provided at least one Impaired Class of Claimholders votes to accept the Plan as required by section 1129(a)(10).

3. Feasibility.

Section 1129(a)(11) of the Bankruptcy Code requires a finding that Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor in interest (unless such liquidation or reorganization is proposed in its Plan, which is not the case for the Debtor). For purposes of determining whether its Plan meets this requirement, the Debtor analyzed its ability to meet its obligations under the Plan. As part of this analysis, the Debtor prepared the Projections attached hereto as Exhibit D.[8] Moreover, Mestek is ready and able to consummate the Restructuring Transaction, the proceeds of which will fund distributions under the Plan. Based upon the Projections and the Restructuring Transaction, the Debtor believes that its reorganization under the Plan will meet the feasibility requirements of section 1129(a)(11) of the Bankruptcy Code.

IX. LIQUIDATION ANALYSIS

This part of the Plan explains the best interests test of section 1129(a)(7) of the Bankruptcy Code. Section 1129(a)(7) of the Bankruptcy Code imposes the best interests of the creditor test, which requires that each member of an impaired class who does not vote to accept the Plan receive a distribution that is not less than the amount it would receive under a chapter 7 liquidation. The Debtor and Mestek believe that the Plan is in the best interests of the Estate and Creditors because the dividend to be received under the Plan is more than the Creditors would receive under a chapter 7 case.

A. The Debtor's Assets and Liabilities.

The Debtor has attached hereto as Exhibit D a copy of its most current balance sheet which sets forth its assets and liabilities. A further discussion of certain of the Debtor's assets is set forth below.

1. The Contribution Actions.

Prior to the Petition Date, the Debtor paid in settlement approximately $10 million to the plaintiffs in the LeClercq Class Action. In accordance with the Mejdrech/Schreiber Settlement Agreement and the Plan, the Debtor and Mestek have agreed to pay $12,500,000 to settle the Mejdrech Litigation plus the Mejdrech Hook-Ups. As a result of those payments totaling more than $22,500,000 and any additional response costs, the Debtor may have third-party claims against other alleged joint tortfeasors, including, but not limited to, the PRPs.

The Downers Grove Sanitary District's effluent sewer line runs immediately south of the Lockformer Site. The Downers Grove Sanitary District collects wastewater from facilities in the Ellsworth Industrial Park. Ongoing tests demonstrate that the Downers Grove Sanitary District's sewer line is in poor condition and has leaked chlorinated solvents in the vicinity of the Lockformer Site. The Ellsworth Industrial Park is located in close proximity to the Lockformer Site.

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[8] For a discussion of the assumption related to the Projections, see Section XI, infra.

On May 31, 2002, Lockformer filed the LeClercq Contribution Action against the LeClercq Contribution Third-Party Defendants. On July 1, 2003, Met-Coil filed the Mejdrech Contribution Action against the Mejdrech Contribution Third-Party Defendants. In the Contribution Actions, Met-Coil alleges that the Contribution Third-Party Defendants allowed TCE and other hazardous substances to be released, and that those releases contributed to the alleged contamination in the groundwater in the vicinity of the Lockformer facility. The Contribution Actions were brought pursuant to the Illinois Joint Tortfeasor Act, 740 ILCS 100/2 and Section 113(f) of CERCLA. The Contribution Actions seek, inter alia, contribution from the Contribution Third-Party Defendants for costs Met-Coil incurred or incurs in connection with the LeClercq Class Action and the Mejdrech Litigation, as well as other response costs. The maximum recovery in the Contribution Actions is approximately $22,500,000 in settlement payments and any additional response costs incurred by Met-Coil, but such a recovery would require that the Contribution Third-Party Defendants be found responsible for 100% of the alleged contamination.

The Debtor is pursuing the Contribution Actions on behalf of the Estate and its Creditors. The Contribution Actions will be assigned to the Winning Plan Sponsor. To date, Met-Coil has produced an expert report in the LeClercq Contribution Action but has not received any expert reports from any of the LeClercq Contribution Third-Party Defendants. No expert reports have been exchanged in the Mejdrech Contribution Action, and only limited discovery has taken place. Because the Contribution Third-Party Defendants have not submitted expert reports, it is not possible to address the strengths and weaknesses of any defenses that the Contribution Third-Party Defendants may have even on a preliminary basis. Although the Debtor believes that the Contribution Actions are meritorious and have value to the Estate, based on the current posture of the Contribution Actions and the significant amount of discovery that has yet to be completed, as well as uncertainties associated with the litigation process, an accurate valuation of the Contribution Actions cannot be made with any reasonable degree of certainty. The outcome must therefore be regarded as speculative. It is clear, however, that litigating the Contribution Actions to judgment would be extremely expensive and burdensome to the Debtor.

The Debtor therefore believes that the Restructuring Consideration is adequate to compensate the Debtor for value of the Contribution Actions. Further, the Restructuring Transaction affords the Debtor its best, if not only, opportunity to reorganize as a going concern.

2. *Alter-Ego Claims.*

The Debtor has indicated in numerous pleadings filed after the commencement of the Chapter 11 Case that the Alter-Ego Claims are property of the Estate. The Alter Ego Claims generally are claims of the Debtor which, if successful, would result in Mestek's liability for all of the Claims against the Debtor. Because the alleged foundation for piercing the corporate veil between Met-Coil and Mestek involves "general" corporate governance—as opposed to specific instances of fraud or improper use of the corporate form against the plaintiffs in the Illinois Actions—the alleged Alter-Ego Claims would benefit all Creditors and are thus property of the Estate. Duke Energy Trading and Marketing, L.L.C. v. Enron Corp. (In re Enron Corp.), No. 01 B 16034, 2003 WL 1889040 at *4-*5 (Bankr. S.D.N.Y. Apr. 17, 2003) ("the trustee or debtor-in-possession would have exclusive standing to maintain a Delaware corporation's alter ego claim of a general nature"). Moreover, on December 10, 2003, the Bankruptcy Court in an adversary proceeding in 11 Chapter Case denied a motion by Honeywell to dismiss Met-Coil's assertion that the Alter-Ego Claims are property of the Estate, holding that, on the facts alleged, the Alter-Ego Claims would belong to the Estate under Bankruptcy Code §§ 541 and 544.

The Debtor believes, therefore, that the Alter-Ego Claims against Mestek must be considered assets of the Debtor's Estate. Accordingly, the Debtor's attorneys have reviewed numerous documents, including documents taken, and motions, depositions, affidavits, memoranda of law and other documents filed or produced in discovery, in some of the Illinois Actions; trial transcripts in the LeClercq Class Action; documents reflecting the transaction whereby Mestek indirectly acquired Met-Coil; documents filed with the SEC; various Mestek and Met-Coil corporate documents and business records; and the reports of outside experts and consultants. The Debtor considered the allegations that some of the plaintiffs in the Illinois Actions made against Mestek under an alter-ego or similar theory and the decision of the Illinois District Court in the LeClercq Class Action denying Mestek's motion for summary judgment on one such claim. The Illinois District Court in the LeClercq Class Action held that there was enough evidence in support of the alter ego claim in that case to create a genuine issue of material fact to be tried to a jury. The issue, however, was not decided by the jury given that the LeClercq Class Action was settled. The Debtor also considered the allegations of plaintiffs in the DeVane Action made against Mestek under an alter-ego or similar theory. In the DeVane Action, Mestek was successful, on summary judgment, in defeating such alter-ego theories and ultimately was not a defendant in the DeVane Action.

