

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, 17<sup>th</sup> 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:

- 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

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

Mejdrech Class and Schreiber to continue to pursue their Claims against Honeywell;<sup>5</sup>

- 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. 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.

---

<sup>5</sup> 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.

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 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

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>~~ Honeywell shall receive a distribution in <an amount equal to 30% of its Allowed Claim;>the amount of \$2,500,000 with respect to the Honeywell 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 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>~~Fourth ~~<amended>~~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 (½) 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.

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

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.

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

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>~~70% 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, provided that to the extent any Class 5 Claimholder incurs any reasonable out-of-pocket costs in addition to those set forth in Section 7.17(b) of the Plan, the Reorganized Debtor or the Winning Plan Sponsor shall reimburse such Class 5 Claimholder such reasonable out-of-pocket costs to the extent (a) directly related to the Hook-Ups, (b) not previously reimbursed and (c) such Class 5 Claimholder provides appropriate documentation, including proof of payment or the incurrence of the obligation, to the Reorganized Debtor and the Winning Plan Sponsor.

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 45<sup>th</sup> 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 the Bankruptcy Code and Section 6.01 of the Plan, within which the Debtor may assume, assume and assign, or reject the unexpired leases specified in Section 6.01 of the Plan through the date of entry of an order, approving the assumption, assumption and assignment, or rejection of such unexpired leases; and (C) approving, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, the rejection of the executory contracts and unexpired leases pursuant to Section 6.01 of the Plan.

2. *Cure of Defaults for Assumed Contracts and Leases.*

Notwithstanding any prior order of the Bankruptcy Court to the contrary, the Reorganized Debtor will satisfy (in its sole discretion) all undisputed cure and any other monetary default payments required by section 365(b)(1) of the Bankruptcy Code under any executory contract and unexpired lease identified on Exhibit 2 to the Plan (as may be modified in accordance with Section 6.01 of the Plan) to the extent any such contract or lease is in default (and to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law), at the option of and in the

sole discretion of the Reorganized Debtor: (a) by payment of such undisputed cure amount, without interest, in Cash within sixty (60) days following the Effective Date, (b) by payment of such other amount as ordered by the Bankruptcy Court, or (c) on such other terms as agreed to by the parties to such executory contract or unexpired lease. In the event of a dispute pursuant to Section 6.03 of the Plan, the Reorganized Debtor shall pay the amount otherwise payable under the Plan without interest, in Cash (i) on or before the later of (x) sixty (60) days following the Effective Date or (y) thirty (30) days following entry of a Final Order liquidating and allowing any disputed amount or (ii) on such other terms as agreed to by the parties to such executory contract or unexpired lease.

3. *Resolution of Objections to Assumption of Executory Contracts and Unexpired Leases.*

Any party objecting to (a) the Debtor's or the Reorganized Debtor's proposed assumption of an executory contract or unexpired lease or (b) (i) the amount of any cure payments, if any (which is the only monetary cure amount, if any, that the Reorganized Debtor shall be obligated to pay in connection with the assumption of any such executory contract or unexpired lease unless the Bankruptcy Court orders otherwise), (ii) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (iii) any other matter pertaining to assumption or the cure payments required by section 365(b)(1) of the Bankruptcy Code, shall File and serve a written Objection to the assumption of such contract or lease or the cure payments, if any, that the Debtor proposes to make in connection with such assumption and assignment on or before the deadline set by the Bankruptcy Court for Filing Objections to Confirmation of the Plan. Failure to File an Objection within the time period set forth above shall constitute (A) consent to the assumption and revestment of those contracts and leases, including an acknowledgment that the proposed assumption provided adequate assurance of future performance, (B) consent to the cure amount, if any, and (C) an acknowledgment that the cure amount is the only amount necessary to cover any and all outstanding defaults under the respective executory contract or unexpired lease to be assumed and an acknowledgment that no other defaults exist under said contract or lease. To the extent that any Objections to the cure amounts are timely Filed and served and such Objections are not resolved among the Debtor, the Reorganized Debtor and the objecting parties, the Bankruptcy Court shall resolve such disputes at a hearing to be held at a date to be determined by the Bankruptcy Court. The resolution of such disputes shall not affect the Debtor's or the Reorganized Debtor's assumption of the contracts or leases that are the subject of such a dispute, but rather shall affect only the "cure" amount the Debtor or the Reorganized Debtor must pay in order to assume such contract or lease. Notwithstanding the immediately preceding sentence, if the Debtor or the Reorganized Debtor, in its sole discretion, determines that the amount asserted to be the necessary "cure" amount would, if ordered by the Bankruptcy Court, make the assumption of the contract or lease imprudent, then the Debtor or the Reorganized Debtor may elect to (1) reject the contract or lease pursuant to Section 6.01 of the Plan, or (2) request an expedited hearing on the resolution of the "cure" dispute, exclude assumption or rejection of the contract or lease from the scope of the Confirmation Order, and retain the right to reject the contract or lease pursuant to Section 6.01 of the Plan pending the outcome of such dispute.

