IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

SECOND AMENDED DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE FOR THE FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION PROPOSED BY MET-COIL SYSTEMS CORPORATION AND MESTEK, INC., AS CO-PROPONENTS

THE FIRST AMENDED PLAN ATTACHED AS EXHIBIT A TO THIS SECOND AMENDED DISCLOSURE STATEMENT PROVIDES, AMONG OTHER THINGS, FOR THE ISSUANCE OF INJUNCTIONS UNDER SECTION 105 OF THE BANKRUPTCY CODE THAT RESULT IN THE CHANNELING OF ALL ALLEGED TCE-RELATED PERSONAL INJURY CLAIMS (DEFINED HEREIN AS TCE PI TRUST CLAIMS) AGAINST MET-COIL SYSTEMS CORPORATION AND THE PROTECTED PARTIES, INCLUDING MESTEK, INC., INTO A TCE PI TRUST AS MORE FULLY DESCRIBED HEREIN

DATED: May 26, 2004

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THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT FOR CIRCULATION TO CREDITORS AND INTERESTHOLDERS OR FOR USE IN THE SOLICITATION OF VOTES ON THE PLAN OF REORGANIZATION PROPOSED BY THE DEBTOR, MET-COIL SYSTEMS CORPORATION, AND MESTEK, INC.

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DISCLOSURE STATEMENT EXHIBITS

Exhibit A	First Amended Chapter 11 Plan of Reorganization Proposed by Met-Coil Systems Corporation and Mestek, Inc., as Co-Proponents dated May 20, 2004.
Exhibit B	Pending Insurance Actions
Exhibit C	Liquidation Analysis
Exhibit D	Projections
Exhibit E	Settlement Term Sheet Among the Debtor, the Legal Representative and Mestek
Exhibit F	Letter Agreement dated August __, 2003

I. INTRODUCTION AND DISCLAIMERS

ALL CAPITALIZED TERMS SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE FIRST AMENDED GLOSSARY OF TERMS ATTACHED TO THE PLAN AS EXHIBIT 1 AND ALL SUCH DEFINITIONS ARE INCORPORATED HEREIN BY REFERENCE.

THE PLAN PROVIDES FOR THE ISSUANCE OF THE TCE CHANNELING INJUNCTION WHICH, ONCE ENTERED, WILL ENJOIN ALL HOLDERS OF TCE PI TRUST CLAIMS FROM SEEKING FURTHER RECOVERY ON ACCOUNT OF THEIR CLAIMS FROM THE PROTECTED PARTIES AS DEFINED IN THE PLAN. THE TERM PROTECTED PARTY INCLUDES THE DEBTOR, THE REORGANIZED DEBTOR, THE MESTEK AFFILIATES (TO THE EXTENT THAT MESTEK IS THE WINNING PLAN SPONSOR), THE WINNING PLAN SPONSOR (IF OTHER THAN MESTEK), THE LEGAL REPRESENTATIVE, THE SETTLING INSURERS, AND THE REPRESENTATIVES. THE TCE CHANNELING INJUNCTION AND THE PARTIES PROTECTED THEREBY ARE SET FORTH IN SECTION 7.03 OF THE PLAN.

The Debtor and Mestek, as joint Plan proponents, submit this Second Amended Disclosure Statement pursuant to section 1125 of the Bankruptcy Code, to Claimholders in connection with the solicitation of acceptances or rejections of the Plan, a copy of which is annexed hereto as Exhibit A, and filed by the Debtor and Mestek with the Bankruptcy Court. The purpose of this Disclosure Statement is to enable Claimholders to make an informed judgment regarding acceptance or rejection of the Plan. This Disclosure Statement generally describes the Plan and contains information concerning, among other things, the Debtor's history, business and assets, voting instructions, classification and treatment of Claims and Interests, Causes of Action, and the Debtor's exit strategy from bankruptcy.

In pursuit of its goal of maximizing value for Creditors, the Debtor has concluded that the Estate would be best served by the Confirmation of the Plan under chapter 11 of the Bankruptcy Code. The Debtor believes that the Plan will maximize recoveries to Claimholders, and that acceptance of the Plan is in the best interests of the Debtor and its Creditors. The Debtor urges those Claimholders in Impaired Classes that are entitled to vote, to vote to accept the Plan.

On May __, 2004, the Bankruptcy Court entered an Order approving this Disclosure Statement as containing "adequate information", i.e. 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, to enable a hypothetical reasonable investor typical of Claimholders to make an informed judgment as to whether to accept or reject the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT CONSTITUTES NEITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN, NOR AN ENDORSEMENT OF THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPOSED PLAN. PLEASE READ THIS DOCUMENT THOROUGHLY AND CAREFULLY.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(c) AND NOT NECESSARILY IN ACCORDANCE WITH ANY FEDERAL OR STATE SECURITIES LAWS, "BLUE SKY" LAWS OR OTHER APPLICABLE LAWS. THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH, OR REVIEWED BY, THE SEC OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE. THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY

THE SEC OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR THE CONVENIENCE OF CLAIMHOLDERS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ANY SUMMARY. THIS DISCLOSURE STATEMENT CONTAINS INFORMATION SUPPLEMENTARY TO THE PLAN AND IS NOT INTENDED TO SUPPLANT OR SUBSTITUTE FOR THE PLAN ITSELF. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THEN THE TERMS OF THE PLAN CONTROL.

NEITHER THE DEBTOR NOR MESTEK AUTHORIZE ANY REPRESENTATIONS CONCERNING THE DEBTOR'S FINANCIAL CONDITION OR ANY ASPECT OF THE PLAN OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN OR INCLUDED WITH THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION TO APPROVE OR REJECT THE PLAN.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ACCEPTING THE PLAN. NEITHER THE BANKRUPTCY COURT NOR THE DEBTOR HAS AUTHORIZED ANY PERSON TO USE OR DISCLOSE ANY INFORMATION CONCERNING THE DEBTOR OTHER THAN THE INFORMATION CONTAINED HEREIN.

OTHER THAN AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT, CREDITORS SHOULD NOT RELY UPON ANY INFORMATION RELATING TO THE DEBTOR, ITS ESTATE, THE VALUE OF ITS ASSETS, OR THE NATURE OF ITS LIABILITIES. THE DEBTOR HAS PROVIDED ALL FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT NECESSARILY BEEN THE SUBJECT OF A CERTIFIED AUDIT.

THIS DISCLOSURE STATEMENT IS ACCURATE TO THE BEST OF THE DEBTOR'S AND MESTEK'S KNOWLEDGE, INFORMATION AND BELIEF. THEY, HOWEVER, ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT INACCURACIES OR OMISSIONS. MOREOVER, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THAT DATE.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR, ANY MESTEK AFFILIATE OR ANY OTHER PARTY OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTOR, ITS

CLAIMHOLDERS OR ITS INTERESTHOLDERS. LISTING A CONTRACT OR LEASE ON EXHIBIT 2 TO THE PLAN SHALL NOT CONSTITUTE AN ADMISSION BY THE DEBTOR THAT SUCH CONTRACT OR LEASE IS AN EXECUTORY CONTRACT OR UNEXPIRED LEASE OR THAT THE DEBTOR HAS ANY LIABILITY THEREUNDER. CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ALL OUTCOMES.

SUMMARIES OF CERTAIN PROVISIONS, AGREEMENTS OR OTHER DOCUMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE AGREEMENT OR DOCUMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH AGREEMENT OR DOCUMENT.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS, SECURITIES OR TAX ADVICE. EACH CLAIMHOLDER IS ENCOURAGED TO CONSULT HIS OR HER OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING HIS OR HER CLAIM OR ITS TREATMENT UNDER THE PLAN.

II. SUMMARY OF THE PLAN

A. Overview.

On November 5, 2003, the Debtor and Mestek initially filed a Plan setting forth the terms pursuant to which the Debtor would seek to reorganize. The Debtor and Mestek filed the First Amended Plan on May 20, 2004.

The funding for the Plan will consist of the proceeds of (1) the Debtor's sale of 100% of the Reorganized Debtor's New Common Stock and assignments of (a) the proceeds of unsettled Claims arising under the Insurance Policies for TCE Claims after the Effective Date and (b) the Contribution Actions; (2) Claims arising under the Insurance Policies for TCE Claims that are settled prior to the Confirmation Date; and (3) any settlement of the Alter-Ego Claims. The Sale Procedures Order provides for the solicitation of bids for, and, if appropriate, the auction of, the New Common Stock, the proceeds of unsettled Claims arising under the Insurance Policies for TCE Claims after the Effective Date, and the Contribution Actions. In consideration for acquiring such common stock, insurance proceeds and Contribution Actions, the successful bidder at the auction, namely the Winning Plan Sponsor, also will receive the benefits of the TCE Channeling Injunction.

