OFFER TO PURCHASE

MESTEK, INC.

Offer to Purchase for Cash Up to $2,500,000 in value of its Common Stock at a
Purchase Price Not Greater Than $10.00 nor Less Than $8.00 per Share

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK TIME, ON NOVEMBER 23, 2010, UNLESS THE OFFER IS EXTENDED.

Mestek, Inc., a Pennsylvania corporation (the "Company," "we," or "us"), is offering to purchase up to a maximum in value of $2,500,000 of its Common Stock, no par value per share (the "Common Stock"), at a price not greater than $10.00 per share (for a maximum of 250,000 shares) nor less than $8.00 per share (for a maximum of 312,500 shares), net to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions described in this Offer to Purchase and the accompanying Letter of Transmittal (which together, as they may be amended and supplemented from time to time, constitute the "Offer").

As of September 30, 2010, there were 7,960,918 shares of our Common Stock outstanding. On the terms and subject to the conditions of the Offer, we will determine a single share price, not greater than $10.00 nor less than $8.00 per share, net to the seller in cash, less any applicable withholding taxes and without interest, that we will pay for shares properly tendered and not properly withdrawn in the Offer, taking into account the total number of shares tendered and the prices specified by tendering stockholders. After the Offer expires, we will look at the prices chosen by stockholders for all of the shares properly tendered. We will then select the lowest purchase price (in increments of $0.25) within the price range specified above that will allow us to purchase $2,500,000 in value of shares, or a lesser amount depending on the number of shares properly tendered. If, based on the purchase price determined thereby, shares having an aggregate value of less than $2,500,000 are properly tendered, we will buy all the shares that are properly tendered and not properly withdrawn.

All shares we acquire in the Offer will be acquired at the same purchase price regardless of whether the stockholder tendered at a lower price. We will purchase only shares properly tendered at prices at or below the purchase price we determine as set forth above and not properly withdrawn. However, because of the "odd lot" priority, proration and conditional tender provisions described in this Offer to Purchase, we may not purchase all of the shares tendered at or below the purchase price if, based on the purchase price we determine, more than $2,500,000 in value of shares are properly tendered and not properly withdrawn. We will return to the tendering stockholders shares tendered at prices in excess of or below the price range specified above and shares that we do not purchase because of proration or conditional tenders, at our expense promptly after the Offer expires.

The Offer is not conditioned upon any minimum number of shares being tendered. The Offer is, however, subject to certain other conditions.

Questions and requests for assistance may be directed to Computershare Inc. (the "Depositary") or MacKenzie Partners, Inc. (the "Information Agent") at their addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery should be directed to the Information Agent.

October 25, 2010

Since August 30, 2006, our Common Stock has traded under the symbol “MCCK.PK” in the over-the-counter market as reported on the Pink Sheets Electronic Quotation Service (the “Pink Sheets”) maintained by Pink Sheets LLC for the National Quotation Bureau, Inc. The following table sets forth the high and low sale prices of the Common Stock as reported on the Pink Sheets from January 1, 2009, to September 30, 2010, and for the fourth quarter of 2010 through October 22, 2010, the last full trading day before commencement of the Offer. The Common Stock price information is based on information provided to us by the Pink Sheets compiled from sources believed to be reliable, but no guaranties or warranties are made with respect to such information. Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not necessarily reflect actual transactions.

The last sale price reflects the price at which the last sale of our Common Stock occurred, but does not indicate the date on which such sale occurred and there should be no assumption that the last sale price reported for any given date reflects a sale that occurred on that date. As noted in Section 11 “Risk Factors,” there is a limited market for our Common Stock. There are extended periods during which there are no sales of our Common Stock reported on the Pink Sheets and most sales involve only a small number of shares. Accordingly, it is possible that the last sale price reported for any given date reflects a sale that occurred on a date other than such date.

	High	Low
January 1, 2009 to March 31, 2009	$ 8.00	$ 6.25
April 1, 2009 to June 30, 2009	$ 7.00	$ 2.10
July 1, 2009 to September 30, 2009	$ 6.75	$ 4.50
October 1, 2009 to December 31, 2009[1]	$ 7.75	$ 6.05
January 1, 2010 to March 31, 2010	$ 8.15	$ 7.30
April 1, 2010 to June 30, 2010	$28.00	$ 8.05
July 1, 2010 to September 30, 2010	$10.05	$ 8.40
October 1, 2010 to October 22, 2010	$ 8.50	$ 8.40

(1) In December 2009, the Company completed a tender offer pursuant to which it purchased 28,839 shares of Common Stock at a price of $7.00 per share. See Section 2.

On October 22, 2010, the last full trading day before the commencement of the Offer, the last sale price of our Common Stock reported on the Pink Sheets was $8.50 per share, which reflected a sale that occurred on October 13, 2010. Stockholders are urged to obtain current market quotations for the shares, including ascertaining on what date a sale last occurred and the number of shares sold. See Sections 8 and 11.

Our Board of Directors has approved the Offer. However, neither we nor any of our management, our officers, our Board of Directors, the Depositary or the Information Agent makes any recommendation to any stockholder as to whether to tender or refrain from tendering any shares or as to the price or prices at which stockholders may choose to tender their shares. We have not authorized any person to make any recommendation. You should carefully evaluate all information in the Offer and should consult your own investment and tax advisors. You must decide whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should read carefully the information in this Offer to Purchase and in the Letter of Transmittal.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this Offer to Purchase. Any representation to the contrary is a criminal offense.

IMPORTANT

If you want to tender all or part of your shares, you must do one of the following before the Offer expires:

- If your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact the nominee and have the nominee tender your shares for you;
- If you hold certificates in your own name, complete and sign a Letter of Transmittal according to its instructions and deliver it, together with any required signature guarantees, the certificates for your shares and any other documents required by the Letter of Transmittal, to Computershare Inc., the Depositary for the Offer, at one of its addresses shown on the Letter of Transmittal; or
- If you are an institution participating in The Depository Trust Company, tender your shares according to the procedure for book-entry transfer described in Section 3 of this Offer to Purchase.

If you want to tender your shares, but (a) the certificates for your shares are not immediately available or cannot be delivered to the Depositary by the expiration of the Offer, (b) you cannot comply with the procedure for book-entry transfer by the expiration of the Offer, or (c) your other required documents cannot be delivered to the Depositary by the expiration of the Offer, you can still tender your shares if you comply with the guaranteed delivery procedures described in Section 3.

If you wish to maximize the chance that your shares will be purchased in the Offer, you should check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer." If you agree to accept the purchase price determined in the Offer, your shares will be deemed to be tendered at the minimum price of $8.00 per share. You should understand that this election may lower the purchase price paid for all purchased shares in the Offer and could result in your shares being purchased at the minimum price of $8.00 per share. On October 22, 2010, the last full trading day before the commencement of the Offer, the last sale price of our Common Stock reported on the Pink Sheets was $8.50 per share, which reflected a sale that occurred on October 13, 2010.

We are not making the Offer to, and will not accept any tendered shares from, stockholders in any jurisdiction where it would be illegal to do so. However, we may, at our discretion, take any actions necessary for us to make this Offer to stockholders in any such jurisdiction.

If you have any questions regarding the Offer, please contact MacKenzie Partners, Inc., the Information Agent for the Offer, collect at (212) 929-5500 or toll-free at (800) 322-2885.

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your shares or as to the purchase price or purchase prices at which you may choose to tender your shares in the Offer. You should rely only on the information contained in this Offer to Purchase or to which we have referred you. We have not authorized anyone to provide you with information or to make any representation in connection with the Offer other than those contained in this Offer to Purchase or in the Letter of Transmittal. If anyone makes any recommendation, gives you any information or makes any representation, you must not rely upon that recommendation, information or representation as having been authorized by us, the Depositary or the Information Agent.

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Appendix B: Certain unaudited financial information as of and for the three months ended March 31, 2010

Appendix C: Certain unaudited financial information as of and for the three and six months ended June 30, 2010

SUMMARY TERM SHEET

We are providing this summary term sheet for your convenience. The Company is at times referred to as "we," "our" or "us." We refer to the shares of our Common Stock as the "shares." This summary term sheet highlights the material information in this Offer to Purchase, but you should realize that it does not describe all of the details of the Offer to the same extent described in this Offer to Purchase. We urge you to read the entire Offer to Purchase and the Letter of Transmittal because they contain the full details of the Offer. We have included references to the sections of this Offer to Purchase where you will find a more complete discussion where helpful.

Who is offering to purchase my shares?

Mestek, Inc., the issuer of the shares.

What will be the purchase price for the shares and what will be the form of payment?

We are conducting the Offer through a procedure commonly called a "modified Dutch Auction." This procedure allows you to select the price within a price range specified by us at which you are willing to sell your shares. The lowest price that may be specified is $8.00 per share. The prices that may be specified increase in increments of $0.25 up to $10.00 per share, the highest price that may be specified. On October 22, 2010, the last full trading day before the commencement of the Offer, the last sale price of our Common Stock reported on the Pink Sheets was $8.50 per share, which reflected a sale that occurred on October 13, 2010.

After the Offer expires, we will look at the prices chosen by stockholders for all of the shares properly tendered and not properly withdrawn. We will then select the lowest purchase price that will allow us to buy $2,500,000 in value of such shares. If shares are properly tendered at an aggregate value in excess of $2,500,000, the shares properly tendered below such purchase price may be subject to proration; shares properly tendered above such purchase price will not be purchased. If shares are properly tendered at an aggregate value of less than $2,500,000, we will select the lowest price that will allow us to buy all the shares that are properly tendered and not properly withdrawn.

All shares we purchase will be purchased at the same price, even if you have selected a lower price, but we will not purchase any shares above or below the price range for the Offer.

If you wish to maximize the chance that your shares will be purchased, you should check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer," indicating that you will accept the purchase price we determine. If you agree to accept the purchase price determined in the Offer, your shares will be deemed to be tendered at the minimum price of $8.00 per share. You should understand that this election may lower the purchase price paid for all shares in the Offer and could result in your shares being purchased at the minimum price of $8.00 per share.

If your shares are purchased in the Offer, we will pay you the purchase price in cash, less any applicable withholding taxes and without interest, promptly after the Offer expires. See Sections 1 and 5. Under no circumstances will we pay interest on the purchase price, even if there is a delay in making payment.

How many shares is the Company offering to purchase in the Offer?

As of September 30, 2010, there were 7,960,918 shares of our Common Stock outstanding. We are offering to purchase not more than $2,500,000 in value of our Common Stock. At the maximum purchase price of $10.00 per share, we could purchase 250,000 shares, which would represent approximately 3.1% of our issued and outstanding Common Stock as of September 30, 2010. At the minimum purchase price of $8.00 per share, we could purchase 312,500 shares, which would represent approximately 3.9% of our issued and outstanding common stock as of September 30, 2010. If, based on the purchase price we determine, more than $2,500,000 in value of shares are properly tendered and not properly withdrawn, we will purchase all shares tendered at or below the purchase price on a pro rata basis, except for "odd lots" (lots of less than 1,000 shares), which we will purchase on a priority basis (though tenders of less than all of the shares owned by an "odd lot" holder will not qualify for this priority), and except for each conditional tender whose condition was not met, which we will not purchase (except as described in

Section 6). See Sections 1, 6. The Offer is not conditioned on any minimum number of shares being tendered, but is subject to certain other conditions. See Section 7.

How will the Company pay for the shares?

The aggregate purchase price will be up to $2,500,000. We anticipate that we will pay for the shares tendered in the Offer, as well as paying related fees and expenses, from our cash and cash equivalents.

How long do I have to tender my shares; can the Offer be extended, amended or terminated?

You may tender your shares until the Offer expires. The Offer will expire at 5:00 p.m., New York time, on November 23, 2010, unless extended (such date and time, as they may be extended, the "Expiration Date" and "Expiration Time," respectively). See Section 1. If a broker, dealer, commercial bank, trust company or other nominee holds your shares, it is likely the nominee has established an earlier deadline for you to act to instruct the nominee to accept the Offer on your behalf. We encourage you to contact your broker, dealer, commercial bank, trust company or other nominee to find out the nominee's deadline. See Section 3.

We may choose to extend the Offer at any time and for any reason, subject to applicable laws. See Section 16. We cannot assure you that we will extend the Offer. If we extend the Offer, we will delay the acceptance of any shares that have been tendered until the end of the extension period. We can also amend the Offer in our sole discretion or terminate the Offer under certain circumstances. See Sections 7 and 16.

How will I be notified if the Company extends the Offer or amends the terms of the Offer?

We do not currently intend to extend the Offer. However, in the event that we do extend the Offer, we will issue a press release announcing the extension and the new Expiration Time by 9:00 a.m., New York time, on the next business day after the previously scheduled Expiration Time. We will announce any amendment to the Offer by making a public announcement of the amendment. See Section 16.

What is the purpose of the Offer?

The Offer provides stockholders an opportunity to obtain liquidity with respect to all or a portion of their shares without the usual transaction costs associated with market sales, and provides for the return of a portion of our capital to stockholders who desire such a return at this time. In addition, the Offer complies with the terms of a Stipulation of Settlement dated October 24, 2006, entered by the Superior Court of the Commonwealth of Massachusetts, Hampden County in the lawsuit entitled *Alan Kahn v. John E. Reed, et al*., related to our "going private" transaction, which was consummated on August 29, 2006. Upon completion of the Offer, stockholders who do not participate in the Offer will automatically increase their relative percentage ownership interest in us and our future operations. See Section 2.

What are the significant conditions to the Offer?

The Offer is subject to customary conditions such as absence of a suspension in trading or a material change at the Company. See Section 7, "Conditions of the Offer," which sets forth in full the conditions to the Offer. The Offer is not conditioned on the availability of financing.

How do I tender my shares?

If you want to tender all or part of your shares, you must do one of the following before 5:00 p.m., New York time, on November 23, 2010, or any later time and date to which the Offer may be extended, or earlier as your broker or other nominee may require:

- If your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact the nominee and have the nominee tender your shares for you;

- If you hold certificates in your own name, complete and sign a Letter of Transmittal according to its instructions and deliver it, together with any required signature guarantees, the certificates for your shares and any other documents required by the Letter of Transmittal, to Computershare Inc., the Depositary for the Offer, at one of its addresses shown on the Letter of Transmittal; or

- If you are an institution participating in The Depository Trust Company, tender your shares according to the procedure for book-entry transfer described in Section 3 of this Offer to Purchase.

If you want to tender your shares, but:

- the certificates for your shares are not immediately available or cannot be delivered to the Depositary by the expiration of the Offer;

- you cannot comply with the procedure for book-entry transfer by the expiration of the Offer; or

- your other required documents cannot be delivered to the Depositary by the expiration of the Offer;

you can still tender your shares if you comply with the guaranteed delivery procedure described in Section 3.

You may contact the Information Agent for assistance. The contact information for the Information Agent appears on the back cover of this Offer to Purchase. See Section 3 and the Instructions to the Letter of Transmittal.

In what order will shares be purchased?

If, based on the purchase price we determine, shares having an aggregate value in excess of $2,500,000 are properly tendered at or below the purchase price and not properly withdrawn prior to the Expiration Time, we will purchase shares as follows:

- *first*, all “odd lots” of less than 1,000 shares from holders who properly tender all of their shares within the specified price range and who do not properly withdraw them before the Expiration Time;

- *second*, from all other stockholders who properly tender shares at or below the purchase price determined in the Offer and who do not properly withdraw them before the Expiration Time, on a *pro rata* basis (except for stockholders who tendered shares conditionally for which the condition was not satisfied); and

- *third*, if necessary to permit us to purchase a maximum of $2,500,000 in value of shares at the purchase price determined in the Offer (or such greater amount as we may elect to purchase, subject to applicable law), shares conditionally tendered (for which the condition requiring us to purchase a specified number of shares was not initially satisfied) at or below the purchase price determined in the Offer, will, to the extent feasible, be selected for purchase by random lot. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

Because of the “odd lot” priority, proration and conditional tender provisions of the Offer, we may not purchase all of the shares that you tender even if you tender them at or below the purchase price. See Section 1.

If I own fewer than 1,000 shares and I tender all of my shares, will I be subject to proration?

If you own beneficially or of record fewer than 1,000 shares in the aggregate, we will purchase all of your shares without subjecting them to the proration procedure if you properly tender all of these shares within the specified price range and do not properly withdraw them before the Expiration Time, and you complete the section entitled “Odd Lots” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery. See Section 1.

Once I have tendered shares in the Offer, can I withdraw my tender?

Yes. You may withdraw any shares you have tendered at any time before 5:00 p.m., New York time, on November 23, 2010, unless we extend the Offer, in which case you can withdraw your shares until the expiration of the Offer as extended. If we have not accepted for payment the shares you have tendered to us, you may also withdraw your shares at any time after 11:59 p.m., New York time, on December 8, 2010 (or, if the Offer is extended, such later date as is ten business days after the Expiration Time as so extended). See Section 4.

How do I withdraw shares I previously tendered?

To properly withdraw shares, you must deliver a written notice of withdrawal with the required information to the Depositary while you still have the right to withdraw the shares. If you have used more than one Letter of Transmittal or have otherwise tendered shares in more than one group of shares, you may withdraw shares using either separate notices of withdrawal or a combined notice of withdrawal, so long as the required information is included. Your notice of withdrawal must specify your name, the number of shares to be withdrawn and the name of the registered holder of these shares. Some additional requirements apply if the share certificates to be withdrawn have been delivered to the Depositary or if your shares have been tendered under the procedure for book-entry transfer set forth in Section 3. See Section 4. If you have tendered your shares by giving instructions to a bank, broker, dealer, trust company or other nominee, you must instruct the nominee to arrange for the withdrawal of your shares.

Has the Company or its Board of Directors adopted a position on the Offer?

Our Board of Directors has approved the Offer. However, neither we nor any of our management, our officers, our Board of Directors, the Depositary or the Information Agent is making any recommendation to you as to whether you should tender or refrain from tendering your shares or as to the purchase price or purchase prices at which you may choose to tender your shares. You must make your own decision whether to tender your shares and, if so, how many shares to tender and the purchase price or purchase prices at which your shares should be tendered. In so doing, you should read carefully the information in this Offer to Purchase and in the Letter of Transmittal. See Section 2.

May the directors and executive officers of the Company tender their shares in the Offer?

Yes. However, our directors and executive officers have advised us that they do not intend to tender any of their shares in the Offer. Accordingly, if we complete the Offer, the proportional holdings of our directors and executive officers will increase. Our directors and executive officers may also, in compliance with stock ownership guidelines and applicable law, sell their shares in open market transactions at prices that may or may not be more favorable than the purchase price to be paid to stockholders in the Offer. See Section 12.

If I decide not to tender, how will the Offer affect my shares?

Stockholders who choose not to tender their shares will own a greater percentage interest in our outstanding Common Stock following consummation of the Offer. See Section 2.

What is the recent market price of my shares?

On October 22, 2010, the last full trading day before the commencement of the Offer, the last sale price of our Common Stock reported on the Pink Sheets was $8.50 per share, which reflected a sale that occurred on October 13, 2010. You are urged to obtain current market quotations for the shares before deciding whether and at what price or prices to tender your shares. See Section 8.

When will the Company pay for the shares I tender?

We will pay the purchase price, net to the seller in cash, less any applicable withholding tax and without interest, for the shares we purchase promptly after the expiration of the Offer. We may not be able to announce the final results of proration, if any, or pay for any shares for several business days after the Expiration Time and

proration period. See Section 5. However, if we have not accepted for payment the shares you have tendered to us, you may withdraw your shares at any time after 11:59 p.m., New York time, on December 8, 2010 (or, if the Offer is extended, such later date as is ten business days after the Expiration Time as so extended). See Section 4.

Will I have to pay brokerage commissions if I tender my shares?

If you are the record owner of your shares and your shares are tendered directly to the Depositary, you will not have to pay brokerage fees or similar expenses. If you own your shares through a bank, broker, dealer, trust company or other nominee and the nominee tenders your shares on your behalf, the nominee may charge you a fee for doing so. You should consult with your bank, broker, dealer, trust company or other nominee to determine whether any charges will apply. See Section 3.

What are the United States federal income tax consequences if I tender my shares?

The receipt of cash for shares accepted for payment by us from tendering stockholders who are “United States persons” for United States federal income tax purposes will be treated as a taxable transaction for United States federal income tax purposes. You are encouraged to seek professional advice from your own advisors concerning the tax consequences applicable to your particular situation. See Section 15.

All stockholders should review the discussion in Sections 3 and 15 regarding tax issues and consult their tax advisor regarding the tax effects of a tender of shares.

Will I have to pay stock transfer tax if I tender my shares?

We will pay all stock transfer taxes unless payment is made to, or if shares not tendered or accepted for payment are to be registered in the name of, someone other than the registered holder, or tendered certificates are registered in the name of someone other than the person signing the Letter of Transmittal. See Section 5.

Whom can I talk to if I have questions?

If you have any questions regarding the Offer, please contact MacKenzie Partners, Inc., the Information Agent for the Offer, collect at (212) 929-5500 or toll-free at (800) 322-2885. Additional contact information for the Information Agent is set forth on the back cover of this Offer to Purchase.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements in this Offer to Purchase or documents incorporated by reference herein constitute "forward-looking statements" that are not historical facts but rather reflect the Company's current expectations concerning future results and events. The words "believes," "projects," "expects," "intends," "plans," "anticipates," "estimates," "likely," "will" and similar expressions identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company (or entities in which the Company has interests), or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to (i) the effects of seasonality and variations in weather, in particular cool summers or warm winters and the trends associated with global warming; (ii) changes in environmental, health, safety or other regulations which may require changes to our products or may increase our costs of doing business; (iii) the availability and prices of raw materials; (iv) customer trends and preferences; (v) increased competition particularly as the industries in which we operate consolidate; (vi) the pace of residential and commercial construction; (vii) general economic conditions, including cost and availability of credit, and (viii) the other risks, uncertainties and other factors described in this Offer to Purchase, including in Sections 10 and 11. All of the foregoing are difficult to predict, and many are beyond our ability to control.

Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management's view only as of the date of this Offer to Purchase. We undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, conditions or circumstances.

Notwithstanding anything in this Offer to Purchase, the Letter of Transmittal or any document incorporated by reference or provided in connection with this Offer to Purchase, the safe harbor protections of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with a tender offer.

INTRODUCTION

To the Holders of our Common Stock:

We invite our stockholders to tender shares of our Common Stock, no par value per share, for purchase by us. Upon the terms and subject to the conditions of this Offer to Purchase and the Letter of Transmittal, we are offering to purchase up to a maximum of $2,500,000 in value of shares of our Common Stock, at a price not greater than $10.00 per share (for a maximum of 250,000 shares) nor less than $8.00 per share (for a maximum of 312,500 shares), net to the seller in cash, less applicable withholding taxes and without interest. Unless the context otherwise requires, all references to "shares" shall refer to the Common Stock of the Company.

The Offer will expire at 5:00 p.m., New York time, on November 23, 2010, unless extended as described in Section 16.

After the Offer expires, we will look at the prices chosen by stockholders for all of the shares properly tendered and not properly withdrawn. We will then select the lowest purchase price within the price range specified above that will allow us to buy up to $2,500,000 in value of shares, or a lower amount depending on the number of shares properly tendered. If shares having an aggregate value of less than $2,500,000 are properly tendered, we will purchase all the shares that are properly tendered and not properly withdrawn. All shares we acquire in the Offer will be acquired at the same purchase price regardless of whether the stockholder tendered at a lower price. We will purchase only shares properly tendered and not properly withdrawn at prices at or below the purchase price we determine. However, because of the "odd lot" priority, proration and conditional tender provisions described in this Offer to Purchase, we may not purchase all of the shares tendered if, based on the purchase price we determine, more than $2,500,000 in value of shares are properly tendered. We will return shares tendered at prices in excess of the purchase price we determine and shares that we do not purchase because of the "odd lot" priority, proration or conditional tender provisions to the tendering stockholders at our expense promptly following the Expiration Time. See Section 1.

Tendering stockholders whose shares are registered in their own names and who tender directly to Computershare Inc., the Depositary for the Offer, will not be obligated to pay brokerage fees or commissions or, except as described in Section 5, stock transfer taxes on the purchase of shares by us in the Offer. If you own your shares through a bank, broker, dealer, trust company or other nominee and the nominee tenders your shares on your behalf, the nominee may charge you a fee for doing so. You should consult your bank, broker, dealer, trust company or other nominee to determine whether any charges will apply.

The Offer is not conditioned upon any minimum number of shares being tendered. Our obligation to accept, and pay for, shares validly tendered pursuant to the Offer is conditioned upon satisfaction or waiver of the conditions set forth in Section 7.

Our Board of Directors has approved the Offer. However, neither we nor any of our management, our officers, our Board of Directors, the Depositary or the Information Agent makes any recommendation to any stockholder as to whether to tender or refrain from tendering any shares or as to the price or prices at which stockholders may choose to tender their shares. We have not authorized any person to make any such recommendation. You should carefully evaluate all information in the Offer and you should consult your own investment and tax advisors. You must decide whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should read carefully the information in this Offer to Purchase and in the Letter of Transmittal.

Our directors and executive officers may tender their shares in the Offer. However, they have advised us that they do not intend to tender any of their shares in the Offer. Accordingly, if we complete the Offer the proportional holdings of our directors and executive officers will increase. Our directors and executive officers may, in compliance with stock ownership guidelines and applicable law, sell their shares in open market transactions at prices that may or may not be more favorable than the purchase price to be paid to our stockholders in the Offer. See Section 12.

Any tendering stockholder or other payee that fails to complete, sign and return to the Depositary the Substitute Form W-9 included in the Letter of Transmittal (or such other Internal Revenue Service ("IRS") form as may be applicable) may be subject to United States backup withholding at a rate equal to 28% of the gross proceeds paid to the holder or other payee pursuant to the Offer, unless such holder establishes that it is exempt from backup withholding. See Section 3. Also see Section 15 of this Offer to Purchase regarding certain United States federal income tax consequences of a sale of shares pursuant to the Offer.

As of September 30, 2010, there were 7,960,918 shares of our Common Stock issued and outstanding. At the maximum purchase price of $10.00 per share, we could purchase up to 250,000 shares, which would represent approximately 3.1% of the total number of issued and outstanding shares of our Common Stock as of September 30, 2010. At the minimum purchase price of $8.00 per share, we could purchase up to 312,500 shares, which would represent approximately 3.9% of the total number of issued and outstanding shares of our Common Stock as of September 30, 2010. Our Common Stock trades under the symbol "MCCK.PK" in the in the over-the-counter market as reported on the Pink Sheets Electronic Quotation Service (the "Pink Sheets") maintained by Pink Sheets LLC for the National Quotation Bureau, Inc. On October 22, 2010, the last full trading day before the commencement of the Offer, the last sale price of our Common Stock reported on the Pink Sheets was $8.50 per share, which reflected a sale that occurred on October 13, 2010.

Stockholders are encouraged to obtain current market quotations for the shares before deciding whether and at what purchase price or purchase prices to tender their shares. See Section 8.

THE TENDER OFFER

1. Number of Shares; Price; Priority of Purchase

General. Upon the terms and subject to the conditions of the Offer, we will purchase up to $2,500,000 in value of shares of our Common Stock at a price not greater than $10.00 per share (for a maximum of 250,000 shares) nor less than $8.00 per share (for a maximum of 312,500 shares), net to the seller, in cash, less any applicable withholding tax and without interest. The term "Expiration Time" means 5:00 p.m., New York time, on November 23, 2010, unless we, in our sole discretion, extend the period of time during which the Offer will remain open, in which event the term "Expiration Time" shall refer to the latest time and date at which the Offer, as so extended by us, shall expire. See Section 16 for a description of our right to extend, delay, terminate or amend the Offer.

If the Offer is over-subscribed as described below, shares tendered at or below the purchase price and not properly withdrawn will be subject to proration, except for "odd lots." The proration period and, except as described herein, withdrawal rights expire at the Expiration Time.

If we:

- increase the price to be paid for shares above $10.00 per share or decrease the price to be paid for shares below $8.00 per share;
- increase the number of shares purchasable in the Offer; or
- decrease the available funds and thereby decrease the number of shares purchasable in the Offer;

and the Offer is scheduled to expire at any time earlier than the expiration of a period ending at 11:59 p.m., New York time, on the 10th business day (as defined below) from, and including, the date that notice of any such increase or decrease is first published, sent or given in the manner specified in Section 16, then the Offer will be extended until the expiration of such 10 business day period. For the purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:00 a.m. to 11:59 p.m., New York time.

The Offer is not conditioned on any minimum number of shares being tendered. The Offer is, however, subject to satisfaction of certain other conditions.

In accordance with Instruction 5 of the Letter of Transmittal, stockholders desiring to tender shares must specify the price or prices, not in excess of $10.00 or less than $8.00 per share, at which they are willing to sell their shares to us in the Offer. The lowest price that may be specified is $8.00. The prices that may be specified increase in increments of $0.25 up to $10.00, the highest price that may be specified. Alternatively, stockholders can choose not to specify a price and, instead, elect to tender their shares at the purchase price ultimately paid for shares properly tendered and not properly withdrawn in the Offer, which could result in the tendering stockholder receiving the minimum price of $8.00 per share. See Section 8 for recent market prices for the shares. On October 22, 2010, the last full trading day before the commencement of the Offer, the last sale price of our Common Stock reported on the Pink Sheets was $8.50 per share, which reflected a sale that occurred on October 13, 2010.

Promptly following the Expiration Time, we will look at the prices chosen by stockholders for all of the shares properly tendered and not properly withdrawn and will determine the lowest purchase price within the price range specified above that will allow us to buy up to $2,500,000 in value of shares, or a lower amount depending on the number of shares properly tendered. If, based on the purchase price we determine, fewer than $2,500,000 in value of shares are properly tendered, we will select the lowest price that will allow us to buy all the shares that are properly tendered and not properly withdrawn. Once the purchase price has been determined, we will promptly disclose such price in a manner calculated to inform stockholders of this information, which will include a press release through a national news service.