4. *Claims for Rejection Damages.*

Notwithstanding anything in the Claims Bar Date order of the Bankruptcy Court to the contrary, Proofs of Claim for damages allegedly arising from the rejection pursuant to the Plan or the Confirmation Order of any executory contract or any unexpired lease shall be Filed with the Bankruptcy Court and served on counsel for the Debtor or the Reorganized Debtor not later than thirty (30) days after



the service of the earlier of: (i) notice of entry of the Confirmation Order or (ii) other notice that the executory contract or unexpired lease has been rejected (including service of an Order of the Bankruptcy Court providing for such rejection). Any holder of a Claim arising from the rejection of any executory contract or any unexpired lease that fails to File such Proof of Claim on or before the date specified in Section 6.04 of the Plan shall be forever barred, estopped and enjoined from asserting such Claims in any manner against the Debtor or the Reorganized Debtor (or Filing Proofs of Claim with respect thereof), or its Property, and the Debtor or the Reorganized Debtor shall be forever discharged from all indebtedness or liability with respect to such Claims, and, if applicable, such Claimholders shall not be permitted to vote on the Plan or to participate in any distribution in this Chapter 11 Case on account of such Claims or to receive further notices regarding such Claims and shall be bound by the terms of the Plan.

5. *Objections to and Treatment of Rejection Claims.*

The Bankruptcy Court will determine any Objections to any Proofs of Claim Filed in accordance with Section 6.04 of the Plan at a hearing to be held on a date that the Bankruptcy Court selects. Any Allowed General Unsecured Claims arising out of the rejection of executory contracts and unexpired leases will, pursuant to section 502(g) of the Bankruptcy Code, be Class 4.3 Claims entitled to treatment pursuant to Section 3.08 of the Plan.

6. *Indemnification Obligations.*

Except for the indemnification obligations of the Debtor (a) to its current and former officers and directors, and (b) under any executory contracts or unexpired leases that the Debtor assumed on or before the Effective Date, any obligations of the Debtor, pursuant to its articles of incorporation or by-laws, codes of regulation, applicable state law or specific agreement, or any combination of the foregoing to indemnify or reimburse a Person with respect to all present and future actions, suits and proceedings based upon any act or omission related to service with, or for or on behalf of, the Debtor, shall not survive Confirmation of the Plan and shall be discharged in accordance with section 1141 of the Bankruptcy Code, irrespective of whether such indemnification or reimbursement is owed in connection with an event occurring before, on or after the Petition Date.

7. *Assumed Insurance Policies.*

While the Debtor does not believe that the Insurance Policies issued to the Debtor prior to the Petition Date constitute executory contracts, to the extent such Insurance Policies are considered to be executory contracts, then, notwithstanding anything contained in Section 6.01 of the Plan to the contrary, the Plan shall constitute a motion to assume such Insurance Policies (other than those involving any Settling Insurers), and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtor, its Estate, and all parties in interest in the Chapter 11 Case.

8. *Continuation or Termination of Certain Employee Benefits.*

Except for those agreements and plans to be terminated and rejected pursuant to section 365 of the Bankruptcy Code, each of the Benefits Plans set forth on Exhibit 3 to the Plan are treated as executory contracts under the Plan and shall, on the Effective Date, be assumed by the Reorganized Debtor pursuant to sections 365(a), 365(f) and 1123(b)(2) of the Bankruptcy Code.

9. *Retiree Benefits.*

Pursuant to section 1129(a)(13) of the Bankruptcy Code, all of the Debtor's retiree benefits within the meaning of section 1114 of the Bankruptcy Code (other than the so-called Reusch retiree benefits) shall, on the Effective Date, be assumed by the Reorganized Debtor pursuant to sections 365(a), 365(f) and 1123(b)(2) of the Bankruptcy Code. On and after the Effective Date, the Reorganized Debtor shall continue to pay all such retiree benefits at the level established in accordance with section 1114 of the Bankruptcy Code for the duration of the period for which the Debtor had obligated itself to provide such benefits; provided, however, that the rights of retirees shall be subject to modification or termination as provided by the terms of the existing Benefits Plans, the terms of any Collective Bargaining Agreements or consistent with applicable law. The Benefits Plans to be assumed by the Reorganized Debtor are set forth on Exhibit 3 to the Plan.