Mestek has provided the Debtor with an opening bid, namely the Restructuring Transaction Consideration, for the New Common Stock, and assignments of the proceeds of unsettled Claims arising under the Insurance Policies for TCE Claims after the Confirmation Date and the Contribution Actions. The Restructuring Transaction Consideration equals (1) contribution of Mestek's Class 3.2 Claims in the approximate amount of $7,024,000.00) and Class 4.2 Claim in the approximate amount of $7,253,000.00),[1] (2) funding of the Unsecured Claims Distribution Fund estimated at

[1] A discussion of Mestek's Class 3.2 Claims and Class 4.2 Claim as well as the Debtor's analysis of such claims is set forth in Section IV.C., infra.

$2,000,000.00, the TCE Litigation Distribution Fund estimated at $3,000,000.00, the TCE PI Trust (approximately $26,000,000 (present value)), the Mejdrech Settlement Amount ($12,500,000), the Schreiber Settlement Amount ($6,000,000) and, to the extent necessary, any additional amount necessary to adequately capitalize the Reorganized Debtor or otherwise fund the Plan; (3) the guaranty of up to $3 million of the environmental liabilities of the Debtor as provided in Section 7.16 of the Plan and (4) the amount of approximately $2,000,000.00 with respect to the Mejdrech Hook-Ups. The total value of the Restructuring Transaction Consideration (net of any recoveries on account of insurance ($16,900,000) is approximately $37,000,000 in cash, plus waiver of the right to receive distributions on account of the Mestek Claims in the aggregate amount of approximately $14,000,000, plus the $3 million guaranty set forth in Section 7.16 of the Plan.

On the Effective Date, a portion of the Restructuring Transaction Consideration will be used to fund the TCE PI Trust, which is being created for the benefit of holders of TCE PI Trust Claims. The TCE PI Trust is not being created for the benefit of holders of future TCE Property Damage Claims. The purpose of the TCE PI Trust will be to, among other things, (1) direct the liquidation, resolution, payment, and satisfaction of all TCE PI Trust Claims in accordance with the Plan, the TCE PI Trust Distribution Procedures, and the Confirmation Order; and (2) preserve, hold, manage, and maximize the TCE PI Trust Assets for use in paying and satisfying Allowed TCE PI Trust Claims.

As part of the Plan and on the Effective Date, the Debtor, the Reorganized Debtor, the Mestek Affiliates (if Mestek is the Winning Plan Sponsor), the Winning Plan Sponsor (if other than Mestek), the Legal Representative, the Settling Insurers and the Representatives will be entitled to final relief from TCE PI Trust Claims through the TCE Channeling Injunction.

Further, the Debtor's rights, claims and defenses related to TCE PI Trust Claims will be transferred and automatically vest in the TCE PI Trust. In exchange, the TCE PI Trust will resolve and pay TCE PI Trust Claims in accordance with the TCE PI Trust Agreement and the TCE PI Trust Distribution Procedures. Each TCE PI Trust Claimholder will be deemed to have assigned to the Reorganized Debtor its entire interest in any Direct Action, and the Reorganized Debtor will be deemed such Claimholder's sole attorney in fact, as may be appropriate, to prosecute at the Reorganized Debtor's sole discretion, any Direct Action, other than against a Settling Insurer.

In addition, the Settling Insurers reached settlements with the Debtor before the Confirmation Date for the payment to or reimbursement of the Debtor for liability, indemnity or defense costs arising from or related to the Insurance Policies for TCE Claims. In exchange, the Debtor is seeking through the Plan an extension of the benefits of the TCE Channeling Injunction to such Settling Insurers.

The proposed treatment for the various Classes set forth in the Plan and the compromises and settlements embodied in the Plan give due consideration to the strengths and weaknesses of potential litigation outcomes. The Debtor believes that the distribution to any particular Creditor is not better than the best possible judicial determination in favor of such Creditor while being no less than the worst possible outcome if such disputes were resolved by judicial determination. Accordingly, the Debtor believes the compromises embodied in the Plan are within the range of likely results in the event each issue was pursued to judgment. The Debtor also believes that the compromises and settlements (1) adequately address the probability of success in litigation as well as the complexity, expense and likely duration of litigation, (2) are fair and equitable, (3) represent the exercise of the Debtor's sound business judgment, (4) are in the best interests of the Debtor, its Creditors and other parties in interest and (5) thus satisfy the requirements of Rule 9019 of the Bankruptcy Rules.

Accordingly, the entry of the Confirmation Order will constitute the Bankruptcy Court's approval pursuant to Bankruptcy Rule 9019 and any applicable state law, as of the Effective Date, of the good-faith compromise or settlement of all such claims or controversies (including any Recovery Action) and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtor, the Reorganized Debtor, their respective property, the Estate and Claimholders and Interestholders and is fair, equitable and reasonable. The Bankruptcy Court's approval of these compromises and settlements in connection with Confirmation will bar any Causes of Action relating to the Plan or the treatment of Classes of Claims and Interests thereunder which could have been brought by any Claimholder or Interestholder, except that such approval will not impair any party's rights, benefits or obligations under the Plan. It is a condition to the Confirmation of the Plan that the Recovery Actions be determined to be the exclusive property of the Debtor and that, as such, the Recovery Actions will be fully settled and released as of the Effective Date.

THE PLAN PROVIDES FOR THE ISSUANCE OF THE TCE CHANNELING INJUNCTION WHICH, ONCE ENTERED, WILL ENJOIN ALL TCE PI TRUST CLAIMHOLDERS FROM SEEKING FURTHER RECOVERY ON ACCOUNT OF THEIR CLAIMS FROM THE PROTECTED PARTIES, INCLUDING THE DEBTOR, THE REORGANIZED DEBTOR, THE MESTEK AFFILIATES (IF MESTEK IS THE WINNING PLAN SPONSOR), THE WINNING PLAN SPONSOR (IF OTHER THAN MESTEK), THE LEGAL REPRESENTATIVE, THE SETTLING INSURERS, AND THE REPRESENTATIVES.

B. Summary of Classification and Treatment of Claims and Interests.

THE FOLLOWING TABLE IS ONLY A SUMMARY OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN. REFERENCE SHOULD BE MADE TO THIS ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS.

CLASS	EST. CLAIMS AMT. ($ IN THOUSANDS).[2]	PLAN TREATMENT	RECOVERY AS A % OF CLAIM

[2] **Each "Estimated Claims Amount" shown herein is based upon the proofs of claim Filed against the Debtor, the Debtor's schedules (with respect to claims to which no proof of claim was filed and which are listed therein as undisputed, liquidated and non-contingent) and the Debtor's pending objections to Claims based upon improper classification. Claims as to which an objection is pending for a reason other than improper classification (i.e. no liability) are included in the chart. To the extent that the Bankruptcy Court has entered an order disallowing a claim, such claim is not taken into account in this chart. A number of Disputed Claims are expected to be material, and the total amount of all Claims (including Disputed Claims) may be materially in excess of the total amount of Allowed Claims assumed in the development of the Plan. Further, the amount of any Disputed Claim that ultimately is Allowed by the Bankruptcy Court may be significantly more or less than the estimated amount of such Claim. Moreover, the Estimated Claims Amount does not reflect amounts that may be subject to rights of recoupment or setoff asserted by holders of Claims. Accordingly, the actual ultimate aggregate amount of Allowed Claims may differ significantly from the estimate set forth herein. Accordingly, no representation can be or is being made with respect to whether the percentage recoveries shown in the table actually will be realized by a holder of an Allowed Claim.**