All shares we acquire in the Offer will be acquired at the same purchase price regardless of whether the stockholder tendered at a lower price. We will purchase only shares properly tendered at or below the purchase price

we determine and not properly withdrawn. However, because of the "odd lot" priority, proration and conditional tender provisions described in this Offer to Purchase, we may not purchase all of the shares tendered, even if stockholders tendered at or below the purchase price, if, based on the purchase price we determine, more than $2,500,000 in value of shares are properly tendered and not properly withdrawn. We will return shares tendered at prices in excess of the purchase price we determine and shares that we do not purchase because of the "odd lot" priority, proration or conditional tender provisions to the tendering stockholders at our expense promptly after the Offer expires. Stockholders can specify one minimum price for a specified portion of their shares and a different minimum price for other specified shares, but a separate Letter of Transmittal must be submitted for shares tendered at each price. See Instruction 5 to the Letter of Transmittal.

If the number of shares properly tendered at or below the purchase price determined in the Offer and not properly withdrawn prior to the Expiration Time is less than or equal to $2,500,000 in value of shares, or such greater number of shares as we may elect to accept for payment, we will, subject to applicable law and upon the terms and subject to the conditions of the Offer, purchase all shares so tendered at the purchase price we determine.

Priority of Purchases. Upon the terms and subject to the conditions of the Offer, if, based on the purchase price determined in the Offer, shares having an aggregate value in excess of $2,500,000 (or such greater amount as we may elect to purchase, subject to applicable law) have been properly tendered at or below the purchase price selected by us and not properly withdrawn prior to the Expiration Time, we will, subject to applicable law, purchase properly tendered shares on the basis set forth below:

First, we will purchase all shares tendered by any Odd Lot Holder (as defined below) who:

- tenders all shares owned beneficially and of record by the Odd Lot Holder at a price at or below the purchase price determined in the Offer (tenders of less than all of the shares owned by an Odd Lot Holder will not qualify for this priority); and

- properly completes the section entitled "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.

Second, subject to the conditional tender provisions described in Section 6, we will purchase all other shares tendered at prices at or below the purchase price determined in the Offer on a pro rata basis with appropriate adjustments to avoid purchases of fractional shares, as described below.

Third, if necessary to permit us to purchase $2,500,000 in value of shares at the purchase price determined in the Offer, shares conditionally tendered (for which the condition requiring us to purchase a specified number of shares was not initially satisfied) at or below the purchase price determined in the Offer, will, to the extent feasible, be selected for purchase by random lot. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

As a result of the foregoing priorities applicable to the purchase of shares tendered, it is possible that all of the shares that a stockholder tenders in the Offer may not be purchased even if they are tendered at or below the purchase price determined in the Offer. In addition, if a tender is conditioned upon the purchase of a specified number of shares, it is possible that none of those shares will be purchased even though those shares were tendered at prices at or below the purchase price we determine.

Odd Lots. The term "Odd Lot Holder" means a person who owns beneficially or of record fewer than 1,000 shares in the aggregate.

To qualify for this priority, an Odd Lot Holder must tender all shares owned by the Odd Lot Holder in accordance with the procedures described in Section 3. This priority is not available to partial tenders or to beneficial or record holders of 1,000 or more shares in the aggregate, even if these holders have separate accounts or certificates representing fewer than 1,000 shares. By tendering in the Offer, an Odd Lot Holder who holds shares in its name and tenders its shares directly to the Depositary would also avoid any applicable odd lot discounts in a sale of the holder's shares. Any Odd Lot Holder wishing to tender all of its shares pursuant to the Offer should complete the section entitled "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.

Proration. If proration of tendered shares is required, we will determine the proration factor promptly following the Expiration Time. Subject to adjustment to avoid the purchase of fractional shares and subject to the provisions governing conditional tenders described in Section 6, proration for each stockholder tendering shares, other than Odd Lot Holders, will be based on the ratio of the number of shares properly tendered and not properly withdrawn by the stockholder to the total number of shares properly tendered and not properly withdrawn by all stockholders, other than Odd Lot Holders, at or below the purchase price determined in the Offer. Because of the difficulty in determining the number of shares properly tendered and not properly withdrawn, and because of the odd lot priority described above and the conditional tender procedure described in Section 6, we expect that we may not be able to announce the final proration factor or commence payment for any shares purchased pursuant to the Offer until up to five business days after the Expiration Time. The preliminary results of any proration will be announced by press release promptly after the Expiration Time. After the Expiration Time, stockholders may obtain preliminary proration information from the Information Agent and also may be able to obtain the information from their brokers.

As described in Section 15, the number of shares that we will purchase from a stockholder in the Offer may affect the United States federal income tax consequences to that stockholder and, therefore, may be relevant to a stockholder's decision whether or not to tender shares and whether to condition any tender upon our purchase of a stated number of shares held by such stockholder.

This Offer to Purchase and the Letter of Transmittal will be mailed to record holders of shares and will be furnished to brokers, dealers, commercial banks and trust companies whose names, or the names of whose nominees, appear on our stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of shares.

2. Purpose of the Offer; Certain Effects of the Offer

Purpose of the Offer. We intend to spend up to $2,500,000 to purchase our shares, which at the price range specified could result in our purchase of between 250,000 and 312,500 of our shares, or up to approximately 3.9% of our outstanding shares as of September 30, 2010. As noted in Section 11. "Risk Factors," there is a limited market for our Common Stock. In recognition of the limited market at the time of our "going private" transaction, which was consummated on August 29, 2006, we offered to conduct in each of the five calendar years following consummation (beginning with the year 2007), a "Dutch Auction"-style offer in which, subject to our compliance with reasonable constraints imposed by bank covenants and financial ratios, we would offer to purchase up to $2,500,000 in value of shares of our Common Stock in each auction. This Offer constitutes the fourth such offer to purchase. The first such offer to purchase (the "2007 Offer") was initiated in October 2007 and consummated in December 2007; pursuant to the 2007 Offer, we repurchased a total of 169,496 shares at $14.75 per share of the total 547,229 shares that had been tendered in the 2007 Offer at various prices ranging from $12.00 to $15.25. The second such offer to purchase (the "2008 Offer") was initiated in November 2008 and consummated in December 2008; pursuant to the 2008 Offer, we repurchased a total of 187,500 shares at $8.00 per share of the total 419,422 shares that had been tendered in the 2008 Offer at various prices ranging from $8.00 to $10.00. The third such offer to purchase (the "2009 Offer") was initiated in November 2009 and consummated in December 2009; pursuant to the 2009 Offer, we repurchased a total of 28,839 shares (constituting all of the shares that had been tendered in the 2009 Offer at various prices ranging from $5.00 to $7.00) at $7.00 per share.

The Offer provides stockholders an opportunity to obtain liquidity with respect to all or a portion of their shares, without the usual transaction costs associated with market sales. It also provides for the return of a portion of our capital to stockholders who desire such a return at this time. Furthermore, odd lot holders who hold shares registered in their names and tender their shares directly to the Depositary and whose shares are purchased pursuant to the Offer will avoid any applicable odd lot discounts that might be payable on sales of their shares. Upon completion of the Offer, stockholders who do not participate in the Offer will automatically increase their relative percentage ownership interest in us and our future operations.

In addition, the Offer complies with the terms of a Stipulation of Settlement dated October 24, 2006, entered by the Superior Court of the Commonwealth of Massachusetts, Hampden County in the lawsuit entitled *Alan Kahn* v. *John E. Reed, et al*. The lawsuit related to our "going private" transaction.

In determining the amount of the Offer, we considered the current and future potential effects on us and our customers of the economic conditions we are currently experiencing in the U.S., particularly the decline in the pace of residential and commercial construction and turmoil in the capital and credit markets that has led many lenders and institutional investors to reduce, and in some cases cease to provide funding to borrowers including other financial institutions. Following communications with Bank of America, the lead lender and the administrative agent under our $80,000,000 Facility (as defined in Section 10) with respect to the terms and continued availability of the Facility, which is our primary source of available credit, we determined that, in order to provide for our continued ability to comply with the financial covenants and ratios under the Facility, the amount of the Offer should be $2,500,000 in value of shares of our Common Stock. In accordance with the Stipulation of Settlement, the terms of the Offer have been approved by a majority of the Board of Directors and by a majority of the independent directors of the Board of Directors.

Our Board of Directors has approved the Offer. However, neither we nor any of our management, our officers, our Board of Directors, the Depositary or the Information Agent makes any recommendation to any stockholder as to whether to tender or refrain from tendering any shares or as to the price or prices at which stockholders may choose to tender their shares, and we have not authorized any person to make any such recommendation. Stockholders should carefully evaluate all information in the Offer and should consult their own investment and tax advisors. You must decide whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should read carefully the information in this Offer to Purchase and in the Letter of Transmittal.

Certain Effects of the Offer. Stockholders who do not tender their shares pursuant to the Offer and stockholders who otherwise retain an equity interest in the Company as a result of a partial tender of shares or proration will continue to be stockholders of the Company following the Offer. As a result, if we complete the Offer, those stockholders will realize a proportionate increase in their relative equity interest in the Company and will bear the attendant risks associated with owning our equity securities, including risks resulting from our purchase of shares. Stockholders may be able to sell non-tendered shares in the future in the over the counter market, or otherwise, at a net price significantly higher or lower than the purchase price in the Offer. We can give no assurance as to the price at which a stockholder may be able to sell shares in the future. The shares that we acquire in the Offer will become treasury shares. Although we do not currently intend to do so, we may at any time in the future restore such shares to the status of authorized but unissued shares available for issuance without further stockholder action (except as required by applicable law) whether for acquisitions, raising additional capital or other purposes.

The Offer will reduce the number of shares owned by non-affiliate stockholders and available for trading in the securities markets, and may reduce the number of our stockholders. Our directors and executive officers have advised us that they do not intend to tender any of their shares in the Offer. Accordingly, upon completion of the Offer, the proportional holdings of our directors and executive officers will increase. However, our directors and executive officers may, in compliance with stock ownership guidelines and applicable law, sell their shares in open market transactions at prices that may or may not be more favorable than the purchase price to be paid to our stockholders in the Offer. See Section 12.

Except for the foregoing and as otherwise disclosed in this Offer to Purchase or the documents incorporated by reference herein, we currently have no plans, proposals or negotiations underway that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries which is material to us and our subsidiaries, taken as a whole;

- any purchase, sale or transfer of an amount of our assets or any of our subsidiaries' assets which is material to us and our subsidiaries, taken as a whole;

- any material change in our present Board of Directors or management or any plans or proposals to change the number or the term of directors (although we may fill vacancies arising on the Board of Directors) or to change any material term of the employment contract of any executive officer;

- any material change in our present dividend rate or policy, our indebtedness or capitalization, our corporate structure or our business, except as disclosed in this Offer to Purchase;
- the acquisition or disposition by any person of our securities; or
- any changes in our charter or bylaws that could impede the acquisition of control of us.

Notwithstanding the foregoing, as part of our long-term corporate goal of increasing stockholder value, we have regularly considered alternatives to enhance stockholder value, including open market repurchases of our shares, modifications of our dividend policy, strategic acquisitions, divestitures and business combinations, and we intend to continue to consider alternatives to enhance stockholder value. Except as otherwise disclosed in this Offer to Purchase, as of the date hereof, no agreements, understandings or decisions have been reached and there can be no assurance that we will decide to undertake any such alternatives. See Section 12.

3. Procedures for Tendering Shares

Valid Tender. For a stockholder to make a valid tender of shares in the Offer, the Depositary must receive, at one of its addresses set forth on the back cover of this Offer to Purchase and prior to the Expiration Time:

- a Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees (or, in the case of a book-entry transfer, an "agent's message") (see "Book-Entry Transfer" below), and any other required documents; and
- either certificates representing the tendered shares or, in the case of tendered shares delivered in accordance with the procedures for book-entry transfer described below, a book-entry confirmation of that delivery (see "Book-Entry Transfer" below).

In the alternative, the tendering stockholder must, before the Expiration Time, comply with the guaranteed delivery procedures described below.

If a broker, dealer, commercial bank, trust company, or other nominee holds your shares, it is likely the nominee has established an earlier deadline for you to act to instruct the nominee to accept the Offer on your behalf. We urge you to contact your broker, dealer, commercial bank, trust company, or other nominee to find out the nominee's applicable deadline.

The valid tender of shares by you through one of the procedures described in this Section 3 will constitute a binding agreement between you and us on the terms of, and subject to the conditions to, the Offer.

In accordance with Instruction 5 of the Letter of Transmittal, each stockholder desiring to tender shares pursuant to the Offer must either (i) check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer," in which case you will be deemed to have tendered your shares at the minimum price of $8.00 per share (YOU SHOULD UNDERSTAND THAT THIS ELECTION MAY LOWER THE PURCHASE PRICE PAID FOR ALL PURCHASED SHARES IN THE TENDER OFFER AND COULD RESULT IN THE TENDERED SHARES BEING PURCHASED AT THE MINIMUM PRICE OF $8.00 PER SHARE) or (ii) check one, and only one, of the boxes corresponding to the price at which shares are being tendered in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined by Shareholder" (YOU SHOULD BE AWARE THAT THIS ELECTION COULD MEAN THAT NONE OF YOUR SHARES WILL BE PURCHASED IF THE PRICE SELECTED BY YOU IS HIGHER THAN THE PURCHASE PRICE EVENTUALLY DETERMINED IN THE OFFER AFTER THE EXPIRATION TIME). A tender of shares will be proper if one, and only one, of these boxes is checked on the Letter of Transmittal. If tendering stockholders wish to maximize the chance that their shares will be purchased, they should check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer." On October 22, 2010, the last full trading day prior to the commencement of the Offer, the last sale price for our Common Stock as reported on the Pink Sheets was $8.50 per share, which reflected a sale that occurred on October 13, 2010.

A stockholder who wishes to tender shares at more than one price must complete a separate Letter of Transmittal for each price at which shares are being tendered. The same shares cannot be tendered (unless previously properly withdrawn in accordance with the terms of the Offer) at more than one price. In order to withdraw, stockholders who tendered at multiple prices pursuant to multiple Letters of Transmittal must comply with the procedures set forth in Section 4.

We encourage stockholders who hold shares through brokers or banks to consult the brokers or banks to determine whether transaction costs are applicable if they tender shares through the brokers or banks and not directly to the Depositary.

Odd Lot Holders who tender all their shares must also complete the section captioned "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, to qualify for the priority treatment available to Odd Lot Holders as set forth in Section 1.

Book-Entry Transfer. For purposes of the Offer, the Depositary will establish an account for the shares at The Depository Trust Company (the "book-entry transfer facility") within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the book-entry transfer facility's system may make book-entry delivery of shares by causing the book-entry transfer facility to transfer those shares into the Depositary's account in accordance with the book-entry transfer facility's procedures for that transfer. Although delivery of shares may be effected through book-entry transfer into the Depositary's account at the book-entry transfer facility, the Letter of Transmittal, properly completed and duly executed, with any required signature guarantees, or an agent's message, and any other required documents must, in any case, be transmitted to, and received by, the Depositary at one of its addresses listed on the back cover of this Offer to Purchase prior to the Expiration Time, or the tendering stockholder must comply with the guaranteed delivery procedures described below.

The confirmation of a book-entry transfer of shares into the Depositary's account at the book-entry transfer facility described above is referred to in this Offer to Purchase as a "book-entry confirmation." **Delivery of documents to the book-entry transfer facility in accordance with the book-entry transfer facility's procedures will not constitute delivery to the Depositary.**

The term "agent's message" means a message transmitted by the book-entry transfer facility to, and received by, the Depositary and forming a part of a book-entry confirmation, stating that the book-entry transfer facility has received an express acknowledgment from the participant tendering shares through the book-entry transfer facility that the participant has received and agrees to be bound by the terms of the Letter of Transmittal and that we may enforce that agreement against that participant.

Method of Delivery. **The method of delivery of shares, the Letter of Transmittal and all other required documents, including delivery through the book-entry transfer facility, is at the election and risk of the tendering stockholder. Shares will be deemed delivered only when actually received by the Depositary (including, in the case of a book-entry transfer, by book-entry confirmation). If you plan to make delivery by mail, we recommend that you deliver by registered mail with return receipt requested and obtain proper insurance. In all cases, sufficient time should be allowed to ensure timely delivery.**

Signature Guarantees. No signature guarantee will be required on a Letter of Transmittal for shares tendered thereby if:

- the "registered holder(s)" of those shares signs the Letter of Transmittal and has not completed the box entitled "Special Payment Instructions" in the Letter of Transmittal; or

- those shares are tendered for the account of an "eligible institution."

A "registered holder" of tendered shares will include any participant in the book-entry transfer facility's system whose name appears on a security position listing as the owner of those shares, and an "eligible institution" is a "financial institution," which term includes most commercial banks, savings and loan associations and brokerage houses, that is a participant in any of the following: (i) the Securities Transfer Agents Medallion Program;

(ii) The New York Stock Exchange, Inc. Medallion Signature Program; or (iii) the Stock Exchange Medallion Program.

Except as described above, all signatures on any Letter of Transmittal for shares tendered thereby must be guaranteed by an eligible institution. See Instructions 8 and 13 to the Letter of Transmittal. If the certificates for shares are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made or certificates for shares not tendered or not accepted for payment are to be returned to a person other than the registered holder of the certificates surrendered, then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered holders or owners appear on the certificates, with the signatures on the certificates or stock powers guaranteed by an eligible institution. See Instructions 8 and 13 to the Letter of Transmittal.

Guaranteed Delivery. If you wish to tender shares in the Offer and your certificates for shares are not immediately available or the procedures for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Depositary prior to the Expiration Time, your tender may be effected if all the following conditions are met:

- your tender is made by or through an eligible institution;
- a properly completed and duly executed Notice of Guaranteed Delivery in the form we have provided is received by the Depositary, as provided below, prior to the Expiration Time; and
- the Depositary receives at one of its addresses listed on the back cover of this Offer to Purchase and within the period of three trading days after the date of execution of that Notice of Guaranteed Delivery, either: (i) the certificates representing the shares being tendered, in the proper form for transfer, together with all other required documents and a Letter of Transmittal, which has been properly completed and duly executed and includes all signature guarantees required; or (ii) confirmation of book-entry transfer of the shares into the Depositary's account at the book-entry transfer facility, together with all other required documents and either a Letter of Transmittal, which has been properly completed and duly executed and includes all signature guarantees required, or an agent's message.

A Notice of Guaranteed Delivery must be delivered to the Depositary by overnight courier, facsimile transmission or mail before the Expiration Time and must include a guarantee by an eligible institution in the form set forth in the Notice of Guaranteed Delivery.

Return of Unpurchased Shares. The Depositary will return certificates for unpurchased shares promptly after the expiration or termination of the Offer or the proper withdrawal of the shares, as applicable, or, in the case of shares tendered by book-entry transfer at the book-entry transfer facility, the Depositary will credit the shares to the appropriate account maintained by the tendering stockholder at the book-entry transfer facility, in each case without expense to the stockholder.

Tendering Stockholders' Representation and Warranty; Our Acceptance Constitutes an Agreement. It is a violation of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") for a person acting alone or in concert with others, directly or indirectly, to tender shares for such person's own account unless at the time of tender and at the Expiration Time such person has a "net long position" in (i) a number of shares that is equal to or greater than the amount tendered and will deliver or cause to be delivered such shares for the purpose of tendering to us within the period specified in the Offer or (ii) other securities immediately convertible into, exercisable for or exchangeable into shares ("Equivalent Securities") that is equal to or greater than the number of shares tendered and, upon the acceptance of such tender, will acquire such shares by conversion, exchange, or exercise of such Equivalent Securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such shares so acquired for the purpose of tender to us within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of shares made pursuant to any method of delivery set forth in this Offer to Purchase will constitute the tendering stockholder's acceptance of the terms and conditions of the Offer, as well as the tendering stockholder's representation and warranty to us that (i) such stockholder has a "net long position" in a number of shares or

Equivalent Securities at least equal to the shares being tendered within the meaning of Rule 14e-4, and (ii) such tender of shares complies with Rule 14e-4. Our acceptance for payment of shares tendered pursuant to the Offer will constitute a binding agreement between the tendering stockholder and us upon the terms and subject to the conditions of the Offer.

Determination of Validity. **All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares will be determined by us, in our sole discretion.** This determination will be final and binding on all parties. We reserve the absolute right to reject any or all tenders that we determine not to be in proper form or the acceptance for payment of which may be unlawful. We also reserve the absolute right, in our sole discretion, to waive any defect or irregularity in any tender of shares of any particular stockholder, whether or not similar defects or irregularities are waived in the case of other stockholders. A tender of shares will not have been made until all defects and irregularities have been cured or waived. None of us, our affiliates or assigns, the Depositary or any other person will be under any duty to give notification of any defects or irregularities in tenders or notices of objection or incur any liability for failure to give any notification. Our interpretation of the terms of, and conditions to, the Offer (including the Letter of Transmittal, the Notice of Guaranteed Delivery and the instructions thereto) will be final and binding. By tendering shares to us you agree to accept all decisions we make concerning these matters and waive any right you might otherwise have to challenge those decisions.

If you tender your shares pursuant to any of the procedures described above, it will constitute your acceptance of the terms of, and conditions to, the Offer, as well as your representation and warranty to us that:

- you have the full power and authority to tender, sell, assign and transfer the tendered shares (and any and all shares, other securities or distributions issued or issuable in respect of your shares); and

- when we accept your shares for payment, we will acquire good and marketable title to your shares, free and clear of all liens, restrictions, claims and encumbrances and not subject to any adverse claims or rights.

Our acceptance of your shares pursuant to any of the procedures described above will constitute a binding agreement between you and us upon the terms of, and subject to the conditions to, the Offer.

In this Offer to Purchase, and in the Letter of Transmittal, we have included certain statements that our determinations with respect to such matters as the validity of tenders, the validity of purported withdrawal of shares and the satisfaction of conditions to the Offer will be valid and binding. These statements, and any related statements that a holder tendering shares waives any right to challenge our decisions, are not intended and should not be construed as meaning that any rights under federal or state securities laws have been waived or that our decisions are not subject to applicable law. These statements are included because it is necessary for us, in order to determine if proration is needed and, if so, which shares will be accepted and which will be returned, to make decisions which are deemed final with respect to the validity of tenders. Without such an ability to make decisions, we cannot accurately determine the number of shares tendered and make decisions about such matters as proration and return of shares. Statements that determinations will be made in our sole discretion are intended to refer to our sole discretion, exercised reasonably.

Lost Certificates. If the share certificates which a registered holder wants to surrender have been lost, destroyed or stolen, the stockholder should follow the instructions set forth in the Letter of Transmittal. See Instruction 13 of the Letter of Transmittal.

United States Federal Tax Withholding. Any tendering stockholder or other payee that fails to correctly and fully complete and sign the Substitute Form W-9 included in the Letter of Transmittal may be subject to IRS penalties and required United States backup withholding of 28% of the gross proceeds paid to such stockholder or other payee pursuant to the Offer. Certain stockholders (including, among others, all corporations and certain foreign individuals and entities) are not subject to backup withholding; however, backup withholding will apply unless such exemption is proven in a manner satisfactory to the Depositary (such as by completing and signing the Substitute Form W-9). Non-corporate foreign stockholders should complete and sign the main signature form and the appropriate Form W-8, Certificate of Foreign Status, a copy of which may be obtained from the Depositary, in

order to avoid backup withholding. See Instruction 12 of the Letter of Transmittal. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded or credited against a stockholder's United States federal income tax liability, provided that the required information is furnished. See Section 15 for more information regarding the backup withholding requirement.

Non-U.S. Stockholders (as defined in Section 15) are subject to United States withholding at a 30% rate on the gross proceeds of a sale of shares pursuant to the Offer, unless the Non-U.S. Stockholder provides the Depositary (or other applicable withholding agent) with (i) a Form W-8 ECI (or suitable substitute form), claiming that the Offer proceeds are effectively connected with a United States trade or business carried on by the Non-U.S. Stockholder or (ii) a Form W-8BEN (or suitable substitute form) establishing that a reduced rate of or exemption from withholding is available under an applicable income tax treaty.

A Non-U.S. Stockholder may be eligible to obtain a refund or credit of all or a portion of any United States federal tax withheld if the Non-U.S. Stockholder is able to establish that no tax or a reduced amount of tax is due, in either case, provided that an appropriate claim is timely filed with the IRS. Non-U.S. Stockholders are advised to consult their own tax advisors regarding the application of Unites States federal income tax withholding rules to the sale of shares pursuant to the Offer, including the eligibility for reduced withholding rates or exemptions and refund procedures.

4. Withdrawal Rights

Except as this Section 4 otherwise provides, tenders of shares are irrevocable. You may withdraw shares that you have previously tendered in the Offer according to the procedures described below at any time prior to the Expiration Time for all shares. You may also withdraw your previously tendered shares at any time after 11:59 p.m., New York time, on December 8, 2010 (or, if the Offer is extended, such later date as is ten business days after the Expiration Time as so extended), unless such shares have been accepted for payment as provided in the Offer.

For a withdrawal to be effective, a written notice of withdrawal must:

- be received in a timely manner by the Depositary at one of its addresses listed on the back cover of this Offer to Purchase; and
- specify the name of the person having tendered the shares to be withdrawn, the number of shares to be withdrawn and the name of the registered holder of the shares to be withdrawn, if different from the name of the person who tendered the shares.

If certificates for shares have been delivered or otherwise identified to the Depositary, then, prior to the physical release of those certificates, the serial numbers shown on those certificates must be submitted to the Depositary and, unless an eligible institution has tendered those shares, an eligible institution must guarantee the signatures on the notice of withdrawal.

If a stockholder has used more than one Letter of Transmittal or has otherwise tendered shares in more than one group of shares, the stockholder may withdraw shares using either separate notices of withdrawal or a combined notice of withdrawal, so long as the information specified above is included.

If shares have been delivered in accordance with the procedures for book-entry transfer described in Section 3, any notice of withdrawal must also specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn shares and otherwise comply with the book-entry transfer facility's procedures.

Withdrawals of tenders of shares may not be rescinded and any shares properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Withdrawn shares may be retendered at any time prior to the Expiration Time by again following one of the procedures described in Section 3.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by us, in our sole discretion, subject to applicable law, which determination will be final and binding on all parties. We also reserve the absolute right, in our sole discretion, to waive any defect or irregularity in any

notices of withdrawal of any particular stockholder, whether or not similar defects or irregularities are waived in the case of other stockholders. None of us, our affiliates or assigns, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

If we extend the Offer, are delayed in our purchase of shares, or are unable to purchase shares in the Offer as a result of the occurrence of a condition disclosed in Section 7, then, without prejudice to our rights in the Offer, the Depositary may, subject to applicable law, retain tendered shares on our behalf, and such shares may not be withdrawn except to the extent tendering stockholders are entitled to withdrawal rights as described in this Section 4 Our reservation of the right to delay payment for shares which we have accepted for payment is limited by Rule 3e-(f)(5) promulgated under the Exchange Act, which requires that we must pay the consideration offered or return the shares tendered promptly after termination or withdrawal of a tender offer.

5. Purchase of Shares; Payment of Purchase Price

Upon the terms and subject to the conditions of the Offer, promptly following the Expiration Time, we will (i) determine a single per share purchase price that we will pay for the shares properly tendered and not properly withdrawn before the Expiration Time, taking into account the number of shares tendered and the prices specified by tendering stockholders, and (ii) accept for payment and pay the purchase price for (and thereby purchase) shares having an aggregate purchase price of up to $2,500,000 (or such greater number of shares as we may elect to purchase, subject to applicable law) properly tendered at prices at or below the purchase price and not properly withdrawn before the Expiration Time.

For purposes of the Offer, we will be deemed to have accepted for payment (and therefore purchased), subject to the "odd lot" priority, proration and conditional tender provisions of this Offer, shares that are properly tendered at or below the purchase price selected by us and not properly withdrawn only when, as and if we give oral or written notice to the Depositary of our acceptance of the shares for payment pursuant to the Offer.

Upon the terms and subject to the conditions of the Offer, we will accept for payment and pay the per share purchase price for all of the shares accepted for payment pursuant to the Offer promptly after the Expiration Time. In all cases, payment for shares tendered and accepted for payment pursuant to the Offer will be made promptly, subject to possible delay in the event of proration, but only after timely receipt by the Depositary of:

- certificates for shares or a timely book-entry confirmation of the deposit of shares into the Depositary's account at the book-entry transfer facility;
- a properly completed and duly executed Letter of Transmittal (or, in the case of a book-entry transfer, an agent's message); and
- any other required documents.

We will pay for shares purchased pursuant to the Offer by depositing the aggregate purchase price for the shares with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from us and transmitting payment to the tendering stockholders.

If proration of tendered shares is required, because of the difficulty of determining the precise number of shares properly tendered and not withdrawn, we may not be able to announce the final results of proration or pay for any shares until several business days after the Expiration Time and proration period. If we have not accepted for payment the shares you have tendered to us, you may withdraw your shares at any time after 11:59 p.m., New York time, on December 8, 2010 (or, if the Offer is extended, such later date as is ten business days after the Expiration Time as so extended). See Section 4. Unless a stockholder specifies otherwise in the Letter of Transmittal, certificates for all shares tendered and not purchased, including all shares tendered at prices in excess of the purchase price and shares not purchased due to proration or conditional tender, will be returned or, in the case of shares tendered by book-entry transfer, will be credited to the account maintained with the book-entry transfer facility by the participant who delivered the shares, to the tendering stockholder at our expense promptly after the Expiration Time or termination of the Offer.

Under no circumstances will we pay interest on the purchase price, including but not limited to, by reason of any delay in making payment. In addition, if certain events occur, we may not be obligated to purchase shares pursuant to the Offer. See Section 7.