The Debtor's attorneys also engaged in a thorough legal analysis of the Alter-Ego Claims. As the state in which the Debtor is incorporated, Delaware's law applies to determine the circumstances under which the Debtor's corporate veil may be pierced. In re Eagle Enterprises, Inc., 265 B.R. 671, 678 (E.D. Pa. 2001). Delaware law permits a court to pierce the corporate veil of a company only where there is fraud or where the company is "in fact a mere instrumentality or alter ego of its owner." Geyer v. Ingersoll Publications Co., 621 A.2d 784, 793 (Del. Ch. 1992). None of the papers filed in the Illinois Actions have suggested that Mestek used Met-Coil to perpetrate a fraud, but fraud per se is not a requirement of an alter ego claim. Harper v. Delaware Valley Broadcasters, Inc., 743 F. Supp. 1076, 1085 (D. Del. 1990). To prevail on an alter ego claim under Delaware law, a plaintiff must show merely that: (1) the parent and the subsidiary operated as a single economic entity and (2) an "overall element of injustice or unfairness" is present. Id.

Under Delaware law, a court considering whether to pierce the corporate veil between a parent corporation and its subsidiary should consider the following factors: (1) inadequate capitalization of the subsidiary; (2) action in the interest of the parent rather than the subsidiary; (3) failure to observe corporate formalities; (4) payment of dividends; (5) non-functioning of officers and directors; and (6) the absence of corporate records. Harper, 743 F. Supp. at 1085. While none of these factors is dispositive, some combination of these factors must be present, along with "some *fraud, injustice, or inequity* in the use of the corporate form." ACE & Co., Inc. v. Balfour Beatty PLC, 148 F. Supp. 2d 418, 425 (D. Del. 2001) (emphasis added).

The Debtor's attorneys examined the foregoing factors, identifying the facts that might be used to argue both for and against a finding of alter ego status. They also considered whether, taken as a whole, the relationship between Mestek and Met-Coil exhibits the "fraud, injustice or inequity" also required to ignore the corporate form. While some of these factors might support the Alter-Ego Claims, others do not.

The Alter-Ego Claims have value to the Debtor and the Estate. However, while there may be a meaningful chance that the Estate would prevail on the Alter-Ego Claims, based on the factors discussed above, Mestek has substantial defenses. Therefore, the outcome of such litigation is uncertain. Furthermore, such litigation would be very expensive and burdensome to the Debtor. It would take many months to litigate such claims, perhaps two years or more. In addition to the costs, therefore, litigating

would reduce the present value of any later settlement or recovery. The direct costs of pursuing the Alter Ego Claims would be substantial. Mestek would aggressively defend the alter ego litigation at every stage, given its worst possible outcome if it cannot defeat the claim. Accordingly, there are likely to be dozens of depositions of fact and expert witnesses, the production of additional expert reports and very likely the need to oppose and brief a motion for summary judgment. A trial would likely require 7 days of testimony and argument. The total cost of the alter ego litigation, therefore, is likely to be at least $1,100,000 to $1,500,000.

These expenses would have to be borne without any assurance of a result of greater value than the Restructuring Transaction Consideration. Indeed, there is a significant risk that the Alter-Ego Claims would be defeated if fully litigated. Moreover, the Debtor believes that the Restructuring Transaction provides the best possibility for the Debtor's reorganization as a going concern. Therefore, the Debtor seeks to settle the Alter-Ego Claims in accordance with the Plan as part of the inducement to Mestek to enter into the Restructuring Transaction and provide recoveries to Creditors in a timely fashion.

Mestek, as the co-proponent of the Plan, does not agree to any of the foregoing statements and shall not be deemed to have made any admissions as a result of the foregoing statements. To the extent that settlement of the Alter-Ego Claims contained within the Plan is not approved, Mestek will not be willing to enter into the Restructuring Transaction. Furthermore, to the extent that any Alter-Ego Claims are pursued against Mestek or any of the Mestek Affiliates, Mestek and the Mestek Affiliates intend to vigorously defend such Alter-Ego Claims. Mestek and the Mestek Affiliates believe that they have strong, meritorious defenses to the Alter-Ego Claims. In addition, Mestek has agreed that it will not use any of the foregoing statements in its defense of the Alter-Ego Claims if they are litigated.

3. Pending Insurance Actions.

The Debtor, as of the Petition Date, had Insurance Policies with the following insurers from which it asserted coverage with respect to certain of the TCE Claims:

- Travelers;
- New Hampshire Insurance Company, National Union Fire Insurance Company of Pittsburgh, PA and/or other insurance companies affiliated with American International Group (collectively, "**AIG**");
- Those companies making up OneBeacon Insurance Group, including but not limited to Potomac Insurance Company, now known as Pennsylvania General Insurance Company (collectively, "**OneBeacon**"); and
- PEIC and International (collectively, "**ACE**").

On January 28, 2004, the Debtor filed motions to approve separate settlement agreements with Travelers and AIG. The Debtor has also reached agreements in principle with OneBeacon and ACE which agreements must be reduced to writing. The aggregate amount of the settlements with these insurers is $16,900,000, which the Debtor will utilize in funding the Plan. Each of the settlement agreements is subject to Bankruptcy Court approval and Confirmation of a plan containing the TCE Channeling Injunction. The Bankruptcy Court has advised that the hearing with respect to the motions to

approve the settlement agreements with each of AIG, Travelers, OneBeacon and ACE should be conducted in conjunction with the Confirmation Hearing.

The Debtor, in its business judgment, believes that entering into the settlement agreements with Travelers, AIG, OneBeacon and ACE in the aggregate amount of $16,900,000 is the best interests of the Debtor's Estate and Creditors and provides for a fair and equitable resolution of the significant disputes with these insurers. Through the settlements, the Debtor will obtain recovery of 100% of available primary coverage and approximately 67% of the outstanding defense costs. In the Debtor's view and as described more fully below, this result is significant.

The insurance policies issued by Travelers, AIG, OneBeacon and ACE provided for $10,600,000 in primary policy limits, subject to varying retained limits and self-insured retentions, and $100,000,000 in excess or umbrella policy limits. The insurers argued, among other things, that there was no coverage with respect to the Debtor's alleged liability for the TCE Claims, under the primary or umbrella policies, due to one or more of the following factors: (1) application of a "horizontal allocation" of the estimated potential liability for all underlying actions spread over at least 30 years limited possible insurance recoveries for each particular policy year to less than $2 million per year (in other words, the Debtor could not obtain more than $2 million per policy year per policy); (2) certain policies, both primary and umbrella, had absolute pollution exclusions enforceable against all claims, bodily injury and property damage claims or bodily injury or property damage claims; (3) depending upon whether Illinois or Iowa law would apply to enforcement of the pollution exclusion to trespass and nuisance claims, certain policies would exclude all trespass and nuisance claims; (4) no umbrella policies issued by any insurer would apply unless all primary insurance issued by all insurers had been exhausted; (5) the existence of certain policies could not be proven based on a complete lack of documentary or extrinsic evidence; (6) certain policy's per occurrence limits would limit "stacking of per occurrence limits to access the aggregate limits"; (7) certain defense costs were incurred without consent and for amounts beyond insurers' regularly reimbursed rates.

