2) A statement of the corporation's estimate of the fair value of the shares.
>
> (3) A notice of the right of the dissenter to demand payment or supplemental payments, as the case may be, accompanied by a copy of [Subchapter D, 15 Pa. Cons. Stat. Ann. §§ 1571-80].

§1577(c). It is my understanding that the proposed corporate action, the merger, was effectuated by the Agreement on March 31, 2003. Because three weeks have passed and I have not received either (i) the notice required by § 1575(a) or (ii) payment of the fair values of my shares, I must assume that the Corporation estimates the fair value of my shares to be zero dollars.

I disagree with this valuation. Accordingly, pursuant to § 1578(a), I am submitting my own estimate of the fair value of my 666 2/3 shares which I have determined to be Three Hundred Eighty Thousand Dollars, and demanding prompt payment of this amount.

I look forward to the Corporation's prompt remittance of Three Hundred Eighty Thousand Dollars which can be sent to the following address:

Richard Gordon

404 Fourth Street

Reynoldsville, PA 15801

I will deposit my share certificates promptly to a location of your designation.

Sincerely,

Richard Gordon

Richard Gordon

MRY
735706 1

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COPY



CONFIDENTIAL
VALUATION ANALYSIS

Fair value of minority equity interests in:

Metaltech, Inc. as of March 31, 2003

Dock Street Manufacturing, Inc. as of March 31, 2003

Preliminary Report

Prepared by:

James J. Mulick, Ph.D.
President
Ameridan Resources LLC

December 9, 2004

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Appendix I: Discounted Cash Flow Detail-Dock Street Manufacturing, Inc.

Appendix II: Discounted Cash Flow Detail-Metaltech, Inc.

I. Overview

Description of Assignment

Ameridan Resources LLC ("Ameridan") has been engaged by DuPenn, Inc. ("DuPenn") to provide an appraisal of the fair value of:

1. 666 2/3 shares of common stock in Metaltech, Inc. ("Metaltech") owned by Richard and Beverly Gordon as of March 31, 2003. At the valuation date, one class of stock existed; the 666 2/3 shares represented 6.66% of the total outstanding stock of Metaltech.

2. 333 1/3 shares of common stock in Dock Street Manufacturing, Inc. ("Dock Street Manufacturing" or "DSM") owned by Richard and Beverly Gordon as of March 31, 2003. At the valuation date, one class of stock existed; the 333 1/3 shares represented 33.33% of the total outstanding stock of Dock Street Manufacturing.

Standard of Value

The standard of value utilized in this report is fair value. Ameridan relied on the following definition of fair value provided by DuPenn's legal counsel:

"The fair value of shares immediately before the effectuation of the corporate action to which the dissenter objects, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the corporate action".

In arriving at its conclusions, Ameridan considered a variety of factors including:

- General economic conditions & outlook as of March 31, 2003;
- Industry conditions & outlook as of March 31, 2003;
- Product mix;
- Customer concentration;
- Financial condition/past performance;
- Capacity to pay dividends;
- Long term financial outlook.

In performing the valuation, Ameridan employed discounted cash flow analysis. The subject companies' stocks were valued under the premise of continued use, as going-concern business entities.

Information Sources

Ameridan visited the physical locations of both Metaltech and Dock Street Manufacturing, and met with the management team. In addition to these on-site meetings, Ameridan based its analysis on the following materials:

1. Compiled annual financial statements;
2. Unaudited, internally produced monthly and quarterly financial reports;
3. Sales analyses provided by management including sales by major customer;
4. Metaltech corporate tax returns for fiscal years 2001 and 2002;
5. Interviews and follow-up discussions with management;
6. Annual Statement Studies published by Robert Morris Associates, 2001-2003;
7. SEC filings and press releases of publicly-traded companies involved in the powdered metals industry and utility meter production;
8. Information on economic conditions and the economic outlook were abstracted from a variety of sources including Federal Reserve Bank publications, The U.S. Department of Commerce, the April 2003 Capital Management Report and Economy.com.

Contingent & Limiting Conditions

In preparing this analysis:

- Ameridan assumes no responsibility for the legal descriptions or matters including legal or title considerations. Title to the subject assets, properties, or business interests is assumed to be good and marketable unless otherwise stated.
- Ameridan relied on the unaudited financial information provided by DuPenn, Inc. and other information provided by management. Ameridan accepted these data without independent verification or confirmation. Ameridan assumes this information is reliable; however, Ameridan issues no assurance regarding its accuracy.
- There were no adjustments made for executive salaries, bonuses, and other compensation. The analysis assumed that current compensation packages for owners/managers of the Companies would be maintained.

Possession of this report does not carry with it the right of publication. It may not be used for any purpose by any person other than the client to whom it is addressed without Ameridan's written consent and, in any event, only with proper written qualifications and only in its entirety.

Ameridan, by reason of this report, is not required to give testimony, or to be in attendance in court with reference to the business interests in question.

Valuation Summary

Metaltech, Inc.

Value of 666 2/3 shares of common stock in Metaltech, owned by Richard and Beverly Gordon as of March 31, 2003: **$0.**

Dock Street Manufacturing, Inc.

Value of 333 1/3 shares of common stock in Dock Street Manufacturing owned by Richard and Beverly Gordon as of March 31, 2003: **$0**

II. Economic/Industry Conditions & Outlook

U.S. Macroeconomic Conditions

In the spring of 2003 the U.S. economy could be characterized as being in a holding pattern. Commerce Department figures showed that real gross domestic product rose just 1.4 percent annualized in the first quarter of 2003. Consumer spending, government spending and imports recorded slower growth in the first quarter, while business investment had declined in nine of the last 10 quarters.

The Conference Board's index of leading indicators fell 0.2 percent in March 2003. Five of the 10 components fell in March: building permits, jobless claims, interest rate spreads, money supply and consumer expectations. The Conference Board's index, which is designed to forecast economic trends three to six months in advance, had been relatively flat since December 2001.

Inflation remained low. In March, the Consumer Price Index rose 0.3 percent, down from February's 0.6 percent increase. The core rate of inflation (which factors out food and energy prices) showed a 0.8 percent annualized rate of increase for the first quarter of 2003 and a 1.7 percent increase for the previous 12 months. The quarterly increase was the lowest such rise in four years, while the annual increase was the lowest year-over-year rise since 1966.

The housing picture remained strong, although activity was down from the record levels reported in 2002. Home re-sales, as measured by closings, fell about 6.0 percent in March. This decline was largely attributed to February's storms that delayed many homebuyers from initiating their searches. Housing starts rose in March by 8.3 percent as warmer weather allowed for more ground breaking. Generally, the low interest rate environment continued to encourage potential buyers.

Businesses had resumed spending on computer equipment and software, but most other business investment spending remained flat, at best. Aircraft and telecommunication equipment orders were still very weak. Businesses were also slashing construction of new space and office, warehouse, and hotel construction were in sharp decline. The real value of construction put-in-place was down more than 30% from its peak two years prior. With absorption rates still weak, vacancy rates were rising, rents were still falling, and there was no indication that the decline in activity would soon abate.

General perceptions at the time were rather negative as psychological factors reinforced a bias toward pessimism. The steady barrage of news about corporate criminality and malfeasance as well as the dismal performance of the stock market did nothing to encourage confidence. A nascent war with Iraq and continuous warnings about possible terrorist threats also weighed on confidence.

On March 25, 2003, The Conference Board said its closely watched index of consumer confidence sank to 62.5 from a revised 64.8 in February. It was the lowest reading for consumer confidence since a 60.5 reading in October 1993. Economists, on average, had expected a reading of 62.4, according to a Reuters poll. The survey's "expectations" index fell to 62.5 from 65.7 in February. The "present situation" index fell to 62.4 from 63.5.

Small businesses, which account for the majority of the jobs created in the U.S., were also becoming less optimistic about future economic conditions. More specifically, components of the Small Business Optimism Index indicated that confidence was eroding and the percentage of firms planning capital expenditures in the near term continued to decline.

Consensus U.S. Economic Outlook for 2003

As of March 31, 2003, most economists believed the U.S. economy would continue to slowly expand in 2003. The consensus believed that consumer spending plus a strong increase in federal government expenditures would spur growth. Residential construction was expected to continue to be strong, boosted by very low interest rates, while commercial construction was expected to continue to be very weak.

In the government sector, much of the federal stimulus was expected to be somewhat offset by retrenchment by budget-constrained state and local entities. On the export side, expected weakness in much of the rest of the world meant that exports were expected to struggle to keep pace with rising imports, keeping the trade deficit in record territory.

Inflation was very low in 2002 and was expected to remain so in 2003. Consumer prices were expected to rise more rapidly than 2002, but still only by a little more than 2 percent.

Moderate GDP growth, combined with a continuing rise in productivity, translated into an expectation that the labor market situation would tread water in 2003. The economy was expected to add about 1.5 million jobs, producing a small reduction in the unemployment rate. Virtually all of the added employment was expected to be in the services sector.

In the financial markets, the Federal Reserve was expected to hold short-term interest rates stable until well into 2003. Rates were at a 40-year low, and few economists expected any further Fed easing. Most economists expected interest rates at the end of 2003 to be slightly higher than at the start of the year.

In the spring of 2003, most economists were very concerned about downside risks including:

- Further terrorist events in the U.S.;

- The course of events in Iraq and its economic consequences. Most believed that a quick resolution would probably be a positive and that a "quagmire" would eventually be a negative. Many believed that an Iraqi invasion would send energy prices higher, further dampening the economic recovery;
- Another steep slide in the equity and corporate bond markets;
- Consumer debt causing mounting financial difficulties, forcing many consumers to rein in their spending;
- The potential real estate bubble, and the fallout from a possible "bursting of the bubble". Some observers thought the rise in housing prices over the past few years was producing a bubble akin to that in technology stocks prior to 2000;
- The very large U.S. trade deficit, which had been rising steadily for over a decade. Many economists were concerned that the deficit would lead to a sharp fall in the US dollar, which in turn might shut off foreign inflows of capital, causing interest rates to rise abruptly.

Outlook for the Manufacturing Sector

In the spring of 2003, the outlook for the industrial segment of the economy was mixed. Significant downside risks remained in the form of a continued lack of significant improvement in labor market conditions and corporate profits that remained weak. In addition, the low level of capacity utilization was expected to hinder business investment.

However, the steady acceleration in income growth was expected to boost consumer spending while the short life span of information technology equipment was forecast to spur a modest increase in business investment. Moreover, an expected gradual weakening in the dollar and improvement in the world economy was expected to improve demand for exports.

Powdered Metals Industry

As of March 31, 2003, the powdered metals industry was, like the broader industrial economy, beginning to show signs of emerging from recession. In the first quarter of 2003, the major players in the industry were reporting year-over-year sales gains. For example, Hawk Corporation reported that overall sales in the first quarter increased 18 percent to $58.6 million compared to $49.8 million in the year-ago period.

Hawk's precision components segment (which was primarily involved in the production of powdered metal products), reported that sales in the first quarter increased 11 percent to $19.1 million compared to $17.2 million in the year-ago period. The segment's net sales increase during the quarter was due to new product introductions and volume increases in several of the markets served by the segment.

Even with more robust sales, margins and profitability in Hawk's powdered metals business remained relatively low. Hawk's precision components segment reported income from operations during the first quarter of 2003 of $0.8 million, compared to $0.1

million during the comparable year-ago period. This increase was primarily due to net sales volume increases, manufacturing efficiencies and cost control initiatives.

Merger and acquisitions in the powdered metal industry slowed considerably in 2001-2002. After approximately 51 acquisitions being completed in the powdered metals industry between 1997 and 2000, M&A activity virtually came to a halt in 2001. Many of the hitherto large acquirers left the domestic acquisition market due to financial strains and an increased focus on Asian markets. The transactions that did occur represented distressed situations and/or were completed at much lower multiples than in the past.

From a strategic perspective, in the spring of 2003, it was becoming increasingly apparent that:

- Big automated production lines for high-volume production would be the wave of the future for the industry's larger companies;
- Small powdered metals producers were less valuable as acquisition targets and would have to aggressively develop niche positions in order to compete with offshore sources;
- The large powdered metals companies had an increasing advantage with much greater access to capital for expanding and purchasing new equipment and to conduct research and development;
- Offshore sources of powdered metals products would become an increasingly serious competitive challenge to the domestic U.S. industry;
- As 80% of the presses in the industry were more than 10 years old there was a strong need to invest capital in upgrading facilities and machinery.

Metering Products

Although DSM had the equipment to perform stamping, machining, and other processing work for a variety of end uses, virtually 100% of its sales as of March 31, 2003 were to one customer (Invensys Energy Metering, or "IEM") which was involved with the production of utility meters. As a result, DSM's prospects in the spring of 2003 were a function of the outlook for metering production generally and the outlook for Invensys Energy Metering specifically.

As of March 31, 2003 the outlook for meter production was mixed. As in the general manufacturing sector, the continuing soft economy put a damper on production and sales. In addition, utility meter producers were experiencing a longer sales cycle for purchases by utilities as they evaluated requirements and costs of increased security. Moreover, the sluggish economy continued to strain local government's budgets and many large meter purchases were cancelled or delayed.

At the same time, the future of Invensys Energy Metering was in doubt. Its UK-based parent company, Invensys, was experiencing very weak sales in North America. A very heavy debt load and deteriorating business performance led to a significant restructuring which included the planned divestiture of several divisions. Although its energy

metering operations were not among those divisions slated for divestiture, the parent company's poor performance and heavy debt load suggested that these assets might be sold eventually.

III. Company Review & Analysis

Dock Street Manufacturing, Inc.

Overview
DSM is a privately-held company located in DuBois, Pennsylvania. DSM provides processing and machining of castings and other components of metering products. Annual sales in the year ending December 31, 2002 were approximately $2.8 million.

History
DSM was formed in March, 2000 when an investor group purchased the stamping and machining operations of Invensys Energy Metering. These operations provided Invensys with components used in the assembly of gas metering and regulating devices. The transaction was essentially a way for Invensys to reduce costs by outsourcing its upstream processing requirements.

The investor group included three private individuals, each of whom owned 1/3 of the capital stock. These individuals invested no capital in the acquisition which was financed entirely with debt. One of investors, Anthony Zaffuto, was elected president and appointed as general manager.

In May of 2001 Invensys recommended the removal of Mr. Zaffuto as general manager. He was subsequently replaced by an interim general manager.

The new general manager implemented plans to reduce overhead and direct-labor costs. The plan to reduce overhead was accomplished by downsizing the administrative staff and reducing nonessential costs. Direct labor costs were reduced by furloughing a substantial number of direct labor employees.

In November 2001, persistent cash flow problems and discord amongst the management team and shareholders led to the resignation of the interim general manager.

Mr. Zaffuto was renamed general manager in November 2001.

In June 2002, Don Asti was hired as the new general manager.

The original acquisition agreement determined the selling price of products to Invensys. The selling price was based on a formula derived by internally generated costs associated with manufacturing the product. In September, 2002 DSM management successfully renegotiated the pricing formula, resulting in an average price increase across the products of approximately 25-30%.

Product Mix
As of March 31, 2003, DSM produced a wide variety of component products for Invensys's line of regulating & metering products. These products included industrial & residential meter housings, turbo & rotor assemblies, and internal meter components.

Competitors
The machining industry is extremely competitive, with literally hundreds of companies with the abilities to perform services comparable to DSM. Although this competitive backdrop exerted a constant pressure on margins, DSM had several advantages in its efforts to maintain its relationship with Invensys. These advantages included close geographic proximity to Invensys's assembly operations; experience in machining components to Invensys's specifications; and an ability to perform the wide variety of processes demanded by Invensys.

Facilities & Equipment
DSM operated out of a 120,000 sq. ft. leased facility. The 30 year triple net lease called for monthly lease payments of $2,500. The building had significant excess capacity.

The machinery acquired from Invensys was extensive, giving DSM considerable breadth and depth of capabilities including stamping; CNC lathing; drilling; grinding; sawing; coating; and tapping.

Other significant capabilities included a full service quality control lab and the ability to perform tool & die work.

Management & Employees
As of March 31, 2003, DSM had approximately thirty-one employees. The workforce was not unionized.

DSM was led by Mr. Don Asti, who reported directly to the majority shareholder. Mr. Asti has over 35 years of industry experience, first with the Carbide Graphite Group and later with SGL Carbon.

Customer Concentration
As of March 31, 2003, DSM relied on one customer, Invensys Energy Metering for virtually 100% of its revenues. Although an agreement on pricing existed between the two companies, no contract existed obligating either party in regard to volumes or duration of the agreement. Either party could terminate the relationship at any time without obligation.

Financial Performance
From its inception, DSM experienced weak financial performance and persistent cash flow challenges. As Table 1 below shows, DSM reported a small profit in its first nine months of existence. However in its first full year (2001), DSM reported a loss of $571,152. DSM's gross margin fell from 25.8% in 2000 to 16.3% in 2001 and its operating margin fell from 4.2% to –9.2%.

Table 1: Dock Street Manufacturing, Inc.
Summary Income Statement, 2000-20002

	Years ending December 31,		
	2000	**2001**	**2002**
Net Sales	$ 5,330,401	$ 4,706,860	$ 2,756,843
Cost of Goods Sold	3,956,712	3,940,317	1,889,554
Gross Profit	**1,373,689**	**766,543**	**867,289**
Operating Expenses	1,150,593	1,200,353	840,399
Operating Income	**223,096**	**(433,810)**	**26,890**
Interest Expense	(136,400)	(137,342)	(94,547)
Other	-	-	63,323
Net Income	**$ 86,696**	**$ (571,152)**	**$ (4,334)**
Performance/Coverage Ratios:			
Gross Margin	***25.8%***	***16.3%***	***31.5%***
Operating Margin	***4.2%***	***-9.2%***	***1.0%***
Net Margin	***1.6%***	***-12.1%***	***-0.2%***
OI/Interest	***1.6***	***-3.2***	***0.3***

In 2002, financial performance improved somewhat as the result of an increase in product pricing to Invensys and continued cost reduction. However, even with these measures, DSM reported a net loss in 2002 of $4,334.

During 2002, DSM continued to experience severe cash flow difficulties. DSM's operating income/interest ratio improved in 2002, but at 0.3, continued to signal financial distress.

DSM's weak financial condition was also reflected in its balance sheet. Table 2 summarizes DSM's balance sheet as of March 31, 2003. Two consecutive years of losses had resulted in a negative equity/total capitalization ratio. The current ratio and quick ratio were .99 and .41, respectively. The levels of both of these ratios were extremely low, indicating a liquidity shortage and potential financial failure. In late 2002 and early 2003, DSM was in interest arrears with it bank debt and faced potential liquidation.

Table 2: Dock Street Manufacturing, Inc.
Summary Balance Sheet
As of March 31, 2003

			% of total
ASSETS			
Current Assets			
Cash		97,169	6.7%
Accounts Receivable		119,624	8.2%
Inventory		273,003	18.7%
Other Current Assets		38,952	2.7%
Total Current Assets		528,748	36.3%
Net Fixed Assets		918,548	63.0%
Other Assets		10,334	0.7%
TOTAL ASSETS	**$**	**1,457,630**	100.0%
LIABILITIES & EQUITY			
Current Liabilities			
Accounts Payable		271,436	18.6%
Notes Payable		-	0.0%
Payable-Shareholders		133,931	9.2%
Other Current Liabilities		128,995	8.8%
Total Current Liabilities		534,362	36.7%
Long Term Liabilities			
Scrap Reserve		1,500	0.1%
Total Long Term Debt		1,344,677	92.3%
Total Liabilities		1,880,539	129.0%
Total Shareholders Equity		(422,909)	-29.0%
TOTAL LIABILITIES & EQUITY	**$**	**1,457,630**	100.0%
Liquidity & Leverage Ratios:			
Current Ratio:		***0.99***	
Quick Ratio:		***0.41***	
Equity/Total Capitalization:		***-0.29***	

In the first quarter of 2003, DSM's financial performance improved slightly. Sales increased by approximately six percent to $808,973 compared to the first quarter of 2002, primarily reflecting the price increases implemented in September 2002. Moreover, profitability was enhanced by the implementation of cost cutting initiatives including employee layoffs, employee multi-tasking and a reduction in executive salaries. Strict

cost containment measures were also implemented with virtually all expenditures requiring the approval of the General Manager.

Performance Relative to the RMA Peer Group

The financial performance of DSM was compared to peer group information reported by Robert Morris Associates ("RMA"). The peer group was comprised of 708, 670, and 585 privately-held machine shops (SIC code 3359) for the years 2000, 2001, and 2002 respectively. The results are presented in Table 3 below:

Table 3: Financial Performance Analysis
Dock Street Manufacturing, Inc. vs. RMA Peer Group[1]

Gross Profit Margin	DSM	RMA Peer Group
2000	25.8%	32.0%
2001	16.3%	31.5%
2002	31.5%	33.2%
3 Year Average	**24.5%**	**32.2%**
Operating Profit Margin		
2000	4.2%	5.0%
2001	-9.2%	2.9%
2002	-0.2%	2.3%
3 Year Average	**-1.7%**	**3.4%**
Current Ratio		
2000	1.0	1.5
2001	0.7	1.5
2002	0.6	1.4
3 Year Average	**0.8**	**1.5**

Notes: 1. Based on RMA data for SIC code 3599 (machine shops).

Compared to its RMA peer group, DSM consistently under-performed in terms of gross margin and operating profit margin. Its three year average current ratio of .8 was significantly under the RMA median of 1.5.

Metaltech, Inc. ("Metaltech")

Overview
Metaltech is a privately-held company located in Dubois, PA. Metaltech manufactures powdered metal parts to customer specifications. Annual sales in 2002 were approximately $1.8 million.

History
Metaltech was incorporated in 1989. Its original focus was producing powdered metal parts, primarily bronze bushings and bearings.

From 1989 through the start of 1993, Metaltech grew to approximately $500,000 in annual sales. During 1993, Metaltech purchased a 15,000 sq. ft. facility and moved from Reynoldsville, PA to Dubois, PA where the newly-purchased facility was located.

Also in 1993, Metaltech acquired DuBois Powdered Metals, giving it an entry into iron materials and immediately boosting annual sales by approximately $300,000.

Metaltech grew sales and capabilities through the 1990's. In 1999, Metaltech gained registration of its quality system to the ISO 9002 and QS 9000 standards. The quality system registration qualified Metaltech as a "tier two" supplier to the automobile industry.

In 2000, Metaltech benefited from relatively robust industry conditions especially in the first half of the year, reaching annualized sales of approximately $3 million.

During 2001-2002, Metaltech suffered the effects of the economic recession and an industry-wide downturn in prices and volumes. Annual sales fell over 45% during the period.

Products
Metaltech's products are manufactured exclusively to customer blueprint. These products include bushings, fasteners, washers, and other metal parts. Metaltech's products include those made from a wide variety of materials, including bronze, iron, brass, steel, copper, and steel alloys.

In 2002, approximately 40% of Metaltech's products were utilized by the automobile industry. The balance was used in a wide variety of applications, including industrial controls, consumer appliances, construction equipment, and consumer/commercial power tools.

Customer Concentration
As of March 31, 2003, Metaltech had a broad & relatively diverse customer base. No significant concentrations existed as measured by sales or gross profit. Metaltech served customers across a variety of geographic regions.

Competitors

The powdered metals industry was (and is) extremely competitive. There are approximately 700 companies in the U.S. involved with powdered metals components production. Many of these companies have capabilities similar to Metaltech. Many customers purchase their powder metal parts through a competitive bid process. Increasingly, domestic powdered metals companies are competing against low-cost Asian producers.

Facilities & Equipment

Metaltech operates out of a 15,000 sq. ft. company-owned facility. As of March 31, 2003, Metaltech had significant operating assets. A summary of selected equipment is summarized in Table 4 below:

Table 4: Metaltech, Inc.
Summary of Selected Sintering & Molding Equipment

Sintering, atmosphere and related equipment:

Date Acquired	Equipment Description
04/01/90	Lindberg Endothermic Generator
08/01/90	Sinterite 8" continuous belt furnace
11/12/92	Sinterite 12" continuous belt furnace
04/22/99	10" Sargent & Wilbur continuous belt furnace
na	18" Drever continuous belt furnace
na	Lindberg Endothermic Generator

Molding and related equipment:

Date Acquired	Equipment Description
10/31/88	Gasbarre 150 ton multi level molding press
04/05/90	Stokes F-4 4 ton molding press
04/05/90	Stokes G-4 15 ton molding press
04/05/90	Stokes R-4 20 ton molding press
08/01/90	Gasbarre 30 ton molding press
08/20/01	Eastern Machine 12 ton molding press
02/28/92	Mitchell 60 ton molding press
03/01/95	Gasbarre 30 ton molding press
11/01/96	Gasbarre 30 ton molding press
07/03/97	Bussman 220 ton molding press
02/27/98	Gasbarre 150 ton multi level molding press
01/11/99	Gasbarre 60 ton multi level molding press
09/30/99	Gasbarre 60 ton multi level molding press
na	Stokes 280G 100 ton molding press
na	Mitchell 75 ton molding press
na	Stokes T-4 12 ton molding press

Management & Employees
As of March 31, 2003 Metaltech had approximately nineteen employees. The employees were not unionized. Since its inception in 1989, Metaltech was managed by Mr. Anthony Zaffuto who was also a minority shareholder.

Financial Performance
A summary of Metaltech's financial performance is presented in Table 5.

As Table 5, demonstrates, Metaltech's financial performance deteriorated significantly from 2000 to 2002. After achieving an operating margin of 7.5% in 2000, the margin plunged to –9.1% and 0.6% in 2001 and 2002 respectively. Similarly, the pretax margin fell from 3.8% in 2000 to –15.4% and –4.0% respectively. This occurred as healthy gross margins could not compensate for dramatic decreases in revenue.

Table 5: Metaltech, Inc.
Summary Income Statement, 2000-20002

	Years ending December 31,		
	2000	**2001**	**2002**
Net Sales	$ 2,958,713	$ 1,771,001	$ 1,593,985
Cost of Goods Sold	1,916,681	995,389	903,501
Gross Profit	**1,042,032**	**775,612**	**690,484**
Operating Expenses	821,447	935,998	681,665
Operating Income	**220,585**	**(160,386)**	**8,819**
Interest Expense	(179,710)	(182,940)	(158,339)
Other	70,950	70,999	85,352
Pretax Income	**$ 111,825**	**$ (272,327)**	**$ (64,168)**
Performance/Coverage Ratios			
Gross Margin	***35.2%***	***43.8%***	***43.3%***
Operating Margin	***7.5%***	***-9.1%***	***0.6%***
Pretax Margin	***3.8%***	***-15.4%***	***-4.0%***
OI/Interest	***1.2***	***-0.9***	***0.1***

Even in 2000, when Metaltech reported record sales and profits, its operating income/interest coverage ratio was only 1.2. This was a portent of possible financial distress in 2001 and 2002 as the coverage ratio fell to -0.9 and 0.1 respectively.

Table 6 summarizes Metaltech's balance sheet as of March 31, 2003. Two consecutive years of losses had resulted in a decline in shareholders equity to $91,307. This included

approximately $980,264 in long term investments which represented the investment in the acquisition of DuBois Powdered Metals. Metaltech's current ratio and quick ratio were 1.27 and 0.93 respectively. The levels of both of these ratios were low, indicating a liquidity shortage. During the fall of 2002 and into 2003, Metaltech was in interest arrears with it bank debt and faced potential liquidation.

Table 6: Metaltech, Inc.
Summary Balance Sheet
As of March 31, 2003

			% of total
ASSETS			
Current Assets			
Cash		50,393	2.2%
Accounts Receivable		477,755	20.4%
Inventory		176,433	7.5%
Other Current Assets		16,027	0.7%
Total Current Assets		720,608	30.8%
Long Term Investments		980,264	41.8%
Net Fixed Assets		529,866	22.6%
Other Assets		112,375	4.8%
TOTAL ASSETS	**$**	**2,343,113**	100.0%
LIABILITIES & EQUITY			
Current Liabilities			
Accounts Payable		245,869	10.5%
Notes Payable		200,000	8.5%
Notes Payable-Shareholders		70,860	3.0%
Other Current Liabilities		48,707	2.1%
Total Current Liabilities		565,436	24.1%
Long Term Liabilities			
Total Long Term Debt		1,686,370	72.0%
Total Liabilities		2,251,806	96.1%
Total Shareholders Equity		91,307	3.9%
TOTAL LIABILITIES & EQUITY	**$**	**2,343,113**	100.0%
Liquidity & Leverage Ratios:			
Current Ratio		***1.27***	
Quick Ratio		***0.93***	
Equity/Total Capitalization:		***0.04***	

Metaltech's financial performance began to improve in the first quarter of 2003. While sales in January 2003 were up a modest 4.3% over January 2002, sales in March were up over 32% year over year, resulting in a first quarter sales increase of 19%. Profitability also improved due to cost containment measures and increased operating leverage. However, Metaltech's onerous debt load, lack of shareholder's equity and poor liquidity remained a serious concern.

Performance Relative to the RMA Peer Group

Metaltech's financial performance was compared to peer group information reported by Robert Morris Associates ("RMA"). The peer group was comprised of 99, 84, and 111 companies involved in the manufacture of bolts, screws, rivets, washers, and related products (SIC code 3429,3452) for the years 2000, 2001, and 2002 respectively. Many of these companies were not involved in powdered metals; however, this peer group was judged to be the most appropriate available. The results are presented in Table 7.

Although its gross margins consistently exceeded the RMA peer group, Metaltech's financial performance as measured by operating margin had been consistently below the RMA Peer Group. Moreover, its current ratio declined from 1.4 in 2000 to 1.0 in 2002 and was significantly below its peer group in all three years.

Table 7: Financial Performance Analysis
Metaltech, Inc. vs. RMA Peer Group[1]

	Metaltech	RMA Peer Group
Gross Profit Margin		
2000	35.2%	27.9%
2001	43.8%	26.1%
2002	43.3%	26.3%
3 Year Average	**40.8%**	**26.8%**
Operating Profit Margin		
2000	7.5%	5.6%
2001	-9.1%	3.2%
2002	0.6%	3.2%
3 Year Average	**-0.3%**	**4.0%**
Current Ratio		
2000	1.4	1.7
2001	1.2	1.6
2002	1.0	1.7
3 Year Average	**1.2**	**1.7**

Notes: 1. Based on RMA data for SIC codes 3429 & 3452.

Valuation Implications: Dock Street Manufacturing, Inc.

Negative Factors:

- As of March 31, 2003 DSM's financial condition was very weak. Consistently poor profitability, an onerous debt load, negative shareholder's equity and severe cash flow difficulties suggested possible bankruptcy and insolvency;
- DSM relied on one customer for virtually 100% of sales;
- DSM's sole customer was financially weak and uncertainty surrounded its future operations;
- Relatively weak conditions in the manufacturing sector limited DSM's ability to develop alternative sales;
- As of March 31, 2003 conditions in the market for used industrial equipment was very weak. Such equipment was typically being sold at less than 50% of appraised fair market value.

Positive Factors:

- Invensys relied heavily upon DSM. Although no contract existed, this dependence on DSM appeared to ensure revenues in the short term.

Valuation Implications: Metaltech, Inc.

Negative Factors:

- As of March 31, 2003 Metaltech's financial condition was weak. Although financial performance was beginning to improve, an onerous debt burden and cash flow difficulties impeded management flexibility. A dearth of shareholder's equity signaled potential insolvency;
- Merger and acquisition activity was moribund and valuations were at historically low levels;
- As of March 31, 2003 conditions in the market for presses and sintering furnaces were very weak. Such equipment was typically being sold at less than 50% of appraised fair market value.

IV. Discounted Cash Flow Analysis

Overview
In arriving at the estimated fair value of the capital stock of the Companies, Ameridan employed discounted cash flow analysis. This method estimates value based on projected future cash flows. It involves discounting these projected cash flows using an adjusted weighted average cost of capital, which reflects the underlying riskiness of the cash flows.

Discounted Cash Flow Analysis: Dock Street Manufacturing

The DSM discounted cash flow analysis was performed using net cash flow ("NCF"). NCF was defined as:

EBIT (earnings before interest & taxes)
\+ Depreciation & amortization;
\- Capital expenditures required to support projected cash flow;
\- Required increases in working capital.
= **Net Cash Flow**

As implied above, NCF and its discounted value were calculated on a debt free basis. The value of DSM's interest bearing debt as of the valuation date was then subtracted from this value to arrive at the fair value of the capital stock. Because DSM was an S-corporation for federal tax purposes, taxes were not subtracted from NCF.

Discount Rate
The required rate of return on DSM's invested capital was estimated using DSM's weighted average cost of capital ("WACC"). The WACC includes the cost of both debt and equity, weighted by relative representation in the capital structure.

Cost of Equity
The cost of equity was estimated using the capital asset pricing model which defines the cost of equity as:

Risk free rate + (Equity risk premium x beta)

The equity risk premium for DSM was calculated as shown in Table 8 below. To calculate the risk premium, the unleveraged beta for the metal fabrication industry was re-leveraged with DSM's capital structure. The re-leveraged beta for DSM, calculated to be 3.1 was then multiplied by the long term equity premium of 12.2%. Using this methodology, the appropriate equity risk premium for DSM was calculated to be 37.8%.

Table 8: Beta & Risk Premium Calculation-DSM

Beta Calculation:

$Beta_L = [1 + (1-T_C)B/S](beta_U)$

$= [1+1(3)](.78)$

$= 3.1$

where:

$Beta_L$ = leveraged beta;

$Beta_U$ = unleveraged industry beta[1];

T_C = tax rate[2];

B/S=debt to equity ratio[3].

Risk Premium Calculation:

Long-Term Equity Premium[4]	12.2%
Multiplied by $beta_L$:	x 3.1
Risk Premium	**37.8%**

Notes: 1. Based on the unleveraged beta for the metal fabrication industry(0.78). Source: Value Line.

2. As an S-corp, DSM is not subject to state or federal corporate income taxes.

3. To avoid misleading results, DSM's D/E ratio was assumed to be 3.0 (actual was infinite).

4. Source: Ibbotson Associates.

Using the equity risk premium as calculated above, DSM's cost of equity was calculated as shown in Table 9. The risk free rate used was 4.9%, the "Long-Term Average Rate, LT>25" published by the U.S. Treasury Department as of March 31, 2003. The equity risk premium was added to the risk free rate to yield an unadjusted cost of equity of 42.7%. Two adjustments were made to this rate including a small firm risk premium and a firm specific premium due to extreme customer concentration. The adjustments totaled 5.3 percentage points and resulted in a cost of equity for DSM of 48.0%.

The cost of debt was calculated using an average of DSM's actual borrowing costs in 2002. The unadjusted WACC was then calculated based on the capital structure as of March 31, 2003. Because DSM had an equity deficit at the time, the unadjusted WACC equaled the cost of debt.

Because of the severe financial stress DSM was experiencing as of the valuation date, using the unadjusted WACC is not appropriate. There are several ways to adjust for the incorrect WACC which results when companies are experiencing financial distress. One method involves estimating the market value of the debt utilizing the implicit yield to estimate the cost of debt. Given the practical difficulties in finding comparable situation/companies, a direct adjustment to the WACC was indicated. An adjustment of 20 percentage points was added to the unadjusted WACC to account for the relatively high risk of bankruptcy, resulting in an adjusted WACC of 27.7%.

Table 9: Weighted Average Cost of Capital (WACC)-DSM

Cost of Equity Calculation:			WACC Calculation:	
Risk Free Rate[1]		4.9%	Equity: 0[6]	
			Debt: $1.345	
Plus:			WACC= (0%)(48%)+(100%)(7.7%)	
Equity Risk Premium[2]	37.8%		Unadjusted WACC	7.7%
Small Firm Premium[3]	3.3%		Adjustment[7]:	20.0%
Firm Specific Premium[4]	2.0%		**Adjusted WACC**	**27.7%**
		43.1%		
DSM Cost of Equity		**48.0%**		
Cost of Debt Calculation:				
Pretax Cost of Debt	7.70%			
Multiplied by (1-tax rate)[5]	x 1			
After Tax Cost of Debt		**7.7%**		

Notes: 1. The "LT>25" rate published by the U.S. Treasury Department as of March 31, 2003.

2. See Table 8.

3. Source: Ibbotson Associates

4. Additional discount due primarily to customer concentration.

5. DSM was an S-corp for federal tax purposes.

6. As of 12-31-02, the book value of the DSM was negative. At 5 times TTM EBITDA, the market value of shareholders equity was also negative.

7. With negative equity, ongoing losses, and interest arrearages, a substantial adjustment for financial distress was warranted.

The discounted cash flow analysis for DSM is summarized in Table 10 below. To arrive at a valuation as of March 31, 2003, twelve month financial results ending March 31, 2003 were used to calculate base period sales and cash flow. Subsequent periods represented twelve month results ending March 31.

Significant assumptions included:

- DSM's operating margins were forecasted to increase significantly from 1.0% in 2002 to 6.0% as the result of price increases and cost reductions;
- Capital expenditures were projected to increase by 4% annually;
- Sales were forecasted to grow by 5.5% annually;
- Working capital was forecasted to increase to $100,000 by period IV, then grow at 2% annually thereafter;
- The terminal annual sales growth rate (used for the periods beyond period X) was 4.0%.

Table 10: Discounted Cash Flow Summary-DSM

	Base Period	I	II	X
Net Sales	2,799,908	2,953,903	3,116,368	4,782,647
Operating Income	137,652	177,234	186,982	286,959
Plus:				
Depreciation & Amor.	90,333	90,333	90,333	90,333
Minus:				
Capex	300	312	324	444
Change in Working Capital		30,613	25,000	2,208
Net Free Cash Flow		$236,642	$251,991	$374,640
Present Value		209,410	174,622	36,711
Present Value of NCF	**1,032,758**			
PV of Terminal Value	**$142,557**			
Total Present Value	**$1,175,316**			
Memo items:				
Working Capital[1]	(5,613)	25,000	50,000	112,616
Assumptions:				
Annual sales growth	5.50%			
Operating Margin[2]	6.00%			
Capex Annual Growth	4.0%			
WC Growth Rate[3]	2.0%			
Tax Rate	0.0%			
Discount Rate	27.7%			
Terminal Growth Rate	4.00%			

Notes: 1. Working capital is assumed to increase to $100,000 by period IV.

2. Operating margin is assumed to increase from 1.0% in 2002 to 6% as a result of a price increases negotiated in Sep 2002 and cost reductions.

3. Working capital growth rate after reaching minimum of $100,000 in period IV.

The calculated present value of DSM's NCF's and terminal value as of March 31, 2003 was $1,175,316.

Discounted Cash Flow Analysis: Metaltech

The Metaltech discounted cash flow analysis was performed using net cash flow ("NCF") as defined below:

Net Income
+ Interest x (1-tax rate);
+ Depreciation & amortization;
- Capital expenditures required to support projected cash flow;
- Required increases in working capital.
= **Net Cash Flow**

As implied above, NCF, and its discounted value, were calculated on a debt free basis. The value of Metaltech's interest bearing debt as of the valuation date was then subtracted from this value to arrive at the fair value of the capital stock. Because Metaltech was a C-corporation for federal tax purposes, after tax earnings were used as a base and interest payments minus the value of the tax shield, were added back to cash flow.

Discount Rate
The required rate of return on Metaltech's invested capital was estimated using Metaltech's weighted average cost of capital ("WACC"). The WACC includes the cost of both debt and equity, weighted by relative representation in the capital structure.

Cost of Equity
The equity risk premium for Metaltech was calculated as shown in Table 11. To calculate the risk premium, the un-leveraged beta for the metal fabrication industry was re-leveraged with an assumed debt to equity ratio of 2.5. (The actual debt equity ratio was 19. Using the actual ratio would lead to misleading results). The re-leveraged beta for Metaltech, calculated to be 2.2 was then multiplied by the long term equity premium of 12.2%. Using this methodology, the appropriate equity risk premium for Metaltech was calculated to be 26.8%.