We will pay all stock transfer taxes, if any, payable on the transfer to us of shares purchased pursuant to the Offer. If, however, payment of the purchase price is to be made to, or (in the circumstances permitted by the Offer) if unpurchased shares are to be registered in the name of, any person other than the registered holder or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer to the person will be deducted from the purchase price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption from payment of the stock transfer taxes, is submitted.

Any tendering stockholder or other payee that fails to complete fully, sign and return to the Depositary the Substitute Form W-9 included in the Letter of Transmittal (or such other IRS form as may be applicable) may be subject to required United States backup withholding at a rate equal to 28% of the gross proceeds paid to the stockholder or other payee pursuant to the Offer. See Section 3.

6. Conditional Tender of Shares

Subject to the exception for Odd Lot Holders, in the event of an over-subscription of the Offer, shares tendered at or below the purchase price prior to the Expiration Time will be subject to proration. See Section 1. As discussed in Section 15, the number of shares to be purchased from a particular stockholder may affect the tax treatment of the purchase to the stockholder and the stockholder's decision whether to tender. Accordingly, a stockholder may tender shares subject to the condition that a specified minimum number of the stockholder's shares tendered pursuant to a Letter of Transmittal must be purchased if any shares tendered are purchased. Stockholders who hold certificates in their own names may also specify which certificates represent the minimum number of shares that must be purchased if any shares tendered are purchased. Any stockholder desiring to make a conditional tender must so indicate in the section entitled "Conditional Tender" in the Letter of Transmittal, and, if applicable, in the Notice of Guaranteed Delivery.

Any tendering stockholder wishing to make a conditional tender must calculate and appropriately indicate the minimum number of shares that must be purchased if any are to be purchased. After the Offer expires, if, based on the purchase price determined in the Offer, more than $2,500,000 in value of shares (or such greater number of shares as we may elect to accept for payment, subject to applicable law) are properly tendered and not properly withdrawn, so that we must prorate our acceptance of and payment for tendered shares, we will calculate a preliminary proration percentage based upon all shares properly tendered, conditionally or unconditionally. If the effect of this preliminary proration would be to reduce the number of shares to be purchased from any stockholder below the minimum number specified, the tender will automatically be regarded as withdrawn (except as provided in the next paragraph). All shares tendered by a stockholder subject to a conditional tender and regarded as withdrawn as a result of proration will be returned at our expense, promptly after the Expiration Time.

After giving effect to these withdrawals, we will accept the remaining shares properly tendered, conditionally or unconditionally, on a pro rata basis, if necessary. If conditional tenders would otherwise be regarded as withdrawn and would cause the total number of shares to be purchased to fall below an amount having an aggregate purchase price of $2,500,000 (or such greater number of shares as we may elect to accept for payment, subject to applicable law) then, to the extent feasible, we will select enough of the conditional tenders that would otherwise have been withdrawn to permit us to purchase $2,500,000 in value of shares (or such greater number of shares as we may elect to accept for payment, subject to applicable law). In selecting among the conditional tenders, we will select by random lot, treating all tenders by a particular taxpayer as a single lot, and will limit our purchase in each case to the designated minimum number of shares to be purchased. To be eligible for purchase by random lot under these circumstances, stockholders whose shares are conditionally tendered must have tendered all of their shares.

7. Conditions of the Offer

Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) our rights to extend the Offer or otherwise amend the terms of the Offer at any time, we shall not be required to accept for payment and, subject to (i) our reasonable discretion, and (ii) any applicable rules and regulations of the Securities and Exchange Commission (the "SEC"), including Rule 14e-1(c) under the Exchange Act (relating to our obligation to either pay for or return tendered shares promptly after the termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of and accordingly the payment for, any tendered shares, and terminate the Offer, if any of the following events shall occur:

(a) any change (or any publicly reported or disclosed condition, event or development involving a prospective change) shall have occurred or been threatened in the business, properties, assets, liabilities, capitalization, stockholders' equity, financial condition, operations, licenses, results of operations or prospects of the Company or any of our subsidiaries or affiliates that does or may have a materially adverse effect on (x) the value of the Company or any of our affiliates, (y) the value of the shares or (z) a material contractual right of the Company or any of its affiliates, including, without limitation, any acceleration of any material amount of indebtedness of the Company or any of our affiliates as a result of or in connection with the Offer;

(b) there shall be threatened, instituted or pending any action, proceeding, application or counterclaim by or before any court or governmental, administrative or regulatory agency or authority, domestic or foreign, or any other person or tribunal, domestic or foreign, which (i) challenges or seeks to challenge, restrain or prohibit the making of the Offer, the acquisition by us of the shares or any other matter directly or indirectly relating to the Offer, or seeks to obtain any material damages or otherwise directly or indirectly relating to the transactions contemplated by the Offer, (ii) seeks to make the purchase of, or payment for, some or all of the shares pursuant to the Offer illegal or results in a delay in our ability to accept for payment or pay for some or all of the shares, (iii) seeks to impose limitations on our ability (or any affiliate of ours) to acquire or hold or to exercise full rights of ownership of the shares, including, but not limited to, the right to vote the shares purchased by us on all matters properly presented to the stockholders or (iv) might result, in our reasonable judgment, in a materially adverse effect on (x) the value of the Company or any of our affiliates, (y) the value of the shares or (z) a material contractual right of the Company or any of our affiliates;

(c) any statute, rule, regulation, judgment, decree, interpretation, injunction or order (preliminary, permanent or otherwise) shall have been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Offer or to us or any of our subsidiaries or affiliates by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, which, in our reasonable judgment, (i) indicates that any approval or other action of any such court, agency or authority may be required in connection with the Offer or the purchase of shares thereunder, (ii) would or might prohibit, restrict or delay consummation of the Offer, (iii) might impose limitations on our ability (or any affiliate of ours) to acquire, hold or exercise full rights of ownership of the shares, including, but not limited to, the right to vote the shares purchased by us on all matters properly presented to the stockholders or (iv) might result in a materially adverse effect on (x) the value of the Company or any of our affiliates, (y) the value of the shares or (z) a material contractual right of the Company or any of our affiliates.

All the foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to such condition or may be waived by us in whole or in part at any time and from time to time prior to the expiration of the Offer in our reasonable discretion. Our failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by us concerning the events described in this Section 7 will be final and binding upon all parties.

8. Price Range of the Shares

Since August 30, 2006, our Common Stock has traded under the symbol "MCCK.PK" in the over-the-counter market as reported on the Pink Sheets. Our Common Stock had traded on the New York Stock Exchange (the "NYSE") under the symbol "MCC" until August 29, 2006, the date we consummated our "going private" transaction.

The following table sets forth the high and low sale prices of our Common Stock as reported on the Pink Sheets from January 1, 2007, through October 22, 2010, the last full trading day before commencement of the Offer. The Common Stock price information is based on information provided to us by the Pink Sheets compiled from sources believed to be reliable, but no guaranties or warranties are made with respect to such information. Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not necessarily reflect actual transactions.

The last sale price reflects the price at which the last sale of our Common Stock occurred, but does not indicate the date on which such sale occurred and there should be no assumption that the last sale price reported for any given date reflects a sale that occurred on that date. As noted in Section 11 "Risk Factors," there is a limited market for our Common Stock. There are extended periods during which there are no sales of our Common Stock reported on the Pink Sheets and most sales involve only a small number of shares. Accordingly, it is possible that the last sale price reported for any given date reflects a sale that occurred on a date other than such date.

	High	Low
2008		
First Quarter	$ 14.25	$ 12.00
Second Quarter	11.50	10.15
Third Quarter	11.00	9.70
Fourth Quarter[1]	10.50	6.00
2009		
First Quarter	$ 8.00	$ 6.25
Second Quarter	7.00	2.10
Third Quarter	6.75	4.50
Fourth Quarter [2]	7.75	6.05
2010		
First Quarter	$ 8.15	$ 7.30
Second Quarter [3]	28.00	8.05
Third Quarter	10.05	8.40
Fourth Quarter (through October 22, 2010)	8.50	8.40

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(1) In December 2008, the Company completed the 2008 Offer pursuant to which it purchased 187,500 shares of Common Stock at a price of $8.00 per share. See Section 2.

(2) In December 2009, the Company completed the 2009 Offer pursuant to which it purchased 28,839 shares of Common Stock at a price of $7.00 per share. See Section 2.

(3) The $28.00 price reflects a transaction or transactions on a single day in which a total of 675 shares were sold at prices ranging from $17.50 to $28.00. Outside of transactions on this day, the high price reported on the Pink Sheets for the second quarter of 2010 was $10.01.

On October 22, 2010, the last full trading day before the commencement of the Offer, the last sale price of our Common Stock reported on the Pink Sheets was $8.50 per share, which reflected a sale that occurred on October 13, 2010. **We encourage stockholders to obtain a current market price for the shares before deciding whether and at what price or prices to tender their shares. See also Section 11.**

We have not paid any cash dividends on our Common Stock since 1979. Our future decisions concerning the payment of dividends on our Common Stock will depend upon our results of operations, financial condition and

capital expenditure plans, as well as such other factors as our Board of Directors, in its sole discretion, may consider relevant. In addition, our existing indebtedness restricts, and we anticipate our future indebtedness may restrict, our ability to pay dividends.

Notwithstanding the foregoing, due to the uncertainty surrounding the present and future tax laws, it has been contemplated that the potential of a declaration of a dividend from the Company prior to the end of 2010 should be explored. As of the date of this Offer there has not been any specific decision as to whether to declare a dividend, the amount of any dividend or the effect that a dividend would have on any agreements, lines of credit or other obligations held by or entered into by the Company. Likewise, there has not been, nor is there currently scheduled, any meeting of the Board of Directors or any committee thereof to discuss a dividend.

9. Source and Amount of Funds

Assuming that the Offer is fully subscribed, the aggregate purchase price will be a maximum of $2,500,000. We anticipate that we will pay for the shares tendered in the Offer, as well as paying related fees and expenses, from our cash and cash equivalents.

10. Information About Mestek, Inc.

General

Mestek, Inc. was incorporated in the Commonwealth of Pennsylvania in 1898 as Mesta Machine Company. We changed our name to Mestek, Inc. in October 1984, and merged with Reed National Corp. on July 31, 1986. We derive our revenues primarily from the sale of manufactured products and enterprise information technology systems in our three distinct operating segments: the HVAC Segment, which manufactures heating, ventilating and air conditioning equipment, the Metal Forming Segment, which manufactures metal-forming equipment, and the Healthcare Information Technology Segment, which provides software products for home health care providers to streamline their operations. In the HVAC and Metal Forming Segments the sale of service generates a relatively small component of total net sales.

All three Segments operate in industries that historically have been highly fragmented and, during the past decade have been in a gradual "roll-up" or consolidation process that has slowed somewhat in recent years, likely due to economic conditions in these industries and in the U.S. in general. While we had completed several acquisitions in the early part of the decade, during the most recently completed two fiscal years, and during 2010 we completed only one acquisition, in our Healthcare Information Technology Segment. In April 2009, CareCentric, Inc. ("CareCentric"), formerly an investment of the Company in the healthcare information technology industry, was merged into our wholly-owned subsidiary, Caretinuum LLC ("Caretinuum"). Caretinuum is a provider of information technology systems and related software, billing and consulting services to enable home health care and long term care providers throughout the United States to more effectively operate their businesses and compete in the prospective payment system and managed care environments. To complete the acquisition of CareCentric, we issued 109,652 shares of Mestek common stock valued at $943,007, made a cash payment in the amount of $42,548 and assumed liability for an outstanding judgment in the amount of $470,631. In addition, in connection with the merger, we entered into an Assignment and Acceptance Agreement with Wainwright Bank to purchase the outstanding Wainwright line of credit, which had been guaranteed by us, in the aggregate amount of $8,012,981 made up primarily of principal with additional funds for accrued interest and legal fees. The line of credit remains outstanding as an intercompany note between Mestek, Inc. and Caretinuum. The Company's guarantee of the Wainwright line of credit has been released.

Customers/Suppliers. We are not dependent on any one customer in any of our Segments for more than 10% of our consolidated revenues, nor do we derive more than 10% of our consolidated revenues internationally. In addition, none of our Segments is dependent on a single supplier, the loss of which would have a material adverse effect on such Segment's business.

Competition. We operate in highly competitive markets. While many companies, both larger and smaller than we are, sell many of the same products and services, our competitive position is not easily determinable in any of our Segments since no one competitor or group of competitors offers the same product lines through the same

channels. Competitors in each of our Segments compete primarily through product quality and performance, price, service (both pre- and post-sale) and technical innovation. The relative importance of these factors varies from product line to product line. In addition, strength or weakness in the construction markets directly affects our HVAC business, and aspects of the Metal Forming business, and strength or weakness in the capital goods markets directly affects our Metal Forming business.

Strategy. An important part of our business strategy is to look for niche areas where larger competitors in the HVAC arena choose not to focus or, in our Metal Forming Segment, where strategic enhancement of product offering can result in a more competitive position in the marketplace, and, through acquisition or product and market development, address these opportunities. In addition, we are pursuing new product development opportunities in environmentally efficient, or "green," product franchises. As a part of this process, we continually review our stable of companies and product lines, evaluating them with respect to allocation of resources for growth, research and development, revitalization or sale. Our history over the past twenty years has been one of measured growth often through acquisition, while controlling our operating costs, inventory and capital spending, and this process continues, as does the occasional divestiture or closing of a company or facility, or other measures to reduce expenses as may be necessary.

Backlog. Management does not believe that backlog figures relating to the HVAC Segment are material to an understanding of its business because most equipment is shipped promptly after the receipt of orders. The backlog relating to the Metal Forming Segment at December 31, 2009, was approximately $7,365,000 compared to approximately $12,426,000 at December 31, 2008.

Patents/Trademarks. We own a number of United States and foreign patents. Although we usually seek to obtain patents where appropriate, we do not consider any segment materially dependent upon any single patent or group of related patents.

Research and Development. Expenditures for research and development for the HVAC Segment in 2008 and 2009 were approximately $3,585,000 and $3,005,000, respectively. Expenditures for research and development for the Metal Forming Segment in 2008 and 2009 were approximately $1,184,000 and $443,000, respectively. Expenditures for research and development for the Healthcare IT Segment in 2009 were approximately $1,274,000. Product development efforts are necessary and ongoing in all product markets. We have developed, and, in 2007, began marketing two major new products in our HVAC Segment. One is an efficient gas fired residential boiler and the other a line of chilled beams used in HVAC induction systems for office and institutional builders. In addition, in late 2009, we began marketing and manufacturing sun shades under a licensing agreement with Colt International Ltd. based in the United Kingdom. Sun shades are the Company's latest offering of environmentally friendly products serving to reduce solar sources of heat in commercial building applications. Caretinuum continues to invest in the development of its next generation HME/HHA/Pharmacy software Caretinuum.

Raw Materials. Fluctuations in the metal commodities markets in particular can have a significant impact on our cost structure and may affect profitability with respect to revenues based on committed contracts or derived in markets where pricing for our products cannot be readily adjusted.

Rising commodity prices, especially copper, aluminum, steel and scrap iron, have contributed to upward inflationary pressures in recent years impacting the Company's margins. The ongoing turmoil in the credit markets and sovereign debt crises has created an environment where speculators are investing in commodities to balance risk in their portfolios. Furthermore, there is an inverse relationship between the dollar valuation in relation to a basket of global currencies and trends in commodity prices, where a falling dollar adds to the volatility of commodities. Accordingly, we have seen some inflationary trends emerging in commodity prices and we expect somewhat more pressure on margins. The Company selectively mitigates some of the inflation pressures by entering into hedging contracts with select suppliers.

While we have not historically been highly leveraged and thus cost of capital has not been as significant a factor in our cost structure as it may be in other companies, if volatility in the commodities markets causes interest rates to rise, it could contribute to slowing the domestic residential construction market or to further declines in the commercial and industrial construction markets, as well as adversely affecting the capital goods market recovery.

Increased shipping costs and employee benefits expenses (primarily health care costs) also remain a threat to economic growth, which could have an adverse effect on our operations.

Employment. We and our subsidiaries together employed approximately 1,910 persons as of September 30, 2010, down from approximately 2,134 persons as of September 30, 2009, due primarily to workforce reductions we implemented in the fourth quarter of 2009. The Company continually evaluates staffing requirements and takes the necessary staffing decisions to align staffing levels to the requirements of the business.

Heating, Ventilating and Air Conditioning Equipment Segment

Collectively, the HVAC Segment's products provide heating, cooling, ventilating or some combination thereof, for a wide range of residential, commercial and/or industrial applications. The HVAC Segment sells its products to independent wholesale supply distributors, mechanical, sheet metal and other contractors and, in some cases, to other HVAC manufacturers under original equipment manufacture ("OEM") agreements and direct to certain retailers pursuant to national account agreements. The HVAC Segment is comprised of three interrelated HVAC product groups: Hydronic Products, Gas and Industrial Products and Air Distribution and Cooling Products, described in more detail as follows:

- *Hydronic Products*. These products consist of residential baseboard heating products, commercial finned tube heating products, residential boilers, commercial boilers, convectors, kickspace heaters, fan coil units, steam and hot water unit heaters, copper-finned boilers and water heaters. These products are sold principally under the "Sterling," "Vulcan," "Heatrim," "Kompak," "Petite," "Suntemp," "Embassy," "Beacon Morris," "Hydrotherm," "Airtherm," "Westcast," "RBI," "Argo" and "L. J. Wing" brand names. Gas and oil-fired boilers produced by our subsidiaries are sold primarily under the "RBI" and "Hydrotherm" brand names. Westcast, Inc., a wholly owned subsidiary, is a distributor of gas and oil fired boilers in the commercial and residential markets sold principally under the name "Smith Cast Iron Boilers." Boyertown Foundry Company, approximately 97% owned by the Company, operates a cast-iron foundry in Boyertown, PA, which manufactures products used principally in the manufacture of oil and gas fired boilers.

- *Gas and Industrial Products*. Gas Products consist of commercial gas-fired heating and ventilating equipment sold under the "Sterling" and other brand names. The products are made in our manufacturing facilities in Farmville, NC; and Dallas, TX. Industrial Products consist of commercial and industrial indoor and outdoor heating, ventilating and air conditioning products sold principally under the "Applied Air," "King," "L. J. Wing," "Temprite," "Alton" and "Aztec" brand names.

- *Air Distribution and Cooling Products*. Cooling Products consist of niche residential and commercial air conditioning products principally sold under the "Spacepak" and "Koldwave" brand names. Air Distribution Products consist of fire, smoke and air control dampers, louvers, grilles, registers, VAV boxes and diffusers sold principally under the "American Warming and Ventilating," "Air Balance," "Arrow," "Louvers & Dampers," "Cesco" and "Anemostat" brand names. Air distribution products are devices designed to facilitate the ventilation and safety of buildings, tunnels and other structures or to control the movement of air through building ductwork in the event of fire or smoke and, in some cases, wind or rain.

HVAC products are sold primarily to contractors, installers and end users in the construction industry, wholesale distributors and OEMs. Additional buying influences include consulting engineers, architects and building owners. While the HVAC Segment's products are distributed throughout the United States and Canada, sales in the northeast, mid-Atlantic and upper mid-west states are somewhat higher than would be suggested by unadjusted construction statistics in any given year due to the relative popularity of hydronic products in these areas. The sale of heating and cooling products is sensitive to climatic trends in that relatively warm winters and/or cool summers can adversely affect sales volumes.

The HVAC Segment sells gas-fired and hydronic heating and ventilating products, boilers and other HVAC equipment in Canada and also sells its products in other foreign markets from time to time. Total export sales did not

exceed 10% of total revenues, nor did foreign assets exceed 10% of total assets, in any of the most recent five years ended December 31, 2009.

The HVAC Segment uses a wide variety of materials in the manufacture of its products, such as copper, aluminum and steel, as well as electrical and mechanical components (controls, motors) and other products, including cardboard for packaging. Commodities markets in general and these commodities in particular have seen significant upward price movement in recent years, resulting in increasing costs to manufacture products and, in some cases, a tightening supply. The ongoing crises in the credit markets and unease about sovereign debt levels has resulted in commodities being utilized as an alternate form of currency and we have been seeing an increase in price volatility as a result. Management believes that we have adequate sources of supply for our raw materials and components and we have not had significant difficulty in obtaining the raw materials, component parts or finished goods from our suppliers. Marketplace conditions may not allow us to pass along raw materials or component part price increases to our customers.

The businesses of the HVAC Segment are highly competitive. In all of the industries in which we compete, we have competitors with substantially greater manufacturing, sales, research and financial resources than we have. Competition in these industries is based mainly on price, product offering, distribution and merchandising capability, technical and customer service, ability to provide electronic tools to specify products and track orders and quality and ability to meet customer requirements. We believe that we have achieved and maintain a position as a substantial competitor in the HVAC industry largely through the strength of our distribution network, the breadth of our product line and our ability to meet customer delivery and service requirements. In addition, we provide product "specifier" software to aid in product selection and utilize "Sales Assistant" software to help customers and sales representatives enter, track and manage sales orders. Most of our competitors offer their products in some but not all of the industries served by the HVAC Segment.

The HVAC Segment is affected by the construction industry's demand for heating equipment, which generally peaks in the last four months of each year (the "heating season"), and, to a lesser extent, industrial demand for cooling equipment during summer months in the northeast and year round in the south and southwest. Accordingly, sales are usually higher during the heating season, and such higher levels of sales may in some years continue into the following calendar year. As a result of these seasonal factors, our inventories of finished goods reach higher levels early in the heating season and accounts receivable reach higher levels during the heating season and both are generally lower during the balance of the year.

Metal Forming Segment

The Metal Forming Segment, operating under the umbrella name "Formtek," is comprised of several closely related entities, all manufacturers, remanufacturers or distributors of equipment used in the Metal Forming industry (the uncoiling, straightening, leveling, feeding, forming, bending, notching, stamping, cutting, stacking, bundling or moving of metal in the production of metal products, such as steel sheets, office furniture, heating and air conditioning ducts, appliances, vehicles, buildings and building components, among many others). Formtek is organized into three operating groups:

- *Formtek Inc.* comprised of:

  Formtek Cleveland division – Manufacturer of Yoder, Dahlstrom and Tishken roll formers and roll forming systems; B&K Supermills and rotary punching and shearing units; Win-Pro fenestration machines and systems; rebuilding of Yoder, Dahlstrom, Tishken and other roll formers and Krasny Kaplan material handling products; and repair parts for all of the foregoing.

  Hill Engineering – Manufacturer of Hill Engineering tooling for roll former and roll forming systems including notching and punching dies and systems; Hill Engineering flying cut-off dies and saws.

  Axon Electric, LLC – Distributor of electrical parts and components in the Chicagoland area and designer and manufacturer of electric controls (panels) for Chicago area third parties and Formtek business units.

Formtek Maine division – Manufacturer of Cooper-Weymouth, Peterson ("CWP"), Rowe and CoilMate/Dickerman press feeding and coil handling machines and systems and related equipment and accessories; CWP and Rowe cut-to-length lines and the B&K leveler used in metal processing; and repair parts and start up and diagnostic field service for the foregoing. These products are manufactured in Clinton, Maine.

- *Mestek Machinery, Inc*: This unit, headquartered in Cedar Rapids, Iowa is comprised of:

  Lockformer division – Manufacturer of Lockformer HVAC/Sheet metal roll formers and related forming equipment; Vulcan Blue, PipeFab and Water-Jet cutting machines; Lockformer custom roll formers; and repair parts and start up and diagnostic field service for the foregoing.

  Iowa Precision division – Manufacturer of IPI-HVAC duct lines including the Pro-Duct and related equipment such as the Whisper-Loc, Cornermatic and Elbow Machine; stamped corners for the HVAC/sheet metal contractor; multi-blanking and cut-to-length equipment including the line of Shears and Multi-Pro's; and repair parts and start up and diagnostic field service for the foregoing. In addition Iowa Precision is the manufacturer of Engel-HVAC/Sheet metal roll formers and related forming equipment; Engel duct line; Vulcan Viking cutting machines Engel industrial roll formers and roll forming systems; and Lion HVAC forming products.

  Flexible Fabrication division – Manufacturer and integrator of Iowa Precision custom fabrication systems and lines and the FMI/Dahlstrom flexible fabrication systems.

- *Formtek International*: This unit is comprised of:

  Formtek Machinery (Beijing) Company, Ltd., a wholly-owned foreign entity – Seller and assembler under license of various Lockformer, Vulcan, Iowa Precision, Engel and Yoder products and component parts and the repair parts and start up and diagnostic field service of the foregoing. These products are assembled in Beijing for sale in China, the rest of Africa, Asia, Australia and the Middle East.

  Formtek Europe SARL – sales of machinery, repair parts, service and related products manufactured by the other units of Formtek, except those under separate license.

The Metal Forming Segment's products are sold through factory direct, technical sales and independent dealers and distributors, in most cases to end-users and in some cases to distributors or other OEMs. The core technologies are processing equipment for roll forming, coil processing (for stamping, forming and cut-to-length applications), metal duct fabrication and tube and pipe systems. The products include roll formers, roll forming systems, wing benders, air, mechanical and hydraulic presses, servo-feeds, straighteners, cradles, reels, coil feeding systems, cut-to-length lines, flexible fabrication systems, duct forming systems, rotary shearing, specialty dies, tube cut-off systems, hydraulic punching, blanking and cutoff systems, rotary punching, flying cut-off saws, plasma cutting equipment, tube mills, pipe mills and sophisticated material handling systems including automated vehicle guidance systems. The primary customers for our metal handling and metal forming equipment include sheet metal and mechanical contractors, steel service centers, contract metal-stampers, contract roll formers, and manufacturers of large and small appliances, commercial and residential lighting fixtures, automotive parts and accessories, office furniture and equipment, tubing and pipe products, metal construction products, doors, windows and screens, electrical enclosures, shelves and racks and metal ductwork.

The businesses of the Metal Forming Segment are highly competitive and, due to the nature of the products, are significantly more cyclical (due to changes in manufacturing capacity utilization and the cost and availability of financing) than our HVAC Segment. In addition, in our Metal Forming Segment, we face challenges not only with respect to cyclical demand but also with respect to the globalization of the industry customer base as well as the competitor base, requiring us to seek a more international focus in supply, manufacturing sales and marketing.

Many products made by these units are custom designed and manufactured or the result of applied engineering in order to meet unique customer needs or specifications not currently met by existing products. These products,

developed by the Metal Forming Segment's development, design and application engineering groups, may represent improvements on existing technology and are often then incorporated into the standard product line.

Like the HVAC Segment, the Metal Forming Segment uses a wide variety of raw materials and components incorporating raw materials which experienced upward price pressure in recent years and continuing commodity shortage threats. The ongoing turmoil in the credit markets and sovereign debt crises has created an environment where speculators are investing in commodities to balance risk in their portfolios. Furthermore, there is an inverse relationship between the dollar valuation in relation to a basket of global currencies and trends in commodity prices, where a falling dollar adds to the volatility of commodities. Accordingly, we have seen some inflationary trends emerging in commodity prices and we expect somewhat more pressure on margins. The Company selectively mitigates some of the inflation pressures by entering into hedging contracts with select suppliers.

Healthcare Information Technology Segment

The Healthcare Information Technology Segment, operating under the name Caretinuum, is comprised of several closely related business units that provide business solutions supported by software tools to enable home healthcare and long-term care providers to more effectively operate their businesses. The home healthcare providers served by the Company include home health agencies ("HHAs"), home medical equipment and supply companies ("HMEs") and home infusion or pharmaceutical companies, known as Rx Infusion, Hospice and Private Duty Nursing. Caretinuum offers and supports a variety of software platforms: (1) MestaMed for HMEs and Rx Infusion, (2) Dezine for HMEs; (3) Caretinuum for HMEs, HHAs and HHE/HHM's and (4). STAT2 for HHAs

We deliver our software solutions in two ways: (1) as an independent software vendor solution (also referred to as a turnkey solution), for which the software runs on a customer owned server at the customer's location and the customer is responsible for the operation of the system or (2) as an application service provider solution for which we run the software at our data center and are responsible for the operation of the system. In both cases, we provide software support and enhancements to our customers via periodic updates.

The Healthcare Information Technology Segment operates in a rapidly changing global marketplace and experiences substantial competition from many sources, including computer services firms, consulting firms, shared service vendors, certain hospitals and hospital groups, hardware vendors and Internet-based companies with technology applicable to the healthcare industry. Competition varies in size from small to large companies, in geographical coverage and in scope and breadth of products and services offered and includes large multinational providers, off-shore service providers in lower-cost locations that may offer services similar to those we offer at highly competitive prices and niche solution or service providers that compete with us in a specific geographic market, industry segment or service area. In addition, some of our potential clients may choose to use their own resources rather than engage an outside firm for the types of services Caretinuum provides.

Selected Historical Financial Data

The following table sets forth selected historical financial data as at and for the periods indicated below (dollars in thousands, except earnings per share). The selected statements of operations data for the fiscal years ended December 31 2008 and 2009 and the selected balance sheet data as of December 31, 2008 and 2009 are derived from our audited consolidated financial statements included in Appendix A hereto. The selected statements of operations data for the six months ended June 30, 2009 and 2010, and the selected balance sheet data as of June 30, 2009 and 2010 are derived from our unaudited consolidated financial statements included as Appendix C hereto. You should read the following selected historical financial information in conjunction with our consolidated financial statements and related notes and the information contained in Appendices A, B and C hereto, as well as the additional information contained elsewhere in this Offer to Purchase or incorporated by reference herein.

