

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 Documents), pursuant to section 364(c)(2) of the Bankruptcy Code, as well as a perfected first priority lien against and security interest in all such assets subject only to a pre-petition lien in favor of Mestek. Finally, Mestek was granted a junior perfected lien in all encumbered assets of the Debtor (other than those encumbered by Mestek prepetition) pursuant to section 364(c)(3) of the Bankruptcy Code.

Mestek has agreed to subordinate its liens and administrative claims to pay the following carve-outs: (a) fees pursuant to 28 U.S.C. Section 1930; and (b) certain other allowed fees and expenses.

THE DISCLOSURE STATEMENT WITH RESPECT TO THIS PLAN HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT FOR CIRCULATION TO ALL CREDITORS AND INTERESTHOLDERS OR FOR THE USE IN SOLICITATION OF VOTES

4. *Appointment of Statutory Unsecured Creditors Committee.*

On September 11, 2003, the Office of the United States Trustee for the District of Delaware, pursuant to section 1102 of the Bankruptcy Code, appointed the Committee to represent the interests of all unsecured creditors in the Chapter 11 Case. The members of the Committee are:

Production Products, Ltd.

Hypertherm, Inc.

Fletcher-Reinhardt Company

Groundwater Services

The Committee retained Klehr, Harrison, Harvey, Branzburg & Ellers, LLP as its counsel and Parente Randolph LLC as its financial advisors.

5. *Appointment of CBIZ as Valuation Consultant*

On November 20, 2003, the Bankruptcy Court authorized the Debtor to employ CBIZ Valuation Group, Inc. ("CBIZ"), effective as of October 31, 2003, as the Debtor's valuation consultant. CBIZ was engaged to conduct a valuation analysis of 100% of the common equity of the Debtor. The Debtor retained CBIZ because it is one of the largest full-service valuation firms in the United States, and has extensive experience providing valuations of both tangible and intangible assets in a wide range of industries. In the fulfillment of that engagement, CBIZ evaluated the Debtor and its business operations to arrive at a valuation of 100% of the common equity of the Debtor, essentially its enterprise value, as of September 30, 2003, assuming that the Debtor will have no debt when it emerges from bankruptcy. CBIZ therefore assumed that the Debtor will have no outstanding liabilities for personal injuries or property damage resulting from the alleged TCE contamination, but would have a continuing obligation to remediate the alleged contamination of the Lockformer Site. In CBIZ's opinion, the fair market value of 100% of the common equity of the Debtor as of September 30, 2003, is approximately \$13,100,000, excluding the estimated costs of remediation and \$10,200,000 if the estimated costs of remediation remain an obligation of Met-Coil. CBIZ's written opinion of value and its supporting valuation analysis, both dated December 22, 2003, has been taken into account in performing the liquidation analysis included in this Disclosure Statement.

6. *Appointment of TCE PI Trust Future Claimants' Representative.*

(a) *Appointment of Future Claimants' Representative and Professionals*

In order to implement the Plan and effectively obtain the TCE Channeling Injunction, the Debtor believed it was appropriate and necessary to appoint the Future Claimants' Representative to protect the rights of future TCE PI Claimants. Among other things, the Debtor needed to assess the extent of and present value of potential, future personal injury claims relating to alleged TCE exposure.

The Debtor identified Eric D. Green as an appropriate candidate to serve as the Future Claimants' Representative for the future TCE PI Claimants. On or about September 23, 2003, the Debtor filed a motion for entry of an Order authorizing the appointment of Eric D. Green as the Future Claimants'

Representative for future TCE PI Claimants. In filing the motion to approve his appointment, the Debtor believed that Mr. Green's years of experience in the area of mass tort litigation and future claimants representation made him well-qualified to fully comprehend the issues relevant to this Chapter 11 Case and to effectively represent the interests of the future TCE PI Claimants. Mr. Green is a professor at Boston University School of Law, where he teaches classes on mass torts, complex litigation, negotiation and mediation. He has been a court appointed mediator and a court appointed futures representative in asbestos and other cases. On October 20, 2003, the Court granted the Debtor's motion.

On or about September 23, 2003, the Future Claimants' Representative sought authority to employ Young Conaway Stargatt and Taylor, LLP ("YCST") as his counsel which authority the Court granted on October 20, 2003. The Future Claimants' Representative selected YCST because of its extensive experience and knowledge in the field of debtors' and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code as well as its substantive experience in bankruptcy cases affecting the rights of mass-tort claimants. On October 10, 2003, the Future Claimants' Representative sought authority to retain Analysis, Research & Planning Corporation ("ARPC"), as a consultant, to assist the Future Claimants' Representative in statistically analyzing and quantifying the TCE PI Trust Claims. Over the past twenty years, ARPC professionals have been engaged in many of the largest personal injury and property damages cases in United States history, including litigation arising from asbestos, breast implants, Albuterol asthma medication, Dalkon Shield, IUD, the Love Canal waste site, the Three Mile Island nuclear incident and numerous superfund sites. Among the services performed during the course of these various retentions, ARPC professionals have assisted in the development of reorganization plans and have been retained as expert witnesses for the quantification of liability in bankruptcy cases. The Bankruptcy Court granted the retention of ARPC on November 18, 2003.

On November 18, 2003, the Court also approved the Future Claimants' Representative's retention of Exponent, Inc. ("**Exponent**") as toxicologists and epidemiologists to analyze and produce studies and estimates of potential health problems and accompanying damages allegedly resulting from TCE exposure. The Future Claimants' Representative sought the assistance of Exponent's experts based on their significant experience in their fields, and their familiarity with the disease progression associated with exposure to TCE, other chlorinated solvents and environmental contaminants. The professionals at Exponent who primarily assisted the Future Claimants' Representative in the assessment of the Debtor's alleged TCE-related liability were Dr. Abby Li and Dr. Jeffrey Mandel. Dr. Li, an expert in toxicology, neurotoxicology, developmental neurotoxicology, and risk assessment, served on the EPA's Science Advisory Board reviewing, among other things, EPA's draft TCE risk assessment for cancer and non-cancer endpoints. Dr. Li was recently involved in discussions with USEPA on evolving TCE regulatory decisions relevant for a project evaluating risks to a community exposed to TCE from groundwater contamination. Dr. Mandel previously conducted many studies related to health effects of chemical contamination and has published more than 25 articles related to epidemiology and occupational health, including studies of cancer and other diseases in workers exposed to numerous chemicals. Dr. Mandel's previous studies have involved analysis of exposures to solvents and environmental monitoring in the consideration of potential disease development.