Using the equity risk premium as calculated above, Metaltech's cost of equity was calculated as shown in Table 12. The risk free rate used was 4.9%, the "Long-Term Average Rate, LT>25" published by the U.S. Treasury Department as of March 31, 2003. The equity risk premium was added to the risk free rate to yield an unadjusted cost of equity of 31.7%. A small firm risk premium of 3.3 percentage points was added, resulting in a cost of equity for Metaltech of 35.0%.

Table 11: Beta & Risk Premium Calculation-Metaltech

Beta Calculation:

$Beta_L = [1 + (1-T_C)B/S](beta_U)$
$= [1+(1-.25)2.5](0.78)$
$= 2.2$

where:

$Beta_L$ = leveraged beta;

$Beta_U$ = unleveraged industry beta[1];

T_C = tax rate[2];

D/E=debt to equity ratio[3].

Risk Premium Calculation:

Long-Term Equity Premium[4]	12.2%
Multiplied by $beta_L$:	x 2.2
Risk Premium	**26.8%**

Notes: 1. Based on the unleveraged beta for the metal fabrication industry (0.78). Source: Value Line.
2. Tax rate assumed to be 25%, based on average over ten year forecast period.
3. To avoid misleading results, Metaltech's D/E ratio was assumed to be 2.5 (actual=19).
4. Source: Ibbotson Associates.

Table 12: Weighted Average Cost of Capital (WACC)-Metaltech

Cost of Equity Calculation:

Risk Free Rate[1]		4.9%
Plus:		
Equity Risk Premium[2]	26.8%	
Small Firm Premium[3]	3.3%	
Firm Specific Premium[4]	0.0%	
		30.1%
Metaltech Cost of Equity		**35.0%**

Cost of Debt Calculation:

Pretax Cost of Debt	7.80%	
Multiplied by (1-.25)[5]:	x 0.75	
After Tax Cost of Debt		**5.9%**

WACC Calculation:

Equity: 0.1M[6]
Debt: $1.9M
WACC= (5%)(35.0%)+(95%)(5.9%)

Unadjusted WACC	7.4%
Adjustment[7]:	15.0%
Adjusted WACC	**22.4%**

Notes: 1. The "LT>25" rate published by the U.S. Treasury Department as of March 31, 2003.
2. See Table 11.
3. Source: Ibbotson Associates
4. No firm specific adjustments were deemed necessary.
5. Assumed an average tax rate of 25%.
6. As of 3-31-03, the book value of Metaltech was $91,307.
7. With a D/E ratio of 19 and ongoing losses, a substantial adjustment was warranted.

The cost of debt was calculated using an average of Metaltech's actual borrowing costs, weighted by outstandings. The unadjusted WACC was then calculated based on the capital structure as of March 31, 2003. Because Metaltech had an extremely high

leverage ratio, the unadjusted WACC was only slightly higher than the after tax cost of debt.

Because of the financial stress Metaltech was experiencing as of the valuation date, using the unadjusted WACC is not appropriate. An adjustment of 15 percentage points was added to the unadjusted WACC to account for the risk of financial failure resulting in an adjusted WACC of 22.4%.

The discounted cash flow analysis for Metaltech is summarized in Table 13 below. To arrive at a valuation as of March 31, 2003, twelve month financial results ending March 31, 2003 were used to calculate base period sales and cash flow. Subsequent periods represented forecasted twelve month results ending March 31.

Significant assumptions included:

- Metaltech's operating margins were forecasted to increase from 3.3% to 6.0% in all subsequent periods;
- Capital expenditures were projected to increase 2.0 % annually;
- Sales were forecasted to grow by 6.5% annually;
- Working capital was forecasted to increase 2.0% annually;
- The assumed terminal growth rate was 5.0%.

The resulting calculated present value of Metaltech's cash flows and terminal value as of March 31, 2003 was $1,839,994.

Table 13: Discounted Cash Flow Summary-Metaltech

	Base Period	I	II	X
Net Sales	$ 1,684,486	1,793,978	1,910,586	3,162,012
Operating Income	56,267	107,639	114,635	189,721
Interest Expense	(150,171)	(150,000)	(150,000)	(150,000)
Other Income	64,899	53,819	57,318	94,860
Pretax Income	(29,005)	11,458	21,953	134,581
Taxes		-	-	(33,645)
Net Income		11,458	21,953	100,936
Cash Flow Calculation:				
Tax Effected Interest Expense		150,000	150,000	112,500
Depreciation & Amoritization		143,518	152,847	252,961
Capital Expenditures	(13,172)	(13,435)	(13,704)	(16,057)
Change in Working Capital		(3,103)	(3,166)	(3,709)
Net Free Cash Flow		288,437	307,930	446,631
		260,712	227,394	65,467
Present Value of NCF's	**$1,482,906**			
PV of Terminal Value	**$357,088**			
Total Present Value	**$1,839,994**			
Memo items:				
Working Capital	155,172	158,275	161,441	189,154
Assumptions:				
Annual sales growth:	6.50%			
Operating Margin	6.00%			
Capex Annual Growth	2.0%			
WC Growth Rate	2.0%			
Tax Rate[1]	25.0%			
Discount Rate	22.4%			
Annual Interest Expense	$150,000			
Terminal Growth Rate	5.00%			
Other Income as % of Sales	3.0%			
Dep. & Amor. % of Sales	8.0%			

Note:

1. As of March 31, 2003, Metaltech had NOL's available for carryover of approximately $327K. These carryforwards were assumed to be utilized in periods I through VII.

V. Valuation Conclusions

Valuation of the Capital Stock of Dock Street Manufacturing, Inc.

The value of 100% of the capital stock of DSM as of March 31, 2003 was calculated as follows:

Present Value of Cash Flows and Terminal Value (as calculated in Table 10):	$1,175,316
Minus:	
Interest Bearing Debt	($1,344,679)
	($169,363)
Value of 100% of the Capital Stock	**$0**
Value of 333 1/3 shares of common stock in Dock Street Manufacturing owned by Richard and Beverly Gordon as of March 31, 2003:	**$0**

Valuation of the Capital Stock of Metaltech, Inc.

The value of 100% of the capital stock of Metaltech as of March 31, 2003 was calculated as follows:

Present Value of Cash Flows (as calculated in Table 13):	$ 1,839,994
Minus:	
Interest Bearing Debt	($ 1,886,370)
	($ 46,376)
Value of 100% of the Capital Stock	**$0**
Value of 666 2/3 shares of common stock in Metaltech, owned by Richard and Beverly Gordon as of March 31, 2003:	**$0**

Appendices

Appendix I: Discounted Cash Flow Analysis-DSM

	Base Period	I	II	III	IV	V	VI	VII	VIII	IX	X
Net Sales	2,799,908	2,953,903	3,116,368	3,287,768	3,468,595	3,659,368	3,860,633	4,072,968	4,296,981	4,533,315	4,782,647
Operating Income	137,652	177,234	186,982	197,266	208,116	219,562	231,638	244,378	257,819	271,999	286,959
Plus:											
Depreciation & Amor.	90,333	90,333	90,333	90,333	90,333	90,333	90,333	90,333	90,333	90,333	90,333
Minus:											
Capex	300	312	324	337	351	365	380	395	411	427	444
Change in Working Capital		30,613	25,000	25,000	25,000	2,000	2,040	2,081	2,122	2,165	2,208
Net Free Cash Flow		$236,642	$251,991	$262,262	$273,098	$307,530	$319,551	$332,235	$345,619	$359,740	$374
Present Value		209,410	174,622	142,317	116,051	102,336	83,270	67,796	55,229	45,016	36,711
Present Value of NCF	**1,032,758**										
PV of Terminal Value	**$142,557**									Residual Value	
Total Present Value	**$1,175,316**										
										Present Value	
Memo items:											
Working Capital[1]	(5,613)	25,000	50,000	75,000	100,000	102,000	104,040	106,121	108,243	110,408	112,616
Assumptions:											
Annual sales growth	5.50%										
Operating Margin[2]	6.00%										
Capex Annual Growth	4.0%										
WC Growth Rate[3]	2.0%										
Tax Rate	0.0%										
Discount Rate	27.7%										
Terminal Growth Rate	4.00%										

Notes: 1. Working capital is assumed to increase to $100,000 by period IV.

2. Operating margin is assumed to increase from 1.0% in 2002 to 6% as a result of a price increases negotiated in Sep 2002 and cost reductions.

3. Working capital growth rate after reaching minimum of $100,000 in period IV.

Appendix II: Discounted Cash Flow Analysis-Metaltech

	Base Period	I	II	III	IV	V	VI	VII	VIII	IX	X
Net Sales	$ 1,684,486	1,793,978	1,910,586	2,034,774	2,167,035	2,307,892	2,457,905	2,617,669	2,787,817	2,969,025	3,162,012
Operating Income	56,267	107,639	114,635	122,086	130,022	138,474	147,474	157,060	167,269	178,142	189,721
Interest Expense	(150,171)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Other Income	64,899	53,819	57,318	61,043	65,011	69,237	73,737	78,530	83,635	89,071	94,860
Pretax Income	(29,005)	11,458	21,953	33,130	45,033	57,710	71,211	85,590	100,904	117,212	134,581
Taxes		-	-	-	-	-	-	-	(25,226)	(29,303)	(33,645)
Net Income		11,458	21,953	33,130	45,033	57,710	71,211	85,590	75,678	87,909	100,936
Cash Flow Calculation:											
Tax Effected Interest Expense		150,000	150,000	150,000	150,000	150,000	150,000	150,000	112,500	112,500	112,500
Depreciation & Amoritization		143,518	152,847	162,782	173,363	184,631	196,632	209,413	223,025	237,522	252,961
Capital Expenditures	(13,172)	(13,435)	(13,704)	(13,978)	(14,258)	(14,543)	(14,834)	(15,130)	(15,433)	(15,742)	(16,057)
Change in Working Capital		(3,103)	(3,166)	(3,229)	(3,293)	(3,359)	(3,426)	(3,495)	(3,565)	(3,636)	(3,709)
Net Free Cash Flow		288,437	307,930	328,705	350,845	374,439	399,584	426,378	392,205	418,553	446,631
		260,712	227,394	198,313	172,934	150,787	131,465	114,608	86,130	75,095	65,467

Present Value of NCF's	**$1,482,906**
PV of Terminal Value	**$357,088**
Total Present Value	**$1,839,994**

Memo items:											
Working Capital	155,172	158,275	161,441	164,670	167,963	171,322	174,749	178,244	181,809	185,445	189,154

Assumptions:	
Annual sales growth:	6.50%
Operating Margin	6.00%
Capex Annual Growth	2.0%
WC Growth Rate	2.0%
Tax Rate[1]	25.0%
Discount Rate	22.4%
Annual Interest Expense	$150,000
Terminal Growth Rate	5.00%
Other Income as % of Sales	3.0%
Dep. & Amor. % of Sales	8.0%

Note:

1. As of March 31, 2003, Metaltech had NOL's available for carryover of approximately $327K. These carryforwards were assumed to be utilized in periods I through VII.

and redirect, and I suppose Mr. Taladay's expert and his testimony, and then to call my expert as rebuttal before he has to leave at the end of the day. That's my order of events as far as I can see.

MR. TALADAY: That would be my understanding of the reason for bringing both experts today. We have no problem with that.

THE COURT: Fine. That's the way we will proceed then.

MR. EJZAK: There is one other housekeeping matter, Your Honor, and that has to do with the statute of the Business Corporations Act which allows for the recovery of attorney fees and expert fees in Section 1580. It's a matter of discretion of the Court.

I have those exhibits prepared. And in the past, I am reluctant to use those exhibits before the Court has actually decided those would be part of the case. Because of attorney-client privilege, because my work detail is set forth on some of those documents, so if Your Honor wants, I will present all those documents as a matter of course. If not, I am willing to agree to have that dealt with at a subsequent time.

THE COURT: Have you seen the

statement of the shareholders' expert?

MR. TALADAY: No, I have not, Your Honor. I guess we hadn't discussed this previously, but my position on that would be that those aren't necessarily relevant unless the Court determines that counsel fees are appropriate to be awarded.

My suggestion is that the Court make that determination, and if that determination is made, then we would allow the record to remain open for those bills and expenses to be submitted.

THE COURT: That is the way we will proceed.

MR. EJZAK: I will call Mark Gleason.

(Witness was duly sworn by court reporter.)

MR. EJZAK: As Mr. Gleason takes his seat, I realize we didn't discuss opening statements. I am assuming the Court doesn't want to have opening statements. If you would, I would be happy to give a brief overview of the case.

THE COURT: I will leave it up to counsel.

MR. EJZAK: I will take 30 seconds. This is Richard Gordon and his wife, Beverly Gordon,

in Washington and living in Virginia at the time, and received my certification through the State of Virginia.

I subsequently moved back to Pittsburgh, where I grew up and was from, and established my residency and license and certification with the State of Pennsylvania.

I am also certified as a valuation analyst and somebody that is accredited in business valuations.

Q. Could you please describe briefly your work experience?

A. Sure. After graduating from University of Pittsburgh in the master's program, I joined Arthur Anderson as a staff accountant and rose through the ranks of senior accountant and consultant.

I was in Washington, D.C. and Chicago with Arthur Andersen. I returned back to Pittsburgh in 1977 and started Gleason & Company, which was a CPA firm. I did that for about two and a half years.

Then an opportunity came up to be the vice president and chief financial officer at a company called Mulach Steel. I held that position until probably mid-'80s, at which time I went back into public accounting and joined Price Waterhouse. I was

a senior manager and a director in their audit department. I had responsibilities for audit clients and stayed with Price Waterhouse until 1988.

At that time I left Price Waterhouse and started Gleason & Associates. We are a CPA firm. We perform specialized services in accounting and tax matters that deal with restructuring businesses, valuing businesses and litigation support.

Q. That brings us up to the current time?

A. Yes. And I am the managing director of Gleason & Associates.

Q. During your time at Price Waterhouse and now with Gleason and Associates, you mentioned you did business valuations. Can you give us an idea how many business valuations you do?

A. Well, probably over the last 15, 20 years, I have done well over 2- or 300 valuations of large commercial businesses in a wide variety of industries and situations.

MR. EJZAK: Your Honor, may I approach with this?

THE COURT: Yes.

MR. EJZAK: I will show you what has been marked as Plaintiffs' Exhibit 3 and ask you to identify that for the record.

condition of the business that is operating it. I looked at it in a global basis; as somewhat of a micro basis, as well.

So those are very important considerations as to the environment that these two companies were operating in. So that is something that has been taken into consideration and does have an impact on the valuation.

Q. In terms of the global environment first, what was that global environmental for those companies during this time period?

A. Both valuations being done as of March 31, 2003, both of these companies are involved in fabrication and manufacturing, and as a result, we looked at where the economy was relevant to those sectors.

As we are all painfully aware, after 2001, particularly 9/11, there really was a pretty bad recession. So both of these companies at that time found themselves to be in a recessionary period.

We did find evidence that there were expectations at that point in time that the economy was changing and that there were positive prospects in the future.

Q. By that point in time, you mean the March

31, 2003, date?

A. That's correct.

Q. Was that true with the global economy in general, as well as the specific industry in which these companies were operating?

A. Right. At that point it was roughly the second year of the recession. And I don't want to in any way mischaracterize the recession was over at that point. Because there still were some very difficult times where the overall pace of the economy was pretty slow. But there were positive expectations in the future.

Q. Okay. Did you perform a review of the company's financial statements?

A. Yes. In addition to looking at the economy and the industry that the company is operating in, you need to get very focused in terms of their historical performance. That means how well they performed from an income statement, as well as their financial condition on a balance sheet, and to be able to trace the cash flow.

What we did, we looked at these companies for as much of a history as we could get. Just to point out, Dock Street is a relatively new company. That was started in 2000 and had somewhat of a brief

Street during those three years?

A. It had some mixed results. It had a particularly difficult time in the year 2001, and somewhat of a problem in 2002. But in looking at this, it caused us to ask some questions to better understand the background of the company.

Dock Street was acquired from a company that had basically a pricing agreement that was carried over into the new company. And that pricing agreement was not reflecting the true market or the economics of the deal. And that was changed in the year 2002, which became effective in year 2003.

And there is another aspect of this transaction between the previous owner and the new owners of Dock Street where they changed the relationship where castings that were provided to Dock Street for processing and sale back to Invensys was changed, and it became more of a tolling process than a sale and a repurchase.

So in looking at these historical results, we were able to see there was some significant changes in the way they did business.

Q. I think some of those might be reflected on Schedule C. If you turn to that, maybe you can explain how those changes affect the calculations.

at the next exhibit, Exhibit F, explain what Exhibit F does with the cash flow.

A. Well, after looking at the historical financial, again, that is to give perspective. In doing a valuation, and particularly on an earnings approach, what you have to do is gain an understanding of what the expectations of earnings in the future are. Because valuation is essentially the income stream or the earning stream in the future brought back to a present value, is how you go about valuing a business. So there is a couple tasks involved.

The first thing was getting some meaningful projection of what management thought the company could do over the next couple years. One of the documents that was produced in the course of this litigation were management projections for the calendar years 2003 and 2004 for both Dock Street and for Metaltech.

That gave us an idea of what management's expectations were at the end of December of 2002, prior to the merger and prior to the valuation. And that information allowed us to understand what they thought was going to take place the next two years.

We used that as our base, as our foundation. We worked with Richard and Keith Gordon

in understanding even for a time period beyond that, and we requested and worked with them to gain a further understanding for a three-year period beyond that.

Q. That was the total time period you projected forward?

A. We looked at a five-year period, from essentially 2003 through 2008.

Q. You said the first few years of that were based on --

A. Yeah. There is actually monthly forecasts that were totaled into annual forecasts for the calendar years 2003 and 2004.

Q. Prepared by?

A. The management of Dock Street and the management of Metaltech.

Q. For those two years, are those numbers reflected on Exhibit F?

A. Yes, they are.

Q. Once you projected forward on the cash flow, what is the next step in your analysis?

A. Well, that establishes the net income and what the company can expect to do. But one of the things we felt was necessary was to develop the free cash flow, as well as we had to determine the

appropriate discount rate to present value and the appropriate capitalization rate. So there were three tasks we really had to do. Maybe what I will start with is the discount rate.

Q. Okay.

A. What the discount rate is, is that it is a financial tool or a statistical tool that is used to develop -- to restate some future earnings into the present time. And what we are trying to do is look at the year 2003 when this company is being valued and to understand what those future dollars, those future profits, brought back to 2003 would be worth.

So you need what is known as a technique called "discounting to present value." That requires developing a discount rate.

Q. How did you go about doing that?

A. A discount rate in this case is what we call coming up with a weighted average cost of capital for the company being valued. In the case of Dock Street, if you are looking at the weighted average cost of capital, you have got two components. You have got debt and equity that make up the capital of this business.

So it's necessary to determine the cost of the debt and the cost of the equity so that we can

come up with a weighted average of those two in getting to a discount rate.

Q. Did you prepare some schedules that go through that analysis with the cost of debt and cost of equity?

A. I did. Maybe we can start with the debt.

Q. All right.

A. If you look at Exhibit I, Exhibit I was an analysis we performed with financial data. It came out of the financial statements of Dock Street for the year ending 12/31/2002. And that information showed us the various debt that Dock Street had, and it indicated the cost of that debt, or the interest rate that was being charged. And that allowed us to determine: What was the average cost of debt for Dock Street? The reason we are using the end of 2002 is it seems to be the most relevant year-end or full results before the March 31, 2003, valuation.

Q. When you did that analysis, what was your total for the cost of debt?

A. We came up with a total cost of 7.56 percent. So roughly 7.6 percent is the cost of the debt.

Q. Then the other half of the equation you were talking about before would be, I suppose, the

cost of equity?

A. That's right. If you look at Exhibit H, we have gone through the process of determining what was the appropriate cost of equity for Dock Street. And there are certain valuation standards or guidance that we have used in getting to that. The way you develop a cost of equity is use the build-up rate. It recognizes that you start with a risk-free rate, which is typically found in a government security, a 20-year or 10-year treasury note. At that time period in 2003, the rate was roughly 4.96 percent for government treasury. That establishes a base for a risk-free rate in looking at the cost of equity.

But you have to add to that risk-free rate a historical performance or historical rate that reflects equities risk over a government bond. And to make a long story short, a very well-recognized financial institution known as Ibbotson, which is a research center, has tracked this, and they have quantified the difference or the delta between the bonds and equities, and that is currently at 7 percent.

Q. That's what we see on Exhibit H?

A. Right.

Q. Okay.

A. But that rate in itself needs to be adjusted to reflect the industry risk which is found in the industry or markets that Dock Street would operate. And there is a term called a lever of beta. A beta measures risk. And Ibbotson further analyzes and quantifies within specific industries what those risk factors are as measured by beta.

We looked at an industry code, which is a SIC code, which is 349. That's identified as miscellaneous fabricated metal products, which we believe is a good measure of the markets that Dock Street, as well as Metaltech, operate in. It gave guidance as a beta for those industries as being .37, which means it is relatively low risk or relatively -- not significant fluctuations or variations in the risk factors of that market. We have applied that beta to the equity level and came up with a 2.59 percent adjustment to the risk-free rate.

Now, further analysis indicates there should be some additional risk assigned to this cost of equity because of the small size of Dock Street. As we saw in our historical performance, as well as the projections, that this is a company of a couple million dollars, which is clearly at the lowest decile

of any measurements of risk of companies within this industry. So they have measured that as an additional 5.67 percent interest or discount.

Q. Could you give us an idea of the magnitude of that number; what that means in terms of how much you were increasing the risk?

A. Well, in this case you are almost doubling -- well, you have got almost 7 and a half, 8 percent of risk established with the bond and the equity premium. So we are adding more than 50 percent, almost 75 percent, of additional risk on this because of the small size.

But the final aspect in looking at the cost of equity is looking at the specific company and doing some analysis that allows you to assess whether this company has greater or less risk in what you typically find in businesses that operate in that industry.

And we looked at -- it did have declining sales. It was operating in a recession. It did in some years reflect losses. And it did have cash flow issues. And our assessment of that was there should be additional risk, and this is 6 percent. Which, again, is almost over 50 percent and close to 75 percent of what the underlying risk of an equity is.

So we have added to the basic cost of an equity, additional risk for size, and additional risk for historical performance. And when we do that, we come up with a cost of equity of 19.22 percent, which is rounded to roughly 19 percent.

Q. Okay. And that's the story now of the equity; we heard the story of the debt. Now, what do you do with those two figures?

A. As I said, we are trying to determine the weighted average of the overall capital of this company. So you want to look at the -- you want to go through a process of weighting them and coming up with a single rate or a single cost of capital.

If you look at Exhibit G, what that does is it presents a summary at the top of what we believe the cost of equity and the cost of debt to be.

Q. The numbers we just talked about?

A. Right, the 19 and the 7.6 percent. But it then is necessary to understand what -- in this case, a hypothetical value or capital structure would be. And what you typically do is you look at the fair market value of the debt, the fair market value of the equity and determine the mix or the allocation of that -- of those forms of capital.

And you have guidance, again, in this

Ibbotson publication, the data material that tracked for the specific SIC code and indicated that historical experience within that industry was 43 percent debt and 57 percent equity. That tends to be the mixture of how companies capitalize. And using that guidance is how we went about weighting it.

Q. We see those two numbers in Exhibit G?

A. That's right.

Q. Then once you have those two numbers and you have your ratio of debt to equity, what is your next step?

A. Well, there is what -- we also present the tax rate, and that is -- what a typical corporate rate would be is 39 percent for both state and federal.

Q. Okay.

A. We have -- you need to tax effect the debt, because debt has interest associated with it, and interest is a tax deductible expense. So, therefore, you need to look at the cost of debt from an after-tax standpoint. When you apply that rate, and we present the weighted average cost of capital in the middle of the page, it's the cost of equity times the equity-tc-value ratio.

Q. That 43/57 percent ratio?

A. Right. In this case it would be 57

percent of equity.

Q. Right.

A. And you are adding the cost of debt, which is 7.6 percent; the debt to value, which is 43 percent; but you are also applying an after-tax rate -- one minus the effective tax rate of 39 percent.

When you perform those analyses, you come up with a weighted average cost of capital of 12.8 percent. But that is stated on an after-tax basis. What we need to look at in this case, is because Dock Street is an S-Corporation and does not pay taxes at the corporate level, but rather the individual level, we then need to make sure that our discount rate is on a consistent basis with the measure of earnings.

So it's necessary to restate the discount rate on a pre-tax basis to be the equivalent of the S-Corporation earnings of Dock Street. And to do that, you use a technique called "grossing up" the tax rate, which means that the -- rather than an after-tax rate, you use a before-tax rate. That is what we are doing by taking the weighted average cost of capital and dividing it by one minus the tax rate, or essentially, 1. -- dividing it by .61 percent, which is an after-tax effect.

Q. That's down in the middle of the page?
A. Correct. And when you do that, the overall pre-tax discount rate would be 21 percent.
Q. Okay. Now, then what does that number represent in terms of the terminology used before, the discount rate, growth rate and capitalization rate?
A. Okay. The discount rate that has been calculated here is the amount, the figure that is used in future years of profits and earnings to bring back to a present value as of March 31, 2003.
Q. What is the discount rate you calculated here for Dock Street?
A. Twenty-one percent.
Q. Now, what I would like to do is have you look at a schedule you prepared, which I think combines the numbers we saw before about projected cash flow in the future, and then bringing it back, as you say, to present value. I think, if I am not mistaken, that's one of the later attachments to this.
A. That's Exhibit L.
Q. Okay.
A. I am sorry, that's Exhibit J.
Q. Yes. Could you please explain what is going on in Exhibit J compared to what you told us so

far?

A. Okay. We start with the projected net income that was developed by management for the five-year period.

Q. That would be our -- what number on this page?

A. That would be the top number which, for example, in the year projected 12/31/2003, would be $184,225.

Q. Okay.

A. And then we want to go from net income to free cash flow, because it's free cash flow that is the measure of earnings that is used in valuing a business.

Q. All right.

A. And to get to that, you have to make certain adjustments, and you begin with adding back depreciation and amortization, which are not cash expenditures, but are accounting entries.

Q. Okay.

A. You also want to add back interest, because we are valuing the invested capital of the business, meaning the entire business. Therefore, we are adding back interest to it. We are subtracting out capital expenditures, which are actual dollars

expected to be spent in a given year to buy new equipment. We are also indicating in this case subtracting out any changes in working capital which are expected to be needed to meet the growing -- the growth of the company.

Q. All right.

A. And when you add or subtract to make those adjustments, your net income becomes a free cash flow measure, and that is what you are trying to get to in terms of valuing the business based on the cash flow it will generate in the future.

Q. Okay. So the bold-faced numbers in the middle of the page going across is free cash flow projected going forward?

A. Correct.

Q. Then to tie in, you told us about the discount rate. What would we see in terms of the present value of those numbers if that is reflected on this Exhibit J?

A. Okay. The discount rate is using the 21 percent discount rate over -- in a given year, but it has an exponential effect to it, meaning the more years you go out, the 21 percent discount is being multiplied by itself or squared or tripled or quadrupled to that power, and that's the financial or

column on the page?

A. That's correct.

Q. Now, you now have your present value of cash flow for the five years projected, plus the terminal year; what do you do with those numbers?

A. Then it becomes -- you sum it. It's a summation of the future cash flow streams brought back to a present value and totaled. That's where I believe that the present value of the future cash flow streams of this business would be worth $3,226,827.

Q. Does that give us the answer to the question of what Mr. Gordon -- is a fair value of his interest in the company?

A. No.

Q. What do you need to do beyond this in order to get that?

A. What this number reflects is the overall value of the business, the invested capital, which is debt and equity. You need to subtract out the debt of the business to determine what the equity value is worth, because it's assets equals liabilities and equity. So if you take the total assets and say they were 3.226 million, you subtract out the debt, what remains should be the equity value of the business.

Q. I believe you have a schedule. What does

THE COURT: We will recess until one o'clock.

(Lunch recess from 11:37 a.m. to 1:10 p.m.

THE COURT: All right, Mr. Taladay. You may continue cross-examination.

MR. TALADAY: Thank you, Your Honor.

CROSS EXAMINATION (cont.)

BY MR. TALADAY:

Q. Mr. Gleason, as we were discussing before lunch, in arriving at the valuation of these two businesses as of March 31, 2003, what you need to do is consider information that was known as of that date plus any reasonable inferences or projections that can be made from that information with the knowledge that existed at that time; is that correct?

A. Generally, I would agree with that.

Q. In other words, it wouldn't be proper to consider things that happened after the valuation date, correct?

A. Sometimes in a valuation you use those to somehow confirm or better verify the information assumptions that were developed prior to the valuation.

Q. You would agree with me on any particular

Q. Let me give you that. I prefer you use this so we are all on the same sheet.
A. Okay. On Exhibit 7, the title indicates that it's Dock Street Manufacturing, Inc., P&L statement, 12 months ending 12/31/03.
Q. So let's take a look then at the bottom of the page. And if you go across there to the last column on the right side, all right, so we all know what we are talking about, that bottom number, the bottom right-hand corner is what?
A. $184,225.
Q. I would like you to take a look at Exhibit 1, your Dock Street report, at the projected 12/31/03 number and the net income figure you have there. What is that?
A. On Tab F, which is Exhibit F, the projected 12/31/03 net income is $184,225.
Q. Exactly the same?
A. Yes, it is.
Q. Estimated projection?
A. Correct.
Q. Let's look at the first three months. We know the valuation date for here is March 31, 2003, okay. So I would like you to look at Exhibit 7, the one I just gave you from the management projection,

and let's look at the bottom numbers, the numbers on the bottom of the page for the first three months, January, February, and March 2003; do you see that?

A. Yes, I do.

Q. What are those numbers?

A. For January, it's $14,580; for February, it's $15,446, and for March it's $19,445.

Q. I am going to show you what has been marked as Plaintiffs' Exhibit 9. This will be a document we will have to talk about later with the management from Dock Street, and here we are looking at the same time frame. If you look at the ledger at the top, it says Dock Street Manufacturing, 12 months ending 12/31/03, right?

A. Yes.

Q. Let's look at the same three months, the first three months of that time frame, and let's look at the bottom number there. What numbers do we have for the month of January?

A. You have -- for January you have $23,621.

Q. How does that compare with Exhibit 7, which were the projections for that month?

A. The actual exceeds the projection by roughly $9,000.

Q. How about for February?

A. February, the figure is $33,861.
Q. That's the actual from Exhibit 9, right?
A. Correct.
Q. How does that compare to the projection?
A. That is roughly $18,000 greater than the February projection.
Q. Then let's look at March, the projection compared to actual.
A. The March actual is $8,398.
Q. And the projection was higher, wasn't it?
A. Right. It was $19,445.
Q. Let's total up those three months. How do those totals compare, projections to actual?
A. I don't have a calculator.
Q. Let me --
A. Well, I can basically do it. It's about $64,000.
Q. In actual?
A. In actuals for the first three months.
Q. Compared to projections?
A. The projections are about --
Q. Forty-four? Forty-eight?
A. $48,000.
Q. So 66,000 actual, $48,000 projected?
A. Generally, yes.

Q. Now, that's the Dock Street picture. That's consistent with what you testified to. You looked at the actuals and they exceeded what the projections were for Dock Street?

A. Correct.

Q. Let's look at Metaltech. Exhibit 6, you already have. Actually, if you don't have Exhibit 6 in front of you, I can give you another copy.

A. I don't have Exhibit 6.

Q. I will give you that, and while I'm doing that I will hand out a copy of Exhibit 10. Here we are talking about Metaltech. Let's look now, if you would, please, at Exhibit 6. We will do the same we did with Dock Street. The time period here, again, is 12 months ending 12/31/03, right?

A. Correct.

Q. The number in the bottom right-hand corner, which is the total for that year projected, is what?

A. $465,132.

Q. Let's take a look at your report for Metaltech and make sure we have the right numbers. And what we have in Exhibit E -- I am sorry. This is Plaintiffs' Exhibit 2, the Metaltech report. And I am now at Tab E. If you look at the bottom row of

numbers in the column projected for March 31, 2004, what number do you have?

A. $465,131.

Q. One dollar difference than what we had in the projection?

A. Correct.

Q. Let's take a look at the projections, Plaintiffs' Exhibit 6, and compare it to the actuals. That's what I just handed you, which was Plaintiffs' Exhibit 10.

A. I am sorry. I don't think I have Plaintiffs' Exhibit 10.

MR. EJZAK: Let me give you a copy. I think -- your Honor, I did provide you with a copy of Exhibit 10?

THE COURT: I have it.

BY MR. EJZAK:

Q. Now, if we look at Exhibit 10, the projection, let's look at the first three months like we did with Dock Street. The projection which is on Plaintiffs' Exhibit 6 for January, February, and March, that's the number at the bottom of the page, what are those numbers? You can approximate it.

A. $33,991, $24,173, and $29,316.

Q. Let's look now at Plaintiffs' Exhibit 10.

Those are the projections, now let's look at the actuals for the same time period: January, February, and March.

A. The actual for January is $33,291. It's -- for February it's $20,411, and for March it's $25,458.

Q. Those numbers, is that what you are talking about as being close to what the projections were?

A. Correct.

Q. It's not as good as Dock Street where they are exceeding the projections?

A. These are slightly -- the actuals are slightly less than the projections.

Q. But the difference between the actuals and projections, would that have raised a red flag with you?

A. No. You are talking about something within $5,000, which is insignificant.

Q. Okay. Let's look back again at Plaintiffs' Exhibit 1. That's your report on Dock Street. This time we are going to go to Tab F. Mr. Taladay -- I will give you a chance to find that.

A. Okay.

Q. Mr. Taladay was asking you questions

THE COURT: Will you market that A?

BY MR. TALADAY:

Q. Sure. Defendant's Exhibit A, which is entitled Professional Biography, James J. Mulick, Ph.D. Does this summarize your educational background, work experience, and areas of specialty?

A. Yes.

Q. If I were to ask you about everything that was in that particular document, would you be able to testify at length?

A. Yes.

MR. TALADAY: Your Honor, I would offer Mr. Mulick as an expert in the area of business valuation.

MR. EJZAK: Just a few questions on voir dire.

VOIR DIRE EXAMINATION

BY MR. EJZAK:

Q. The biography that Mr. Taladay just handed me, Mr. Mulick, doesn't indicate you were a certified valuation analyst?

A. No.

Q. Have you ever taken courses to be certified as a valuation analyst?

A. No.

Q. You don't have that certification?
A. No. I mean, in my profession, I think it's more of a -- my academic background of having a Ph.D. and business graduate, a minor in finance, I taught valuation. And for me, at this point in my career, getting that kind of certification is really not necessary.
Q. The Ph.D. work you did, I think you said was on international economic analysis, right?
A. No.
Q. Was that part of the Ph.D. program you had?
A. No. I started at the bank in economic analysis, but that was not what my Ph.D. was about.
Q. I misunderstood. But at the bank you started in international economic analysis?
A. That was my first job, yes.
Q. Did you do business valuations like what we are looking at here today while in that position?
A. In which position?
Q. The bank position when you were doing international bank analysis.
A. Not the first position, no.
Q. I expect we will be talking about the valuation you prepared here. How many reports like

Mr. Gleason represents that the analysis -- "Our analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice and Standards of the National Association of Certified Valuation Analysts."

Your report -- that's Exhibit B -- doesn't contain a statement similar to that, does it?

A. No. That statement is primarily associated with IRS kind of litigation and certain kinds of litigation. It's my understanding that requires that particular approach, especially IRS-related litigation.

Q. It's true that you have not signed your name to a statement that says that your report conforms with either the Uniform Standards of Professional Appraisal Practice or the Standards of the National Association of Certified Valuation Analysts?

A. I did not sign that statement.

Q. You are familiar -- well, are you familiar with the Professional Standards of the National Association of Certified Valuation Analysts?

A. I am familiar that they exist. I have read them, yes.

Q. But you are not -- we established earlier that you are not a Certified Valuation Analyst?

A. No, sir.

Q. The point I was making earlier in looking at your report, Exhibit B -- not the reformulated Exhibit C -- you agree there is no mention anywhere in that report of the market approach or the underlying asset approach?

A. There is no mention of it, no.

Q. If you would look -- well, let me ask this: The National Association of Certified Valuation Analysts Professional Standards, Section 3.6, states -- I will quote this: "Valuation methods are commonly categorized as the asset-based approach, market approach, the income approach or a combination of these approaches. Consideration should be given to all approaches. Professional judgment must be used to select the approaches and the methods that best indicate the value of the business interest."

The standard is telling you that you are supposed to consider all three approaches, correct?

A. You read it.

Q. Were you familiar with this standard when you prepared your report?

A. Was I familiar? I mean, I am aware,

When you look at transactions, that's another way. You look at comparable transactions that were happening in the marketplace. There were no market comparable transactions of small little powdered metals companies or machines shops that were in financial distress. So I couldn't draw any meaningful conclusion; so, therefore, I didn't include it in my report.

Q. Let's look at your reformatted report, Exhibit C, page 20.

THE COURT: Page?

MR. EJZAK: Page 20.

BY MR. EJZAK:

Q. Here Mr. Taladay had you testify about the net income for the year 2001 for Dock Street. And I believe you testified, based on what you have here, it was a negative 571,152, right?

A. Yes.

Q. This number, has that been adjusted to account for the fact there was a price increase for Dock Street?

A. No. These were the real numbers that were reported to me.

Q. Let's talk about real numbers. By that, we mean this is a number that is reflected upon the

reports, the financial statements prepared by the company?

A. The compiled financial statements that were reported, yes.

Q. And we all know it's a real fact of life that there was a price increase of 25 to 30 percent on what Dock Street sold to Invensys, its 90 percent customer?

A. But you asked me -- in 2001 there was no price increase.

Q. Right. But we know as a fact of life, if you take a look at your Exhibit B, you say at page -- hopefully, I can find it -- page 8 at the bottom, in September of 2002 Dock Street management successfully renegotiated the price and formula -- that's with Invensys, right?

A. Yes.

Q. Resulting in an average price increase across the products of approximately 25 to 30 percent, right?

A. Yes.

Q. You would agree, wouldn't you, that it's not unusual to make an adjustment on the basis of known changes to the financial statement prepared by the company similar to what we have here for the 25 to

30 percent price increase?

A. I don't think it's common at all. I don't know why you would do it. I deal with the reality of what was -- occurred. What did they report for 2001?

When you are projecting, that's when you take into consideration the price increase. I don't know -- it doesn't really -- I don't know what it does for you to adjust past history, necessarily.

Q. Wouldn't you agree it would give you a more accurate picture of what the company would have realized when the prices were in place as of September of 2002?

A. No, because there is all kinds of other assumptions that you would have to make. We talked about this casting issue, whether they were being supplied the castings or not supplied the castings. I mean, there were head count issues. They laid people off to try to get back to -- then you want to adjust, put the people back in? There is lot of things you could have adjusted for. If you go through that whole exercise, I don't know what it really gets you.

Q. Let me ask you this though: When you are looking at the financial history of the company, you, of course, recognized when you looked at the year 2001 and saw the negative number for net income, that that

was before the company had renegotiated its price increase?

A. Yes.

Q. And you also recognized that was before the company had changed its situation in terms of buying the castings from Invensys and then passing the cost of the castings back to Invensys, right?

A. Yes.

Q. How would you expect those two changes -- or let's look at the price increase from 25 to 30 percent. How would you expect that change to affect the financial statements of the company?

A. I would expect it would be positive, if that's the question.

Q. Now, if we take a look at cash, and you say that the company was in default on both interest and principal on some bank loans. Did you discuss with management, anyone at management, why that had happened?