CLASS	EST. CLAIMS AMT. ($ IN THOUSANDS).[2]	PLAN TREATMENT	RECOVERY AS A % OF CLAIM
Administrative Claims	Unknown	Unless otherwise provided for herein, each holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and discharge of such Allowed Administrative Claim, either (A) an amount equal to the unpaid amount of such Allowed Claim in Cash commencing on the later of (i) the Effective Date, (ii) the date that is fifteen (15) Business Days after such Claim becomes an Allowed Administrative Claim by a Final Order and (iii) a date agreed to by the Claimholder and either the Debtor or the Reorganized Debtor; or (B) such other treatment (x) as may be agreed upon in writing by the Claimholder and the Debtor or the Reorganized Debtor or (y) as the Bankruptcy Court has ordered or may order. Notwithstanding the foregoing, Allowed Administrative Claims representing (a) liabilities, accounts payable or other Claims or obligations incurred in the ordinary course of business of the Debtor consistent with past practices subsequent to the Petition Date and (b) contractual liabilities arising under contracts, loans or advances to the Debtor, whether or not incurred in the ordinary course of business of the Debtor subsequent to the Petition Date, shall be paid or performed by the Debtor or the Reorganized Debtor in accordance with the terms and conditions of the particular transactions relating to such liabilities and any agreements or contracts relating thereto; provided, that, notwithstanding any contract provision, applicable law or otherwise, that entitles a holder of an Allowed Administrative Claim to postpetition interest, no holder of an Allowed Administrative Claim shall receive postpetition interest on account of such Claim.	100%
Priority Tax Claims	$0.00	Each holder of an Allowed Priority Tax Claim shall receive, at the sole discretion of the Debtor or the Reorganized Debtor, and in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (A) an amount equal to the unpaid amount of such Allowed Priority Tax Claim in Cash commencing on the later of (i) the Effective Date, (ii) the date that is fifteen (15) Business Days after such Claim becomes an Allowed Priority Tax Claim by a Final Order and (iii) a date agreed to by the Claimholder and either the Debtor or the Reorganized Debtor; (B) as provided in section 1129(a)(9)(C) of the Bankruptcy Code, Cash payments made in equal annual installments beginning on or before the first anniversary following the Effective Date, with the final installment payable not later than the sixth (6th) anniversary of the date of the assessment of such Allowed Priority Tax Claim, together with interest (payable in arrears) on the unpaid portion thereof at the Tax Rate from the Effective Date through the date of payment thereof; or (C) such other treatment as to which the Debtor and such Claimholder shall have agreed in writing or the Bankruptcy Court has ordered or may order; provided, however, that the Debtor reserves the right to pay any Allowed Priority Tax Claim, or any remaining balance of any Allowed Priority Tax Claim, in full at any time on or after the Effective Date without	100%

CLASS	EST. CLAIMS AMT. ($ IN THOUSANDS).[2]	PLAN TREATMENT	RECOVERY AS A % OF CLAIM
		premium or penalty; and provided further, that no holder of an Allowed Priority Tax Claim shall be entitled to any payments on account of any pre-Effective Date interest accrued on or penalty arising before or after the Petition Date with respect to or in connection with such Allowed Priority Tax Claim.	
Class 1 Priority Non-Tax Claims	$0.00	Unimpaired. Unless otherwise provided for herein, each holder of an Allowed Priority Non-Tax Claim shall receive either (A) an amount equal to the unpaid amount of such Allowed Priority Non-Tax Claim in Cash commencing on the later of (i) the Effective Date, (ii) the date that is fifteen (15) Business Days after such Claim becomes an Allowed Priority Non-Tax Claim by a Final Order and (iii) a date agreed to by the Claimholder and either the Debtor or the Reorganized Debtor; or (B) such other treatment (x) as may be agreed upon in writing by the Claimholder and the Debtor or the Reorganized Debtor or (y) as the Bankruptcy Court has ordered or may order.	100%
Class 2 DIP Claims	$0.00	Unimpaired. The Class 2 Claims shall be Allowed in an amount equal to the principal amount plus accrued and unpaid interest, costs and attorneys' fees and expenses through the day immediately prior to the Effective Date and paid in full, in Cash, on the Effective Date in accordance with the DIP Order and the DIP Loan Agreement.	100%
Class 3.1 Miscellaneous Secured Claims	$0.00	Impaired. Each holder of an Allowed Class 3.1 Claim shall receive, at the option of and in the sole discretion of the Debtor or the Reorganized Debtor, one of the three following forms of treatment: an amount equal to the unpaid amount of such Allowed Class 3.1 Claim in Cash commencing on the later of (i) the Effective Date or (ii) the date that is fifteen (15) Business Days after such Claim becomes an Allowed Class 3.1 Claim by a Final Order; or the Reorganized Debtor shall abandon the Property that secures the Allowed Class 3.1 Claim to the Claimholder on or as soon as practicable after the later of (i) the Effective Date or (ii) the date that is fifteen (15) Business Days after the date on which such Claim becomes an Allowed Class 3.1 Claim by a Final Order; or such other treatment as the Claimholder and the Debtor or the Reorganized Debtor shall have agreed upon in writing.	100%
Class 3.2 Mestek Prepetition Secured Claims	$7,024,041	Impaired. The Class 3.2 Claims shall be Allowed in the principal amount outstanding as of the Effective Date plus accrued and unpaid interest, costs and attorneys' fees and expenses through the Effective Date. In the event that Mestek is the Winning Plan Sponsor, on the Effective Date, Mestek will contribute its Class 3.2 Claim to the capital of the Reorganized Debtor as part of the Capital Contribution. In the event that Mestek is not the Winning	0%, if Mestek is the Winning Plan Sponsor 100% if Mestek is not the Winning

CLASS	EST. CLAIMS AMT. ($ IN THOUSANDS).[2]	PLAN TREATMENT	RECOVERY AS A % OF CLAIM
		Plan Sponsor, the Reorganized Debtor shall pay Mestek the amount of its Allowed Class 3.2 Claim in full, in Cash, on the later of (i) Effective Date, (ii) the date such claim becomes an Allowed Claim or (iii) otherwise agreed to in writing by the Debtor or the Reorganized Debtor and Mestek.	Plan Sponsor
Class 4.1 Convenience Claims	$600,000	Impaired. All Allowed Convenience Claims shall be paid by the Reorganized Debtor in Cash, in full (without interest), on the first Distribution Date after the Effective Date from the Unsecured Claims Distribution Fund.	100%
Class 4.2 Mestek Unsecured Claims	$7,252,765	Impaired. In the event that Mestek is the Winning Plan Sponsor, on the Effective Date, Mestek shall contribute to the capital of the Reorganized Debtor as part of the Capital Contribution its Class 4.2 Claim and shall not receive or retain any property under the Plan on account of such Class 4.2 Claim. In the event that Mestek is not the Winning Plan Sponsor, Mestek's Allowed Class 4.2 Claim shall be treated as Class a 4.3 Claim.	0%, if Mestek is the Winning Plan Sponsor 50% if Mestek is not the Winning Plan Sponsor
Class 4.3 General Unsecured Claims (other than Convenience Claims, Mestek Unsecured Claim (if Mestek is the Winning Plan Sponsor) and TCE Litigation Claims)	$4,020,000	Impaired. Each holder of an Allowed Class 4.3 Claim shall receive payment of an amount equal to 50% of its Allowed Class 4.3 Claim from the Unsecured Claims Distribution Fund on the first Distribution Date after the Effective Date or, in the case of each Disputed Class 4.3 Claim, on the first Distribution Date after such Disputed Claim becomes an Allowed Class 4.3 Claim; provided, however, that (a) if a holder of a Class 4.3 Claim agrees in writing to accept less favorable treatment, such holder shall receive only such agreed treatment and (b) if a holder of a Class 4.3 Claim elects in writing on a Ballot the treatment afforded a Class 4.1 Claim and voluntarily reduces its Claim to $10,000, such Class 4.3 Claim shall be treated as a Class 4.1 Claim. Notwithstanding the foregoing, to the extent that there is any Insurance Policy available to pay Allowed General Unsecured Claims arising from workers' compensation or product liability claims, such Claimholders shall first seek payment from the Insurance Policy and to the extent such Claim is not paid in full from such Insurance Policy, the balance of such Allowed General Unsecured Claim shall be paid in accordance with this Section 3.10 on the next Distribution Date pursuant to this Section 3.10. Except as otherwise provided in the Plan or the Confirmation Order, all payments that the Disbursing Agent shall distribute to holders of Allowed Class 4.3 Claims shall be (a) in Cash, (b) made pursuant to the Plan, and (c) made from the Unsecured Claims Distribution Fund. After all Allowed Claims have been paid in accordance with Article III and Final Orders have been entered with respect to all Disputed Class 4.3 Claims, all amounts remaining in the Unsecured Claims Distribution Fund will	50%