As a result of the insurers' arguments outlined above and the significant litigation costs that the Debtor had incurred and likely would continue to incur in certain pending litigation matters, the Debtor believed that entering into the settlements represented the best outcome for its Estate and Creditors. Not only do the settlements with the insurers provide $16,900,000 to the Estate for Plan funding, but the first two insurance actions listed on Exhibit B will be dismissed, thereby eliminating the incurrence of additional attorneys fees and expenses. In consideration for entering into the settlements and making payments to the Debtor, the Settling Insurers will obtain the benefit of the TCE Channeling Injunction, should the Plan be confirmed.

Prior to the Petition Date, the Debtor entered into settlement agreements with the following insurers, the proceeds of which the Debtor utilized pre-petition:[9]

[9] OneBeacon's predecessor entered into a settlement agreement with the Debtor and Mestek pre-petition with regard to "property damage" and "personal injury" claims for certain cases. OneBeacon has agreed to waive the indemnification obligations therein and thus be entitled to the TCE Channeling Injunction with respect to the policies underlying such pre-petition settlement, should the Plan be confirmed.

- Hartford Financial Services Group, Inc., Hartford Accident and Indemnity Company, Hartford Fire Insurance Company, First State Insurance Company and Twin City Fire Insurance Company;
- Columbia Casualty Company;
- Wausau Underwriters Insurance Company and Employers Insurance of Wausau; and
- Unigard Insurance Company

To the extent that such insurance companies agree to extend sufficient consideration, including waiver of indemnification obligations against the Debtor, the Debtor will seek to extend the TCE Channeling Injunction to such insurers at the Confirmation Hearing.

Mestek and, with respect to certain settlements, Formtek are parties to the pre-petition and post-petition settlement agreements described above. Mestek and Formtek claim a right to certain of the insurance proceeds. Nevertheless, Mestek and Formtek have agreed that the $16,900,000 of insurance proceeds from the post-petition settlements with Travelers, AIG, OneBeacon and ACE may be utilized for funding of the Plan, if Mestek or its assignee is the Winning Plan Sponsor.

B. Hypothetical Liquidation under Chapter 7.

To determine what members of each Impaired Class of Claims and Interests would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must consider the values that would be generated from the liquidation of the Debtor's assets and properties in the context of a hypothetical chapter 7 liquidation case. This "liquidation value" would consist primarily of the proceeds from a forced sale or "fire sale" of the Debtor's assets.

A conversion of the Chapter 11 Case to a chapter 7 case would require the mandatory appointment of a trustee. Thus, the Debtor's costs of liquidation under chapter 7 would include (i) the reasonable compensation payable to the chapter 7 trustee, as well as those which might be payable to attorneys and other professionals that such trustee may engage, (ii) asset disposition expenses, (iii) applicable taxes, (iv) litigation costs and (v) Claims arising from the operation of the Debtor during the pendency of the Chapter 7 case. Claims that may arise in a liquidation case or result from the pending Chapter 11 Case (including any unpaid expenses that the Debtor incurred during the Chapter 11 Case, such as compensation for attorneys, financial advisors and accountants) would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay General Unsecured Claims and Interests. Other unpaid Administrative Claims of the Chapter 11 Case may include tax liabilities in respect of gain arising from the disposition of assets, which could be substantial. The liquidation also would prompt the rejection of a large number of executory contracts and unexpired leases and thereby create a significantly higher dollar amount of General Unsecured Claims.

Moreover, a chapter 7 trustee would be obligated to sell the assets of the Debtor and likely would not be able to offer a channeling injunction to protect any buyer from TCE PI Trust Claims. It is not known, in that scenario, whether the Debtor's assets could be sold intact or would be sold on a piecemeal basis, or whether anyone would purchase the assets given the environmental contamination. Analysis and marketing of such a transaction or transactions would be complex, costly, and, in all

likelihood, time-consuming. It is not known what form of consideration would flow to Claimholders as a result of such dispositions, but there is certainly a significant risk that much less cash would be distributed in comparison to the consideration being paid under the Plan.

In a chapter 7 case, a trustee must liquidate the debtor's assets for distribution to creditors in accordance with the priorities set forth in the Bankruptcy Code. Secured creditors generally are paid from the proceeds of sale of the properties securing their liens. If any assets remain after the satisfaction of secured claims, administrative claims are next to receive payments. Unsecured claims are paid from the remaining assets of the estate, according to their rights of priority. Unsecured claims with the same priority share in proportion to the amount of their allowed claim in relation to the amount of total allowed unsecured claims. Finally, Interestholders receive the balance that remains, if any, after all creditors are paid. Thus, the cash amount which would be available for satisfaction of unsecured claims and interests would consist of the (x) proceeds resulting from the disposition of the unencumbered assets of the debtor and any income earned thereon, and (y) the unencumbered cash and cash equivalents held by the debtor at the time of distribution. The amount of the proceeds from the sale of the debtor's assets would be significantly reduced as a result of the uncertainty that exists as to whether a chapter 7 trustee could sell the assets free and clear of any claims, both present and future, that could be asserted against the debtor.

The Debtor submits that in order for a chapter 7 trustee to administer the estate responsibly, the trustee, and the trustee's staff and professionals, would necessarily devote substantial time and effort to familiarizing themselves with the affairs of the Debtor and the Chapter 11 Case, including asset dispositions and the investigation of Claims. This would likely entail hundreds of hours of additional professional services and concomitant expense. Not only would the costs increase as a result thereof, but the creditors would suffer a loss on the time-value of their money as the chapter 7 trustee, unfamiliar with the Debtor's affairs, claims and properties would necessarily require more time to liquidate the assets, resolve disputed and unliquidated Claims and ultimately make distributions to creditors. It is likely that distributions of the proceeds of the liquidation could be delayed for a year or more after the completion of such liquidation in order to resolve Claims and prepare for distributions. In the likely event litigation were necessary to resolve Claims asserted in the chapter 7 case, distributions could be further prolonged.

The liquidation itself could accelerate the payment of substantial claims that would otherwise be payable in the ordinary course of business. For example, a liquidation sale of the Debtor could trigger or accelerate significant obligations to employees under pension and other Benefits Plans and Collective Bargaining Agreements, in addition to Claims for severance pay. Under the Plan, all ongoing employee benefit costs are assumed by the Reorganized Debtor and are not deducted from distributions to Creditors under the Plan. In addition, the Plan embodies the Restructuring Transaction which will facilitate the prompt emergence of Met-Coil from its Chapter 11 Case. In the event that Mestek is the Winning Plan Sponsor, the Restructuring Transaction include (i) Mestek's financial support in assisting Met-Coil to make Cash distributions under the Plan through the Capital Contribution (which includes funding of the Unsecured Claims Distribution Fund, the TCE Claims Distribution Fund, TCE PI Trust, funding of distributions to the Mejdrech Class and Schreiber, and contribution of the Mestek Prepetition Secured Claim and the Mestek Unsecured Claims); (ii) Mestek's guaranty of up to $3 million of the on-site remediation as provided under Section 7.16 of the Plan; (iii) payment of the Mejdrech Hook-Ups; and (iv) implementation of related transactions in connection with the consummation of the Plan, including the TCE Channeling Injunction. In a chapter 7 case, Mestek would not be obligated to contribute or waive any of its claims as it is voluntarily doing in connection with the Restructuring Transaction. As a result, Allowed General Unsecured Claims may be diluted or altogether eliminated by

the secured Claims of Mestek. In a chapter 7 liquidation, the settlements between the Debtor and Mestek as incorporated in the Restructuring Transaction and Plan would not be consummated (resulting in substantial litigation) or, if consummated, might not realize as great a value as is offered under the Plan to Claimholders. Accordingly, the substantial value consisting of the Restructuring Transaction Consideration would likely not be available in the event of a chapter 7 liquidation of Met-Coil. The same conclusion is reached if Mestek is not the Winning Plan Sponsor and an Alternative Restructuring Transaction is thus closed.