Also on November 18, 2003, the Court approved the Future Claimants' Representative's retention of Dr. Jonathan F. Sykes ("**Dr. Sykes**") as his hydrology expert and consultant to investigate the TCE PI Trust Claims. The Future Claimants' Representative sought the assistance of Dr. Sykes based on his significant experience in the field of hydrology, and his familiarity with environmental mass tort issues. For over thirty years, Dr. Sykes had been involved in the study of groundwater flow and contaminant migration, and had been engaged in a number of personal injury and property damage cases,

including the Woburn, Massachusetts toxic waste trial (in which TCE was one of the chemicals suspected of causing personal injuries) and the Reich Farm Superfund Site and cancer cluster in Toms River, New Jersey.

(b) The Analysis Performed by the Future Claimants' Representative's Professionals

The Future Claimants' Representative directed his professionals to assess the potential TCE PI Trust Claims in a number of distinct steps. The Debtor has not adopted or admitted the work or conclusions of the Future Claimants' Representative or his Professionals.

First, Dr. Sykes created a model of the footprint of the TCE contamination allegedly released from the Lockformer Site, analyzed the levels of TCE contamination detected in well samples previously obtained and modeled the historic and anticipated future progression of TCE. Specifically, Dr. Sykes analyzed and produced studies and models regarding groundwater flow and contaminant migration resulting from the alleged release of TCE from the Lockformer Site. These services were intended to help the Future Claimants' Representative determine the size and shape of the area potentially contaminated by the alleged migration of TCE from the Lockformer Site, and serve as one of the factual predicates for determining the number of individuals who may have been affected. The services that Dr. Sykes provided were essential components of the due diligence that the Future Claimants' Representative provided to quantify the TCE PI Trust Claims.

To begin constructing his model, Dr. Sykes reviewed the sample data previously obtained by the IEPA and Clayton Group Services, Inc. ("Clayton"). Throughout the course of the representation of the Debtor, Clayton had obtained numerous soil core samples, soil contamination samples and groundwater contamination samples. Dr. Sykes also reviewed past and current records to determine whether significant draws had been made from the surrounding aquifer to gauge the effect on the general direction of alleged flow of contaminants.

Dr. Sykes developed the existing sampling data into a model of the Designated Area. Using the model, Dr. Sykes was able to reconstruct the path by which the TCE allegedly spread from the Lockformer Site from the date of first alleged contamination. This dynamic model allowed Dr. Sykes to estimate the date when the alleged contamination would have arrived at any point within the Designated Area, as well as the alleged contamination levels that would have likely been detected if sampling had occurred in the past.

Second, Exponent reviewed the historic, current and projected future levels of alleged TCE contamination estimated by Dr. Sykes to determine what impact, if any, such contamination would have on the anticipated rate of both cancerous and non-cancerous diseases in the exposed population. Concurrently, Exponent performed a comprehensive review of existing scientific studies of TCE exposed populations to determine whether an increased incidence of any malignant or non-malignant diseases would occur from the alleged contamination.

Specifically, Dr. Li analyzed the potential pathways that individuals were exposed to the TCE allegedly originating from the Lockformer Site and attempted to estimate the impact of this exposure upon the individuals' risk of contracting cancer and non-cancer diseases. Dr. Li considered both the current USEPA slope factors and the much more conservative 2002 revised USEPA slope factors to estimate cancer risk from the exposure. Dr. Li also considered 2002 USEPA proposed reference doses and recent scientific literature on derivation of TCE reference doses for non-cancer endpoints to

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determine if exposure levels were above threshold levels of concern for non-cancer endpoints. Based on the exposure data provided, Dr. Li's analysis revealed that the exposure pathways of ingestion through drinking water, the inhalation of volatilized TCE from water use in homes, and exposure received by trespassers on the Lockformer Site were shown to pose negligible risk. In addition, these estimated exposure levels were below threshold levels of concern for non-cancer endpoints.

Dr. Mandel performed an extensive review of the epidemiologic research of cancers and TCE exposure from the occupational studies that had the best control of TCE exposures to determine what malignant diseases were associated with exposure to TCE. Dr. Mandel found that, while the published scientific literature could not conclusively prove causation of any disease due to TCE exposure, that within certain studies of occupational environments, there were a number of malignant diseases associated with such exposure. Although the statistical associations were not consistent across all studies, these were the cancers that could theoretically be perceived to be related to TCE exposure and were listed on that basis only. Non-cancer endpoints were not assessed in the manner due to a lack of adequate epidemiological information. Dr. Mandel divided these diseases into two categories based upon the number of published studies that support association of a disease with TCE exposure. These Level I and Level II Scheduled Diseases are identified in the TCE PI Trust Distribution Procedures.

Third, ARPC compiled the data received from both Dr. Sykes and Exponent and conducted statistical analysis with respect to such data. ARPC developed a database of residential properties located within the Designated Area. Properties met three conditions: (1) within the Designated Area; (2) in areas with residential wells (i.e. the LeClerc and Mejdrech areas); and (3) listed as residential or leased on the DuPage County Assessor's database. The final database includes 364 properties. ARPC then adjusted the population size to account for the alleged migration of the TCE contamination. ARPC also estimated the average household sizes in the Designated Area. Current household sizes in the Designated Area were determined from United States Census 2000 Block statistics and the Statistical Abstract of the United States provided adjustments for historic household size. ARPC then estimated the number of persons who moved into and out of the Designated Area (the "**Turnover Rate**"). The Turnover Rate was derived from Census Bureau Survey of Income and Program Participation (SIPP), U.S. Census 2000 results for DuPage County and title search data for a statistically significant representative number of homes. Applying the Turnover Rate to the age-specific population in the Designated Area resulted in an estimate of how many residents in each age category moved into the Designated Area each year during the possible exposure time period. ARPC further refined the population by estimating the number of persons within the Designated Area expected to be alive at the final Bar Date for prepetition claims in this case. ARPC limited the ever-resided population to those aged 90 or younger in 2003 and applied U.S. national mortality estimates to determine the probability of survival for each age group during the period from first exposure to current age.

ARPC also analyzed the population to determine duration of alleged exposure to TCE. ARPC purchased house-specific information on duration of residence from Experian, a leading source of credit and marketing information. To facilitate estimation, ARPC grouped duration of exposure at levels of more than 20 years, 11 to 20 years, 5 to 10 years, or less than 5 years.

ARPC next estimated the number of expected diagnoses for the exposed, surviving population for the Level I and Level II Scheduled Diseases (as defined below) identified by Dr. Mandel. Using Surveillance, Epidemiology, and End Results (SEER) data from the National Cancer Institute, ARPC applied the age-conditional probabilities of being diagnosed from current age to age 95 and arrived

at an estimate of the number of occurrences of each Scheduled Disease that could be expected over the lifetime of the population.

