

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

In re:)	Chapter 11
)	
Met-Coil Systems Corporation,)	Case No. 03-12676 (MFW)
)	
Debtor.)	Hearing Date: Dec. 10, 2003 at 10:30 a.m.
)	Objection Date: Dec. 3, 2003 at 4:00 p.m.
)	Related to D.I. Nos. 244, 246

OBJECTION TO DEBTOR’S DISCLOSURE STATEMENT

The following parties (the “Objectors”) Arrow Gear Company, Ames Supply Co., Bison Gear and Engineering Corp., Flexible Steel Lacing Company, Lindy Manufacturing Company, Magnetrol International, Inc., Morey Corporation, Rexnord Corporation and Tricon Industries hereby respond and object to the Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code for the Chapter 11 Plan of Reorganization Proposed by Met-Coil Systems Corporation and Mestek, Inc., as Co-Proponents (the “Disclosure Statement”; Docket No. 244) and in support thereof state as follows:

1. Section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101- 1330 (the "Bankruptcy Code"), provides that a disclosure statement must contain “adequate information.” Adequate information is defined as “information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan.” 11 U.S.C. § 1125(a).

2. Disclosure is the “pivotal” concept in a Chapter 11. *Westland Oil Development v. Mcorp Management Solutions*, 157 B.R. 100, 102 (S.D. Tex. 1993). The Disclosure

Statement fails to provide adequate information, and approval of the Disclosure Statement should be denied.

3. Whether a disclosure statement provides “adequate information” is a case-by-case determination based upon the facts and circumstances in each case. *In re Cardinal Congregate I*, 121 B.R. 760, 764 (Bankr.S.D.Ohio 1990). Generally, the disclosure statement “must contain all pertinent information bearing on the success or failure of the proposals in the plan of reorganization.” *Id.* at 765. “A disclosure statement should likewise contain all material information relating to the risks posed to creditors and equity interest holders under the proposed plan of reorganization.” *Id.*

4. The Disclosure Statement does not contain all material information, and is inadequate in the following respects:

a. The summary table beginning on page 5 of the Disclosure Statement which contains the draft classification and treatment of claims and interests is incomplete. In many instances, it fails to estimate the amount of the claims in each class, and fails to estimate “recovery as a percentage (%) of claim.” An estimate of the claims in each of the various classes should be provided. *Westland Oil* at 102; *In re Metrocraft Pub. Services, Inc.*, 39 B.R. 567, 569-70 (Bankr.N.D.Ga. 1984). An estimate of administrative claims “is vital.” *In re Copy Crafters Quickprint, Inc.*, 92 B.R. 973, 981 (Bankr.N.DN.Y. 1988).

b. The Disclosure Statement fails to describe how claims by the Objectors will be treated under the proposed plan. At the facility owned by the Lockformer division of debtor, Lockformer used various hazardous substances which were released to the environment by Lockformer. Contamination is known to exist at and be migrating from the Lockformer property. A number of residential property owners in the area of the Lockformer property have

filed lawsuits (the "Environmental Litigation") alleging injury to person or property caused by the contamination migrating from the Lockformer property, all as described in the Disclosure Statement. Lockformer has alleged that other industrial users in the vicinity of the Lockformer property, including the Objectors, have caused the release of hazardous substances which have contributed to the known contaminated groundwater plume at and migrating from the Lockformer property. Lockformer has asserted third party claims for contribution against the Objectors in the Environmental Litigation. The Objectors deny that they have released such substances and deny any and all liability. The Objectors have both a claim for a Rule 11 violation against Debtors as well as a claim for future contribution. The contribution claim is based upon the expectation in either existing or future litigation that Objectors, who are found to have any liability for the contamination, will have contribution claims against debtor. The Disclosure Statement should be clear about how these claims are treated under the proposed plan.

5. This Court should find that the Disclosure Statement proposed by the Debtors “does not contain the kind of clarity nor realism required by the adequate information standard of Section 1125,” and should deny its approval.

Dated: December 3, 2003

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