After considering the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Chapter 11 Case and the substantial diminution in the value to be realized by Claimholders, as compared to the proposed provisions of the Plan, because of, among other factors: (A) the increased costs and expenses of a liquidation under chapter 7 arising from the additional Administrative Claims involved in the appointment of a liquidating trustee, as well as attorneys, financial advisors, accountants and other professionals to assist such trustee, (B) the possibility that a liquidation sale of the Debtor would not realize the full going concern value of the Debtor's assets, or result in the issuance of similar amounts of Cash to Creditors, (C) the additional expenses and substantial tax liabilities, some of which would be entitled to priority in payment, which would arise by reason of the liquidation, and (D) the substantial delay before Claimholders would receive any distribution in respect of their Claims, the Debtor has determined that Confirmation of the Plan will provide each Allowed Claimholder or Interestholder with a recovery that is not less than such Claimholder would receive pursuant to liquidation of the Debtor under chapter 7. Consequently, the Debtor believes that the Plan meets the requirements of section 1129(a)(7) of the Bankruptcy Code because, under the Plan, all Impaired Claimholders or Interestholders will receive distributions that have a value at least equal to the value of the distribution that each such Person would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. Indeed, the Debtor believes that the net recoverable values to creditors if the Chapter 11 Case were converted to a case under chapter 7 would be far worse than the result achieved under the Plan.

C. Liquidation Analysis.

The Debtor's Liquidation Analysis is attached hereto as Exhibit C. The information set forth in Exhibit C provides a summary of the liquidation values of the Debtor's assets assuming a chapter 7 liquidation in which the Bankruptcy Court appoints a trustee to liquidate the assets of the Estate. The Liquidation Analysis was prepared by management of the Debtor. The Liquidation Analysis shows that the Plan generates more for all unsecured Claimholders than they would receive in a case under chapter 7.

Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by Debtor's management, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtor and its management. The Liquidation Analysis is also based upon assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected may not be realized if the Debtor were, in fact, to undergo such a liquidation. The chapter 7 liquidation period is assumed to be a period of 11 to 15 months. This period would allow for the collection of receivables, selling of assets, and the winding down of operations.

The major assumptions underlying the Liquidation Analysis are:

(a) The chapter 7 liquidation process would be commenced immediately and a trustee, as authorized by the Bankruptcy Court, would have full responsibility for the disposition of all of the Debtor's assets.

(b) Conversion to a chapter 7 liquidation and the resulting pendency of the liquidation of the Debtor would adversely affect management and employee morale, customer willingness to purchase and vendor willingness to ship raw materials and extend trade credit. Accordingly, the trustee would need to sell the assets as soon as possible, as the passage of time will erode the value of the assets.

(c) Because of the above factor, the Debtor would not be sold as a going concern, but rather as piecemeal or packaged asset sales. It is assumed that all assets of the Debtor would be liquidated on an expedited basis within 11 to 15 months. All liquidation proceeds are stated in actual dollar terms and have not been discounted to present values.

(d) All maintenance-related capital spending would be continued, but that all major additional capital spending projects would be deferred.

(e) Significant reductions in personnel typically occur at the outset of a chapter 7 liquidation. Personnel and other operating expenses would continue to be incurred throughout the liquidation period to collect accounts receivable and perform administrative functions that the chapter 7 trustee requires.

(f) Prior to a chapter 7 liquidation, the Debtor would continue to operate and, accordingly, events would occur which could impact recovery proceeds and claims to be satisfied.

(g) Contingent assets, such as pending insurance proceeds or possible preference recoveries, have not been considered in the analyses because the speculative nature of such contingent assets prohibits the assignment of any meaningful probability of recovery.

(h) The Liquidation Analysis assumes that operations during the liquidation period would not generate additional cash available for distribution except for the net proceeds generated by liquidating non-cash assets. The Liquidation Analysis assumes a forced liquidation value to an unrelated industry buyer. Inventories are assumed to be liquidated based on a going-out-of-business sale.

(i) The Debtor believes that there would be certain actual and contingent liabilities and expenses, in addition to the reorganization expenses that would be incurred in a Chapter 11 reorganization, for which provision would be required in any chapter 7 liquidation before distributions could be made to unsecured claimholders including (1) Administrative Claims and other liabilities (including retirement, vacation pay and other employee-related administrative costs and liabilities); (2) escrow and hold-back amounts that purchasers of the assets, such as the various plants, presumably would

require in connection with disposition transactions if the Debtor were in liquidation; (3) claims resulting from the rejection of assumed executory contracts; (4) additional environmental claims which may surface as the Debtor attempts to sell off the assets, resulting in, for example, adjustments to the purchase price of those assets or the making of certain representations and warranties by the Debtor; (5) pension termination claims; and (6) retiree claims. While the Debtor is not able to estimate the amount of the foregoing liabilities with precision at this time, solely for purposes of the liquidation analysis, the recoveries shown include adjustments factored into the various recovery percentages or otherwise related to these additional liabilities.

(j) Additional environmental liabilities possibly could arise in chapter 7 sales transactions as a result of (1) contractual obligations to buyers, (2) environmental laws and (3) state statutes relating to property transfer and disclosure, which may require notification to state agencies of the transfer of certain properties, disclosure of environmental conditions at such sites and/or remediation, if applicable. As stated above, while such amounts cannot be estimated with precision, the recovery percentages attempt to reflect such potential. It would be anticipated that the described environmental liabilities would be of a greater magnitude in a chapter 7 liquidation than they would be in the ordinary course of business.

D. Non-Compensatory Damages.

The best interests of the creditors test implicates chapter 7 liquidation priorities, including section 726(a)(4) of the Bankruptcy Code, which statutorily subordinates the payment of any prepetition "fine, penalty, or forfeiture, or for multiple, exemplary, or punitive damages . . . to the extent that such fine, penalty, forfeiture, or damages are not compensation for actual pecuniary loss suffered by the holder of such claim." This means that in the context of a chapter 7 case, unsecured creditors have a higher priority than holders of punitive damage claims and claims for fines and penalties.