A. Yes.

Q. Do you know if, in fact, there was cash the company had that it could have used to pay those, at least the interest payments, but was instead used for some other purpose or not used at all?

A. The financial data that I looked at

Q. What I am saying is, if you compare the cash that is reflected for those four time periods, 97,000 that you have in your report is second only to the amount it had in cash in the year 2000, isn't it?
A. Yes. I will also note they only had 16,000 as of the end of 2002.
Q. That's interesting, isn't it?
A. Yes.
Q. That would indicate the company, the first quarter of 2003, you would agree that the country is coming out of recession?
A. Yes.
Q. In the first quarter of 2003 the company's cash available went from 16,000 to 97,000?
A. Yes.
Q. Now, let's say on this page 11 of your report -- because Mr. Taladay had you talk about the debt. Let's get this straight. The debt figures for the companies under the analysis both you and Mr. Gleason used, that debt is subtracted dollar per dollar from the value of the company, isn't it, at the end of the discounted cash flow analysis?
A. Yes.
Q. So whatever number you have in debt, to the extent it is wrong, it's a dollar-per-dollar harm

improve their position. What it did to the company, at that point, it probably wasn't as important to them as improving their own position. As soon as their cash collateralized, that's the important thing to them.

Q. You would agree, wouldn't you, that both Dock Street and Metaltech were on the up-swing in the first quarter of 2003?

A. Yes.

Q. In fact, in your report on page 11, Exhibit B, you say, "Sales" -- this is for Dock Street -- "increased by approximately 6 percent to 808,973 compared to the first quarter of 2002, primarily reflecting the price increases implemented in September of 2002. Moreover, profitability was enhanced by the implementation of cost-cutting initiatives, including employee layoffs, employee multi-tasking, and a reduction in executive salaries," right?

A. Yes.

Q. Now, let's take a look at what you testified to regarding cash flow projections. We all know from the testimony you and Mr. Gleason both gave, one of the first steps in doing a discounted cash flow approach is to do projections of cash flow into the

future, right?

A. I think the first step is to tour the company and get to know the company and get to know the assets and the management, to really understand whether this company can generate cash flow. That's the first step for me.

Q. Why is it you would get to know management?

A. Because -- so I can see -- get their input into the projection process.

Q. Why is that important?

A. Because they are the ones that are -- they are the ones that have to execute.

Q. Would you say they know the company better than anyone else?

A. Who are we talking about?

Q. Better than you as an outsider coming in new?

A. I would say Mr. Asti, yes, and Mr. Zaffuto, yes.

Q. It's important to know what they think about what the company does and where it's going?

A. Yes.

Q. You said you spoke with Mr. Asti about -- and discussed and knew that he was preparing

Q. Metaltech. This is Appendix II -- I am sorry. I did it twice and got it wrong the first two times. Exhibit B, Appendix II, the discounted cash flow analysis for Metaltech, right?

A. Yes.

Q. For periods one and two after the base period, your net income figure is 11,458 for period one, and for period two is 21,953. See that?

A. Yes.

Q. We had testimony earlier and had documents showing what management's projections were for the time period around those periods. Do you recall that testimony?

A. Yes.

Q. Do you recall that the testimony was that management's forecast for those periods was in the $400,000 range? Do you recall that?

A. Yes.

Q. That's substantially higher than the $11,000 figure and the $21,000 figure you have there, isn't it?

A. Yes.

Q. Now, when you prepared your projections, didn't you consider it important to know what management was projecting?

A. Yes.
Q. Did you know at that time that management had made projections prior to this litigation being filed?
A. Was I aware that they made projections for 2003 and 2004 prior to that -- to the litigation being filed?
Q. Yes.
A. No, I was not aware of that.
Q. So you were not handed a copy of Plaintiffs' Exhibit 6?
A. I am not -- Plaintiffs' Exhibit 6. When were these dated? This one says 12/17/03.
Q. '02.
A. '02?
Q. Projections for the 12-month ending '03.
A. When was the litigation filed?
Q. July of '03.
A. I was not -- I did not see these specific projections.
Q. Wouldn't you agree that management, after the litigation was filed, had an incentive to make projections that would not be as high as they would prior to having a litigation filed?
A. What was the incentive?

Q. The projections are going to affect how much they are going to have to pay Mr. Gordon, aren't they?

A. No, because Mr. Asti is not a shareholder. So I don't think he would have any -- I don't think he would do that, no.

Q. It's certainly in the company's interest not to have projections that are high in number after the litigation is filed, correct?

A. I suppose so. I suppose that's true.

Q. Wouldn't you consider it more credible to look at projections that were made when that incentive wasn't there?

A. I use -- whenever I worked with Mr. Asti on these projections, it was critical to try to understand what would have happened to these two companies, these small financially-troubled companies, if this corporate action didn't take place.

And so my belief -- and I haven't seen these projections -- but my belief is these projections were made with the anticipation that this refinancing was going to take place. That's my feeling.

Q. All right. But you didn't have any testimony or discussion with Mr. Asti to confirm that?

2003.

A. I am sorry.

Q. Refinancing didn't happen until after that.

A. I thought you were talking about 2003, the whole year.

Q. So the refinancing couldn't have made the companies' performance good in first quarter of 2003?

A. No.

Q. My question is: Once you look at the actuals and see they are about the same or exceed the projections of management, would that give you more confidence in management's projections?

A. Yes.

Q. Would it be important for you to know that Mr. Asti or management of Dock Street prepared projections prior to litigation being filed? Is that something you would want to know?

A. I would want all the relevant information. I suppose that's certainly some of it.

Q. You agree with Mr. Gleason that the Ibbotson group he looked at for data is a reputable group?

A. Yes.

Q. We have had a lot of testimony on the

the last page of your report, and in this you have what we looked at before, the net income in the first period after the base period for Metaltech is 11,458. That's for the entire year, right?

A. I am sorry. I was looking at this.

Q. Let's look at your Exhibit B, your report, very last page, Appendix II.

A. Okay.

Q. Your net income for the first year after the base period is $11,458?

A. Yes.

Q. If you look, please, at Plaintiffs' Exhibit 10, what is the amount for the net income for the first month of the year 2003, January? That's the bottom number.

A. Net profit of 33291.

Q. The actuals for the first month of 2003, you would agree, is three times higher than what you had projected for the entire year, correct?

A. Yes.

MR. EJZAK: No further questions.

THE COURT: Redirect.

MR. TALADAY: Very briefly.

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Q. You own this jointly with her?
A. Yes, I do.
Q. Continuing then on with the services you provided to Metaltech, you were talking about the first couple years. What about after that, in terms of time devoted and payment received?
A. Starting probably in about the mid-'90s it became a full-time job. My salary ranged anywhere from 24,000 at the beginning in the mid-'90s probably to the high 30s, maybe low 40s, in 2001.
Q. How did that compare to the market rate for what you could have earned?
A. Someone with over 30 years' experience and being a CPA, I am sure that if I would go out to the market to hire, that it would be considerably more.

MR. EJZAK: Before I forget, Your Honor, I move the admission of Plaintiffs' Exhibit 20.

MR. TALADAY: No objection.

THE COURT: Twenty is admitted.

MR. EJZAK: Thank you.

BY MR. EJZAK:
Q. Now, how much in terms of percentage would your 666 and two thirds share of stock give you in Metaltech?

A. 8.16 percent.
Q. Who were the two other -- well, let me ask this. Who were the other major shareholders of Metaltech?
A. Bob Hanak and Anthony Zaffuto.
Q. Any other shareholders at any time?
A. Yes, there were.
Q. How much roughly in terms of a percentage interest in the company did the other shareholders have?
A. Probably 20, 25 percent.
Q. How much did Mr. Hanak and Mr. Zaffuto have?
A. They were the majority shareholders. I would say between them, they had 70, 75 percent.
Q. At some point did some of those minority shareholders drop out and no longer have an interest in the company?
A. Yes. They arranged a deal that they wanted bought out and some assets were traded for their stock.
Q. What assets were traded?
A. It was a building that we had purchased, that was a powdered metal company that we purchased and had a building and approximately four acres over

they received in exchange, what was the value of their stock was.

THE COURT: And he said no.

MR. EJZAK: I will not pursue that as long as we are not going to hear any questions about that from the other side.

THE COURT: Very well. Unless they open the door, I will sustain the objection.

BY MR. EJZAK:

Q. As a result of that, once those minority shareholders had sold their stock back to the company, what percentage of interest do you have in the company?

A. 8.16 when it was sold.

Q. All right. We just talked about Metaltech Are you also familiar with a company called Dock Street?

A. Yes, I am.

Q. What is Dock Street Manufacturing?

A. It's a machine -- CNC machining and metal stamping operation.

Q. Were you involved in forming Dock Street?

A. Yes.

Q. Who else was involved in forming Dock Street?

Metaltech besides that payment and the services you provided?

A. Throughout the early stages, we had to put money in, in order to cover payroll, and that was in the early '90s and so forth. The net was always paid back when funds were available.

Q. What percentage of interest did you receive, if any, for Dock Street?

A. We had -- the three of us each had a one-third interest.

Q. Has that changed at any time?

A. No, it did not.

Q. Now, when Dock Street was formed, was there any relationship that Dock Street had with a company called Invensys?

A. Yes. We machined and provided parts for their meter assembly plant.

Q. All right. There was a pricing arrangement in place when you first formed Dock Street; was there not?

A. Yes. We were provided with their internal cost system, adjusted for overhead. They had an extremely large amount of overhead in their costing system, and they adjusted that. They believed there was still enough left in there that we would be a

margin for the other two divisions that are mentioned?
A. It's considerably higher, 4.2 percent, 2.4 percent.
Q. Are you familiar with a company called DuPenn?
A. Yes, I am.
Q. What did DuPenn do?
A. I believe it's a graphite machining.
Q. Before we go much further, does DuPenn do any business in another name?
A. Yes, IGM.
Q. Did you become familiar at some point of a plan to merge Metaltech and Dock Street into DuPenn?
A. Yes, I was.
Q. Who was it that was suggesting that plan of merger?
A. The shareholders of DuPenn.
Q. Did any of those shareholders overlap with the owners of shares of Metaltech and Dock Street?
A. Yes.
Q. Who overlapped?
A. Bob Hanak and Anthony Zaffuto.
Q. In connection with that merger, were you in favor or opposed to it?
A. I was opposed, strongly opposed.

Q. Would you explain why?
A. DuPenn was in terrible shape. I mean, it was beyond repair.
Q. Why were you opposed to the plan of merging Dock Street and Metaltech into DuPenn?
A. Because I had no interest whatsoever in DuPenn and I was a one-third owner in Dock Street, and 8 percent ownership in Metaltech, which were both turning around, profitable companies.
Q. Did you receive documents about DuPenn in connection with the planned merger?
A. Yes. I had documents to review when the merger was suggested.
Q. I will show you what has been marked as Plaintiffs' Exhibit 21. I will ask to you identify this document for the record.
A. This is DuPenn Balance Sheet for the year ended 12/31/02 and for projections, 12/31/03 and 12/31/04.
Q. Mr. Gordon, did you also receive documents regarding the combined company of DuPenn Dock Street, and Metaltech?
A. Yes, I did.
Q. I will show you what has been marked as Plaintiffs' Exhibit 22 and ask you to identify that

merger, and it was the basis why he didn't go forward with the merger. He actually saw this beforehand.

THE COURT: All right. I am going to hear the testimony, but I am going to reserve ruling if you offer these to give Mr. Taladay a chance to brief it. If I agree with it, I will strike the testimony.

MR. EJZAK: Thank you, Your Honor.

BY MR. EJZAK:

Q. Now, going over to the easel, I would like you to work with me. I will tell the Court, I made calculations ahead of time. But if you could look first at the DuPenn document. That is Exhibit 21. And tell me on the second page where it says Total Capital -- this is near the bottom of the page, the second to the last document. And I have -- here we go. At the bottom of the page, Total Capital?

A. Total Capital --

Q. For 2002, for year ending 2002, what does it show for DuPenn?

A. 3,659,653.

Q. Is that positive or negative?

A. That's negative capital.

Q. Now, from 2002 to 2003, what happens to that total capital number? Does it go up or down?

A. Total capital goes down basically. That would show they sustained a loss of approximately $180,000, they were projecting for 2003.

Q. Now, I made that calculation, and the exact number is 181,498. Taking this story forward, in 2004 what is that number? Up or down?

A. The capital goes down. They sustained another -- they are projecting another loss for 2004 of approximately 150,000.

Q. Okay. The exact number, I can tell the Court, is 149,940. Okay. Now, for the next step we are going to have to look at Plaintiffs' Exhibit 22, which is the combined numbers. This is assuming that Dock Street and Metaltech are merged into DuPenn.

A. That's correct.

Q. Let's turn to the second page. The corresponding number here, if you look at the year 2002, year ending 2002, the total capital number there is 3,995,886, right?

A. That's correct.

Q. If you compare that to what the number is for the year ending 2003, does that number get better or worse?

A. It's much better. It shows there was a profit of roughly $450,000.

Q. That exact number, if you calculate it, is 467,858. I did that by subtracting the difference of 3.9 million and 3.5 million. For 2004, if we play forward, the number there is 2,995,822. See that?

A. I see that.

Q. So is the combined company getting better or worse?

A. The combined company is getting worse. It shows the combined company had a profit of roughly $530,000.

Q. I think you said it got worse, but it's going from a negative 3.5 to negative 3.9?

A. I am sorry. The capital got better. There was a combined profit for all three companies of 530,000.

Q. Right. The exact number is 532,206. Now, we saw when we looked at Exhibit 21 that DuPenn is getting worse in these years. It's getting lower by these figures here on the chart. But the combined company is improving. Even though it's still negative, it's improving. So then what does that mean in terms of Metaltech and Dock Street's contribution to the overall performance of the company, the combined company?

A. In the first year, 2003, it shows that

Metaltech and Dock Street combined made over $600,000.

Q. All right. If you do the math, that exact number is $649,356 that Metaltech and Dock Street are contributing to the combined company. And then if you look at the year 2004, how much would Metaltech and Dock Street have to improve to offset DuPenn 's losses?

A. It would been about $680,000 that they would have.

Q. Right. And the exact number, if you do the math, is 682,146. The math is simply taking this negative number, recognizing that it's going to improve with this positive number and seeing what the difference is. Now, if you would, please, take a look at what has been marked as Plaintiffs' Exhibit 6 and 7. I believe that's still up at your table. If it's not, let me know.

A. Yes, I have them.

Q. When you look at Exhibit 6, that's Metaltech, the projections from management we talked about yesterday.

A. Yes.

Q. What do they have for Metaltech's improvement on the first page, page 6, the bottom right-hand corner?

A. $465,132 profit.
Q. 465,132. For Dock Street what did they have? I am sorry, that's on Plaintiffs' Exhibit 7.
A. Dock Street they show 184,225.
Q. Now, let's look back at Plaintiffs' Exhibit 6 for the year 2004. That's the second page. What was the management projecting that Metaltech --
A. Metaltech was 488,690.
Q. 488,690. And now on Dock Street, the second page of Exhibit 7, what do they have management saying Dock Street was?
A. 193,456.
Q. Now, if we combine these, what total do we get for the improvement for Metaltech and Dock Street roughly?
A. Roughly 649,357, it looks like there.
Q. That's to DuPenn How did that compare with what these other two documents were saying that Metaltech and Dock Street would have to improve?
A. It supports it.
Q. How much difference?
A. I am sorry. I don't understand your question.
Q. How much difference between 649,356 and 649,357?

THE COURT: I think the Court can do the math.

BY MR. EJZAK:

Q. If we do the same calculation for 2004, what is this total up to?

A. 682,146.

Q. The exact same number that we saw Metaltech and Dock Street would have to be contributing to DuPenn?

A. That's correct.

Q. Is this the kind of analysis and examination that led to your position on opposing the Dupenn merger?

A. Yes. I didn't have to get into betas or anything like we did yesterday. I could plainly see there is no logical reason why I would want DuPenn -- why I wanted to bail out DuPenn.

Q. All right.

MR. TALADAY: Your Honor, at this point I would renew my objection and move to strike. The reasons for Mr. Gordon's decision on whether or not to participate in the merger are irrelevant, and I withheld my objection to counsel's soliloquy on these calculations, because whether it was a good deal or a bad deal doesn't impact what we are trying to

THE COURT: I already indicated that I am not going to admit them at this point in any event. I want to give Mr. Taladay a chance to show me some law as to its relevance here, if he is going to pursue his objection.

MR. EJZAK: All right.

BY MR. EJZAK:

Q. Did you notify the other shareholders of Dock Street and Metaltech that you were opposed to the merger?

A. Yes, I did.

Q. I will show you what has been marked as Plaintiffs' Exhibit 23 and ask you to identify that for the Court.

A. This is the letter that informed Dock Street that I was opposed to the merger.

Q. What is the date of that letter?

A. January 3, 2003.

MR. EJZAK: I move the admission of Plaintiffs' Exhibit 23.

MR. TALADAY: No objection.

THE COURT: It's admitted.

BY MR. EJZAK:

Q. Now, I will ask you to take a look at what I marked as Plaintiffs' Exhibit 24 and ask you to

identify that for the record.

A. This is a letter I sent to Metaltech notifying them I was opposed to it and wanted paid fair value for my shares in the corporation.

MR. EJZAK: I offer into evidence Plaintiffs' Exhibit 24.

MR. TALADAY: No objection.

THE COURT: Twenty-four is admitted.

BY MR. EJZAK:

Q. Mr. Gordon, despite your opposition, did the merger go through?

A. Yes, it did.

Q. I show you what has been marked Plaintiffs' Exhibit 25 and ask you to identify that for the record.

A. There is the plan of merger between Dock Street and Metaltech and DuPenn Corporation.

MR. EJZAK: I move the admission of Plaintiffs' Exhibit 25.

MR. TALADAY: No objection.

THE COURT: Admitted.

BY MR. EJZAK:

Q. Mr. Gordon, under this plan of merger, do you receive any shares of stock in the combined company?

A. No, I do not.
Q. Do you know, Mr. Gordon, what date the merger became effective?
A. March 31, 2003.
Q. In connection with the merger, did you receive anything from Dock Street for the shares -- for the interest you owned in the company?
A. No, I did not.
Q. Did you receive anything from Metaltech?
A. No, I did not.
Q. I am going to show you what has been marked as Plaintiffs' Exhibit 26 and ask you to identify that for the Court.
A. This is my letter to Dock Street regarding the exercise of the dissenters rights.

MR. EJZAK: Move the admission of Plaintiffs' Exhibit 26.

THE COURT: Mr. Taladay.

MR. TALADAY: I have no objection, Your Honor.

THE COURT: Admitted.

BY MR. EJZAK:

Q. And I am just handing you what has been marked Plaintiffs' Exhibit 27. Identify that for the record.

A. This is a letter to Metaltech Corporation regarding the exercise of dissenter's rights.

MR. EJZAK: I will move the admission of Plaintiffs' Exhibit 27.

MR. TALADAY: No objection, Your Honor.

THE COURT: It's admitted.

BY MR. EJZAK:

Q. Mr. Gordon, after the merger, did Metaltech or Dock Street send you information stating where and when you should send a demand for the payment of your shares?

A. No, they did not.

Q. Did those companies inform you how much a transfer of your shares would be restricted from the time of receipt of demand for payment forwarded by you?

A. No.

Q. Did they provide you with a form to demand payment for your shares?

A. No.

Q. Did they provide you with a copy of Pennsylvania business corporation law that describes your rights as a dissenting shareholder?

A. No, they did not.

Q. In response to your demand to receive fair value of your shares -- the document, January 3 document we looked at for the two companies -- did either Dock Street or Metaltech give you written notice they were not going to pay you anything for your stock?

A. No, they did not.

Q. In fact, did you receive anything from either of those two companies?

A. I have not received anything.

Q. Obviously, they haven't paid you for your stock, right?

A. That's correct.

Q. After receiving the letter we talked about that is dated April 21, 2003 -- this is the letter where you are exercising your dissenter's rights to both Metaltech and Dock Street -- did either of those companies file an application with the Court asking the Court to determine the fair value of your shares?

A. No, they did not.

Q. Did you have to file an application in order for that to happen?

A. Yes.

Q. Did you, in fact, file that application?

A. Yes, I did.

Q. Did you retain my law firm to represent you in pursuing that application?
A. Yes.
Q. Have you incurred legal expenses for the work my firm has provided?
A. Yes.
Q. Did you retain an expert in order to obtain an appraisal of your interest in the companies?
A. Yes.
Q. Who was that?
A. Mr. Gleason, Mark Gleason from Gleason and Associates.
Q. Have you incurred expenses associated with the services he provided?
A. Yes, I have.

MR. EJZAK: Your Honor, I have no further questions since we already discussed how we are going to handle the attorney fees and expert fees. I just wanted to establish the entitlement of my client to receive those fees at the time.

THE COURT: All right. Mr. Taladay, you may cross.

MR. TALADAY: Thank you, Your Honor.

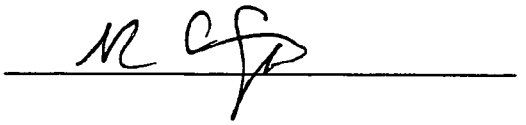
CROSS EXAMINATION

BY MR. TALADAY:

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Appendix to Plaintiffs' Post-Trial Brief was sent to the following counsel of record via first class U.S. mail, postage prepaid, on this 1st day of July, 2005 addressed as follows:

Matthew B. Taladay, Esq.
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IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	: : : : : :	No. 03-1048-CD

DEFENDANTS' POST-HEARING BRIEF

Defendants and Respondents, Metaltech Corporation and Dock Street Manufacturing, Inc. submit the following Post-Trial Brief as their statement of position in accordance with directive of this Court at the time of trial:

I. Issue.

The sole issue for determination by this Court is the determination of the fair value of the Claimants' shares of stock in Metaltech Corporation and Dock Street Manufacturing, Inc. immediately prior to the March 31, 2003 merger of these companies with DuPenn, Inc., taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the corporate action.

II. Factual Background.

This action involves the valuation of two separate corporations: Metaltech Corporation and Dock Street Manufacturing, Inc. While these are separate and distinct corporations, there was,

during the time period pertinent to this action, significant overlap of ownership and management of the companies. Likewise, the economic factors, valuation techniques and factual matters at issue are common to both. Accordingly, these companies will be discussed through the course of this Brief. First, however, a brief discussion of the history of each company is in order:

A. Metaltech

Metaltech Corporation is a powdered metal company originally formed in 1989. The incorporation documents filed by Robert M. Hanak authorized 10,000 shares of stock, with Robert M. Hanak and Anthony M. Zaffuto being the original shareholders. In approximately July, 1990 Richard Gordon purchased 666-2/3 shares of Metaltech stock, representing a 6.6% interest (T. II-7, 17). The purchase price for the shares was $20,000.00 (T. II-17).

Subsequently, Metaltech acquired the assets of DuBois Powdered Metal, a faltering powdered metal company. Financing for this acquisition was secured by personal guarantees of the shareholders.

Although Metaltech paid modest dividends to the shareholders in the late 1990's, the cash flow position of the company did not permit payment of dividends after 1999 (T. II-130). At the time of the merger in 2003, the balance of Metaltech's bank debt was approximately $1.4 million (T. II-12, 39).

Although Metaltech had experienced a temporary surge in sales during calendar year 2000, the following year, 2001, showed a

47% decrease in sales, resulting in an operating loss of $272,327.00. Likewise, Metaltech showed an additional loss of sales and a significant operating loss in 2002.

By late Summer and early Fall of 2002, Metaltech was experiencing numerous and severe economic problems (T. II-83-85). It was in serious arrearage on its bank financing, having failed to make either principal or interest payments for a number of months. In addition, arrearages to suppliers was impairing its ability to obtain product rendering continued operations questionable (T. II-56-59, 78-82, 83-85, 14).

Despite personal loans from several shareholders, by the Fall of 2002, Metaltech was "functionally bankrupt" (T. II-78-82, 83-85). In the Fall of 2002, the shareholders of Metaltech began developing a plan of merger with DuPenn, Inc. and Dock Street Manufacturing, Inc. for the purpose of obtaining a refinancing of corporate date, consolidating management, and rendering operations more efficient (T. II-85, 144-150)

B. Dock Street Manufacturing, Inc.

In March of 2000 an investor group consisting of Robert M. Hanak, Anthony M. Zaffuto, and Richard Gordon formed Dock Street Manufacturing, Inc. for purposes of acquiring the tangible assets of Invensys Energy Metering. These assets were acquired for the purchase price of $1.4 million which was financed by First Commonwealth Bank and various other sources. The shareholders made no cash outlay for this purchase, but each signed personal

guarantees to secure the debt (T. II-49, 134-135). In addition to acquiring the assets of Invensys, Dock Street Manufacturing, Inc. also entered into a long term supply contract with the parent corporation of the seller. Dock Street relied on this single customer for virtually 100% of its sales revenues.

Although the investment initially looked promising, Dock Street Manufacturing, Inc. began loosing money almost immediately (T. II-50). In fiscal year 2001 alone the company sustained a loss of over $571,000.00. Shareholder Robert M. Hanak secured a line of credit in the amount of $200,000.00 under his personal signature and guarantee simply to keep the company afloat (T. II-51).

The financial difficulties experienced by the company in 2001 and early 2002 rendered Dock Street unable to pay its third party suppliers (T. II-55, 56, 78-82, 137-139). The company was able to remain in business through an arrangement whereby the primary customer would purchase Dock Street's necessary third party supplies and receive a corresponding reduction in purchase price. However, this arrangement eliminated any profit for Dock Street from the "mark up" on third party supply product (T. II-56, 57, 137-138).

By the Fall of 2002, Dock Street was in a perilous economic condition. It was severely delinquent in its principal and interest payments with First Commonwealth Bank. It was also having severe difficulty meeting its minimal cash flow requirements to simply remain in operation (T. II-56-58, 77, 137-139). Although Dock Street management recommended filing for bankruptcy protection, the

company's shareholders, because of their personal guarantees, could not follow this recommendation. Dock Street was on the verge of imminent collapse (T. II-59).

C. Merger.

In the Fall of 2002, the financial positions of Dock Street and Metaltech were so impaired that the companies were unable to restructure their financing without the pledge of additional liquid collateral to secure the debt (T. II-193, 194). Despite an extended bank moratorium on principle payments, the companies were still unable to meet the basic obligations required to survive and were even unable to meet their interest payments.

In the Fall of 2002, the management and shareholders of the companies developed a plan of merger whereby Metaltech and Dock Street would merge with DuPenn, Inc. A complete refinancing of Metaltech and Dock Street debt in the amount of $2.4 million would be secured by the pledge of marketable securities owned by Robert and Barbara Hanak. All non-participating shareholders were to be completely released and indemnified from any and all personal guarantees of corporate debt (T. II-41, 45). The plan of merger was put to vote at a shareholder's meeting of January 3, 2003.

Richard Gordon attended that meeting and indicated that he did not wish to be a shareholder in the newly merged company. At the meeting he further expressed that his primary concern in the merger was to be relieved of personal liability for the corporate debts

of Metaltech and Dock Street (T. II-39, 45, 153). The plan of merger was approved at this meeting.

Based on the proposed merger and the pending refinancing, Dock Street and Metaltech were able to obtain additional forbearance by their suppliers and creditors, including First Commonwealth Bank, extending through the first three months of 2003 and until the date of merger, March 31, 2003 (T. II-109). These concessions in anticipation of the merger allowed the businesses to continue operating.

D. Shareholder Action.

On March 31, 2003, the date of merger, the merged companies issued a document entitled "Agreement of Merger." This document was introduced into evidence as Defense Exhibit "D". This Agreement contained the following provision:

> "It is further agreed that Richard Gordon and Beverly Gordon will be removed as guarantees of any corporate debt of Metaltech, DuPenn, Inc., or Dock Street Manufacturing. The said merged corporation, DuPenn, Inc., hereby agrees to save, indemnify, release and hold harmless the said Richard Gordon and Beverly Gordon from any and all debt exposure, any prior corporate debt of the three entities, and Robert M. Hanak and Barbara F. Hanak, hereby agree to further save, indemnify, release and hold harmless the said Richard Gordon and Beverly Gordon from such debt." (T. II-45).

On April 21, 2003, Richard Gordon addressed two letters to Anthony M. Zaffuto as "President" of Dock Street Manufacturing, Inc. and Metaltech Corporation requesting to be paid fair value for his shares. In his letter, Mr. Gordon correctly assumes that the

corporations value his shares prior to the date of merger at zero dollars. Based on the factors set forth herein, the corporations continue to maintain this position. Accordingly, this action was instituted.

III. Discussion.

A. Legal Standard.

Under the Business Corporation Law, 15 Pa. C.S.A. §1571, et seq., a dissenting shareholder is entitled to payment of the "fair value" of his shares in the event of any corporate action, including merger. "Fair value" is defined by the BCL as "the fair value of shares immediately before the effectuation of the corporate action to which the dissenter objects, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the corporate action. *15 Pa.C.S.A. §1572.*'

B. Appreciation of Company's Worth in Anticipation of Merger and Refinancing Should not be Considered.

In this case, the corporate action to which the dissenter objected was the refinancing and merger which occurred March 31, 2003. The plan for refinancing and merger was adopted at the shareholders meeting in January, 2003. In estimating fair value, appreciation of the companies' worth from January through March in anticipation of the corporate action is not a relevant consideration. Therefore, the actual performance and increase cash flow during these months may not be considered in determining the value of the dissenting shareholder's interest.

The requirement to exclude both positive and negative affects of the impending corporate action from the valuation process follows from the statutory criteria of fair value. Pennsylvania's dissenter's rights statutes are based, in part, on the Revised Model Business Corporation Act (RMBCA), and many other jurisdictions have adopted the provisions of the RMBCA in substantially the same form. In *Armstrong vs. Marathon Oil Company, 32 Ohio State 3rd, 397, 513 N.E. 2nd 776 (1987)*, the Supreme Court of Ohio had occasion to construe a dissenters' rights statute requiring payment of the "fair cash value" of the dissenter's shares. Concerning the requirement that the fair value exclude any appreciation or depreciation resulting from the proposal submitted to the directors or to the shareholders, the Ohio Court said:

> The statute requires that any effects of the subject transaction which are caused by either appreciation or depreciation of the market price must be removed from such price. Admittedly, merely adopting the market price established by the trading activity on the day before the vote to initiate the merger may not suffice to fully eliminate such effects. . . . The valuation remedy clearly is a remedy that does not give dissenting shareholders any element of value attributable to the transaction from which they have dissented.

Id. at 788.

In *Armstrong, Supra.*, the fair value was determined by the price of stock which prevailed before the market began to adjust for the impending merger. Likewise, in this case, fair value of the stock must be determined before the companies began to benefit from the increased cash flow due to changes in management, consolidation of

overhead expenses, and assurances granted to creditors and customers in reliance on the impending merger. Thus, the appreciated performance for the months of January through March, 2003 does not constitute valuable evidence for purposes of the valuation of the dissenter's stock.

C. Method of Valuation.

Both Plaintiffs' and Defendants' expert witness testified that the most appropriate method for valuing the shares at issue is through application of the "earnings" or "income" approach. Defendant's witness, however, expressed some reservations about this concern in that the earnings approach requires that the business to be valued is a "going concern". The financial perils that these companies were encountering prior to the merger and refinancing rendered their prospects of future income a dubious proposition. (T. I-137-138, 141-142). Although both experts considered various other valuation approaches (despite allegations to the contrary in Plaintiffs' Brief), including the market comparable sale approach and net asset approach, these were deemed to be inapplicable to the present case (T. I-18-19, 136-137).

D. Projection of Future Net Cash Flow: Plaintiff's Projections of Future Cash Flow Improperly Relied on the anticipated merger and refinancing.

The first step in the valuation process is to evaluate all relevant information to determine the probable future net cash flow of the businesses had the corporate action in question not occurred (T. I-26, 137-138). In other words, one tries to figure out how much free and available money the businesses would have made in the future without the corporate action. This is perhaps the single most important factor in arriving at an accurate valuation.

In the preparation of his projections and report, the Defendants' expert James J. Mulick, Ph.D. conducted an extensive investigation into the operations of Metaltech and Dock Street. This included extensive review of the respective companies' economic histories and records, tour and inspection of the company facilities, and numerous interviews with management and key personnel.

By contrast, Plaintiffs' expert relied almost exclusively on undated, unauthenticated and unexplained spreadsheets admitted as Plaintiffs' Exhibits 6 and 7 and erroneously referred to as "Management Projections". Because these documents form almost the entire foundation upon which Plaintiffs' projections of the value are based, extensive scrutiny of their origin, purpose and relevance is warranted.

The Plaintiffs' expert, Mr. Gleason, testified that he was provided with these alleged "projections" by Richard Gordon. However, Mr. Gordon does not know why or when these documents were prepared, who prepared them, or their intended purpose. Plaintiffs also confronted Don Asti, who was the manager of both

companies during late 2003 and early 2004, about the alleged projections. He was unable to identify their origin or purpose.

The Plaintiffs also called John Krantz, an accountant for DuPenn, to testify as a rebuttal witness. This witness was presumably called for the purpose of identifying the origin and purpose of Plaintiffs' Exhibit 6 or 7. The witness was unable to do so.

In fact, the Plaintiffs never identified the source of the "Management Projections", never indicated who "management" was or why the projections were prepared. According to Don Asti and Robert Hanak, the only reasonable assumption is that the projections must have been based on proposals on the table for the merger and refinancing (T. II- 118, 154-155, 164, 181).

Assuming for purposes of discussion that the documents admitted as Plaintiffs' Exhibit 6 and 7 were prepared by company personnel, their only possible purpose would have been in conjunction with the merger and refinancing which occurred in 2003. Richard Gordon testified that he believes he first came into possession of these documents at or about the time of the shareholder's meeting of January 3, 2003 (T. I- 22).

There is absolutely no support for the contention that Plaintiffs' Exhibits 6 and 7, which form the very bedrock of the Plaintiffs' valuation, were legitimate "management projections" prepared in the ordinary course of business and not in anticipation of the merger and refinance. To the contrary, without the corporate action, the future of these companies was essentially non-existent. By

the end of 2002, the corporate action and refinance was already in play. Any business trends thereafter are in inexorably linked to the merger and refinance.

E. Use of "Hindsight" is not Appropriate in this Case Because the Merger and Refinance Radically Changed the Value of the Companies.

Plaintiffs also ask the Court to take into consideration the performance of the companies compared with the projections set forth in Exhibits 6 and 7 even after the date of the merger. This is improper for several reasons.

First of all, the performance of the companies during the first three months of 2003 are directly related to the pending merger and refinance. James Mulick stated, "It performed that way because Bob Hanak pledged his securities. It was all tied together. So the performance that actually occurred was in part, because of the corporation action" (T. I-184).

In addition, the bank continued its forbearance on the companies' financial arrearages, anticipating the inevitable refinancing. Finally, Don Asti testified that because sales orders and routine expenses are generally known several months in advance, it is possible to estimate the short term performance of the companies with some accuracy. However, this does not apply to the long term projections (T. II-93).

Plaintiffs make reference to several cases which appear to permit the use of hindsight to validate growth projections. Although

this has been permitted in limited circumstances, those circumstances do not apply in this case.

As cited in Plaintiffs' Brief, the case *Hogle vs. Zinetics Medical, Inc., 63 P. 3rd 80 (Utah 2002)*, applies the Utah Code which also defines fair value as the value on the date of the merger, excluding changes in anticipation of the merger. The Supreme Court of Utah noted "the statute contains no prohibition against employing hindsight to verify the value on the date of the merger, as long as the merger occasioned no change in that value". *Id. at 89.* In the case of Metaltech and Dock Street, not only did the plan for merger occasion change in the value, without the plan, these companies would not have continued in operation.

Under the Business Corporation Law, fair value is the value of shares immediately before the corporate action to which the dissenter objects, taking into account "all relevant factors", but excluding any appreciate or depreciation in anticipation of the action. "Relevant factors" to be considered in reaching fair value include original costs and capital investments, historical costs, corporate worth, corporate balance sheet, and earning statements, as well as market prices of comparable companies, market price and earnings ratio, management and its policy, earnings, dividends, valuation of assets, reserves for various contingencies, tax liabilities, future earnings, predictions of future business events, and the like. See *Summary of Pa. Jurisprudence Second Business Relationship §7:44 citing Lowry vs. General Water Works Corp., 26 Pa. D&C 2nd 154*

(1962), aff'd. 406 Pa. 152, 177 A.2d 82 (1962); *In Re: Watts and Shand, 452 Pa. 287, 304 A.2d 694 (1973).*

The Pennsylvania Business Corporation Law (which is based on the Model Business Code) does not dismiss older cases which take into account the fact that the value of stock depends not merely on the assets of the corporation, but also on its capability of earning profits to keep the stock valuable and yielding possible dividends. *Id.* Thus, valuation must be upon a going concern basis rather than upon a liquidation basis. *In Re: Glosser Brothers, Inc., 382 Pa.Super. 177, 555 A.2d 129 (1989) citing O'Connor Appeal, 452 Pa. 287, 304 A.2d 694 (1973). (The Supreme Court instructed that fair value is to be construed as going concern value, as contrasted with liquidation value.)*

Valuation is to be made without consideration of any increase in value resulting from the merger itself. Further, the terms of the merger which begin to go into effect prior to the valuation date are not relevant when determining the fair value of a dissenter's shares. Only if the merger occasioned no change in the value, may post-merger information be used to verify the value on the date of the merger. Valuation of Metaltech and Dock Street on a going concern basis without any consideration of the events resulting from the proposed merger and refinancing dictates a negative stock value.

F. Comparison of Expert Witness Qualifications.

Defendants offered testimony of Ronald Mulick, Ph.D., an expert in the field of business valuation. Mr. Mulick earned a bachelor's and master's degrees in economics from Pennsylvania State University and Ph.D. from the Katz Graduate School of Business at Penn State. Mr. Mulick's entire professional career has been in the field of business analysis and valuation. For the last 14 years, he has been exclusively dedicated to the field of business valuation for investment analysis. Mr. Mulick has not engaged in the business of "litigation" support and has never previously served as a trial witness (T. I-126-129).

By contrast, the Plaintiffs offered testimony from Mark Gleason, a certified public accountant, with a master's in business administration from the University of Pittsburgh. Mr. Gleason had worked in various accounting firms and was an executive of a steel company before forming his own CPA firm, Gleason & Associates. This firm offers services in accounting and tax matters and "litigation support", including personal injury damage calculation (T. I-11, 51). Unlike Mr. Mulick, the Gleason firm is not engaged full time in the analysis and valuation of business interest (T. I-52).

G. Comparison of Income Projections.

Dock Street:

In formulating his projections of Dock Street and Metaltech, Mr. Mulick took into consideration all the factors in place

prior to the merger and refinance and met with the company management to develop projections of the likely net income of the respective companies absent the restructuring. Based on these factors, Mr. Mulick developed sales projections for Dock Street which assume a reasonable rate of sales growth of 5.5% per year for a period of ten years. (See trial exhibit "B".)

By contrast, the Dock Street projections compiled by Plaintiffs' expert, Gleason, although showing a net sales decrease in sales growth of 13% in 2003 and an increase of 5% for 2004, thereafter projected sales growth as follows:

2005	10%
2006	15%
2007	15%
2008	10%

When questioned about the foundation for these wildly optimistic projections, Mr. Gleason admitted that these were "based on conversations with and Keith and Richard Gordon" (T. I-73). Plaintiffs' expert offered no further explanation for his projected "boom".

Metaltech:

With regard to Metaltech, defense expert Mulick projected an annual reasonable sales growth rate of 6.5% for a ten year period, and terminal growth rate of 5% per year thereafter.