	Fiscal Year Ended December 31,		Six Months Ended June 30,	
	2009	2008	2010	2009
	(dollars in thousands, except earnings per share)			
Statements of Operations Data:				
Net sales	$ 303,541	$ 373,533	$ 135,458	$ 140,785
Gross profit	84,043	95,173	36,510	37,149
Operating profit	7,493	13,385	426	2,685
Income before income taxes	8,088	9,907	(262)	4,049
Net income Attributable to Mestek, Inc.	$ 4,474	$ 5,436	$ (168)	$ 2,257
Basic and diluted earnings per common share	$ 0.56	$ 0.67	$ (0.02)	$ 0.29
Balance Sheet Data:				
Total assets	$ 208,949	$ 210,584	$ 204,224	$ 219,758
Short-tem debt	20,791	25,480	13,699	36,903
Long-term debt	5,687	6,136	13,068	6,267

June 30, 2010, Interim Period Results

Our operating profit for the six months ended June 30, 2010, was impacted by a number of conflicting factors. Sales of certain HVAC products were impacted negatively by the continued slowdown in residential and commercial construction, and the continued weakness in the general economy and contraction in the credit markets, which continued in the second quarter and which may continue into next year. In addition, margins on certain commercial and residential HVAC products were negatively impacted by inflationary pressures in key commodities, in particular copper, aluminum and scrap iron. Management expects somewhat more pressure on margins going forward as a result of the softening value of the dollar and speculative pressures on commodity prices, particularly aluminum, copper and steel. New boiler product and other product offerings in the HVAC group helped offset these factors to some extent during this period. Substantial savings from plant consolidations and other overhead cutting efforts in 2009 and continuing in 2010 also helped mitigate these effects. Sales in our Metal Forming Segment were down substantially in the six months ended June 30, 2010, versus the comparable period in 2009, while gross profit margins improved by 4.5%, with operating profits for this Segment improving substantially largely due to restructuring efforts and significant improvement in the Asian division. Results for the first six months of 2010 also included losses from the operations of CareCentric, the Company's IT Healthcare subsidiary, for a full six months versus approximately one and one-half months in the comparable 2009 period.

The net effect of these factors resulted in net sales of $135.5 million for the six months ended June 30, 2010, a decrease of $5.3 million, or 3.8%, over net sales of $140.8 million in the comparable period in 2009, and operating profit of $0.4 million for the six months ended June 30, 2010, a decrease of $2.3 million, or 85.2%, from $2.7 million for the comparable period in 2009. While the global recession and credit crisis has had a dramatic effect on net sales and operating profit, the Company believes it has aggressively restructured its operations to a level appropriate to meet demand in the current economic environment.

2010 Budget Information and 2011 Financial Outlook

The following information is provided herewith solely to comply with the terms of the Stipulation of Settlement dated October 24, 2006, entered by the Superior Court of the Commonwealth of Massachusetts, Hampden County, in the lawsuit entitled *Alan Kahn v. John E. Reed, et al*.

2010 Budget Information

The following information reflects management's current good faith expectations and judgments of our projected performance based upon our unaudited financial results for the six months ending June 30, 2010, and anticipated future developments as of the date of the Offer to Purchase.

For the first six months of 2010, our net sales (unaudited) totaled $135.5 million, compared to $140.8 million for the equivalent six months of 2009. Net profits after taxes (unaudited) amounted to $(0.2) million, or $(0.02) per share, for the six months ended June 30, 2010, compared to $2.3 million, or $0.29 per share, on a somewhat lesser number of shares outstanding during the same period in 2009. With respect to the year ending December 31, 2010, we currently estimate that our net income after tax will be somewhat less than recorded for the year ended December 31, 2009, though still positive. However, our results for the remainder of 2009 are difficult to predict and may be substantially different than estimated as reduced residential and commercial construction, contraction in the credit markets and increased cost pressure due to commodity price increases, as well as the general economic downturn, is expected to continue to impact certain of our products and may adversely affect our results, while at the same time efforts to contain costs and rationalize manufacturing operations throughout the Company are ongoing.

2011 Financial Outlook

The following information is based on management's good faith expectations and beliefs, as they exist at the date of the Offer to Purchase, concerning future developments. This information is subject to change due to events occurring after the date of the Offer to Purchase, including the risks, uncertainties and other factors described below and elsewhere in this Offer to Purchase.

With the U.S. economy continuing to experience stagnant conditions including tight lending conditions, high unemployment, reduced residential and commercial building construction and tight corporate capital spending, management believes that revenues will continue to fall modestly in 2011, assuming current trends indicating a slow recovery continue and a "double dip" recession does not materialize. While the impact of the government bailout plan has been felt in the form of increased public sector stimulus work, which has benefited the Company's HVAC segment, management is concerned about the ability of government to continue unprecedented levels of public expenditures.

While the extent of any slowdown in our revenue stream is difficult to predict in the current environment, barring future adverse economic developments, management believes that it is likely that net revenue, gross profits and operating profits will not be materially adversely impacted from 2010 levels as a result of current economic conditions. New product introductions, particularly active chilled beams (Dadanco), high efficiency (KN) cast iron gas fired residential boilers and architectural sunshades, among others, may help offset negative pressures on net sales in calendar year 2011.

Debt

At June 30, 2010, our debt consisted of the following:

- *Revolving Loan Agreement*. On October 19, 2007, we entered into a three year, $80,000,000, committed, unsecured, multi-bank revolving loan and letter of credit facility (the "Facility"), led by Bank of America. Borrowings under the Facility bear interest, at our election, at a floating rate based on the lenders' prime or base rate or, for short term borrowings, at a rate based upon the daily British Bankers Association LIBOR rate. Revolving borrowings under the Facility are due and payable in full on the maturity date of the Facility, October 19, 2010. Most of our operating subsidiaries guarantee our obligations under the Facility. The balance outstanding under the Facility at June 30, 2010, was $9,567,000 in addition to outstanding standby letters of credit in the amount of $16,284,000, issued in connection with the Met-Coil bankruptcy reorganization plan (see "— Environmental Matters and Legal Proceedings" below), and $4,576,000, issued principally in connection with our commercial insurance programs. We are currently in negotiations to renew the Facility; during the negotiations, the facility has been extended. We believe that we will be successful in renewing the Facility on terms acceptable to us.

- *Industrial Development Bond – Pennsylvania*. On April 19, 2002, our subsidiary, Boyertown Foundry Company, Inc., borrowed $5,512,490 under a note issued through the Berks County Industrial Development Authority in Berks County, Pennsylvania in connection with a project to upgrade its foundry equipment in Boyertown, Pennsylvania. The note, which bears interest at 4.93% per annum, matures on April 19, 2012, and is payable in equal monthly payments of principal and interest over the

term of the loan. The note is secured by a Loan and Security Agreement under which the equipment purchased with the loan proceeds is pledged as security for the note. The note is expected to be a "Qualified Small Issue Bond" under Section 144 (a)(12) of the Internal Revenue Code of 1986, as amended, entitling the holder to tax exempt treatment on the interest. In the event the note is found to be not in compliance with Section 144 (a)(12), the interest rate on the note may be increased. The balance outstanding on the note is approximately $1,224,000 at June 30, 2010.

- *Industrial Development Bond – Missouri*. On June 17, 2005, we acquired an 80,000 square foot manufacturing facility in Bridgeton, Missouri, for $2,940,000, which has been used to consolidate existing Formtek Metal Processing business units. On July 19, 2005, we refinanced this transaction as part of a 25 year tax exempt Industrial Development Bond totaling $4,430,000. The proceeds were used to reimburse us for the acquisition of real estate and for construction, renovation, furnishing and equipping of the existing building. The note bears interest at a variable rate that considers prevailing market conditions and is set weekly by the remarketing agent, Banc of America Securities LLC. At no time may the interest rate exceed the maximum annual rate of 12.00%. Interest is payable monthly with a minimum optional redemption of principal due on July 1 of each year until maturity at July 1, 2030. The effective rate of interest paid in the three and six months ended June 30, 2010, including letter of credit costs, was 1.83% and 1.84%, respectively. The minimum optional redemption amount in each of the first five years is $180,000. The note is secured by a Letter of Credit and Reimbursement Agreement with Bank of America, N.A. under which, at June 30, 2010, we had outstanding a standby letter of credit in the amount of $3,573,000.

In addition, in connection with the merger of CareCentric with and into Caretinuum, the Company entered into an Assignment and Acceptance Agreement with Wainwright Bank to purchase the outstanding Wainwright line of credit in the aggregate amount of $8,012,981. The line of credit remains outstanding as an intercompany note between Mestek, Inc. and Caretinuum and accordingly is eliminated in consolidation. There is no guarantee concerning the line of credit. Also in connection with the merger, Caretinuum assumed certain loans made to CareCentric by the following persons:

	Principal	Interest Rate	Maturity
John E. Reed (loan 1)	$ 5,266,000	9%	12/31/11
John E. Reed (loan 2)	117,200	9%	12/31/11
Stewart B. Reed	1,680,000	9%	12/31/11
Barrett O'Donnell	675,000	9%	12/31/11
Total	$ 7,738,000		

John Reed (our Chief Executive Officer and Chairman) and Stewart Reed (our Chief Operating Officer and Vice Chairman) have UCC lien filings securing their respective loans to Caretinuum. John Reed, Stewart Reed and Barrett O'Donnell have entered into subordination agreements relegating their respective interests junior to the Facility.

Liquidity and Capital Resources

Our total short and long term debt increased in the six months ended June 30, 2010, from $26,478,000 at December 31, 2009, to $26,767,000 at June 30, 2010, reflecting the effect of normal seasonal changes in working capital needs, continued reorganization expenses and the assumption of debt associated with the merger of CareCentric into Caretinuum.

We remain relatively modestly leveraged with a total funded debt to equity ratio of approximately 0.13 as of June 30, 2010. The Facility, which matures in October 2010, provides us with an $80,000,000 committed, unsecured, multi-bank revolving loan and letter of credit facility. We are currently in negotiations to renew the Facility, which has been extending during the negotiations. We believe that we will be successful in renewing the Facility on terms acceptable to us such that the renewal is not expected to have a material adverse effect on earnings.

Contingencies

Letters of Credit. We had outstanding at June 30, 2010, $16,284,000 in standby letters of credit issued in connection with the TCE PI Trust (see "— Environmental Matters and Legal Proceedings" below), a $3,573,000 balance on the letter of credit issued in connection with the Industrial Development Bond related to our Bridgeton, Missouri facility (see "— Industrial Development Bond – Missouri" above), and $4,576,000 issued principally in connection with our commercial insurance programs and certain international customer deposit guarantees.

Insurance. We retain significant obligations under our commercial general liability insurance policies for product liability and other losses. For losses occurring in the policy years ending October 1, 2010, 2009, 2008, 2007 and 2006, we maintain commercial general liability insurance, retaining liability for the first $2,000,000 per occurrence of commercial general liability claims (including products liability claims), subject to an agreed aggregate. In addition, we retained liability for the first $250,000 per occurrence of workers compensation coverage, subject to an agreed aggregate.

We own a one-third membership interest in Maynard Aviation LLC, which we account for in accordance with the equity method of accounting. We are obligated as a guarantor of Maynard's $1.1 million commercial bank debt.

Environmental Matters and Legal Proceedings

We are subject to numerous laws and regulations that govern the discharge and disposal of materials into the environment. Except as described below, we are not aware, at present, of any material administrative or judicial proceedings against us arising under any federal, state or local environmental protection laws. In addition, we are subject to several legal actions and proceedings in which various monetary claims are asserted. We do not anticipate that any ultimate liability arising out of any such litigation and proceedings will have a material adverse effect on our financial condition or results of operations except as described below. We are also engaged in various matters with respect to obtaining, amending or renewing permits required to operate each of our manufacturing facilities. We do not believe that a denial of any currently pending permit application would have a material adverse effect on our financial position or the results of operations.

Subsidiary Bankruptcy and Environmental Issues Involving Releases of Hazardous Materials. The Lockformer Company ("Lockformer"), then a division of our subsidiary Met-Coil Systems, LLC ("Met-Coil"), and Mestek, Inc. directly were defendants in various actions relating to the alleged release and presence of trichloroethylene ("TCE") contamination on and in the vicinity of Lockformer's manufacturing facility in Lisle, Illinois. On August 26, 2003, Met-Coil filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") (Case No. 03-12676-MFW).

On August 17, 2004, the Bankruptcy Court confirmed the Fourth Amended Chapter 11 Plan of Reorganization (the "Amended Plan") proposed by Met-Coil and Mestek, Inc. as co-proponents, and recommended to the United States District Court for the Northern District of Delaware ("the District Court") that it approve and enter the "channeling injunction" discussed below, and certain related third party releases in favor of, among others, Mestek, Inc. and its affiliates. On September 14, 2004, the District Court entered and approved the recommended findings and conclusions and issued the "channeling injunction." The Amended Plan became effective on October 19, 2004.

The Amended Plan settled the various legal actions which had been commenced against Met-Coil and Mestek, Inc. with respect to an alleged release of TCE into the soils, groundwater or air in or around Met-Coil's Lockformer facility in Lisle, Illinois, including the class action captioned *Mejdrech, et al. v. The Lockformer Company, et al.* and all other personal injury and indemnification actions brought against us relating to the alleged release of TCE.

In addition, the Amended Plan established a trust (the "TCE PI Trust") for the holders of future claims or demands, who reside, resided or may reside in a certain geographic area in the vicinity of the facility in Lisle, Illinois, and who assert or may assert personal injury claims in the future. Pursuant to the "channeling injunction," the TCE PI Trust was established to assume all such future personal injury claims and demands and pay and administer verified claims for up to 45 years. Pursuant to the Amended Plan, Mestek, Inc. and Met-Coil are committed to fund up to $26,000,000 (on a present value basis) to the TCE PI Trust over time and based on actual claims paid. Upon establishment of the TCE PI Trust, Mestek, Inc. and its affiliates were released from any

liabilities assumed by the TCE PI Trust for up to 45 years. Pursuant to the Amended Plan, all such future claims and demands will be "channeled" to the TCE PI Trust and be paid in accordance with the distribution procedures established for such Trust. The TCE PI Trust is being administered by an independent trustee, with power to mediate, arbitrate and, if necessary, litigate claims. Since its inception through December 31, 2009, claims totaling approximately $3,390,000 have been paid by the TCE PI Trust, $177,000 of which were paid in 2009.

Our Environmental and Litigation Reserve related to this matter as of the year ended December 31, 2009, was approximately $11,808,000. This reserve balance relates to future obligations under the Amended Plan relating to soil and groundwater remediation, municipal water connections, the TCE PI Trust and other administrative expenses of the Met-Coil bankruptcy. We believe that no additional reserves, beyond those set forth above, are required at this time. These reserves have been established in accordance with ASC 450 "Contingencies". However, while these reserves represent our best estimate of these liabilities, and are based upon known or anticipated claims analysis estimated by various legal, scientific and economic experts, there is no assurance that these reserves will be adequate to meet all potential claims arising from the environmental contamination at the Lisle, Illinois site. In addition, there can be no assurance that future claims for personal injury or property damage will not be asserted by other plaintiffs against Met-Coil and Mestek, Inc. with respect to the Lockformer site and facility. See "— Remediation – Lisle, Illinois" below.

Remediation – Lisle, Illinois. Met-Coil is continuing with the remediation of the Lockformer facility in Lisle, Illinois, pursuant to two remedial action plans which have been approved by the Illinois Environmental Protection Agency ("IEPA"). These remedial action plans address the remediation of certain soils and the groundwater at the site and establish the approved remedial technologies. We have guaranteed to the IEPA up to $3,000,000 of remediation costs incurred by either Met-Coil or, if Met-Coil fails to perform the remediation, the IEPA.

In light of the remaining uncertainties surrounding the effectiveness of the available remediation technologies and the future potential changes in methodology, remedial objectives and standards, further reserves may be needed in the future with respect to the on-site remediation of the Lisle facility. The complexity of these factors makes it impossible at this time to further estimate any additional costs.

Environmental Litigation and Remediation Reserves. We maintain an Environmental Reserve related to the settlement of litigation in 2004 connected with our Lisle, Illinois manufacturing facility. The Environmental Reserve covers our obligations to perform certain soil and ground water remediation procedures at the Lisle facility and our related obligation to fund the TCE PI Trust. Activity related to the Environmental Reserve in 2008 and 2009 was as follows:

	2009	2008
	(Dollars in thousands)	
Balance beginning of year	$ 12,863	$ 14,559
Remediation related expenditures	(878)	(1,517)
TCE PI Trust fund payments	(177)	(179)
Total Environmental Litigation and Remediation Reserve	$ 11,808	$ 12,863

These reserves have been established in accordance with ASC 450 "Contingencies". However, while these reserves represent management's best estimate of these liabilities, and are based upon known or anticipated claims analysis estimated by various legal, scientific and economic experts, there is no assurance that these reserves will be adequate to meet all potentials claims arising from the environmental contamination at the Lisle, Illinois site. In addition, there can be no assurance that future claims for personal injury or property damage will not be asserted by other plaintiffs against Met-Coil and Mestek, Inc. with respect to the Lockformer site and facility.

Based on claim experience through December 31, 2009, we have reclassified $38,000 of the above reserve as current as of December 31, 2009, and have classified $265,000 of the reserve as current as of June 30, 2010.

Other Claims Alleging Releases of Hazardous Materials or Asbestos Related Liability. We are currently a party to approximately 185 asbestos-related lawsuits, primarily in Texas and Maryland where numerous asbestos-related actions have been filed against numerous defendants.

Almost all of these suits seek to establish liability against us as successor to companies that may have manufactured, sold or distributed asbestos-related products, and who are currently in existence and defending thousands of asbestos related cases, or because we currently sell and distribute boilers, an industry that has been historically associated with asbestos-related products. We believe we have valid defenses to all of the pending claims and vigorously contest that we are a successor to companies that may have manufactured, sold or distributed any product containing asbestos materials. However, the results of asbestos litigation have been unpredictable, and accordingly, an adverse decision or adverse decisions in these cases, individually or in the aggregate, could materially adversely affect our financial position and results of operations and could expose us to substantial additional asbestos related litigation and the defense costs thereof, which defense costs, because of the sheer number of asbestos claimants and the historical course of the litigation process in this area has the potential to become substantial, though these costs are not capable of estimation at this time. The total requested damages in these cases are over $3 billion. To date, we have had approximately 300 asbestos-related cases dismissed without any payment and have settled approximately 25 asbestos-related cases for a *de minimis* value. However, there can be no assurance that we will be able to successfully defend or settle any pending litigation.

In addition to the Lisle, Illinois site, we have been named or contacted by state authorities and/or the United States Environmental Protection Agency regarding our asserted liability or have otherwise determined we may be required to expend funds for the remediation of certain other sites in North Carolina and Connecticut.

We continue to investigate all of these matters. Given the information presently known, no estimate can be made of any liability which we may have with respect to these matters. There can be no assurance, but based on the information presently available to us, we do not believe that any of these matters will be material to our financial position or results of operations.

Other Information

Our executive offices are located at 260 North Elm Street, Westfield, Massachusetts 01085. Our phone number is 413-568-9571. Our website address is www.mestek.com. The information contained on our website is not incorporated by reference herein and does not form a part of this Offer to Purchase. Prior to the consummation of our “going private” transaction, we were required to file periodic and other reports and information with the SEC. Subsequent to our filing a Form 15 with the SEC on September 19, 2006, we were no longer obligated to file such reports. Information filed with the SEC prior to September 19, 2006, is available on the SEC’s website at www.sec.gov, however such information has not been updated and we are under no obligation to update any such information. The information contained on the SEC’s website is not incorporated by reference herein and does not form a part of this Offer to Purchase.

Subsequent to September 19, 2006, we have made available certain annual and quarterly financial information about the Company on the Pink Sheets website at www.pinksheets.com/pink/quote/quote.jsp?symbol=mcck under the tab “Filings,” including audited financial information for the year ended December 31, 2009, and unaudited financial information for the quarters ended March 31, 2010 and June 30, 2010, which are included herewith as Appendices A, B and C, respectively. With the exception of such annual and quarterly financial information posted to the Pink Sheets website as set forth above, no information contained on the Pink Sheets website is incorporated by reference herein or otherwise constitutes a part of this Offer to Purchase.

11. Risk Factors

Cyclicality; Credit Markets. Our largest Segment, HVAC, is directly affected and our other Segment, Metal Forming, is indirectly affected by commercial construction projects and residential housing starts. In addition, downturns in such construction activity, particularly in the United States, have and may continue to adversely impact our financial results. The construction industry, in which our core HVAC Segment operates, is subject to periodic economic cycles. Historically low interest rates in most of 2005 contributed to strong residential construction activity and commercial construction activity in 2005 was up from 2004 despite rising commodity costs and other uncertainties in the economy. The reductions in construction activity that began in 2007 and continued through 2008, 2009 and 2010, coupled with the tightening of the credit markets and a general economic downturn, all of which may continue in future periods, has adversely affect our financial position and results of operations and

may continue to do so into the future. In addition, monetary policy (interest rate changes), tax policy, fiscal policy, foreign economic conditions, geopolitical conditions and a host of other factors beyond our control may impact the business cycle and ultimately materially adversely effect our financial position and results of operations.

Our Metal Forming Segment, as a manufacturer of capital goods used in other manufacturing processes, is subject to significant cyclicality based upon factory utilization, especially in North America. The Metal Forming Segment provides equipment used to hold, uncoil, straighten, form, bend, cut and otherwise handle metal used in manufacturing operations; all of which are likely to be adversely affected in recessionary periods. The level of manufacturing activity in the automotive, steel processing, metal construction, sheet metal contracting, metal furniture and stamping industries is particularly relevant to this Segment since its products are typically purchased to upgrade or expand existing equipment or facilities. Expectations of future business activity are also particularly relevant. Activity in this Segment may be affected significantly in the future by the effects of globalization which impact both the markets for its products, the competitors it faces in such markets and potentially the cost and availability of its key components.

Credit Availability. Credit availability continues to be critical to our customers and suppliers which include many small to medium size businesses. A contraction in credit availability could significantly impact our operations. The ongoing disruption of the credit markets and the downturn in the general economy has resulted in a slowdown in the housing and commercial real estate markets and has affected credit availability in the overall United States market, which has resulted in a slowdown in commercial and residential construction. This slowdown, which is affecting many sectors of the United States economy, has and may continue to adversely affect our financial position and results of operations.

The instruments governing our outstanding debt and other commitments impose significant operating and financial restrictions on us including affirmative and negative covenants, typical of such financing transactions, and specific financial covenants which require us to maintain a minimum consolidated net worth, a minimum cash flow coverage ratio and a maximum cash flow leverage ratio. Our $80,000,000 Facility also contains restrictions regarding the creation of indebtedness, the occurrence of mergers or consolidations, the sale of subsidiary stock and the payment of dividends. These restrictions could adversely affect us by limiting our ability to plan for or react to market conditions or to meet our capital needs. We are currently in negotiations to renew the Facility and believe that we will be successful in renewing the Facility on terms acceptable to us. If we are not successful in renewing the Facility, it could have a material adverse impact.

Difficult conditions in the credit and housing markets; exposure to customer credit risk. Dramatic declines in the housing market during the prior three years, with falling home prices and increasing foreclosures and unemployment, have resulted in turmoil in the financial services industry and the failure of certain financial and lending institutions, precipitating a larger downturn in the U.S. economy. Many lenders and institutional investors reduced, and in some cases ceased to provide, funding to borrowers including other financial institutions. This market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and widespread reduction of business activity generally. Although the financial markets have achieved a degree of stability and the availability of credit is somewhat greater than in 2008 and 2009, these developments remain limited and the financial and credit outlook is uncertain as it is not clear whether there will be further modest gains or if the economy is facing a “double-dip” recession. As a result of these conditions, we and many of our customers have been and could be continue to be adversely affected. If our customers reduce or cancel orders or default on their payment obligations with respect to their orders, it could materially adversely affect our business and results of operations, particularly if these conditions continue to persist in 2011.

We can make no assurance that the size or pace of customer orders will continue in the present economic environment or that customers will not default on their obligations, in which case we may not generate sufficient cash from future operations to satisfy our working capital and other requirements without requiring us to draw down on the Facility or any renewed or future facility. While we have taken steps to preserve our liquidity, it is possible that, if our cash flow is significantly reduced, we may not be able to comply with the financial covenants and other conditions under the Facility or any renewed or future facility. If, as a result, we are not be able to make additional borrowings under the Facility (as renewed or otherwise), or borrowings under the Facility, if available at all, become subject to less favorable terms, our business and results of operations could be materially adversely affected.

Interest Rate Sensitivity. Our borrowings are largely LIBOR or prime rate based. We believe that a 100 basis-point increase in our cost of funds would not have a material effect on our financial statements taken as a whole. Interest rates are nonetheless significant to us as a participant in the construction, capital goods and healthcare information technology industries. See “Cyclicality; Credit Markets” and “Credit Availability” above.

Globalization. Our Metal Forming Segment and, to a lesser degree, our HVAC and Healthcare Information Technology Segments are subject to the competitive effects of globalization. In particular, the domestic market for machine tools, including many of the products sold by our Metal Forming Segment, has contracted substantially since approximately 1999 as result of the gradual dislocation of metal fabricating manufacturing operations. While our Metal Forming Segment has opened a Beijing manufacturing operation and has undertaken “international sourcing” efforts over the last several years it is possible that the effects of globalization over time will materially adversely effect our revenues and margins.

Environmental Regulation – Impact on Markets. Our operations and our HVAC products that involve combustion, refrigeration, air conditioning and related technologies as currently designed and applied entail the risk of future noncompliance with the evolving landscape of environmental laws regulations and industry standards. The cost of complying with the various environmental laws regulations and industry standards is likely to increase over time, and there can be no assurance that the cost of compliance, including changes to manufacturing processes and design changes to current HVAC product offerings that involve the creation of carbon dioxide or other currently unregulated compounds emitted in atmospheric combustion, or efficiency standards, will not over the long-term and in the future have a material adverse affect on our results of operations. In addition, a growing trend of governmental units and business entities to mandate or favor compliance with environmentally-based rating systems in the construction of buildings (such as “LEED” standards) may change the nature of HVAC products accepted in the marketplace and may have a materially adverse effect on our financial position and results of operations.

Environment Regulation – Impact on the Company. Our manufacturing operations are subject to numerous state and federal environmental laws and regulations governing the use, discharge and disposal of materials into the environment. We could be adversely impacted by future charges to such laws, which evolve on a continuous basis, and by potential exposures associated with past manufacturing operations including both active and closed plants.

Technological Changes. Although the HVAC industry has historically been impacted by technology changes in a relatively incremental manner, it cannot be discounted that radical changes — such as might be suggested by fuel cell technology, burner technology and/or other developing technologies — could materially adversely affect our results of operations and/or financial position in the future.

Weather Conditions; Seasonality. Our core HVAC Segment manufactures heating, ventilating and air conditioning equipment with heating products representing the bulk of the HVAC Segment’s revenues. As such, the demand for our products depends upon colder weather and benefits from extreme cold. Severe climatic changes, such as those suggested by the “global warming” phenomenon, could over time adversely affect our results of operation and financial position.

Our quarterly operating results typically fluctuate with the seasons. In particular, a disproportionate amount of our total revenue has historically been realized during the fourth fiscal quarter and we expect this trend to continue in the future. Because of these factors, our quarterly operating results may be uneven and may be marked by lower revenues and earnings in some quarters than in others. If our total revenue were below seasonal expectations during that quarter, by reason of performance issues, mild winter weather or other factors, it could have a disproportionate effect on our annual operating results.

Purchasing Practices. It has been our policy in recent years for high value commodities to aggregate purchase volumes with fewer vendors to achieve maximum cost reductions while maintaining quality and service. This policy has been effective in reducing costs but has introduced additional risk which could potentially result in short-term supply disruptions or cost increases from time to time in the future.

Supply Disruptions and Commodity Risks. We could be materially adversely impacted by disruptions affecting any of our key suppliers and/or by significant unexpected price changes in the commodity markets. We use

a wide variety of materials in the manufacture of our products, such as copper, aluminum and steel, as well as electrical and mechanical components, controls, motors and other products. In connection with the purchase of major commodities, principally copper, stainless steel and aluminum for manufacturing requirements, we enter into some commodity forward agreements to effectively hedge a portion of the cost of the commodity. This forward approach is done for a portion of our requirements, while the balance of the transactions required for these commodities are conducted in the cash or "spot" market. The forward agreements require us to accept delivery of the commodity in the quantities committed, at the agreed upon forward price, and within the timeframe specified. The cash or "spot" market transactions are executed at our discretion and at the current market prices. In addition to the raw material cost strategy described above, we enter into fixed pricing agreements for the fabrication charges necessary to convert these commodities into useable product. We believe at present that we have adequate sources of supply for our raw materials and components (subject to the risks described above under "— Purchasing Practices") and have historically not had significant difficulty in obtaining the raw materials, component parts or finished goods from our suppliers. However, we have recently experienced significant increases in the costs of our raw materials, which negatively affects our margins as we may not be able to pass such cost increases on through our prices. No industry Segment of the Company is dependent on a single supplier, the loss of which would have a material adverse effect on its business.

Control by Principal Stockholders. As of September 30, 2010, John E. Reed, our Chairman and Chief Executive Officer, owned, directly or indirectly, approximately 62.9% of the outstanding Common Stock, and Stewart B. Reed, a director and the son of John E. Reed, owned, directly or indirectly, approximately 10.9% of the outstanding Common Stock. Following consummation of the Offer, assuming that we purchase the maximum of 312,500 shares, they will own, directly or indirectly, approximately 65.5% and 11.4% of the outstanding Common Stock, respectively. Their stock ownership effectively gives them the power to elect all of our directors and control our management, operations and affairs.

Legal Actions and Environmental Matters. Claims have been brought against us in various legal proceedings described above which have had a material adverse effect on our business or financial condition. Should additional claims be filed in the future, it is possible that our cash flows and results of operations could be affected, from time to time, by the negative outcome of one or more of such matters.