In this case there are substantial Claims for Non-Compensatory Damages. Therefore, absent subordination of the Non-Compensatory Damages, holders of General Unsecured Claims would receive less of a distribution under chapter 11 than they would be entitled to under chapter 7. If Non-Compensatory Damages are not subordinated, then the amount of unsecured liabilities would increase, and the proportionate dividend to Claimholders would not be equivalent to or greater than their distribution in a chapter 7 case. On the other hand, the holders of Non-Compensatory Damages Claims would be compensated on a parity with general unsecured creditors, notwithstanding the lower priority mandated in a chapter 7 case by section 726(a)(4). Moreover, providing a distribution to holders of Non-Compensatory Damages would not serve the underlying purpose of punitive damages, which is to punish the wrongdoer and deter future wrongful conduct. Rather, it would simply punish innocent unsecured creditors by reducing their recoveries. Thus, the Debtor and Mestek believe that the Plan's treatment of Non-Compensatory Damages is justified under section 1129(a)(7) of the Bankruptcy Code, and is appropriate under section 1123(b)(6).

Even if the Bankruptcy Court does not apply the best interests of the creditors test in the above manner, the Plan's treatment of Non-Compensatory Damages is justified under the principles of equitable subordination. Section 510(c) of the Bankruptcy Code permits a court to apply principles of "equitable subordination [to] subordinate for purposes of distribution all or part of an allowed claim to all or part of another allowed claim." In order for claims to be equitably subordinated, the claims in question must

cause some injury to other creditors or provide unfair advantage to the claimants in question, and subordination must not be inconsistent with bankruptcy law. In the present case, equitable subordination is justified because payment of the Non-Compensatory Damages would provide an unfair advantage to Claimholders by reducing recoveries of innocent creditors who have claims for actual damages. Furthermore, equitable subordination would not be inconsistent with bankruptcy law. Indeed, the Debtor submits that equitable subordination is consistent with the best interests of the creditors test of section 1129(a)(7) of the Bankruptcy Code.

The Debtor and Mestek believe that the Plan's treatment of Non-Compensatory Damages is appropriate and consistent with the underlying principles of the Bankruptcy Code.

X. THE REORGANIZED DEBTOR

A. Introduction.

Following the Effective Date, the Reorganized Debtor will continue to operate as a wholly-owned subsidiary of Formtek, which in turn is a wholly-owned subsidiary of Mestek. The Reorganized Debtor will continue to operate as a manufacturer of equipment through its two divisions, Lockformer and IPI, and there will be no fundamental changes in those businesses. Moreover, the Debtor believes that it will be in a position to improve its financial results upon emergence from the Chapter 11 Case. Upon emergence, the Reorganized Debtor will no longer require Bankruptcy Court approval for transactions considered to be outside the ordinary course of business, and management will no longer be required to focus substantial time and effort on the Chapter 11 Case, litigation with TCE PI Trust Claimholders, the resolution of related disputes and the development of a plan of reorganization. In addition, with the issuance of the TCE Channeling Injunction, the Reorganized Debtor will be entitled to final relief from further environmental and personal-injury claims. Finally, the Reorganized Debtor will no longer be burdened with the substantial expenses, including professional fees, incurred in connection with the Chapter 11 Case.

B. Continued Corporate Existence on and After the Effective Date.

Met-Coil will continue to exist after the Effective Date as a separate corporate entity, with all of the powers of a corporation under the laws of the State of Delaware and pursuant to the certificate of incorporation and by-laws in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws are amended by the Plan or by authority granted by order of the Bankruptcy Court. The certificate of incorporation and by-laws of the Reorganized Debtor will be amended to authorize the issuance of one (1) share of common stock (par value $0.01 per share) to the Winning Plan Sponsor and prohibit the issuance of non-voting equity securities in accordance with the provisions of section 1123(a)(6) of the Bankruptcy Code.

C. The Board of Directors and Management of the Reorganized Debtor.

The business and affairs of the Reorganized Debtor will be managed on or after the Effective Date by the Board of Directors of the Reorganized Debtor serving as of the Confirmation Date, subject to changes in the composition of the Board of Directors as may occur in the ordinary course of business. The composition of the Board of Directors is as follows: Raymond Blakeman, Charles F. Kuoni, III, Tom Santacroce and Rian Scheel.

No Person receives a retainer or meeting fee in connection with his or her service as a member of the Board of Directors. Further, no member of the Met-Coil Board of Directors received any compensation for services as a member of the Board of Directors while also serving as an officer of Met-Coil.

The existing officers of the Reorganized Debtor as of the Effective Date will remain as officers and will continue to serve until such time as they may resign, be removed or be replaced by the Board of Directors for the Reorganized Debtor. The existing officers are as follows: Charles F. Kuoni, III (President and CEO), Tom Santacroce (Senior Vice President and General Manager of IPI), Rian Scheel (Senior Vice President and General Manager of Lockformer), Gary Dickinson (Vice President of Sales and Marketing of Lockformer), J.R. Svehla (Vice President of Operations of Lockformer), Timothy Scanlan (Secretary), Nicholas Filler (Assistant Secretary), and Randy Stodola (Assistant Secretary and Assistant Treasurer).

XI. PROJECTIONS

Attached hereto as Exhibit D are the Debtor's Projections. The Projections should be read in conjunction with the assumptions and qualifications to the Projections set forth herein. The Projections were prepared in good faith based upon assumptions believed to be reasonable and applied in a manner consistent with the Debtor's current practices. It is important to note that such Projections would not necessarily be indicative of future performance of the Debtor if the Plan were not confirmed or if an alternative plan were to be proposed and confirmed.

Among other things, the Projections reflect the Debtor's good faith estimate of the future costs of remediation of the Lockformer Site. That estimate is the result of consultations with and advice from the Debtor's environmental consultants and attorneys, and is a reasonable forecast under presently known circumstances. Nevertheless, it is possible that remediation costs will be materially greater than those projected. The IEPA has not agreed to the amount provided in the Projections as adequate. To the contrary the IEPA has urged the Debtor to engage in a more expensive form of remediation. That dispute may ultimately be resolved in the Enforcement Action. For further information, see Article XIII., below.

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TO COMPLYING WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE DEBTOR'S AUDITORS HAVE NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO. THE DEBTOR DOES NOT, AS A MATTER OF COURSE, PUBLISH ITS PROJECTIONS OF ITS ANTICIPATED FINANCIAL POSITION, RESULTS OF OPERATIONS OR CASH FLOWS. ACCORDINGLY, THE DEBTOR DOES NOT INTEND, AND DISCLAIMS ANY OBLIGATIONS, TO (A) FURNISH UPDATED PROJECTIONS TO CLAIMHOLDERS PRIOR TO THE EFFECTIVE DATE OR TO ANY PARTY AFTER THE EFFECTIVE DATE, (B) INCLUDE SUCH UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SEC, OR (C) OTHERWISE MAKE SUCH UPDATED INFORMATION PUBLICLY AVAILABLE. THE PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED EXCLUSIVELY BY THE DEBTOR'S MANAGEMENT. THESE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED

REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTOR'S CONTROL. THE DEBTOR CAUTIONS THAT NO REPRESENTATIONS OR WARRANTIES CAN BE MADE OR ARE BEING MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR TO THE REORGANIZED DEBTOR'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS MAY MATERIALIZE, AND EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR MAY BE UNANTICIPATED, AND THUS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT MIGHT OCCUR.