10. *Collective Bargaining Agreements.*

On and after the Effective Date, each of the Collective Bargaining Agreements, identified on Exhibit 4 attached hereto, is treated as an executory contract under the Plan and shall, on the Effective Date, be assumed by the Reorganized Debtor pursuant to section 365(a), section 365(f), section 1113 and section 1123(b)(2) of the Bankruptcy Code.

11. *Met-Coil Pension Plan.*

The Reorganized Debtor will remain the plan sponsor of the Met-Coil Pension Plans and will bear responsibility for and will fund the Met-Coil Pension Plans in accordance with the minimum funding standards pursuant to ERISA and the Tax Code and regulations thereunder, will pay all required PBGC insurance premiums that come due after the Effective Date, and will comply with all requirements of the Met-Coil Pension Plans and applicable law. On and after the Effective Date, the Reorganized Debtor will retain the right to amend, modify or terminate the Met-Coil Pension Plans in accordance with applicable law and the governing documents. No provision of or proceeding within the Chapter 11 Case, the Plan or the Confirmation Order, shall in any way be construed as discharging, releasing or relieving the Debtor, the Reorganized Debtor, the Winning Plan Sponsor, the Mestek Affiliates or any party in any capacity from any liability with respect to the Met-Coil Pension Plans under any law, governmental policy or regulatory provision. The PBGC and the Met-Coil Pension Plans shall not be enjoined or precluded from enforcing such liability by any of the provisions of the Plan or Confirmation Order.

G. Means for Implementing the Plan.

1. *Alternative Restructuring Transaction.*

In order to ensure that the Debtor is receiving fair and reasonably equivalent value under the Plan with regard to the Restructuring Transaction, the Debtor sought an order of the Court setting forth procedures for the solicitation of higher or better Alternative Plan Proposal. Through the competitive bidding process set forth in the Sale Procedures Order, the Debtor believes that it can determine whether the Restructuring Transaction Consideration that Mestek has offered (as generally described in Article II.A. above) constitutes the highest and best value to the Debtor in exchange for the New Common Stock, the proceeds of the unsettled Claims arising from the Insurance Policies for TCE Claims after the Confirmation Date, and the Contribution Actions.

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

2. *Authorization to Effect the Restructuring Transaction or the Alternative Restructuring Transaction.*

The entry of the Confirmation Order shall constitute authorization for the Debtor to take or cause to be taken all corporate or other actions necessary or appropriate to consummate and implement the Restructuring Transaction or the Alternative Restructuring Transaction and the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken will be deemed to have been authorized and approved by the Bankruptcy Court. All such actions will be deemed to have occurred and will be in effect from and after the Effective Date pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the Debtor, the Reorganized Debtor, or their respective Representatives. On the Effective Date, the Reorganized Debtor shall be authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the Plan in the name and on behalf of the Debtor and to take all necessary and appropriate actions to effectuate the Restructuring Transaction or the Alternative Restructuring Transaction as provided in the Plan.

3. *TCE PI Trust.*

On the Effective Date, the Winning Plan Sponsor shall transfer to the Reorganized Debtor, which the Reorganized Debtor shall immediately deliver to the TCE PI Trust, such Cash as is required by the TCE PI Trust Funding Agreement to be paid for the TCE PI Trust's assumption of the TCE PI Trust Claims on the Effective Date. All Settled TCE PI Trust Claims shall be paid within five (5) Business Days after the Effective Date. The Winning Plan Sponsor shall also provide collateral to the TCE PI Trust, as required by the TCE PI Trust Funding Agreement, on the Effective Date. Thereafter, the Winning Plan Sponsor and the Trustee shall comply with the terms of the TCE PI Trust Funding Agreement. For a further discussion of the TCE PI Trust, see Section H below.

4. *Operations Between the Confirmation Date and the Effective Date.*

The Debtor will continue to administer the Estate and its Property, subject to the supervision of the Bankruptcy Court, during the period from the Confirmation Date through and until the Effective Date.