Acquisition and Consolidation/Integration. We have historically grown through acquisition. Acquisitions often involve risks of integration with the parent company or consolidation between and among operating units or functional departments and may present managerial and operational challenges, which can have adverse effects on results of operations, typically when charges result from impairment of goodwill or indefinite lived intangibles or cessation of business operations from consolidations or otherwise. Acquisition integration also often requires considerable diversion of management attention, difficulty in integrating management resource planning and financial control systems, increased risk of contingent or unknown liabilities and potential disputes with sellers of the acquired companies. Expected cost savings from strategic acquisitions may not be realized or achieved within the time frame initially expected.

Retention of Qualified Personnel. We do not operate with multiple levels of management. We have a relatively "flat" organization spread over multiple locations and, while we perceive this as a strength overall, it does subject us to the risks associated with the loss of critical managers for whatever reason. From time to time, there may be a shortage of skilled labor, which may make it more difficult and expensive for us to attract and retain qualified employees.

Lack of Active Trading Market for Our Common Stock. As a result of our "going private" transaction, in September 2006 our Common Stock was deregistered and was delisted from the NYSE. Accordingly, we are not required to file periodic or other reports or information with the SEC and we are not listed on any exchange. Although our Common Stock is traded in the over-the-counter market and reported on the Pink Sheets, an active trading market has not developed for our Common Stock and is unlikely to develop in the future. It is possible that the trading market for our Common Stock will become more limited as a result of the reduction of the number of shares of Common Stock outstanding following consummation of the Offer. Accordingly, the market price for our Common Stock not purchased in the Offer may be adversely affected and the reduced float following consummation of the Offer may make the trading price for our Common Stock more volatile. While we expect that our Common

Stock will continue to be reported on the Pink Sheets following consummation of the Offer, we can make no assurances that it will or that any trading market will exist for our Common Stock.

Shares Not Purchased in the Offer. If, prior to the Expiration Time, a shareholder's shares are not properly tendered, or if tender is withdrawn and such shares are not properly retendered, such shares will not be purchased pursuant to the Offer. In addition, shares tendered at prices above the purchase price determined in the Offer will not be purchased and, if the Offer is oversubscribed, it is possible that some or all of a shareholder's tendered shares, even if tendered at or below the purchase price, may not be purchased. See Sections 1 through 7.

12. Directors and Executive Officers; Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares

The following persons constitute our Board of Directors. Our directors serve for one-year terms or until their respective successors have been elected and qualified.

Daniel P. Boyle, age 45, has served as a director since January 2007. Mr. Boyle is President and Portfolio Manager at Schwerin Boyle Capital Management, Inc., an investment management firm he co-founded in 1989. Schwerin Boyle Capital Management, Inc. manages over $600 million dollars in assets. Prior to joining Schwerin Boyle, he worked at Kidder, Peabody & Co., Inc. Mr. Boyle graduated from Babson College in 1986 and received the designation of Chartered Financial Analyst in 1990.

William J. Coad, age 78, has served as a director since 1986. Mr. Coad is President of Coad Engineering Enterprises, Inc., St. Louis, Missouri, and was President and Chairman of the Board of The McClure Corporation, St. Louis, Missouri, mechanical and electrical engineering consultants, until 2002, and from 1968 until 1984 he served as its President and Chairman. He was an affiliate Professor of Mechanical Engineering at Washington University in St. Louis, Missouri until his retirement from that position in January 1986. Mr. Coad is also a director of Exergen Corporation, Watertown, Massachusetts. Prior to the 1986 merger of Mestek, Inc. and Reed National Corp., Mr. Coad had been a director of Reed National since 1985.

Winston R. Hindle, Jr., age 80, has been a director since 1994 and is a member of the Executive Committee. Mr. Hindle was Senior Vice President of Digital Equipment Corporation, Maynard, Massachusetts, prior to his retirement in July 1994. In his 32 years with Digital, he managed both corporate functions and business units and was a member of Digital's Executive Committee. Mr. Hindle graduated from Amherst College and received a Masters in Industrial Management from the Massachusetts Institute of Technology.

David W. Hunter, age 82, has been a director since 1985. Mr. Hunter has been Chairman of Hunter Associates, Inc., an investment advisory firm in Pittsburgh, Pennsylvania since 1992. From 1990 to 1992 he was Chairman Emeritus of Parker/Hunter, Inc., an investment-banking firm in Pittsburgh, Pennsylvania, where he was Chairman from 1978 until 1990. Mr. Hunter is also a director of Lockhart Companies, Kiene Diesel Accessories, Inc., Omega Flex, Inc. and Justifacts. He served as Chairman of the Board of Governors of the National Association of Securities Dealers, Inc. from 1986 to 1987.

David M. Kelly, age 68, has been a director since 1996. Mr. Kelly is the retired Chief Executive Officer, President and Chairman of the Board of Matthews International Corporation (NASDAQ:MATW), located in Pittsburgh, Pennsylvania. Prior to his employment with Matthews International, Mr. Kelly was employed by Carrier Corporation for 22 years where he held a variety of executive positions, in the United States and in Asia, in marketing, finance, manufacturing and operations. Mr. Kelly received a Bachelor of Science in Physics from Boston College in 1964, a Master of Science degree in Molecular Biophysics from Yale University in 1966, and a Master of Business Administration from Harvard Business School in 1968. Mr. Kelly also serves as a director of Federated Investors, Inc. (NYSE: FII) and Elliott Turbomachinery, Inc.

George F. King, age 71, has been a director since 2002. Mr. King was most recently President and Chief Executive Officer of Jannock Metal Building Materials Group of Jannock, Ltd., a manufacturer of building products, from 1997 to 2001, and was formerly President and Chief Executive Officer of Associated Building Systems, Inc. from 1995 to 1997, and Chairman, President and Chief Executive Officer of Kirby Building Systems, Inc. from 1983 to 1995. Prior to holding these positions, Mr. King held a variety of high managerial positions with several

companies in the construction products industry. He was Chairman of the Metal Building Manufacturers Association in 1990 and 1997, and a member of its Executive Committee for a number of years. Mr. King is currently a consultant to the metal building systems fabricating industry and serves on the Board of one of our subsidiaries. He attended the University of Kentucky and has an MBA from the University of Chicago Graduate School of Business.

John E. Reed, age 94, has been a director since 1986 and is a member of the Executive Committee. Mr. J.E. Reed is currently Chairman of the Board and Chief Executive Officer of the Company and had been Chairman, President and Chief Executive Officer since 1989, is a member of the Executive Committee and serves on the Boards of our subsidiaries. From 1986 until 1989 he was President and Chief Executive Officer, and prior to the 1986 merger of Mestek, Inc. and Reed National Corp., had been President and Chief Executive Officer of Reed National since he founded it in 1946. Mr. Reed is also a director of Wainwright Bank & Trust Co., Boston, Massachusetts. Mr. Reed is the father of Stewart B. Reed, Vice Chairman of the Board and Chief Operating Officer of the Company.

Stewart B. Reed, age 63, has been a director since 1986 and is a member of the Executive Committee. Mr. S.B. Reed has served since June 2009 as Vice Chairman of the Board of Directors and Chief Operating Officer. Prior to that, Mr. S.B. Reed was employed as the Executive Vice President of the Company from 1986 through April 1996 and thereafter served as a consultant to the company on acquisitions, labor and employment matters prior to his becoming Vice Chairman and Chief Operating Officer. Prior to the 1986 merger of Mestek, Inc. and Reed National Corp., Mr. Reed had been Executive Vice President of Reed National in charge of corporate development. Mr. Reed had been employed by Reed National since 1970. Mr. Reed is the son of John E. Reed, Chairman of the Board and Chief Executive Officer of the Company.

Edward J. Trainor, age 70, has been a director since 2002. Mr. Trainor is currently Chairman of the Board of Standex International Corporation (NYSE: SXI) and was formerly Chairman and Chief Executive Officer of Standex from 2001 to 2002, was President and Chief Executive Officer of Standex from 1995 to 2001, and was President of Standex from 1994 to 1995. Prior to joining Standex, Mr. Trainor held a variety of executive positions with Kodak Corporation in engineering and manufacturing. Mr. Trainor currently serves on the Board of one of our subsidiaries.

The executive officers of the Company, in addition to Messrs. John E. Reed and Stewart B. Reed, whose biographies appear above, are the following:

R. Bruce Dewey, age 59, was named President of the Company in September 2001. Mr. Dewey also served as Chief Operating Officer from 1991 through June 2009, as Senior Vice President from 1994 to 2001 and Secretary from 1992 to 2001. Mr. Dewey was General Counsel prior to 1999 and Vice President-Administration prior to 1994. Prior to joining Mestek in 1990, Mr. Dewey was an attorney in private practice in Seattle, Washington most recently with Cairncross, Ragen & Hempelmann from 1987 to 1990. Prior to the merger of Mestek, Inc. and Reed National Corp., Mr. Dewey had been Assistant to the President of Reed National from 1979 to 1983 and had been affiliated with the Cooper-Weymouth, Peterson division of Reed National from 1975 to 1979.

William S. Rafferty, age 58, has been Executive Vice President of the Company since 2001. Mr. Rafferty was Senior Vice President-HVAC Products from 1999 to September 2001, Senior Vice President of Sales and Marketing from 1991 to 1999, and Vice President of Marketing prior to 1991. Prior to joining Mestek in 1990, Mr. Rafferty was Senior Vice President of Sales and Marketing of Taco, Inc., from 1984 to 1990, and held a number of sales and marketing management positions with The Trane Company from 1974 to 1984.

Stephen M. Shea, age 54, has been Chief Financial Officer of the Company since 1990. In 2010 Mr. Shea was promoted to Executive Vice President – Finance from Senior Vice President – Finance, a position he had held since 1994. Prior to 1994, Mr. Shea served as Vice President – Finance and, from 1987 to 1990, as Controller of the Company. From 1986 to 1987, Mr. Shea was Manager of Corporate Planning, the same position he held at Reed National Corp. from 1985 to 1986. Prior to joining Reed in 1985, Mr. Shea was a Certified Public Accountant with the Hartford, Connecticut accounting firm of Spitz, Sullivan, Wachtel & Falcetta from 1979 to 1985.

Beneficial Ownership of Certain Officers and Directors. As of September 30, 2010, there were 7,960,918 shares of our Common Stock issued and outstanding. We intend to spend up to $2,500,000 to purchase shares of

Common Stock in the Offer. At the minimum purchase price of $8.00 per share, we may purchase up to 312,500 shares in the Offer, which represents approximately 3.9% of the total number of issued and outstanding shares as of September 30, 2010.

As of September 30, 2010, our directors and executive officers as a group beneficially owned an aggregate of 6,697,816 shares, representing approximately 84.1% of the total number of outstanding shares. Our directors and executive officers have advised us that they do not intend to tender any of their shares in the Offer. Accordingly, assuming we purchase 312,500 shares in the Offer, and assuming no director or executive officer tenders any shares in the Offer, the Offer will increase the proportional holdings of our directors and executive officers to approximately 87.6%. However, our directors and executive officers may, in compliance with stock ownership guidelines and applicable law, sell their shares in open market transactions at prices that may or may not be more favorable than the purchase price to be paid to our stockholders in the Offer.

The aggregate number and percentage of shares of our Common Stock that were beneficially owned by our current directors and executive officers, as of September 30, 2010, were as set forth in the table below. Assuming we purchase an aggregate of 312,500 shares in the Offer, and assuming no director or executive officer tenders any shares in the Offer, the percentage beneficial ownership of each director and executive officer after the Offer will be approximately as set forth in the table below.

	As of September 30, 2010		**Percentage Owned**
	Number of Shares Owned(1)	**Percent of Shares (Issued and Outstanding)**	**After Offer (with above stated assumptions)**
Directors:			
Daniel P. Boyle	714,979(2)	8.98%	9.35%
William J. Coad	3,200	*	*
Winston R. Hindle, Jr.	9,000	*	*
David W. Hunter	13,330(3)	*	*
David M. Kelly	5,000	*	*
George F. King	3,000	*	*
John E. Reed	5,010,584(4)	62.94%	65.51%
Stewart B. Reed	869,554(5)	10.92%	11.37%
Edward J. Trainor	—	*	*
Executive Officers:			
R. Bruce Dewey	25,169	*	*
William S. Rafferty	—	*	*
Stephen M. Shea	44,000	*	*
All executive officers and directors as a group (12 persons)	6,697,816	84.13%	87.57%

Unless otherwise indicated, the address of each person listed is c/o Mestek, Inc., 260 North Elm Street, Westfield, Massachusetts 01085.

* Less than 1%.

(1) Indicates number of shares of Mestek, Inc. Common Stock beneficially owned. "Beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or sole or shared investment power with respect to a security, or any combination thereof, and the right to acquire such power with respect to a security within 60 days.

(2) Mr. Boyle disclaims beneficial ownership of these shares. Mr. Boyle is a principal at a firm that holds the shares for its advisees.

(3) Excludes 9,500 shares of Common Stock held by his spouse as to which Mr. Hunter disclaims ownership.

(4) Excludes 13,307 shares of Common Stock held by his wife and 13,307 shares of Common Stock held by a family trust for which he is not trustee, as to which Mr. Reed disclaims ownership. Includes 1,325,833 shares of Common Stock held by the Stewart B. Reed Trust, of which John E. Reed is the trustee, that are excluded from the shares listed as beneficially owned by Stewart B. Reed per note (5) below; and excludes 386,858 shares of Common Stock held by John E. Reed as trustee for various family trusts for which he disclaims beneficial ownership. Includes 524,994 shares of Common Stock owned by Sterling Realty Trust, a

Massachusetts trust of which John E. Reed is the trustee and of which he and a family trust are the beneficiaries.

(5) Excludes 1,325,833 shares of Common Stock owned by the Stewart B. Reed Trust, of which Stewart B. Reed is the beneficiary and John E. Reed is the trustee.

There are no arrangements known to us the operation of which may at a subsequent date result in a change in control of the Company.

Recent Securities Transactions. Based on our records and on information provided to us by our directors, executive officers, affiliates and subsidiaries, neither we nor any of our directors, executive officers, affiliates or subsidiaries have effected any transactions involving shares of our Common Stock during the 60 days prior to October 22, 2010.

Certain Relationships and Related Transactions. We lease various manufacturing facilities and equipment from companies owned by certain of our officers and directors, either directly or indirectly through affiliates. The leases generally provide that we will bear the cost of property taxes and insurance.

Details of the principal operating leases with related parties as of December 31, 2009, including the effect of renewals and amendments executed subsequent to December 31, 2009, are as follows:

	Date of Lease	Term	Basic Annual Rent	Estimated Future Rentals
			(Dollars in thousands)	
Sterling Realty Trust				
Land and Building-Main	01/01/10	10 years	$ 282	$ 282
Land and Building Beacon Morris	07/01/08	5 years	85	319
Land and Building-South Complex	01/01/08	month-to-month	306	—
Land and Building Torrington	05/01/09	month-to-month	315	937
Rudbeek Realty Corp.				
(Farmville Location)	07/01/97	13.5 years	436	436
MacKeeber				
(South Windsor, CT)	09/01/06	5 years	403	733

Our total rent expense for operating leases, including those with related parties, was $4,591,000 and $3,704,000 for the years ended December 31, 2009 and 2008, respectively. Of these amounts, rents to related parties were approximately $1,827,000 and $1,827,000 for the years ended December 31, 2009 and 2008, respectively. The South Complex and Torrington leases have expired, however, we continue to make rental payments on a month-to-month basis. It is expected that these leases will be renewed and memorialized in formal lease agreements in the near future.

On October 13, 2006, we loaned $611,000 to Stephen Shea, our Chief Financial Officer, in connection with his exercise in 2005 of incentive stock options. On October 13, 2009, the Company amended and restated the $611,000 loan. As amended and restated, the loan bears interest at 4.5% payable annually on the anniversary date of the loan and automatically renews for a period of one year at each anniversary date unless previously paid in full. The loan is secured by an escrow of 40,000 common shares of the Company's Stock, with additional security in the form of a pledge of the proceeds from a term life insurance policy. The loan is recorded in other assets in the Company's consolidated balance sheets.

As discussed in Section 10, in connection with the merger of CareCentric with and into Caretinuum, Caretinuum assumed certain outstanding loans made by Messrs J.E. Reed and S. Reed to CareCentric.

13. Effects of the Offer on the Market for Shares; Registration under the Exchange Act

The purchase by us of shares in the Offer will reduce the number of shares that are outstanding and might otherwise be traded and may reduce the number of stockholders. While we believe that the shares will continue to be traded in the over-the-counter market and reported on the Pink Sheets, we can make no assurances that there will be a sufficient number of shares outstanding and traded following completion of the Offer to ensure a continued trading market for the shares. See Section 11 "Risk Factors."

14. Legal Matters; Regulatory Approvals

We are not aware of any license or regulatory permit that is material to our business that might be adversely affected by our acquisition of shares as contemplated by the Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic, foreign or supranational, that would be required for the acquisition of shares by us as contemplated by the Offer. Should any such approval or other action be required, we presently contemplate that we will seek that approval or other action where practicable within the time period contemplated by the Offer. We are unable to predict whether we will be required to delay the acceptance for payment of or payment for shares tendered in the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to our business or financial condition.

15. Certain United States Federal Income Tax Consequences

General. The following is a discussion of certain United States federal income tax consequences to holders of shares who are United States persons ("U.S. Stockholders") and whose shares are sold pursuant to the Offer. Generally, a United States person is:

- an individual citizen or resident of the United States;
- a corporation (including an entity other than a corporation which is treated as a corporation for United States federal income tax purposes) that is created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if, in general, a United States court is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or if such trust has elected to continue to be treated as a United States person and met certain other requirements.

The tax consequences to stockholders who are not United States persons (including individuals who were United States persons in the past) ("Non-U.S. Stockholders") involve tax considerations that are beyond the scope of this discussion. It is therefore advised that each Non-U.S. Stockholder consult his or her tax advisor to determine the United States federal, state, local and foreign tax consequences of a sale of shares pursuant to the Offer.

If a stockholder is a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. As a result, this discussion does not address the tax treatment of partnerships or persons who hold shares through a partnership or other pass-through entity. Such partnerships and partners in such partnerships should consult their own tax advisors to determine the tax consequences of a sale of shares pursuant to the Offer.

The discussion herein does not intend to be exhaustive of all possible tax considerations. The discussion does not contain a description of any state, local or foreign tax considerations. In addition, this summary discussion is intended to address only those United States federal income tax considerations that are generally applicable to a stockholder who holds common stock as a capital asset (within the meaning of Section 1221 of the Internal Revenue

Code of 1986, as amended (the "Code")), and this summary does not discuss all aspects of United States federal income taxation that might be relevant to a specific stockholder in light of such person's particular investment or tax circumstances. In particular, the discussion does not purport to deal with all aspects of taxation that may be relevant to stockholders that are subject to special treatment under the United States federal income tax laws, including, without limitation, individual retirement and other tax-deferred accounts; banks and other financial institutions; insurance companies; tax-exempt organizations; dealers, brokers or traders in securities or currencies; persons subject to the alternative minimum tax; and persons who hold their shares as part of a straddle, hedging, synthetic security, conversion transaction or other integrated investment consisting of the shares and one or more other investments; persons whose functional currency is other than the U.S. dollar; persons who received their shares as compensation in connection with the performance of services or on exercise of options received as compensation in connection with the performance of services.

The information in this discussion is based on the federal income tax laws as of the date of this document, which include:

- the Code;
- current, temporary and proposed United States Treasury regulations promulgated under the Code;
- the legislative history of the Code;
- current administrative interpretations and practices of the IRS, including its practices and policies as expressed in private letter rulings, which are not binding on the IRS except with respect to a taxpayer that receives such a ruling; and
- court decisions.

There is a risk that future legislation, United States Treasury regulations, administrative interpretations and/or court decisions may change the current law or adversely affect existing interpretations of the United States federal income tax laws. Any change could apply retroactively to transactions preceding the date of the change and we do not undertake to inform you of any change. In addition, there is a risk that the statements set forth in this summary discussion (which do not bind the IRS or the courts) may be challenged by the IRS and may not be sustained by a court if so challenged.

To ensure compliance with Internal Revenue Service Circular 230, stockholders are hereby notified that any discussion of tax matters set forth in this Offer was written in connection with the promotion or marketing of the transactions or matters addressed herein by the Company and was not intended or written to be used, and cannot be used by any person, for the purpose of avoiding penalties under federal tax law. Each stockholder should seek advice based on its particular circumstances from an independent tax advisor.

United States Federal Income Tax Consequences. An exchange of shares for cash pursuant to the Offer will be a taxable transaction for United States federal income tax purposes. A U.S. Stockholder who receives cash pursuant to the Offer will, depending on such U.S. Stockholder's particular circumstances, be treated either as recognizing gain or loss from the disposition of the shares or as receiving a distribution from the Company, taxable as a dividend to the extent of such U.S. Stockholder's ratable share of the Company's current and accumulated earnings and profits as defined for United States federal income tax purposes.

Under Section 302 of the Code, a U.S. Stockholder will recognize gain or loss on an exchange of shares for cash if the exchange (a) results in a "complete termination" of all such U.S. Stockholder's equity interest in the Company, (b) results in a "substantially disproportionate" redemption with respect to such U.S. Stockholder, or (c) is "not essentially equivalent to a dividend" with respect to the U.S. Stockholder. In applying the Section 302 tests, a U.S. Stockholder must take into account shares that such U.S. Stockholder constructively owns under attribution rules, pursuant to which the U.S. Stockholder will be treated as owning Company shares owned by certain family members (except that in the case of a "complete termination" a U.S. Stockholder may, under certain circumstances, waive attribution from family members) and related entities and Company shares that the U.S. Stockholder has the right to acquire by exercise of an option.

A distribution to a U.S. Stockholder will result in a “complete termination” of such U.S. stockholder’s equity interest in the Company if either (a) all of the shares of stock of the Company actually and constructively owned by the stockholder are exchanged for cash pursuant to the Offer or (b) all of the shares of stock of the Company actually owned by the stockholder are exchanged for cash pursuant to the Offer and the stockholder is eligible to waive, and effectively waives, the attribution of shares of stock of the Company constructively owned by the stockholder in accordance with the procedures described in Section 302(c)(2) of the Code. U.S. Stockholders wishing to satisfy the “complete termination” test through waiver of attribution should consult their tax advisors concerning the mechanics and desirability of such a waiver. An exchange of shares for cash will generally be treated as a substantially disproportionate redemption with respect to a U.S. Stockholder if the percentage of the then outstanding voting shares actually and constructively owned by such U.S. Stockholder immediately after the exchange is less than 80% of the percentage of the shares actually and constructively owned by such U.S. Stockholder immediately before the exchange. If an exchange of shares for cash fails to satisfy the “substantially disproportionate” test, the U.S. Stockholder may nonetheless satisfy the “not essentially equivalent to a dividend” test if it results in a “meaningful reduction” of the U.S. Stockholder’s equity interest in the Company. Whether a U.S. Stockholder meets this test will depend on the stockholder’s particular facts and circumstances. The IRS has indicated that even a small reduction in the percentage interest (by vote and value) of a stockholder whose relative stock interest in a publicly held corporation is minimal and who exercises no control over corporate affairs should constitute a “meaningful reduction.” U.S. Stockholders should consult their tax advisors regarding the application of the rules of Section 302 in their particular circumstances.

If a U.S. Stockholder is treated as recognizing gain or loss from the disposition of such U.S. Stockholder’s shares for cash, such gain or loss will be equal to the difference between the amount of cash received and such U.S. Stockholder’s adjusted tax basis in the shares exchanged therefor. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holding period of the shares exceeds one year as of the date of the exchange.

If a U.S. Stockholder is not treated under the Section 302 tests as recognizing gain or loss on an exchange of shares for cash, the entire amount of cash received by such U.S. Stockholder pursuant to the exchange, without reduction for the tax basis of the shares exchanged, will be treated (i) first, as ordinary dividend income to the extent of the U.S. Stockholder’s allocable portion of the Company’s current and accumulated earnings and profits as defined for United States federal income tax purposes, (ii) second, as a tax-free return of capital that will reduce the U.S. Stockholder’s adjusted tax basis in the shares exchanged in the Offer and (iii) thereafter, as taxable to the U.S. Stockholder as capital gain. Any such gain will be long-term capital gain if the U.S. Stockholder has held the shares for more than one year as of the date the Company is treated as purchasing the shares in the Offer for United States federal income tax consequences. The redeemed U.S. Stockholder’s basis in the redeemed shares (after any reduction as noted above) will be allocated to other shares of stock of the Company held by the redeemed U.S. Stockholder. Provided certain holding period requirements are satisfied, non-corporate U.S. Stockholders generally will be subject to United States federal income tax at a maximum rate of 15% on amounts treated as dividends. Non-corporate U.S. Stockholders should consult their tax advisors regarding the tax treatment of any loss on the sale of shares with respect to which they have received an “extraordinary dividend,” as defined in the Code. To the extent that cash received in exchange for shares is treated as a dividend to a corporate U.S. Stockholder, (i) it will be eligible for a dividends-received deduction (subject to applicable exceptions and limitations) and (ii) it will be subject to the “extraordinary dividend” provisions of the Code. Corporate U.S. Stockholders should consult their tax advisors concerning the availability of the dividends received deduction and the application of the “extraordinary dividend” provisions of the Code in their particular circumstances.

We cannot predict whether or the extent to which the Offer will be oversubscribed. If the Offer is oversubscribed, proration of tenders pursuant to the Offer will cause the Company to accept fewer shares than are tendered. Therefore, a U.S. Stockholder can be given no assurance that a sufficient number of such U.S. Stockholder’s shares will be purchased pursuant to the Offer to ensure that such purchase will be treated as a sale or exchange, rather than as a distribution with respect to Company stock, for United States federal income tax purposes pursuant to the rules discussed above.

Backup Withholding. Under the United States backup withholding rules, 28% of the gross proceeds payable to a stockholder or other payee pursuant to the Offer must be withheld and remitted to the United States Treasury,

unless the stockholder or other payee provides his or her taxpayer identification number (employer identification number or social security number) to the Depositary and certifies, under penalties of perjury, that such number is correct and that the stockholder or other payee is not subject to United States backup withholding . Therefore, each tendering U.S. Stockholder should complete and sign the Substitute Form W-9 included as part of the Letter of Transmittal so as to provide the information and certification necessary to avoid backup withholding.

Certain stockholders (including, among others, all corporations and certain foreign individuals and entities) are generally not subject to backup withholding. However, backup withholding will apply unless such exemption is proven in a manner satisfactory to the Depositary (such as by completing and signing the Substitute Form W-9). Non-corporate foreign stockholders should complete and sign the main signature form and the appropriate Form W8, Certificate of Foreign Status, a copy of which may be obtained from the Depositary, in order to avoid backup withholding.

If a stockholder does not provide such stockholder's correct taxpayer identification number or fails to provide the certifications described above, the IRS may impose a penalty on such stockholder and payment of cash to such stockholder pursuant to the Offer may be subject to United States backup withholding of 28%. You should consult with your tax advisor regarding the foregoing. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded or credited against a stockholder's United States federal income tax liability, provided that the required information is furnished.

Non-U.S. Stockholders. As noted above, the United States federal income tax consequences to Non-U.S. Stockholders are beyond the scope of this discussion. See Section 3 for certain information regarding United States tax withholding on gross proceeds from the sale of shares pursuant to the Offer paid to Non-U.S. Stockholders.

Non-U.S. Stockholders are urged to consult their own tax advisors regarding the application of the United States tax withholding rules to the sale of shares pursuant to the Offer, including the eligibility for reduced withholding rates or exemptions and refund procedures, as well as other United States federal, state, local and foreign tax consequences to them of a sale of shares pursuant to the Offer.

16. Extension of the Offer; Termination; Amendment

We expressly reserve the right, in our sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 shall have occurred or shall be deemed by us to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any shares by giving oral or written notice of such extension to the Depositary and making a public announcement of such extension. We also expressly reserve the right, in our sole discretion, to terminate the Offer if any of the conditions set forth in Section 7 have occurred and to reject for payment and not pay for any shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for shares by giving oral or written notice of such termination or postponement to the Depositary and making a public announcement of such termination or postponement. Our reservation of the right to delay payment for shares which we have accepted for payment is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that we must pay the consideration offered or return the shares tendered promptly after termination or withdrawal of a tender offer.

Subject to compliance with applicable law, we further reserve the right, in our sole discretion, and regardless of whether any of the events set forth in Section 7 shall have occurred or shall be deemed by us to have occurred, to amend the Offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in the Offer to holders of shares or by decreasing or increasing the number of shares being sought in the Offer.

Amendments to the Offer may be made at any time and from time to time effected by public announcement, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York time, on the next business day after the last previously scheduled or announced Expiration Time. Any public announcement made in the Offer will be disseminated promptly to stockholders in a manner reasonably designed to inform stockholders of such change. Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through a national news service.

If we materially change the terms of the Offer or the information concerning the Offer, we will extend the Offer to the extent required by Rules 13e-4(e)(3) and 13e-4(f)(1) promulgated under the Exchange Act. These rules and certain related releases and interpretations of the SEC provide that the minimum period during which a tender offer must remain open following material changes in the terms of the Offer or information concerning the Offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information; however, in no event will the Offer remain open for fewer than five business days following such a material change in the terms of, or information concerning, the Offer. If (1)(i) we make any change to the price range at which we are offering to purchase shares in the Offer, (ii) decrease the available funds and thereby decrease the number of shares purchasable in the Offer or (iii) increase the amount of funds available for share purchases and thereby increase the number of shares purchasable in the Offer by more than 2% of our outstanding shares and (2) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that such notice of an increase or decrease is first published, sent or given to stockholders in the manner specified in this Section 16, the Offer will be extended until the expiration of such ten business day period.