XII. TAX CONSEQUENCES

A. Introduction.

THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN OF THE SIGNIFICANT FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO CLAIMHOLDERS AND INTERESTHOLDERS AND IS BASED ON THE TAX CODE, TREASURY REGULATIONS PROMULGATED AND PROPOSED THEREUNDER, JUDICIAL DECISIONS AND PUBLISHED ADMINISTRATIVE RULES AND PRONOUNCEMENTS OF THE IRS AS IN EFFECT ON THE DATE HEREOF. CHANGES IN SUCH RULES OR NEW INTERPRETATIONS THEREOF COULD SIGNIFICANTLY AFFECT THE TAX CONSEQUENCES DESCRIBED BELOW. NO RULINGS HAVE BEEN REQUESTED FROM THE IRS. MOREOVER, NO LEGAL OPINIONS HAVE BEEN REQUESTED FROM COUNSEL WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN.

THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN TO THE CLAIMHOLDERS AND INTERESTHOLDERS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. IN ADDITION, THIS DISCUSSION DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO CLAIMHOLDERS AND INTERESTHOLDERS, NOR DOES THE DISCUSSION DEAL WITH TAX ISSUES PECULIAR TO CERTAIN TYPES OF TAXPAYERS (SUCH AS DEALERS IN SECURITIES, S CORPORATIONS, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX-EXEMPT ORGANIZATIONS AND FOREIGN TAXPAYERS). NO ASPECT OF FOREIGN, STATE, OR ESTATE AND GIFT TAXATION IS ADDRESSED.

THE FOLLOWING SUMMARY IS, THEREFORE, NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. CLAIMHOLDERS OR INTERESTHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES PECULIAR TO THEM UNDER THE PLAN.

B. Consequences to Certain Creditors.

1. Overview.

The federal income tax consequences of the implementation of the Plan to a Claimholder will depend, among other things, on the origin of the Claim, when the Claim becomes an Allowed Claim, when the Claimholder receives payment in respect of its Claim, whether the Claimholder reports income using the accrual or cash method of accounting, and whether the Claimholder has taken a bad debt deduction or a worthless security deduction loss with respect to its Claim, as applicable.

Generally, a Claimholder will realize gain or loss upon distributions from the TCE PI Trust in respect of its Allowed Claim in an amount equal to the difference between (i) the sum of the amount of any cash or property received by the Claimholder (other than distributions attributable to accrued by unpaid interest previously included in the Claimholder's taxable income) and (ii) the adjusted basis of the Allowed Claim exchanged therefor (other than basis attributable to accrued by unpaid interest previously included in the Claimholder's taxable income).

In general, such gain or loss will be recognized for federal income tax purposes. The character and taxability of such gain or loss will depend on the facts and circumstances relating to each Allowed Claimholder.

Because the federal income tax consequences of the Plan to Claimholders are dependent upon the particular circumstances of each such Claimholder, holders of Allowed Claims in these Classes are urged to consult their own tax advisors as to the tax consequences to such Claimholder of receipt of the cash (or property) in satisfaction of such Allowed Claim.

2. Consideration Allocable to Interest.

Interest accrued during the period that the TCE PI Trust holds the TCE PI Trust Claims Distribution Fund will be taxable to the TCE PI Trust as interest income.

3. Class 7 Claims and Class 8 Interests.

Class 7 Claimholders and Class 8 Interestholders will receive no payments in respect of their Class 7 Claims and Class 8 Interests. Class 7 Claimholders and Class 8 Interestholders will realize loss to the extent of their tax basis in the Class 7 Claims and Class 8 Interests, if any, after taking into account the tax consequences to the Debtor of the implementation of the Plan. The characterization of any such loss will depend on the individual circumstances of each Class 7 Claim or Class 8 Interest.

4. Cancellation of Indebtedness Income.

Upon the Effective Date of the Plan, the Debtor will be discharged of its outstanding indebtedness to the extent such discharge is allowed by law and such indebtedness is not otherwise satisfied. As a result, the Debtor generally will realize cancellation of debt ("**COD**") income to the extent that the cash and the fair market value of property, if any, paid by the Debtor in return for the discharge of indebtedness is less than the adjusted issue price (plus the amount of any accrued but unpaid interest) of such indebtedness discharged thereby. However, under Section 108(a) of the Tax Code, COD income will not be recognized if the COD income occurs in a case brought under the Bankruptcy Code, provided

the taxpayer is under the jurisdiction of a court in such case and the COD is granted by the court or is pursuant to a plan approved by the court. Accordingly, because the Debtor is under the jurisdiction of the Bankruptcy Court, and the COD will be pursuant to the Bankruptcy Court's approval of the Plan, the Debtor should not be required to recognize any COD income realized as a result of the implementation of the Plan.

Under section 108(b) of the Tax Code, the Debtor will be required to reduce certain tax attributes, including net operating losses ("**NOL**") and NOL carryforwards, in an amount (subject to certain modifications) equal to the amount of COD income excluded from income as described in the preceding paragraph. Under the Tax Code, such tax attribute reduction occurs in the year after the determination of tax for the year which includes the Effective Date. Therefore, the NOLs of the Debtor should be available to offset income arising on or before the Effective Date.

On May 9, 2004, the Treasury Department issued final regulations governing COD income excluded under Section 108 of the Tax Code to a consolidated group. In general, the regulations require a consolidated approach that reduces all attributes that are available to the Debtor. The regulations require that attributes attributable to the Debtor member are reduced first. Such attributes include (i) consolidated attributes attributable to the Debtor member, (ii) attributes that arose in separate return limitation years ("**SRLY**") of the Debtor member (generally, a taxable year of the member for which it filed a separate return or for which it filed a consolidated return as a member of another group), and (iii) the basis of property of the Debtor member. To the extent that the excluded COD income exceeds the attributes attributable to the Debtor member, the regulations require the reduction of consolidated attributes attributable to other members and attributes attributable to members other than the Debtor member that arose (or are treated as arising) in a SRLY year to the extent that the Debtor member is a member of the "SRLY subgroup" (generally, a group of corporations including the Debtor member that were previously members of another consolidated group) with respect to such attribute. The regulations also adopt a "look-through" rule that applies if the attribute of the Debtor that is reduced is the basis of stock of another member of the group. In that situation, corresponding adjustments are made to the attributes attributable to the other member. To effect the adjustment, the regulations generally treat the other member as the Debtor member that had COD income that is excluded from income under Section 108 of the Tax Code in an amount equal to the stock basis reduction. The regulations also expand the circumstances in which a positive basis adjustment to the stock of the Debtor subsidiary will be allowed to include situations in which (i) the tax attributes of the common parent of the group are reduced, or (ii) the tax attribute which is reduced is a tax credit. The final regulations will generally apply to COD income recognized on or after May 10, 2004.