CLASS	EST. CLAIMS AMT. ($ IN THOUSANDS).[2]	PLAN TREATMENT	RECOVERY AS A % OF CLAIM
		be paid to Mestek.	
Class 4. 4 TCE Litigation Claims	$10,659,972.84[3]	Impaired. Each holder of an Allowed Class 4.4 Claim shall receive payment of an amount equal to 30% of its Allowed Class 4.4 Claim from the TCE Litigation Distribution Fund on the first Distribution Date after the Effective Date, or, in the case of each Disputed Class 4.4 Claim, on the first Distribution Date after such Disputed Claim becomes an Allowed Class 4.4 Claim; provided, however, that (a) if a holder of a Class 4.4 Claim agrees in writing to accept less favorable treatment, such holder shall receive only such agreed treatment and (b) if a holder of a Class 4.4 Claim elects in writing on a Ballot the treatment afforded a Class 4.1 Claim and voluntarily reduces its Claim to $10,000, such Class 4.4 Claim shall be treated as a Class 4.1 Claim. Except as otherwise provided in the Plan or the Confirmation Order, all payments that the Disbursing Agent shall distribute to holders of Allowed Class 4.4 Claims shall be (a) in Cash, (b) made pursuant to the Plan, and (c) made from the TCE Litigation Distribution Fund, as applicable. After all Allowed Claims have been paid in accordance with Article III and Final Orders have been entered with respect to all Disputed Class 4.4 Claims, all amounts remaining in the TCE Litigation Claims Fund will be paid to Mestek.	30%
Class 5 TCE Property Damage Claims arising in connection with the Mejdrech Litigation	Unliquidated	Impaired. The Class 5 Claims shall be Allowed in the amount of the Mejdrech Settlement Amount. On the Effective Date, the Debtor shall deposit the Mejdrech Settlement Amount in the Mejdrech Escrow, and the Mejdrech Settlement Amount shall thereafter be held pursuant to the terms of the Mejdrech Escrow Agreement. The Mejdrech Settlement Amount shall be either (i) distributed on or after the Effective Date to holders of Allowed Class 5 Claims in accordance with an order of the Illinois District Court or (ii) returned to Mestek in accordance with the terms of the Mejdrech Escrow Agreement. Each holder of a Class 5 Claim shall be deemed to have assigned to the Reorganized Debtor its entire interest in any Direct Action, and the Reorganized Debtor shall be deemed such Claimholder's sole attorney in fact, as may be appropriate, to prosecute at the Reorganized Debtor's sole discretion, any Direct Action, except that no such Direct Action can or will be brought against a Settling Insurer.	Unknown - 100% of settlement amount, $12,500,000
Class 6 TCE PI Claims	Unliquidated	Impaired. On the Effective Date, each Class 6 Claim will automatically and without further act or deed be assumed by the TCE PI Trust and treated in accordance with the TCE PI Trust Agreement and the TCE PI Trust Distribution Procedures.	Unknown

[3] Approximately $5,750,000 of the Class 4.4 Claims relates to a Proof of Claim Filed by the IEPA. The Debtor intends to pursue an Objection to reduce the ultimate Allowed Amount of its alleged Class 4.4 Claim.

CLASS	EST. CLAIMS AMT. ($ IN THOUSANDS).[2]	PLAN TREATMENT	RECOVERY AS A % OF CLAIM
		Each holder of a Class 6 Claim shall be deemed to have assigned to the Reorganized Debtor its entire interest in any Direct Action, and the Reorganized Debtor shall be deemed such Claimholder's sole attorney in fact, as may be appropriate, to prosecute at the Reorganized Debtor's sole discretion, any Direct Action, except that no such Direct Action can or will be brought against a Settling Insurer.	
Class 7 Non-Compensatory Damages Claimholders	$7,000,000	Impaired. The Class 7 Claimholders shall not receive any distribution or retain any rights or Property under the Plan on account of such Claims.	0%
Class 8 Interests in Debtor	N/A	Impaired. Class 8 Interestholders will receive no distribution and retain no rights or Property on account of their Class 8 Interests. Class 8 Interests shall be cancelled and extinguished on the Effective Date.	0%

III. VOTING PROCEDURES AND PLAN CONFIRMATION GENERALLY

A. Parties Entitled to Vote on the Plan.

Pursuant to the Bankruptcy Code, only the holders of Claims against or Interests in the Debtor that are Impaired are entitled to vote to accept or reject the Plan (unless, as discussed below, the class is presumed under the Bankruptcy Code to accept or reject the Plan).

Classes of Claims or Interests that are Unimpaired are *not* entitled to vote on the Plan. In this Chapter 11 Case, Class 1 Claims and Class 2 Claims are Unimpaired under the Plan. Accordingly, these Classes are deemed to have accepted the Plan, and Claimholders in these Classes are not entitled to vote on the Plan.

Claimholders in the following Classes are entitled to vote to accept or reject the Plan because their Claims are Impaired:

- Class 3.1 Claims shall consist of all Miscellaneous Secured Claims (the "**Class 3.1 Claims**").
- Class 3.2 Claims shall consist of Mestek Prepetition Secured Claims (the "**Class 3.2 Claims**").
- Class 4.1 Claims shall consist of all Convenience Claims (the "**Class 4.1 Claims**").
- Class 4.2 Claim shall consist of Mestek Unsecured Claims (the "**Class 4.2 Claim**").
- Class 4.3 Claims shall consist of all General Unsecured Claims other than Convenience Claims, Mestek Unsecured Claims (if Mestek is the Winning Plan Sponsor) and TCE Litigation Claims (the "**Class 4.3 Claims**").
- Class 4.4 Claims shall consist of all TCE Litigation Claims (the "**Class 4.4 Claims**").
- Class 5 Claims shall consist of all TCE Property Damage Claims arising in connection with the Mejdrech Litigation (the "**Class 5 Claims**").
- Class 6 Claims shall consist of all TCE PI Claims (the "**Class 6 Claims**").

Claimholders and Interestholders in the following Classes are Impaired but are not entitled to vote to accept or reject the Plan because such Claimholders and Interestholders are not entitled to any distributions in respect of their Claims or Interests:

(a) Class 7 Claims consist of all Non-Compensatory Damages whether arising from the Illinois Actions, the AG Action, the Contribution Actions or otherwise (the "**Class 7 Claims**"); and

(b) Class 8 Interests consist of Formtek's Interests in the Debtor (the "**Class 8 Interests**").

Holders of Unclassified Claims (Administrative Claims and Priority Tax Claims) are not entitled to vote under the Plan.

Therefore, only holders of Class 3.1 Claims, Class 3.2 Claims, Class 4.1 Claims, Class 4.2 Claim, Class 4.3 Claims, Class 4.4 Claims, Class 5 Claims, and Class 6 Claims may vote to accept or reject the Plan. Moreover, unless otherwise provided for in the Plan, the holders of Disputed Claims (which include, among other things, Claims that are objected to prior to the Voting Deadline) are not eligible to vote to accept or reject the Plan unless the Objection is resolved, or after notice and a hearing pursuant to Bankruptcy Rule 3018(a), the Bankruptcy Court allows the Claim temporarily for the sole purpose of voting to accept or reject the Plan. Any Creditor who wants its Claim to be allowed temporarily for the purpose of voting must take steps necessary to arrange an appropriate hearing with the Bankruptcy Court in accordance with Bankruptcy Rule 3018(a) and the Solicitation Procedures Order.

B. Voting Procedures, Ballots and Voting Deadline.

The Bankruptcy Court entered the Solicitation Procedures Order on May __ 2004. To the extent the terms of the Solicitation Procedures Order and this Disclosure Statement are inconsistent, the terms of the Solicitation Procedures Order govern. The record date for determining any Creditor's eligibility to vote on the Plan is _____. In this Chapter 11 Case, only holders of Class 3.1 Claims, Class 3.2 Claims, Class 4.1 Claims, Class 4.2 Claim, Class 4.3 Claims, Class 4.4 Claims, Class 5 Claims, and Class 6 Claims are Impaired and entitled to vote to accept or reject the Plan. Creditors who hold Claims in more than one Impaired Class must vote separately in each Class. Such creditors should receive a Ballot for all of their Claims in each Class and should complete and sign each Ballot received.

In voting for or against the Plan, please use only the Ballot or Ballots sent to you with this Disclosure Statement. You may receive more than one Ballot, and if you do, you should assume each Ballot is for a Claim in a different Class in which you are entitled to vote. Votes cast to accept or reject the Plan will be counted by Class. You are not required to vote all of your Claims in different Classes the same way. You are required, however, to vote all of your Claims within a Class the same way.