Mr. Gleason's future income projections for Metaltech presuppose net sales loss for 2003. This, however, is followed by projected net sales increase for the succeeding years as follows:

2004	51.8%
2005	5.0%
2006	8.0%
2007	8.0%
2008	8.0%
2009	8.0%

Mr. Gleason makes these projections despite his concession that Metaltech's history shows a business that had sustained three straight years of sales decline and net loss (T. I-91-93).

H. Basis of Projections.

It cannot be overemphasized that Mr. Mulick's projections were the product of a thorough review of the corporate records, interviews with management, consideration of the tenuous economic condition of the companies before the merger and refinancing and a realistic analysis of the companies' histories and realistic economic outlooks.

By contrast, Mr. Gleason relied solely on the information provided by Richard and Keith Gordon, including the alleged "management projections". (T. I-26-27, 56-58). Plaintiffs' expert failed to take into consideration the woeful capitalization and equity ratios of both companies and the extreme liquidity problems both were facing.

Mr. Mulick explained that the liquidity ratios and equity ratios of these companies signaled severe financial distress. However, when Mr. Gleason was questioned as to whether it would be difficult to keep the businesses in operation when they lacked sufficient cash flow to meet their ongoing obligations, including bank debt, payroll and material expenses, he responded:

> **"Conceptually, but I see no evidence that those problems existed." (emphasis added)** (T. I-66))

Mr. Gleason admitted that he did not even know the status of the bank debt and was unaware of the principal and interest delinquency prior to the refinancing. (T. I-69-70). While this witness indicated that he had only "limited information" on which to base his opinions, there is no indication that they companies ever withheld any relevant premerger documents. In addition, Plaintiffs made no attempt to depose the management of the companies or in any other way obtain information that may have been relevant to determining the status of these companies prior to the approval of the plan of merger.

The inescapable conclusion is that the projections prepared by Mr. Gleason are solely a product of the unsubstantiated information provided by the Plaintiffs, and have no basis in the history and reality of these companies. These projections cannot be held as a reliable basis on which to value the Plaintiffs' stock interests.

I. Net Cash Flow.

In applying the income approach to valuation, various adjustments must be made to projected future earnings in order to

arrive at projected net cash flow. Both experts in this case agree that the projected future earnings must be adjusted by adding back expected depreciation and amortization and then by subtracting capital expenditures required to support cash flow and required increases in working capital. This calculation results in the company's projected future net cash flow.

While the experts agreed on the applicable process, their results were very different. This is due to the vast difference in the projections relied upon by each as noted above.

J. Discount Rate.

Both experts agree that the two most important components of the income approach to valuation are (1) projection of future income and (2) calculation of an appropriate discount rate (T. I-105, 148). The discount factor is applied to arrive at a present day value of projected future income (T. I- 41).

The calculation of a discount rate must take into account the degree of risk related to the particular business in question (T. I-79, 148, 149). In essence, this discount rate reflects the rate of return that the company would have to offer to a potential investor in light of the risk involved (T. I- 153).

In formulating a calculation of risk factor, both experts began by reviewing reference materials regarding risk factors related to the fabricated metal industry in general (T. II- 79, 149). However, while Plaintiffs' expert used a "one size fits all" approach by applying

the general industry data to Metaltech and Dock Street, the defense witness, Mr. Mulick, adjusted the industry figures in consideration of the particular circumstances of Metaltech and Dock Street.

Plaintiffs' expert, Gleason, admitted that the market group on which he based his comparison showed an average debt to equity ratio of 43%/57%. (T. I-83-84, 103-104). Gleason further conceded that the stated debt to equity ratios of Metaltech and Dock Street were much different than the comparison group (T. I-83, 84). In fact, the books of Dock Street showed a negative debt to equity ratio (T. II-142-143). Likewise, when questioned as to whether the abysmal debt to equity ratio of Metaltech was worse than the industry standard, the Plaintiffs' witness responded:

> "Well, it's different. I don't know if you would call it worse. But it's different than what the industry standard would be" (T. II-100).

Plaintiffs' witness admitted that for purposes of calculating his discount rate, he disregarded the realities of the company and "constructed" an assumed debt to value ratio "based upon estimate of a reasonable amount of debt (the companies) could be expected to have in the future, assuming optimal use of debt and equity by a hypothetical buyer or seller based on average (sic) debt to value ratio" (T. I-100, 101). In other words, the Plaintiffs' expert ignored the companies' actual economic position, and rather used factors that would rightfully apply only in a fictional best case scenario.

By contrast, the defense witness, Mulick, developed a risk factor based on the industry comparison group, but adjusted for the

specific capitalization structures of Metaltech and Dock Street. Mr. Mulick explained this process as follows:

> Q. Was Dock Street's capitalization structure similar to those comparison groups?
>
> A. Not even close.
>
> Q. Do you think it's appropriate to apply the same beta, the same risk factor, as the target group when the capitalization structures are nowhere near similar?
>
> A. No. I think you have to adjust for the fact that Dock Street was in financial distress at the time, and the companies that generated the beta were not.
>
> Q. So what is the accepted process to go through when the capitalization structures of the comparison group and the company under valuation are not similar?
>
> A. You remove the effect of leverage on the [risk factor] that was generated from your source. Then you relever the [risk factor] based on your company's capitalization.

(T. I-150-151)

Mr. Mulick testified that based on experience in advising investors and taking into consideration the economic realities related to these companies, the appropriate discount factor for each as follows:

Company	Discount Factor
Dock Street	27.7%
Metaltech	26.8%

(T. I-150, 154, Exhibit "C", p. 15)

By comparison, Plaintiffs' witness, Gleason, attributed a much more optimistic discount rate of 21% to Dock Street and 20.5% to Metaltech. Mr. Gleason's failure to properly account for the

economic realities of these companies result in an inaccurate and inflated calculation of his already inflated projections of net cash flow.

K. Valuation Conclusions.

Based on the projections of the future net income, adjusted for the appropriate discount factor, Mr. Mulick projected the terminal net cash flow value of the respective companies as of March 31, 2003 as follows:

Dock Street	$1,175,316.00
Metaltech	$1,899,408.00

From the this figure, the outstanding debt as of the valuation date was subtracted to arrive at the equity value of the companies:

	Dock Street	Metal Tech
Cash Flow Value	$1,175,316.00	$1,899.408.00
Less Debt	- 1,344,679.00	$1,886,370.00
Net Equity	$ -0-	$ 13,038.00

The resulting fair value calculations for the shares of Richard and Beverly Gordon are:

Dock Street (33-1/3%)	$ 0.00
Metaltech (6.6%)	$860.00

L. Reality Check.

It is obviously that there is a wide variance between the valuation conclusions reached by the Plaintiffs' valuation expert, Gleason, and the Defendant's witness, James Mulick. As discussed above, this can be accounted for by comparing the realties upon which

Mr. Mulick's testimony was based to the "assumptions" relied upon by Plaintiffs' expert.

In addition a "reality check" regarding the plausibility of these competing valuations can be had by considering other "relevant factors" which have been held to include original costs and capital investments, corporate balance sheets and earning statements. See *Summary of Jurisprudence2d, Business Relationships*, §7.44, supra. Presently, these factors provide significant insight regarding the value of the companies in question.

Richard Gordon invested $20,000.00 for his 6.6% interest in Metaltech. Based on economic history, it is obvious that as of the valuation date, Metaltech was a company that was barely "treading water". Even in its best sales years, it barely managed to stay current with its financing and still provide a salary for its officers and employees.

More importantly, as conceded by the Plaintiffs' expert, in order to remain competitive and viable, additional significant capital expenditures would be required on a on-going basis (T. I-97). Likewise, the cyclical nature of the powered metal industry and the growing competition from Asian markets rendered the Plaintiffs' projections of dramatic and unfettered sales growth and profitability wildly unrealistic.

The Gordons' share in Dock Street were acquired without any capital expenditure on their part. This company was acquired with a bank loan that more than likely would not have been extended

absent the personal guaranty of Robert Hanak (T. II-189). Richard Gordon was involved in the management and day-to-day operations of Dock Street through November, 2001. Dock Street sustained a loss of over $571,000.00 in fiscal year 2001 and again incurred a net loss in 2002 (T. I-140). Despite these losses, the Gordons collectively, including Gordon and Associates, and various family members were paid in excess of $100,000.00 in their various employment capacities with the companies (T. II-52-53, 157).

In light of the financial troubles of both Metaltech and Dock Street, Robert Hanak secured a $200,000.00 line of credit under his signature and guaranty (T. 1-51, II-140). He also provided shareholder loans of at least $117,000.00 and did extensive unreimbursed legal work for both companies (T. II-140-141). Without these contributions, it is obvious that the companies would have failed long before the merger date.

Against this backdrop, it became apparent that both these companies were struggling for their very existence. Richard Gordon admitted that the companies could not carry on without refinancing, accomplished by Robert Hanak pledging his marketable securities as collateral. In addition, Mr. Gordon repeatedly conceded that his primary goal in the merger and refinance was to be relieved of personal responsibility of the corporate debt in the amount of approximately 2.4 million dollars (T. II-39, 42-45).

When viewed in light of these factors, it strains the imagination to believe that the Gordons' shares in Metaltech and Dock

Street could be worth Plaintiffs' estimates of $336,032.00 and $461,700.00 respectively. Of particular note is the fact that Dock Street was purchased in the year 2000 for a total investment of 1.4 million dollars. After incurring net losses of over one-half (1/2) million dollars and maintaining debt nearly equal to its purchase price for the next three year period, it defies logic that this company has any net value whatsoever.

The testimony of Robert Hanak regarding valuation of these companies certainly bears consideration. Mr. Hanak placed absolutely no value on his stock in either corporation prior to the merger. Mr. Hanak stated that he would have been happy to sell the businesses for the assumption of debt and further made efforts to find a buyer for his interest in the companies for the assumption of debt only (T. II-142-144).

When viewed in light of all relevant factors and circumstances, it becomes obvious that the valuation projections of James Mulick indicating no value in Dock Street and minimal value in Metaltech absent the merger and consolidation are well founded in reality. The opinions of Plaintiffs' witness Gleason by contrast, are based on unfounded assumptions, unwarranted conjecture and plain old "wishful thinking". (Indeed when questioned about the information sources forming the basis of his conclusions, Mr. Gleason admitted "the only people I talked to were Keith and Richard Gordon"). (T. I-58). Accordingly, the Court is urged to accept and adopt the corporate valuations proposed by the Defendant.

IV. Conclusion.

Absent the merger and refinancing, Metaltech Corporation and Dock Street Manufacturing, Inc., were facing imminent insolvency and collapse. The corporations proposed a plan of merger and refinancing in the fall of 2002, which was adopted by shareholder meeting of January 3, 2003. Because of this corporate action, the companies were able to obtain creditor forbearance and continue operations.

The shareholders of the successor corporation acted in good faith by releasing and indemnifying Richard and Beverly Gordon for their corporate debt guaranties in the amount of 2.4 million dollars. The shareholders further had a reasonable basis for assigning a zero value to the Gordons' share ownership. Based on the evidence presented at trial, the Defendant respectfully requests the Court to assign fair value to Plaintiffs' shares as follows:

Company	Ownership	Value
Dock Street Manufacturing, Inc.	33-1/3%	$ 0.00
Metaltech Corporation	6.6%	$860.00

The Plaintiffs respectfully request the Court to enter an appropriate Order as to these findings of valuation.

Respectfully submitted,

Matthew B. Taladay
Attorney for Defendants

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

CERTIFICATE OF SERVICE

I certify that on the 15th day of August, 2005, a true and correct copy of DEFENDANTS' POST-HEARING BRIEEF was sent via first class mail, postage prepaid, to the following:

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Matthew B. Taladay
Attorney for Defendants

RECEIVED SEP 2 8 2005

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

PLAINTIFFS' REPLY BRIEF

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

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SEP 26 2005
COURT ADMINISTRATOR'S
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IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

PLAINTIFFS' REPLY BRIEF

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

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IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	Civil Division Case No. 03-1048-CD

PLAINTIFFS' REPLY BRIEF

Plaintiffs Richard and Beverly Gordon file the following reply brief in response to the post-hearing brief submitted by the Defendants in the above-referenced matter.

INTRODUCTION

As noted in the Gordons' opening brief, the vast difference in the expert valuations in this case is due primarily to the fact that the two experts relied on wildly different projections. The Gordon's expert relied on projections that were prepared by the defendant corporations before this lawsuit was filed. The defendants' expert was unaware of these projections, and instead relied on projections prepared specifically for this lawsuit.

The projections relied on by the Gordon's expert are inherently more credible because they were prepared without the taint of litigation. In addition, those projections are extremely accurate when compared to the actual performance of the companies, both before and after the

merger. By contrast, the projections used by the defendants' expert are wildly inaccurate when compared to the actual performance of the companies.

Faced with this problem, the defendants first try to disown the projections they themselves prepared before this litigation, and then try to discredit those projections. Both attempts are futile. During trial, counsel for the defendants stipulated that the projections were prepared by the defendant companies. As for discrediting the projections, the defendants simply are mistaken in suggesting that the projections assume that the merger will take place. That is clear on the face of the projections, which do not show any dramatic shift before and after the merger date. Moreover, the fundamental flaw in defendants' argument is that the two subject companies did not appreciate in value as a result of the merger. On the contrary, their strong individual performance was intended to prop up a third company, whose performance was poor before the merger and was expected to continue losing money after the merger. If anything, merging with this floundering third company depreciated the value of the two subject companies (which is precisely why Richard Gordon dissented from the merger).

ARGUMENT

A. Defendants' "Doom And Gloom" Description Of The Companies Fails To Account For The Dramatic Improvement In Performance Following The Recession.

Both experts agree that the Income Approach is the proper method for valuing the companies at issue. That approach is forward-looking, and focuses on the future performance of the company. Here, it is undisputed that the future is far brighter than the past on which the Defendants focus. Defendants' expert conceded that as of March of 2003 (the valuation date), both Metaltech and Dock Street "were on the up-swing" and the country as a whole and the

powdered metal industry in particular were emerging from the crippling recession that accelerated after the terrorist attacks on September 11, 2001. See Tr. (Vol. I) 171, 177 and see Exh. B. p. 5.[1]

Moreover, Defendants' doom and gloom description of the companies is not supported by their own financial statements. For example, Dock Street had a positive net income in 2002, despite the recession. Although Defendants continually raise the specter of defaulting on the existing bank loans, they ignore the fact that Dock Street's performance in the first three months of 2003 was strong enough to generate approximately $100,000 in cash. Tr. (Vol. I) 168.[2] The Defendants could have used that money to pay the bank loans, which would have made it unnecessary for the bank to call the loans. Tr. (Vol. I) 122 ("the profitability in January, February and March, which was substantial, would generate cash flow which would go to not only meeting the expenses, but servicing the debt."); Tr. (Vol. II) 109-110. As the Gordon's expert explained at trial, there was no evidence that the companies would not be able to meet their ongoing obligations, including the payment of bank debt, as of the valuation date. Tr. (Vol. I) 66.[3]

In short, Defendants portrayal of the companies as being distressed ignores the actual performance of the companies, and fails to give any weight to the dramatic improvement by the

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1 All of the trial exhibits cited herein were included in the appendix plaintiffs filed with their opening brief. Additional transcript pages not previously cited are attached hereto under tabs marked "Tr. (Vol. I)" and "Tr. (Vol. II)."

2 Metaltech had $50,000 in cash on hand as of the valuation date – more than enough to pay its debt service. Tr. (Vol. I) 169.

3 Even before the first quarter of 2003, Dock Street paid $100,000 on a shareholder loan in 2002 (notwithstanding defendants' claim that the company was in financial distress). Tr. (Vol. I) 189-190.

companies in the period after the recession and leading up to the valuation date. That is the more relevant time period for predicting the future performance of the companies.

Defendants' suggestion that the improvement in Metaltech and Dock Street is somehow the result of the merger runs directly contrary to the evidence of record. First, the dramatic improvement in Metaltech and Dock Street's performance is clear from the financial data in the first quarter of 2003 – that is, prior to the merger. Second, the company into which Metaltech and Dock Street merged was Du Penn – a company in which Mr. Hanak and Mr. Zaffuto owned a majority of shares, but in which the Gordons had no interest whatsoever. Unlike Metaltech and Dock Street, Du Penn was projected to continue to perform poorly. In fact, management expected Du Penn to lose even more money in the future, as illustrated in the following chart:[4]

Du Penn

	12/31/02	12/31/03	12/31/04
Projected net loss		(-)$181,498	(-)$149,940
Total Capital	(-)$3,659,653	(-)$3,841,151	(-)$3,991,091

As demonstrated during trial (and as management's own projections confirm), management expected the strong performance of Metaltech and Dock Street to offset the losses by Du Penn. Thus, the defendants' suggestion that the merger into Du Penn somehow appreciated the value of Metaltech and Dock Street is completely unfounded.[5]

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4 The information in this chart is taken from Exh. 21 and 22 which were attached to the appendix plaintiffs submitted with their opening brief.

5 Defendants' reliance on Armstrong v. Marathon Oil Co., 513 N.E.2d 776 (Ohio 1987) is misplaced. That case involved a publicly traded company where the market price of the company's stock increased as investors became aware of the proposed merger. Obviously, the subject companies here are not publicly traded, and it would be foolish to

Defendants' suggestion that Metaltech and Dock Street desperately needed to merge into Du Penn in order to survive also appears nonsensical in light of management's prediction that Du Penn would continue to perform poorly. As the above figures reveal, it was Du Penn, not Metaltech and Dock Street, that desperately needed the merger. If management truly believed that Metaltech and Dock Street were in such dire financial conditions, they certainly would not have encouraged those two companies to merge into a third company, Du Penn, which was clearly in financial trouble and expected to get even worse.

The truth is that management expected Metaltech and Dock Street to improve dramatically in spite of, not because of, the merger. That is clear from the projections management prepared at the end of 2002. The actual financial data for Metaltech and Dock Street, both in the first quarter of 2003 before the merger and in the three quarters after the merger, confirm that those projections were correct. Those projections therefore are wholly reliable. The unrealistically negative projections the defendants' expert created solely for the purpose of this lawsuit are not.[6]

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expect their value to appreciate by merging them into a third company whose financial condition was far worse.

For the same reason, Hogle v. Zinetics Medical, Inc., 63 P.3d 80 (Utah 2002) does not help the defendants. The merger of the subject companies with Du Penn did not increase their value.

6 While defendants attempt to challenge Mr. Gleason's expert credentials, the record speaks for itself. Only one of the experts at trial is a certified valuation analyst, only one expert confirmed that his report complies with the Uniform Standards of Professional Appraisal Practice and the Standards of the National Association of Certified Valuation Analysts. That expert is Mr. Gleason. While defendants try to gloss over these deficiencies in Mr. Mulick by focusing on Mr. Mulick's educational background, the truth is that Mr. Gleason has far more real-world experience, having performed hundreds of business valuations over the last 15 to 20 years.

B. The Gordon's Expert Properly Relied On Projections Prepared By The Companies That Do Not Consider The Effects Of A Merger.

1. The Projections Relied On By The Gordon's Expert Were Prepared By The Defendant Companies.

Remarkably, Defendants attempt to disown the projections that they themselves had prepared prior to this litigation. That attempt falls under the weight of the testimony at trial. Don Asti, the director of operations for both Metaltech and Dock Street, testified that those projections were put together by someone in management for the companies. Tr. (Vol. II) 107, 116-18. In addition, counsel for Defendants stipulated during the trial that the projections were generated by the companies. Tr. (Vol. II) 206. Consequently, Defendants cannot now distance themselves from their own projections. See, e.g., Gray v. Cytokine Pharmasciences, Inc., C.A. No. 27451, 2002 WL 853549 at *8 (Del.Ch. 2002) (refusing to "condone allowing a company's management or board of directors to disavow their own data in order to justify a lower valuation in an appraisal proceeding").

2. The Projections Relied On By The Gordons' Expert Do Not Reflect Any Benefits From The Proposed Merger.

The projections on which the Gordons' expert relied do not assume that the merger will take place, nor do they include any "appreciation" in the value of the companies that is dependent on the merger. This is clear from numerous line items in the projections themselves. Perhaps most significantly, the line item titled "Interest Expense" does not reflect any changes in bank refinancing as a result of the merger. Instead, the figures in that line item show the same steady progression before and after the merger date, as illustrated below:

	Forecast 2003												
	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Metaltech	12,323	12,236	12,148	12,059	11,969	11,879	11,789	11,897	11,805	11,513	11,420	11,326	141,963
Dock Street	6,317	6,279	6,243	6,207	6,172	6,134	6,096	6,060	6.024	5,987	5,953	5,917	73,389

By contrast, the actual interest expenses over the same two periods does reflect a dramatic difference – which is consistent with the fact that the companies refinanced their debt as part of the merger. A side-by-side comparison of the projections and actual figures for "interest expense" is set forth below:[7]

Metaltech

	2003												
	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Forecast	12,323	12,236	12,148	12,059	11,969	11,879	11,789	11,897	11,805	11,513	11,420	11,326	141,963
Actual	11,627	10,568	10,419	5,726	5,418	5,029	5,804	5,178	5,745	5,173	5,695	5,813	82,196

Dock Street

	2003												
	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Forecast	6,317	6,279	6,243	6,207	6,172	6,134	6,096	6,060	6.024	5,987	5,953	5,917	73,389
Actual	6,683	6,356	6,465	5,286	6,030	5,076	5,985	5,642	5,418	5,265	5,521	5,774	69,502

Unlike the actual figures, the projections do not factor in the refinancing of the bank debt that resulted from the merger.

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7 This information appears on Exhibits 6, 7, 9 and 10.

Numerous other line items tell the same story. For example, the projections do not predict a reduction in the direct labor costs, indirect labor costs and wage expenses after the merger date. The average monthly expense for these line items before and after the merger date are listed below:

Direct Labor Costs

	Pre-merger	Post-merger
Metal Tech	$17,007	$17,361
Dock Street	$ 1,645	$2,700

Indirect Labor Costs

	Pre-merger	Post-merger
Metal Tech	$ 6,255	$ 6,385
Dock Street	$18,469	$20,664

Wage Expense

	Pre-merger	Post-merger
Metal Tech	$ 5,128	$ 5,235
Dock Street	$ 5,265	$ 5,365

Thus, rather than reflecting a decrease in costs that might result from combining the workforce or management teams of the two companies, the projections predict a modest increase in those costs.

Other line items under the general heading of "Other Expenses" remain exactly the same before and after the merger date, such as insurance expense, employee benefit programs, and employee training. Taken as a whole, the "Other Expenses" are almost exactly the same before and after the merger date. The projected monthly average of the "Other Expenses" of the two companies before and after the merger date are set forth below:

Other Expenses

	Pre-merger	Post-merger
Metal Tech	$65,740	$64,614
Dock Street	$59,427	$56,384[8]

Thus, the projections do not assume a meaningful reduction in expenses as a result of any contemplated merger. Similarly, the cost of goods sold are essentially the same before and after the merger date, as illustrated below:[9]

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8 The slight decreases from pre- to post-merger "other expenses" are primarily attributable to a reduction in utility expenses during the fair weather months, which obviously has nothing to do with the merger.

9 Defendants' argument that Metaltech and Dock Street somehow benefited before the actual merger date is wholly unsubstantiated, and in fact is refuted by their own testimony. Mr. Asti testified that some suppliers insisted on payment in full or cash in advance, and that he worked out arrangements with other suppliers in the summer of 2002. Tr. (Vol. II) 79, 106. That was well before the merger plan was adopted, and Mr. Asti's testimony does not suggest that he even mentioned a proposed merger to the suppliers.

Cost of Goods Sold

	Pre-merger	Post-merger
Metal Tech	$104,338	$111,187
Dock Street	$140,172	$139,588

In summary, a careful review of the projections thoroughly refutes the Defendants' position. While the benefits or losses of the merger cannot be considered in valuing the companies, the projections on which the Gordon's expert relied do not assume that a merger is going to take place, or that the subject companies will appreciate in value as a result of the merger. Defendants' attack on these projections is simply off the mark.

C. Defendants Do Not Dispute That They Failed To Comply With The Statutory Requirements Regarding Dissenters Rights.

In the opening brief, plaintiffs discussed in detail the statutory requirements that arise in dissenters rights cases under the Pennsylvania Business Corporation Law. The Gordons also noted that the defendants failed to comply with any of those requirements. The defendants do not challenge any of those points in their post-trial brief. Accordingly, it is even clearer now that plaintiffs are entitled to the remedies set forth in the BCL, which include the costs and expenses of their appraiser and attorney.

CONCLUSION

For all of the reasons set forth above and in the Gordons' opening brief, the Gordons respectfully request the Court to issue an order stating that the fair value of their interest in

Metaltech is $336,000, and the fair value of Richard Gordon's interest in Dock Street is $766,000. The Gordons further request that the Court issue an order assessing fees, costs and expenses of this proceeding against Dock Street and Metaltech in an amount to be determined at a future hearing.

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

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Dated: September 23, 2005

September for new orders. And the new orders probably weren't going to be coming in for a couple months, and that really is going to start taking effect in November or December of 2002. So by the time 2003 comes, the full effect of the price increase should be realized over the whole year.

Q. But that does not help the company at the end of 2002 or the beginning of 2003 if it doesn't have sufficient cash flow at that time to meet its ongoing obligations, including its bank debt and including its payroll and including the cost of materials expenses; would you agree with me?

A. Conceptionally, but I see no evidence that those problems existed.

Q. Really, what we are talking about here is the testimony is conceptual, because we have to go back and put ourselves in the beginning of 2003 and decide what would have happened, number one, if this merger would not have taken place, right? And number two, if Mr. Gordon had remained a shareholder of Metaltech and Dock Street as they existed at that time?

A. Well, I don't think it's so much conceptual. I think a lot of it's based on what Dock Street and Metaltech management saw the next two years

A. Yes.
Q. What does it say for the cash, whether there was than an increase or decrease in cash?
A. In the year 2002 there was an $8,403 increase in cash.
Q. So it's not the story that the company was losing cash right up to the time of valuation?
A. No, not in 2002, by any means. As a matter of fact, they paid down $251,000 of debt.
Q. And there was a dramatic change from 2001 to 2002 in terms of net increase in cash, wasn't there?
A. Yes. They reversed a loss of 122,000 and actually realized the $8,403 increase.

MR. EJZAK: I think that's all I have. We already covered the management projections for Metaltech and Exhibit E. No further questions.

THE COURT: Further cross.

RECROSS EXAMINATION

BY MR. TALADAY:
Q. In early 2003, how far would $8,400 go towards paying monthly obligations of Metaltech?
A. First of all, the $8,403 is not -- it's not a point in time. It's not a substantial amount of money, but I think the other numbers that we looked

at, the profitability in January, February, and March, which was substantial, would generate cash flow which would go to not only meeting the expenses, but servicing the debt.

MR. TALADAY: That's all I have. Thank you.

THE COURT: You may step down. Thank you.

MR. EJZAK: Your Honor, if I may, the exhibits that we talked about just now, it looks like it's building up to be a major issue about the management projections. I spoke with Mr. Taladay before the lunch break. It's my understanding Mr. Taladay told me before that he planned to call one of the accountants in-house at Metaltech and Dock Street, Don Asti. My expectation is that I think they will authenticate these management projections through Mr. Asti. If that is not, in fact, what is going to happen, then I am going to have a Notice to Appear served on Mr. John Crancz, who is also in the accounting department for those companies. I don't want to run into a problem tomorrow where we have all these documents out there and we are not going to be able to authenticate them.

MR. TALADAY: I don't think that is

doesn't support that.

Q. Let's take a look at that, Mr. Mulick. If you look at your Exhibit B, original report, the page 11, this is your summary balance sheet as of the date of valuation. And under that, you have current assets to cash, top number we see there, of $97,000?

A. Yes.

Q. Almost $100,000 the company had in cash?

A. Yes.

Q. You were aware by that time that prior to that, several months prior to that, that the primary lender, First Commonwealth's Bank, agreed to a forbearance arrangement with the company where the company would only have to pay interest?

A. Okay.

Q. Are you aware of that?

A. Yes. Wait, wait, I was basically -- you say it was a forbearance agreement. Whether it was an agreement or whether they -- they weren't paying interest either. They just didn't pay. If you say they agreed to it -- I don't know that First Commonwealth agreed to that. I think basically they didn't have the money so they didn't pay.

Q. Later on in testimony we will discuss the forbearance issue and whether the bank agreed to just

take interest. Let's focus now on whether the company had the money to pay it.

You would agree that your own summary balance sheet indicates the company had $97,0000 in cash as of the date of valuation?

A. As of that particular date. But that doesn't mean they had any cash in January or February. I don't know how much cash they had during those months when they didn't make their payments.

Q. Let's take a look at Metaltech and see what kind of cash they had. And this is page 16 of your Exhibit B. It's not as much. But, again, you have cash as of March 31, 2003, of $50,000.

A. Yes.

Q. You don't know why management chose not to spend that money to pay the interest on its bank loans?

A. That's on March 31. So they may have had a big sale on March 29, or had an invoice paid that all the sudden they had the cash where they didn't have the cash the whole time.

I would also say that $50,000 in cash might seem like a lot, but the equipment these companies run, they go down, and they can very quickly have a repair cost of $50,000, $100,000, $200,000. So

Q. What I am saying is, if you compare the cash that is reflected for those four time periods, 97,000 that you have in your report is second only to the amount it had in cash in the year 2000, isn't it?

A. Yes. I will also note they only had 16,000 as of the end of 2002.

Q. That's interesting, isn't it?

A. Yes.

Q. That would indicate the company, the first quarter of 2003, you would agree that the country is coming out of recession?

A. Yes.

Q. In the first quarter of 2003 the company's cash available went from 16,000 to 97,000?

A. Yes.

Q. Now, let's say on this page 11 of your report -- because Mr. Taladay had you talk about the debt. Let's get this straight. The debt figures for the companies under the analysis both you and Mr. Gleason used, that debt is subtracted dollar per dollar from the value of the company, isn't it, at the end of the discounted cash flow analysis?

A. Yes.

Q. So whatever number you have in debt, to the extent it is wrong, it's a dollar-per-dollar harm

improve their position. What it did to the company, at that point, it probably wasn't as important to them as improving their own position. As soon as their cash collateralized, that's the important thing to them.

Q. You would agree, wouldn't you, that both Dock Street and Metaltech were on the up-swing in the first quarter of 2003?

A. Yes.

Q. In fact, in your report on page 11, Exhibit B, you say, "Sales" -- this is for Dock Street -- "increased by approximately 6 percent to 808,973 compared to the first quarter of 2002, primarily reflecting the price increases implemented in September of 2002. Moreover, profitability was enhanced by the implementation of cost-cutting initiatives, including employee layoffs, employee multi-tasking, and a reduction in executive salaries," right?

A. Yes.

Q. Now, let's take a look at what you testified to regarding cash flow projections. We all know from the testimony you and Mr. Gleason both gave, one of the first steps in doing a discounted cash flow approach is to do projections of cash flow into the

BY MR. EJZAK:

Q. If you please, Mr. Mulick, go back to the discussion you were having about the cash flow and your concern over the fact that the company didn't have the cash to pay the bank on either interest or principal.

Are you aware of the fact that the company, in the year 2002, repaid its shareholders on a loan they had extended?

A. I looked at the cash flow statement of the company. If it was on the cash flow statement, then I saw it.

Q. Let's look at Exhibit 1 of Plaintiffs -- that's the report on Dock Street, and look at Tab E. Are you there?

A. Yes.

Q. I am looking at the line that says Shareholder Loans. It's pretty close to the bottom. See that?

A. Yes.

Q. In the year 2000, it shows there is a $20,000 loan made by the shareholders, right?

A. Yes.

Q. In the next year, 2001, it shows there was a loan of $100,000 to the shareholders. In the next

year, 2002, where the cash is apparently extremely tight, it reflects there was a payment made by the company to the shareholders of $100,000, right?

A. Yes.

Q. If you look at the bottom, even after making that payment of $100,000, the shareholders, the cash at the end of the year was $16,000.

A. Yes.

Q. One final point. We looked at the actual figures, I am going to get confused on what document that is. I believe it's Plaintiff's Exhibit 9 or 10. I can tell you exactly. It's going to be Plaintiffs' Exhibit 10.

MR. EJZAK: I think I made a mistake in document numbering, Your Honor. I apologize. I will to have fix this with the Court. I have two numbers with 10. What I want to look at is the Metaltech actuals for 2003. This is Plaintiffs' Exhibit 10. It looks like this.

THE COURT: The P&L statement?

MR. EJZAK: That's it, 12/31/03.

THE WITNESS: Yes.

BY MR. EJZAK:

Q. Let's take a look at what you had projected in your appendix at the end of your report,

multitude of critical vendors some kind of payment. Now, they were very reluctant to go anywhere with us because the track record, quite frankly, was terrible. We weren't paying the bills. With regard to those vendors that were not critical but we owed money to, we set up payment plans.

There were a couple of cases -- and I don't have the information in front of me, but there was a few cases where there was litigation pending, and we simply had to pay those. In those cases where there was no flexibility because they had made contact with the management at that time, and promises were made but not kept. So they would not allow me latitude. There were a handful of those that forced payment immediately or they had -- actually, there was litigation in place.

With regard to the other ones -- and we have some letters in my files regarding that -- that they would work with us provided that we didn't drop the ball. But there would be allowance for extenuating circumstances. If, for example, there was a plant shutdown, I heard testimony that 90 percent of our product -- it was closer probably to, at Dock Street, 97 to 98 percent of the sales.

Q. Went to --

Metaltech were somehow impervious to that. And despite the state of the country and recession and the discussions you had with vendors and banks, you still have on your net income for 2002, positive numbers?

A. Uh-huh.

Q. You talked about the vendors that you had discussions with?

A. Yes.

Q. I don't doubt you did have those discussions with your vendors. Those discussions were successful in making sure the vendors stayed in place, weren't they?

A. We had forged new alliances with new vendors. The vendors for the critical parts, raw materials that we needed, for the most part, were not willing to do anything other than cash in advance, or the payment was term with some payment to prior obligations to them. So we had to actually go out and we had to find other vendors that would be willing to sell to us with very low credit limits.

Q. But the company did maintain that?

A. Yes.

Q. And stayed operating?

A. Yes.

Q. You had to do some scrambling, but the

company did continue to operate?

A. The company did continue to stay in business.

Q. You would agree -- well, we had testimony from both experts that the financial picture for the country as a whole and both of these companies improved after 2002?

A. Yeah.

Q. I think Mr. Taladay asked you questions about whether the doom-and-gloom picture you are portraying continued up through March of 2003?

A. Yeah. I don't -- this is not an image I am trying to portray. This is a real world situation.

Q. That's what I am going to address, the real world situation that is reflected in the documents that Dock Street and Metaltech have.

A. Uh-huh.

Q. Now, we now know that there are projections, and you are not denying they are projections from somebody in management from the companies?

A. I see them here, so somebody put something together.

Q. We know that those projections for Dock Street, which are Plaintiff's Exhibit 7, show that in

A. Yes, they did.
Q. In fact, there is not one month during that three-month period that is negative? It's a net profit for all three months?
A. Well, March, I would dispute.
Q. That's true. March isn't in the March projections. But the overall --
A. The overall is, that's correct. But the only comment I would make to that is I don't believe we made a bank payment in January, February, or March. Obviously, we were very conscious of the cash position of both companies. So if we were flushed with cash, we wouldn't have been pleading with the bank to not come after us for not making a bank payment.
Q. That is interesting, also. We saw a report yesterday that was prepared by Mr. Mulick that Dock Street, the company we were just talking about here, for those first few months showed cash on hand of almost $100,000. You are not disputing that, are you?
A. No. I am sure if it was introduced by Mr. Mulick, it was factual.
Q. $100,000 is more than the amount it would have needed to pay interest payments on the bank

loans?

A. Yes, that's correct.

Q. Now, we had a fair bit of testimony on Dupenn. Let's go back to that testimony. How would you say the financial performance or projections from DuPenn compared that to that of Dock Street and Metaltech?

A. I believe that at the time I became involved with DuPenn that they may have been suffering from some of the same problems I saw at Dock Street when I got in. I believe there were some management issues that probably wouldn't -- I wouldn't have addressed quite the same way they were being handled. I think their position was probably worsened because of some management issues.

Q. Would you agree that if Dupenn's financial conditions were worse than Dock Street and Metaltech, that --

MR. TALADAY: Your Honor, I assume this cross-examination is being elicited under the same terms that my direct in this area was and also subject to being stricken should the Court determine that the original information is not admissible.

MR. EJZAK: I think that's what we are working under, Your Honor.

A. Okay.
Q. Which were done in December of 2002 while you are on board and in charge?
A. Uh-huh.
Q. Are you aware of any other reason besides the refinancing that was going on with the bank?
A. As a matter of practice, I would do a budget. I would not do a two-year budget.
Q. You are in charge of the accountants of the company, aren't you?
A. That's correct.
Q. You don't have the accountants going out and doing the projections willy-nilly without some direction?
A. No.
Q. Is it your testimony these projections made in December 2002 for both the companies you run were done without you being aware of it?
A. I guess what I am saying is, I have strong feelings that I checked yesterday with our financial guy because --
Q. Who did you check with
A. John Crancz. Did he or was he involved, because there was some question with regard to budgets having been prepared for 2003, and who did those

budgets and who approved them. His response to me was he, a Mike McCoy, who was a salesman for Metaltech at the time, and Tony Zaffuto had done the Metaltech budgets for '03. I didn't do them.

Q. I am not talking about '03 budgets. I am talking about projections for 2003 and 2004, Exhibits 6 and 7?

A. To me, Exhibits 6 and 7 for the '03 projections are, in fact, the budgets. Which would have meant that they also did '04 at that time. Additionally --

Q. Why would they have prepared '03 and '04 at that time?

A. Again, I don't know the answer to that.

Q. Aren't you in charge?

A. I would assume -- you keep belaboring that point. Yes, but keep in mind, the transitional effect of Metaltech was still -- and up until the point that it became nonexistent in the corporation -- was run by Mr. Zaffuto. There was a direct report, but in fact, he was an owner, okay. And there were some issues between the management styles between myself and he during that tenure.

So, therefore, Metaltech ran under the direction of Mr. Zaffuto. Although he ultimately

reported to me, we exercised very limited control over things other than payables and payroll.

Q. I understand that, but these are also for Dock Street?

A. On the Dock Street side of it, yes.

Q. That's all you?

A. That's correct, that's me.

Q. And your testimony is that you don't know who prepared these reports in management?

A. These particular documents, what I found yesterday is they were prepared by John Crancz, the accountant, and Tony Zaffuto.

Q. And John Crancz is the accountant for the company?

A. Yes.

Q. Did you ask Mr. Crancz why he prepared those documents?

A. No, I didn't.

Q. The date of the documents, does that suggest to you in December of 2002 when the refinancing was going on, that that was the purpose?

A. Very likely or very possibly could have been the purpose.

Q. You testified you are not aware of any other projections?

THE COURT: This is 21 or 22?

MR. EJZAK: This is 6 and 7.

MR. TALADAY: Here is my point on that, Your Honor: Those were offered as Plaintiffs' Exhibits. We stipulated that they could come into evidence as to their authenticity. They are company documents. I don't think it's proper rebuttal testimony to bring this fellow in to talk about them, when if he wanted to authenticate them and talk about them in his case in chief, he had the full opportunity to do that. And here what we are doing is rehashing evidence that was introduced in the case in chief.

THE COURT: What is he going to rebut?

MR. EJZAK: He is going to rebut what Mr. Asti testified about.

THE COURT: What is that?

MR. EJZAK: He testified he had never seen these reports, didn't know what they are, didn't know why they were prepared; it didn't make much sense.

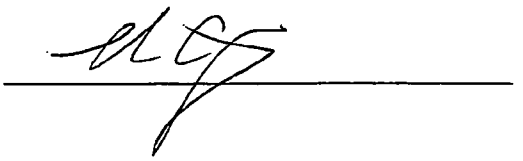
THE COURT: Is he going to testify that Mr. Asti did know?