Finally, based upon the previous analysis, the Future Claimants' Representative's professionals attempted to quantify the TCE PI Trust Claims. The basis of funding of the TCE PI Trust is the projection of the potential recovery that a claimant might expect to receive in the court system if the claimant were to bring an action against the Debtor asserting personal injury caused by exposure to TCE allegedly originating from the Lockformer Site. In order to estimate the amount of such an expected recovery, the Future Claimants' Representative surveyed relevant data sources for recent judgments and published settlements involving TCE-related cancer claims. This survey revealed a paucity of information regarding such judgments or settlements.

Unlike many settlements, the TCE PI Trust does not seek to compensate claimants for any perceived responsibility of the Debtor based upon a causal connection between the Scheduled Disease and exposure to TCE. Compensation is based on incurred risk, rather than any causal link between TCE exposure and the Scheduled Disease. Therefore, the amount of compensation will reflect degree of risk.

The Future Claimants' Representative presented this analysis and an estimate of total required TCE PI Trust funding to the Debtor and Mestek. Over the course of six months, the Debtor, Mestek, and the Future Claimants' Representatives engaged in arm's length negotiations concerning the proper amount for adequately funding the TCE PI Trust. The actual size of the population affected by the TCE exposure, population turnover, epidemiological analysis, potential claimant behavior, rate of dispersion, municipal well data and individual disease funding amounts were discussed and investigated by all parties throughout the course of the negotiations.

On or about April 17, 2004, the Debtor, Mestek and the Future Claimants' Representative entered into a term sheet agreement for the creation and funding of the TCE PI Trust, a copy of which is attached hereto as Exhibit E. The terms of the agreement have been incorporated into the Plan and the documents creating the TCE PI Trust, including the TCE PI Trust Agreement, the TCE PI Trust Distribution Procedures. A further description of the TCE PI Trust and the TCE PI Trust Distribution Procedures is set forth in Article VII.H.

7. The Prepetition Claims Bar Date Order.

On September 23, 2003, the Bankruptcy Court entered the Bar Date order establishing November 14, 2003 as the last date and time for filing Proofs of Claim against the Debtor, subject to other provisions of the Order regarding post-September 30, 2003 mailings of the notice of the Bar Date. On or about September 30, 2003, the Debtor served on all known creditors a Notice of Last Date for Creditors to File Proofs of Claim. The Debtor also published notice of the Bar Date on October 22, 2003 in the Wall Street Journal (National Edition), the Chicago Tribune, the Chicago Sun Times, the Daily Herald (a local paper serving the suburban Chicago area including Lisle, Illinois) and the Cedar Rapids Gazette, and on October 29, 2003 and November 5, 2003, in the Daily Herald and the Cedar Rapids Gazette. The Bar Date order entered on September 23, 2003 did not apply to Governmental Unit, whose bar date for filing a prepetition Claim was February 23, 2004.

8. *The Administrative Claims Bar Date.*

On November 21, 2003, the Debtor filed its Motion for Order (I) Establishing Bar Date for Filing Requests for Payment of Administrative Expenses, (II) Approving Request for Payment Form; (III) Approving Bar Date and Publication Notices and (IV) Providing Certain Supplemental Relief (the "Administrative Bar Date Motion"), which the Bankruptcy Court approved on December 9, 2003. Certain requests for payment of Administrative Claims must be Filed by the Administrative Claims Bar Date, the 45th day after the notice of the Effective Date is mailed. If requests for payment of Administrative Claims are not timely and properly Filed, the holders of such Claims shall be forever barred, estopped and enjoined from asserting such Claims in any manner against the Debtor or its Property.

9. *Bar Date for Professionals.*

Applications for compensation for services rendered and reimbursement of expenses incurred by Professionals (a) from the later of the Petition Date or the date on which retention was approved through the Effective Date or (b) at any time during the Chapter 11 Case when such compensation is sought pursuant to sections 503(b)(3) through (b)(5) of the Bankruptcy Code, shall be Filed no later than forty-five (45) days after the Effective Date or such later date as the Bankruptcy Court approves, and shall be served on (i) 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; (ii) counsel for Mestek, (A) Greenberg Traurig, LLP, 77 West Wacker, Suite 2500, Chicago, Illinois 60601, Attention: Nancy A. Peterman, Esquire, and (B) Greenberg Traurig, LLP, The Brandywine Building, 1000 West Street, Suite 1540, Wilmington, Delaware 19801, Attention: Scott D. Cousins, Esquire; (iii) counsel for the Committee, Klehr, Harrison, Harvey, Branzburg & Ellers, 222 Delaware Avenue, Suite 1000, Wilmington, Delaware 19801, Attention: Joanne B. Wills, Esquire; (iv) counsel for the Future Claimants' Representative, Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17th Floor, Wilmington, Delaware 19801, Attention: James L. Patton, Jr., Esquire; and (v) the U.S. Trustee, District of Delaware, 844 North King Street, Room 2311, Lockbox 35, Wilmington, Delaware 19801, Attention: Margaret Harrison, Esquire. The Bankruptcy Court will not consider applications that are not timely Filed. The Reorganized Debtor may pay any Professional fees and expenses incurred after the Effective Date without an application to the Bankruptcy Court.

B. The Settlement with the Mejdrech Class and Schreiber.

On August 29, 2003, the Debtor, Mestek and counsel for the Mejdrech Class and Schreiber entered into the Mejdrech/Schreiber Settlement Agreement, a copy of which is attached hereto as Exhibit F, that forms the basis of the treatment of the Mejdrech Class and Schreiber under the Plan. The Mejdrech/Schreiber Settlement Agreement is subject to Confirmation of the Plan. The Mejdrech/Schreiber Settlement Agreement provides for a 150-day "standstill" period which expired on January 26, 2004 (unless extended by the parties to the Mejdrech/Schreiber Settlement Agreement), during which time the Debtor has proceeded toward Confirmation of the Plan. As set forth in Article V.B.3 and Article V.D. supra, the Bankruptcy Court entered a consent order staying the Mejdrech Litigation until February 2, 2004. Such stay has now expired, and any of the parties to the settlement may, at their option, terminate the settlement agreement at any time. The Mejdrech/Schreiber Settlement Agreement provides, in part:

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- In connection with the Plan, the Debtor and Mestek will pay \$12,500,000 to the Mejdrech Class and \$6,000,000 to Schreiber in full and complete satisfaction of all claims, including claims for attorneys' fees and expenses, that the Mejdrech Class and Schreiber have asserted against each of the Debtor and Mestek;
- The payments to be made under the Plan to the Mejdrech Class and Schreiber do not include:
 - (a) the funding necessary for resolving the AG Action and completing remediation of the Lockformer Site, which are to be funded (to the extent unpaid as of the Effective Date) separately under the Plan; and
 - (b) funding the Hook-Ups;
- The Mejdrech/Schreiber Settlement Agreement will not prejudice the rights of the Debtor and Mestek with respect to the Insurance Policies or with respect to the Debtor's pursuit of Causes of Action, including the Contribution Actions, against third-parties, including insurance companies and PRPs (and the Mejdrech Class and Schreiber will not object to or oppose such rights);
- The Mejdrech/Schreiber Settlement Agreement will not prejudice the rights of the Mejdrech Class and Schreiber to continue to pursue their Claims against Honeywell;⁵
- The Debtor and Mestek will be responsible for developing the treatment of TCE PI Trust Claims under the Plan and obtaining approval by the Bankruptcy Court in connection with the Plan;
- In the event that the Bankruptcy Court does not confirm the Plan on or before January 26, 2004, the Mejdrech Class and Schreiber may terminate the Mejdrech/Schreiber Settlement Agreement. In the event of such termination, the Debtor may withdraw the Plan, and the Mejdrech Class and Schreiber may seek to lift the automatic stay imposed in the Chapter 11 Case, transfer venue of the Chapter 11 Case or raise in the Bankruptcy Court whatever rights they may maintain;
- Mestek has agreed to reimburse counsel to the Mejdrech Class and Schreiber for all reasonable fees and expenses incurred in connection with the Chapter 11 Case;
- Finally, the parties to the Mejdrech/Schreiber Settlement Agreement agree:
 - (a) that approval of the settlement of the Mejdrech Litigation will be obtained from Judge Leinenweber of the Illinois District Court on or about the date of the Confirmation Hearing, if possible, and Judge Leinenweber's approval will be a condition precedent to the Effective Date of the Plan.

⁵ Subsequent to the Mejdrech/Schreiber Settlement Agreement, the Mejdrech Class and Schreiber apparently reached an agreement in principle with Honeywell which is not incorporated into the Plan given that Met-Coil was not a party thereto.

Furthermore, the parties will seek a finding by Judge Leinenweber that the settlement of the Mejdrech Litigation constitutes a good faith settlement pursuant to the provisions of the Illinois Joint Tortfeasor Contribution Act on or about the date of Confirmation of the Plan.

(b)(i) that approval of the settlement of the Schreiber Litigation will be obtained from Judge Zagel of the Illinois District Court on or about Confirmation of the Plan, if possible, and Judge Zagel's approval will be a condition precedent to the Effective Date of the Plan. Furthermore, the parties will seek a finding by Judge Zagel that the settlement of the Schreiber Litigation constitutes a good faith settlement pursuant to the provisions of the Illinois Joint Tortfeasor Contribution Act on or about the date of Confirmation of the Plan.

By separate motion, the Debtor will seek the Bankruptcy Court's approval of the Mejdrech/Schreiber Settlement Agreement pursuant to Bankruptcy Rule 9019 at a hearing contemporaneous with the Confirmation Hearing.

C. The Temporary Restraining Order.

On August 27, 2003, Met-Coil commenced an adversary proceeding captioned Met-Coil Systems Corp. v. Mejdrech et al., 03-55626, and filed concurrently with its complaint therein a motion for temporary and preliminary relief staying certain actions, including the Mejdrech Litigation, the DeVane Action, and the Personal Injury Actions in which the plaintiffs asserted claims against the Debtor, its non-debtor indirect parent Mestek, and Honeywell. Pursuant to sections 105 and 362 of the Bankruptcy Code, the adversary proceeding sought a declaration that all further proceedings in such actions are subject to the automatic stay or, in the alternative, to preliminary and permanent injunctive relief staying further proceedings in such actions.

The Debtor's complaint in this Adversary Proceeding asserts four counts. By its first count, the Debtor sought a declaration that the automatic stay under Bankruptcy Code section 362(a)(1) prevented the pursuit of various causes of action, including the Mejdrech Litigation, the DeVane Action, and the Personal Injury Actions, with respect to both the Claims against the Debtor and their Claims against Mestek and Honeywell. The Debtor asserted, among other things, that the claims against Mestek are effectively claims against the Debtor, and continuing litigation of the claims against Mestek would prejudice the Debtor. The Debtor further alleges that by virtue of the contractual indemnity between the Debtor and Honeywell, an adverse judgment against Honeywell or Mestek could result in liability for the Debtor even if the litigation were stayed as against the Debtor. By its second count, the Debtor sought a declaration that any Alter-Ego Claims are subject to the automatic stay pursuant to section 362(a)(3) of the Bankruptcy Code because any such claim is property of the Estate under section 541 of the Bankruptcy Code. As to the third count, the Debtor sought preliminary and permanent injunctive relief staying the various actions pursuant to section 105(a) of the Bankruptcy Code to preserve the Estate and protect the Debtor's ability to achieve a successful reorganization, which would be gravely prejudiced by prosecution of the actions against Honeywell or Mestek. The fourth count sought a declaration that any Alter Ego Claim is a claim that may be asserted solely by the Debtor as debtor-in-possession under section 544(a)(1) of the Bankruptcy Code.

As described in Article IV.B. supra, on August 29, 2003, the Mejdrech/Schreiber Settlement Agreement was executed, as a result of which, on September 5, 2003, the Bankruptcy Court entered an order on consent granting an extension of the automatic stay for 150 days for the Mejdrech Litigation and the Schreiber Litigation, as to Mestek and the current and former officers, directors, and employees of Mestek and Met-Coil.

On February 12, 2004, the Illinois District Court scheduled the commencement of the trial in the Mejdrech Litigation as against Mestek and Honeywell on April 19, 2004. On February 27, 2004, the Mejdrech Class filed a motion for relief from the automatic stay before the Bankruptcy Court, seeking to have the Mejdrech Litigation proceed as against the Debtor as well. On February 27, 2004, the Debtor filed its Motion to Enforce the Section 362(A)(3) Automatic Stay or, in the alternative, for Preliminary Relief Under Section 362(A)(1) and 105 Extending Stay of Mejdrech Litigation. At the conclusion of a hearing on March 8, 2004, the Bankruptcy Court denied the Mejdrech Class' motion and granted the Debtor's Motion, extending the automatic stay as to Mestek and Honeywell and enjoining the Mejdrech Class from proceeding to trial until after June 22, 2004. A further hearing was scheduled for May 24, 2004 on these issues and was continued, by agreement, to June 22, 2004.