To vote on the Plan, you must, among other things, (1) indicate on the Ballot that (a) you accept the Plan or (b) you reject the Plan; and (2) sign your name and mail the Ballot in the envelope provided for this purpose. Please complete and return each Ballot you receive. Put your taxpayer identification number (or social security number) on your Ballot on the place indicated. The designated Disbursing Agent(s) cannot make distributions without your taxpayer identification or social security number. PLEASE CAREFULLY FOLLOW THE DIRECTIONS CONTAINED ON OR WITH THE BALLOT.

Under the Bankruptcy Code, for purposes of determining whether the requisite acceptances have been received, only those Claimholders that vote to accept or reject the Plan will be counted. **Votes cannot be transmitted orally or by facsimile transmission.** Accordingly, it is important that you return your signed and completed Ballot(s) promptly. Failure by any Claimholder to send a duly executed Ballot with an original signature will be deemed an abstention by such Claimholder with respect to a vote on the Plan and will not be counted as a vote for or against the Plan. To accept the Plan, the Claimholder must check the box entitled "accept the Plan" on the appropriate Ballot. Any Ballot cast that does not indicate whether the Claimholder is voting to accept or reject the Plan will not be counted as either an acceptance or rejection of the Plan. A vote may be disregarded if the Bankruptcy

Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

You may enclose a self-addressed postage pre-paid envelope and a copy of your Ballot(s) to be returned and stamped "Filed" from the Debtor's voting agent confirming the delivery and filing of your Ballot(s). You may not change your vote after the voting deadline unless the Debtor authorizes you to change your vote. **Do not return any document evidencing your Claim with the Ballot.**

Please vote and return your Ballot(s) to:

If Via U.S. Mail:	**If Via FedEx, Overnight Courier or Hand Delivery:**
Bankruptcy Management Corporation Attention: Met-Coil Systems Corporation, Ballot Processing Department P.O. Box 1033 1330 East Franklin Avenue El Segundo, California 90245-1033	Bankruptcy Management Corporation Attention: Met-Coil Systems Corporation, Ballot Processing Department 1330 East Franklin Avenue El Segundo, California 90245

If you are a Claimholder entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning this Disclosure Statement, the Plan or the procedures for voting on the Plan, please contact counsel for the Debtor:

GOLDBERG, KOHN, BELL, BLACK,
ROSENBLOOM & MORITZ, LTD.
55 East Monroe Street, Suite 3700
Chicago, Illinois 60603
Attention: Kathryn Pamenter, Esquire
Telephone: 312-201-4000
Facsimile: 312-332-2196

-OR-

MORRIS NICHOLS ARSHT & TUNNELL
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19899-1347
Attention: Daniel B. Butz, Esquire
Telephone: 302-658-9020
Facsimile: 302-498-6235

In order to be counted, Ballots must be marked, signed and returned so that they are **actually received** no later than _____ at 4:00 p.m. (Pacific Time).

Your vote as a Creditor is important to the Chapter 11 Case. Only those Creditors who actually vote are counted for the purpose of determining whether the Plan has been accepted or rejected. Your failure to vote will leave to other Creditors, whose interests may not be the same as yours, the

decision to accept or reject the Plan. To have your vote counted, you must complete properly your Ballot(s) and return all Ballots by the voting deadline provided in the preceding section.

C. Confirmation Hearing and Objections to Confirmation.

Section 1128 of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on whether the Plan and its proponents have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code. "Confirmation" is the technical term for the Bankruptcy Court's approval of a plan of reorganization. The timing, standards and factors considered by the Bankruptcy Court in deciding whether to confirm a Plan are discussed in Article VIII herein.

Any objections to Confirmation of the Plan must be made in writing and must be filed with the Office of the Clerk of the Bankruptcy Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, with a copy delivered, on or before _____ at 4:00 p.m. (Eastern Time), to the following parties: (1) counsel to the Debtor (a) Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd., 55 East Monroe Street, Suite 3700, Chicago, Illinois 60603, Attention: Ronald Barliant, Esquire and (b) Morris, Nichols, Arsht & Tunnell, LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, Delaware 19899-1347, Attention: Eric D. Schwartz, Esquire; and (2) counsel for Mestek, (a) Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 2500, Chicago, IL 60601, 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; (3) counsel for the Committee, Klehr, Harrison, Harvey, Branzburg & Ellers, 222 Delaware Avenue, Suite 1000, Wilmington, DE 19801, Attn: Joanne B. Wills, Esquire; (4) 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; and (5) the U.S. Trustee, District of Delaware, 844 North King Street, Room 2311, Lockbox 35, Wilmington, DE 19801, Attn: Margaret Harrison, Esquire. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

Any objection to Confirmation of the Plan must: (a) be in writing, (b) comply with the Bankruptcy Rules and the Local Rules, (c) set forth the name of the objector, and the nature and amount of any Claim against or Interest in the Debtor, its estate or its property that such objector asserts, (d) state with particularity the legal and factual basis for the objection, including suggested language to be added or existing language to be amended or deleted, and (e) be filed with the Bankruptcy Court and served as set forth above.

The Bankruptcy Court will hold the Confirmation Hearing in connection with the Plan on _____ at 10:30 a.m. (Eastern Time), in the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, Wilmington, Delaware. The Honorable Mary F. Walrath or other Judge sitting in her place and stead will preside over the Confirmation Hearing, and will determine whether the Plan has been accepted by the requisite number of Creditors and whether the other requirements for Confirmation of the Plan have been satisfied. **ANY ANNOUNCEMENT OF ADJOURNMENT OF THE DATE AND TIME OF THE CONFIRMATION HEARING MADE IN COURT WILL BE THE ONLY NOTICE PROVIDED TO PARTIES-IN-INTEREST, UNLESS THE BANKRUPTCY COURT ORDERS OTHERWISE.** If the Bankruptcy Court confirms the Plan, it will do so through the entry of a Confirmation Order.

IV. DESCRIPTION OF THE DEBTOR

A. General Overview.

The Debtor is a manufacturer of metal forming equipment through its two separate operating divisions: Lockformer located in Lisle, Illinois, and IPI located in Cedar Rapids, Iowa. Through its two divisions, the Debtor manufactures advanced sheet-metal forming equipment, fabricating equipment and computer-controlled fabrication systems for HVAC sheet metal contractors, steel service centers and manufacturers of various metal products in the global market. Met-Coil's corporate predecessors have been in the metal forming industry for more than 60 years, and Met-Coil's two operating divisions, Lockformer and IPI, have strong industry reputations.

Met-Coil is a wholly-owned subsidiary of Formtek, which in turn is a wholly-owned subsidiary of Mestek. On June 3, 2000, Met-Coil merged with a Formtek subsidiary, and Mestek indirectly acquired 100% of the stock of Met-Coil. Mestek, a Pennsylvania corporation since 1898 which is currently traded on the New York Stock Exchange, is comprised of two operating segments: a segment which manufactures HVAC equipment and a "Metal Forming Segment" which manufactures metal forming equipment. Met-Coil is one of the subsidiaries comprising the Metal Forming Segment, together with other subsidiaries of Formtek and Mestek.

The Debtor's business is highly cyclical and is subject to pricing pressures in the marketplace for its products. Some of the Debtor's products are custom-designed and manufactured to meet unique customer specifications, and the products are often incorporated into the customer's standard product line. The primary customers for the Debtor's products are sheet metal contractors, steel service centers, and manufacturers of large and small appliances, commercial and residential lighting fixtures, automotive parts and accessories, office furniture and equipment, tubing and pipe products, metal construction products, doors, windows and screens, electrical enclosures, shelves and racks and HVAC equipment.

B. Met-Coil's Reliance upon its Relationship with Mestek.

Since the acquisition in June 2000, Met-Coil has continued to retain responsibility for management of its own day-to-day affairs and operates as a separate subsidiary, with its own officers and board of directors and separate books and records. As part of a larger family of Affiliate companies, however, Met-Coil enjoys a variety of benefits including cost-effective management, administrative, and technology services with a high level of specialized industry expertise that in some instances would be difficult or impossible for Met-Coil to duplicate on a stand-alone basis. Mestek and Formtek provide Met-Coil with support in areas such as, accounting, payroll services, human resources, information technology, and legal and regulatory matters. Through Mestek's centralized Manufacturing Services Group, Met-Coil can also obtain cost-effective expert assistance on an as-needed basis for matters such as manufacturing equipment purchases, plant layouts, and guidance in benchmarking manufacturing techniques and changes in health and safety standards. Met-Coil believes that its present business model within the Metal Forming Segment of Mestek has materially enhanced Met-Coil's competitive position in the metal forming industry.

