

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	
MET-COIL SYSTEMS CORPORATION,)	Chapter 11
)	
Debtor.)	Case No. 03-12676 (MJW)
)	

**ORDER (A) APPROVING PROCEDURES FOR
CONSIDERATION OF ALTERNATIVE PLAN PROPOSALS AND THE
SELECTION OF A WINNING PLAN SPONSOR AND (B) APPROVING
FORM AND MANNER OF NOTICE OF ALTERNATIVE PLAN PROCEDURES**

Upon the motion (the “**Bidding Procedures Motion**”)¹ of Met-Coil Systems Corporation, debtor and debtor-in-possession (the “**Debtor**”) in the above-captioned chapter 11 case (the “**Case**”), for entry of an Order (A) Approving Procedures for Consideration of Alternative Plan Proposals and the Selection of a Winning Plan Sponsor and (B) Approving Form and Manner of Notice of Alternative Plan Procedures; and it appearing that the Court has core jurisdiction over the Bidding Procedures Motion pursuant to 28 U.S.C. §§ 157 and 1334; and due and adequate notice of the Bidding Procedures Motion having been given; and it appearing that no other or further notice need be given; and this Court having determined that granting the relief requested in the Bidding Procedures Motion is in the best interests of the Debtor, its estate and its creditors; and after due deliberation and sufficient cause appearing therefore;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted.

¹ Any capitalized terms used herein but not otherwise defined shall have those meanings set forth in the Bidding Procedures Motion.

2. A hearing (the “**Hearing**”) to approve the Winning Plan Sponsor shall be held on January 20, 2004 at 10:30 a.m. (Eastern Time).

3. Any objections to the designation of the Winning Plan Sponsor shall be filed with the Bankruptcy Court on or before January 13, 2004 at 4:00 p.m. (Eastern Time) and copies served on the following parties (so as to be received on or before January 13, 2004 at 4:00 p.m. (Eastern Time)): (i) counsel for the Debtor; (ii) the Office of the United States Trustee; (iii) counsel for Mestek; (iv) counsel for the Creditors’ Committee; (v) counsel to the TCE Trust Legal Representative and (vi) all entities which have filed and served requests for notices in this Case.

4. Alternative Plan Sponsors shall have the right to submit an Alternative Plan Proposal to the Buyer’s offer subject to the following Bidding Procedures that are hereby approved:

(a) Qualification Requirements for Alternative Plan Sponsor.

Any Potential Alternative Plan Sponsor that desires to make an Alternative Plan Proposal to fund the Plan must satisfy all of the requirements set forth below. A Potential Alternative Plan Sponsor that satisfies all such requirements shall be deemed a **Qualified Alternative Plan Sponsor**. Any Alternative Plan Proposal from a Potential Alternative Sponsor that is not a Qualified Alternative Plan Sponsor shall not be considered by the Debtor and shall not serve as a basis for an Alternative Restructuring Transaction or amendment to the Plan.

(i) Confidentiality. Any Qualified Alternative Restructuring Sponsor must execute a confidentiality agreement substantially in a form acceptable to the Debtor.

(ii) Disclosures. Any Qualified Alternative Plan Sponsor must disclose to the Debtor in its Alternative Plan Proposal (A) the identity of all participants providing funding for the Alternative Plan Proposal, (B) the specific amount, source, and type of funding to be provided by each such participant, (C) the identity of any Entity who will participate in any way in the Alternative Plan Proposal without providing funding, and the nature of such participation, and (D) the principals of each Entity that will participate in the Alternative Plan Proposal.

(iii) Minimum Alternative Restructuring Transaction Consideration. The

Alternative Plan Proposal must include a written, binding commitment by the Potential Alternative Plan Sponsor to provide Alternative Restructuring Transaction Consideration in an amount at least equal to (A) the Restructuring Transaction Consideration plus (B) \$4,000,000.

(iv) Deposit. At the time of the submission of its Alternative Plan Proposal, the Potential Alternative Plan Sponsor shall tender to the Debtor the Alternative Restructuring Deposit Amount. Any such Alternative Restructuring Deposit Amount shall be subject to the jurisdiction of the Bankruptcy Court.

(v) Capacity to Close Transaction. Any Qualified Alternative Plan Sponsor must demonstrate to the Debtor's sole satisfaction, after consultation with the Creditors' Committee, its financial capacity, legal capacity, and managerial capacity, to consummate the Alternative Restructuring Transaction in connection with Confirmation of the Plan at the Confirmation Hearing and to consummate the Alternative Restructuring Transaction on the Effective Date of the Plan.

(b) Qualification Requirements for any Qualified Alternative Plan Proposal.

The Debtor shall only consider Qualified Alternative Plan Proposals. A Qualified Alternative Plan Proposal must satisfy all of the following requirements:

(i) Proponents. The Alternative Plan Proposal must be submitted by a Qualified Alternative Plan Sponsor.