D. Honeywell Litigation.

After the Petition Date, Honeywell commenced litigation first in the Illinois District Court and then in the state court for Cook County, Illinois against Mestek and Formtek concerning the alleged obligations of Mestek and Formtek to indemnify Honeywell for its costs to defend and settle certain of the Illinois Actions pursuant to the Honeywell Indemnity Agreement. Prior to Honeywell's commencement and pursuit of such litigation against Mestek and Formtek, the Debtor, Mestek and Formtek had commenced litigation against Honeywell before the Bankruptcy Court relating to the Honeywell Indemnity Agreement. The status of the various pieces of litigation is as follows:

1. *The Adversary Complaint.*

On September 5, 2003, the Debtor and Mestek filed an Adversary Proceeding, Case No. 03-55714, against Honeywell, which complaint was amended on September 26, 2003, to add Formtek as an additional named plaintiff. In Count I, the Debtor seeks preliminary and permanent injunctive relief pursuant to section 105 of the Bankruptcy Code, staying prosecution of the Honeywell action discussed below (the "**Honeywell Illinois Action**") and any other claim for indemnification that Honeywell may assert against Mestek or Formtek under the Honeywell Indemnity Agreement. In Count II, the Debtor asserts a claim for declaratory relief that Mestek and Formtek are not liable to Honeywell under the Honeywell Indemnity Agreement. Mestek and Formtek joined in the first and second counts of the Complaint. In Counts III and IV of the Amended Complaint, the Debtor seeks a declaration that any veil-piercing claim is property of the Estate and that any attempt to assert such a Claim by Honeywell against Mestek or Formtek is thus subject to the automatic stay, and further that the Debtor as debtor-in-possession has exclusive standing to assert the veil-piercing claim under section 544 of the Bankruptcy Code.

The parties fully briefed the Motion for Partial Summary Judgment filed by Mestek and Formtek on Counts I and II of the Adversary Complaint. The Debtor filed a joinder in the motion and in the reply brief. The parties also fully briefed Honeywell's Motion to Dismiss the Adversary Complaint. The Debtor joined with Mestek and Formtek in their response to the Motion to Dismiss. The Bankruptcy Court held a hearing on such motions on April 12, 2004. After hearing argument of counsel, the Court

granted the motion for partial judgment and denied Honeywell's motion to dismiss, the result of which was a determination that neither Mestek nor Formtek is liable under the Honeywell Indemnity Agreement. Honeywell filed an objection to this ruling.

2. *The Honeywell Illinois Action.*

On September 9, 2003, Honeywell commenced the Honeywell Illinois Action against both Formtek and Mestek in the Circuit Court of Cook County, Illinois, Honeywell Int'l, Inc. v. Mestek, Inc. et al., No. 03 L 010812. By its Complaint, Honeywell asserts four counts. By the first and second counts, respectively, Honeywell asserts a breach of contract claim for damages against Mestek and Formtek arising from their alleged failure to indemnify Honeywell and a declaratory judgment that Mestek and Formtek have breached and are liable to Honeywell under the Indemnity Agreement. By Count III, Honeywell seeks to impose upon Mestek liability for the Debtor's alleged obligations to Honeywell under the Indemnity Agreement, asserting that Met-Coil is the alter ego of Mestek. Count IV asserts a fraud claim against both Mestek and Formtek for alleged fraud by the Debtor in its performance of certain obligations under the Honeywell Indemnity Agreement.

The Honeywell Illinois Action was removed to the Illinois District Court. Currently pending before the Illinois District Court are Mestek's and Formtek's motion to transfer venue of the action to Delaware and Honeywell's motion to remand the action to the Circuit Court of Cook County.

3. *Honeywell Settlement.*

Honeywell, Mestek and the Debtor have reached an agreement in principle to settle of the Honeywell Claims. The parties are in the process of finalizing documentation of the Honeywell Settlement and intend to seek approval of the Honeywell Settlement at the Confirmation Hearing.

The basic terms of the Honeywell Settlement include the following:

- Honeywell's Claim will be no more than \$5,600,000, subject to the rights of the Debtor, Formtek and Mestek to object to those portions of the claim for reimbursement of defense costs as not reimbursable under the Honeywell Indemnity Agreement;
- If other unsecured creditors (excluding Class 4.1 Claims, Class 6 Claims, TCE Property Damage Claims, Administrative Claims, Priority Tax Claims and Class 1 Claims) receive distributions under the Plan of 50% or less on their Claims, then Honeywell will receive a distribution in an amount equal to 30% of its Allowed Claim;
- If other unsecured creditors (with the same exclusions) receive distributions under the Plan of more than 50% on their Claims, then Honeywell will receive a distribution on its Allowed Claim in an amount equal to a percentage of its Allowed Claim calculated as 30% plus the percentage in excess of 50% distributed to such other unsecured creditors on their Claims;
- Mestek and Honeywell, but not the Debtor, will enter into a supply agreement for certain products. Mestek and Honeywell currently have a supply agreement in place for certain products. The new supply agreement will be a four year supply agreement with fixed pricing, and shall include the purchase of those products currently purchase by Mestek

THE DISCLOSURE STATEMENT WITH RESPECT TO THIS PLAN HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT FOR CIRCULATION TO ALL CREDITORS AND INTERESTHOLDERS OR FOR THE USE IN SOLICITATION OF VOTES

from Honeywell with Mestek obligated to use best efforts to identify new product purchases;

- Honeywell will not reject or object to the Plan and will withdraw pending objections to the Disclosure Statement;
- Honeywell, Mestek, Formtek and the Debtor will execute comprehensive mutual releases;
- The Honeywell Settlement is subject to certain conditions precedent, including Confirmation of the Plan (or plan substantially similar) and approval of the Honeywell Settlement.

A settlement agreement incorporating the above terms will be filed with the Bankruptcy Court prior to the Confirmation Hearing.

E. Travelers Litigation.

1. *The Illinois Litigation.*

In June 2002, the Debtor, Lockformer and Mestek filed their third amended complaint (incorrectly styled the second amended complaint), naming Travelers as a defendant in their declaratory judgment action with respect to Travelers' coverage obligations under certain insurance policies, in the Circuit Court of DuPage County, Illinois, and filed the fourth amended complaint on November 26, 2002. The main piece of litigation right now focuses on Travelers' Motion to Enforce Settlement Agreement, which Travelers and the Debtor believe was finalized in July 2003. There are also still pending claims against two other insurance companies seeking coverage. On October 14, 2003, the Debtor removed the action to the Illinois District Court. The court granted Mestek's and Met-Coil's motion to stay discovery and briefing on the Motion to Enforce Settlement Agreement. The court also granted Travelers' motion to refer the matter to the United States Bankruptcy Court for the Northern District of Illinois, and on November 26, 2003, the case was referred to Judge Susan Pierson Sonderby who thereafter granted Met-Coil's motion to transfer venue to the Delaware District Court. Also pending before the Delaware District Court are Travelers' motion to remand and for abstention. As described in Article VI.E.4. herein, the Debtor, Mestek and Travelers have entered into a settlement agreement resolving this litigation subject to the Bankruptcy Court's approval and Confirmation of the Plan.