MR. EJZAK: He is going to testify as to the reason why they were prepared, and he was,

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Reply Brief was sent to the following counsel of record via Federal Express, on this 23rd day of September, 2005:

Matthew B. Taladay, Esq.
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IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

BRIEF IN SUPPORT OF MOTION FOR POST-HEARING RELIEF

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

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IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	Civil Division Case No. 03-1048-CD

BRIEF IN SUPPORT OF MOTION FOR POST-HEARING RELIEF

Dissenting shareholders Richard and Beverly Gordon file this brief in support of their motion for post-hearing relief pursuant to Local Rule 211.

A. Dissenting Shareholders Suggested The Appointment Of An Independent Appraiser Long Before They Received The Court's Ruling.

The dissenting shareholders did not wait until after the Court issued its decision to request the appointment of an independent appraiser. On the contrary, as soon as the Court expressed its disappointment with the wide disparity in the valuations by the parties' respective experts, the dissenting shareholders immediately advised the Court of its authority to appoint its own appraiser and encouraged the Court to exercise that authority here:

> MR. EJZAK: The statute, the Business Corporation Act, actually has a provision that says the Court has the authority in its discretion to appoint its own appraiser to decide what the real value of the company is. I think that might make sense in this case.
>
> It's obviously not something we had testimony on here, but if the Court thinks it's something that would be helpful – and that's frequently done where the Courts would appoint their own experts where there is a huge disparity where the experts are. I think that makes sense in this case since there is such a big difference in where we stand.

Tr. (Vol. II) p. 216. Relevant portions of the two volume transcript are attached hereto as Exhibits A and B. The Court requested the parties to "see if you can come to some agreement as to the appointment of an independent appraiser. If you can, tell me, and I will do that." Id. The Companies indicated that they did not have "knee-jerk reaction" against the idea, but were unwilling to commit to the appointment of a neutral expert in the discussions immediately thereafter.

During the following weeks, the Gordons tried to reach an agreement with the Companies, both on the selection of an independent appraiser and on the settlement of the case as a whole. To avoid concerns over potential bias, the Gordons suggested several options, including exchanging lists of acceptable experts to see if there was any overlap in the experts both parties deemed acceptable, or using a "striking" process similar to that employed for the selection of jurors. The Companies rejected these suggestions, and refused to agree to any independent appraiser other than one individual (who was not acceptable to the Gordons because of a potential bias).

Nonetheless, because they were confident that an independent expert would support their position, the Gordons again suggested that the Court appoint its own expert when they filed their brief following the hearing. In the letter forwarding the brief to the Court, counsel for the Gordons explained that the Companies opposed appointing an independent expert (other than their own hand-picked individual), but that the Gordons "continue to believe that appointing such an expert would be helpful here given the wide disparity in the parties' positions." See letter dated July 1, 2005 from R. Ejzak, attached hereto as Exhibit C.

It is clear from the record, therefore, that the Gordons made their request for an independent expert long before they received the Court's ruling. The request was made to assist

the Court in reaching the correct decision; it was not an attempt by the Gordons to request a "do-over" after receiving an adverse ruling. The Companies' attempt to characterize the request otherwise is thoroughly refuted by the record. After recalling that the Court expressed concern over the disparity in the expert valuations at the conclusion of the testimony, the Companies state that "[t]he Gordons had the option at that time to request at their expense the appointment of an independent appraiser. Instead, they chose to rely on what they believed to be the strength of their expert witness testimony and requested that the evidentiary record be closed and the Court make a determination on the evidence presented." Response To Motion For Post-Hearing Relief, p. 2. As demonstrated above, that simply is not true. On the contrary, the Gordons did exercise their option at that time by requesting the appointment of an independent appraiser at the conclusion of the testimony. At no time did the Gordons make a request to close the evidentiary record.[1]

The Companies also incorrectly assert that, after failing to agree on the appointment of a neutral expert, "the parties agreed to submit the case to Court for a ruling based solely on the evidence submitted at trial." As demonstrated above, the Gordons repeated their request for a Court-appointed expert even up to the time that they submitted their brief to the Court.

All that the Gordons want to receive is the fair value for their stock. That is what they are entitled to receive under the Pennsylvania BCL. Appointing an independent expert can only help

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[1] Although the Gordons did not offer to pay for the Court-appointed expert at that time, the Pennsylvania Business Corporation Law creates a presumption that the costs and expenses of this proceeding, "including the reasonable compensation and expenses of the appraiser appointed by the court," shall be assessed against the business corporation. See 15 Pa.C.S.A. §1580(a). The presumption is rebuttable and the court can assess those costs against the dissenters if their conduct was dilatory, obdurate, vexatious or in bad faith. Since the Gordons' conduct was not, the costs of any independent expert appointed by the Court here should be borne by the Companies. Thus, the Companies' suggestion that the Gordons' request for an independent expert is somehow invalid since they did not initially offer to pay the related costs is contrary to the mandate of the statute.

the Court in determining what that fair value is – not because it will fill a void in the evidence that the Gordons were obligated to provide, but because it will assist the Court in assessing the wealth of evidence that is already in the record. Accordingly, the Gordons again request that the Court exercise its authority to appoint an independent expert to assist the Court in this matter.

B. The Court Failed To Engage In A Proper Determination Of Fair Value As Required Under Pennsylvania Law.

Courts have a duty to determine the fair value of a dissenting shareholder's stock in proceedings under the Pennsylvania BCL. In Appeal of O'Connor, 283 A.2d 279 (Pa. 1971), the Pennsylvania Supreme Court explained that all of the factors that need to be considered are distilled into three valuation methods: the investment approach, the net asset method, and the market approach. The Superior Court subsequently explained that courts typically assign a percentage weight to each of these methods and then add the resulting amounts to reach the fair value. In re Glosser Brothers, Inc., 555 A.2d 129, 134 (Pa.Super. 1989). The Superior Court further explained that these are not the only methods the court should consider, and expressly adopted the approach established by the Delaware Supreme Court in Weinberger v. UOP, Inc., 457 A.2d 701 (Del. 1983). The Weinberger case directs courts to use a "more liberal approach [which] must include proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court." Weinberger, 457 A.2d at 712-13, quoted in In re Glosser, 555 A.2d at 134. In adopting Delaware's approach, the Superior Court noted that it would assist trial courts greatly in their difficult valuation task by allowing them to consider a broader and perhaps more sophisticated range of information." Id.

Thus, in determining the fair value of the Gordons' stock in the instant case, the Court was obligated to take an approach that "must include proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court." Here, the Court based its fair value determination solely on the price that Richard Gordon paid for the stock of Metaltech back in 1990, and on the fact that Mr. Gordon (along with Messrs. Hanak and Zaffuto) purchased Dock Street with bank financing. The Court did not rely on any of the three primary methods of valuation the Pennsylvania Supreme Court discussed in O'Connor. By relying solely on the purchase price for the stock, the Court did not employ a technique or method which is generally accepted in the accounting community. Nor is the Court's conclusion supported by substantial evidence, as it is unreasonable to believe that the purchase price alone is adequate to support a conclusion of fair value. In re Jones & Laughlin, 477 A.2d 527, 535 ("[S]ubstantial evidence is more than a scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.").[2]

The fact that the parties present evidence of vastly different values does not excuse a court from its obligation to determine fair value by a proper method. For example, in In re Jones & Laughlin, the company's expert determined that the fair value was between $19 and $20 per share, while the dissenter's expert placed the fair value at $145 per share. The trial court "noted the difficulty of determining the fair market value . . . based on this evidence." 477 A.2d 527, 535 (Pa.Super. 1984). Despite this wide disparity, the trial court conducted its own analysis, rejected the investment approach, and concluded that the asset approach was "the most responsible vehicle for determining the fair value" even though "there is a great variance in the

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2 Even assuming, arguendo, that considering the purchase price alone satisfied the Court's obligation, it was improper (and inconsistent) to assign no value to Richard Gordon's stock in Dock Street.

facts presented." The court noted that there was credible evidence that both the assets and liabilities were grossly undervalued or understated on the companies' balance sheets. Nonetheless, the trial court used the value as reflected on the balance sheets, which was $54 per share. Id. at 536. On appeal, the Superior Court affirmed that decision, observing that the court had a "duty to make an independent appraisal based on the abundant evidence before it." Id. at 537.

As in Jones & Laughlin, there is ample evidence in the record here. All of the relevant financial information for the two subject companies for five years (in the case of Metaltech) or three years (in the case of Dock Street) prior to the valuation date is contained in the Gordons' expert reports. The Gordons' expert calculated the fair value under all three of the valuation methods approved by the Pennsylvania Supreme Court in O'Connor. (By contrast, the expert retained by the Companies only calculated the fair value under one of those methods). The record contains excruciating detail, from the reports and testimony of the respective experts, about the valuation methods and how each of the respective experts employed those methods. Furthermore, there is a consensus among the parties' experts that the most appropriate valuation method is the discounted cash flow approach (also known as the investment or income method).

The points on which the experts disagree are also clear. First and foremost, the experts used drastically different projections of future earnings. The projections on which the Gordons' expert relied were prepared by the Companies themselves, and they predicted the actual performance of the Companies with remarkable accuracy (both before and after the valuation

date). Consequently, the Gordons maintain that these projections are completely reliable.[3] In the event the Court disagrees, however, the Court is free to modify those projections as it sees fit.

Another area in which the Court could modify the expert valuations is in the discount rate that was applied. The Companies criticized the discount rate applied by the Gordons' expert because it failed to adjust general industry-wide figures to account for the particular circumstances of the subject companies. By contrast, the risk factor used by the Companies' expert was based on the actual debt to equity ratio of the subject companies. As a consequence of these differences, the Gordons' expert applied discount rates of 21% and 20.5% to Dock Street and Metaltech, respectively, while the corresponding discount rates applied by the Companies' expert were 27.7% and 26.8%. If the Court determines that some (or none) of these discount rates is correct, the Court can modify the valuations by applying whatever rate it deems appropriate. While performing these modifications is not a simple task, it certainly is within the level of complexity that courts have conducted in this type of proceeding. See Cavalier Oil Corp. v. Harnett, 1988 Del. Ch. LEXIS 28, 64 (Del. Ch. 1988), discussed below.

As an alternative, the Court is not limited to considering the discounted cash flow method. In Jones & Laughlin, the court rejected an approach similar to the discounted cash flow method and instead applied the net asset method. Here, the Gordons' expert included a full

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3 While the Companies repeat their assertion that these projections improperly assume an appreciation in value as a result of the merger, the evidence of record proves otherwise. The exhibits admitted at trial demonstrate that the company into which Metaltech and Dock Street were merged – Du Penn – was expected to decrease the overall value of the merger because of its abysmal financial performance. See Ex. 21 and 22, which were attached to the appendix submitted with the dissenting shareholders' post-hearing brief. For the company to suggest that Metaltech or Dock Street appreciated in value because of the anticipated merger is sheer nonsense. Furthermore, the testimony and exhibits admitted at trial of the actual performance of Metaltech and Dock Street in the months immediately prior to the merger demonstrate that the companies had sufficient funds to pay their debt service, which obviously would have rendered the refinancing in the merger unnecessary. Tr. (Vol. I) 66, 122, 168-69, 189-90; Tr. (Vol. II) 109-110.

analysis of the net asset approach in his report. As he testified during the hearing, the net asset approach determines fair value by examining the fair market value of the assets and liabilities of a company. Tr. (Vol. II) 20. Consequently, any disagreement between the experts over projections or discount rates, which play a crucial role in the discounted cash flow analysis, are simply irrelevant under the net asset approach. Under that approach, the fair value of the Gordons' stock in Metaltech is $169,690, and the fair value of Richard Gordon's stock in Dock Street is $461,700. See Gleason Report for Metaltech, Exs. J and M; and Gleason Report for Dock Street, Exs. K and N, attached hereto as Exhibits D and E, respectively. Significantly, the Gordons' expert explained that the net asset approach "tends to be more of a floor of value because it's something close to a liquidation value and doesn't recognize the benefit of a going concern, which most businesses are." Tr. (Vol. II) 21.[4] Indeed, that was the reason why he did not find the net asset approach as reliable as the discounted cash flow method.

The Gordons' expert also fully analyzed the fair value of the subject companies under the market approach, which is the third valuation method recognized by the courts in O'Connor and In re Glosser Bros. Based on that analysis, he assigned specific values to both of the subject companies under the market approach. See Gleason Report for Metaltech, Exs. K and L; and Gleason Report for Dock Street, Exs. L and M, attached hereto as Exhibits F and G, respectively.[5]

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4 The expert for the companies did not include any numerical analysis of the net asset approach, or assign any value under that approach in his report. Consequently, the evidence from the Gordon's expert under this approach stands undisputed.

5 Again, the expert for the companies did not include any numerical analysis of the market approach, or assign any value under that approach in his report. The evidence from the Gordon's expert under this approach stands undisputed.

The problem confronting the Court in this case, therefore, is not a lack of evidence. Instead, the problem appears to be the need for expert assistance in evaluating that evidence. Again, the obvious solution to that problem is the appointment of a neutral expert who can advise the Court.

C. The Court Improperly Assigned The Burden Of Proof To The Dissenting Shareholders.

Under the structure of the dissenters' rights statute in the Pennsylvania BCL, the company is charged with taking the lead in the process that results in paying a dissenting shareholder the fair value of his stock. Courts interpreting similar statutes have concluded that "imposing the burden of proof on the corporation in appraisal proceedings is more harmonious with the general statutory scheme." Multitex Corp. of America v. Dickinson, 683 F.2d 1325, 1331 (11th Cir. 1983). Placing the burden on the corporation also makes sense for pragmatic reasons. The corporation is in a far better position to establish value because it has "immediate and unrestricted access to information concerning its financial condition and faces only a comparatively minimal burden in presenting that information to the court." Id. at 1331. By contrast, "discovery and assimilation of the same information by a minority shareholder might be an insurmountable financial and practical burden." Id. Thus, the Court in the instant case should have placed the burden of proof on the Companies, not on the Gordons.

In the alternative, the Court should not have made any decision based on the allocation of the burden of proof, because such an analysis is inappropriate in this kind of valuation case. Courts in Delaware, New York and Ohio have reached this conclusion because the duty to determine fair value rests with the court. The Delaware Chancery Court explained this principle

in Cavalier Oil Corp. v. Harnett, a case in which the expert opinions ranged from $44 per share to $676 per share. As in the present case, the valuation method adopted by both parties' experts was the discounted cash flow method. Unlike here, however, the dissenter's expert failed to include one of the crucial components of that method – namely, a terminal value. After noting this omission, the court explained:

> In an ordinary litigation, the matter might be resolved by applying traditional burden of proof rules. If the Court had found that neither side had adequately established a terminal value for EMSI, it could rule against the party having the burden of proof. However, that approach is not permissible in a §262 appraisal. The statute directs that the Court "shall appraise" the fair value of the dissenting shareholders' shares. Where, as here, a discounted cash flow method is employed, a terminal value is an indispensable ingredient of that technique. Therefore, §262 requires that, where possible, the Court independently determine that valuation component, even where the parties themselves have tried and failed.
>
> The Court thus finds itself in the unenviable predicament of having to determine an element of value in a highly specialized area where it has no particular expertise, where there is minimal legal precedent, and where the parties have offered no alternative valuation positions on the question.

Cavalier Oil Corp. v. Harnett, 1988 Del. Ch. LEXIS 28, 64 (Del.Ch. 1988). Despite the difficulty of the task before it, the court in Cavalier proceeded to conduct a series of complicated calculations to provide its own terminal value based on the evidence of record.

New York has reached the same conclusion regarding the inapplicability of the burden of proof. In In re Cohen, the court concluded that the trial court:

> has the responsibility to 'determine the fair value of petitioner's shares as of the day prior to the date on which such petition was filed.' This formulation defies application of a burden-of-proof approach. That each party presented their views of the value of petitioner's shares through expert testimony does not require or

> even invite the court to measure value using or rejecting either or both opinions of value. Neither does it exonerate the court from formulating a value . . . after rejecting both experts' opinions.

636 N.Y.S.2d 994, 996-97. Ohio has taken a similar position. In Price v. Marathon, the court declared: "The ultimate issue was fair cash value and neither the statute, nor practicality, placed the burden of proof on one party rather than another." 1986 WL 807 (Ohio App. 1986). As the court observed in Marathon, the primary objective is to provide all parties an opportunity to be heard and then for the court, "based on all of the relevant evidence without consideration of burden of proof, to make a finding as to cash value." Id. According to these courts, the very nature of the fair value proceedings renders a burden of proof analysis inappropriate.

The Companies cite two cases that they believe address the burden of proof applicable here.[6] One case, Ferrando v. United States Nat'l Bdg. and Loan Assoc., 160 A. 716 (Pa. 1932), was decided in 1932, which is one year before the predecessor to the current dissenting shareholder statute was enacted. Thus, the court could not possibly have been interpreting the current statutory scheme that imposes certain requirements on the company. The second case, Austin v. City Stores Co., 89 Pa.D&C 57 (Phila. 1954), which was decided while the predecessor to the current statute was in effect, cites no authority or reasoning for its conclusory statement regarding the burden of proof. Moreover, it is a decision by the Court of Common Pleas of Philadelphia County, which is not binding on this Court. Consequently, this Court should follow the more well-reasoned position outlined above and find either that the burden of proof falls on the company, or that the notion of a burden of proof simply does not apply at all in this case.

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6 The other cases cited by the Companies address the burden of proof for other issues and thus are not relevant.

D. The Companies Failed To Comply With Any Of The Requirements Of The Dissenters' Rights Statute.

During the trial, the Gordons presented extensive evidence that they complied with every provision of the Pennsylvania BCL. In addition, however, the Gordons presented evidence that the Companies completely ignored all of the requirements of that statute, as demonstrated in the following testimony:

MR. EJZAK:	Mr. Gordon, after the merger, did Metaltech or Dock Street send you information stating where and when you should send a demand for the payment of your shares?
MR. GORDON:	No, they did not.
MR. EJZAK:	Did those companies inform you how much a transfer of your shares would be restricted from the time of receipt of demand for payment forwarded by you?
MR. GORDON:	No.
MR. EJZAK:	Did they provide you with a form to demand payment for your shares?
MR. GORDON:	No.
MR. EJZAK:	Did they provide you with a copy of Pennsylvania business corporation law that describes your rights as a dissenting shareholder?
MR. GORDON:	No, they did not.
MR. EJZAK:	In response to your demand to receive fair value of your shares – the document, January 3 document we looked at for the two companies – did either Dock Street or Metaltech give you written notice they were not going to pay you anything for your stock?
MR. GORDON:	No, they did not.
MR. EJZAK:	In fact, did you receive anything from either of those two companies?

MR. GORDON: I have not received anything.

Tr. (Vol. II) 35-36.

This testimony stands unrebutted. The Companies did not even attempt to challenge these statements. Despite this uncontroverted evidence, the Companies state that they notified the Gordons that there was no value attached to the shares, and that they also notified the Gordons that no remittance would be made. The Companies have fabricated those statements out of whole cloth. There is not a single piece of evidence to support those contentions, nor could there be, since they are not true. Accordingly, the Court should award fees and costs to the Gordons in light of the Companies' flagrant disregard for the statutory requirements.

CONCLUSION

For all of the reasons set forht above and in the motion for post-hearing relief, the Gordons request that the Court grant the relief sought in that motion.

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

Richard A. Ejzak
PA. I.D. #56699
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
(412) 297-4900

Dated: October 21, 2005

1012409_1

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders:

Case No. 03-1048-CD

CERTIFICATE OF SERVICE

Filed on behalf of:
Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of Record for this Party:

John R. Ryan
Attorney-At-Law

Pa. I.D. 38739

BELIN & KUBISTA
15 N. Front Street
P.O. Box 1
Clearfield, PA 16830
(814) 765-8972

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

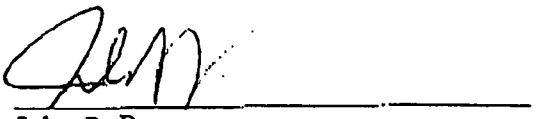
IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders:	:	Case No. 03-1048-CD

CERTIFICATE OF SERVICE

This is to certify that I have served a copy of Brief in Support of Motion for Post-Hearing Relief filed on behalf of Dissenting Shareholders, RICHARD GORDON and BEVERLY GORDON, in the above captioned matter on the following party by postage prepaid first-class United States mail, on the 24th day of October, 2005:

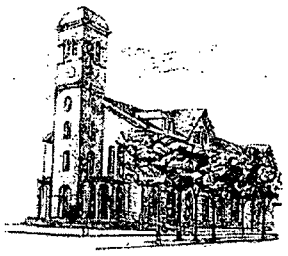
Matthew B. Taladay, Esquire
Hanak, Guido & Taladay
498 Jeffers Street
P.O. Box 487
Du Bois, PA 15801
Attorney for Metaltech Corporation
and Dock Street Manufacturing, Inc.

BELIN & KUBISTA



John R. Ryan
Attorney for Dissenting Shareholders,
Richard Gordon and Beverly Gordon

FILED
JUL 12 2006
William A. Shaw
Prothonotary/Clerk of Courts



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw Prothonotary/Clerk of Courts
David S. Ammerman Solicitor
Jacki Kendrick Deputy Prothonotary
Bonnie Hudson Administrative Assistant

COPY

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John R. Ryan
15 N. Front Street
Clearfield, PA 16830

FILED
01 9:36 BL
JUL 20 2006

William A. Shaw
Prothonotary/Clerk of Courts

In Re: Metaltech Corporation and Dock Street Manufacturing, Inc.
Application of Richard Gordon and Beverly Gordon, Dissenting Shareholders

Court No. 03-1048-CD; Superior Court No. 1847 WDA 2005

Dear Counsel:

Please be advised a supplement to the above referenced record was forwarded to the Superior Court of Pennsylvania on July 20, 2006. Please see attached sheet for the details of the supplement.

RECORD
JUL 21 2006
PITTSBURGH OFFICE OF SUPERIOR COURT

Sincerely,

William A. Shaw
Prothonotary/Clerk of Courts

#31

rfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date	Selected Items	Judge
07/13/2006	Letter to Superior Court, transmitting supplement to original record on appeal, mailed July 13, 2006.	John K. Reilly Jr.
	Application to Supplement Record, filed by s/ Richard A. Ejzak, Esquire. No CC	John K. Reilly Jr.
07/17/2006	Certified Mail Receipt, sent to Superior Court of PA-Prothonotary on July 13, 2006. Supplement to record mailed 7/13/06	John K. Reilly Jr.
	Order, AND NOW, this 14th day of July, 2006, upon consideration of Richard and Beverly Gordon's Application to Supplement Record, said application is hereby Granted. The following documents shall be included as part of the record in this appeal and transmitted to the Superior Court pursuant to the Superior Court's Order of July 10, 2006: 1) Letter of January 16, 2006, from Judge John K. Reilly of the Court of Common Pleas of Clearfield County 2) Metaltech's Supplemental Brief in Opposition to Post-Hearing Motion filed on or about December 22, 2005 3) Gordons' Supplemental Brief re: Burden of Proof filed on or about December 23, 2005. BY THE COURT: /s/John K. Reilly, Jr., P.J., Specially Presiding One CC Attoreny Ejzak	John K. Reilly Jr.

Clearfield County Court of Common Pleas
ROA Report
Case: 2003-01048-CD
Current Judge: John K. Reilly Jr.
IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date	Selected Items	Judge
07/18/2003	Filing: Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. Pursuant to 15 PA. C.S. 1579 Paid by: Belin & Kubista Receipt number: 1863235 Dated: 07/18/2003 Amount: $85.00 (Check) 1 CC to Belin & Kubista	No Judge
07/25/2003	Certificate of Service, Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. upon: METALTECH CORPORATION, DOCK STREET MANUFACTURING, INC and DuPENN, INC. filed by s/John R. Ryan, Esquire	No Judge
08/15/2003	Notice of Intention to File Praecipe for Entry of Judgment by Default, filed by Atty. Ejzak 1 Cert. to Atty.	No Judge
08/25/2003	Answer and New Matter. filed by s/Matthew B. Taladay, Esquire Verification s/Robert M. Hanak Certificate of Service 1 cc to Atty	No Judge
09/12/2003.	Reply to New Matter filed by Atty. Ejzak, Cert. of Service. no cert. copies.	No Judge
12/09/2003	ORDER,AND NOW, this 9th day of December, 2003, re; Status Conference scheduled for Monday, January 12, 2004, at 11:00 a.m. by the Court, sJFA,J. 1 cc Atty Taladay, Ejzak	Fredric Joseph Ammerman
01/12/2004	ORDER, NOW, this 12th day of January, 2004, re: CA shall schedule a further status conference following completion of the expert reports to be filed by each party and a 1 day trial before the Court w/o a jury no less than 60 days from date hereof. by the Court, s/JKR,JR., Senior Judge, Specially Presiding 1 cc Attys Taladay, Ejzak, Ryan	Fredric Joseph Ammerman
10/12/2004	Order, AND NOW, this 12th day of October, 2004, it is the Order of the Court that a Status Conference in the above-captioned matter has been scheduled for Tuesday, Nov. 9, 2004 at 1:30 p.m. in the Clfd. Co. Courthouse, Clfd. PA before the Honorable John K. Reilly Jr., Senior Judge, Specially Presiding. Please report to the Court Administrator's Office. You will be directed from there where this conference will be held. BY THE COURT:/s/ John K. Reilly, Jr. Senior Judge 1CC Atty. Belin, 1CC Atty. Taladay.	John K. Reilly Jr.
11/09/2004	Order, filed cert. to Taladay, Ejzak and Ryan NOW, this 9th day of November, 2004, Order of this Court that C/A shall schedule the above matter or hearing on merits. BY THE COURT: John K. Reilly, Jr. Senior Judge. 1CC Atty Taladay, 1CC Atty Ejzak, 1CC to Ryan	Fredric Joseph Ammerman
02/03/2005	Order, AND NOW, this 3rd day of February, 2005, Hearing on the Merits has been scheduled for March 29 and 30, 2005, at 9:00 a.m. each day before the Honorable John K. Reilly, Jr., Senior Judge, Specially Presiding. BY THE COURT: /s/John K. Reilly, Jr., Senior Judge, Specially Presiding One CC Attys: Taladay, Ejzak, Ryan	John K. Reilly Jr.
03/08/2005	Petition for Continuance, filed by s/Matthew B. Taladay, Esq. One CC Attorney Taladay	John K. Reilly Jr.
03/10/2005	Order, filed 3 Cert. to Atty. Taladay Now, this 10th day of March, 2005, RE: Petition for Continuance, ORDER of Court tha Petition for Continuance is Denied.	John K. Reilly Jr.
03/17/2005	Certificate of Service, 16th day of March, Court certified Order of Court sent to Richard A Ejzak, Esquire. Filed by s/ Matthew B. Taladay, Esquire. No CC	John K. Reilly Jr.

Clearfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

User: BHUDSON

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

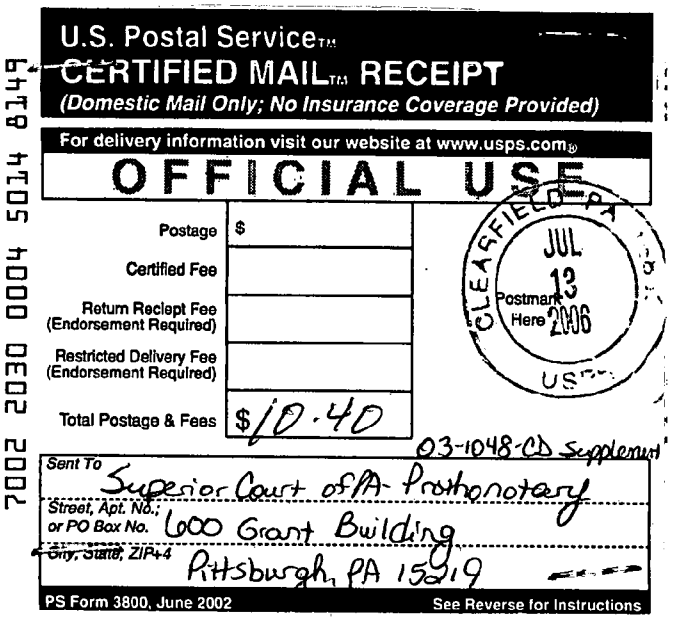
Civil In RE

Date	Selected Items	Judge
09/23/2005	Opinion and Order, NOW, this 22nd day of Sept., 2005, following hearing and briefs into the above captioned action seeking to determine the value of dissenting shareholders' interest in Metaltech Corporation and Dock Street Manufacturing, Inc., it is the Order of this Court that judgment shall be and is hereby entered in favor of said dissenters in the amount of $20,000, in accordance with the foregoing Opion. By The Court, /s/ John K. Reilly, Jr., Senior Judge. 1CC Taladay, Ejzak, J. Ryan, D. Mikesell, Law Library	John K. Reilly Jr.
10/03/2005	Motion For Post-Hearing Relief, filed by s/John Ryan , Esquire. 3CC Atty. Ryan	John K. Reilly Jr.
10/17/2005	Response to Motion for Post-Hearing Relief, filed by s/ Matthew B. Taladay Esq. No CC.	John K. Reilly Jr.
10/24/2005	Filing: Appeal to High Court Paid by: Ejzak, Richard A. (attorney for Gordon, Richard) Receipt number: 1910568 Dated: 10/24/2005 Amount: $45.00 (Check)	John K. Reilly Jr.
	Notice of Appeal and Proof of Service of Notice of Appeal, upon Matthew B. Taladay, Esquire; The Honorable John K. Reilly, Jr.; Jenny L. Scalise; David Meholick, and William A. Shaw, Prothonotary. Filed by s/ Richard A. Ejzak, Esquire. 1CC & $60.00 to Superior Court, 1CC Atty.	John K. Reilly Jr.
10/25/2005	Certificate of Service, copy of Brief in Support of Motion for Post Hearing Relief filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon, served upon Matthew B. Taladay, Esquire, on October 24, 2005. Filed by s/ John R. Ryan, Esquire. No CC	John K. Reilly Jr.
10/31/2005	Appeal Docket Sheet, filed. 1847 WDA 2005	John K. Reilly Jr.
11/08/2005	Order AND NOW, this 7th day of November 2005, upon consideration of the Motion for Post-Hearing Relief filed by Dissenting Shareholders in the above-captioned action, it is the ORDER of this Court that said Motion be heard the 22nd day of November 2005 at 1:30 p.m. in Courtroom No. 2. BY THE COURT: /s/ John K. Reilly, Jr. S.J. 1CC Attys: Taladay, Ejzak, and Ryan.	John K. Reilly Jr.
11/18/2005	Motion for Continuance, filed by s/Matthew B. Taladay One CC Atty Taladay	John K. Reilly Jr.
	Order, AND NOW, this 18th day of November, 2005, continuance is granted. Hearing will be rescheduled by the Court Administrator. BY THE COURT: /s/John K. Reilly, Jr., Sr. One CC Attorney Taladay	John K. Reilly Jr.
11/23/2005	Order NOW, this 23rd day of November, 2005, upon consideration of Post-Trial Motions filed on behalf of Dissenters herein and argument and briefs thereon, it is the ORDER of this Court that each party shall, within thirty (30) days from date hereof, submit further briefs on the issue of burden of proof at the initial trial herein. If the Court determines the burden of proof to be on the dissenters, the Opinion and Order shall remain undisturbed. If the burden of proof is equally shared be the parties, the Court will thereupon appoint an independent valuation expert to determine the value of the shares of the dissenters in accordance with the business corporation law, costs thereof to be bornes by the dissenters with the right petition the Court for reimbursement following submission of the independent expert's report. In the event said expert is appointed and report received, each party shall have the right to be heard with regards to their positions on each on said report. BY THE COURT: /s/ John K. Reilly, Jr. SJSP. CC to Ejzak, Ryan and Taladay.	John K. Reilly Jr.

Clearfield County Court of Common Pleas
ROA Report
Case: 2003-01048-CD
Current Judge: John K. Reilly Jr.
IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date	Selected Items	Judge
11/28/2005	Certificate of Service, filed. That on the 23rd day of November, a Court certified copy of MOTION FOR CONTINUANCE and ORDER OF COURT was sent via first class mail, postage paid, to Richard A. Ejzak Esq., filed by s/ Matthew B. Taladay Esq. No CC.	John K. Reilly Jr.
04/05/2006	Order, NOW, this 4th day of April, 2006, Ordered that a telephonic conference call regarding the above matter has been scheduled for Thursday, April 6, 2006 at 1:00 p.m. at the initiation of Matthew B. Taladay, Esquire. By The Court, /s/ John K. Reilly, Jr., Senior Judge. 1CC Attys: Taladay, Ejzak, Ryan	John K. Reilly Jr.
04/11/2006	Order, NOW, this 7th day of April, 2006, Joseph J. Evans shall be appointed to evaluate the shares of the dissenting shareholders and, for that purpose, to hold such hearing, take such testimony and receive such evidence as he shall deem necessary. By The Court/s/ John K. Reilly, Jr., Senior Judge. 1CC Attys: Taladay, Ejzak, Ryan, 1CC Joseph J. Evans	John K. Reilly Jr.
05/30/2006	Transcript, March 29, 2005, Volume I of II (with Exhibits), filed.	John K. Reilly Jr.
	Transcript, March 29, 2005, Volume II of II (with Exhibits), filed.	John K. Reilly Jr.
05/31/2006	May 31, 2006, Mailed Appeal to Superior Court. May 31, 2006, Notification of Mailing Appeal letters mailed to Matthew B. Taladay, Richard A. Ejzak, and John R. Ryan with certified copies of the docket sheet and the summary of docket entries submitted to Superior Court.	John K. Reilly Jr.
	Copy of Certified Mail Receipt, sent to Superior Court of Pa., filed. Original to 01-891-CD	John K. Reilly Jr.
06/05/2006	Domestic Return Receipt. To Superior Court of PA. filed 7002 2030 0004 5014 8095. (record) received 6/1/06	John K. Reilly Jr.
07/12/2006	Stipulation of Counsel to Correct Record, filed by s/Richard A. Ejzak (faxed consent signature s/Matthew B. Taladay) No CC	John K. Reilly Jr.
	Praecipe to Correct Record Pursuant to Stipulation of Counsel, s/Richard A. Ejzak (A) Dissenting Shareholders Richard and Beverly Gordon's Post-Hearing Brief, filed on or about July 1, 2005; (B) The Appendix to Dissenting Shareholders Richard and Bevery Gordon's Post-Hearing Brief, filed on or about July 1, 2005; (C) Defendant Metaltech Corporation and Dockstreet Manufacturing, Inc.'s Post-Hearing Brief, filed on or about August 15, 2005; (D) Dissenting Shareholders Richard and Beverly Gordon's Reply Brief, filed on or about September 23, 2005; (E) Dissenting Shareholders Richard and Beverly Gordon's Brief in Support of their Motion for Post-Hearing Relief, filed on or about October 21, 2005.	John K. Reilly Jr.
07/13/2006	July 13, 2006, Mailed supplement to Superior Court to attach to original record. July 13, 2006, Letters, Re: Notification of mailing appeal mailed to John K. Reilly, Jr., S.P., Matthew B. Taladay, Richard A. Ejzak, and John R. Ryan with docket sheet and summary of docket entries transferred.	John K. Reilly Jr.



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03-1048-CD Supplement

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PS Form 3800, June 2002 — See Reverse for Instructions

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GK

William A. Shaw
Prothonotary/Clerk of Courts

Supplement to record mailed 7/13/06.

#35

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

APPLICATION TO SUPPLEMENT RECORD

Dissenting Shareholders Richard and Beverly Gordon file this application to supplement the record that the Prothonotary previously transmitted to the Superior Court of Pennsylvania on May 31, 2006, pursuant to the appeal of this matter pending at Superior Court docket number 1847 WDA 2005.

1. This appeal arises from an action to determine the fair value of the Gordons' stock under the dissenters' rights section of the Business Corporation Law of Pennsylvania, 15 Pa.C.S.A. §1579.

2. The record transmitted by the Prothonotary of this Court to the Superior Court excludes certain documents that are relevant to whether the instant appeal should be quashed and the case remanded to the trial court for further proceedings.

3. The most significant document that is not included in the record is a letter from Judge John K. Reilly, Jr. dated January 16, 2006. In that letter, Judge Reilly proposed to rescind

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William A. Shaw
Prothonotary/Clerk of Courts

#34

the order that is the subject of the appeal.[1] See Letter from Judge John K. Reilly dated January 16, 2006, attached hereto as **Exhibit A.**[2]

4. The January 16, 2006 letter is significant to the pending appeal, and thus a necessary part of the record, because the Gordons have consistently maintained before this Court and the Superior Court that the order on appeal is not a final order and the appeal is premature. Consequently, it is the Gordons' position that this Court had authority to proceed with the case under Pa.R.A.P. 1701(b)(6), including the issuance of the January 16, 2006 letter.

5. The Gordons also contend that the briefs the parties filed on or about December 22, 2005, and December 23, 2005, prior to the January 16 letter, should be included in the record. While these briefs are not as significant as Judge Reilly's letter for purposes of the premature appeal issue, the briefs do address the issue that is discussed in Judge Reilly's letter and thus should be included in the interest of completeness. A copy of these briefs is attached hereto as **Exhibits B and C.**

6. Both Judge Reilly's January 16 letter and the briefs the parties filed on or about December 22 post-date the order that is on appeal, which was entered on September 23, 2005.

7. Counsel for the Gordons is aware that, as a general rule, the record on appeal should not be amended to include documents that become part of the trial court record after the

---

1 Judge Reilly wrote the January 16 letter in connection with the Motion for Post-Trial Relief filed by Dissenting Shareholders Richard and Beverly Gordon. Before this Court ruled on that motion, the Gordons filed a notice of appeal with the Superior Court out of an abundance of caution.

2 The letter mistakenly lists November 23, 2005 as the date of the order on appeal. The correct date is September 23, 2005. The mistake is obvious since the November 23 order merely requested additional briefs from the parties.

entry of the order on appeal. However, the Superior Court has expressly directed the Gordons to address the remand issue in their appellate brief. In light of this instruction, the Gordons believe that the Superior Court should have the opportunity to review Judge Reilly's January 16 letter and the briefs that preceded that letter. That review will be impossible if those documents are not part of the record.[3] Cf. DARLINGTON, MCKEON, SHUCKERS AND BROWN, WEST'S PENNSYLVANIA PRACTICE: PENNSYLVANIA APPELLATE PRACTICE §1921:5, p. 320 (2006 edition) (facts relating to motions to quash for mootness or other reasons are "an important exception to the general rule" that documents post-dating the order on appeal should not be part of the record).

8. The Gordons previously applied to the Superior Court to supplement the record with the aforementioned documents. Although the Superior Court denied the application, the denial was "without prejudice to appellant's right to seek the requested relief in the trial court." The Superior Court further ordered that "[i]f the trial court grants [the Gordons] the right to supplement the record, the trial court shall transmit such supplementation to [the Superior Court] and such supplementation shall become part of the record on appeal." See Superior Court Order dated July 10, 2006, attached hereto as **Exhibit D**.

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3 Pursuant to Pa.R.App.P. 1926, the Gordons attempted to add these documents to the record by stipulation of the parties. Counsel for the Gordons advised opposing counsel on June 14, 2006 that certain documents had been omitted from the record, and forwarded a draft stipulation to opposing counsel the following day. Opposing counsel ultimately agreed to stipulate that certain documents should be added to the record on June 28, but would not agree to stipulate to the addition of the documents discussed herein.

WHEREFORE, the Gordons respectfully request that the record in this case be supplemented to include Judge Reilly's letter dated January 16, 2006 and the briefs the parties filed on or about December 22, 2005 and December 23, 2005.

