

Acme Coke
11236 S. Torrence Ave.
Chicago IL 60617



acmecoke.com

Document archive

Chapter 11 Notice of Auction and Sale Hearing
Dated: 2000

The purchase price shall be subject to certain adjustments as set forth in the Purchase Agreement. Until the Court has approved the sale of the Assets, the Acme Debtors reserve their right to pursue a plan of reorganization that does not contemplate a sale of the Assets.

The Auction. The Acme Debtors will conduct an auction for the Assets (the "Auction") beginning at 9:30 a.m. on November 20, 2000 (the "Auction Date") at the offices of Young Conaway Stargatt & Taylor, LLP, One Rodney Square North, Wilmington, Delaware 19899. The Auction shall not occur prior to the satisfaction or waiver of a specific condition of the Purchase Agreement providing for the Buyer's satisfaction with the content of an environmental report assessing the environmental condition of certain of the Assets. All interested parties are invited to attend the Auction and make competing offers to purchase the Assets in accordance with the Sale Procedures (as defined herein).

Sale Procedures. Participation at the Auction is subject to certain terms and conditions approved by the Court (the "Sale Procedures") pursuant to the Procedures Order. The Sale Procedures include the following:

Submission of Bids. Each higher or better competing bid on the Assets (a "Competing Bid") must be made in writing, in the form of the Purchase Agreement marked to reflect (in bold typeface) all changes in the Competing Bid and executed by an individual authorized to bind the prospective purchaser ("Competing Bidder") to its terms. The initial Competing Bid of each party must be served so that such bid is received no later than 4:00 p.m. eastern time on November 10, 2000 (the "Bid Deadline"), upon (i) Brendan L. Shannon, Esq. of Young Conaway Stargatt & Taylor, LLP, One Rodney Square North, 11th Floor, Wilmington, Delaware 19899 (facsimile number (302) 571-0453); (ii) Edward P. Weber, Jr., Esq. of Acme Metals Incorporated, 13500 S. Perry Avenue, Riverdale, Illinois 60827 (facsimile number (708) 841-6010); (iii) David M. LeMay, Esq. of Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (facsimile number (212) 422-4726); (iv) Mr. Martin Lewis of Wasserstein Perella & Co., Inc., 31 West 52nd Street, New York, New York 10019 (facsimile number (212) 969-2705); (v) David C.L. Frauman, Esq. of Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York 10038 (facsimile number (212) 504-6666); and (vi) Lawrence M. Handelsman, Esq. of Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038 (facsimile number (212) 806-6006).

Qualified Competing Bids. Only those Competing Bids conforming with the terms set forth in the Procedures Order will be deemed as "Qualified Competing Bids" and able to participate in the Auction. The requirements Qualified Competing Bids must satisfy include, but are not limited to, the following: (a) the initial purchase price of any Competing Bid (other than a bid submitted by the United Steelworkers of America ("USWA")) shall have a value of no less than the sum of the overall value to the Seller as provided by the Purchase Agreement plus \$7 million, and shall include the assumption of the EIBs on identical terms as set forth in the Purchase Agreement (the "Initial Competing Bid Amount"); (b) each initial Competing Bid, except any such bid submitted by the USWA, shall be accompanied by an "Earnest Money Deposit" in the amount of \$1 million; (c) each Competing Bidder must provide evidence satisfactory to the Acme

Debtors that such entity has the financial wherewithal to make the Competing Bid and consummate the acquisition of the Assets without undue delay, and (d) the submission of a statement that the Competing Bidder has received all necessary corporate governance approvals. **THIS NOTICE DOES NOT SET FORTH ALL REQUIREMENTS FOR QUALIFIED COMPETING BIDS. ANY PROSPECTIVE BIDDER SHOULD REFER TO THE PROCEDURES ORDER FOR THE COMPLETE LIST OF BIDDING REQUIREMENTS.**