Mestek's indirect ownership of Met-Coil also enhances Met-Coil's competitive position by creating the opportunity for collaborative ventures among Met-Coil and the other Formtek subsidiaries in the Metal Forming Segment, with which Met-Coil shares complementary products and distribution

channels, potential manufacturing and purchasing synergies, shared technologies and engineering skills, common field service skills and organizations, and shared customer bases. The most significant synergy is the existing and potential common customer base. To a large degree, any historical customer of one of the companies is a potential customer for any of the others.

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

Formtek also assists Met-Coil and its divisions in developing and coordinating their respective long-term sales and marketing plans to maximize the strong synergies among these companies. For example, Formtek coordinates trade shows and advertising for a variety of the entities in the Metal Forming Segment, including Met-Coil, which results in more efficient and effective marketing and advertising. As part of the Mestek/Formtek family, Met-Coil enjoys prestige in the marketplace for its products and services that it would lack as a stand-alone company. In addition, Formtek coordinates international sales and marketing for Met-Coil and its divisions. Formtek has allowed Met-Coil to reduce its sales costs in international markets while continuing to enjoy the services of employees whose salaries are allocated among the participating Formtek subsidiaries.

C. Loans to Met-Coil.

On December 30, 2002, Met-Coil and Mestek entered into the Secured Loan Agreement. Contemporaneously with the execution of the Secured Loan Agreement, Met-Coil executed a Demand Revolving Credit Note (the "**Demand Note**") dated December 30, 2002 in favor of Mestek in the amount of $2,500,000. Met-Coil also executed a Promissory Note dated December 30, 2002, in favor of Mestek in the amount of $4,500,000 (the "**Promissory Note**"). Mestek's pre-petition loans to Met-Coil were secured by substantially all of Met-Coil's assets except real estate pursuant to that certain Security Agreement dated December 30, 2002, between Met-Coil and Mestek.

The Secured Loan Agreement provides that advances under the Demand Note include, not only funds transferred to Met-Coil, but also payments by Mestek for the account of the Debtor (a) of invoices for goods or services furnished to Met-Coil by third parties and (b) for the purchase of capital equipment installed at or delivered to Met-Coil's place of business. Prior to the Petition Date, Met-Coil and Mestek recorded any such advances when made and then entered a balance due Mestek (if any) on Mestek's ledger as of the end of each month. In August 2003, these advances were reclassified to the general ledger accounts that were established for the Demand Note and the Promissory Note. The Demand Note provides that, "For all purposes under this Note, 'Advances of Funds' shall include all funds advanced by Lender to Borrower under [the Secured Loan Agreement] as evidenced by Lender's ledger records." In the opinion of the Debtor, each advance under the Demand Note became a secured obligation of Met-Coil under the Security Agreement when made, notwithstanding the fact that Mestek did not record the ledger balance due as an obligation under the Demand Note until the end of each month. The manner and timing that Mestek chose to record the transactions has no bearing on whether advances made in accordance with the applicable documents were secured. In the Debtor's opinion, under the clear language of those documents, those advances were secured. According to the Debtor's records, the advances under the Demand Note were, in fact, made for the benefit of the Debtor in the total amount (including interest) claimed by Mestek.

The Promissory Note was given to secure a loan by Mestek to Met-Coil to fund remediation of the Lockformer Site. In fact, Mestek advanced at least $3,500,000 to Met-Coil for that purpose, and those funds were so used.

In addition, Met-Coil executed that certain Note dated July 26, 2002, in favor of MB Financial Bank, N.A. ("**MB Financial**"), in the amount of $5,500,000.00 (the "**MB Financial Note**"). The loan to Met-Coil evidenced by the MB Financial Note was unsecured; however, Mestek was required to provide credit support in the form of an irrevocable standby letter of credit to the benefit of MB Financial. Mestek obtained a Standby Letter of Credit from Fleet National Bank on behalf of Met-Coil in the amount of $5,500,000 to secure the loan, which letter of credit is payable to MB Financial on demand and which letter of credit was cash collateralized by Mestek. After the Petition Date, MB Financial demanded payment under the Standby Letter of Credit, and the Standby Letter of Credit was drawn and paid to MB Financial.

On November 14, 2003, Mestek filed its proof of Claim against the Debtor. Mestek asserts the Mestek Prepetition Secured Claim in the amount of $7,024,042 plus interest, fees, costs and expenses arising from the Demand Note and the Promissory Note. In addition, Mestek asserts a claim in the amount of $7,252,765.60 arising from the $5,500,000 payment to MB Financial and payment of various consultant and legal fees. Mestek asserts that such $7,252,765.60 claim is an administrative expense claim or, in the alternative, a general unsecured claim. The Debtor does not believe that any portion of Mestek's Claims are administrative expenses. The Debtor has reserved any objections that it may have to the claims of Mestek, including its administrative expense claim assertion, as a result of the ongoing plan negotiations with Mestek. Mestek asserts that its claims are valid and has reserved all rights, and intends to vigorously oppose, any challenges to its claims. To the extent that Mestek is the Winning Plan Sponsor, Mestek will contribute the Allowed Amount of its secured and unsecured claims to the capital of the Reorganized Debtor. If Mestek is not the Winning Plan Sponsor, Mestek's Prepetition Secured Claim will be treated as a Class 3.2 Claim and Mestek's Unsecured Claim will be treated as a Class 4.3 Claim, and the Debtor will object if Mestek seeks any other treatment of its Claims.

V. EVENTS LEADING TO THE FILING OF THE CHAPTER 11 CASE

Like many companies in the 1970's and early 1980's, Lockformer used TCE, a metal "degreaser". The TCE was stored in a rooftop tank on the Lockformer Site. Honeywell and its predecessors, including AlliedSignal, owned and maintained the rooftop storage tank and supplied the TCE to Lockformer.

In the 1970s and early 1980s, TCE was spilled by AlliedSignal's employees as they transferred the solvent from its delivery tanker trucks to the rooftop storage tank. In response to increased awareness of potential health risks associated with TCE solvents in the 1980s, Lockformer took steps to mitigate the risk of accidental releases of TCE in the transfer from tanker trucks to the rooftop storage tank. Met-Coil is aware of no release of TCE at the Lockformer Site after 1985.

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

After the acquisition of Met-Coil in June 2000, the Lockformer Site became the subject of public allegations that TCE associated with the Lockformer Site had migrated beyond the Lockformer Site and contaminated the soil or groundwater in certain nearby residential neighborhoods. Since that time, Lockformer has been subjected to more than 10 lawsuits commenced by individuals and governmental entities relating to the alleged discharge of TCE. The plaintiffs in these actions allege, among other things, property damage and personal injury claims against Lockformer, Met-Coil and Honeywell, and, in some cases, assert claims against Mestek as well, either as the indirect corporate parent of Met-Coil or as the purported operator of the Lockformer Site. Met-Coil and Mestek have faced a staggering financial burden to defend these actions and to satisfy any resulting judgments or negotiated settlements. In 2002 alone, Met-Coil recorded expenses of slightly more than $18 million related to remediation efforts as well as litigation defense and settlement costs, which are ongoing.

A. The Enforcement Actions.

On January 19, 2001, the AG Plaintiffs filed the AG Action, a four-count Complaint seeking recovery of the State of Illinois' response and investigatory costs, remediation of the twelve acre Lockformer Site, an Order requiring Met-Coil to pay the cost of connecting certain households to public water supplies, and civil penalties. Concurrent with the filing of the AG Action, the AG Plaintiffs filed the Preliminary Injunction Motion seeking an order from the Court: (1) finding that Lockformer "created and maintained a substantial danger to the environment and public health and welfare;" (2) entering temporary injunctive relief requiring Lockformer to provide bottled water to certain residences and to hire an engineering firm to prepare a comprehensive VOC Work Plan,[4] with remediation to be completed thereon; and (3) entering permanent injunctive relief in the same manner as set forth above.

Subsequent to the filing of the AG Action and the Preliminary Injunction Motion, Met-Coil reached an interim settlement with the Illinois AG in which Met-Coil agreed to pay the cost of connecting approximately 175 households to public water supplies. Moreover, on January 22, 2001, the parties entered into the Agreed Order. The Agreed Order will not be modified by the Plan, and the cost of compliance with the Agreed Order is included in the projections attached hereto as Exhibit D. The AG Plaintiffs and the Debtor have been engaged in discussions in an effort to settle the matters raised in the AG Action but, to date, have not reached any final settlement. If the parties were able to reach a settlement, the AG Action could be resolved in its entirety.