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

Richard A. Ejzak
PA. I.D. #56699
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
(412) 297-4900

Attorney for Dissenting
Shareholders/Appellants

Dated: July 12, 2006

CA

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

ORDER

AND NOW, this 14 day of _____, 2006, upon consideration of Richard and Beverly Gordons' Application to Supplement Record, said application is hereby GRANTED. The following documents shall be included as part of the record in this appeal and transmitted to the Superior Court pursuant to the Superior Court's Order of July 10, 2006:

(1) Letter of January 16, 2006 from Judge John K. Reilly of the Court of Common Pleas of Clearfield County

(2) Metaltech's Supplemental Brief in Opposition to Post-Hearing Motion filed on or about December 22, 2005

(3) Gordons' Supplemental Brief re: Burden of Proof filed on or about December 23, 2005

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JUL 17 2006
William A. Shaw
Prothonotary/Clerk of Courts

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JUL 17 2006

William A. Shaw
Prothonotary/Clerk of Courts

DATE: 7/17/06

X You are responsible for serving all appropriate parties.

_____ The Prothonotay's office has provided service to the following parties:

_____ Plaintiff(s) _____ Plaintiff(s) Attorney _____ Other

_____ Defendant(s) _____ Defendant(s) Attorney

_____ Special Instructions:

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JUDGE'S CHAMBERS
FORTY-SIXTH JUDICIAL DISTRICT OF PENNSYLVANIA
CLEARFIELD COUNTY
230 EAST MARKET STREET
CLEARFIELD, PENNSYLVANIA 16830

FREDRIC J. AMMERMAN
PRESIDENT JUDGE

PAUL E. CHERRY
JUDGE

JOHN K. REILLY, JR.
SENIOR JUDGE

January 16, 2006

Matthew B. Taladay, Esquire
Hanak, Guido and Taladay
498 Jeffers Street
DuBois, PA 15801

Richard A. Ejzak, Esquire
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222

Re: Metaltech Corp., et al
No. 03-1048-CD

Gentlemen:

Following receipt of your briefs and an examination of the Business Corporation Law of Pennsylvania, this Court has concluded that the burden of proof at the valuation hearing is shared equally by the parties and, therefore, proposes to rescind its Order of November 23, 2005, and appoint an independent expert for the purpose of determining the valuation of the dissenters' shares.

For this purpose, I would suggest that we schedule a meeting, either in person or by telephone conference, to discuss how best to implement this proceeding. Please advise. Thank you very much.

Very truly yours,

John K. Reilly, Jr.
Senior Judge
46th Judicial District

JKR:cp

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	No. 03-1048-CD Type of Pleadings: Supplemental Brief in Opposition to Post-Hearing Motions Filed on Behalf of: Metaltech Corporation and Dock Street Manufacturing, Inc. Counsel of Record for This Party: Matthew B. Taladay Hanak, Guido and Taladay 498 Jeffers Street P.O. Box 487 DuBois, PA 15801 (814) 371-7768

December 22, 2005

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	: : : : : :	No. 03-1048-CD

SUPPLEMENTAL BRIEF
IN OPPOSITION TO POST-HEARING MOTIONS

Metaltech Corporation and Dock Street Manufacturing, Inc. ("the Companies") file this supplemental Brief in Opposition to Post-Hearing Relief of Dissenting Shareholders, Richard and Beverly Gordon, ("Gordons" of "Dissenters"). This Brief is submitted in accordance with the Order of Court dated November 23, 2005 wherein the Court requested each party address the issue of the burden or proof at the initial trial. The Court stated, "If the Court determines the burden of proof to be on the Dissenters, the Opinion and Order shall remain undisturbed. If the burden of proof is determined to be on the corporations, or if the burden of proof is equally shared by the parties, the Court will thereupon appoint an independent valuation expert to determine the value of the shares of the Dissenters in accordance with the Business Corporation Law . . . ." *Order, November 23, 2005.*

Research on this issue reveals that the Court has potentially three options concerning a determination on the burden of

proof. Each of these options is discussed more thoroughly below. However, there does not appear to be any authority to support the proposed action by the Court - i.e. making a post-trial appointment of an appraiser. Furthermore, in no case is the entire burden of proving value to be on the parties. Regardless of the initial burdens, the Court must ultimately weigh all relevant evidence and make an independent appraisal of the fair value.

No Court in Pennsylvania has addressed the specific issue of the burden of proof in a statutory action to determine value of a dissenting shareholder's interest under the revised Business Corporation Law (1988). Thus, the options to the Court are as follows: (1) look to other Pennsylvania law to determine how the Supreme Court may rule on the burden of proof issue; (2) look to other states, including Delaware, which has considered a shifting burden of proof - a prima facia case of fairness by the corporation, then a burden on the dissenters to prove a greater value; or (3) look to other states, including Delaware, where the burden of proof is equally shared between the parties, or the burden is dismissed, but the Court is required to make an independent appraisal.

I. Pennsylvania Law

No Court in Pennsylvania has analyzed the statutory scheme under the 1988 Business Corporation Law for purposes of determining who bears the burden of proof on the valuation issue. The statute itself is silent on this matter. However, prior to the 1988

revisions to the BCL, Pennsylvania Courts required dissenting shareholders applying to the Court for a determination of fair value of their shares to bear the burden of proof. The Supreme Court in *Ferrando vs. United States National Building and Loan Association, 307 Pa. 25, 160 A. 716 (Pa. 1932)* held:

> When a corporation, against the protest of one of its stockholders, transfers all its assets either through sale or merger to another corporation, a dissenting stockholder is entitled to demand and receive in cash the value of his stock at the time of such transfer. In an action to secure the worth of the stock, the burden rests on the protesting shareholder to prove the recoverable value of his stock as of the date of transfer. No particular method is necessary to determine value, but the evidence should be such as would fairly satisfy the chancellor as to what the actual value was.

Likewise, in *Austin vs. City Stores Company, 89 Pa. D&C 57 (1954)*, an action was instituted under the predecessor to the Business Corporation Law for an appraisal of the "fair value" of dissenters' shares. The dissenters, having instituted the action, had the burden of establishing the "fair value" of their shares.

A statutory action by a dissenting shareholder for determination of fair value under the current version of the BCL is in accordance with historical common law dissenter's rights and the former statutory rights. Therefore, the burden of proof should be imposed upon the dissenters the same as it was under common law and the predecessor to the BCL.

Aside from the specific issue of fair value, other Pennsylvania Courts have imposed the burden of proof on a dissenting shareholder when the fairness of the corporate action is in question in

a statutory action under the BCL. For example, *In Re: Glosser Brothers, Inc., 382 Pa.Super. 177, 555 A.2d 129 (Pa.Super. 1989)*, the Superior Court held that a dissenting shareholder had the burden of proving that it would be unfair or unjust to deny him dissenter's rights when he failed to comply with procedural requirements. The Court stated:

> We agree that the burden is on the shareholder to show why he should be afforded dissenters' rights. The statute provides the corporation the "option" of terminating the shareholder's rights. If the exercise of this option is to be questioned, the shareholder has the burden of showing why.

Likewise, the statute in question permits the corporation to effectuate a merger and pay any dissenting shareholders fair value of the shares. The corporation has the further option of bringing an action for a determination of fair value. If the exercise of these options is questioned, the shareholder should have the burden of showing why the transaction is unfair.

In the federal arena, the Third Circuit Court of Appeals agreed with the United States District Court for the Eastern District of Pennsylvania in the case *Landy vs. Amersterdam, 815 F.2nd 925 (U.S.C.A. 3rd 1987)* on the issue of the burden of proof concerning questions of fairness and appraisal rights after a corporate merger was challenged by shareholders under the Securities Exchange Act. The Federal Courts found no Pennsylvania law on the issue and the Act was silent on the burden in appraisal actions. The Federal Courts predicted that the Pennsylvania Supreme Court would likely follow a

rule requiring any party challenging a corporate transaction to come forward with some basis for invoking the fairness obligation. The Court of appeals stated:

> That rule makes practical sense. A party challenging a transaction ought not to be able to invoke the remedial powers of the Court without making *any* showing that the transaction was unfair. The "prove the prospectus and rest" rule seems unduly likely to produce nuisance litigation. We do not believe that the Pennsylvania Supreme Court would permit the Plaintiff to avoid a directed verdict merely by proving self-dealing alone.

Similarly, it makes practical sense under the Business Corporation Law to require dissenting shareholders to prove the unfairness of the value offered by the corporation. Otherwise, the statute invites nuisance litigation by permitting disgruntled shareholders to institute valuation proceedings against a corporation, with no evidence that the corporation acted unfairly. The practical rule is to require a dissenter challenging the fair value offered by the corporation to present sufficient evidence to prove a greater value. A dissenter instituting the fair value action should not be able to avoid an unfavorable verdict without meeting this burden.

Generally, in a statutory cause of action when the statute and legislative history are silent on who bears the burden of proof, the default rule is that a plaintiff who seeks to change the present state of affairs bears the risk of failure of proof or persuasion. *Schaffer X Rel Schaffer vs. Weast, 126 S.Ct. 528 (U.S. 2005).* Perhaps the broadest and most accepted idea is that the person who seeks court action should justify the request. *Id.* Thus, as a default rule, the Court should

allocate the burden to the party initiating the proceeding and seeking relief.

Pennsylvania Courts assign the burden of persuasion to a party who maintains the existence of certain facts to prove those facts. *Hughes vs. Public School Employees Retirement Board, 662 A.2d 701 (Pa. Cmwlth. 1991).* Generally, the burden of persuasion requires the party bringing the action to produce sufficient evidence to convince the Judge that a fact has been established, and this burden never leaves the party on whom it is originally cast. *Hurley vs. Hurley, 754 A.2d 1283 (Pa.Super. 2000); Schmidt vs. Paul, 105 A.2d 118, 377 Pa. 377 (Pa. 1954).*

Presently, the Court properly applied Pennsylvania law and the general rules of evidence and the Order should remain undisturbed.

II. Shifting Burden

If we look to other state law for help in deciding this issue, Delaware has addressed the allocation of the burden of proof in valuation cases, such as the one at bar. Historically, a string of Delaware cases created a shifting burden. First, the dissenters must establish that they are entitled to dissenter's rights by satisfying the procedural predicates to seek relief in the Courts. Once the initial procedural burden (which is not presently at issue) is met by the dissenters, the burden shifts to the corporation to make a prima facia

case that the tender offer price was fair. Then, the dissenters are required to prove a greater figure.

This Delaware shifting burden scheme was adopted and discussed by the Superior Court of Maine as follows:

> The plain language of the statute (Maine's Business Corporation Law) distinguishes between the initial procedural burden that the dissenters must carry, and then the substantive process by which the Court assesses the fair value of their shares. The valuation process required by the statute is set out in decidedly neutral terms: It is framed with reference to the appraiser's responsibility and not to the burdens that the party may have in a trial setting.
>
> Under Delaware law . . . when the court addresses the fair price aspect of the merger transaction, the assessment of the evidence is governed by shifting burdens of proof. Initially, the party defending the merger (tender offer) price must demonstrate its fairness. Upon a sufficient showing of fair value of the company, the party attacking the merger was required to come forward with sufficient credible evidence to persuade the finder of fact of the merit of a greater figure proposed. The preliminary, "sufficient," showing that the proponent of the tender offer price must make is a *prima facia* case.
>
> . . . Therefore, a review of case law from the influential Delaware jurisprudence reveals that where a corporation presents a prima facia case that the tender offer price presented the fair value of the target corporation, the dissenting shareholders must shoulder the burden of rebutting that valuation evidence. *In Re: Valuation of Common Stock of Penobscot Shoe Company, 2003 W.L. 21911141 (ME.Super. 2003) (Not reported in A.2d) Internal citations omitted; citing Citron vs. E.I. Dupont De Memours & Co., 584 A.2d 490 (Del. 1990) and Kahn vs. Lynch Communications Systems, 669 A.2d 79 (Del. 1995).*

In a leading case on the burden of proof issue, *Kahn vs. Lynch Communication Systems, 669 A.2d 79 (Del. 1995)*, the chancery court found that the corporation had successfully born the initial

burden of proving fairness of the merger price which was supported by the evidence tendered by the corporation's expert. The Court was not persuaded that the dissenter had presented evidence of sufficient quality to prove the inadequacy of the merger price. Therefore, the price tendered by the corporation was upheld. On appeal, this ruling was affirmed upon a finding that it was logically determined and supported by the evidence.

With respect to statutory actions in which dissenters challenge a corporate merger, Kahn, *Supra. cited to* Weinberger vs. UOP, Inc., *457 A.2d 701 (Del. 1983)*, and made a clear distinction between issues of fairness of the transaction, and fair price. The corporation always faces the burden of proving the merger itself was fair with respect to timing, initiation, structure and negotiation. (This is also true under Pennsylvania law.) That issue is not being challenged in the case at bar. On the limited issue of fair price, the corporation must only support the fairness of the merger price, and proof of a greater valuation is the burden of the dissenters.

Under Kahn, and its progeny, the issue of price is determined by applying the shifting burden, and a ruling in favor of the corporation will be upheld when the dissenter fails to sufficiently prove a higher price. The corporation is only required to make a prima facia showing of fairness - not prove a valuation - then a dissenter is faced with the burden of persuading the Court of a greater value.

Presently, adopting the "shifting burden" would result in the original Order remaining undisturbed, because the companies clearly made a prima facia case that the stock was worthless. As determined by the Court, the dissenters failed to persuade the Court of a greater valuation than the dissenters' initial investment.

III. Burden is on the Court

Delaware Courts have recently placed less emphasis on the "shifting burden" and emphasized the Judge's mandatory duty to independently make a valuation determination considering all evidence. The dissenting shareholders continue to have the burden of persuading the Court of the validity of their affirmative valuation position. If they fail, the Court must still make an independent "fair value" determination based upon its objective evaluation of the evidence. That is precisely what this Court did.

Construing the function of the Court under the Delaware statute that provides that the Court "shall appraise" the fair value of the dissenter's shares, Delaware chancery courts have found that even where the parties have failed to determine a value (that is, even when the parties have failed to prove something), the Court must make a finding of value nonetheless. *Cavalier Oil Corporation vs. Harnett, 1988 Del. Ch. (Feb. 22, 1988), aff'd. 564 A.2d 1137 (Del. 1989); Pinson vs. Campbell-Taggart, Inc., 1989 W.L. 17438 (Del. Ch. 1989).*

Given the statutory duty of valuation by the Court, the burden of proof may be deemed to be shared by the parties - both sides have the burden of proving their respective evaluation positions by a preponderance of the evidence. The Court is free to accept or reject the views of both experts in whole or in part. If neither party satisfies the burden, however, the Court must use its own independent judgment to determine fair value. *Gonsalves vs. Straight Arrow Publishers, Inc., 701 A.2d 357 (Del. 1997); Montgomery Cellular Holding Co., Inc. vs. Dobler, 880 A.2d 206 (Del. Supr. 2005); Gilliland vs. Motorola, Inc., 873 A.2d 305 (Del. Ch. 2005); Cede & Company vs. JRC Acquisition Corp., 2004 W.L. 286963 (De. Ch. 2004).*

The developments in Delaware law have blurred the "burden of proof" assignment, but, at the same time, have imposed a greater burden on the trial judge. According to Delaware law, the Court is required to rely on its own expertise and upon whatever evidence is presented to determine fair value, even if the parties provide no reliable evidence. In *Montgomery Cellular Holding Company, Inc. vs. Dobler, 221 - 222*, the Delaware Court stated:

> In a statutory appraisal proceeding, each side has the burden of proving its respective valuation positions by a preponderance of the evidence. Even if one side fails to satisfy its burden, the Court is not free to accept the competing valuation by default, but must use its own independent judgment to determine fair value. Having failed to present any reliable evidence to enable the Court of chancery to carry out its statutory obligation to engage in an independent valuation exercise, [the corporation] can not now credibly argue that the Court erred by resorting to a valuation approach necessitated by [the corporation's] own failure. Given the posity of synergy related evidence for which [the corporation] was responsible, the vice

> chancellor coped admirably with the evidence that was presented, and reached a reasonable valuation using the analytical tools and evidence that were available to him.

Under this Delaware analysis, the Court has no authority and it would be reversible error to permit additional post-trial evidence from an appraiser; rather, the Court is obligated to use its own expertise and rely exclusively on the evidence presented by the parties. Likewise, a party cannot credibly challenge a valuation decision by the Court having failed to present sufficient evidence to meet its burden of proof.

If we are to look to Delaware law for the issue of the burden of proof in this matter, then we need to consider Delaware law in its entirety. Delaware Courts require the chancellor to make an appraisal on the basis of the evidence presented by the parties to the dispute. An affirmative application of a burden structure, by the shifting burden discussed above, is the conventional and orderly approach to that task. However, in the unusual case where the Court is completely dissatisfied with the analysis presented by the parties, the Court must nonetheless make a finding of value.

Presently, the admissibility of expert opinions and data concerning valuations is not in question. Both expert witnesses where deemed by the Court to be qualified in stock valuation. The weight to be given to the expert evidence is for the factfinder. In the context of this valuation proceeding, the Court has a broad variety of information relating to the value of stock at issue. According to Delaware law, if the Court determines that neither party has met the burden of proving

their respective valuation by a preponderance of the evidence, the Court is not relieved of the duty to make an independent appraisal based on the Court's expertise and any relevant factors that should be taken into account.

The Delaware Supreme Court has recognized the burden that the Court of Chancery has in appraisal determinations, and, although the Delaware statute does not specifically address the issue of appointing an appraiser, it has been suggested that in certain cases a Judge should consider appointing an expert witness. The Supreme Court noted the Lower Court's inherent authority to appoint a neutral expert witness. *Gonsalves vs. Straight Arrow Publishers, Inc., 701 A.2d at 362.* Delaware Courts have been instructed that such appointment be modeled after Rule 706 of the Federal Rules of Evidence. *Id.*

In *Matter of Shell Oil Company, 607 A.2d 1213 (Del. 1992)*, the Delaware Court opined:

> We believe that the Court of chancery has the inherent authority to appoint neutral expert witnesses. There is, of course, no requirement that the Court do so. For example, the Court need not appoint an expert when additional experts would add more divergence and opinion differences. The procedural steps mandated by Federal Rule 706 offer helpful guidelines where such an appointment is contemplated.
>
> Federal Rule 706 requires the Court to enter an order to show cause why expert witnesses should not be appointed. The order to show cause may be entered on the Court's own initiative or on the motion of any party. The expert should be appointed sufficiently in advance of trial as to permit opportunity for hearings on the appointment, consent of the expert, notification of duties, research by the expert, and a communication by the

> expert to the parties informing them of his findings. The selection of the expert is solely within the discretion of the trial judge. . . . The Court appointed expert is subject to the same standards which govern other expert witnesses under the Delaware Rules of Evidence. The expert must advise the parties of all findings and submit to depositions. Once trial commences, it is incumbent upon the trial judge to arrange for the Court's expert witness to testify if neither party calls him as an expert. The Court's expert must be subject to cross examination by both parties . . . .

In Gonsalves, the Delaware Supreme Court discussed the evolution of the Business Corporation Law with respect to the role of the chancellor in determining a fair value. Historically, the Delaware statute required the appointment of appraisers to determine fair value. Then, the statute evolved to require the Court to determine the value after hearing the report of a court appointed appraiser. Thus, the appraiser no longer made a binding determination, but the appraiser's report was accorded some weight. By 1976, the legislature eliminated the mandatory role of the appraiser by enacting DGCL §262 which provided "the Court shall appraise the shares . . . " (the same as the current version of 8 Del. C. §262).

In Delaware, the modern appraisal process presumes a sophisticated judge who exercises independence in determining the value of corporate shares in a contested proceeding. Gonsalves *at 360.* In Gonsalves, the Court discussed the reasons for this legislative evolution:

> The legislative synopsis for the bill proposing this change recites that "experience has shown this two-step procedure to be wasteful of time and money". Thus, the modification in the procedure was intended to "provide for

the streamlining of the appraisal by the elimination of the appraiser. The action will now be heard by the court of chancery in the first instance".

The role of the court of chancery has evolved over time to the present requirement that the court independently determine the value of the shares that are the subject of the appraisal action. Even though today, a chancellor may be faced with widely divergent values presented by the parties' experts, the acceptance of one expert's value, *in toto*, creates the risk that the favored expert will be accorded a status greater than that of the now-eliminated master.

This is not to say that the selection of one expert to the total exclusion of another is, in itself, an arbitrary act. The testimony of a thoroughly discredited witness, expert or lay, is subject to rejection under the usual standards which govern receipt of such evidence. Gonsalves, *702 A.2d at 361* (internal citations omitted).

Likewise, the Pennsylvania statute has evolved to currently permit the court to consider a recommendation by an appraiser if the court so orders. However, application for a valuation is made to the court and the fair value determination is to be made exclusively by the court. *15 Pa.C.S.A. §1579.* As contrasted with Pennsylvania's 1933 B.C.L. statute, which required dissenters to petition for the appointment of appraisers when the shareholders and corporation were unable to agree as to the fair value of stock, the revised 1988 B.C.L. requires the dissenters to petition the court for determination of fair value. An appointment of an appraiser is optional and solely in the discretion of the court.

In *In Re: Glosser Brothers, Inc., 382 Pa.Super. 177, 555 A.2d 129 (Pa.Super. 1989)*, the Pennsylvania Superior Court made reference to the Judge's role when the court exercises its option not

to appoint an appraiser, but rather to make its own valuation. "In the context of this non-jury trial, [the court] should receive all of the available competent evidence on value and then make a determination as to the weight it would accord that evidence in making the ultimate valuation." *Glosser Brothers, 555 A.2d at 138.*

Presently, the Court complied with the legal, evidentiary and statutory standards to determine fair value. There is no error in the Court exercising its option to not appoint an appraiser. There is further no error in refusing to consider unreliable expert testimony. In fact, in Pennsylvania, so long as there is no abuse of discretion in evaluating the evidence, it was entirely appropriate for the Court to make an independent determination of fair value without the recommendation of a court appointed appraiser.

The guidelines established by the Delaware Supreme Court for appointment of an independent appraiser require that such appraiser be appointed prior to trial. There is no authority in Delaware, or in Pennsylvania, for the post-trial appointment of an expert witness to assist the trier of fact in making a valuation determination (except in the limited situation of remand for a new trial). To the contrary, if the trier of fact is not satisfied with the evidence presented by the parties, he must rely on his own expertise and the evidence presented to make a valuation judgment. Any party failing to meet the burden of proof cannot challenge the Court's valuation.

The companies respectfully request the dissenter's challenge to the trial court's fair value determination, and request for post-trial appointment of an appraiser, be rejected. Otherwise, the Court is merely giving the dissenters a second chance to prove their position. Continuing this matter for additional discovery, expert testimony, and essentially a second trial, is unwarranted. The Court evaluated the evidence presented by the parties and made a fair value determination. The court satisfied its statutory obligation and the Order should stand.

IV. Conclusion

Pennsylvania law dictates that the burden of proof be on the dissenting shareholders. Because the burden of proving the greater proposed value was not met, the Court was free to assess the evidence and made an independent determination of fair value. The dissenters who failed to present sufficient evidence to the court should not be permitted to challenge the Court's independent valuation and prolong this matter for additional post-trial evidence by another expert.

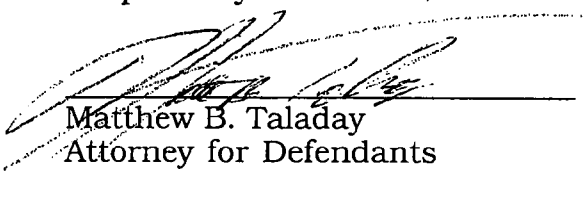
Delaware applies a shifting burden of proof, which also requires that the original finding be undisturbed. Applying the shifting burden, the corporation was required to present prima facia evidence to support the fairness of the value offered by the corporation. Clearly, the companies' expert testimony met this burden. The burden then shifted to the dissenters to prove by

preponderance of the evidence the proposed higher value. The dissenters failed to meet this burden.

Under the modern Delaware scheme, the Court is required to independently assess evidence and determine fair value, notwithstanding the parties' burden of proof. It is entirely permissible for the Court to consider whatever evidence the Court deems to be reliable, along with the Court's own expertise. The Order of this Court was logically determined and supported by the record. There is no legal error in the Court's fair value determination and it is not proper to open the record to more post-trial expert evidence.

WHEREFORE, the companies respectfully request that dissenting shareholders request for post-hearing relief be dismissed.

Respectfully submitted,



Matthew B. Taladay
Attorney for Defendants

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

CERTIFICATE OF SERVICE

I certify that on the 22nd day of December, 2005, a true and correct copy of DEFENDANTS' SUPPLEMENTAL BRIEF IN OPPOSITION TO POST-HEARING MOTIONS was sent via first class mail, postage prepaid, to the following:

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Attorney for Defendants

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

SUPPLEMENTAL BRIEF REGARDING BURDEN OF PROOF

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

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IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	Civil Division Case No. 03-1048-CD

SUPPLEMENTAL BRIEF REGARDING BURDEN OF PROOF

Pursuant to the Court's November 23, 2005 Order, dissenting shareholders Richard and Beverly Gordon (the "Gordons") file this supplemental brief regarding the question of whether a burden of proof applies in valuation proceedings commenced under the dissenters rights provisions of the Pennsylvania Business Corporations Law ("BCL").

INTRODUCTION

In proceedings to determine the fair value of a dissenting shareholder's stock under the BCL, the traditional burden of proof analysis does not apply. The strongest support for this conclusion comes from the purpose and language of the dissenters rights portion of the BCL. The history and purpose of dissenter's rights statutes is to protect the property rights of dissenting shareholders. The adoption of this statute in Pennsylvania and other states across the country marked a sea-change in the attitude toward the rights of dissenting shareholders. No longer are dissenting shareholders at the mercy of majority owners. Legislators in Pennsylvania and elsewhere recognized the need to reverse this outmoded view of corporate ownership, and they enacted legislation to achieve that goal. Accordingly, Pennsylvania courts have declared that dissenter's rights statutes like the one at issue here must be construed liberally in favor of dissenting shareholders.

That rule of construction is helpful here because the statutory language is devoid of any reference to a burden of proof. What is abundantly clear from the statutory language, however, is that the dissenting shareholder is entitled to receive the fair value of his shares. It is also clear that the legislature did not intend to impose a burden of proof on the dissenting shareholder. The BCL specifies that the **corporation**, not the dissenting shareholder, has the initial right to file an application with the court. In fact, the dissenting shareholder is not even permitted to file an application under the BCL **unless and until the corporation fails to exercise its right to do so**, and even then the dissenting shareholder is required to file an application **in the name of the corporation**. By drafting the BCL in this manner, the legislature clearly did not intend the dissenting shareholder to bear the burden of proof. If the legislature had intended the burden of proof to fall on the dissenting shareholder, it certainly would not have drafted language that makes the corporation the preferred plaintiff.

In addition to the statutory language of the BCL, the case law weighs heavily in favor of the view that a burden of proof is not applicable in valuation proceedings. Courts that have analyzed the question in depth have invariably reached this conclusion. The court's role in the appraisal proceeding is not to evaluate whether the dissenting shareholder's fair value calculation (or the corporations' calculation, for that matter) is correct by a preponderance of the evidence. Instead, the Court must consider the parties' fair value calculations and ultimately make its own independent determination of fair value. It is not a question of which party is correct (and hence not a question of burden of proof), but rather a question of what the fair value really is.

ARGUMENT

I. The Purpose Of The Valuation Procedure Is To Protect The Interests Of Dissenting Shareholders, And Any Doubts Regarding That Procedure Should Be Resolved In Favor Of The Dissenting Shareholder.

At one time, the law provided scant protection for a shareholder who was unable to control corporate actions becaues he owned less than a majority of the company's shares. That no longer is the case. Courts and legislatures across the country have recognized the need to protect minority shareholders. To provide that protection, every state corporate statute now contains some form of an appraisal remedy for shareholders who dissent from corporate actions. B. Wertheimer, The Shareholders' Appraisal Remedy And How Courts Determine Fair Value, 47 Duke L.J. 613, 614 (1998). As one commentator observed,

> [i]n order for the appraisal remedy to fulfill its current purpose of protecting minority shareholders, most often in connection with cash-out mergers, it must be administered in a manner consistent with that purpose.
>
> * * *
>
> It is particularly important that courts determining fair value in appraisal proceedings be aware of the purposes now served by the remedy. Courts should be willing to entertain all relevant evidence bearing on the fair value of the corporation.

Id. at 617-18.

Pennsylvania's version of the dissenters rights statute appears in Subchapter D of the Business Corporation Law, 15 Pa.C.S.A. §§ 1571-1580. In establishing a formal procedure for valuing a dissenter's shares, the BCL provides an opportunity for shareholders who dissent from corporate actions to obtain the fair value of their shares. As the Pennsylvania Supreme Court noted as far back as 1971:

> The Commonwealth's statutory protection of dissenting shareholders through the appraisal provision is in keeping with the practice [throughout] the country. Of the fifty-three jurisdictions which have corporation statutes, all but one make some provision for the rights of dissenting shareholders. The purposes of these statutes is to protect the property rights of the dissenting shareholders from actions by majority shareholders which alter the character of their investment.

In re: Watt & Shand, 444 Pa. 206, 211, 283 A.2d 279, 281 (Pa. 1971) (citations omitted). The Superior Court of Pennsylvania further explained the history and development of corporation statutes throughout the country as follows:

> While permitting the will of the majority to control the corporate decision, the statutes provided a dissenting shareholder with the opportunity to remove himself from a fundamental corporate change he did not wish to be subject to, by electing to withdraw from the corporation and receive the value of his shares as determined by an appraisal.

In re: Jones & Laughlin Steel Corp., 263 Pa. Super. 378, 389, 398 A.2d 186, 191 (Pa. Super. Ct. 1979) (citations omitted).

Given that the fundamental purpose of dissenters rights statutes is to protect the interests of minority shareholders who dissent from corporate action, these statutes are generally construed liberally in favor of the dissenting shareholders. See, e.g., Lawson Mardon Wheaton, Inc. v. Smith, 160 N.J. 383, 734 A.2d 738 (1999). Moreover, courts have held that any doubt arising from a lack of precision and accuracy of expression in a dissenters rights statute is to be resolved in the light of the context and the general statutory purpose to preserve and effectuate the rights of those stockholders. See, e.g., Matter of Fair Value of Shares of Bank of Ripley, 184 W. Va. 96, 399 S.E.2d 678 (1990). In sum, dissenters rights statutes "are entitled to a reasonable construction, rather than a rigid and technical construction." 18A Am. Jur. 2d Corporations § 686 (citations omitted).

II. In Describing The Valuation Procedure, The Legislature Omitted Any Reference To A Burden Of Proof, And Imposing A Burden Of Proof Would Frustrate The Legislative Intent To Protect Dissenting Shareholders.

The judicial remedy of valuing a dissenting shareholder's stock is set forth in Section 1579 of the BCL. No where in that section is there any mention of a burden of proof. And for good reason. Once the shareholder satisfies certain requirements of the BCL, he is entitled as a matter of law to receive the fair value of his shares. Section 1571 of the BCL states the general rule that:

> any shareholder (as defined in section 1572 (relating to definitions)) of a business corporation shall have the right to dissent from, and to obtain payment of the fair value of his shares in the event of, any corporate action, or to otherwise obtain fair value for his shares, only where this part expressly provides that a shareholder shall have the rights and remedies provided in this subchapter.

15 Pa. C.S.A. § 1571(a). Subsequent sections of the BCL outline the steps that a shareholder must take in order to dissent properly from a particular corporate action and thereby trigger his right to obtain payment of the fair value of his shares. See, e.g., 15 Pa. C.S.A. §§ 1574-1578. If the dissenting shareholder has complied with the various procedural requirements and has therefore properly "dissented" from the corporate action, the dissenting shareholder is entitled to have the Court determine the fair value of his shares and order the corporation to pay that value. See 15 Pa. C.S.A. § 1579.

Reduced to its essence, the process provided in Subchapter D of the BCL is a function of the two operative words in its title: "dissenters" and "rights." Simply put, if a shareholder qualifies as a "dissenter" as defined in Subchapter D, he is entitled to the "rights" provided by Subchapter D – that is, the fair value of his shares.

III. In Describing The Valuation Procedure, The Legislature Expressed A Preference For Having The Corporation Initiate The Judicial Proceedings.

While Section 1579 contains no mention of a burden of proof, it does contain language that requires valuation proceedings to be initiated by or in the name of the corporation. Section 1579 provides that, if the corporation and the dissenting shareholder cannot agree on the value of the shares,

> the business corporation may file in court an application for relief requesting that the fair value of the shares be determined by the court.

15 Pa.C.S.A. §1579(a). The section further provides the following:

> If the corporation fails to file an application as provided in subsection (a), any dissenter who made a demand and who has not already settled his claim against the corporation may do so **in the name of the corporation** . . ..

15 Pa.C.S.A. §1579(e) (emphasis added). Thus, even if a burden of proof were applicable here (which it is not), the legislature certainly did not intend for that burden to fall on the dissenting shareholder. If anything, the statutory language suggests just the opposite – that the burden should fall on the corporation as the preferred initiating party.

Furthermore, the current statutory language represents a significant reversal from the language in the previous version of the statute. The corresponding language in the previous version provided that, if no agreement could be reached on the value of the shares,

> then the dissenting shareholder may . . . apply by petition to the court of common please, in equity . . . for the appointment by the court of three disinterested persons to appraise the fair value of his shares.

15 Pa.C.S.A. §2852-908(B). There was no provision in the previous version which allowed the corporation to initiate the proceedings. Consequently, under the previous version, the only party

who could initiate the appraisal proceedings was the dissenting shareholder. By contrast, the current version of the statute does not even permit a dissenting shareholder to initiate proceedings unless and until the corporation fails to do so. This significant reversal in language reflects a deliberate effort by the legislature to have valuation proceedings initiated by the corporation rather than the dissenting shareholder.

Given the current statutory scheme, imposing a burden of proof on whatever party happened to initiate the proceedings would frustrate the intent of the legislature. If a corporation knew that it could shift the burden of proof from itself onto a dissenting shareholder by failing to initiate the valuation proceedings, no self-interested corporation would ever initiate those proceedings. That would create a significant incentive for corporations to manipulate the statutory language to their advantage by forcing the dissenting shareholder to initiate proceedings. Such an absurd result obviously is not what the legislature intended when it drafted language giving corporations the initial right to file an action. The language of Section 1579 therefore provides further proof that a burden of proof analysis simply does not apply in valuation proceedings. See 1 Pa. C.S.A. § 1922 ("In ascertaining the intention of the General Assembly in the enactment of a statute the following presumptions, among others, may be used: (1) That the General Assembly does not intend a result that is absurd, impossible of execution or unreasonable."); Brown v. Maryland and Pennsylvania Railroad Co., 719 A.2d 807, 809 (Pa.Super. 1998) ("We presume the legislature did not intend a result that is absurd and unreasonable.").

IV. Courts That Have Analyzed The Burden Of Proof Issue Have Invariably Concluded That No Such Burden Applies In Valuation Proceedings.

In addition to the purpose and plain meaning of the dissenters rights provisions showing that a burden of proof analysis is simply inappropriate in this kind of valuation case, the courts that have directly addressed this very issue have reached this conclusion on the basis that the duty to determine fair value rests with the court, not with the parties.

The Delaware Chancery Court explained this principle in Cavalier Oil Corporation v. Harnett, a case in which the expert opinions ranged from $44 per share to $676 per share. 1988 Del. Ch. LEXIS 28 (Del.Ch. 1988). As in the present case, the valuation method adopted by both parties' experts was the discounted cash flow method. Unlike here, however, the dissenter's expert in Cavalier failed to include one of the crucial components of that method – namely, a terminal value. After noting this omission, the court explained:

> In an ordinary litigation, the matter might be resolved by applying traditional burden of proof rules. If the Court had found that neither side had adequately established a terminal value for EMSI, it could rule against the party having the burden of proof. However, that approach is not permissible in a §262 appraisal. The statute directs that the Court "shall appraise" the fair value of the dissenting shareholders' shares. Where, as here, a discounted cash flow method is employed, a terminal value is an indispensable ingredient of that technique. Therefore, §262 requires that, where possible, the Court independently determine that valuation component, even where the parties themselves have tried and failed.
>
> The Court thus finds itself in the unenviable predicament of having to determine an element of value in a highly specialized area where it has no particular expertise, where there is minimal legal precedent, and where the parties have offered no alternative valuation positions on the question.

Cavalier Oil Corp. v. Harnett, 1988 Del. Ch. LEXIS at 64. Despite the difficulty of the task before it, the court in Cavalier proceeded to conduct a series of complicated calculations to provide its own terminal value based on the evidence of record.

New York has reached the same conclusion regarding the inapplicability of a burden of proof in the determination of fair value in a dissenters rights proceeding. In In re Cohen, the court concluded that the trial court:

> has the responsibility to 'determine the fair value of petitioner's shares as of the day prior to the date on which such petition was filed.' **This formulation defies application of a burden-of-proof approach.** That each party presented their views of the value of petitioner's shares through expert testimony does not require or even invite the court to measure value using or rejecting either or both opinions of value. Neither does it exonerate the court from formulating a value . . . after rejecting both experts' opinions.

636 N.Y.S.2d 994, 996-97 (N.Y. 1995). Ohio has taken a similar position. In Price v. Marathon, the court declared: "The ultimate issue was fair cash value and neither the statute, nor practicality, placed the burden of proof on one party rather than another." 1986 WL 807 (Ohio App. 1986). As the court observed in Marathon, the primary objective is to provide all parties an opportunity to be heard and then for the court, "based on all of the relevant evidence **without consideration of burden of proof**, to make a finding as to cash value." Id. According to these courts, the very nature of the fair value proceedings renders a burden of proof analysis inappropriate.

V. The Cases Relied Upon By Defendants Are Readily Distinguishable.

Defendants cite four Pennsylvania cases that purportedly assign the burden of proof to

dissenting shareholders. For a number of reasons, none of these cases supports defendants' position; in fact, they arguably support the Gordons' argument.

Defendants first cite the case of Ferrando v. United States National Building and Loan Association, 307 Pa. 25, 160 A. 716 (Pa. 1932). Notably, this case was decided in March of 1932, over a year before the BCL was enacted in Pennsylvania (in May of 1933). Consequently, the court could not possibly have been interpreting the current statutory scheme. For that reason alone, Ferrando is inapposite. Moreover, the cause of action at issue in Ferrando sounded in assumpsit, in which the dissenting shareholder sought recovery based upon a promissory obligation implied by the common law into the shareholder relationship to provide the fair value of the dissenter's shares. Indeed, there is no mention of any statute in Ferrando, and the dissenting shareholder's remedy is described simply as "an action to secure the worth of the stock," with citations to various Pennsylvania cases. Id. at 27-28, 160 A. at 716-717 (citations omitted). Because Ferrando was decided solely under an assumpsit / breach of contract action, the dissenting shareholder in that case, like any other plaintiff in a common law contract claim, not surprisingly had the burden of proving not only his entitlement to relief, but also the measure of his damages (i.e., the fair value of his shares).

Another reason why Ferrando has no relevance here is that the common law assumpsit action that it represents was superseded by the enactment of the BCL, with its express statutory scheme for dissenters rights, in May of 1933. In this regard, the rights and remedies provided to dissenting shareholders under Subchapter D are exclusive. See 15 Pa. C.S.A. § 1105. Because the BCL now provides the exclusive mechanism for adjudicating the rights of dissenting shareholders, common law contract principles (including the principle that, as a matter of law, a breach of contract plaintiff has the burden of proving his damages) are not controlling in a

valuation proceeding under Subchapter D. See 1 Pa. C.S.A. § 1504 (captioned "Statutory remedy preferred over common law"); see also Panea v. Isdaner, 2001 PA Super. 18, 773 A.2d 782 (Pa. Super. Ct. 2001) (recognizing that where a remedy is provided by statute, the directions of the legislation must be strictly pursued, and such remedy is exclusive).