2. *The Iowa Litigation.*

There is nearly identical litigation pending in Iowa. On October 14, 2003, the Debtor removed to the Iowa District Court the state court action, Case No. LACV045117, that Travelers had filed in January 2003 against the Debtor, Mestek and Lockformer seeking a declaration of the parties' rights and obligations under the insurance policies. Travelers have a motion to enforce settlement agreement on file in Iowa, which is nearly identical to the motion it filed in Illinois. On October 28, 2003, Travelers also filed a motion to remand or for abstention, which is also nearly identical to the motion it filed in Illinois. On November 5, 2003, Travelers filed a motion for referral to the Iowa District Court which was also identical to the motion for referral Travelers filed in Illinois. On November 25, 2003, Travelers filed a motion requesting a hearing date on its motion for referral, and requesting a briefing schedule for its motion to remand or for abstention.

On October 31, 2003, Met-Coil filed a Local Rule 81.1 Statement of the Case providing a status and requesting a hearing on Mestek's still pending motion to stay the matter. On November 24, 2003, Mestek filed a supplemental motion to stay the proceeding, requesting that the case be stayed through January 16, 2004 to allow the Bankruptcy Court time to rule on the Debtor's Motion to Assume. The parties jointly have filed an agreed motion to stay this matter through May 24, 2004. As described in Article VI.E.4. herein, the Debtor, Mestek and Travelers have entered into a settlement agreement resolving this litigation subject to the Bankruptcy Court's approval and Confirmation of the Plan.

On February 17, 2004, Pacific Employers Insurance Company ("PEIC") and International Insurance Company ("International"), who both provided excess liability coverage to Met-Coil, filed their Appearance, Answer, Counterclaim and Cross-claim in the Iowa Action. The counterclaim, asserted against Travelers, and cross-claim, asserted against "certain Insurer Defendants," sought a finding that, if the Court found that the plaintiffs were entitled to any form of relief from the "Insurer Defendants," PEIC and International would be entitled to contribution and/or equitable contribution from the plaintiffs or the "certain Insurer Defendants." PEIC and International contended that Met-Coil's primary insurance coverage must be exhausted before there is any obligation under the PEIC or International policies to provide coverage to Met-Coil in relation to the underlying actions. PEIC and International stated that the terms and conditions of their policies provided that they were entitled to reimbursement and/or contribution from the plaintiffs and Insurer Defendants to the extent PEIC and International made any payments for Met-Coil's "ultimate net loss," a term defined in the policy. Additionally, PEIC and International alleged that because Met-Coil's other excess insurance was not specifically written to be excess over the PEIC and International policies, they were also entitled to reimbursement and/or contribution from those other excess insurers to the extent PEIC and International made any payments for Met-Coil's "ultimate net loss." Last, PEIC and International reserved their rights to later assert a cross-claim against Met-Coil, if the automatic stay imposed as a result of Met-Coil's bankruptcy proceedings is lifted. The parties jointly have filed an agreed motion to stay this matter through May 24, 2004. As described in Article VI.E.4. herein, the Debtor, Mestek and Travelers have entered into a settlement agreement resolving this litigation subject to the Bankruptcy Court's approval and Confirmation of the Plan.

3. Motion to Assume.

Finally, the Debtor also has on file in the Bankruptcy Court a motion seeking the assumption or approval of the settlement agreement that Travelers is also seeking to enforce (the "**Motion to Assume**"). Travelers has filed a motion to defer ruling on this motion until after the Iowa and Illinois courts have had an opportunity to rule on the respective motions for abstention or to remand that Travelers filed in those courts. On November 26, 2003, Mestek filed its objection to the Motion to Assume, agreeing that Travelers and the Debtor reached a binding settlement agreement between them, but opposing this motion to the extent that the settlement agreement requires Mestek to grant Travelers an unlimited indemnification. As described in Article VI.E.4. herein, the Debtor, Mestek and Travelers have entered into a settlement agreement resolving this litigation subject to the Bankruptcy Court's approval and Confirmation of the Plan.

4. Current Status.

The Debtor, Travelers and Mestek have reached a settlement of the disputes among them and will be presenting a motion pursuant to Bankruptcy Rule 9019, to the Bankruptcy Court on May 24, 2004 to approve such settlement, which will be contingent upon confirmation of the Plan. This settlement

will resolve all of the cases among the Debtor, Travelers and Mestek pending before the Iowa District Court, the Delaware District Court and the Bankruptcy Court.

VII. THE PLAN

A. Introduction.

The Plan is the product of diligent efforts by the Debtor and Mestek to maximize value for Creditors in a manner consistent with the mandates of the Bankruptcy Code. The Debtor believes that, under the Plan, holders of Allowed Claims will obtain a substantially greater recovery from the Estate than any recovery that would be available if the assets of the Debtor were liquidated under chapter 7 of the Bankruptcy Code. The Plan is annexed hereto as Exhibit A and forms a part of this Disclosure Statement. The summary of the Plan set forth below is qualified in its entirety by reference to the more detailed provisions set forth in the Plan and any defined terms used in this summary are used as defined in the Plan or the First Amended Glossary of Terms attached thereto.

THE FOLLOWING IS A SUMMARY OF THE MATTERS ANTICIPATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH CONFIRMATION OF THE PLAN. THIS SUMMARY ONLY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PLAN OR A SUBSTITUTE FOR A FULL AND COMPLETE READING OF THE PLAN.

B. Impairment, Treatment and Acceptance or Rejection of a Plan.

1. Generally.

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in, a debtor into separate classes based upon their legal nature. Section 1122 of the Bankruptcy Code sets forth the requirements relating to classification of claims. Section 1122(a) provides that claims or interests may be placed in a particular class only if they are substantially similar to the other claims or interests in that class.

Further, under a chapter 11 plan, claims and interests must be designated either as "impaired" or "unimpaired". If a class of claims is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims or interests, such as the right to vote on the plan (unless the plan provides for no distribution to the holder), and the right to receive an amount under the plan that is not less than the value that the holder would receive if the debtor were liquidated under chapter 7 of the Bankruptcy Code. Under section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless, with respect to each claim or interest of such class, the plan (a) does not alter the legal, equitable, and contractual rights of the holders of such claims or interests or (b) irrespective of the holder's right to receive accelerated payment of such claims or interests after the occurrence of a default, cures all defaults (other than those arising from, among other things, the debtor's insolvency or the commencement of a bankruptcy case), reinstates the maturity of the claims or interests in the class, compensates the holders of such claims or interests for any damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable or contractual rights.