On August 23, 2001, the Village of Lisle (the "**Village**") filed a petition to intervene in the AG Action which was granted a week later. Thereafter, on September 7, 2001, the Village filed a complaint against Met-Coil. The single count complaint seeks reimbursement of certain expenditures made and costs to be incurred in relation to "extending the Village's water mains to all property with potable well water in the vicinity of the Lockformer Site."

In addition, on October 4, 2001, the USEPA filed an Administrative Order Pursuant to Section 106(a) of CERCLA (Docket No. V-W-'02-C-665) against Lockformer and Met-Coil, requiring them to conduct removal actions at the Lockformer Site. Accordingly, both the USEPA and the IEPA are overseeing the investigation and remediation at and around the Lockformer Site.

[4] A VOC Work Plan is a volatile compound work plan, and, as used here, refers to the remediation plan to clean-up the TCE on the Lockformer Site.

B. The Property Damage Actions.

1. LeClercq Class Action.

In 2000, the LeClercq Class Action was commenced in the Illinois District Court on behalf of 187 homeowners in neighborhoods near the Lockformer Site. The class sought damages under both federal environmental statutes for remediation of their property and under Illinois common law for, inter alia, diminution of the value of their property and for punitive damages. The LeClercq Class Action proceeded to trial in May 2002, and during the trial's pendency, the parties announced that they had reached a settlement. Without admitting liability, Met-Coil agreed to pay class members approximately $10 million to resolve the matter. Met-Coil has paid this settlement in full.

2. DeVane Action.

In the DeVane Action, the plaintiffs alleged property damage and nuisance relating to the alleged contamination of their properties and drinking water wells. The action proceeded to trial in June 2003 against Met-Coil and Honeywell (as Mestek was dismissed as a defendant), and the jury returned a verdict on July 11, 2003. The jury awarded the DeVane plaintiffs a total of $368,500 in compensatory damages for diminution of the value of their properties against Met-Coil and Honeywell and $2,000,000 in punitive damages against Met-Coil. Post-trial motions are pending. This action has been stayed as to Met-Coil pursuant to the provisions of section 362 of the Bankruptcy Code.

3. Mejdrech Litigation.

The Mejdrech Litigation mirrors the allegations and claims asserted in the LeClercq Class Action, except they are on behalf of approximately 1,400 homeowners whose properties are further away from the Lockformer Site. The Mejdrech Class seeks damages under federal environmental statutes for remediation of their property and under Illinois common law for, inter alia, diminution of the value of their property and punitive damages. The Mejdrech Class was certified on August 12, 2002, and the trial of those claims was scheduled to commence on September 8, 2003. As discussed more fully in Article VI.B. below, on August 29, 2003, the Debtor, Mestek and counsel for the Mejdrech Class reached a settlement in principle. Such settlement requires Met-Coil and Mestek to pay $12,500,000.00 to the Mejdrech Class in full and complete satisfaction of all claims, including claims for attorneys' fees and expenses that the Mejdrech Class has asserted against the Debtor and Mestek. The settlement is contingent upon confirmation of the Plan. The settlement agreement provided for a one hundred fifty (150)-day "stand still" period that expired on January 27, 2004. A consent order entered by the Bankruptcy Court stayed the Mejdrech Litigation until February 2, 2004. Such "stand-still" period, as established under the Mejdrech/Schreiber Letter Agreement has now expired, and any of the parties to the settlement may, at their option, terminate the settlement agreement at any time.

On March 8, 2004, the Bankruptcy Court held a hearing on the Mejdrech Class' Motion to Lift the Automatic Stay and the Debtor's Motion to Enforce the Section 362(A)(3) Automatic Stay, or in the Alternative, for Preliminary Relief Under Sections 362(A)(1) and 105 Extending Stay of Mejdrech Litigation. At the conclusion of the hearing, the Bankruptcy Court denied the Mejdrech Class' motion, extended the automatic stay as to Mestek and Honeywell and enjoined the Mejdrech Class from proceeding to trial until after June 22, 2004. It is possible that the Bankruptcy Court will lift the automatic stay as to Met-Coil and will not extend the stay further as to Mestek.

C. The Non-Settled Personal Injury Actions.

The Debtor is currently a defendant (through its Lockformer division) in the Personal Injury Actions in which it denies liability:

1. Pelzer and Pepping v. Lockformer, et al., Case No. 01-C-6485.

Plaintiffs Daniel Pelzer (age 38) and Sally Pepping (age 34), who are siblings, grew up at 4708 Elm Street in Lisle, Illinois, which property line is adjacent to the Lockformer Site. Plaintiffs allege that long-term TCE exposure emanating from the Lockformer Site has caused kidney disease in Pelzer, necessitating a kidney transplant in 1993. Pepping, who donated the kidney for Pelzer's first transplant, seeks damages for the loss of her kidney, and claims that she has experienced infertility problems as a result of her TCE exposure. Multiple soil and well water tests conducted at 4708 Elm Street have always been negative for TCE. Plaintiffs claim to have spent a significant amount of time on the Lockformer Site riding dirt bikes, sledding on a hill just south of the facility where they ate snow, and playing in and around a creek that flowed from east to west along the northern boundary of their property. Plaintiffs filed this lawsuit against Mestek, Lockformer and Honeywell.

2. Meyer v. Lockformer, et al., Case No. 02-C-2672.

This case was originally filed as a wrongful death action by Deborah Meyer, as Administratrix of the Estate of Nicholas Meyer, deceased. The complaint was amended to add claims by Deborah, Derek, and Danielle Meyer, who are the widow and children of the deceased. Deborah Meyer and her children do not claim any present physical injury as a result of their alleged TCE exposure, but instead claim that they are at an increased risk of future injury. Plaintiffs filed this lawsuit against Mestek, Lockformer, and Honeywell.

The Meyer family moved to 5230 Oakview Drive in Lisle, Illinois in November 1993. From that time until June 1996, their residence was served with well water provided by Citizens Utilities. On March 7, 2000, Mr. Meyer was hospitalized for abdominal pain, and studies revealed renal cell carcinoma and a kidney tumor that extended into his spleen. Emergency surgery was performed to remove the tumor, but Mr. Meyer experienced a number of postoperative complications and died on March 22, 2000. No expert opinions have been offered concerning the cause of Mr. Meyer's cancer. Quarterly tests conducted on the wells that serviced the Meyer residence until 1996 were negative for TCE except on three occasions, when TCE was detected at very low levels (0.7, 1.6 and 0.6 ppb).

3. Wroble v. Lockformer, et al., Case No. 02-C-4992.

Plaintiff Laura Wroble (age 40) is the sister of plaintiffs Sally Pepping and Daniel Pelzer. Both her childhood home and her current home are within a few hundred feet of the Lockformer Site, and Wroble claims to have contracted cervical cancer as a result of TCE exposure emanating from the Lockformer Site. Plaintiff filed this lawsuit against Mestek, Lockformer, and Honeywell. Mestek has since been dismissed as a defendant in this lawsuit.

Wroble claims to have consumed as much as 100 ounces of tap water per day while growing up, and claims to have spent a great deal of time on the Lockformer Site. Each day after school she claims to have hunted for bugs, sledded, skated, picked berries, rode dirt bikes, or otherwise played on the property. Like her siblings, Wroble claims to have eaten snow while sledding on a hill immediately

south of the Lockformer Site. Wroble claims that she still fears that her family is being exposed to TCE. Despite this, she has acknowledged picking berries on the Lockformer Site with her children, and her husband built a waterfall pond in their backyard, which is fed by water from the well. No expert opinions have been offered concerning the cause of Wroble's cancer. Multiple soil and water tests conducted at her childhood home have always been negative for TCE.

4. Hallmer v. Lockformer, et al., Case No. 02-C-7066.

Plaintiff Virginia Hallmer is 53 years old and has resided at 591 Reidy Road in Lisle, Illinois since 1968. Her residence has been served by a private well during that entire period, and, in 2001, her well tested positive for TCE. Hallmer suffers from an unknown autoimmune disorder, and has had a significant medical history, including a stroke, pulmonary embolism, back problems, peripheral neuropathy, and polyneuropathies. She has testified that she is in constant pain, and reports that the medications she is taking have offered little relief. Hallmer claims that her current condition is caused by her exposure to TCE emanating from the Lockformer Site. No expert opinions have been offered concerning the cause of Hallmer's ailments. Plaintiff filed this lawsuit against Mestek, Lockformer, Honeywell, and Carlson Environmental, Inc.