Defendants also cite to In re: Glosser Bros., Inc., 555 A.2d 129, but their reliance on that case is misplaced. Glosser Brothers certainly stands for the proposition that a dissenting shareholder bears the burden of proving why he qualifies as a "dissenter" and therefore should be afforded dissenters rights within the meaning of Subchapter D. In re: Glosser Bros., Inc., 382 Pa. Super. at 207, 555 A.2d at 144. In this sense, the Court notes that it must "begin with a summary of the requirements of Section 515 [i.e., the predecessor to current 15 Pa. C.S.A. § 1579]" in order for a dissenting shareholder to "perfect a right to an appraisal of the fair value of stock and the payment of that value." Id. at 204, 555 A.2d at 143. While describing at length the various requirements that a dissenting shareholder must prove in order to establish entitlement to the statutorily-created right to a fair value determination, the case does not even mention a burden of proof in the valuation proceeding.

The third case cited by Defendants was a minority shareholder action challenging the merger of a trust into a corporation on the basis that the trustees has breached their fiduciary duty by engaging in self-dealing. Landy v. Amsterdam, 815 F.2d 925 (3d Cir. 1987). Subchapter D of the BCL is not mentioned anywhere in the case, which is not surprising given that the case has nothing to do with dissenters rights. Interestingly, the Landy court notes that while the minority shareholder has the burden of making a preliminary showing of unfairness, the majority shareholder has the ultimate burden of showing fairness once the minority shareholder had made his prima facie showing on the fairness issue, as "the ultimate risk of non-persuasion rests with

the fiduciary who stands on both sides of the transaction." Id. at 930 (citations omitted). If Landy is instructive to the present case, then, it actually instructs that once the Gordons proffer a *prima facie* fair value calculation, they have satisfied their preliminary burden, at which point the ultimate burden shifts to the Defendants to (a) show that the Gordons' valuation is incorrect and (b) prove by preponderance of the evidence what the fair value really is. See id. at 929-930.

Austin v. City Stores Co., 89 Pa. D. & C. 57 (Phila. Com. Pl. 1953), is similarly unavailing to Defendants' position. The Austin case was decided in the Court of Common Pleas of Philadelphia County and is therefore not binding upon or instructive as to this Court. It should also be noted that Austin was decided under the previous version of the dissenters rights statute, which is quoted above. As explained above, only the dissenting shareholder had a right or opportunity to commence suit to determine the fair value of his shares. Id. If the dissenting shareholder did not file a petition for valuation within the time allotted, there was no opportunity for the corporation to do so, and the shareholder essentially lost any dissenters rights that he could have obtained. Id. Accordingly, Defendants' logic that the dissenting shareholder in Austin had the burden of proof simply by virtue of having filed suit is flawed, since the suit could only have been commenced by the shareholder.

CONCLUSION

For all of the reasons set forth above and in the papers previously submitted, the Gordons respectfully request that the Court determine that there is no burden of proof with regard to the determination of fair value in appraisal proceedings under the Pennsylvania dissenters rights statute, or in the alternative, that any such burden of proof is solely upon the corporations.

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

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Dated: December 23, 2005

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CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Supplemental Brief Regarding Burden of Proof was sent to the following counsel of record via first class U.S. mail, postage prepaid, on this 23nd day of December, 2005:

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IN RE: METALTECH CORPORATION AND DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON AND BEVERLY GORDON, DISSENTING SHAREHOLDERS	:	IN THE SUPERIOR COURT OF PENNSYLVANIA
	:	No. 1847 WDA 2005
APPEAL OF: RICHARD GORDON AND BEVERLY GORDON, DISSENTING SHAREHOLDERS, Appellants	:	

ORDER

Appellants Richard Gordon and Beverly Gordon's July 6, 2006 "application to supplement record" is **DENIED WITHOUT PREJUDICE** to appellant's right to seek the requested relief in the trial court. ***See*** Pa.R.A.P. 1926. If the trial court grants appellant the right to supplement the record, the trial court shall transmit such supplementation to this court and such supplementation shall become part of the record on appeal. Should the trial court deny appellant the right to supplement the record, appellant may raise the issue of the lack of a complete record as an issue in appellant's brief.

Date: 7-10-06

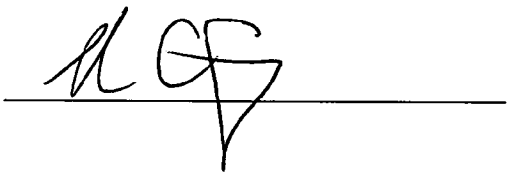
Per Curiam

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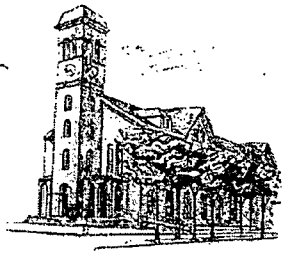
CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Application to Supplement Record was sent to the following counsel of record via first class U.S. mail, postage prepaid, on this 12th day of July, 2006:

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FILED
JUL 13 2006
William A. Shaw
Prothonotary/Clerk of Courts



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw Prothonotary/Clerk of Courts
David S. Ammerman Solicitor
Jacki Kendrick Deputy Prothonotary
Bonnie Hudson Administrative Assistant

COPY

July 13, 2006

Superior Court of Pennsylvania
Office of the Prothonotary
600 Grant Building
Pittsburgh, PA 15219

Re: In Re: Metaltech Corporation and Dock Street Manufacturing, Inc.
Application of Richard Gordon and Beverly Gordon, Dissenting Shareholders

No. 03-1048-CD
Superior Court No. 1847 WDA 2005

Dear Prothonotary:

Please attach the enclosed supplement to the original record, forwarded to your office May 31, 2006.

Sincerely,

William A. Shaw
Prothonotary/Clerk of Courts

FILED
09:36 BY
JUL 13 2006
William A. Shaw
Prothonotary/Clerk of Courts

#33

Appeal Docket Sheet

Superior Court of Pennsylvania

Docket Number: 251 WDA 2008

February 8, 2008

In Re: Metaltech Corporation and Dock Street Manufacturing, Inc.; Application of Richard Gordon and Beverly Gordon, Dissenting Shareholders
Appeal of: Metaltech Corporation and Dock Manufacturing, Inc., Appellants

Initiating Document: Notice of Appeal

Case Status: Active

Case Processing Status: February 8, 2008 Awaiting Original Record

FILED
FEB 11 2008
William A. Shaw
Prothonotary/Clerk of Courts

Journal Number:

Case Category: Civil CaseType: Declaratory Judgment

Consolidated Docket Nos.:

Related Docket Nos.:

SCHEDULED EVENT

Next Event Type: Case Initiation	Next Event Due Date: February 8, 2008
Next Event Type: Receive Docketing Statement	Next Event Due Date: February 22, 2008
Next Event Type: Original Record Received	Next Event Due Date: April 4, 2008

Superior Court of Pennsylvania

COUNSEL INFORMATION

Appellant Metaltech Corporation
Pro Se: Appoint Counsel Status:
IFP Status: No

Appellant Attorney Information:
Attorney: Taladay, Matthew B.
Bar No.: 49663 Law Firm: Hanak, Guido & Taladay
Address: PO Box 487
DuBois, PA 15801
Phone No.: (814)371-7768 Fax No.: (814)371-1974
Receive Mail: Yes
E-Mail Address:
Receive E-Mail: No

Appellant Dock Street Manufacturing, Inc.
Pro Se: Appoint Counsel Status:
IFP Status:

Appellant Attorney Information:
Attorney: Taladay, Matthew B.
Bar No.: 49663 Law Firm: Hanak, Guido & Taladay
Address: PO Box 487
DuBois, PA 15801
Phone No.: (814)371-7768 Fax No.: (814)371-1974
Receive Mail: No
E-Mail Address:
Receive E-Mail: No

Appellee Gordon, Richard
Pro Se: Appoint Counsel Status:
IFP Status:

Appellee Attorney Information:
Attorney: Ejzak, Richard A.
Bar No.: 56699 Law Firm:
Address: 15th Floor
11 Stanwix Street
Pittsburgh, PA 15222-1319
Phone No.: (412)297-4900 Fax No.:
Receive Mail: Yes
E-Mail Address:
Receive E-Mail: No

Appellee Gordon, Beverly
Pro Se: Appoint Counsel Status:
IFP Status:

Appellee Attorney Information:

Appeal Docket Sheet

Docket Number: 251 WDA 2008

February 8, 2008

Superior Court of Pennsylvania

Attorney: Ejzak, Richard A.
Bar No.: 56699 Law Firm:
Address: 15th Floor
11 Stanwix Street
Pittsburgh, PA 15222-1319
Phone No.: (412)297-4900 Fax No.:
Receive Mail: No
E-Mail Address:
Receive E-Mail: No

FEE INFORMATION

Fee Date	Fee Name	Fee Amt	Paid Amount	Receipt Number
2/4/08	Notice of Appeal	60.00	60.00	2008SPRWD000135

TRIAL COURT/AGENCY INFORMATION

Court Below: Clearfield County Court of Common Pleas
County: Clearfield Division: Civil
Date of Order Appealed From: January 4, 2008 Judicial District: 46
Date Documents Received: February 8, 2008 Date Notice of Appeal Filed: February 4, 2008
Order Type: Order Entered OTN:
Judge: Reilly, Jr., John K.
Senior Judge
Lower Court Docket No.: No. 03-1048-CD

ORIGINAL RECORD CONTENTS

Original Record Item	Filed Date	Content/Description

Date of Remand of Record:

BRIEFS

DOCKET ENTRIES

Filed Date	Docket Entry/Document Name	Party Type	Filed By
February 8, 2008	Notice of Appeal Filed	Appellant	Metaltech Corporation
February 8, 2008	Docketing Statement Exited (Civil)		Western District Filing Office

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	CIVIL DIVISION
	:	No. 03-1048-CD
	:	Type of Pleading:
	:	**NOTICE OF APPEAL**
	:	Filed on Behalf of:
	:	DEFENDANTS, METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.
	:	Counsel of Record for This Party:
	:	Matthew B. Taladay I.D. No. 49663 Hanak, Guido and Taladay 528 Liberty Boulevard P. O. Box 487 DuBois, PA 15801
	:	814-371-7768

FILED 1cc Atty
02:54 BL
FEB 04 2008 Atty pd. $50.00
William A. Shaw
Prothonotary/Clerk of Courts 1cc & check for $60.00 to Superior Court

(612) #53

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE:	:	CIVIL DIVISION
METALTECH CORPORATION	:	
and DOCK STREET	:	No. 03-1048-CD
MANUFACTURING, INC.;	:	
APPLICATION OF RICHARD	:	
GORDON and BEVERLY GORDON,	:	
Dissenting Shareholders	:	
	:	

NOTICE OF APPEAL

Notice is hereby given that METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC., hereby appeals to the Superior Court of Pennsylvania from the order entered in this matter on January 4, 2008. This order has been entered in the docket as evidenced by the attached copy of the docket entry.

Respectfully Submitted,

Matthew B. Taladay
Attorney for Defendant Companies

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE:	:	CIVIL DIVISION
METALTECH CORPORATION	:	
and DOCK STREET	:	No. 03-1048-CD
MANUFACTURING, INC.;	:	
APPLICATION OF RICHARD	:	
GORDON and BEVERLY GORDON,	:	
Dissenting Shareholders	:	
	:	

CERTIFICATE OF SERVICE

I certify that on the February 4, 2008, a copy of the DEFENDANTS' NOTICE OF APPEAL was sent via first class mail, postage prepaid, to the following:

Richard A. Ejzak, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

Matthew B. Taladay
Attorney for Defendants

Clearfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date		Judge
07/18/2003	Filing: Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. Pursuant to 15 PA. C.S. 1579 Paid by: Belin & Kubista Receipt number: 1863235 Dated: 07/18/2003 Amount: $85.00 (Check) 1 CC to Belin & Kubista	No Judge
07/25/2003	Certificate of Service, Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. upon: METALTECH CORPORATION, DOCK STREET MANUFACTURING, INC and DuPENN, INC. filed by s/John R. Ryan, Esquire	No Judge
08/15/2003	Notice of Intention to File Praecipe for Entry of Judgment by Default, filed by Atty. Ejzak 1 Cert. to Atty.	No Judge
08/25/2003	Answer and New Matter. filed by s/Matthew B. Taladay, Esquire Verification s/Robert M. Hanak Certificate of Service 1 cc to Atty	No Judge
09/12/2003	Reply to New Matter filed by Atty. Ejzak, Cert. of Service. no cert. copies.	No Judge
12/09/2003	ORDER,AND NOW, this 9th day of December, 2003, re; Status Conference scheduled for Monday, January 12, 2004, at 11:00 a.m. by the Court, sJFA,J. 1 cc Atty Taladay, Ejzak	Fredric Joseph Ammerman
01/12/2004	ORDER, NOW, this 12th day of January, 2004, re: CA shall schedule a further status conference following completion of the expert reports to be filed by each party and a 1 day trial before the Court w/o a jury no less than 60 days from date hereof. by the Court, s/JKR,JR., Senior Judge, Specially Presiding 1 cc Attys Taladay, Ejzak, Ryan	Fredric Joseph Ammerman
10/12/2004	Order, AND NOW, this 12th day of October, 2004, it is the Order of the Court that a Status Conference in the above-captioned matter has been scheduled for Tuesday, Nov. 9, 2004 at 1:30 p.m. in the Clfd. Co. Courthouse, Clfd. PA before the Honorable John K. Reilly Jr., Senior Judge, Specially Presiding. Please report to the Court Administrator's Office. You will be directed from there where this conference will be held. BY THE COURT:/s/ John K. Reilly, Jr. Senior Judge 1CC Atty. Belin, 1CC Atty. Taladay.	John K. Reilly Jr.
11/09/2004	Order, filed cert. to Taladay, Ejzak and Ryan NOW, this 9th day of November, 2004, Order of this Court that C/A shall schedule the above matter or hearing on merits. BY THE COURT: John K. Reilly, Jr. Senior Judge. 1CC Atty Taladay, 1CC Atty Ejzak, 1CC to Ryan	Fredric Joseph Ammerman
02/03/2005	Order, AND NOW, this 3rd day of February, 2005, Hearing on the Merits has been scheduled for March 29 and 30, 2005, at 9:00 a.m. each day before the Honorable John K. Reilly, Jr., Senior Judge, Specially Presiding. BY THE COURT: /s/John K. Reilly, Jr., Senior Judge, Specially Presiding One CC Attys: Taladay, Ejzak, Ryan	John K. Reilly Jr.
03/08/2005	Petition for Continuance, filed by s/Matthew B. Taladay, Esq. One CC Attorney Taladay	John K. Reilly Jr.
03/10/2005	Order, filed 3 Cert. to Atty. Taladay Now, this 10th day of March, 2005, RE: Petition for Continuance, ORDER of Court tha Petition for Continuance is Denied.	John K. Reilly Jr.
03/17/2005	Certificate of Service, 16th day of March, Court certified Order of Court sent to Richard A Ejzak, Esquire. Filed by s/ Matthew B. Taladay, Esquire. No CC	John K. Reilly Jr.

Clearfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date		Judge
09/23/2005	Opinion and Order, NOW, this 22nd day of Sept., 2005, following hearing and briefs into the above captioned action seeking to determine the value of dissenting shareholders' interest in Metaltech Corporation and Dock Street Manufacturing, Inc., it is the Order of this Court that judgment shall be and is hereby entered in favor of said dissenters in the amount of $20,000, in accordance with the foregoing Opion. By The Court, /s/ John K. Reilly, Jr., Senior Judge. 1CC Taladay, Ejzak, J. Ryan, D. Mikesell, Law Library	John K. Reilly Jr.
10/03/2005	Motion For Post-Hearing Relief, filed by s/John Ryan , Esquire. 3CC Atty. Ryan	John K. Reilly Jr.
10/17/2005	Response to Motion for Post-Hearing Relief, filed by s/ Matthew B. Taladay Esq. No CC.	John K. Reilly Jr.
10/24/2005	Filing: Appeal to High Court Paid by: Ejzak, Richard A. (attorney for Gordon, Richard) Receipt number: 1910568 Dated: 10/24/2005 Amount: $45.00 (Check)	John K. Reilly Jr.
	Notice of Appeal and Proof of Service of Notice of Appeal, upon Matthew B. Taladay, Esquire; The Honorable John K. Reilly, Jr.; Jenny L. Scalise; David Meholick, and William A. Shaw, Prothonotary. Filed by s/ Richard A. Ejzak, Esquire. 1CC & $60.00 to Superior Court, 1CC Atty.	John K. Reilly Jr.
10/25/2005	Certificate of Service, copy of Brief in Support of Motion for Post Hearing Relief filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon, served upon Matthew B. Taladay, Esquire, on October 24, 2005. Filed by s/ John R. Ryan, Esquire. No CC	John K. Reilly Jr.
10/31/2005	Appeal Docket Sheet, filed. 1847 WDA 2005	John K. Reilly Jr.
11/08/2005	Order AND NOW, this 7th day of November 2005, upon consideration of the Motion for Post-Hearing Relief filed by Dissenting Shareholders in the above-captioned action, it is the ORDER of this Court that said Motion be heard the 22nd day of November 2005 at 1:30 p.m. in Courtroom No. 2. BY THE COURT: /s/ John K. Reilly, Jr. S.J. 1CC Attys: Taladay, Ejzak, and Ryan.	John K. Reilly Jr.
11/18/2005	Motion for Continuance, filed by s/Matthew B. Taladay One CC Atty Taladay	John K. Reilly Jr.
	Order, AND NOW, this 18th day of November, 2005, continuance is granted. Hearing will be rescheduled by the Court Administrator. BY THE COURT: /s/John K. Reilly, Jr., Sr. One CC Attorney Taladay	John K. Reilly Jr.
11/23/2005	Order NOW, this 23rd day of November, 2005, upon consideration of Post-Trial Motions filed on behalf of Dissenters herein and argument and briefs thereon, it is the ORDER of this Court that each party shall, within thirty (30) days from date hereof, submit further briefs on the issue of burden of proof at the initial trial herein. If the Court determines the burden of proof to be on the dissenters, the Opinion and Order shall remain undisturbed. If the burden of proof is equally shared be the parties, the Court will thereupon appoint an independent valuation expert to determine the value of the shares of the dissenters in accordance with the business corporation law, costs thereof to be bornes by the dissenters with the right petition the Court for reimbursement following submission of the independent expert's report. In the event said expert is appointed and report received, each party shall have the right to be heard with regards to their positions on each on said report. BY THE COURT: /s/ John K. Reilly, Jr. SJSP. CC to Ejzak, Ryan and Taladay.	John K. Reilly Jr.

Clearfield County Court of Common Pleas
ROA Report
Case: 2003-01048-CD
Current Judge: John K. Reilly Jr.
IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date		Judge
11/28/2005	Certificate of Service, filed. That on the 23rd day of November, a Court certified copy of MOTION FOR CONTINUANCE and ORDER OF COURT was sent via first class mail, postage paid, to Richard A. Ejzak Esq., filed by s/ Matthew B. Taladay Esq. No CC.	John K. Reilly Jr.
04/05/2006	Order, NOW, this 4th day of April, 2006, Ordered that a telephonic conference call regarding the above matter has been scheduled for Thursday, April 6, 2006 at 1:00 p.m. at the initiation of Matthew B. Taladay, Esquire. By The Court, /s/ John K. Reilly, Jr., Senior Judge. 1CC Attys: Taladay, Ejzak, Ryan	John K. Reilly Jr.
04/11/2006	Order, NOW, this 7th day of April, 2006, Joseph J. Evans shall be appointed to evaluate the shares of the dissenting shareholders and, for that purpose, to hold such hearing, take such testimony and receive such evidence as he shall deem necessary. By The Court/s/ John K. Reilly, Jr., Senior Judge. 1CC Attys: Taladay, Ejzak, Ryan, 1CC Joseph J. Evans	John K. Reilly Jr.
05/30/2006	Transcript, March 29, 2005, Volume I of II (with Exhibits), filed.	John K. Reilly Jr.
	Transcript, March 29, 2005, Volume II of II (with Exhibits), filed.	John K. Reilly Jr.
05/31/2006	May 31, 2006, Mailed Appeal to Superior Court. May 31, 2006, Notification of Mailing Appeal letters mailed to Matthew B. Taladay, Richard A. Ejzak, and John R. Ryan with certified copies of the docket sheet and the summary of docket entries submitted to Superior Court.	John K. Reilly Jr.
	Copy of Certified Mail Receipt, sent to Superior Court of Pa., filed. Original to 01-891-CD	John K. Reilly Jr.
06/05/2006	Domestic Return Receipt. To Superior Court of PA. filed 7002 2030 0004 5014 8095. (record) received 6/1/06	John K. Reilly Jr.
07/12/2006	Stipulation of Counsel to Correct Record, filed by s/Richard A. Ejzak (faxed consent signature s/Matthew B. Taladay) No CC	John K. Reilly Jr.
	Praecipe to Correct Record Pursuant to Stipulation of Counsel, s/Richard A. Ejzak (A) Dissenting Shareholders Richard and Beverly Gordon's Post-Hearing Brief, filed on or about July 1, 2005; (B) The Appendix to Dissenting Shareholders Richard and Bevery Gordon's Post-Hearing Brief, filed on or about July 1, 2005; (C) Defendant Metaltech Corporation and Dockstreet Manufacturing, Inc.'s Post-Hearing Brief, filed on or about August 15, 2005; (D) Dissenting Shareholders Richard and Beverly Gordon's Reply Brief, filed on or about September 23, 2005; (E) Dissenting Shareholders Richard and Beverly Gordon's Brief in Support of their Motion for Post-Hearing Relief, filed on or about October 21, 2005.	John K. Reilly Jr.
07/13/2006	July 13, 2006, Mailed supplement to Superior Court to attach to original record. July 13, 2006, Letters, Re: Notification of mailing appeal mailed to John K. Reilly, Jr., S.P., Matthew B. Taladay, Richard A. Ejzak, and John R. Ryan with docket sheet and summary of docket entries transferred.	John K. Reilly Jr.
	Letter to Superior Court, transmitting supplement to original record on appeal, mailed July 13, 2006.	John K. Reilly Jr.
	Application to Supplement Record, filed by s/ Richard A. Ejzak, Esquire. No CC	John K. Reilly Jr.
07/17/2006	Certified Mail Receipt, sent to Superior Court of PA-Prothonotary on July 13, 2006. Supplement to record mailed 7/13/06	John K. Reilly Jr.

Clearfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date		Judge
07/17/2006	Order, AND NOW, this 14th day of July, 2006, upon consideration of Richard and Beverly Gordon's Application to Supplement Record, said application is hereby Granted. The following documents shall be included as part of the record in this appeal and transmitted to the Superior Court pursuant to the Superior Court's Order of July 10, 2006: 1) Letter of January 16, 2006, from Judge John K. Reilly of the Court of Common Pleas of Clearfield County 2) Metaltech's Supplemental Brief in Opposition to Post-Hearing Motion filed on or about December 22, 2005 3) Gordons' Supplemental Brief re: Burden of Proof filed on or about December 23, 2005. BY THE COURT: /s/John K. Reilly, Jr., P.J., Specially Presiding One CC Attoreny Ejzak	John K. Reilly Jr.
07/20/2006	July 20, 2006, Mailed supplement to Superior Court to attach to original record. July 20, 2006, Letters, Re: Notification of mailing appeal mailed to John K. Reilly, Jr., S.P., Matthew B. Taladay, Richard A. Ejzak, and John R. Ryan with docket sheet and summary of docket entries transferred.	John K. Reilly Jr.
	Letter to Superior Court, transmitting supplement to original record on appeal, mailed July 20, 2006.	John K. Reilly Jr.
07/21/2006	Certified Mail Receipt, addressed to Superior Court of PA-Prothy.	John K. Reilly Jr.
07/24/2006	Domestic Return Receipt, Second Supplement to Superior Court, filed.	John K. Reilly Jr.
08/14/2006	Domestic Return Receipt, Supplement, received by Superior Court on 7-14-06	John K. Reilly Jr.
01/08/2007	Certificate of Contents of Remanded Record and Notice of Remand, filed copy to Superior Court.	John K. Reilly Jr.
	Order of Court, from Superior Court. NOW, this 20th day of November, 2006, upon consideration of the appellant's application for remand in the above-caption matter, the same is hereby GRANTED. Jurisdiction relinquished. PER CURIAM.	John K. Reilly Jr.
07/03/2007	Order, AND NOW, this 2nd day of July, 2007, Court noting the receipt of report from independent valuation expert Joseph Evans, that hearing on Counsels' respective positions regarding said report is scheduled for July 31, 2007, at 2:00 p.m., with the Honorable John K. Reilly, Jr., Sr. Judge, S.P. BY THE COURT: /s/John K. Reilly, Jr., S.J., S.P. One CC Attorneys Taladay, Ejzak, Ryan	John K. Reilly Jr.
08/02/2007	Order, AND NOW, this 2nd day of August 2007, the Court noting the receipt of report from independent valuation expert, Joseph Evans, that hearing on Counsel's respective positions regarding said report shall and is hereby rescheduled for September 28, 2007 at 9:00 am in Hearing Room No. 3, Clearfield County Courthouse, Pennsylvania with the Honorable John K. Reilly Jr., Senior Judge, Specially Presiding. BY THE COURT: /s John K. Reilly Jr. SJ. 1CC Attys: Taladay, Ejzak and Ryan.	John K. Reilly Jr.
09/19/2007	Objections to Valuation Report by Court Appointed Expert, filed by s/ Richard A. Ejzak, Esquire. 1CC to Atty. Faxed copy filed by Atty. Ryan	John K. Reilly Jr.
09/21/2007	Plaintiffs' Response to Objections by Defendant Companies, filed by s/ Richard A. Ejzak. 1CC Atty. Ryan	John K. Reilly Jr.

Clearfield County Court of Common Pleas

ROA Report

Case: 2003-01048-CD

Current Judge: John K. Reilly Jr.

IN RE: Metaltech Corporation, Dock Street Manufacturing, Inc., Richard Gordon, Beverly Gordon

Civil In RE

Date		Judge
09/28/2007	Order, this 28th day of Sept., 2007, upon consideration of Objections to Expert Report and argument thereon, it is Ordered that each party shall submit within 10 days from date hereof, briefs with regards to the admissibility of the valuation of the subsequent sale of assets of Dock Street Manufacturing, Inc (see original). Each party shall have 5 days from their receipt of opponent's brief to file responses thereto. by The Court, /s/ John K. Reilly, Jr., Senior Judge. 2CC Attys: Taladay, Ejzak, Ryan	John K. Reilly Jr.
11/27/2007	Opinion and Order, NOW, this 27th day of Nov., 2007, this Court enters the following Order in accordance with the foregoing Opinion. The Feb. 2006 asset transfer is not relevant to the issue of valuation and therefore it will not be considered. The Gordons are entitled to interest on their shares from the date of the merger. Finally, the Gordons owned 666.6 shares or 6.66% or Metaltech. By The Court, /s/ John K. Reilly, Jr., Senior Judge. 1CC Attys: Taladay, Ejzak, Ryan; 1CC Law Library, D. Mikesell (without memo)	John K. Reilly Jr.
01/04/2008	Order, this4th day of Jan. 2008, both parties' objections to the Court-appointed expert's report are Dismissed. Additionally, the interest awarded in this Court's Opinion of Nov. 27, 2007 shall be in the statutory amount of 6% per annum. By The Court, /s/ John K. Reilly, Jr., Senior Judge. 2CC Attys: Taladay, Ejzak, Ryan	John K. Reilly Jr.
01/14/2008	Motion for Reconsideration of the January 4, 2008 Order, filed by Atty. Taladay no cert. copies.	John K. Reilly Jr.
01/15/2008	Order, this 15th day of Jan., 2008, upon consideration of the foregoing Motion, it is Ordered that argument shall be held on Feb. 20, 2008, at 2:00 P.M. in Hearing Room 3. Notice of the entry of this Order shall be provided to all parties by the moving party. By the Court, /s/ John K. Reilly, Jr. 4CC Atty. Taladay	John K. Reilly Jr.
01/22/2008	Certificate of Service, filed. That on the 18th day of January 2008, a Court certified copy of the Order of Court dated January 15, 2008 was sent via first class mail to Richard A. Ejzak Esq., filed by s/ Matthew B. Taladay Esq. NO CC.	John K. Reilly Jr.

I hereby certify this to be a true and attested copy of the original statement filed in this case.

FEB 04 2008

Attest.

William L. Ahern
Prothonotary/
Clerk of Courts

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	CIVIL DIVISION No. 03-1048-CD Type of Pleading: **Certificate of Service** Filed on Behalf of: DEFENDANTS, METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC. Counsel of Record for This Party: Matthew B. Taladay I.D. No. 49663 Hanak, Guido and Taladay 528 Liberty Boulevard P. O. Box 487 DuBois, PA 15801 814-371-7768

FILED NO CC
m 19:44 BK
JAN 22 2004
William A. Shaw
Prothonotary/Clerk of Courts

#52

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	:	No. 03-1048-CD
METALTECH CORPORATION	:	
and DOCK STREET	:	
MANUFACTURING, INC.;	:	
APPLICATION OF RICHARD	:	
GORDON and BEVERLY GORDON,	:	
Dissenting Shareholders	:	

CERTIFICATE OF SERVICE

I certify that on the 18th day of January, 2008, a Court certified copy of the ORDER OF COURT DATED JANUARY 15, 2008 was sent via first class mail, postage prepaid, to the following:

Richard A. Ejzak, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

Matthew B. Taladay, Esq.
Attorney for Defendants

CA

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE:	:	CIVIL DIVISION
METALTECH CORPORATION	:	
and DOCK STREET	:	No. 03-1048-CD
MANUFACTURING, INC.;	:	
APPLICATION OF RICHARD	:	
GORDON and BEVERLY GORDON,	:	
Dissenting Shareholders	:	
	:	

ORDER

AND NOW, this 15th day of January, 2008, upon consideration of the foregoing Motion, it is hereby ordered that argument shall be held on February 20, 2008, at 2:00 o'clock p. m., in Hearing Room No. 3 of the Clearfield County Courthouse, 230 E. Market Street, Clearfield, Pennsylvania, before the Honorable John K. Reilly, Senior Judge, presiding.

Notice of the entry of this Order shall be provided to all parties by the moving party.

BY THE COURT,

John K Reilly Jr.
J.

FILED 4cc
01/2:26/BOL Atty Taladay
JAN 15 2008
GK

William A. Shaw
Prothonotary/Clerk of Courts

#51

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

FILED
JAN 14 2008
0/3:10/
William A. Shaw
Prothonotary/Clerk of Courts
No C/C

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	CIVIL DIVISION
	:	No. 03-1048-CD
	:	Type of Pleading:
	:	**MOTION FOR RECONSIDERATION**
	:	Filed on Behalf of:
	:	DEFENDANTS, METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.
	:	Counsel of Record for This Party:
	:	Matthew B. Taladay I.D. No. 49663 Hanak, Guido and Taladay 528 Liberty Boulevard P. O. Box 487 DuBois, PA 15801
	:	814-371-7768

#50

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE:	:	CIVIL DIVISION
METALTECH CORPORATION	:	
and DOCK STREET	:	No. 03-1048-CD
MANUFACTURING, INC.;	:	
APPLICATION OF RICHARD	:	
GORDON and BEVERLY GORDON,	:	
Dissenting Shareholders	:	
	:	

MOTION FOR RECONSIDERATION
OF THE JANUARY 4, 2008 ORDER

And now come the Defendant Companies, Metaltech Corporation and Dock Street Manufacturing, Inc., and request reconsideration of the Court Order of January 4, 2008. In support of this motion for reconsideration, the Defendant Companies state as follows:

1. This is an action for valuation of Plaintiffs' shares of the Defendant Companies' stock at the time the plaintiffs dissented to a corporate merger.

2. The Dissenting Shareholders/Plaintiffs applied to this Court for a judicial valuation of the fair value of their shares pursuant to the Business Corporation Law, 15 Pa.CSA §1571.

3. Following a non-jury trial, the Court issued an opinion, rejecting the expert evidence presented by the parties, and valuing the Dissenters' shares at

$20,000. Thereafter, the Court granted reconsideration of the valuation order, and appointed an independent appraiser to value the dissenting shareholder's stock.

4. The court-appointed appraiser submitted a report to the Court by document dated April 25, 2007. The appraiser made the following relevant estimate of fair value:

> The fair value of a 33.33% shareholder interest in Dock Street Manufacturing, Inc. is determined at $159,000.
> The fair value of a 6.66% interest in Metaltech, Inc. is determined at $63,300.

5. Both parties filed objections to the Appraisal Report.

6. The Court disposed of the parties' Objections to the Fair Value Recommendations of the Court-Appointed Appraiser by a one-paragraph Order dated January 4, 2008, by which the Court dismissed all objections and adopted the appraisal report.

7. Defendant Companies respectfully request the Court reconsider its adoption of the appraisal report without the requisite legal analysis of the issues presented by the parties' objections.

8. The Court adopted the appraisal report after making the following statement: "The Court has used this expert in the past and has found his work to be well-reasoned and fair. The Court found neither the expert retained by Metaltech Corp. nor the expert retained by the dissenting shareholders to be

credible. Conversely, the Court finds that the Court appointed expert provided a fair assessment of the valuation...". Thus, the Court "rubber stamped" the appraisal report on the basis of credibility, with no legal analysis of the fair value determination.

9. Although the court-appointed appraiser may very well be "fair", "reasonable" and credible, when his methodology is examined under the standards of the law applicable to this case, there are legal flaws in his report, resulting in an unreliable fair value determination.

10. The Pennsylvania Business Corporation Law, along with an abundance of Pennsylvania case law, provide established guidelines to determine the "fair value" of shares upon a dissention to a merger. The valuation methodology required by Pennsylvania law specific to a merger situation is the "income approach" which values a business as a going concern.

11. In making his valuation determination, the court-appointed appraiser also considered the net asset method, which views value based on the assemblage of assets in place, but without consideration of operating results. Under the legal standards applicable to this case, the net asset valuation is unreliable and must be rejected.

12. The "fair value" determination of the appraiser, adopted by the Court by the January 4, 2008 Order, also fails to incorporate a consideration of "all relevant

factors" as required by the Business Corporation Law. 15 Pa.D.S.A. 1579. The appraiser merely conducted a paper analysis of the value, based on the financial statements and performance analysis provided by the parties' experts. It is an error of law to assess "fair value" of a dissenting shareholder's stock without considering the circumstances surrounding the merger as presented at trial.

13. The Defendant Companies intend to appeal the fair value determination - not on the basis of a credibility determination - but, on the basis of (1) an error of law in applying an improper valuation method to the merger situation; and (2) an error of law in failing to consider the relevant circumstances (presented in trial testimony) as required by Pennsylvania law.

14. The Defendant Companies respectfully request the Court to reconsider its January 4, 2008 Order, and issue an Opinion and Order providing a legal analysis of the "fair value" determination under the requisite standards for merger as provided by the Pennsylvania Business Corporation Law and precedential case law.

Respectfully Submitted,

Matthew B. Taladay

Matthew B. Taladay
Attorney for Defendant Companies

CERTIFICATE OF SERVICE

I certify that on the January 14, 2008, a copy of the DEFENDANTS' MOTION FOR RECONSIDERATION was sent via first class mail, postage prepaid, to the following:

Richard A. Ejzak, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319

/s/ Matthew B. Taladay
Matthew B. Taladay
Attorney for Defendants

IN THE COURT OF COMMON PLEAS
OF CLEARFIELD COUNTY, PENNSYLVANIA

IN RE:	:	CIVIL DIVISION
METALTECH CORPORATION	:	
and DOCK STREET	:	No. 03-1048-CD
MANUFACTURING, INC.;	:	
APPLICATION OF RICHARD	:	
GORDON and BEVERLY GORDON,	:	
Dissenting Shareholders	:	
	:	

ORDER OF COURT

AND NOW, this _____ day of _____, 2008, upon consideration of the foregoing Motion,

IT IS HEREBY ORDERED that said Motion is _____ granted;

_____ denied.

BY THE COURT,

_____

J.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	:	
METALTECH CORPORATION	:	
and DOCK STREET	:	
MANUFACTURING, INC.;	:	No. 03-1048-CD
APPLICATION OF RICHARD	:	
GORDON and BEVERLY	:	
GORDON, Dissenting Shareholders	:	

ORDER

NOW, this 4th day of January, 2008, following a conference call the Court issues this Order. Both parties' objections to the Court-appointed expert's report are HEREBY DISMISSED. The Court has used this expert in the past and has found his work to be well-reasoned and fair. The Court found neither the expert retained by Metaltech Corp. nor the expert retained by the dissenting shareholders to be credible. Conversely, the Court finds that the Court appointed expert provided a fair assessment of the valuation and will therefore dismiss all objections and adopt his report.

Additionally, the interest awarded in this Court's Opinion of November 27, 2007 shall be in the statutory amount of 6% per annum.

BY THE COURT:

FILED
01 4:00 BK
JAN 04 2008
William A. Shaw
Prothonotary/Clerk of Courts

2cc Attys:
Taladay
Ezrak
Ryan
GK

JOHN K. REILLY, JR., SENIOR JUDGE
46th Judicial District
Specially Presiding

#49

DATE: 1/4/08

____ You are responsible for serving all appropriate parties.

__X__ The Prothonotary's office has provided service to the following parties:

____ Plaintiff(s) ____ Plaintiff(s) Attorney __X__ Other -

____ Defendant(s) ____ Defendant(s) Attorney Attorneys Taladay, Ezrak, and Ryan

____ Special Instructions:

FILED

JAN 04 2008

William A. Shaw

Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

IN RE:	:	
METALTECH CORPORATION	:	
and DOCK STREET	:	
MANUFACTURING, INC.;	:	No. 03-1048-CD
APPLICATION OF RICHARD	:	
GORDON and BEVERLY	:	
GORDON, Dissenting Shareholders	:	

OPINION

This action was commenced by Richard and Beverly Gordon, the dissenting shareholders (hereafter the Gordons) by the filing of an Application to Determine and Recover the Fair Value of Shares of Metaltech Corporation and Dock Street Manufacturing, Inc. Pursuant to 15 Pa.C.S.A. §1579. Metaltech Corporation and Dock Street Manufacturing, Inc. (hereafter Defendant Companies) merged on March 31, 2003. The Gordons objected to the corporate merger, and filed the present action on July 18, 2003, for a judicial valuation of their shares of the Defendant Companies prior to the corporate merger. The Defendant Companies merged with DuPenn, Inc. to become Newcorp. On February 17, 2006 Newcorp sold assets for 2.3 million dollars.

Following trial and Post-Trial Briefs, this Court entered an Order dated September 22, 2005 valuing the Gordons' shares at $20,000. Following Post-Trial Motions and appeal, this Court appointed an independent appraiser to value the Gordons' stock. The Court appointed Joseph J. Evans of the firm of Hill, Barth, and King, LLC. Mr. Evan's appraisal was submitted to the Court on April 25, 2007. The Parties each filed Objections to the Appraisal Report, and a hearing was held on September 28, 2007.

FILED
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William A. Shaw
Prothonotary/Clerk of Courts

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Ejzak
Ryan
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(without memo)
GR
#44

The argument at the hearing presented three issues that the Court now decides. The first issue is the admissibility and relevance of evidence concerning the February, 2006 asset transfer. The second issue is if there is any value placed on the shares, whether interest should be included. The final issue is the percentage ownership that the Gordons owned in Metaltech at the time of the merger. The Court will address these issues in turn.