2. *Presumed Acceptance of a Plan by Unimpaired Classes.*

Unclassified claims are treated in accordance with section 1129(a)(9)(A) and section 1129(a)(9)(C) of the Bankruptcy Code, respectively. Such claims are unimpaired and are not designated as classes of claims, in accordance with section 1123(a)(1). Pursuant to section 1126(f) of the Bankruptcy Code, each such claimholder is conclusively presumed to have accepted a plan in respect of such claims. Accordingly, such claimholders are not entitled to vote to accept or reject a plan, and the votes of such claimholders are not solicited in connection with such plan.

In addition, pursuant to section 1126(f) of the Bankruptcy Code, classified claims which are unimpaired are conclusively presumed to have accepted a plan in respect of such claims. Accordingly, claimholders in such classes are not entitled to vote to accept or reject a plan, and the votes of such claimholders are not solicited in connection with such plan.

3. *Acceptance of a Plan by Impaired, Voting Classes.*

Pursuant to section 1126(c) of the Bankruptcy Code, an impaired class of claims shall have accepted a plan if (a) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims actually voting in such class (other than claims held by any holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept a plan and (b) more than one-half (1/2) in number of such allowed claims actually voting in such class (other than claims held by any holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept a plan. Pursuant to section 1129(a)(8) of the Bankruptcy Code, all of the impaired classes of claims and interests must vote to accept a plan in order for the plan to be confirmed on a consensual basis. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

4. *Other Impaired Classes Deemed to Reject the Plan.*

Impaired classes of claims or interests that will receive no distribution on account of their respective claims or interests are conclusively presumed to have rejected the Plan. Since each claimholder or interestholder in such classes is conclusively presumed to have rejected a plan, each such claimholder or interestholder is not entitled to vote to accept or reject the plan. Accordingly, the votes of such claimholders or interestholders are not solicited in connection with confirmation of such plan.

C. Classification and Treatment of Claims and Interests.

1. *Classification of Claims and Interests under the Plan.*

The Plan classifies Claims and Interests separately and provides different treatment for different Classes of Claims and Interests in accordance with the Bankruptcy Code. The Plan provides separately for each Class, that Claimholders and Interestholders will receive various amounts and types of consideration based on the different rights of the Claimholders and Interestholders of each Class. The treatment of and consideration to be received by holders of Allowed Claims or Allowed Interests pursuant to the Plan will be in discharge of such holder's respective Claims against or Interests in the Debtor and its Estate, except as otherwise provided in the Plan or the Confirmation Order.

Statements contained herein as to the rationale underlying the treatment of Claims and Interests under the Plan are not intended to waive, compromise or limit any objections, defenses, rights, Claims or Causes of Action that the Debtor or Mestek may have if the Plan is not confirmed. Rather, the distributions contemplated by the Plan represent the Debtor's estimates of distributions accomplished through the compromise and settlement of various claims and related issues without the necessity for a final judicial determination with respect thereto. The Debtor cannot assure that an ultimate judicial determination of the compromised issues might not result in treatment which is more or less favorable to any particular Creditor.

The unclassified Claims are Administrative Claims and Priority Tax Claims. Each of the unclassified claims is Unimpaired.

Class 1 Claims (Priority Non-Tax Claims) and Class 2 Claims (DIP Claims) are Unimpaired.

Class 3.1 Claims (Miscellaneous Secured Claims), Class 3.2 Claims (Mestek Prepetition Secured Claims), Class 4.1 Claims (Convenience Claims), Class 4.2 Claim (Mestek Unsecured Claims), Class 4.3 Claims (General Unsecured Claims other than Convenience Claims, Mestek Unsecured Claims, TCE Property Damage Claims arising in connection with the Mejdrech Litigation and TCE PI Claims), Class 5 Claims (TCE Property Damage Claims arising in connection with the Mejdrech Litigation), Class 6 Claims including, without limitation, the Schreiber Claim (TCE PI Claims), Class 7 Claims (Non-Compensatory Damage Claims) and Class 8 Claims (Formtek's Interests) are Impaired.

D. Distributions to and Treatment of Claimholders.

1. *Administrative Claims.*

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 Administrative Claim in Cash commencing on the later of (i) the Effective Date, (ii) the date that 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.

2. *Priority Tax Claims.*

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 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 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.

3. *Class 1 Claims (Priority Non-Tax Claims).*

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 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.

4. *Class 2 Claims (DIP Claims).*

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.

5. *Class 3.1 Claims (Miscellaneous Secured Claims).*

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:

(a) 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

(b) 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

(c) such other treatment as the Claimholder and the Debtor or the Reorganized Debtor shall have agreed upon in writing.

6. *Class 3.2 Claim (Mestek Prepetition Secured Claims).*

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 and shall not receive or retain any property under the Plan on account of such Class 3.2 Claim. In the event that Mestek is not the Winning 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 by a Final Order or (iii) otherwise agreed to in writing by the Debtor or the Reorganized Debtor and Mestek.

7. *Class 4.1 Claims (Convenience Claims).*

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.

8. *Class 4.2 Claim (Mestek Unsecured Claim).*

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 a Class 4.3 Claim.

9. *Class 4.3 Claims (General Unsecured Claims other than Convenience Claims, Mestek Unsecured Claim (if Mestek is the Winning Plan Sponsor), TCE Property Damage Claims arising in connection with the Mejdrech Litigation and TCE PI Claims).*

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 on the next Distribution Date pursuant to this Section 3.10. The Unsecured Claims Distribution Fund will be funded in accordance with Section 4.12 of the Plan.

10. *Class 5 Claims (TCE Property Damage Claims arising in connection with the Mejdrech Litigation).*

The Class 5 Claimholders shall receive the Mejdrech Settlement Amount in full and final satisfaction of their Allowed Class 5 Claims. 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. Upon the Effective Date, 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. In addition to the foregoing, each Class 5 Claimholder shall be entitled to the Hook-Up to the extent provided for in Section 7.17 of the Plan.

11. *Class 6 Claims (TCE PI Claims).*

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. Settled TCE PI Claims shall receive their respective settlement amounts from the TCE PI Trust Claims Distribution Fund in full and final satisfaction of their Allowed Class 6 Claims in accordance with the procedures set forth in the TCE PI Trust Agreement. Schreiber shall receive the Schreiber Settlement Amount from the TCE PI Trust Claims Distribution Fund in accordance with the procedures set forth in the TCE PI Trust Agreement in full and final satisfaction of her Allowed Class 6 Claim.

Upon receipt of their respective distributions from the TCE PI Trust Claims Distribution Fund, 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.