5. Ehrhart v. Lockformer, et al., Case No. 02-CV-7068.

Plaintiff Denise Ehrhart is 25 years old and resided at 641 Reidy Road in Lisle, Illinois from 1980 through 1997. In her early twenties, she was diagnosed with kidney disease, and she had a kidney transplant in 2002. The Ehrhart well has never been tested for TCE, but Ehrhart believes that she was exposed to TCE through drinking water allegedly contaminated with TCE from the Lockformer Site. Plaintiff filed this lawsuit against Mestek, Lockformer, Honeywell, and Carlson Environmental, Inc.

One of Ehrhart's nephrologists has testified that he found no evidence in the medical literature to link her kidney disease with TCE exposure. Similarly, her kidney transplant nephrologist testified that her form of kidney disease is not associated with TCE exposure. In fact, none of Ehrhart's doctors have told her that her kidney disease was caused by TCE exposure.

All five of the foregoing Personal Injury Actions have been consolidated for purposes of discovery. The sole medical causation expert in the Personal Injury Actions, except the Ehrhart case, was Dr. Alan Hirsch, a neurologist and psychiatrist. Dr. Hirsch had not offered an opinion in the Personal Injury Actions that the alleged TCE exposure caused the plaintiffs' personal injuries. Rather, Dr. Hirsch opined only that the exposure resulted in neurological injuries and a risk of future diseases. At a status hearing held on October 7, 2003, the plaintiffs withdrew Dr. Hirsch as their expert. The Illinois District Court has not granted the plaintiffs leave to name a new expert, and has stayed all discovery and proceedings until May 27, 2004. Honeywell has filed a motion for summary judgment, in which Mestek has joined. Although the Debtor and Mestek believe that the personal injury plaintiffs in each of these lawsuits face an uphill battle in establishing that their alleged injuries were caused by TCE exposure emanating from the Lockformer Site, the plaintiffs are seeking large jury awards, including punitive damages.

D. The Settled Personal Injury Action.

Plaintiff Anne Schreiber is a 33-year-old obstetrician who lived with her family at 733 Hitchcock Avenue in Lisle, Illinois between 1981 and 1992. In May 2002, Dr. Schreiber was

diagnosed with non-Hodgkin's lymphoma ("**NHL**"). Dr. Schreiber has undergone chemotherapy, and her NHL is currently in remission. Her oncologist believes, however, that her life expectancy is only seven to eleven years because the recurrence of her NHL is a virtual certainty. Dr. Schreiber claims that her NHL was caused by exposure to TCE emanating from the Lockformer Site. Plaintiff filed this lawsuit against Met-Coil, Mestek, Lockformer, and Honeywell.

Discovery in the case was set to close on October 1, 2003, with a jury trial set to begin on March 1, 2004. However, as more fully discussed in Article VI.B. below, Dr. Schreiber has reached a potential settlement with the Debtor and Mestek. The settlement requires the Debtor and Mestek to pay $6,000,000 to Schreiber in full and complete satisfaction of all of her claims, including claims for attorneys' fees and expenses. The settlement is contingent upon confirmation of the Plan. The settlement agreement provided for a 150-day "standstill" period that expired on January 27, 2004. A consent order entered by the Bankruptcy Court stayed the Schreiber Litigation until February 2, 2004. Such a stay has now expired, and any of the parties to the settlement may, at their option, terminate the settlement agreement at any time.

E. Honeywell.

In March 1993, Lockformer commenced an action against AlliedSignal seeking recovery of investigation and remediation costs related to the TCE contamination at the Lockformer Site. On or about December 6, 1994, Lockformer, Met-Coil and AlliedSignal, on behalf of itself and its successors (including Honeywell), entered into the Honeywell Indemnity Agreement. Under the Honeywell Indemnity Agreement, AlliedSignal paid $400,000 to Lockformer and agreed to pay to Lockformer an additional $400,000 should Lockformer's costs of investigation and remediation exceed $400,000. In exchange, Met-Coil agreed to "defend, hold harmless, and indemnify AlliedSignal from all claims, demands, damages, expenses, costs, attorneys' fees, actions and liabilities of any kind and nature" including those "brought by any person or entity, private, governmental or otherwise" for any "act or omission on the part of AlliedSignal."

At the time the Honeywell Indemnity Agreement was executed, Met-Coil was unaware that thousands of property owners would thereafter assert that the TCE allegedly spilled by AlliedSignal had migrated into the surrounding property and groundwater. The alleged TCE migration spurred the wave of property and personal injury actions that caused Met-Coil to seek bankruptcy protection in the Bankruptcy Court. Since entering into the broad Honeywell Indemnity Agreement, and since the wave of property and personal injury actions commenced, Met-Coil has indemnified Honeywell in excess of $1.9 million under the Honeywell Indemnity Agreement, on Honeywell demands of approximately $2.6 million, for its separate liability and defense costs relating to the TCE actions. As discussed in Article VI.D. below, Honeywell, Mestek and the Debtor are engaged in an adversary proceeding in the Bankruptcy Court concerning the Honeywell Indemnity Agreement and recently entered into a settlement in principle.

F. Other Actions.

Though not events leading to the filing of the chapter 11 case, the Debtor has Contribution Actions and Insurance Actions pending, and owns Alter-Ego Claims which are related to the foregoing environmental litigation matters. For a discussion of these matters, see Article IX.A. herein.

VI. SIGNIFICANT EVENTS DURING THE COURSE OF THE CHAPTER 11 CASE

A. Bankruptcy Pleadings.

By reason of the foregoing events, on August 26, 2003, the Debtor filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. During the course of the Chapter 11 Case, numerous pleadings have been filed with the Bankruptcy Court and numerous hearings have been conducted in connection therewith. The following is a general description of the more significant events which have transpired during the pendency of the Chapter 11 case.

1. Retention of Charles F. Kuoni, III as President and Chief Executive Officer.

As one of the so-called first day motions, the Debtor filed a motion to assume the employment agreement that it had entered into with Charles F. Kuoni, III, who had been appointed President and Chief Executive Officer of Met-Coil prior to the Petition Date. On October 20, 2003, the Bankruptcy Court held a hearing on the motion and the Committee's limited objection to the motion. After hearing oral argument on the motion, the Bankruptcy Court overruled the Committee's objection and granted the Debtor's motion to assume Mr. Kuoni's employment agreement. Pursuant to this employment agreement, Mr. Kuoni receives an annual base salary of $360,000 and is entitled to a $280,000 performance bonus upon consummation of a plan of reorganization by Met-Coil that has been accepted by all classes of Claimholders and Interestholders entitled to vote.

2. Retention of Counsel.

The Debtor retained the services of Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd. as its bankruptcy counsel and Morris, Nichols, Arsht & Tunnell as its local counsel, which retention the Bankruptcy Court approved on September 23, 2003 and October 20, 2003, respectively.

3. Post-Petition Financing.

On the Petition Date, the Debtor filed a Motion to Approve DIP Financing or Use of Cash Collateral pursuant to which, among other things, (a) Mestek, the Debtor's prepetition secured lender, consented to the use of cash collateral subject to the granting of replacement liens and certain other conditions and (b) the Debtor sought approval of the DIP Facility. The motion was granted on an interim basis on August 28, 2003 and on a final basis on October 24, 2003. Under the DIP Facility, Mestek committed to provide up to $8,000,000 in financing to the Debtor, consisting of revolving loans. The maturity date of the DIP Facility is the earliest of (a) December 26, 2003, (b) the effective date of a confirmed plan of reorganization, and (c) the occurrence of an Event of Default (as defined in the DIP Loan Agreement). The Bankruptcy Court has entered orders extending the December 26, 2003 date to June 30, 2004.

To secure the borrowings under the DIP Facility, Mestek was granted an Allowed Administrative Expense claim pursuant to Bankruptcy Code sections 364(c)(1) and 507(b) having priority over any and all Administrative Expenses of the kind specified in or incurred pursuant to section 503(b) or 507(b) of the Bankruptcy Code, with certain limited exceptions provided for in the DIP Loan Documents. Mestek also was granted a perfected first priority lien against and security interest in all unencumbered presently owned and hereafter acquired property, assets, and rights, of any kind or nature of the Debtor and proceeds thereof (with certain exceptions and limitations provided for in the DIP Loan