17. Fees and Expenses

We have retained MacKenzie Partners, Inc. to act as Information Agent and Computershare Inc. to act as Depositary in connection with the Offer. MacKenzie Partners, Inc. may contact holders of shares by mail, facsimile and personal interviews and may request brokers, dealers and other nominee stockholders to forward materials relating to the Offer to beneficial owners. Computershare Inc. and MacKenzie Partners, Inc. will receive reasonable and customary amounts of compensation for their respective services, will be reimbursed by us for reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

We will not pay any fees or commissions to brokers, dealers or other persons (other than fees to the Information Agent as described above) for soliciting tenders of shares in the Offer. Stockholders holding shares through brokers or banks are urged to consult the brokers or banks to determine whether transaction costs may apply if stockholders tender shares through the brokers or banks and not directly to the Depositary. We will, however, upon request, reimburse brokers, dealers and commercial banks for customary mailing and handling expenses incurred by them in forwarding the Offer and related materials to the beneficial owners of shares held by them as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as our agent or the agent of the Information Agent or the Depositary for purposes of the Offer. We will pay or cause to be paid all stock transfer taxes, if any, on our purchase of shares, except as otherwise described in Section 5.

18. Miscellaneous

This Offer to Purchase and the Letter of Transmittal do not constitute an offer to purchase securities in any jurisdiction in which such offer is not permitted or would not be permitted. If we become aware of any jurisdiction where the making of the Offer or the acceptance of shares pursuant thereto is not in compliance with applicable law, we will make a good faith effort to comply with the applicable law where practicable. If, after such good faith effort, we cannot comply with the applicable law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of shares in such jurisdiction.

You should only rely on the information contained in this Offer to Purchase or to which we have referred to you. We have not authorized any person to make any recommendation on behalf of us as to whether you should tender or refrain from tendering your shares in the Offer. We have not authorized any person to give any information or to make any representation in connection with the Offer other than those contained in this Offer to Purchase or in the Letter of Transmittal. If anyone makes any recommendation, gives you any information or makes any representation, you must not rely upon that recommendation, information or representation as having been authorized by us, the Depositary or the Information Agent.

Mestek, Inc.

October 25, 2010

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APPENDIX A

<u>Financial information as of and for the year ended December 31, 2009</u>

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MESTEK, INC.

260 North Elm Street, Westfield, MA 01085 (413) 568-568-9571 www.mestek.com

Fellow Shareholders,

During 2009, Mestek gained a deeper understanding of the ancient Chinese proverb, “May you live in interesting times”. The proverbial black swan, so well explained by author Nassim Taleb, appeared on our doorstep. Like many other American manufacturers, the absence of alternatives cleared our minds. Mestek needed to cut expenses, and cut them rapidly, to react to a rapidly shrinking order book.

These expense reductions were most painful, especially the workforce reduction of loyal employees which was necessary during a period when employees would be challenged to find other job opportunities. Mestek has been proud of a long record of minimal layoffs and restructurings, providing opportunity and stability for its employees. That record came to an abrupt end in 2009. Mestek will endeavor to restore its former reputation as a business offering stability and interesting careers to our capable current and future employees. Unlike some businesses in today's fast paced world, Mestek has always believed in career employees in all areas of the company, and has offered a high degree of stability to loyal, capable, and dedicated people.

Comparing apples to apples, all of our HVAC and machinery businesses, net sales declined 22.7%. The April 2009 acquisition of 100% ownership interest in CareCentric added $14.7 million of revenue not recognized in prior years. HVAC revenues declined approximately 20%; and machinery revenues were off 32.5%. Fortunately, variable margins increased considerably due to lower raw material costs, a mitigating development which is regrettably reversing at this writing.

Non GAAP income from operations declined from $17.2 million in 2008 to $14.3 million in 2009, 16.6% lower. These figures differ significantly from GAAP income from operations, as reflected in the accompanying financial statements, because GAAP operating costs include many non-recurring expenses associated with plant shutdown, severance, and relocation expenses as well as related impairment charges. Non GAAP one time expenses for plant moves and consolidations, including severance costs, amounted to $8.2 million during 2009, compared to $900 thousand in 2008, both numbers below the operating profit line for this Non GAAP analysis. While these 2009 restructuring expenses devoured 57% of the Non GAAP operating profits, Mestek is now well positioned to benefit from any uptick in sales, whenever the industries we serve begin to rebound.

The balance sheet remains strong; the revolving bank indebtedness declined to $8.9 million from $24.6 million. The reduction would have been $8.2 million greater, reducing bank debt to almost zero, had we not acquired CareCentric minority interests and refinanced its outstanding revolving bank line of credit. Long term debt remains low, approximately $6 million, versus equity of $120 million. Additionally, we believe our environmental reserve is conservatively stated, and may be a source of future additions to shareholders’ equity. Our banking relationships remain solid, with unused lines of credit approximating $50 million at year end.

Both of the principal industries which we serve, building construction and capital goods, are troubled today. No upturn is readily apparent, although there are a few green shoots, but not many. 2010 will likely be another difficult year, with lower overhead expenses partially offset by higher raw material costs. We do however continue to see improvements in our extensive network of manufacturers' representatives and distributors, our international presence, and in our "lean" manufacturing initiatives, all of which should strengthen our sales and profits as industry conditions return to normal.

Our CareCentric healthcare IT subsidiary, although well managed also faces a challenging year. We are exploring the possibility of strengthening this business with a partner from its industry, who could leverage the opportunities by combining resources with CareCentric. This course of action could also lessen or eliminate future investment by Mestek into this business.

Your company intends to vigorously pursue new product development opportunities during 2010. New products are the lifeblood of our mature industries, and represent important strategic objectives for Mestek. We are briskly growing several recognized "green" product franchises, including Hydrotherm and RBI high efficiency boilers, Dadanco active chilled beam energy efficient heating & air conditioning systems, and AWV Colt sun shading systems in particular. Fully funding promising R&D projects remain a first order priority; and Mestek has ample financial resources to do so. We intend to increase spending on these initiatives during 2010, and are committed to expanding Mestek's footprint as a leader in HVAC and machinery innovation.

Your company continues to look for genuinely synergistic acquisition opportunities available at an equitable price. We realize that a majority of acquisitions prove to be a mistake for the acquirer; therefore we set a high standard for ourselves. Management egos, or growth for growth’s sake, will never be an acceptable element in any acquisition. Two plus two must have reasonable prospects of equaling five within a year or two from the acquisition date. Your management has a big stake in the future of Mestek, clearly evidenced by a large ownership position. We regard Mestek’s financial resources the same way we regard our own, a willingness to assume risks up to a point, but only when we are reasonably convinced that the risk / reward equation is favorable. And we would never “bet the store”; we are builders not gamblers. At the same time, we realize that we need to grow to provide opportunities for our most capable employees, and to reward our loyal shareholders. Stepped up new product development, and a few synergistic acquisitions purchased at a fair price, is the most likely path for us during 2010 and 2011.

We sincerely appreciate the loyalty of our customers, dedicated employees, shareholders, and valued suppliers. We intend to work diligently to continue to earn your trust and support.

Respectfully,

John E. Reed
Chairman & CEO

Stewart B. Reed
Vice Chairman & COO

SELECTED FINANCIAL DATA

Selected financial data for the Company for each of the last five years is shown in the following table, which is derived from and should be read in conjunction with the Consolidated Financial Statements included elsewhere in this report. Selected financial data reflecting the operations of acquired businesses is shown only for periods following the related acquisition.

SUMMARY OF FINANCIAL POSITION as of December 31,

(dollars in thousands except per share data)

	2009	2008	2007	2006	2005
Total Assets	$ 208,949	$210,584	$ 220,528	$228,409	$ 228,573
Working Capital	36,126	45,201	40,025	46,797	44,982
Total Debt	26,478	31,616	42,152	44,127	33,478
Shareholders' Equity	120,111	109,964	107,557	106,918	104,910
Shareholders' Equity Per Common Share (1)	$ 15.09	$ 13.96	$ 13.33	$ 12.98	$ 12.01

SUMMARY OF OPERATIONS for the years ended December 31,

(dollars in thousands except per share data)

	2009	2008	2007	2006	2005
Revenues from Continuing Operations	$303,541	$ 373,533	$ 378,280	$ 385,792	$372,295
Income from Continuing Operations	4,474	5,436	1,631	9,119	3,739
Discontinued Operations	-	-	-	-	3,713
Net Income	$ 4,474	$ 5,436	$ 1,631	$ 9,119	$ 7,452
Earnings per Common Share:					
Basic and Diluted Earnings per Common Share:					
Net Income	$ 0.56	$ 0.69	$ 0.20	$ 1.06	$ 0.86

(1) Equity per common share amounts are computed using the common shares outstanding as of December 31, 2009, 2008, 2007, 2006, and 2005.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders of Mestek, Inc.

We have audited the accompanying consolidated balance sheets of Mestek, Inc. and subsidiaries ("the Company") as of December 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity and comprehensive income (loss), and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mestek, Inc. and subsidiaries as of December 31, 2009 and 2008, and the consolidated results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CATURANO AND COMPANY, P.C.

Boston, Massachusetts
April 14, 2010

MESTEK, INC.
CONSOLIDATED BALANCE SHEETS
As of December 31,

	2009	2008
	(Dollars in thousands)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 1,836	$ 492
Accounts Receivable - less allowances of $1,700 and $2,013 respectively	45,429	50,273
Inventories – net	48,185	65,238
Deferred Tax Assets	5,144	4,441
Other Current Assets	3,989	3,697
Total Current Assets	104,583	124,141
Property and Equipment – net	37,999	45,767
Property Held for Sale	8,338	3,919
Deferred Tax Assets	21,539	9,136
Other Assets – net	8,931	6,686
Goodwill	27,559	20,935
Total Assets	$ 208,949	$ 210,584
LIABILITIES, AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short Term Notes Payable	$ 19,921	$ 24,644
Current Portion of Long-Term Debt	870	836
Accounts Payable	15,964	12,403
Accrued Payroll and Related Expenses	10,235	11,507
Reserve for Equity Investment Losses	-	3,096
Customer Deposits	4,347	11,423
Unearned Subscription Revenues	1,475	-
Environmental Reserves - current portion	37	273
Warranty Reserve	3,099	3,803
Other Accrued Liabilities	12,509	10,955
Total Current Liabilities	68,457	78,940
Environmental Reserves – long term	11,771	12,590
Long-Term Debt	5,687	6,136
Other Liabilities	1,679	1,870
Total Liabilities	87,594	99,536
Equity:		
Controlling Interest:		
Common Stock, no par, stated value $0.05 per share, 8,838,928 and 8,758,115 shares issued, respectively	440	436
Paid in Capital	9,963	5,421
Retained Earnings	120,530	116,056
Treasury Shares, at cost (878,010 common shares)	(11,293)	(11,293)
Accumulated Other Comprehensive Income (Loss)	471	(656)
Total Mestek, Inc. Shareholders' Equity	120,111	109,964
Non-controlling Interest	1,244	1,084
Total Equity	121,355	111,048
Total Liabilities and Equity	$ 208,949	$ 210,584

See Accompanying Notes to the Consolidated Financial Statements.

MESTEK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31,

	2009	2008
	(Dollars in thousands, except earnings per common share)	
Net Sales	$ 303,541	$ 373,533
Cost of Goods Sold	219,498	278,360
Gross Profit	84,043	95,173
Selling Expense	37,866	44,797
General and Administrative Expense	20,471	23,965
Engineering Expense	11,346	11,452
Gain on Sale of Property and Equipment	(8)	(691)
Plant Shutdown Expense and Other Restructuring Charges	5,815	462
Goodwill and Long-Lived Asset Impairment	1,060	1,803
Operating Profit	7,493	13,385
Equity Gain (Loss) in Investee, net	1,721	(1,451)
Interest Expense – net	(1,041)	(1,701)
Other Expense – net	(85)	(326)
Income Before Income Taxes	8,088	9,907
Provision for Income Taxes	3,613	4,469
Consolidated Net Income	4,475	5,438
Less: Net Income Attributable to Non-controlling Interest	1	2
Net Income Attributable to Mestek, Inc.	4,474	$ 5,436
Basic and Diluted Earnings Per Common Share	$ 0.56	$ 0.67
Basic and Diluted Weighted Average Shares Outstanding	7,958	8,055

See Accompanying Notes to the Consolidated Financial Statements.

MESTEK, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME (LOSS)
For the years ended December 31, 2009 and 2008

(Dollars in thousands)	Common Stock	Paid In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total
Balance – December 31, 2007	$ 446	$6,927	$ 110,620	$ (11,293)	$ 857	$ 909	$ 108,466
Net Income			5,436			2	5,438
Net Change in Equity Attributable to Non-controlling Interest						173	173
Cumulative Translation Adjustment					(662)		(662)
Changes in Minimum Liability – Defined Benefit Plan – Net of Tax					(851)		(851)
Net Comprehensive Income							4,098
Common Shares Repurchased and Cancelled	(10)	(1,506)	-	-	-	-	(1,516)
Balance – December 31, 2008	$ 436	$ 5,421	$ 116,056	$ (11,293)	$ (656)	$ 1,084	$ 111,048
Net Income			4,474			1	4,475
Net Change in Equity Attributable to Non-controlling Interest						159	159
Cumulative Translation Adjustment					862		862
Changes in Minimum Liability – Defined Benefit Plan – Net of Tax					265		265
Net Comprehensive Income							5,761
CareCentric Merger		3,805					3,805
Common Shares Issued to CareCentric Shareholders	5	938					943
Common Shares Repurchased and Cancelled	(1)	(201)	-	-	-	-	(202)
Balance – December 31, 2009	$ 440	$ 9,963	$ 120,530	$ (11,293)	$ 471	$ 1,244	$ 121,355

See Accompanying Notes to the Consolidated Financial Statements

MESTEK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31,

	2009	2008
	(Dollars in thousands)	
Cash Flows from Operating Activities:		
Consolidated Net Income	$ 4,475	$ 5,438
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	6,601	6,420
Goodwill and Long-Lived Asset Impairment	1,060	1,803
Provision for Deferred Taxes	1,881	1,336
Provision for Losses on Accounts Receivable, net of write offs and recoveries	(396)	(1,003)
Gain on Sale of Property and Equipment	8	(691)
Increase in Minority Interests	159	173
Equity (Gain) Loss in Investee	(1,721)	1,451
Change in Assets and Liabilities:		
Accounts Receivable	8,413	5,248
Inventory	17,650	(417)
Accounts Payable	2,427	(2,965)
Environmental Reserves	(1,054)	(1,695)
Other Liabilities	(10,978)	3,034
Other Assets	(898)	478
Net Cash Provided by Operating Activities	27,627	18,610
Cash Flows from Investing Activities:		
Capital Expenditures	(3,401)	(7,379)
Proceeds from Sale of Property and Equipment	-	1,911
Loans to Investee	(1,375)	(2,225)
Cash Acquired in CareCentric Acquisition, net of cash used	94	-
Net Cash Used in Investing Activities	(4,682)	(7,693)
Cash Flows from Financing Activities:		
Net Repayments Under Revolving Credit Agreements	(20,481)	(6,482)
Principal Payments Under Long-Term Debt Obligations	(866)	(4,055)
Common Stock Repurchased and Cancelled	(202)	(1,516)
Net Cash Used in Financing Activities	(21,549)	(12,053)
Exchange Rate Effect on Cash and Cash Equivalents	(52)	(122)
Net Increase (Decrease) in Cash and Cash Equivalents	1,344	(1,258)
Cash and Cash Equivalents - Beginning of Period	492	1,750
Cash and Cash Equivalents - End of Period	$ 1,836	$ 492

See Accompanying Notes to the Consolidated Financial Statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements for the years ended December 31, 2009 and December 31, 2008 have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets generally accepted accounting principles ("GAAP") that the Company follows to ensure its consolidated financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification ("FASB ASC") which was effective for the Company in 2009.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Mestek, Inc. (Mestek), its majority owned subsidiaries and the accounts of Dadanco-Mestek Joint Venture LLC (see Note 4) (collectively the "Company"). All material inter-company accounts and transactions have been eliminated in consolidation.

Non-controlling Interests

Effective January 1, 2009, the Company adopted FASB ASC Topic 810, "Non-controlling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51" with respect to the classification in the Company's consolidated balance sheet, and the accounting for and disclosure of transactions between the Company and holders of non-controlling interests. The Company consolidates the accounts of its majority owned subsidiaries and the accounts of Dadanco-Mestek Joint Venture LLC. The non-controlling interest amounts represent the share of these entities profits associated with the non-controlling partners' ownership interest. The non-controlling interest is reported in the equity section of the consolidated balance sheets. The non-controlling interest in the earnings or loss is reported as "Net Income Attributable to Non-controlling Interest" in the consolidated statements of operations.

The Company reclassified the presentation of its minority interests as non-controlling interests in equity to conform to this standard.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates and assumptions relate to revenue recognition, accounts receivable valuations, inventory valuations, goodwill valuation, intangible asset valuations, warranty costs, product liability costs, environmental reserves, workers compensation claims reserves, health care claims reserves, accounting for income taxes and the realization of deferred tax assets. Actual amounts could differ significantly from these estimates.

Revenue Recognition

The Company's revenue recognition activities relate almost entirely to the manufacture and sale of heating, ventilating and air conditioning ("HVAC") products and equipment and metal forming equipment. Under generally accepted accounting principles, revenues are considered to have been earned when the Company has substantially satisfied all obligations to be entitled to the benefits represented by the revenues. With respect to sales of the Company's HVAC or metal forming equipment, the following criteria represent preconditions to the recognition of revenue:

* persuasive evidence of an arrangement must exist;
* delivery has occurred or services rendered;
* the sales price to the customer is fixed or determinable; and
* collection is reasonably assured.

As a result of the CareCentric, Inc. merger in April 2009 (Note 4), the Company now earns a portion of its revenues from the delivery of software, hosting and support services, and from the delivery of professional and on-demand services. The majority of software licensing, hosting and support revenues are earned under subscription service arrangements ("subscriptions").

The substantial majority of the Company's revenue is derived from the provision of its software solutions on an annual basis through a hosted application solution. The Company recognizes revenue for these arrangements ratably over the life of the subscription period. Payments received from customers in advance of revenue recognition are treated as deferred revenue and included in "Unearned Subscription Revenues" in the balance sheets.

Professional services, when sold with a subscription offering, are accounted for separately when these services have value to the customer on a stand-alone basis and there is objective and reliable evidence of fair value of each deliverable. When accounted for separately, professional services revenues are recognized using a proportional performance revenue recognition model based on hours incurred. If professional services do not qualify for separate accounting, the Company recognizes the professional services revenue ratably over the estimated term of the customer relationship.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents include investments in an institutional money market fund, which invests in U.S. Treasury bills, notes and bonds, and/or repurchase agreements, backed by such obligations.

Accounts and Notes Receivable

Accounts and notes receivable are reduced by an allowance for amounts that may become uncollectible in the future. The accounts receivable estimated allowance for uncollectible amounts is based primarily on specific analyses of accounts in the receivable portfolio and historical write-off experience.

Inventories

Inventories are valued at the lower of cost or market. Cost of inventories is principally determined by the last-in, first-out ("LIFO") method. Approximately 78% and 77% of inventory costs were determined using the LIFO method for the years ended December 31, 2009 and 2008, respectively, with the remaining inventories determined using the first-in, first-out method.

Property and Equipment

Property and equipment are carried at cost. Depreciation and amortization are computed using the straight-line and accelerated methods over the estimated useful lives of the assets or, for leasehold improvements, the life of the lease, if shorter. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant improvements are capitalized.

Capitalized Software

Subsequent to the merger discussed in Note 4, the Company is capitalizing certain internal software development costs and is amortizing these costs over the estimated lives of the related products. Capitalization begins at technological feasibility which the Company defines as the internal release of a working model. Upon the general release of the product to customers, development costs for that product are amortized. Accumulated amortization related to software developments costs and software amortization charges included in Cost of Goods Sold were $1,277,000 at December 31, 2009.

Goodwill and Other Intangible Assets

The Company accounts for goodwill and other intangible assets in accordance with FASB ASC Topic 350-20 "Goodwill and Other Intangible Assets" ("FASB ASC Topic 350-20"). The carrying value of goodwill is evaluated for impairment on at least an annual basis. The carrying value of other intangible assets is required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The Company performed annual impairment tests in accordance with FASB ASC Topic 350-20 as of December 31, 2009 and 2008 for its HVAC Segment, its Metal Forming Segment and its newly acquired software subsidiary (see Note 4). The impairment testing performed as of December 31, 2008 resulted in an impairment charge of $1,290,000 relating to the Metal Forming segment. There was no impairment in any segment for the year ended December 31, 2009.

Goodwill and Other Intangible Assets consisted of the following at:

	December 31,	
	2009	**2008**
Goodwill	$ 76,244	$ 69,536
Accumulated Amortization (Including Impairment)	(48,685)	(48,601)
Goodwill – net	27,559	20,935
Patents, Rights, Trademarks, and Other Intangible Assets	4,974	4,094
Accumulated Amortization	(2,939)	(2,672)
Patents, Rights and Trademarks – net	2,035	1,422
Total Goodwill and Other Intangible Assets	81,218	73,630
Accumulated Amortization	(51,624)	(51,273)
Goodwill and Other Intangible Assets – net	$ 29,594	$ 22,357

Amortization expense for the years ending December 31, 2009 and 2008 were $351,000 and $163,000, respectively.

Advertising Expense

Advertising costs are charged to operations as incurred. Such charges aggregated to $3,364,000 and $4,774,000, for the years ended December 31, 2009 and 2008, respectively, and are included in Selling Expense in the accompanying statements of operations.

Research and Development Expense

Research and development expenses are charged to operations as incurred. Such charges aggregated to $4,722,000 and $4,769,000, for the years ended December 31, 2009 and 2008, respectively, and are included in engineering expense in the accompanying statement of operations.

Treasury Shares

Common stock held in the Company's treasury has been recorded at cost. If treasury stock is re-issued, proceeds in excess of cost are credited to paid-in-capital.

Earnings per Common Share

Basic earnings per share have been computed using the weighted average number of common shares outstanding. Outstanding common stock options of the Company, if any, as more fully described in Note 11, were considered in the computation of diluted earnings per share, except when such effect would be anti-dilutive.

Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing on the balance sheet date. The Statement of Operations is translated at average exchange rates. Adjustments resulting from the translation of financial statements are excluded from the determination of income and are accumulated in Other Comprehensive Income (Loss) as a separate component of Shareholders' Equity. Transaction gains and losses are included in other expense, and were not material in 2009 or 2008.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Effective January 1, 2009, the Company adopted FASB ASC Topic 740 *Income Taxes* (FASB ASC Topic 740) as amended, relative to accounting for uncertainty in tax positions recognized in the Company's financial statements. FASB ASC Topic 740 prescribes a "more likely than not" recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The FASB ASC Topic 740 amendment also provides guidance on de-recognition, classification, interest and penalties, disclosure, and transition.

Other Comprehensive Income (Loss)

For the years ended December 31, 2009, and 2008, the components of Other Comprehensive Income (Loss) consisted of foreign currency translation adjustments and changes in the additional minimum liability from terminated defined benefit pension plans (see Note 8).

The components of Other Comprehensive Income (Loss) (net of tax) at December 31:

	2009	2008
	(Dollars in thousands)	
Cumulative Translation Adjustment	$ 862	$ (662)
Changes in Additional Minimum Liability Defined Benefit Plans	265	(851)
Other Comprehensive Income (Loss)	$ 1,127	$ (1,513)

Fair Value Measurements

FASB ASC Topic 820 *Fair Value Measures and Disclosures* establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about the fair value of financial instruments. ASC 820 became effective for financial assets and financial liabilities for fiscal years beginning after November 15, 2007. The Company adopted this statement without material impact as of January 1, 2008. The FASB provided for a deferral of the implementation of this standard for non-financial assets and non-financial liabilities, except those recognized at fair value in the financial statements at least annually. Assets and liabilities subject to the deferral include goodwill, intangible assets, and long-lived assets measured at fair value for impairment assessments. The Company does not expect the adoption of the remaining provisions to have a material impact on the Company's financial position or results of operation.

Accounting for *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plans have the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the assets or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value of Financial Instruments, Concentration of Credit Risk and Significant Customers

The carrying values of cash, cash equivalents, accounts receivable, accounts payable, accrued expenses and short term bank debt approximate fair market value due to the short-term nature of these financial instruments. The carrying value of long-term debt approximates fair market value, which is based on quoted market prices or on rates available to the Company for debt with similar terms and maturities. Financial instruments that potentially subject the Company to concentrations of credit risk are principally cash, cash equivalents, and accounts receivable. The Company has no significant off-balance-sheet or concentration of credit risk exposure such as foreign exchange contracts or option contracts. The Company maintains its cash and cash equivalents with established financial institutions. Concentration of credit risk with respect to accounts receivable is limited to certain customers to whom the Company makes substantial sales. To reduce its credit risk, the Company routinely assesses the financial strength of its customers. The Company maintains an allowance for potential credit losses but historically has not experienced any significant losses related to individual customers or groups of customers beyond what is provided for in the allowance. No individual customer accounted for more than 10% of revenues in 2009 or 2008. No individual customer accounted for more than 10% of the Company's accounts receivable at December 31, 2009 or 2008.

Defined Benefit Plans

The Company accounts for its terminated defined benefit pension plans in accordance with FASB ASC Topic 715, *Compensation-Retirement Benefits* (FASB ASC Topic 715) which requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, "Benefit Plans") to recognize the funded status of their Benefit Plans in the consolidated balance sheet, measure the fair value of plan assets and benefit obligations as of the date of the balance sheet and provide additional disclosures (see Note 8).

Reclassifications

Reclassifications have been made to previously issued financial statements to conform to the current year presentation.

New Accounting Pronouncements

Effective January 1, 2009, the Company adopted FASB ASC Topic 805 *Business Combinations and Reorganizations* (FASB ASC Topic 805) for all prospective business combinations. FASB ASC Topic 805 improves the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. The adoption of this guidance did not have a material impact on the consolidated financial statements.

2. INVENTORIES

Inventories consisted of the following at December 31:

	2009	2008
	(Dollars in thousands)	
Finished Goods	$ 15,812	$ 21,551
Work-in-progress	19,473	27,482
Raw materials	28,445	34,330
	63,730	83,363
Less reserve for LIFO method of valuation	(15,545)	(18,125)
	$ 48,185	$ 65,238

The Company uses the LIFO method of valuing substantial portions of its inventory. Approximately $2,018,000 of incremental income was recorded for the period ending December 31, 2009 as a result of using the LIFO method of inventory valuation. Significant restructuring of the Company's operations (see Note 13) occurring during 2009 resulted in either the combination of LIFO pools between divisions or the liquidation of LIFO pools when inventory was transferred between distinctly separate legal entities. The effect of the transfers and liquidations did not materially impact the Company's result of operations.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2009	2008	Depreciation and Amortization Est. Useful Lives
	(Dollars in thousands)		
Land	$ 1,811	$ 2,303	
Buildings	24,381	30,392	19-39 Years
Leasehold Improvements	6,554	5,656	15-39 Years
Equipment	101,925	104,572	3-10 Years
	134,671	142,923	
Accumulated Depreciation	(96,672)	(97,156)	
	$ 37,999	$ 45,767	

The above amounts include $927,000 and $1,079,000 at December 31, 2009 and 2008, respectively, in assets that had not yet been placed in service by the Company. No depreciation was recorded in the related periods for these assets. Assets classified as "held for sale" are excluded from the amounts listed above.

Depreciation and amortization expense was $6,250,000 and $6,257,000 for the years ended December 31, 2009 and 2008, respectively.

4. INVESTMENTS AND MERGER

CareCentric, Inc. ("CareCentric")

Prior to the merger, as discussed below, the Company maintained certain equity and debt investments in CareCentric, a healthcare software company based in Atlanta, GA. As of January 1, 2005 these consisted of a \$3.5 million 6.25% convertible promissory note, 5,600,000 shares of Series B Preferred Stock and a \$1 million 7.25% non-convertible promissory note, all collectively carried on the Company's books at that time at a basis of \$1,092,000.

In December of 2005, the Company elected to convert its 5,600,000 shares of Series B Preferred Stock and its \$3.5 million convertible promissory note into CareCentric common stock in accordance with their terms in connection with a recapitalization of CareCentric. After conversion, the Company held a common share interest in CareCentric of approximately 35.31%. As a result, the Company determined that it was required to account for its interest in CareCentric subsequent to that date in accordance with the equity method of accounting. The effect of recasting the financial statements for comparability was to reduce the Company's accounting basis in its investments in CareCentric to zero resulting in a charge to Retained Earnings as of December 31, 2002 of \$677,000, net of tax, with no effect on the subsequent years Statements of Operations.

During 2007, 2008, and 2009 the Company, John E. Reed and Stewart B. Reed each individually loaned money to CareCentric under the terms of a \$16 million credit facility. As of April 12, 2009, CareCentric owed \$10,050,000 to the Company, \$5,266,000 to John E. Reed, and \$1,680,000 to Stewart B. Reed. The facility is convertible at \$0.50 per common share, bears interest at 9% per annum and matures on December 31, 2010.

As of December 31, 2008, and until the merger, as discussed below, the Company owned directly 35.31% of the 26,903,658 CareCentric common shares outstanding.

In accordance with the equity method, the Company has considered its additional loans to be part of its investment in CareCentric and has reflected losses of \$1,375,000 and \$1,451,000, in the 2009 and 2008 results of operations respectively. These losses represent the Company's share of CareCentric's "suspended losses" from 2005 through 2008, as well as losses incurred by CareCentric in 2009 (prior to the merger discussed below).

The Company's December 31, 2008 balance sheet reflects a reserve of \$3,096,000 recorded in connection with the Company's guarantee of CareCentric's bank debt. In January of 2008, CareCentric paid down its bank debt from \$10 million to \$8 million, thus reducing the Company's guarantee obligation from \$3,870,000 to 38.7% of \$8 million, or approximately \$3,096,000. When the Company paid off the Wainwright line of credit in 2009, the guarantee obligation was no longer required. These reductions in the guarantee obligation in 2009 and 2008 are included in "Equity Gain (Loss) in investee, net in the 2009 and 2008 consolidated statements of operations.