5. Withholding.

All distributions to Claimholders and Interestholders under the Plan are subject to any applicable withholding (including employment withholding). Under federal income tax law, interest, dividends and other reportable payments may, under certain circumstances, be subject to "backup withholding" at a 31.0% rate. Backup withholding generally applies if (i) the Claimholder or Interestholder fails to furnish a social security number of other taxpayer identification number ("**TIN**") to the payor, (ii) the Internal Revenue Service notifies the payor that the TIN furnished by the Claimholder or Interestholder is incorrect, (iii) the Claimholder or Interestholder fails properly to report interest and dividends and the Internal Revenue Service has notified the payor that withholding is required, or (iv) in certain circumstances, there has been a failure of a payee to certify under the penalty of perjury that the payee is not subject to withholding under section 3406 of the Tax Code. A "reportable payment"

includes, among other things, interest, original issue discounts and dividends. Backup withholding will not apply, however, with respect to certain payments made to certain exempt recipients. Any amount withheld as backup withholding with respect to a payee will be credited against the payee's income tax liability.

NEITHER THE DEBTOR NOR MESTEK ARE OFFERING TAX ADVICE TO ANY CREDITOR AND THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSIDERED TO CONTAIN ANY SPECIFIC ADVICE OR INSTRUCTION CONSIDERING THE TAX TREATMENT OF ANY CLAIM OR INTEREST. EACH CREDITOR IS URGED TO CONSULT WITH ITS OWN LEGAL, ACCOUNTING OR OTHER ADVISOR CONCERNING THE TAX TREATMENT OF ITS CLAIM OR ANY DISTRIBUTION FROM OR ON BEHALF OF THE DEBTOR PURSUANT TO THE PLAN OR OTHERWISE.

XIII. CERTAIN RISK FACTORS TO BE CONSIDERED

The following is intended as a summary of certain risks associated with the Plan, but is not exhaustive and must be supplemented by the analysis and evaluation of the Plan and this Disclosure Statement as a whole by each Claimholder with such Claimholder's own advisors.

CLAIMHOLDERS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Non-Confirmation of the Plan.

Regardless of whether all Classes of Claims and Interests accept or are deemed to have accepted the Plan, it is possible that the Bankruptcy Court, which sits as a court of equity and may exercise substantial discretion, may not confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for Confirmation and requires, among other things: (1) that the Plan has classified Claims and Interests in a permissible manner; (2) that the contents of the Plan comply with the requirements of the Bankruptcy Code; (3) that the Debtor has proposed the Plan in good faith; (4) that the Confirmation of the Plan not be likely to be a need for further financial reorganization; and (5) that the value of distributions to dissenting Creditors and Interestholders not be less than the value of distributions such Creditors and Interestholders would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. The Debtor believes that all of these conditions have been or will be met.

The Bankruptcy Code requires, as a condition precedent to Confirmation, that each Impaired Class of Claims and Interests be given the opportunity to vote to accept or reject the Plan, except, however, those Classes and Interests which will not receive any distribution under the Plan and which are, therefore, considered to have rejected the Plan. With regard to the Impaired Classes which vote on the Plan, the Plan will be deemed accepted by a Class of Impaired Claims if the Plan is accepted by Claimholders of such Class actually voting on the Plan who hold at least two-thirds in dollar amount and more than one-half in number of the Claims that cast ballots for acceptance of the Plan.

There can be no assurance that the requisite acceptance to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan.

B. Cramdown Risks.

If any Impaired Class of Claims or Interests does not accept the Plan, pursuant to section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, among other things, at least one Impaired Class of Claims (without counting Insiders) has voted to accept the Plan and as to each Impaired Class which has not accepted the Plan, (a) the Plan does not discriminate unfairly with respect to each non-accepting Impaired Class, (b) the Plan is "fair and equitable" with respect to each non-accepting Impaired Class, and (c) the Plan satisfies the requirements set forth in section 1129(a) of the Bankruptcy Code other than section 1129(a)(8) of the Bankruptcy Code. The Debtor believes that the Plan affords fair and equitable treatment for all Allowed Claims and Interests. If one or more of the Impaired Classes of Claims or Interests votes to reject the Plan, the Debtor may request that the Bankruptcy Court confirm the Plan by application of the "cramdown" procedures available under section 1129(b) of the Bankruptcy Code. There can be no assurance, however, that the Debtor will be able to use the cramdown provisions of the Bankruptcy Code for Confirmation of the Plan.

If the Plan, or a plan determined not to require resolicitation of any Classes or Claimholders or Interestholders by the Bankruptcy Court, were not to be confirmed, it is unclear what distribution Claimholders and Interestholders ultimately would receive with respect to their Claims and Interests. If an alternative plan could not be agreed to, it is likely that Claimholders and Interestholders would receive less than they would have received pursuant to the Plan.

C. Objections to Confirmation.

Any objection to the Plan by a member of a Class of Claims or Interests could also either prevent Confirmation of the Plan or delay such Confirmation for a significant period of time. Although the Debtor believes that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Additionally, there can be no assurance that modifications to the Plan will not be required for Confirmation, or that such modifications would not require a resolicitation of acceptances.

D. Delay of Effective Date.

Because of the conditions to the Effective Date of the Plan, a delay may occur between Confirmation of the Plan and the Effective Date of the Plan (if any). Such delay may be substantial and extended because of the substantial period of time that may be required to satisfy certain of the conditions to the Effective Date. There is no assurance that the conditions to the Effective Date will be timely fulfilled, or that the Debtor and Mestek will waive any waivable conditions that are not timely fulfilled.

E. Disputed Claims May Adversely Affect Distribution Amounts.

A number of Disputed Claims are expected to be material, and the total amount of Claims, including Disputed Claims, may be materially in excess of the total amount of Allowed Claims assumed in the development of the Plan. The actual ultimate aggregate amount of Allowed Claims in any Class may differ significantly from the estimates set forth herein. Accordingly, the amount of

distributions that ultimately will be received by any particular Claimholder may be adversely affected by the aggregate amount of Claims ultimately Allowed. Consequently, distributions to holders of Allowed Claims will be made on an incremental basis until all Disputed Claims in each such Class have been Allowed under the Plan. In addition, the amount of any Disputed Claim that ultimately is allowed by the Bankruptcy Court may be significantly less than the amount of the Disputed Claim asserted by the holder thereof.

Moreover, the Future TCE Demands may have a significant effect on distributions to the TCE PI Trust Claimholders. The TCE PI Trust requires, in certain circumstances, that the Trustee make periodic estimates of the percentage payment that will be paid to the TCE PI Trust Claimholders based on the estimated assets of the TCE PI Trust and the estimated TCE PI Trust Claims. To the extent that Future TCE Demands are greater than anticipated, the percentage distribution to such holders of Allowed Claims will be decreased. To the extent that the Future TCE Demands are less than anticipated, the percentage distribution to such Claimholders will be increased.

F. Conditional Nature of the Plan.

There are a number of significant conditions to Confirmation, as well as conditions to the Effective Date of the Plan. These conditions include, among others, that the Confirmation Order shall be satisfactory to the Debtor and Mestek and will include certain findings, determinations and orders (w) releasing and settling the Recovery Actions, (x) providing for the issuance of the TCE Channeling Injunction in favor of the Protected Parties (y) vesting 100% of the voting shares of the Reorganized Debtor with the Winning Plan Sponsor and (z) implementing the TCE PI Trust. Additionally, it is a condition that no litigation has been commenced by the Debtor, any Committee or any Creditor against any of the Illinois Actions Defendants, the Mestek Affiliates or any other party to be released pursuant to Section 7.03 of the Plan.