Auction Procedures. The Auction shall take place if the Acme Debtors receive a Qualified Competing Bid. At the Auction, any additional bid for the Assets shall be in an increment of at least \$1 million in excess of the higher of (i) the last bid or (ii) the Initial Competing Bid Amount, *provided, however*, that any successive bid submitted by the USWA shall not be subject to the minimum incremental bid increases. At the conclusion of the Auction, the Acme Debtors will announce their determination of the entity submitting the highest or best bid for the Assets and, unless the prevailing bidder is the USWA, such prevailing bidder shall submit to Acme Steel a certified check, wire transfer or non-contingent irrevocable letter of credit payable to Young Conaway Stargatt & Taylor, LLP, as Acme Steel's agent, for not less than \$4 million, which amount shall be held in escrow, together with such bidder's Earnest Money Deposit. The aggregate amount of all monies deposited by the prevailing bidder and held in escrow by the Seller shall not be less than \$5 million and such amount shall be applied toward the purchase price upon the closing of the transaction contemplated by the prevailing bidder's purchase agreement. If the prevailing bidder is the USWA, the USWA will not be required to make the \$4 million deposit. Until the Court has approved the sale of the Assets, the Acme Debtors reserve their right to pursue a plan of reorganization that does not contemplate a sale of the Assets.

The Sale Hearing. A hearing to approve the sale of the Assets (the "Sale Hearing") to the highest or best bidder will be held on November 21, 2000 or as soon thereafter as counsel can be heard at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801, before the Honorable Mary F. Walrath, United States Bankruptcy Court Judge.

At the Sale Hearing, the Acme Debtors shall present to the Court their recommendation on the highest or best bid. The Court in its discretion may then approve the highest or best bid for the Assets. If a bid is approved by the Court, but such bid does not result in the sale of the Assets, the Acme Debtors may close upon the second highest offer, or with the Buyer, as determined by the Acme Debtors and such closing shall require no further order from the Court. If no Qualified Competing Bid is submitted, the Debtors will not conduct the Auction and the Court, in its discretion, will decide whether to approve the sale to the Buyer under the terms of the Purchase Agreement.

Objections to the Sale of the Assets. Any objection to the sale of the Assets must be in writing, set forth the name of the objector, the nature and amount of the objector's claim against or interest in the Seller's estate, and the basis for and evidence supporting the objection, and be filed with the United States Bankruptcy Court for the District of Delaware, 824 Market Street,

Wilmington, Delaware 19801 and served so as to be received by the Office of the United States Trustee, Curtis Center, 601 Walnut Street, Suite 950 West, Philadelphia, Pennsylvania 19106, Attn. Richard Schepacarter; Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004, Attn: David M. LeMay; Young Conaway Stargatt & Taylor, LLP, One Rodney Square North, 11th Floor, Wilmington, Delaware 19899, Attn: Brendan Shannon; Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York 10038, Attn: David C.L. Frauman; and Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, Attn: Lawrence M. Handelsman by 4:00 p.m. November 10, 2000.

This notice is qualified in its entirety by the Procedures Order. All persons and entities are urged to read the Procedures Order and the provisions thereof carefully. To the extent this notice is inconsistent with the Procedures Order, the terms of the Procedures Order shall govern.

Copies of (1) the Motion for Order Under Sections 105(a) and 363 of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 2002 and 6004, (i) Approving Certain Sale and Bidding Procedures and Buyer Protections, Including a Break-Up Fee; (ii) Scheduling a Hearing for Approval of Sale of Certain Assets of Acme Steel Company; and (iii) Approving Certain Notice Procedures Relating to the Sale of Such Assets, and all exhibits thereto, including the Letter of Intent and Term Sheet; and (2) the Motion for Order Approving the Sale of the Assets, and all exhibits thereto, including the Purchase Agreement, are available at the Acme Debtors' expense from Young Conaway Stargatt & Taylor, LLP, One Rodney Square North, 11th Floor, Wilmington, Delaware 19899, Attn: [_____, tel. (302) 571-6600; facsimile (302) 571-0453].

Dated _____, 2000

BY ORDER OF THE COURT

YOUNG CONAWAY STARGATT
& TAYLOR, LLP
Robert S. Brady (No. 2847)
Brendan Linehan Shannon (No. 3136)
11th Floor, Rodney Square North
P.O. Box 391
Wilmington, Delaware 19899-0391
(302) 571-6600

HUGHES HUBBARD & REED LLP
David M. LeMay
One Battery Park Plaza
New York, New York 10004
(212) 837-6000

--and--

CO-COUNSEL TO THE ACME DEBTORS