5. *No Successor Liability.*

Except as otherwise expressly provided in the Plan and the Restructuring Transaction, the Debtor, the Reorganized Debtor, the Mestek Affiliates, the Winning Plan Sponsor, the Trustee, the TCE PI Trust and the Future Claimants' Representative will not, pursuant to the Plan or otherwise, assume, agree to perform, pay, or indemnify Creditors or otherwise have any responsibilities for any liabilities or obligations of the Debtor relating to or arising out of the operations of or assets of the Debtor, whether arising prior to, on, or after the Confirmation Date. Neither the Reorganized Debtor, the Mestek Affiliates, the Winning Plan Sponsor, the Trustee, the TCE PI Trust nor the Future Claimants' Representative is, or will be, a successor to the Debtor by reason of any theory of law or equity, and none will have any successor or transferee liability of any kind or character, except that the TCE PI Trust and the Reorganized Debtor, as well as Mestek and Formtek to the extent Mestek is the Winning Plan Sponsor, each shall assume the obligations specified in the Plan and the Confirmation Order. Nothing in this Plan shall be construed to release, nullify or enjoin the enforcement of any liability to the United States, the State of Illinois or the State of Iowa under Environmental Laws that the Reorganized Debtor

(or any lessee, buyer, successor or assign thereof) would be subject to as the owner or operator of property after Confirmation.

6. *Preservation of Insurance Actions, Contribution Actions, Avoidance Actions, Actions Against Professionals and other Cause of Actions*

Nothing in the Plan, the Debtor's discharge nor the Protected Parties' discharge, injunction and release, as provided herein, will affect any rights of the Debtor and Reorganized Debtor or liabilities of other parties with respect to the Insurance Actions (other than against a Settling Insurer), the Contribution Actions, Avoidance Actions or other Causes of Action (including causes of actions against Baker & McKenzie, Chuhak and Tecson, Daniel J. Biederman, Esq., Groundwater Services and other professionals and experts (other than Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd. and Morris, Nichols, Arsht & Tunnell), who rendered services to Met-Coil before the Petition Date). All such actions are being hereby expressly preserved whether or not any claim or demand was or is commenced, made, or pending prior to the Effective Date and whether or not any claim of any Entity was or is Allowed. Such preserved actions include Met-Coil Systems Corporation et al. v. New Hampshire Insurance Co. (Case No. 01 MR 116), Met-Coil Systems Corporation et al. v. National Union Fire Ins. Co. et al. (Case No. 01 MR 116, on appeal) and Met-Coil v. American National Bank (00 L 011385), to the extent that settlements are not reached with such defendants. On or after the Effective Date, the Debtor and the Reorganized Debtor shall retain any and all rights to such actions, subject to the transfer and assignment of the Contribution Actions to Mestek or the Winning Plan Sponsor and the payment of insurance proceeds, if any, to Mestek or the Winning Plan Sponsor pursuant to Section 7.10 of the Plan.

7. *Transfer of Insurance Proceeds and Assignment of Contribution Actions to Winning Plan Sponsor.*

On and after the Effective Date, (a) the Contribution Actions and all proceeds thereof shall be assigned and transferred by the Reorganized Debtor to the Winning Plan Sponsor and (b) all proceeds from unsettled Claims arising from the Insurance Policies for TCE Claims after the Effective Date shall be assigned and transferred by the Reorganized Debtor to the Winning Plan Sponsor. On the Effective Date, the Reorganized Debtor and the Winning Plan Sponsor shall enter into the Insurance Recovery and Contribution Action Agreement. Upon execution of the Insurance Recovery and Contribution Action Agreement, the Winning Plan Sponsor shall (i) have the sole authority and exclusive right to manage, prosecute, settle or dismiss the unsettled Claims for insurance proceeds arising from the Insurance Policies for TCE Claims after the Effective Date, if any, or the Contribution Actions, in its absolute discretion, (ii) shall have the exclusive right to collect the proceeds of any Contribution Actions, (iii) shall have the right to collect from the Reorganized Debtor any and all proceeds of unsettled Claims arising from the Insurance Policies for TCE Claims after the Effective Date, if any; and (iv) shall be solely liable and responsible for all costs and expenses incurred after the Effective Date, if any, relating to or arising out of such insurance actions or such Contribution Actions. Insurance proceeds derived from unsettled Claims arising from the Insurance Policies for TCE Claims after the Effective Date, if any, paid by any of the insurance companies to the Reorganized Debtor shall be deposited into an escrow account for the benefit of the Winning Plan Sponsor, and the Winning Plan Sponsor shall have a first priority lien on these proceeds, which shall be paid in total to the Winning Plan Sponsor within ten (10) days of receipt.