Similarly there are a number of conditions to the Effective Date of the Plan. These conditions include the condition that the Plan has not been amended, altered or modified from the Plan as filed on May 20, 2004, unless such amendment, alteration or modification has been consented to by the Debtor and Mestek in accordance with Section 14.03 of the Plan. Further, it is a condition that no litigation has been commenced by the Debtor, any Committee or any Creditor against any of the Illinois Actions Defendants, the Mestek Affiliates or any other party to be released pursuant to Section 7.03 of the Plan.

While the Debtor, Mestek and the Winning Plan Sponsor have the right to waive the conditions to Confirmation and certain of the conditions to the Effective Date, there can be no assurance that in the event a condition is not met that such a waiver will be granted. Moreover, while the Debtor believes that the conditions to Confirmation and the Effective Date are capable of being satisfied, satisfaction of many of these conditions is beyond the control of the Debtor.

G. Approval of Settlements and Compromises Contained within the Plan.

The Plan incorporates various compromises and settlements which, to the extent not already approved by order of the Bankruptcy Court, will be made operative and effective pursuant to section 1123(b)(3)(A) of the Bankruptcy Code. This section expressly permits a plan of reorganization to provide for the settlement of any Claim or Interest belonging to the Debtor or to the Estate. Each of these

compromises and settlements is subject to the approval of the Bankruptcy Court prior to or in connection with Confirmation of the Plan.

As part of Confirmation, the Bankruptcy Court must make an independent determination that each of these settlements is fair and equitable and is in the best interests of the Debtor and its Estate. Pursuant to Bankruptcy Rule 9019(a), approval of a compromise settlement is within the sound discretion of the Bankruptcy Court. The standard for approval of a compromise is whether the proposed settlement is "fair and equitable" and "in the best interest of the estate." Protective Comm. for Indep. Stockholders of TNT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 424 (1968). In considering the fairness, reasonableness, and adequacy of a settlement, courts have considered the following factors: (a) the probability of success in the litigation; (b) the difficulties to be encountered in collection; (c) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (d) the paramount interest of the creditors. Moreover, the settlement need not be the best that the debtor could have achieved, but must only fall "within the reasonable range of litigation possibilities." In re Penn Cent. Transp. Co., 596 F.2d 1102, 1114 (3d Cir. 1979) (citation omitted). The Debtor believes that each settlement and compromise incorporated into the Plan is fair, equitable and reasonable, and should be approved by the Bankruptcy Court as part of Confirmation of the Plan. There can be no assurance, however, that the Bankruptcy Court will approve at the Confirmation Hearing any or all of the settlements and compromises contained within the Plan.

H. Projections.

The Projections included within this Disclosure Statement are dependent upon the successful implementation of the Debtor's business plan and the reliability of the other assumptions contained therein. The Projections reflect numerous assumptions including Confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Reorganized Debtor, industry performance, and general business and economic conditions, most of which are and will be beyond the control of the Debtor and the Reorganized Debtor. Moreover, unanticipated events and circumstances occurring subsequent to the preparation of the Projections may affect the actual financial results achieved throughout the periods covered by the Projections. Accordingly, the variations in the Projections may be material.

I. Environmental Liabilities.

The Debtor is subject to extensive federal, state and local laws and regulations relating to environmental matters. Pursuant to the Plan, the Reorganized Debtor will continue to remediate the Lockformer Site. The Winning Plan Sponsor will guarantee up to $3 million of the remediation costs of the Debtor or Reorganized Debtor of such remediation. The eventual total costs of full future environmental compliance is difficult to estimate due to, among other things, (1) the possibility of as-yet unknown contamination, (2) the possible effect of future legislation and new environmental agency rules, (3) the possibility of future litigation, (4) the possibility of future designations as PRPs (including the difficulty of determining liability, if any, in proportion to other responsible parties), (5) possible insurance recoveries and (6) the effect of possible technological changes relating to future remediation. It is the Debtor's intent to continue to work with regulatory authorities on and after the Effective Date in order to achieve mutually acceptable environmental compliance plans. There can be no assurance, however, that fines and penalties will not be incurred.

J. Indemnification Obligations.

The Debtor will assume certain liabilities pursuant to the Plan, including obligations, if any, to indemnify its officers, directors, employees, consultants, agents, advisors, members, attorneys, accountants, financial advisors, other representatives and professionals pursuant to its articles of incorporation or by-laws, applicable state law or otherwise with respect to all present and future actions, suits and proceedings against the Debtor. The Debtor does not expect that any of these assumed liabilities will result in significant costs to the Reorganized Debtor. No assurances can be given, however, as to the magnitude of any liability of the Reorganized Debtor with respect to these indemnification obligations.

XIV. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the Debtor's alternatives include (a) liquidation of the Debtor under chapter 7 of the Bankruptcy Code and (b) the preparation and presentation of an alternative plan or plans.

A. Liquidation Under Chapter 7.

If a plan of reorganization is not confirmed (and in certain other circumstances), the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to administer the Estate and to liquidate the remaining assets of the Debtor for distribution to Claimholders and Interestholders in accordance with the priorities established by the Bankruptcy Code. The Bankruptcy Code generally provides that a senior Class must be paid in full before any Class junior to it may receive any distribution. A discussion of the potential effects that a chapter 7 liquidation would have on the recovery of Claimholders and Interests is set forth in Section IV.D. The Debtor believes that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such trustee and the loss of consideration being received under this Plan through the Restructuring Transaction and settlement of various matters.

In a liquidation, the unencumbered assets of the Debtor would be sold in exchange for cash, securities or other property, which would then be distributed to creditors. The Debtor believes, however, that a liquidation under chapter 7 would result in no distributions other than to secured, priority and administrative claimants due to, among other things, (1) the limited number and value of the Debtor's assets, (2) additional administrative expenses involved in the appointment of a trustee and professional advisors to such trustee and (3) additional expenses and Claims, some of which would be entitled to priority, which would be generated during a chapter 7 liquidation. In addition, a chapter 7 liquidation is likely to result in delays in distributions to Creditors.

B. Alternative Plan of Reorganization.

If the Plan is not confirmed, then the Debtor, the Committee, or any other party in interest in this Chapter 11 Case may attempt to formulate and propose a different plan or plans of reorganization. The Debtor does not believe an alternative chapter 11 plan can be formulated that provides greater distribution to Creditors and holders of equity interests than is provided under the Plan. The Plan is premised on distributions to Creditors under the priorities established by the Bankruptcy Code within a short period of time and settlement of various actions by seeking approval of the TCE Channeling

Injunction. An alternative chapter 11 plan likely would involve further negotiations and formulation – increasing administrative expenses and thus reducing Creditor distributions – and likely would delay, perhaps significantly, the timing of distributions to Creditors.

XV. CONCLUSION AND RECOMMENDATION

The Debtor and Mestek believe that Confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will provide the greatest recoveries to Claimholders. In addition, other alternatives would involve significant delay, uncertainty and substantial additional administrative costs. The Debtor and Mestek urge Claimholders entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they will be received not later than 4:00 p.m., Pacific Time, on _____.

Dated: May ___, 2004

MET-COIL SYSTEMS CORPORATION,
Debtor and Debtor-in-Possession

By: _____
Name: _____
Title: _____

MESTEK, INC.

By: _____
Name: _____
Title: _____