The first issue the Court will examine is whether evidence of an asset transfer by Newcorp that occurred three years after the valuation date should be considered in valuing the Gordons' stock. The Gordons urge the Court to consider the sale of assets, which consisted of property, plant and equipment, and occurred three years after the merger in valuing their stock.

Initially, the Court will note that the Gordons brought their action under 15 Pa.C.S.A. §1579, which permits dissenting shareholders to file "an application for relief requesting that the fair value of the shares be determined by the court." 15 Pa.C.S.A. §1579. The term "fair value" is defined as the "fair value of shares immediately before the effectuation of the corporate action to which the dissenter objects, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the corporate action." 15 Pa.C.S.A. §1572. At least initially, it appears from a plain reading of the statute that evidence of a sale of assets three years after the merger would necessarily be excluded in computing the fair value of the Gordons' stock.

Here, the Gordons objected to the merger that occurred March 31, 2003. The plan for the refinancing and merger were adopted by the shareholders at a meeting in January, 2003. Therefore, in estimating fair value under the statute, the period from January, 2003 through March 31, 2003 would be excluded as the period in anticipation of the merger. Any appreciation

or depreciation after March 31, 2003 would be excluded as it occurred after the merger to which the Gordons objected.

This exclusion of both appreciation and depreciation to arrive at fair value is based, in part, on the Revised Model Business Corporation Act (RMBCA). The RMBCA has been adopted by other states as well. The Supreme Court of Ohio has addressed this issue as it relates to fair value. The Ohio Statute provides the definition of fair value as "[i]n computing such fair cash value, any appreciation or depreciation in market value resulting from the proposal * * * shall be excluded." *Armstrong v. Marathon Oil Co.*, 513 N.E.2d 776, 788 (Ohio 1987). This definition is very similar to the definition given in the Pennsylvania statute. The Supreme Court of Ohio went on to hold that "[t]he valuation remedy clearly is a remedy that does not give dissenting shareholders any element of value attributable to the transaction from which they have dissented." *Id.* In *Armstrong,* the fair value was determined by the price of stock that prevailed before the market began to adjust for the impending merger. Similarly, here the Gordons cannot dissent to the merger and then receive an element of value that is attributable to that transaction. Any evidence of the value of the Defendant Companies after the merger of March 31, 2003, to which the Gordons dissented, is not relevant in determining the fair market value of the Gordons' stock.

The Gordons cite *Weir v. Ciao* as evidence that newly discovered evidence can support the granting of a new trial. *Weir v. Ciao,* 528 A.2d 616 (Pa.Super. 1987). While the Gordons are correct in the law, the evidence that they seek to admit is newly discovered, the sale of assets that took place February, 2006 is not relevant evidence for the reasons discussed above. The Gordons also erroneously rely on *Estate of Noble,* a case that involves application of the market approach to valuation. *Estate of Helen M. Noble v. Commissioner,* T.C. Memo 2005-2 (U.S. Tax

Ct.). Further, *Estate of Noble* involved the sale of stock where the conditions were exactly the same on the valuation date and the transaction date fourteen months later.

Therefore, because Pennsylvania statutes provide a clear and unambiguous definition for fair value, the evidence of the asset sale that took place three years after the merger that the Gordons objected to is not relevant to the issue of valuation.

The second issue pertains to what, if any, interest the Gordons are entitled to. The Gordon's are entitled to interest. The statute specifically provides that the dissenting shareholder is entitled to "recover the amount by which the fair value of his shares is found to exceed the amount, if any, previously remitted, plus interest." 15 Pa.C.S.A. 1579(d). In *In re Watt and Shand* the Pennsylvania Supreme Court stated "[w]e believe the better view, as well as the intent of the statute, is to allow interest as a matter of course in all cases absent the existence of some inequitable situation." *In re Watt and Shand,* 304 A.2d 694, 701 (Pa. 1973). The *Watt* Court justified this thusly, "[s]ince the corporation has had the use of the dissenter's money without his consent from the time he demanded appraisal, it seems that interest is justified." *Id.* citations omitted. Here, the Defendant Corporations suggest that the Gordons desire to have the post-trial sale of assets considered by the Court creates an inequitable situation. This Court does not agree. Therefore, the Gordons are entitled to interest from the date of the merger.

Finally, the Court will address the percentage ownership that the Gordons owned in Metaltech at the time of the merger. This Court finds that the Gordons owned 6.66% of Metaltech. When Metaltech was initially incorporated 10,000 shares of stock were issued. The Gordons paid $20,000 for 666.6 shares or 6.6% of Metaltech. The evidence at trial established that any "buyouts" of shares occurred concurrent with or subsequent to the merger that the Gordons dissented to. The Defendant Companies credibly established that no deal was

consummated until after the merger. The Gordons, who dissented to the merger, were not a party to the post-merger reorganization Agreement. Therefore, their shares remained 6.66%, the amount initially purchased by the Gordons.

ORDER

NOW, this 27th day of November, 2007, this Court enters the following Order in accordance with the foregoing Opinion. The February, 2006 asset transfer is not relevant to the issue of valuation and therefore it will not be considered. The Gordons are entitled to interest on their shares from the date of the merger. Finally, the Gordons owned 666.6 shares or 6.66% or Metaltech.

BY THE COURT:



JOHN K. REILLY, JR., SENIOR JUDGE
46th Judicial District
Specially Presiding

FILED

NOV 27 2007

William A. Shaw
Prothonotary/Clerk of Courts

DATE: 11/27/07

____ You are responsible for serving all appropriate parties.

__X__ The Prothonotary's office has provided service to the following parties:

____ Plaintiff(s) ____ Plaintiff(s) Attorney __X__ Other

____ Defendant(s) ____ Defendant(s) Attorney Attorneys Taladay, Ejzak, and Ryan

____ Special Instructions:

IN THE COURT OF COMMON PLEAS

OF CLEARFIELD COUNTY, PENNSYLVANIA

CIVIL DIVISION

METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC., APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

O R D E R

AND NOW, this 28th day of September, 2007, upon consideration of Objections to Expert Report filed on behalf of both parties above named and argument thereon, it is the ORDER of this Court that each party shall submit, within ten (10) days from date hereof, briefs with regards to the admissibility of the valuation of the subsequent sale of assets of Dock Street Manufacturing, Inc., the right to recover interest on any award in their favor on behalf of the dissenting shareholders, the date said interest should commence and the rate thereof, and the percentage of interest in MetalTech owned by the dissenting shareholders. Each party shall have five (5) days from their receipt of opponent's brief to file responses thereto.

BY THE COURT,

THE HONORABLE JOHN K. REILLY, JR.
Senior Judge, Specially Presiding

FILED
01:3:37 BY
SEP 28 2007

William A. Shaw
Prothonotary/Clerk of Courts

2cc Attys:
Taladay
Ezzat
Ryan

#47

FILED

SEP 28 2007

William A. Shaw
Prothonotary/Clerk of Courts

DATE: 9/28/07

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____ Plaintiff(s) ____ Plaintiff(s) Attorney __X__ Other

____ Defendant(s) ____ Defendant(s) Attorney Attorneys Ejzak, Talaber, and Ryan

____ Special Instructions:

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

PLAINTIFFS' RESPONSE TO OBJECTIONS BY DEFENDANT COMPANIES

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

Richard A. Ejzak, Esq.
Pa. I.D. No. 56699

COHEN & GRIGSBY, P.C.
Firm No. 621
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222-1319
(412) 297-4900

FILED 1CC Atty Ryan
01 2:54 BH
SEP 21 2007
(GK)
William A. Shaw
Prothonotary/Clerk of Courts

#46

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	Civil Division Case No. 03-1048-CD

PLAINTIFFS' RESPONSE TO OBJECTIONS BY DEFENDANT COMPANIES

Dissenting shareholders Richard and Beverly Gordon file the following response to the objections that the Defendant Companies filed to the valuation report prepared by Joseph Evans.

ARGUMENT

The Defendant Companies would have this Court believe that Dock Street is worth nothing. They attack Mr. Evan's decision to place any value on the assets of the company.

In fact, however, the assets of Dock Street were sold for $2.3 million. Information regarding the sale is contained in the Form 10-K submitted to the United States Securities and Exchange Commission by the buyer, Sensus Metering Systems, Inc. A copy of the relevant portions of the Form 10-K is attached hereto as Exhibit A. In the Form 10-K, the buyer states that:

> The net assets acquired consisted of property, plant and equipment of $2.1 million and net working capital components of $0.2 million.

Form 10-K, p. 46.

The $2.3 million purchase price for Dock Street's assets supports an upward adjustment in the asset valuation in the Evans report.[1] Mr. Evans estimated the value of Dock Street's assets to be $1,906,000. The corresponding figure in the actual purchase of those assets is $2,100,000. If that figure is substituted on Line 12 of Exhibit C in the Evans report, and the corresponding adjustments are made to the other figures in Exhibit C, the value of Richard Gordon's interest in Dock Street is $215,898. A revised version of Exhibit C from the Evans report is attached hereto as Exhibit B. The calculation of Richard Gordon's interest based on the revised version of the Evans report is attached hereto as Exhibit C.

The passage of time from the valuation date to the date of the sale (February 17, 2006) only serves to strengthen the values placed on Dock Street's assets by Mr. Evans (and Mr. Gleason). The additional wear and tear on the machinery during that time would only serve to decrease their value since the valuation date.

The Defendant Companies obviously were fully aware of this sale. In fact, the sale was orchestrated by their expert, Mr. Mulick, according to his website. The relevant portion of Mr. Mulick's website is attached hereto as Exhibit D. On that website, Mr. Mulick claims that his company, Ameridan, "orchestrated the overall business sale process" which included, among other things:

> Assessing, structuring and presenting confidential Company information, including the adjustment, analysis, and presentation of historical financial data to be used in the valuation of the Company; and

---

[1] In his report, Mr. Evans reserves the right to revise his recommendations "[i]f additional, relevant information about the subject companies and ownership interests is made available to me." The information regarding the asset sale of Dock Street is submitted in connection with that statement.

assisting management in developing and presenting appropriate business plans and financial forecasts.

Ex. D.

After successfully selling Dock Street for $2.3 million, the Defendant Companies cannot credibly take the position now that Mr. Gordon's shares in the company are worthless.

Finally, the Defendant Companies criticize the Evans report for including a net asset valuation. That criticism is meritless. Pennsylvania courts have explicitly recognized net asset valuation as one of the acceptable methods of valuing the stock of a dissenting shareholder. See, e.g., In re Jones & Laughlin, 477 A.2d 535 (Pa. Super. 1984) (Superior Court affirmed trial court's adoption of net asset method and rejection of a modified discounted cash flow method).

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

Richard A. Ejzak
PA. I.D. #56699
11 Stanwix Street, 15th Floor
Pittsburgh, PA 15222
(412) 297-4900

Dated: September 21, 2007

1261005_1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 2006

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 333-113658

Sensus Metering Systems (Bermuda 2) Ltd.
(Exact name of registrant as specified in its charter)

Bermuda	98-0413362
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Sensus Metering Systems Inc.
(Exact name of registrant as specified in its charter)

Delaware	51-0338883
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8601 Six Forks Road, Suite 300, Raleigh, North Carolina 27615
(Address of principal executive offices) (Zip Code)

(919) 845-4017
(Registrants' telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☒ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 9, 2006, Sensus Metering Systems (Bermuda 2) Ltd. had 12,000 common shares outstanding, all of which were owned by Sensus Metering Systems (Bermuda 1) Ltd. and Sensus Metering Systems Inc. had 283.603994 shares of common stock outstanding, all of which were owned by Sensus Metering Systems (Bermuda 2) Ltd.

secure low-cost manufacturing capability in China, as well as pursue precision die casting product opportunities on a global basis. The joint venture is called Sensus-Rongtai Precision Die Casting (Yangzhou) Co., Ltd. ("PDC Rongtai") and is headquartered in Jiangdu, China. The joint venture was capitalized with $9.0 million of cash from the Company and $6.0 million of cash from Runlin. The capital was used to purchase certain operating assets of Yangzhou Rongtai Industrial Development Co., Ltd. ("Rongtai"), a leading producer of aluminum die-casting parts for Chinese automotive and motorcycle manufacturers. The initial purchase price for the net assets acquired of Rongtai was $12.5 million, consisting of $10.2 million and $0.7 million of cash consideration paid in July 2005 and November 2005, respectively, and approximately $0.8 million to be paid one year after closing, subject to adjustment for any indemnification claims. In addition, the Company paid approximately $0.8 million of acquisition costs related to this acquisition during fiscal 2006.

The acquisition of Rongtai has been accounted for in accordance with FAS 141. The Company owns 60% of the joint venture and fully consolidates the financial statements of PDC Rongtai. The consolidated financial statements herein include the results of operations of PDC Rongtai for the period from the date of acquisition.

The Company has completed its preliminary purchase price allocation attributable to the Rongtai acquisition. The final allocation will be completed within one year of the transaction, and any resulting adjustment is not expected to have a material impact on the Company's financial position or results of operations. The preliminary purchase price allocation based on management's estimates at the date of acquisition is as follows (in millions):

Inventories	$ 2.1
Property, plant and equipment	15.0
Accounts payable	(0.1)
Short-term debt	(4.0)
Other liabilities	(0.5)
Fair value of net assets acquired	$12.5

DuPenn. On February 17, 2006, we acquired certain assets and assumed certain liabilities of DuPenn, Inc. ("DuPenn"). a provider of machined castings for our gas metering business. This purchase is expected to enable the Company to enhance its gas metering supply chain and improve its on-time delivery performance to key customers. The initial purchase price for the net assets of DuPenn was $2.3 million, consisting of $1.7 million and $0.4 million of cash consideration paid on February 17, 2006 and in May 2006, respectively, and the remaining $0.2 million to be paid one year after closing, subject to any adjustment for any indemnification claims. The net assets acquired consisted of property, plant and equipment of $2.1 million and net working capital components of $0.2 million. The acquisition of DuPenn has been accounted for in accordance with FAS 141.

EXHIBIT C
DOCK STREET MANUFACTURING, INC.
APPRAISAL OF FAIR VALUE
ADJUSTED NET ASSET METHOD *(with adjustment)*
VALUATION DATE: MARCH 31, 2003

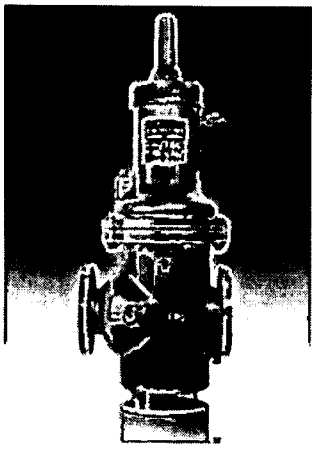
Line		Book Values at Dec. 31, 2002	Adjustments	Fair Values
	ASSETS			
1	Total Current Assets	509,262	-	509,262
2	Property, Plant and Equipment	927,113	1,172,887	2,100,000
3	Loan origination fees, net	5,625	-	5,625
	TOTAL ASSETS	1,442,000	1,172,887	2,614,887
4	Total Current Liabilities	646,321	-	646,321
5	Interest-bearing debt	1,174,261	-	1,174,261
6	**NET ASSET VALUE = SHAREHOLDERS EQUITY VALUE**	(378,582)	1,172,887	794,305
7	LIABILITIES AND EQUITY	1,442,000	1,172,887	2,614,887
	Adjustments to estimate Fair Value			
8	April 2000 appraised value			N/A
9	Cost of fixed assets			N/A
10				N/A
11	To calculate midpoint			N/A
12	**Mid-point and average used in adjusted balance sheet**			2,100,000
13	Built-in gain = Line 12 minus Line 2, book value			1,172,887
14	Built-in gain tax implication = Line 13*25%			293,222
15	One-half of tax implication			0.5
16	Reduction in net asset value			146,611

C

	Evans	Evans Adj.
Net Asset Value	600,190	794,305
Less Built in capital gain tax	122,346	146,611
Adjusted Value	**477,843**	**647,694**
Mr. Gordon's interest	33.33%	33.33%
Fair Value of Mr. Gordon's interest	**159,281**	**215,898**

Representative Engagements

Sensus Metering Systems/DSM



SENSUS METERING SYSTEMS

Situation:

Dock Street Manufacturing ("DSM") is a producer of a wide variety of regulating & metering products including industrial & residential meter housings, turbo & rotor assemblies and internal meter components. Operating out of a 120,000 sq.ft. facility, the Company's capabilities include precision processing and machining as well as balancing magnet applications, secondary machining, and irridation of aluminum products.

DuPenn, Inc., DSM's parent company, engaged Ameridan to assist DuPenn in analyzing its strategic options and to effect a value-maximizing divesture of several business units including DSM.

Ameridan's Role:

Ameridan orchestrated the overall business sale process which included: (1) identification and contacting of potential acquirers; (2) assessing, structuring and presenting confidential Company information, including the adjustment, analysis, and presentation of historical financial data to be used in the valuation of the Company; (3) assisting management in developing and presenting appropriate business plans and financial forecasts; (4) managing the overall process and communications with potential acquirers; and (5) advising DuPenn on various transaction proposals received.

The engagement was successfully completed in February 2006 when Sensus Metering Systems purchased DSM.

Sensus Metering Systems Inc. is a provider of high-value metering and Automatic Meter Reading (AMR) solutions for water, gas, electric, and heat utilities as well as sub-metering entities worldwide. Additional linked businesses include Smith-Blair, Inc. a leading provider of pipe clamp & coupling products for the water, gas, and industrial markets and Sensus Precision Die Casting that produces quality die castings.



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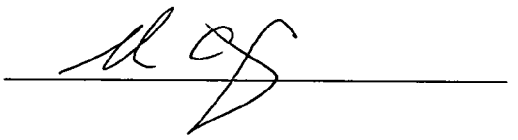
E jjm@AmeridanRes.com
P 412.323.8622
F 412.323.8621

AmeridanRes.com/rep_sensus.cfm
Last Updated: September 17, 2007

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Plaintiffs' Response to Objections Filed by Defendant Companies was sent to the following counsel of record via e-mail and overnight mail on this 21st day of September, 2007:

Matthew B. Taladay, Esq.
Hanak, Guido, and Taladay
498 Jeffers Street
P.O. Box 487
DuBois, PA 15801



FILED
SEP 21 2007
William A. Shaw
Prothonotary/Clerk of Courts

COPY
Original filed
9-A-07

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.

Civil Division

Case No. 03-1048-CD

OBJECTIONS TO VALUATION REPORT BY COURT APPOINTED EXPERT

Filed on behalf of Dissenting Shareholders, Richard Gordon and Beverly Gordon

Counsel of record for this party:

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Pa. I.D. No. 56699

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#45

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

IN RE: METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC.; APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders.	Civil Division Case No. 03-1048-CD

OBJECTIONS TO VALUATION REPORT BY COURT-APPOINTED EXPERT

Dissenting shareholders Richard and Beverly Gordon file the following objections to the valuation report prepared by Joseph Evans, the appraiser appointed by the Court.

INTRODUCTION

The fundamental problem with the Evans report is that the discounted cash flow analysis in the report is not forward-looking. A proper DCF analysis focuses on the expected future performance of the subject company. The Evans report instead focuses on the older, historical performance of the companies at issue here, and ignores the performance of the companies in the time period closer to the valuation date, both as projected by the companies' own management and as reflected in the companies' financial statements.

A detailed discussion of how this problem permeates the Evans report is set forth in the following sections.

OBJECTIONS

1. The Actual Performance of the Companies Supports the Validity of the Projections on which Gleason Relied.

The report by Mr. Evans criticizes the projections in the Gleason report for predicting an immediate departure from the historical performance of the subject companies. See Evans Report, p. 16. The Evans report asserts that there is no support for this immediate turnaround. Id. In fact, however, there are solid reasons for believing that the sudden turnaround would occur.

The most compelling reason is that the companies *actually did improve immediately and dramatically*. The chart below sets forth the improvement in the net income of the companies in 2003, the first year of the projections, over the historical performance in previous years:

	1998	1999	2000	2001	2002	***2003***
Dock Street			$86,696	($571,152)	$5,875	***$258,117***
Metaltech	$90,631	$13,313	$85,186	($108,600)	($120,073)	***$369,810***

As is clear from the figures above, the net income of both companies is substantially greater in 2003 than it was in all of the preceding years.

The dramatic increase in the companies' actual performance supports the projections on which Gleason relied. A comparison of the actual performance with the projections is set forth below:

Dock Street	2003												
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total 12 Months
Projected	14,580	15,446	19,445	25,808	19,550	23,882	38,815	8,709	7,633	11,666	(994)	(315)	184,225
Actual	23,621	33,861	8,398	31,392	18,069	44,406	32,278	10,100	5,646	23,262	28,751	(1,668)	258,117

Metaltech	2003												
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total 12 Months
Projected	33,991	24,173	29,316	2,247	4,130	1,910	69,647	59,701	56,749	66,404	48,947	67,915	465,132
Actual	33,291	20,411	25.458	27,426	15,198	21,970	37,795	31,458	28,556	59,636	29,189	39,423	369,810

As demonstrated above, Dock Street actually *exceeded* management's projections by 40% in 2003. Although Metaltech did not do as well as Dock Street, it fell short of management's projections by only 20%.

In light of the actual performance of the companies, some of the criticism in the Evans report appears misdirected. For example, in discussing the DCF valuation of Dock Street, the Evans report criticizes Gleason for relying "totally on using the unidentified and unsubstantiated management projections addressed at length throughout testimony." According to the Evans report, "[a]n objective, impartial appraisal process would have led to much skepticism about the likelihood – the probability – of achieving the results as projected." See Evans Report, p. 12. The actual performance of the companies stated above, however, proves beyond a doubt that the management projections for 2003 not only were accurate, but even underestimated how well Dock Street would perform. There was no need to consider the likelihood or probability of achieving the projections for 2003 – those results were a certainty.

Similarly, in discussing Gleason's DCF valuation of Metaltech, the Evans report questions the 51% increase in revenue predicted for 2003,[1] and the increase from a pre-tax loss of $113,050 in 2002 to a pre-tax gain of $465,131 in 2003. See Evans Report, p. 16. Both of those questions are misplaced. First, it is important to note that the increases Evans cites are based on the projections *prepared by Metaltech's management*, not Gleason. When Gleason extrapolated from the management projections, the increase in annual revenue he predicted was only 8% -- far less than the 51% increase projected by management in 2003. Second, the actual figures listed above show that Metaltech came close to achieving the results projected for 2003. In light of these actual figures, the projections do not "appear to be contrived and highly improbable" as stated in the Evans report. Id.

While the final three quarters of the calendar year 2003 fall after the merger date, the information on the companies' actual performance during that period is something an appraiser can consider in determining whether projections are reasonable. See Hogle v. Zinetics Medical, Inc., 63 P.3d 80, 89 (Utah 2002) (citing Gonsalves) ("We note that while it would be impermissible to consider post-merger increases above and beyond the pre-merger projections, post-merger information may be used to verify the projections."); Gonsalves v. Straight Arrow Publishers, Inc., 701 A.2d 357, 362 (Del. 1997) ("post-merger evidence is not necessarily inadmissible to show that plans in effect at the time of the merger have born fruition"); Sun Ins. Marketing Network, Inc. v. AIG Life Ins. Co., 254 F. Supp.2d 1239, 1248 (M.D. Fla. 2003) (citing Gonsalves) ("Delaware, like Florida, allows evidence of future events (hindsight), to support or refute the assumptions underlying an expert's opinion."). As Mr. Gleason explained,

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1 The Evans Report identifies this increase as occurring in 2004, but the exhibit in the Gleason report which is being referred to explains that the projection ending March 31, 2004 is for the calendar year 2003. See Gleason Report for Metaltech, Ex. E, note (a).

it is proper to consider post-valuation date information because "[s]ometimes in a valuation you use those to somehow confirm or better verify the information assumptions that were developed prior to the valuation." Tr. (Vol. I) 60. Even Mr. Mulick agreed that he would have more confidence in management projections where, as in the present case, the actual performance of the company is about the same or exceeds those projections. Tr. (Vol. I) 185.

Even if the appraiser ignores the final three quarters of 2003 and considers only the first quarter (which preceded the merger date), the actual performance of the companies confirms the validity of the projections. A comparison of the projected and actual net income of the companies during the first quarter of 2003 is set forth below:

Dock Street	2003			
	Jan.	Feb.	March	TOTAL
Projections	14,580	15,446	19,445	48,000
Actual	23,621	33,861	8,398	64,000

Metaltech	2003			
	Jan.	Feb.	March	TOTAL
Projections	33,991	24,173	29,316	87,480
Actual	33,291	20,411	25,458	79,160

During the first quarter, Dock Street's actual net income already exceeded management's projections by $16,000 or approximately 33%. While the actual net income for Metaltech is

slightly less than what was projected (approximately $8,000 or less than 10%), the difference in any particular month is less than $4,000, which is not significant. Tr. (Vol. I) 118.

2. The Normalization of the Financial Figures for Dock Street Properly Demonstrates the Validity of the Projections on which Gleason Relied.

The Evans report criticizes Gleason's DCF analysis of Dock Street for predicting an "immediate and complete departure from the trend in declining revenues that is replaced by double-digit growth in revenues after 2004." See Evans Report, p. 9. Again, it is important to note initially that any prediction of an immediate change was made in the projections prepared by Dock Street's management, not Gleason. More importantly, however, the change in revenue figures makes perfect sense because Dock Street radically changed its pricing.

Prior to 2002, Dock Street included the price of raw casting materials in the price of its products. Subsequently, however, Dock Street's customer agreed to provide its own raw casting materials, thereby eliminating the need for Dock Street to purchase the raw materials and then pass off the cost of the raw materials back to its customer. That obviously decreased the revenue Dock Street received, but did not signal a decrease in production or sales, and the decrease in revenue had no effect on Dock Street's income. The decrease in revenue from approximately $5.5 million in 2001 to $2.9 million in 2002 therefore is not the harbinger of declining performance it appears to be.[2]

In addition, Dock Street realized in 2002 that the prices it was charging its customer were below market prices. The customer agreed to pay market prices beginning in fiscal year 2003.

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[2] As a side note, Dock Street's revenue for 2000 was approximately $5.4 million, which means revenue increased slightly from 2000 to 2001. There was not a downward trend.

Because that change significantly affected Dock Street's financial statements, a comparison of Dock Street's performance before and after the change in prices would be more meaningful if the figures from the earlier period were adjusted to reflect that change. The Evans report suggests, however, that Gleason made the adjustment in "an effort to avoid assessing Dock St.'s obvious and significant financial weakness." See Evans Report, p. 8. That suggestion is unfair.[3] It is standard practice for appraisers to make adjustments, or normalizations, when the historical figures otherwise would present a misleading picture. For example, if a company pays rent or salaries that are below the market rate, appraisers typically adjust those figures in conducting a discounted cash flow analysis.

Here, there is no dispute that the prices Dock Street was charging were below market rate. Consequently, it was entirely appropriate for Gleason to adjust the financial statements to reflect that undisputed fact. Not only was Gleason's adjustment appropriate, it was necessary to avoid an "apples and oranges" comparison. The adjustment also is consistent with the forward-thinking approach embraced by the discounted cash flow method of valuation. That approach requires the appraiser to predict how a company is likely to perform in the future. Basing that prediction on an historical pricing schedule that has changed drastically will result in a valuation that is less accurate and less reliable.

Once the adjustment is made for the price changes that occurred here, it is clear that the projections by Dock Street's management (on which Gleason relied) are in line with the company's historical performance. A comparison of the management projections with the historical figures (both adjusted and unadjusted) is set forth below:

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[3] Gleason did not attempt to hide the actual historical figures in his report. On the contrary, Gleason listed those figures, and made it clear how and why he was adjusting those figures.

Historical Figures (Unadjusted)				Management Projections	
	2000	2001	2002	2003	2004
Net Income:	$86,696	($571,152)	$5,875	$184,225	$193,457

Historical Figures (Adjusted)				Management Projections	
	2000	2001	2002	2003	2004
Net Income:	$176,696	$188,848	$185,875	$184,225	$193,457

Because the projections by Dock Street's management are perfectly consistent with the historical figures when they are adjusted to reflect the reality of Dock Street's situation on the valuation date, the criticism of those projections as being "unsubstantiated" or "improbable" is misplaced.

3. There is No Doubt that Management of the Companies Prepared the Projections on which Gleason Relied, and Management Used those Projections to Convince Their Shareholders to Approve the Merger.

The evidence at trial demonstrated that the projections on which Gleason based his report were prepared by management of the subject companies. Don Asti, the director of operations for both Metaltech and Dock Street, testified that those projections were put together by someone in management for the companies. Tr. (Vol. II) 107, 116-18. Counsel for the companies stipulated during trial that the projections were generated by the companies. Tr. (Vol. II) 206. In addition, Richard Gordon testified that he received projections for the performance of the combined

company of Dock Street, Metaltech and DuPenn. Tr. (Vol. II) 22-23. Those projections predicted the performance of the combined companies in 2003 and 2004. As demonstrated at trial, the figures in those projections match up, to the dollar, with the figures in the separate projections management made for Dock Street and Metaltech. Tr. (Vol. II) 23-31. Thus, the conclusion is inescapable that management used those projections to convince the shareholders to approve the contemplated merger.[4]

During the trial, counsel for the companies (who was unaware that these projections existed) suggested that management might have created the projections as part of their effort to obtain financing. Even if that were true (and there was no evidence to that effect), it would be improper for management to create projections that painted an unreasonably favorable picture of the company. Tr. (Vol. I) 70-71.

Because it is clear that management of the companies created and relied on the projections at issue, those projections should have been given substantial weight in the Evans report. Even Mr. Mulick admitted that it was important to know what management was projecting for the future performance of the companies. Tr. (Vol. I) 178, 180-81, 185. Mr. Mulick further admitted that he was completely unaware of the management projections prior to trial. Tr. (Vol. I) 181-82.

Despite these admissions, the Evans report does not criticize the Mulick report for failing to consider management's own projections. Nor does the Evans report criticize the companies for attempting to distance themselves from their own projections. Finally, the Evans report places no significance on the fact that the management projections on which Gleason relied were

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[4] Any suggestion that the merger was expected to benefit Dock Street or Metaltech is wholly unfounded. It is clear from the projections that the merger was intended to help DuPenn at the expense of Dock Street and

prepared without the taint of litigation, unlike the projections Mulick prepared specifically for this litigation. In these respects, the Evans report is at odds with established case law. See Gray v. Cytokine Pharmasciences, Inc., C.A. No. 27451, 2002 WL 853549 at *8 (refusing to "condone allowing a company's management or board of directors to disavow their own data in order to justify a lower valuation in an appraisal proceeding"); Ryan v. Tad's Enters., 709 A.2d 675, 681 (Del. Ch. 1996), aff'd, 693 A.2d 1082 (Del. 1997) (considering "contemporaneous valuation more reliable than [one] which was conducted six years later and for purposes of litigation"); Cede & Co. v. Technicolor, Inc., 2003 WL 23700218 at *7 (Del. Ch. July 9, 2004 (appeal pending) (preferring impartially created pre-merger projections to "litigation-driven forecasts"); accord Cede & Co. v. JRC Acquisition Corp., 2004 WL 286963 at *2 (Del. Ch. Feb. 10, 2004); In re Emerging Communications, Inc. v. S'holders Litig., 2004 WL 1305745 at *14 (Del. Ch. June 4, 2004); Prescott Group L.P. v. The Coleman Co., 2004 WL 2059515 at *21 (Del. Ch. Sept. 8, 2004).

4. The Cost of Capital in the Evans Report is Too High for Dock Street.

As part of its discounted cash flow analysis for Dock Street, the Evans report uses a cost of capital of 40%. That percentage is significantly too high. The treatises suggest that percentages in that range are appropriate for companies in the early stage of development. See, e.g., J. Hitchner, Financial Valuation, p. 1094-95. By the valuation date, Dock Street had existed for three years. The company was using an established manufacturing process, not an untested technology. The company also had an established customer, Invensys, to which it sold its products. Contrary to the assertion in the Evans report, the existence of this single customer

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Metaltech. See Plaintiffs' Reply Brief filed on September 23, 2005, which is incorporated herein by reference.

provided substantial benefits to Dock Street with minimal risk. Accordingly, a cost of capital in the range of 19% is more appropriate for Dock Street.

CONCLUSION

For all of the reasons set forth above, the dissenting shareholders respectfully request that the Court reject the discounted cash flow analysis in the Evans report and adopt the discounted cash flow analysis in the Gleason report.

Respectfully submitted,

COHEN & GRIGSBY, P.C.

By: _____

Richard A. Ejzak
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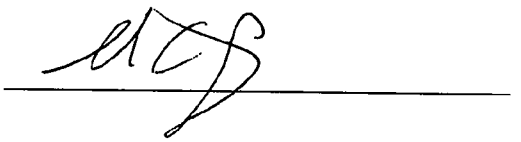
Dated: September 18, 2007

1261005_1

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Objections to Valuation Report by Court Appointed Expert was sent to the following counsel of record via e-mail and overnight mail on this 18th day of September, 2007:

Matthew B. Taladay, Esq.
Hanak, Guido, and Taladay
498 Jeffers Street
P.O. Box 487
DuBois, PA 15801



IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA
CIVIL DIVISION

METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC., APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ORDER

AND NOW, this 2nd day of August, 2007, the Court noting the receipt of report from independent valuation expert, Joseph Evans, that hearing on Counsels' respective positions regarding said report shall and is hereby rescheduled for **September 28, 2007 at 9:00 A.M.,** in Hearing Room No. 3, Clearfield County Courthouse, Clearfield, Pennsylvania with the Honorable John K. Reilly, Jr., Senior Judge, specially presiding.

FILED
013:59 cc Attys:
AUG 02 2007 Taladay
Ezrak
William A. Shaw Ryan
Prothonotary/Clerk of Courts

BY THE COURT:

JOHN K. REILLY, JR.
Senior Judge

#44

FILED

AUG 02 2007

William A. Shaw
Prothonotary/Clerk of Courts

DATE: 8/2/07

____ You are responsible for serving all appropriate parties.

_X_ The Prothonotary's office has provided service to the following parties:

____ Plaintiff(s) ____ Plaintiff(s) Attorney _X_ Other Attorneys Taladay, Ejzak, and Ryan

____ Defendant(s) ____ Defendant(s) Attorney

____ Special Instructions:

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA
CIVIL DIVISION

METALTECH CORPORATION and DOCK STREET MANUFACTURING, INC., APPLICATION OF RICHARD GORDON and BEVERLY GORDON, Dissenting Shareholders	:	No. 03-1048-CD

ORDER

AND NOW, this 2nd day of July, 2007, the Court noting the receipt of report from independent valuation expert, Joseph Evans, that earing on Counsels' respective positions regarding said report shall and is hereby scheduled for **Tuesday, July 31, 2007 at 2:00 P.M.,** in Courtroom No. 1, Clearfield County Courthouse, Clearfield, Pennsylvania with the Honorable John K. Reilly, Jr., Senior Judge, specially presiding.

BY THE COURT:

John K. Reilly, Jr.

JOHN K. REILLY, JR.
Senior Judge

FILED 1cc Attys: Taladay, Ejzak, Ryan
018:54 BK
JUL 03 2007
William A. Shaw
Prothonotary/Clerk of Courts

#43

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JUL 03 2007

William A. Shaw
Prothonotary/Clerk of Courts

DATE: 7/3/07

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___ Plaintiff(s) _X_ Plaintiff(s) Attorney ___ Other

___ Defendant(s) _X_ Defendant(s) Attorney

___ Special Instructions:

In the Superior Court of Pennsylvania

Sitting at Pittsburgh

No. 1847 Western District Appeal 2005

IN RE: METALTACH CORPORATION AND DOCK STREET MANUFACTURING ET AL

APPEAL OF RICHARD AND BEVERLY GORDON, APPELLANTS

: Appeal from the order entered on Sept 23, 2006 in the Court of Common Pleas, Civil Division, by Honorable John Reilly Jr

: Of the County of Clearfield

No. 03-1048 CD

Certified from the Record

"ORDER OF COURT

AND NOW, to-wit, this 20th day of November, 2006, upon consideration of the appellant's application for remand in the above-captioned matter, the same is hereby GRANTED.
Jurisdiction relinquished.

PER CURIAM"

FILED
JAN 08 2007
01:15(cw)
William A. Shaw
Prothonotary/Clerk of Courts

In Testimony Whereof, I have hereunto set my hand and the seal of said Court at Pittsburgh,

Pa. this 4th Day of JANUARY 2007

Eleanor R. Valecko
Deputy Prothonotary

#42

FILED
JAN 08 2007
William A. Shaw
Prothonotary/Clerk of Courts

The Superior Court of Pennsylvania

Sitting at Pittsburgh

GRANT BUILDING

310 Grant Street – Suite 600
Pittsburgh, Pennsylvania
15219

CERTIFICATE OF CONTENTS OF REMANDED RECORD
AND NOTICE OF REMAND
under
PENNSYLVANIA RULES OF APPELLATE PROCEDURE 2571 AND 2572

THE UNDERSIGNED, Prothonotary (or Deputy Prothonotary) of the Superior Court of Pennsylvania, the said court of record, does hereby certify that annexed to the original hereof, is a true and correct copy of the entire record:
ORIGINAL RECORD IN 4 PARTS, 2 TRANSCRIPTS, SET OF EXHIBITS, (7) CERTIFIED COPY OF REMAND ORDER.

As remanded from said court in the following matter:
IN RE: METALTECH CORPORATION ET AL APPEAL OF RICHARD GORDON ETC
NO. 1847 WDA 2005

COURT OF COMMON PLEAS, CIVIL DIVISION, CLEARFIELD COUNTY
NO. 03-1048 CD

In compliance with Pennsylvania Rules of Appellate Procedure 2571.

The date of which the record is remanded is: January 4, 2007

An additional copy of this certificate is enclosed with the original hereof and the clerk or prothonotary of the lower court or the head, chairman, deputy, or the secretary of the other government unit is hereby directed to acknowledge receipt of the remanded record by executing such copy at the place indicated by forthwith returning the same to this court.

DEPUTY PROTHONOTARY

RECORD, ETC. RECEIVED:

DATE: JAN, 8, 2007

(Signature & Title)

FILED
JAN 08 2007
11:45/w
William A. Shaw
Prothonotary/Clerk of Courts

COPY TO SUPERIOR COURT

WILLIAM A. SHAW
Prothonotary
My Commission Expires
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Clearfield Co., Clearfield, PA

#41

FILED
JAN 08 2007
William A. Shaw
Prothonotary/Clerk of Courts

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03-1048-CD @
Supplement

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03-1048-CD

Second

Supplement

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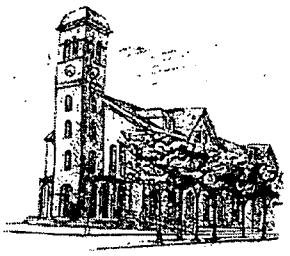
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#38



Clearfield County Office of the Prothonotary and Clerk of Courts

William A. Shaw Prothonotary/Clerk of Courts
David S. Ammerman Solicitor
Jacki Kendrick Deputy Prothonotary
Bonnie Hudson Administrative Assistant

COPY

July 20, 2006

FILED
09:42 BH
JUL 20 2006
William A. Shaw
Prothonotary/Clerk of Courts

Superior Court of Pennsylvania
Office of the Prothonotary
600 Grant Building
Pittsburgh, PA 15219

Re: In Re: Metaltech Corporation and Dock Street Manufacturing, Inc.
Application of Richard Gordon and Beverly Gordon, Dissenting Shareholders

No. 03-1048-CD
Superior Court No. 1847 WDA 2005

Dear Prothonotary:

Please attach the enclosed supplement to the original record, forwarded to your office May 31, 2006.

Sincerely,

William A. Shaw
Prothonotary/Clerk of Courts

#37