(ii) How and When Submitted. The Alternative Plan Proposal and any related materials must (A) be in writing, (B) contain all material terms of the Alternative Restructuring Transaction, (C) contain a marked copy of the Plan attached thereto and (D) be submitted to: (I) counsel to the Debtor (a) Goldberg Kohn Bell Black Rosenbloom & Moritz, Ltd., 55 East Monroe Street, Suite 3700, Chicago, IL 60603, Attn.: Ronald Barliant, Esquire and (b) Morris, Nichols, Arsht & Tunnell, LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, DE 19899-1347, Attn.: Eric D. Schwartz, Esquire; (II) counsel for Mestek, (a) Greenberg Traurig, P.C., 77 West Wacker, Suite 2500, Chicago, IL 60606, Attn.: Nancy A. Peterman, Esquire and (b) Greenberg Traurig, LLP, The Brandywine Building, 1000 West Street, Suite 1540, Wilmington, Delaware 19801, Attn.: Scott D. Cousins, Esquire; (III) counsel for the Committee, Klehr, Harrison, Harvey, Branzburg & Ellers, 222 Delaware Avenue, Suite 1000, Wilmington, DE 19801, Attn.: Joanne B. Wills, Esquire; and (IV) counsel for the Legal Representative, Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17th Floor, Wilmington, DE 19801, Attn.: James L. Patton, Jr., Esquire, so as to be received no later than the Alternative Plan Proposal Deadline.

(iii) Refinancing DIP Loan. The Alternative Plan Proposal must provide for the DIP Refinancing and provide evidence of the Qualified Alternative Plan Sponsor's financial capacity to fund such refinancing. At the option of the Alternative Plan Sponsor, the DIP Refinancing may be structured as a cash purchase of all amounts due

and payable to Mestek under the DIP Order or as a new loan to the Debtor, the proceeds of which will be used to repay all amounts due and payable to Mestek under the DIP Order and the DIP Loan Agreement. The DIP Refinancing requires a Potential Alternative Plan Sponsor that becomes the Winning Plan Sponsor to (i) pay in full, in Cash, the obligations of the Debtor pursuant to the DIP Order and the DIP Loan Agreement within three (3) business days after designation by the Debtor of the Qualified Alternative Plan Sponsor as the Winning Plan Sponsor, and (ii) provide for the replacement of the DIP Facility for the remaining term of the DIP Loan Agreement.

(iv) Master Services Agreement. If Mestek is not the Winning Plan Sponsor, the Master Services Agreement shall terminate as to Mestek and Formtek, respectively, on the third Business Day after the Alternative Plan Sponsor is designated by the Debtor as the Winning Plan Sponsor, and such Winning Plan Sponsor shall provide to the Debtor services similar to those provided by Mestek and Formtek under the Master Services Agreement within three (3) Business Days of such Alternative Plan Sponsor being designated the Winning Plan Sponsor.

(v) Conditions to Confirmation and Effective Date. The Alternative Plan Proposal shall not contain any material conditions other than those conditions set forth in Article XI of the Plan.

(vi) Confirmation of the Plan as Modified. The Alternative Plan Proposal must provide funding and a mechanism that will facilitate Confirmation and consummation of the Plan, as amended by the Alternative Plan Proposal. No asset sale proposals under section 363 of the Bankruptcy Code will be entertained by the Debtor.

(vii) Fees and Expenses. The Alternative Plan Proposal shall not require the payment of any breakup fee, termination fee, or similar fee to the Potential Alternative Plan Sponsor.

(viii) Feasibility. The Alternative Plan Proposal must include evidence sufficient in the reasonable judgment of the Debtor, after consultation with the Creditors' Committee, to demonstrate the feasibility of the Alternative Plan Proposal including, without limitation, (A) the capacity of the proponent to consummate the DIP Refinancing, (B) the capacity of the proponent to assist the Debtor in obtaining Confirmation of the Plan at the January 20, 2004 Confirmation Hearing, (C) the likelihood that the Alternative Plan Proposal will obtain any required regulatory approvals without any material delay, and (D) the capacity of the Alternative Plan Sponsor to provide those services currently provided by Mestek and/or Formtek, Inc. under the Master Services Agreement within three (3) Business Days of the Qualified Alternative Plan Sponsor being designated by the Debtor as the Winning Plan Sponsor.

(c) Selection of Highest and Best Plan Proposal.

The determination of whether the Restructuring Transactions or the Alternative Plan Proposal will be incorporated into the Plan shall be made in accordance with the following procedures:

(i) **No Competing Proposals.** If no Qualified Alternative Plan Proposals are timely submitted by the Alternative Plan Proposal Deadline, then Mestek shall be the Winning Plan Sponsor and the Debtor shall not conduct the Auction described immediately below.