On February 16, 2009, the Company submitted a proposal to the CareCentric Board of Directors under which the Company would acquire CareCentric in a stock for stock merger.

On March 24, 2009, Caretinuum LLC ("Caretinuum") was incorporated as a wholly owned subsidiary of the Company. Pursuant to the proposal discussed above, on April 13, 2009, the Company directly acquired, in primarily a stock for stock exchange, all non-controlling interests of CareCentric. Contemporaneously, the Company merged CareCentric with and into Caretinuum, with Caretinuum as the surviving entity. Caretinuum operates substantially in the same industry as CareCentric. The consolidated financial statements include the results of operations of Caretinuum from April 13, 2009.

CareCentric, in preparation for the merger, completed a 5,000 to 1 reverse stock split. The Company, to complete the acquisition of CareCentric and subsequent merger, issued 109,652 shares of Mestek, Inc. common stock valued at \$943,000 to all holders of record of whole shares of CareCentric common stock post reverse stock split, and paid cash in the amount of \$43,000 to purchase CareCentric common stock from those shareholders holding fractional shares. In addition, the purchase price included the assumption of CareCentric's liabilities by Caretinuum, including the convertible debt facility discussed above.The Company funded the cash portion of the total net purchase price with borrowings under its unsecured credit facilities.

The Company accounted for the acquisition primarily as an exchange of ownership interests between commonly controlled entities as a result of the ownership interests held by John E. Reed and Stewart B. Reed in both the Company and CareCentric. The relevant accounting guidance stipulates that the basis in the transferred ownership interest held directly by the Company and John E. Reed and Stewart B. Reed continue to be recorded at historical cost. The purchase of the non-controlling interest held by other unrelated minority holders is accounted for as a purchase transaction and recorded at fair value. Due to the combined ownership interest held by the Company and John E. Reed and Stewart B. Reed, the Company accounted for approximately 25% of the net assets acquired at their fair value.

The following table summarizes the assets acquired and liabilities assumed (at historical cost and/or fair value) at the date of acquisition:

	(In Thousands)
Cash	$ 137
Trade receivables	2,535
Prepaid expenses and other current assets	962
Furniture and equipment	562
Goodwill and other intangible assets	7,220
Incremental Deferred Tax Benefit, Net Operating Loss	13,669
Deferred Tax Benefit, Other	1,255
Other assets	488
Total assets acquired	26,828
Total liabilities assumed	22,085
Net assets acquired	$4,743

Dadanco-Mestek Joint Venture LLC (the "JV")

On August 9, 2007, Mestek, Inc., through its' wholly owned subsidiary Active Chilled Beam, LLC ("ACB") entered into a joint venture agreement with Dadanco Pty. Ltd., an Australian corporation based in Adelaide, Australia, through its' wholly owned subsidiary Dadanco US, Inc. ("Dadanco"), in the form of a limited liability company, the JV. The JV was formed for the purposes of development, marketing, sale and distribution of proprietary patented technology relating to the induction air process in heat, ventilating and air conditioning applications in commercial real estate.

A 50% membership interest was issued to ACB in consideration of a cash capital contribution of $125,000. The remaining 50% membership interest was issued to Dadanco in consideration for a waiver of license royalty for the first calendar year payable to Dadanco Pty. Ltd. In addition, an initial line of credit was made available to the JV funded by ACB in the amount of $375,000. Through December 31, 2009, the Company has advanced $1.5 million in financing to the JV, including $1.1 million in additional advances, the terms of which were modified in January 2010. On January 15, 2010, the JV board members agreed to refinance the Company's advances in excess of the original commitment of $375,000 at an interest rate of 15%. The original line of credit remains in effect and earns the Company a rate of interest equal to the prime rate plus 100 basis points. In addition, a second line of credit is available to the JV funded by ACB in the amount of $375,000. The Company's "at risk" basis in the JV represents 84.4% of the financing and capital provided to the JV as of December 31, 2009. An additional $375,000 is available under a line of credit which is to be funded by Dadanco in lieu of royalty payments from the JV to Dadanco Pty Ltd. The intent of this funding arrangement is to maintain the member's respective membership interest. See Note 14 for additional subsequent event.

The JV was granted an exclusive license to utilize the technology in consideration for license royalties of 8% of net product sales of the JV. The minimum royalty payable to Dadanco Pty. Ltd. is $125,000 per calendar year. Net sales generated by the JV were $2,217,000 and $627,000 for the years ended December 31, 2009 and 2008, respectively. This resulted in pre-tax losses of $442,000 and $1,249,000, for the years ended December 31, 2009 and 2008, respectively.

The Company has determined that it is required to consolidate the operations of the JV due to the fact that the Company is contractually at risk for 100% of the joint venture's debt funding of $1,674,000.

5. DEBT

Short-term Debt

Short-term debt consisted of the following at December 31:

	2009	2008
	(Dollars in thousands)	
Revolving Loan Agreement	$ 8,937	$ 24,644
Note Payable, Omega Flex	3,250	---
Notes Payable—Other	7,734	---
Total Short Term Debt	$ 19,921	$ 24,644

Revolving Loan Agreement – On October 19, 2007, the Company entered into a three year, $80,000,000, committed, unsecured, multi-bank revolving loan and letter of credit facility (the "Facility"), led by Bank of America (successor to Fleet National Bank, the Company's long-term lender). Borrowings under the Facility bear interest, at the Company's election, at a floating rate based on the lenders' prime or base rate or, for short term borrowings, at a rate based upon the daily British Bankers Association ("BBA") LIBOR rate. The Facility contains affirmative and negative covenants typical of such financing transactions, and specific financial covenants which require the Company to maintain a minimum consolidated net worth, a minimum cash flow coverage ratio and a maximum cash flow leverage ratio. As of December 31, 2009, the Company was in compliance with all of the financial covenants required under the Facility. Revolving borrowings under the Facility are due and payable in full on the maturity date of the Facility, which is October 19, 2010. Most of the Company's operating subsidiaries guaranty the obligations of the Company under the Facility. The credit agreement relating to the Facility also contains restrictions regarding the creation of indebtedness, the occurrence of mergers or consolidations, the sale of subsidiary stock and the payment of dividends in excess of 50% of net income. The available credit remaining on the line of credit was $50,143,000 as of December 31, 2009.

The Company had outstanding at December 31, 2009, $16,283,589, in standby letters of credit issued in connection with the TCE PI Trust (see Note 9), and $4,635,634 issued principally in connection with its commercial insurance programs. In addition, a letter of credit was issued on July 19, 2005 in the amount of $4,481,000 in connection with the $4,430,000 Industrial Development Authority Bond, for the City of Bridgeton, MO (see below). The current balance on this letter of credit is $3,752,690.

Note Payable – Omega Flex – In connection with the "Spin-Off" of its 86% interest in Omega Flex, Inc. ("Omega"), the Company retained an intercompany obligation payable to Omega in the amount of $3,250,000 which was converted on the date of the "Spin-Off", July 29, 2005, to a 3-year "balloon" note bearing interest at 5.06% per annum, reflecting the then prevailing yield on 3-year U.S. Treasury securities plus 100 basis points. In October of 2007, in connection with the Company's renewal of its Facility, the Company and Omega executed a Subordination Agreement relating to the Note Payable. The obligation was paid in July 2008.

On June 10, 2009, in connection with negotiations with the Company's lending syndicate relative to the CareCentric merger, Omega Flex loaned the Company $3,250,000. The note is an 18 month balloon note bearing interest at 6% per annum and matures on October 20, 2010. In connection with the loan, Omega Flex entered into a subordination agreement with the lending syndicate.

Notes Payable – Other – In connection with the CareCentric merger, the Company paid off the $8 million dollar line of credit CareCentric maintained with Wainwright Bank, and assumed the $16 million credit facility (see Note 4). A portion of the line of credit, $6,946,000, is payable to John E. Reed and Stewart B. Reed. The balance of the notes payable to others, $788,000 relate to other notes payable assumed by Caretinuum as a result of the merger and mature during 2010. The Company's portion of the credit facility is eliminated in consolidation.

Long-term Debt

Long-term debt consisted of the following at December 31:

	2009	2008
	(Dollars in thousands)	
Industrial Development Bond – PA	$ 1,539	$ 2,146
Industrial Development Bond – MO	3,710	3,890
Other Notes Payable	1,308	936
	6,557	6,972
Less Current Maturities	(870)	(836)
Long Term Debt	$ 5,687	$ 6,136

Industrial Development Bond – On April 19, 2002, the Company's subsidiary, Boyertown Foundry Company, Inc. ("BFC"), borrowed $5,512,490 under a note issued through the Berks County Industrial Development Authority in Berks County, PA, in connection with a project to upgrade BFC's foundry equipment in Boyertown, PA. The note, bearing interest at 4.93% per annum, matures on April 19, 2012, and is payable in equal monthly payments of principal and interest over the term of the loan. The note is secured by a loan and security agreement under which the equipment purchased by BFC with the loan proceeds is pledged as security for the note.

The note is a 'Qualified Small Issue Bond' as defined in the Internal Revenue Code, entitling the holder to tax exempt treatment on the interest. In the event the note is found to be not in compliance, the interest rate on the note may be increased.

Industrial Development Bond - MO – On June 17, 2005, the Company acquired an 80,000 square foot manufacturing facility in Bridgeton, Missouri, for $2,940,000, which will be used to consolidate existing Formtek Metal Processing business units. On July 19, 2005, the Company refinanced this transaction as part of a 25-year-tax-exempt Industrial Development Bond totaling $4,430,000. The proceeds were used to reimburse the Company for the acquisition of real estate and for construction, renovation, furnishing and equipping of the existing building. The note bears interest at a variable rate that considers prevailing market conditions and is set weekly by the remarketing agent, Banc of America Securities LLC. At no time may the interest rate exceed the maximum annual rate of 12.00%. Interest is payable monthly with a minimum optional redemption of principal due on July 1 of each year until maturity at July 1, 2030. The effective rate of interest paid in 2009, including letter of credit costs, was 2.21%. The minimum optional redemption amount in each of the first five years is $180,000. The note is secured by a letter of credit with Bank of America, N.A.

Maturities of debt in each of the next five years and thereafter are as follows in thousands:

	Long-term Debt
2010	$ 870
2011	1,364
2012	406
2013	175
2014	175
Thereafter	3,567
Total	$ 6,557

The fair value of the Company's long-term debt is estimated based on the current interest rates offered to the Company for debt of the same remaining maturities. Management believes the carrying value of debt and the contractual values of the outstanding letters of credit approximate their fair values as of December 31, 2009.

Cash paid for interest was $1,007,000 and $1,994,000, during the years ended December 31, 2009 and 2008, respectively. Interest expense totaled $1,247,000 and $1,994,000 for the years ended December 31, 2009 and 2008, respectively.

6. INCOME TAXES

The provision for income taxes consisted of the following:

	2009	2008
	(Dollars in thousands)	
Federal Income Tax:		
Current	$ -	$ 116
Deferred	2,279	1,683
State Income Tax:		
Current	557	753
Deferred	201	190
Foreign Income Tax:		
Current	562	1,727
Deferred	14	-
Provision for Income Taxes	$ 3,613	$ 4,469

Income before income taxes included foreign income of $1,624,000 and $3,622,000, in 2009 and 2008, respectively.

Total income tax expense differed from statutory income tax expense computed by applying the U.S. federal income tax rate of 35% to earnings before income tax, as follows:

	2009	2008
	(Dollars in thousands)	
Computed “Expected” Income Tax Expense	$ 2,820	$ 3,467
State Income Tax, Net Of Federal Tax Expense	607	607
Foreign Source Income	184	453
Research Tax Credit	-	(373)
Other – Net	2	315
Income Tax Expense	$ 3,613	$ 4,469

A deferred income tax (expense) benefit results from temporary differences in the recognition of income and expense for income tax and financial reporting purposes. The components of and changes in the net deferred tax assets (liabilities) which give rise to this deferred income tax (expense) benefit for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
	(Dollars in thousands)	
Deferred Tax Assets:		
Warranty Reserve	$ 1,208	$ 1,713
Remediation Reserve	4,679	5,091
Compensated Absences	787	698
Inventory Valuation	1,286	226
Workers Compensation Reserve	345	520
Unearned Subscription Revenue	757	-
Net Operating Loss Carry Forward/Equity Losses in Investee	21,532	8,064
Impairment of Goodwill and Long Lived Assets	413	-
Accounts Receivable Valuation	663	785
Deferred Benefits Plan	1,542	2,362
Other	396	884
Total Deferred Tax Assets	33,608	20,343
Deferred Tax Liabilities:		
Prepaid Expenses	(721)	(652)
Depreciation and Amortization	(6,204)	(6,114)
Total Deferred Tax Liabilities	(6,925)	(6,766)
Net Deferred Tax Asset	$ 26,683	$ 13,577

The Company has federal net operating loss carry-forwards of approximately $61.5 million, which expire from 2010 through 2028, including loss carry forwards acquired in the merger discussed in Note 4. At December 31, 2009, the Company has net operating loss carry forwards, research and development credit and alternative minimum tax credit carry forwards, which are available to reduce future income taxes payable, subject to applicable Federal rules and limitations.

Management believes it is more likely than not that the Company will have sufficient taxable income when these temporary differences are reversed and that the deferred tax asset will be realized and accordingly no valuation allowance is deemed necessary.

The Company paid a total of $1,801,000 and $3,426,000 in income taxes to federal, state, and foreign tax jurisdictions for the years ended 2009 and 2008, respectively.

The Company adopted new guidance required for uncertainty in income taxes as of January 1, 2009 without material impact on its financial statements. The Company recognizes interest and penalties related to uncertain tax positions, if any, as a component of the provision for income taxes in the accompanying statements of operations. At December 31, 2009 and 2008, the potential interest and penalties attributable to any uncertainties were *de minimus*.

The Company and its subsidiaries file income tax returns in the United States and various state jurisdictions. In the normal course of business, the Company is regularly audited by U.S. federal and state and local tax authorities. With few exceptions, the Company is no longer subject to federal, state or local tax examinations by tax authorities in its major jurisdictions for years before 2007.

7. LEASES AND RELATED PARTY TRANSACTIONS

Related Party Leases

The Company leases various manufacturing facilities and equipment from companies owned by certain officers and directors of the Company, either directly or indirectly, through affiliates. The leases generally provide that the Company will bear the cost of property taxes and insurance.

Details of the principal operating leases with related parties as of December 31, 2009, including the effect of renewals and amendments executed subsequent to December 31, 2009, are as follows:

	Date of Lease	Term	Basic Annual Rent	Minimum Future Rentals
			(Dollars in thousands)	
Sterling Realty Trust:				
Land and Building-Main	09/30/05	5 years	$ 282	$ 282
Land and Building Beacon Morris	07/01/03	5 years	$ 85	$ 319
Land and Building-South Complex	01/01/94	14 years	$ 306	$ 0
Land and Building Torrington	05/01/04	5 years	$ 315	$ 937
Rudbeek Realty Corp.:				
Farmville Location	07/01/97	13.5 years	$ 436	$ 436
MacKeeber:				
South Windsor, CT	09/01/06	5 years	$ 403	$ 733

All Leases

Rent expense for operating leases, including those with related parties, was $4,591,000 and $3,704,000, for the years ended December 31, 2009, and 2008, respectively. Rents to related parties were approximately $1,827,000 and $1,827,000, for the years ended December 31, 2009, and 2008, respectively.

Future minimum lease payments under all non-cancelable leases as of December 31, 2009 are as follows:

Years Ending December 31,	Operating Leases (Dollars in thousands)
2010	$ 4,137
2011	2,662
2012	1,870
2013	1,031
2014	755
Thereafter	3,145
Total Minimum Lease payments	$ 13,600

Other Related Party Transactions

On October 13, 2006, the Company loaned $611,000 to its Chief Financial Officer, in connection with his exercise in 2005 of incentive stock options, as more fully described in Note 11. The loan bears interest at 4.5% and matured on October 13, 2009, and is secured by a pledge of 40,000 common shares of the Company's Stock.

On October 13, 2009, the Company amended and restated the $611,000 loan to extend the maturity to October 13, 2010. The loan is secured by an escrow of 40,000 common shares of the Company's Stock, with additional security in the form of a pledge of the proceeds from a term life insurance policy. The loan bears interest at 4.5% payable on the anniversary date of the loan. The loan automatically renews for a period of one year at each anniversary date. The loan is recorded in other assets in the consolidated balance sheets.

8. EMPLOYEE BENEFIT PLANS

Defined Contribution and 401-K Plans

The Company maintains a qualified non-contributory profit-sharing plan ("Profit-Sharing Plan") covering all eligible employees. Contributions to the Profit-Sharing Plan were $900,000 and $1,670,000, for the years ended December 31, 2009 and 2008, respectively. Contributions to the Profit-Sharing Plan are defined as three percent (3%) of gross wages up to the current Old Age, Survivors, and Disability ("OASDI") limit and six percent (6%) of the excess over the OASDI limit, subject to the maximum allowed under the Employee Retirement Income Security Act of 1974, ("ERISA"). The Profit-Sharing Plan's vesting terms for contributions made prior to October 1, 2001 are twenty percent (20%) vesting after 3 years of service, forty percent (40%) after 4 years, sixty percent (60%) after 5 years, eighty percent (80%) after 6 years, and one hundred percent (100%) vesting after 7 years. The Profit-Sharing Plan's vesting terms for contributions made after October 1, 2001 are twenty percent (20%) vesting after 2 years of service, forty percent (40%) after 3 years, sixty percent (60%) after 4 years, eighty percent (80%) after 5 years, and one hundred percent (100%) vesting after 6 years.

The Company maintains a retirement savings plan ("Retirement Savings Plan") qualified under Internal Revenue Code Section 401(k) for employees covered under certain collective bargaining agreements. Service eligibility requirements differ by division and collective bargaining agreement. Participants may elect to have up to fifty percent (50%) of their compensation withheld, up to the maximum allowed by the Internal Revenue Code. Participants may also elect to make after tax voluntary contributions up to an additional ten percent (10%) of their gross earnings each year within the legal limits. The Company contributes differing amounts depending upon the division's collective bargaining agreement. Contributions are funded on a current basis. Company contributions to the Retirement Savings Plan were $275,000 and $328,000, for the years ended December 31, 2009 and 2008, respectively.

The Company maintains a separate qualified 401(k) plan ("401(k) Plan") for salaried employees not covered by a collective bargaining agreement who choose to participate. Participants may elect to have up to fifty percent (50%) of their compensation withheld, up to the maximum allowed by the Internal Revenue Code. Participants may also elect to make after tax voluntary contributions up to an additional ten percent (10%) of their gross earnings each year within the legal limits. The Company contributes $0.25 of each $1.00 deferred by participants and deposited in to the 401(k) Plan not to exceed one and one half percent (1.5%) of an employee's compensation. The Company does not match any amounts for withholdings from participants in excess of six percent (6%) of their compensation or for any after tax voluntary contributions. Contributions are funded on a current basis. Contributions to the Plan were $458,000 and $549,000, for the years ended December 31, 2009 and 2008, respectively.

Caretinuum maintains a separate qualified 401(k) plan for its employees who choose to participate. Participants may elect to have up to seventy five percent (75%) of their compensation withheld, up to the maximum allowed by the Internal Revenue Code. The plan does not allow voluntary after tax contributions. Caretinuum may make both a discretionary matching contribution and non-elective contribution. Participating employees always share in the matching contribution. Participating employees share in the non-elective contributions if they are employed on the last day of the plan year and completed at least 1,000 hours of service during the plan year. Both employer matching and non-elective contribution vesting terms are less than 2 years of service, zero percent (0%), less than 3 years of service, fifty percent (50%), less than 4 years of service, seventy five percent (75%), and after 4 years of service, one hundred percent (100%) vested. Contributions are funded on a current basis. Contributions to the plan were $92,000 for the short period year ending December 31, 2009.

Defined Benefit Plans

On December 31, 2006, the Company began recognizing the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plans in the consolidated balance sheets with a corresponding adjustment to Accumulated Other Comprehensive Income, net of tax. The Company has historically accounted for its pension plans in a manner consistent with the requirements of FASB ASC 715 and, accordingly, no adjustment to Other Comprehensive Income (Loss) was recorded in connection with the change in GAAP.

The Company's second-tier subsidiary, Met-Coil, maintained, prior to its acquisition by the Company's subsidiary, Formtek, Inc. on June 3, 2000, several defined benefit pension plans (the "Met-Coil Plans") covering certain of its employees. The Met-Coil Plans were "frozen" and merged prior to the acquisition, effectively locking in retirement benefits earned to that date and precluding any further benefits for future service. Due to adverse investment performance in recent years and reduced expectations of future investment earnings, the combined Met-Coil Plans' administrator has determined that the accumulated benefit obligation (the present value of future pension obligations to plan participants) exceeds the fair market value of the Met-Coil Plan's assets as of December 31, 2009 and 2008. The Company has recorded credits (charges) in 2009 and 2008, net of related tax effect, to the Shareholders' Equity section of the consolidated Balance Sheet contained herein of ($92,000) and $648,000, respectively, under the heading Changes in Additional Minimum Liability-Defined Benefit Plan. Pension expense under the Met-Coil Plans was $247,000 and $16,000, for the years ended December 31, 2009, and 2008, respectively.

In connection with the acquisition of the assets of Airtherm Manufacturing Company and Airtherm Products, Inc. in 2000, the Company assumed certain obligations related to the defined benefit plan maintained by Airtherm, the Airtherm LLC Retirement Income Plan, prior to the acquisition date. The Airtherm LLC Retirement Income Plan was "frozen" prior to acquisition in a manner similar to the Met-Coil Plans described above. In accordance with GAAP, the Company recorded credits (charges) in 2009 and 2008, net of related tax effect, to the Shareholders Equity section of the Consolidated Balance Sheet contained herein of ($173,000) and ($203,000), respectively, relating to the Airtherm LLC Retirement Income Plan under the heading Changes in Additional Minimum Liability-Defined Benefit Plan. Pension expense under the Airtherm LLC Retirement Income Plan was $111,000 and $43,000, for the years ended December 31, 2009, and 2008, respectively.

The Company uses a December 31 measurement date for the Airtherm LLC Retirement Income Plan and the Met-Coil Plans.

In accordance with FASB ASC 715, net unrecognized actuarial losses included in Accumulated Other Comprehensive Income (Loss) are recognized as net periodic pension cost pursuant to the Company's accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods are recognized as a component of other comprehensive

income. Those amounts are recognized as a component of net periodic pension cost on the same basis as the amounts recognized in accumulated other comprehensive income.

Benefit Obligation and Funded Status

	Met-Coil		Airtherm	
	2009	**2008**	**2009**	**2008**
	(Dollars in thousands)			
(1) Accumulated Benefit Obligation at the End of the Year	$ 3,792	$3,494	$4,274	$4,077
(2) Change in Projected Benefit Obligation on a Measurement Year Basis				
Projected Benefit Obligation at the Beginning of the Period	3,494	3,453	4,077	3,914
Service Cost	-	-	-	-
Interest Cost	215	199	246	229
Actuarial (Gain) or Loss	303	77	175	134
Settlement	-	-	-	-
Benefits Paid	(220)	(236)	(224)	(200)
Projected Benefit Obligation at the End of the Period	3,792	3,493	4,274	4,077
(3) Change in Plan Assets on a Measurement Year Basis				
Fair Value of Plan Assets at the Beginning of the Period	2,428	3,434	3,364	3,529
Actual Return on Plan Assets	488	(940)	535	(195)
Settlement	-	-	-	-
Benefits Paid	(220)	(236)	(224)	(200)
Employer Contributions	180	170	165	230
Fair Value of Assets at the End of the Period	2,876	2,428	3,840	3,364
(4) Funded Status at the End of the Measurement Year	$ (916)	$ (1,065)	$ (434)	$ (713)
(5) Weighted Average Assumptions at the End of the Year				
Discount Rate	5.75%	6.25%	5.75%	6.25%
Rate of Compensation Increase	N/A	N/A	N/A	N/A

Net Periodic Pension Cost

	Met-Coil		Airtherm	
	2009	**2008**	**2009**	**2008**
	(Dollars in thousands)			
(1) Service Cost	$ -	-	-	$ -
(2) Interest Cost	215	199	246	229
(3) Expected Return on Plan Assets	(168)	(238)	(200)	(211)
(4) Amortization of Net (Gain) or Loss	199	55	65	25
(5) Amortization of Prior Service Cost	-	-	-	-
(6) Amortization of Transition Obligation/(Asset)	-	-	-	-
(7) Settlement and Curtailment	-	-	-	-
(8) Total Net Periodic Pension Cost	246	16	111	43
(9) Net (Gain)/Loss Incurred in Year	(16)	1,255	(160)	540
(10) Amortization of Net (Gain)/Loss	(199)	(55)	(65)	(25)
(11) Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income	(215)	1,200	(225)	515
(12) Total Recognized in Net Periodic Pension Cost and other Comprehensive Income (Loss)	$ 31	$ 1,216	$ (114)	$ 558
(13) Expected Return on Plan Assets	7.00%	7.00%	6.00%	6.00%

Expected Amortizations

	Met-Coil		*Airtherm*	
	2009	**2008**	**2009**	**2008**
	(Dollars in thousands)			
(1) Expected Amortization of Net Loss (Gain)	$ 161	$ 172	$ 48	$ 81

Plan Assets

	Met-Coil Percentage of Plan Assets at December 31		**Airtherm Percentage of Plan Assets at December 31**	
	2009	**2008**	**2009**	**2008**
	(Dollars in thousands)			
(1) Plan Assets				
(a) Equity Securities*	57%	51%	0%	0%
(b) Debt Securities	43%	43%	13%	15%
(c) Cash & Equivalents	0%	0%	0%	0%
(d) Other	0%	6%	87%	85%
(e) Total	100%	100%	100%	100%

* Includes no Mestek common stock at either December 31, 2009 or 2008.

Long-Term Rate of Return Assumption – Met-Coil

The approach used to determine the expected long-term rate of return on plan assets assumption is based on weighting historical market index returns for various asset classes in proportion to the plan assets. Typically, the Trust holds approximately 60% of assets in equity securities and 40% in fixed income securities. Weighting 10-year compounded trailing returns on equity and fixed income indices in proportion to the above asset mix yields an expected long-term return of 7%.

Long-Term Rate of Return Assumption – Airtherm

The approach used to determine the expected long-term rate of return on plan assets assumption is based on weighting historical market index returns for various assets classes in proportion to the plan assets. The assets of the Plan are invested in the general account of Prudential Retirement. The general account is invested in corporate bonds and mortgages, which were expected to return between 6.0% and 6.4%, and Private Placements which were expected to return approximately 6.25%. This yielded an expected long -term assumption of 6.0%.

Cash Flows

	Met-Coil	**Airtherm**
	(Dollars in thousands)	
(1) Expected Contributions for Fiscal Year Ending 12/31/2010		
(a) Expected Employer Contributions	$ 79	$ 24
(b) Expected Employee Contributions	-	-
(2) Estimated Future Benefit Payments Reflecting Expected Future Service for the Fiscal Year(s) Ending		
(a) 12/31/2010	$ 248	$ 264
(b) 12/31/2011	229	272
(c) 12/31/2012	230	278
(d) 12/31/2013	226	286
(e) 12/31/2014	244	296
(f) 12/31/2015 - 12/31/2019	1,340	1,685

Other Accounting Items

	Met-Coil 2009	Met-Coil 2008	Airtherm 2009	Airtherm 2008
		(Dollars in thousands)		
Alternative Amortization Methods Used to Amortize				
Prior Service Cost	Straight Line	Straight Line	N/A	N/A
Unrecognized Net (Gain)/Loss	Straight Line	Straight Line	**	**
Average Future Service / Lifetime	9.16	10.04	10.49	9.57

** Excess (if any) over 10% of the greater of the projected benefit obligation or the market-related value of plan assets is divided by the average remaining service period of active employees expected to receive benefits under the plan.

Following is a description of the valuation methodologies used for assets measured at fair value.

Insurance contract in a guaranteed deposit fund: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

Pooled separate accounts: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

The following table sets forth by level, within the fair value hierarchy, the Met-Coil Systems Corporation Pension Plan assets at fair value as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Insurance contract		$ 12,391		$ 12,391
Pooled separate accounts		2,864,136		2,864,136
Total assets at fair value		$2,876,527		$2,876,527

The following table sets forth by level, within the fair value hierarchy, the Airtherm Retirement Income Pension Plan assets at fair value as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Insurance contract		$3,324,389		$3,324,389
Pooled separate accounts		515,153		515,153
Total assets at fair value		$3,839,542		$3,839,542

9. COMMITMENTS AND CONTINGENCIES

Indemnifications

The Company is obligated under Indemnity Agreements (“Indemnity Agreements”) executed on behalf of 25 of the Company’s officers and directors. Under the terms of the Indemnity Agreements, the Company is contingently liable for costs which may be incurred by the officers and directors in connection with claims arising by reason of these individuals’ roles as officers and directors of the Company.

Contingencies

Letters of Credit

The Company had outstanding at December 31, 2008, $16,283,589 in standby letters of credit issued in connection with the TCE PI Trust (see Note 5) and $4,635,634 issued principally in connection with its commercial insurance programs. In addition, a letter of credit was issued on July 19, 2005 in the amount of $4,480,976 in connection with the $4,430,000 Industrial Development Authority Bond (see Note 5) for the City of Bridgeton, MO, the balance of which is reduced to reflect principal payments made on the note. The current balance on Bridgeton Industrial Development Authority letter of credit is $3,752,690.

Insurance

The Company retains significant obligations under its commercial general liability insurance policies for product liability and other losses. For losses occurring in the policy years ending October 1, 2004 through 2009, the Company maintains commercial general liability insurance, retaining liability for the first $2,000,000 per occurrence of commercial general liability claims (including products liability claims), subject to an agreed aggregate. For losses occurring in the policy year ended October 31, 2003, the Company retained liability for the first $500,000 per occurrence of commercial general liability claims (including product liability), subject to an agreed aggregate. In addition, the Company retained liability for the first $250,000 per occurrence of workers compensation coverage, subject to an agreed aggregate.