E. Treatment of Disputed Claims (Other than Class 6 Claims) under the Plan.

1. *Objections to Claims (Other than Class 5 Claims or Class 6 Claims).*

The Debtor or the Reorganized Debtor may file with the Bankruptcy Court an Objection to the allowance of a Claim (other than a Class 5 Claim or a Class 6 Claim) in writing at any time on or before the Claim Objection Deadline. The Reorganized Debtor after the Effective Date will have the right to petition the Bankruptcy Court for an extension of such dates. The decision of the Debtor not to object to any Claim for voting purposes will not be deemed a waiver of the rights of the Debtor or the Reorganized Debtor to object to, or re-examine, any such Claim, as applicable, in whole or in part. The

TCE PI Trust Distribution Procedures shall govern the Objection process with respect to any TCE PI Trust Claim.

2. *Amendments to Claims and Requests for Payment of Administrative Claims; Claims Filed After the Bar Dates.*

Unless otherwise provided in a Final Order: (a) after the Bar Date, a Claim on account of which a Proof of Claim is not timely Filed in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules or an Order of the Bankruptcy Court, may not be Filed or amended without the authorization of the Bankruptcy Court and (b) except as otherwise provided for in Sections 9.02, 10.02 and 10.03 of the Plan, after the Administrative Claims Bar Date (the 45th day after notice of the Effective Date is mailed) or the deadline for filing all Claims for Professional fees and expenses, a Claim on account of which a request for payment of Administrative Claims is not timely Filed, may not be filed or amended without the authorization of the Bankruptcy Court. Except as otherwise provided in the Plan, any new or amended Claim filed after the Bar Date, the Administrative Claims Bar Date or the deadline for filing all Professional Claims (as applicable) will be deemed Disallowed in full and expunged without any action by the Debtor or the Reorganized Debtor, unless the Claimholder has obtained prior Bankruptcy Court authorization for the Filing. Any Claim which has been Disallowed pursuant to Sections 9.02, 10.02 or 10.03 of the Plan will not receive any distribution on account of such Claim.

3. *Estimation.*

A bankruptcy court has a great deal of discretion in developing a methodology or process for estimating contingent or unliquidated claims against a debtor if liquidating such claims would unduly delay the administration of the case. The Due Process Clause of the Fifth Amendment of the United States Constitution, while protecting creditors against the unlawful deprivation of property, neither guarantees, nor requires a bankruptcy court to precisely fix a creditor's claim that has been estimated. Due process only requires that creditors be offered a meaningful opportunity to participate in hearings where their claims are estimated and to appeal judgments entered thereon.

As part of the Claims allowance process, the Bankruptcy Court may estimate unliquidated Claims for certain purposes, such as for voting on a plan of reorganization. This authority is provided to allow for the efficient administration of the bankruptcy case, which usually cannot be delayed to provide for the final liquidation and allowance of all Claims. Accordingly, in order to effectuate distributions pursuant to the Plan and avoid undue delay in the administration of the Estate, the Debtor or the Reorganized Debtor will have the right, at any time, to seek an order of the Bankruptcy Court, after notice and a hearing (which notice may be limited to the holder of such Disputed Claim and which hearing may be held on an expedited basis), estimating a Disputed Claim for voting purposes only pursuant to section 502(c) of the Bankruptcy Code, irrespective of whether the Debtor or the Reorganized Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such Objection. If the Bankruptcy Court estimates any contingent, Disputed or unliquidated Claim or Interest, that estimated amount will constitute either the Allowed Amount of such Claim or Interest nor a maximum limitation on such Claim or Interest. If the estimated amount constitutes a maximum limitation on such Claim or Interest, the Debtor or the Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on account of such Claim or Interest. All of these objection and resolution procedures are cumulative and not necessarily exclusive of one another. In addition to seeking estimation of Claims as provided in this Section 9.05, the Debtor or the Reorganized Debtor may, at their option, resolve or adjudicate any Disputed Claim in the manner in which the amount

of such Claim and the rights of the Claimholder would have been resolved or adjudicated if the Chapter 11 Case had not been commenced.

4. *Resolution of Disputed Claims.*

Except with respect to the rights of the TCE PI Trust, the sole and exclusive right (i) to initiate and prosecute any Objections to Administrative Claims, Priority Tax Claims, Class 1, 2, 3.1, 3.2, 4.1, 4.2, 4.3, 7 or 8 Claims against or Interests in the Debtor or the Estate, (ii) to request estimation of each such Claim pursuant to Section 9.05 of the Plan, (iii) to litigate any Objection to Claims, (iv) to settle or to compromise any Claim or (v) to withdraw any Objection to any Claim (other than a Claim that is Allowed or deemed to be Allowed pursuant to the Plan or a Final Order) shall vest with the Debtor prior to the Effective Date and with the Reorganized Debtor on or after the Effective Date.

5. *Non-Compensatory Damage Claims.*

Claims for damages that are punitive, punitory, exemplary, vindictive, imaginary or presumptive and any Claims or a portion thereof for any sanctions under Rule 11 of the Federal Rules of Civil Procedure or 28 U.S.C. § 1927, or any similar rule or statute, or for any fine, penalty, forfeiture, attorneys' fees (to the extent such attorneys' fees are punitive in nature), or for multiple, exemplary or punitive damages, to the extent that such fine, penalty, forfeiture, attorneys' fees or damages does not constitute compensation for the Claimholder's actual pecuniary loss, will be treated as Class 7 Claims and shall not receive any distribution or retain any rights to Property under the Plan on account of such Class 7 Claims.

F. *Treatment of Executory Contracts and Unexpired Leases Under the Plan.*

1. *Treatment of Executory Contracts and Unexpired Leases.*

Except as otherwise provided in the Plan (including, but not limited to Section 12.07 of the Plan), effective on and as of the Effective Date, any and all unexpired leases and executory contracts that exist between the Debtor and any Entity which (a) have not expired or terminated pursuant to their own terms, (b) have not previously been assumed, or assumed and assigned or rejected pursuant to an order of the Bankruptcy Court on or prior to the Confirmation Date, (c) are not the subject of pending motions to assume, or assume and assign or reject as of the Confirmation Date, or (d) are not specified in the list of executory contracts and unexpired leases to be assumed by the Reorganized Debtor pursuant to the Plan, as identified on Exhibit 2 hereto, are hereby specifically rejected; provided, however, that the Debtor shall have the right, at any time prior to the Effective Date, to amend Exhibit 2 (i) to delete any executory contract or unexpired lease listed therein, thus providing for its rejection pursuant to Section 6.01 of the Plan or (ii) to add any executory contract or unexpired lease thereto, thus providing for its assumption by the Reorganized Debtor pursuant to Section 6.01 of the Plan. Each contract and lease listed on Exhibit 2 hereto on the Effective Date shall be assumed by the Reorganized Debtor only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Listing a contract or lease on Exhibit 2 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. The Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute an order of the Bankruptcy Court (A) approving such assumptions pursuant to section 365 and section 1123(b)(2) of the Bankruptcy Code, as of the Effective Date; (B) extending the time, pursuant to section 365(d)(4) of