(ii) **Best and Final Proposals.** If any Qualified Alternative Plan Proposals are received by the Alternative Plan Proposal Deadline, then the Debtor will conduct the Auction in order to obtain the best and final qualified bids in accordance with the following procedures (the “**Best and Final Qualified Bids**”):

(A) at least two (2) business days prior to the commencement of the Auction, the Debtor will notify all Qualified Alternative Plan Sponsors and Mestek of the Baseline Bid;

(B) the Debtor’s determination as to the highest and best Baseline Bid shall be based on all factors it deems relevant (which factors may include, without limitation, the structure of the proposed transaction, the reputation and credibility of the proponent, the strategic value of the transaction, financial capacity of the proponent to consummate the transaction, timing of the closing, impact on the DIP financing, antitrust considerations, and the value of the transaction to each constituency) and shall be determined after consultation with the Creditors’ Committee;

(C) only the Qualified Alternative Plan Sponsors shall be entitled to submit Best and Final Qualified Bids at the Auction;

(D) the Auction will take place on January 13, 2004, at 10:00 a.m., Wilmington Delaware Time at the offices of Morris, Nichols, Arsht & Tunnell, LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, Delaware;

(E) at the commencement of the Auction, the bidding shall start at the amount of the Baseline Bid, and continue in increments of at least \$1,000,000 in Cash. At the Auction, the Qualified Bidders will be permitted to increase their bids and will be permitted to bid based only upon the amount of the Baseline Bid;

(F) the Debtor, after consultation with the Creditors’ Committee, may adopt rules for the Auction that, in its reasonable judgment, will better promote the goals of the Auction including providing that: (x) the procedures must be fair and open, with no participating Qualified Bidder being disadvantaged in any material way as compared to any other Qualified Bidder; (y) all bids shall be made and received in one room, on an open basis, and all other Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true

identity of each Qualified Bidder (*i.e.*, the principals submitting each bid) shall be fully disclosed to all other Qualified Bidders and that all material terms of each bid submitted by a Qualified Bidder will be fully disclosed to all other bidders throughout the entire Auction; and (z) a Qualified Bidder will not be permitted more than one hour to respond to the previous bid at the Auction.

(iii) Determination of Winner. If an Auction is conducted, at the conclusion of such Auction, the Debtor will determine in its sole and absolute discretion, after consultation with the Creditors' Committee, which proponent is the Winning Plan Sponsor, subject to the Confirmation of the Plan. In determining who is the Winning Plan Sponsor, the Debtor shall take into account such factors as it deems appropriate including the costs that would be incurred in connection with amending the Plan, terminating and replacing the Master Services Agreement, the DIP Refinancing, and all other costs associated with implementing any alternate Qualified Alternative Plan Proposal.

(d) Access to Information.

The Debtor shall (A) provide any Potential Alternative Plan Sponsor with reasonable access during normal business hours to the Debtor's books, records, facilities, key personnel, offices, independent accountants and legal counsel for the purpose of completing all due diligence investigations deemed necessary by the Potential Alternative Plan Sponsor and (B) otherwise cooperate with such Potential Alternative Plan Sponsor in connection with its due diligence; provided, however, that the Debtor shall not be required to provide confidential or proprietary information to a Potential Alternative Plan Sponsor to the extent it or any Entity related to the Potential Alternative Plan Sponsor is a competitor of the Debtor if the Debtor reasonably believes that disclosure of such information would be detrimental to the interests and operations of the Debtor.

(e) Incorporation of Best and Final Qualified Bid into Plan.

In the event that Mestek is not designated as the Winning Plan Sponsor, the Debtor will proceed expeditiously to incorporate the Winning Plan Sponsor's Best and Final Qualified Bid into the Plan in a manner consistent with the terms of such Best and Final Qualified Bid. The Best and Final Qualified Bid shall not be modified in any material respect after its proponent is designated as the Winning Plan Sponsor. The Debtor shall seek Confirmation of the Plan at the Confirmation Hearing to be held on January 20, 2004 or such other date as set by the Bankruptcy Court. After a Winning Plan Sponsor is selected, the Debtor will not solicit, entertain, discuss, negotiate, make, accept or approve any offer to or from, or any transaction with, any Person or Entity other than the Winning Plan Sponsor involving the issuance of capital stock, options, warrants, or convertible securities exercisable for or convertible into the Debtor's capital stock, or any other infusions of equity capital, or any asset sale outside the ordinary course of business or any other material transaction.

5. The Debtor is authorized to and shall provide notice of the Auction and the Bid Procedures by including a copy of the notice, substantially in the form attached as Exhibit A (the “**Equity Sale Notice**”), in the package of information sent by the Debtor in order to solicit acceptances in favor of or against the Plan. In addition, the Debtor shall mail a copy of the Equity Sale Notice by first class U.S. Mail, postage prepaid, on or before December __, 2003 to any potential buyers.

6. The Equity Sale Notice sufficiently describes the terms and conditions of the Restructuring Transactions, and the procedure set forth in Paragraph 5 herein for giving notice is sufficient and adequate under the Bankruptcy Code and the Bankruptcy Rules.

7. The Debtor is authorized and empowered to take such actions as may be necessary and appropriate to implement the terms of this Order.

8. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

Dated: _____

The Honorable Mary J. Walrath
United States Bankruptcy Judge