Guarantees

As discussed in Note 4, the Company was obligated as a guarantor with respect to certain potential debt obligations of CareCentric to CareCentric's primary commercial bank, Wainwright Bank & Trust Company, in the amount of $3,096,000 as of December 31, 2008. John E. Reed, the Company's Chairman and Chief Executive Officer, is a shareholder and director of Wainwright Bank & Trust Company. Effective with the acquisition and merger of CareCentric on April 13, 2009, the Company's guaranty obligation to Wainwright Bank & Trust Company was released upon the payment of the principal due on the credit line.

The Company owns a one-third membership interest in Maynard Aviation LLC, ("Maynard"), which the Company accounts for on the equity method of accounting. The Company is obligated as a guarantor of Maynard's $1.05 million commercial bank debt.

Litigation

The Company is subject to several legal actions and proceedings in which various monetary claims are asserted. Management, after consultation with its corporate legal department and outside counsel, does not anticipate that any ultimate liability arising out of all such litigation and proceedings will have a material adverse effect on the financial condition of the Company except as set forth below.

Environmental Litigation and Remediation Reserves

The Company maintains an environmental reserve related to the settlement of litigation in 2004 connected with the Company's Lisle, IL manufacturing facility. The environmental reserve covers the Company's obligations to perform certain soil and ground water remediation procedures at the Lisle facility and the Company's related obligation to fund a trust (the "TCE PI Trust") established in connection with the settlement for the purpose of administering future personal injury claims relating to the Lisle facility. Activity related to the environmental reserve in 2009 and 2008 was as follows:

	2009	2008
	(Dollars in thousands)	
Balance Beginning of the Year	$ 12,863	$ 14,559
Less Remediation Related Expenditures	(878)	(1,517)
Less TCE PI Trust Fund Payments	(177)	(179)
Balance End of the Year	$ 11,808	$ 12,863

These reserves have been established in accordance with ASC 450 "Contingencies". They represent management's best estimate of these liabilities, and are based upon known or anticipated claims analysis estimated by various legal, scientific and economic experts. There is no assurance that these reserves will be adequate to meet all potentials personal and property claims arising from the environmental contamination at the Lisle, IL site, however, claim activity has been lower to date than originally forecasted.

The Company is continuing with the remediation of the Lisle, IL facility, pursuant to a work plan for the site while awaiting approval from the IEPA of the ground water remedial standards to be achieved by the work plan, as well as the methodology for groundwater remediation. The Company has guaranteed to the IEPA up to $3 million of remediation costs incurred by either Met-Coil or, if Met-Coil fails to perform the remediation, the IEPA.

Based on claim experience through December 31, 2009, the Company has classified $38,000 of the above reserve as current as of December 31, 2009. The Company has updated its formal independent analyses of claim and remediation cost estimates as of December 31, 2009 and expects to revise its reserves in future periods as a result of actual activity.

Other Claims Alleging Releases of Hazardous Materials or Asbestos Related Liability

As of December 31, 2009, the Company is a party to approximately 185 asbestos-related lawsuits, primarily in Texas where numerous asbestos-related actions have been filed against numerous defendants. The lawsuits previously pending against the Company in Illinois have all been resolved by plaintiffs' dismissals without payment.

Almost all of these suits seek to establish liability against the Company as successor to companies that may have manufactured, sold or distributed asbestos-related products, and who are currently in existence and defending thousands of asbestos related cases, or because the Company currently sells and distributes boilers, an industry that has been historically associated with asbestos-related products. The Company believes it has valid defenses to all of the pending claims and vigorously contests that it is a successor to companies that may have manufactured, sold or distributed any product containing asbestos materials. However, the results of asbestos litigation have been unpredictable, and accordingly, an adverse decision or adverse decisions in these cases, individually or in the aggregate, could materially adversely affect the financial position and results of operation of the Company and could expose the Company to substantial additional asbestos related litigation and the defense costs thereof, which defense costs, because of the sheer number of asbestos claimants and the historical course of the litigation process in this area has the potential to become substantial, though these costs are not capable of estimation at this time. The total requested damages of these cases are over $3 billion. To date, however, the Company has had approximately 300 asbestos-related cases dismissed without any payment and it settled approximately twenty-five asbestos-related cases for a *de minimis* value. However, there can be no assurance the Company will be able to successfully defend or settle any pending litigation.

In addition to the Lisle, IL site, the Company has been named or contacted by state authorities and/or the EPA regarding the Company's asserted liability or has otherwise determined it may be required to expend funds for the remediation of certain other sites in North Carolina, Connecticut and Pennsylvania.

The Company continues to investigate all of these matters. Given the information presently known, no estimation can be made of any liability which the Company may have with respect to these matters. There can be no assurance, but based on the information presently available to it, the Company does not believe that any of these matters will be material to the Company's financial position or results of operations.

ASC 410 "Asset Retirement and Environmental Obligations" was effective for fiscal years ending after December 15, 2005. Adoption of ASC 410 in 2005 did not materially affect the Company's 2009 or 2008 financial statements. ASC 410 requires that an entity recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. At December 31, 2009 and 2008, the Company is unable to estimate the ranges or probabilities of any potential asset retirement obligations.

10. SHAREHOLDERS' EQUITY

Mestek has authorized common stock of 20,000,000 shares with no par value, and a stated value of $0.05 per share. As of December 31, 2009, John E. Reed, Chairman and CEO of Mestek, and Stewart B. Reed, a director of Mestek and son of John E. Reed, together beneficially own a majority of the outstanding shares of Mestek's common stock.

The Company did not repurchase any of its common shares in the open market in 2009 or 2008.

As more fully explained in Note 4, the Company issued 109,652 shares of common stock on April 13, 2009 to effect the merger of CareCentric, Inc. into Caretinuum LLC. The value attributable to the issued shares was $943,000 at $8.60 per share.

As more fully explained in Note 12, the Company repurchased 28,839 shares of common stock in a Dutch auction on December 16, 2009 at a total cost of $201,873. The shares repurchased in the Dutch auction have been retired.

As more fully explained in Note 12, the Company repurchased and cancelled 187,500 shares of common stock in a Dutch auction on December 8, 2008 at a total cost of $1.5 million. The shares repurchased in the Dutch auction have been retired.

As more fully explained in Note 12, the Company accrued an additional liability to purchase 1,026 shares for approximately $16,000 relating to the "going private" transaction.

11. STOCK OPTION PLANS

On March 20, 1996, the Company adopted the Mestek, Inc. 1996 Stock Option Plan, ("Stock Option Plan"), which provides for the granting of options to purchase 500,000 shares of the Company's common stock. The Stock Option Plan provides for the awarding of incentive and non-qualified stock options to certain employees of the Company and other persons, including directors, for the purchase of the Company's common stock at fair market value on the grant date. The Stock Option Plan was approved by the Company's shareholders on May 22, 1996. Options granted under the Stock Option Plan vest over a five-year period and expire at the end of ten years.

There were no options outstanding as of the years ended December 31, 2009 and 2008. The Company did not issue any options during 2009 or 2008.

12. MESTEK "GOING PRIVATE" TRANSACTION

On August 29, 2006 the Company's shareholders voted to take the Company private by approving amendments to the Company's Articles of Incorporation resulting in a 1-for-2,000 reverse split of the Company's issued and outstanding shares of common stock, which had the effect of cashing out those shareholders holding fewer than 2,000 shares at a price of $15.24 per share, followed by a 2,000-for-1 forward stock split which restored share balances for those who held 2,000 or more pre-split shares. The Company recorded a liability at that time in the amount of $7,544,166 representing 495,024 common shares at $15.24 which was charged to common stock at $.05 per share and paid in capital at $15.19 per share. This liability was substantially paid as of December 31, 2006, except for a de minimis amount relating to un-located shareholders. In December 2008, the Company completed a reconciliation of the "going private" transaction with the records of the transfer agent. As a result of this reconciliation, the Company accrued an additional liability with respect to the transaction of $15,636 representing 1,026 common shares at $15.24 per share. The purpose of the reverse split and cash payment in lieu of fractional share was to reduce the number of the Company's shareholders of record to below 300 which permitted the Company to deregister its securities under the Securities Exchange Act of 1934 (the "1934 Act"), and terminate its obligations to file annual, quarterly, and other current reports with the Securities Exchange Commission. The Company filed for such termination of registration on September 19, 2006.

A general description of the terms and conditions of the transaction is as follows:

Economic Protections

As a result of this transaction, the Company's common shares are no longer listed on the New York Stock Exchange. Subsequent to the transaction the Company's shares are quoted daily by the stock quotation service known as the “Pink Sheets” (www.pinksheets.com). The Company posts its quarterly unaudited and annual audited results on the Pink Sheets web site for public access. The Company will undertake to use reasonable efforts to cause its common stock to continue to be published on the Pink Sheets publication service including, without limitation, providing the information (1) required by the Securities Exchange Act of 1934, as amended, and (2) necessary to complete a NASD Form 211 to a SEC registered broker-dealer that is a member of the NASD. The Company will also undertake to assist individuals and institutions to liquidate their substantial holdings including, without limitation, using its best efforts to find a broker willing to execute Pink Sheets orders in the Company’s common stock.

Dutch Auction

In each of the five calendar years immediately following the transaction, the Company will undertake to hold one dutch auction for its common stock, and to purchase up to $2,500,000 of its common stock in each auction. This commitment is subject to the Company’s ability to meet reasonable constraints imposed by bank covenants and financial ratios, as determined by a majority of the Company’s board of directors and independent directors.

On December 8, 2008, the Company completed the second dutch auction required by this transaction. The Company repurchased and cancelled 187,500 shares of common stock at $8.00 per share at a total cost of $1.5 million.

On December 16, 2009, the Company completed the third dutch auction required by this transaction. The Company repurchased and cancelled 28,839 shares of common stock at $7.00 per share at a total cost of $201,873.

13. PLANT SHUTDOWNS, OTHER RESTRUCTURING CHARGES AND GAIN ON SALE OF PRODUCT LINE

Plant Shutdowns

On September 16, 2009, the Company announced the planned closure of its’ Florence, KY manufacturing facility. This facility manufactured louvers, dampers, the production of which was transferred to the Company’s Wyalusing, PA, Forrest City, AR and Bradner, OH facilities. The shutdown was completed by January 28, 2010. The Florence, KY facility was leased and certain office staff were retained and continue to operate out of the facility.

On June 10, 2009 the Company announced the planned closure of its’ South Windsor, CT manufacturing facility. Production and inventory for cabinet unit heater, electrical and panel radiator products were transferred to the Company’s Forrest City, AR facility while Vulcan commercial hydronic and Argo baseboard products were transferred to the Company’s Westfield, MA facility. The consolidation was completed by October 31, 2009. The lease on the South Windsor facility will be allowed to expire on August 31, 2011.

On May 28, 2009, the Company announced plans for the closure of its’ Wrens, GA manufacturing facility. Product production lines were transferred to three other Company manufacturing locations. Diffuser, Variable Air Volume, Grills and Registers products we transferred to Anemostat West in Carson, CA, Spacepak production was transferred to the Company’s Farmville, NC facility and shutter production was transferred to the Company’s Bradner, OH facility. The closure of the Wrens facility was completed by the end of August 2009. The Wrens, GA real estate consisting of the manufacturing facility, land and land improvements was classified as Property Held for Sale at December 31, 2009 at its’ net book value of $1.271 million.

On April 30, 2009, the Company announced the consolidation of HVAC machinery manufacturing operations of Formtek’s Bridgeton, MO facility with that of Iowa Precision Industries in Cedar Rapids, IA. The consolidation was completed by September 30, 2009. The Bridgeton, MO real estate, consisting of a recently renovated manufacturing facility, land and land improvements, was classified as Property Held for Sale at December 31, 2009 at estimated fair value of $3.165 million. An impairment charge on this asset was recorded in 2009 in the amount of $1.06 million.

On December 16, 2008, the Company sold a portion of Hill Engineering real estate assets to an unrelated third party for $225,000. The real estate consisted of an outbuilding and land adjacent to the vacated Hill Engineering facility in Danville, KY. The corresponding basis in the property sold was eliminated from Property Held For Sale in 2008.

On December 4, 2008 the Company consolidated operations at Yoder Manufacturing with Formtek's other Cleveland, OH facility. In conjunction with this consolidation the Company entered into a non-binding letter of intent to sell Yoder Manufacturing's property located in Bedford Heights, OH for $900,000. Based upon the possible sale of the property, the Company recorded an impairment charge of $513,000 to write down the carrying value on the property to its' expected selling price. This asset is classified as Property Held for Sale at December 31, 2009 and December 31, 2008.

On August 28, 2008 the Company sold the Hill Engineering property located in Villa Park, IL for $1,725,000 to an unrelated third party.

On June 13, 2008 the Company sold certain machinery, equipment and inventory, collectively the Hill Engineering gasket business, to an unrelated third party for $350,000. The transaction was paid with $25,000 in cash and a note receivable in the amount of $325,000. Additionally, the sale agreement includes a contingent purchase price adjustment in favor of the Company based upon net sales performance for a period of five years from the closing date. The buyer completes a net sales review of the purchased products on the anniversary date of the sale and will pay an incremental purchase price based upon a tiered percentage of net sales.

On June 28, 2007, the Company entered into a definitive purchase and sale agreement with an unrelated third party to transfer ownership of certain Hill Engineering manufacturing fixed assets associated with its Danville, KY facility for $325,000 in cash. On August 31, 2007, the Company completed the sale. The Company continues to own the building formerly occupied by its Hill Engineering division located in Danville, KY. This asset is classified as Property Held for Sale at December 31, 2009 and December 31, 2008.

On May 1, 2006, the Company announced its intention to relocate its HVAC manufacturing operations conducted in Waldron, Michigan to the Company's existing facility in Bradner, Ohio. The relocation was completed in the latter part of 2006. The Waldron facility is classified as "Property Held For Sale" at December 31, 2009 and 2008.

In September of 2005, the Company's Metal Forming Segment, ("Formtek") announced plans to close its Lisle, IL ("Lockformer") manufacturing facility and combine manufacturing operations with the operations of St. Louis, MO, based Engel Industries ("Engel"), a complementary business in the Metal Forming Segment, in a modern 80,000 sq. ft. upgraded facility purchased by the Company on June 17, 2005 in Bridgeton, MO. The Lockformer and Engel relocations were substantially completed as of June 30, 2006. The Lockformer facility in Lisle Ill classified as "Property Held For Sale" at December 31, 2009 and 2008.

The Company is accounting for the costs related to these "exit and disposal" activities, employee severance and related costs of shutting down manufacturing operations, in accordance with FASB ASC Topic 420 "Exit or Disposal Cost Obligations." In the years ended December 31, 2009 and 2008, the Company incurred $5,741,000 and $462,000, respectively, of such costs which are classified separately in the accompanying financial statements.

Other Restructuring Costs

During the years ended December 31, 2009 and 2008, the Company incurred $74,000 and $81,000, respectively, in professional fees and related costs connected with the "going private" transaction (see Note 12).

Gain on Sale of Assets

On August 29, 2008 the Company sold its' Hill Engineering Villa Park, IL manufacturing facility for $1.75 million resulting in a net gain of $859,000. On June 13, 2008 the Company sold certain Hill Gasket manufacturing assets and inventory for $350,000, resulting in a net loss of $67,000. The Company realized an additional $66,000 loss associated with equipment disposals at various locations.

14. SUBSEQUENT EVENTS

On March 17, 2010, the Company and Dadanco Pty Ltd agreed in principle to modify the financing and capital structure of the JV. The original line of credit provided by the Company to the JV was limited to the original commitment of $375,000 bearing interest at a rate of prime plus 100 basis points. Dadanco's deferred royalties will continue to be settled to a note payable until such time as the note balance reaches $375,000. When parity is achieved between the Company and Dadanco the notes will be converted to paid-in-capital. Subsequent deferred royalties earned by Dadanco will also be converted to paid-in-capital.

The members also agreed to a new 36 month, $3,000,000 credit facility to be provided by the Company. The new terms of the credit facility requires the JV to borrow and repay the Company in increments of $250,000. The note contains two interest provisions. The first interest provision requires the JV to pay the Company interest rate on the outstanding balance of the note at a rate of 12.5% per annum. The second interest provision is a deferred interest arrangement providing the Company with a liquidation preference at a rate of 10% per annum on the outstanding loan balance.

In addition, in the event that the note is not repaid or refinanced after a period of 36 months, the Company is entitled to warrants representing 15% of the outstanding membership interests in the joint venture.

The Company has evaluated subsequent events through April 14, 2010, the date which the financial statements were available to be issued. There were no significant matters noted requiring accrual or disclosure.

APPENDIX B

<u>**Certain unaudited financial information as of and for the three months ended March 31, 2010**</u>

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MESTEK, INC.

260 North Elm Street, Westfield, MA 01085 (413) 568-568-9571 www.mestek.com

May 2010

Fellow Shareholders,

Results for the quarter ended March 31, 2010 include the operations of CareCentric, our healthcare IT subsidiary, which was fully acquired on April 13, 2009 and therefore not included in last year's first quarter sales or earnings. HVAC and machinery revenues declined by 10.5% compared to 2009, a disappointing but not unexpected result. The major reasons for weaker sales were:

1) Mestek's HVAC shipments lag the construction cycle; our products are required when new buildings are almost complete. The lack of private commercial construction during 2009 and 2010 is now hitting us full force.

2) Machinery backlogs were very low at year-end 2009 because our customers postponed projects and were reluctant to commit to new capital spending.

Incoming orders for HVAC are flat year over year allowing us to rebuild our backlogs somewhat. Mestek is increasingly reliant on public sector and institutional construction, replacement business, and remodeling and rehabilitation work. Machinery bookings have increased by 30% from a low base last year. International sales are an important component of this uptick. While mildly encouraging, our industries are still in deep recessionary times. No substantial rebound in the industries which we serve is currently in view.

R&D and new product development projects are continuing apace; and sales of newly developed products are increasing. These offerings generally permit higher margins, and help create stronger relationships with our independent sales representatives, distributors, and customers.

Gross profit margins improved compared to the 2009 quarter for both the company's HVAC and Metal Forming Equipment segments. This was traceable to reductions in manufacturing overhead resulting from plant consolidations undertaken during 2009, as well as some limited success recouping increases in raw material costs. Non GAAP operating earnings, before plant shutdown and relocation expenses and excluding CareCentric, improved substantially to $2.6 million from $1.1 million reflecting the items noted above, and the effect of substantial salaried personnel reductions undertaken in 2009. Regrettably, non GAAP, non recurring restructuring expenses of $1.35 million and CareCentric operating losses consumed almost all of the profits. It should be noted that the majority of our HVAC product lines are somewhat seasonal; the first and second quarters are always weaker than later in the year.

Our CareCentric healthcare IT subsidiary, although well managed also faces a challenging year. As reported earlier, we are exploring the possibility of strengthening this business with a partner from its industry who could leverage the opportunities by combining resources with CareCentric. We have retained an investment banker to explore strategic alternatives.

2010 will likely be another difficult year. Continuing depressed revenues and higher raw material costs, offset by substantially reduced overhead expenses, new products, and very selective price adjustments is our best guess for the balance of the year and beyond. On a positive note, the Company's balance sheet is in excellent shape with a relatively low level of debt; and Mestek continues to enjoy excellent banking relationships, allowing us financial flexibility for acquisitions, new product development, and other worthwhile initiatives. We believe that Mestek will emerge from this severe downtown as a strong and profitable business when market conditions return to a more normal state.

With kind regards,

Stewart B Reed,
Vice Chairman and Chief Operating Officer

MESTEK, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2010 (Unaudited)	December 31, 2009
	(Dollars in thousands)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	$1,835	$1,836
Accounts Receivable - less allowances of $1,863 and $1,700 respectively	41,238	45,429
Inventories - net	47,106	48,185
Deferred Tax Assets	5,328	5,144
Other Current Assets	3,735	3,989
Total Current Assets	99,242	104,583
Property and Equipment – net	38,186	37,999
Property Held for Sale	8,338	8,338
Deferred Tax Assets	21,538	21,539
Other Assets – net	7,386	8,931
Goodwill and Other Intangible Assets	28,061	27,559
Total Assets	$202,751	$208,949
LIABILITIES, AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short Term Notes Payable	$13,928	$ 19,951
Current Portion of Long-Term Debt	874	870
Accounts Payable	10,940	15,964
Accrued Payroll and Related Expenses	8,728	10,235
Customer Deposits	4,749	4,347
Unearned Subscription Revenues	1,491	1,475
Environmental Reserves - current portion	407	37
Warranty Reserve	3,099	3,099
Other Accrued Liabilities	11,064	12,509
Total Current Liabilities	55,280	68,457
Environmental Reserves – long term	11,294	11,771
Long-Term Debt	13,247	5,687
Other Liabilities	1,653	1,679
Total Liabilities	81,474	87,594
Equity		
Controlling Interest:		
Common Stock, no par, stated value $0.05 per share, 7,960,918 and 8,838,115 shares issued, respectively	440	440
Paid in Capital	9,963	9,963
Retained Earnings	120,392	120,530
Treasury Shares, at cost (878,010 common shares)	(11,293)	(11,293)
Accumulated Other Comprehensive Income (Loss)	450	471
Total Mestek, Inc. Shareholders' Equity	119,952	120,111
Non-controlling Interest	1,325	1,244
Total Equity	$121,277	$ 121,355
Total Liabilities and Equity	$202,751	$ 208,949

MESTEK, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three-months ended March 31, 2010	2009
	(Dollars in thousands, except earnings per common share)	
Net Sales	$ 68,498	$ 71,177
Cost of Goods Sold	50,362	53,463
Gross Profit	18,136	17,714
Selling Expense	8,534	9,518
General and Administrative Expense	5,187	4,364
Engineering Expense	3,135	2,675
Gain on Sale of Property and Equipment	(10)	
Plant Shutdown Expense and Other Restructuring Charges	1,180	99
Goodwill and Long-Lived Asset Impairment	---	---
Operating Profit	110	1,058
Equity Gain in Investee, net		---
Interest Expense – net	(302)	(155)
Other Income (Expense) – net	(11)	7
Income Before Income Taxes	(203)	910
Provision for Income Taxes	(79)	413
Consolidated Net Income	(124)	497
Less: Net Income Attributable to non-controlling Interest	14	4
Net Income Attributable to Mestek, Inc.	(138)	493
Basic and Diluted Earnings Per Common Share	($0.02)	$0.06
Basic and Diluted Weighted Average Shares Outstanding	$7,961	$7,880

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APPENDIX C

Certain unaudited financial information as of and for the three and six months ended June 30, 2010

MESTEK, INC.

260 North Elm Street, Westfield, MA 01085 (413) 568-568-9571 www.mestek.com

August 23, 2010

Fellow Shareholders,

Sales of heating, ventilating, and air conditioning equipment (HVAC) declined 1% year over year for the quarter, and 5% year over year for the first six months of 2010. Privately funded new commercial construction is at very low ebb with little if any relief in sight. We are increasingly reliant on replacement business, government funded buildings, and rehab projects. Due to severe cost reduction initiatives undertaken during 2009, operating profits from this large segment of Mestek modestly improved during the quarter and the six month period. We are now beginning to enter the busy season for HVAC products, and should enjoy reasonably good profitability through year-end, all things considered. Several new offerings, including active chilled beams, sunshades, and high efficiency boilers are being well received by our customers, and should contribute to future profits in a meaningful manner.

Machinery sales declined 17% during the second quarter year over year, and 16% year over year for the first six months of 2010. This segment suffered only a modest loss at the operating line, again due to large scale reductions in operating costs. The machinery business is in a depression; and we are struggling to break even. International sales are increasingly important to maintaining the key personnel and capabilities of this segment of Mestek. Formtek Beijing (China) performed well on substantially increased sales.

CareCentric, our healthcare IT subsidiary, lost nearly $3 million for the six months after writing off all R&D expenses as operating costs. While substantial software development R&D is important to CareCentric's future, and although these projects are proceeding on schedule, absorbing these losses is painful for Mestek during these troubled times in our primary industries. Second half 2010 results for this segment are budgeted and expected to improve. We are seeking a healthcare IT industry partner who will be able to fund future losses as CareCentric fully develops its new suite of products and services.

Reasonably tight inventory management and modest capital spending have resulted in a continuation of our strong balance sheet. We are well positioned financially to fully fund all new product development opportunities and potential strategic acquisitions. We plan to increase our efforts to identify potential acquisitions, while remaining cautious, value conscious, and focused on genuine synergy.

Times are tough. Times will probably stay tough throughout this year and 2011. We have cut overhead costs drastically, an extremely unpleasant and unhappy circumstance. Yet often tough times provide opportunities; and a number of our competitors are considerably weakened. We are not. I view our long term future with guarded optimism.

With Kind Regards,

Stewart B Reed
Vice Chairman

MESTEK, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2010 (Unaudited)	December 31, 2009
	(Dollars in thousands)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	$2,789	$1,836
Accounts Receivable - less allowances of $2,028 and $1,700, respectively	43,304	45,429
Inventories – net	46,257	48,185
Deferred Tax Assets	5,298	5,144
Other Current Assets	3,954	3,989
Total Current Assets	101,602	104,583
Property and Equipment – net	37,375	37,999
Property Held for Sale	8,338	8,338
Deferred Tax Assets	21,542	21,539
Other Assets – net	7,315	8,931
Goodwill and Other Intangible Assets	28,052	27,559
Total Assets	$204,224	$208,949
LIABILITIES, AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short Term Notes Payable	$12,817	$19,921
Current Portion of Long-Term Debt	882	870
Accounts Payable	12,588	15,964
Accrued Payroll and Related Expenses	8,143	10,235
Customer Deposits	1,282	4,347
Unearned Subscription Revenues	6,748	1,475
Environmental Reserves - current portion	265	37
Warranty Reserve	2,965	3,099
Other Accrued Liabilities	11,136	12,509
Total Current Liabilities	56,826	68,457
Environmental Reserves – long term	11,267	11,771
Long-Term Debt	13,068	5,687
Other Liabilities	1,626	1,679
Total Liabilities	82,787	87,594
Equity		
Controlling Interest:		
Common Stock, no par, stated value $0.05 per share, 7,960,918 and 8,838,115 shares issued, respectively	440	440
Paid in Capital	9,963	9,963
Retained Earnings	120,362	120,530
Treasury Shares, at cost (878,010 common shares)	(11,293)	(11,293)
Accumulated Other Comprehensive Income	478	471
Total Mestek, Inc. Shareholders' Equity	119,950	120,111
Non-controlling Interest	1,487	1,244
Total Equity	121,437	121,355
Total Liabilities and Shareholders' Equity	$204,224	$208,949

MESTEK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net Sales – HVAC & Metal Forming	$62,885	$65,449	$126,549	$136,626
Net Sales – Healthcare IT	4,075	4,159	8,909	4,159
Net Sales	66,960	69,608	135,458	140,785
Cost of Goods Sold - HVAC & Metal Forming	45,147	47,366	91,255	100,815
Cost of Goods Sold - Healthcare IT	3,439	2,821	7,693	2,821
Cost of Goods Sold	48,586	50,187	98,948	103,636
Gross Profit	18,374	19,421	36,510	37,149
Operating Expenses - HVAC & Metal Forming:				
Selling Expense	8,432	8,319	16,557	17,837
General and Administrative Expense	4,242	3,774	8,572	8,138
Engineering Expense	2,631	2,363	5,124	5,038
(Gain) Loss on Sale of Property, Plant and Equipment	57	(5)	47	(5)
Plant Shutdown Expense and Other Restructuring Charges	554	2,256	1,734	2,369
Operating Expenses - HVAC & Metal Forming	15,916	16,707	32,034	33,377
Operating Expenses - Healthcare IT	2,142	1,087	4,050	1,087
Operating Profit - HVAC & Metal Forming	1,822	1,376	3,260	2,434
Operating Profit - Healthcare IT	(1,506)	251	(2,834)	251
Operating Profit	316	1,627	426	2,685
Equity Gain (Loss) in Investee, Net	-	1,721	-	1,721
Interest Expense Net	(312)	(271)	(614)	(426)
Other Income (Expense), Net	(63)	62	(74)	69
Income Before Taxes	(59)	3,139	(262)	4,049
Provision for Income Tax	(41)	1,372	(120)	1,785
Consolidated Net Income	($18)	$1,767	($142)	$2,264
Less: Net Income Attributable to Non-controlling Interest	12	3	26	7
Net Income Attributable to Mestek, Inc.	($30)	$1,764	($168)	$2,257
Basic & Diluted Earnings Per Common Share	($0.00)	$0.22	($0.02)	$0.29
Basic & Diluted Weighted Average Shares Outstanding	7,961	7,880	7,961	7,880

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The Letter of Transmittal, certificates for shares and any other required documents should be sent or delivered by each stockholder of the Company, or by such stockholder's bank, broker, dealer, trust company or other nominee, to the Depositary as follows:

The Depositary for the Offer is:

COMPUTERSHARE INC.

If delivering by mail:

Computershare
c/o Mestek Offer
P.O. Box 43011
Providence, Rhode Island 02940-3011

If delivering by Facsimile
(Eligible Institutions Only):

(617) 360-6810

to confirm fax, call:
(781) 575-2332

If delivering by overnight courier:

Computershare
c/o Mestek Offer
250 Royall Street, Suite V
Canton, Massachusetts 02021

Delivery of the Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery to the Depositary.

Questions and requests for assistance may be directed to the Information Agent at its address and telephone number set forth below. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery should be directed to the Information Agent.

The Information Agent for the Offer is:

MACKENZIE
PARTNERS, INC.

105 Madison Avenue
New York, New York 10016
(212) 929-5500 (Call Collect)
or
Call Toll-Free (800) 322-2885
E-mail: proxy@mackenziepartners.com