

60IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
DESA Holdings Corporation, *et al.*,¹) Case No. 02-11672 (PJW)
) (Jointly Administered)
Debtors.)

**NOTICE OF (a) PUBLIC AUCTION TO SOLICIT BIDS
FOR THE SALE OF ALL OF THE DEBTORS' ASSETS OR EACH OF THE DEBTORS'
DIVISIONS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES
AND (b) PROCEDURES FOR THE SUBMISSION OF QUALIFYING BIDS**

PLEASE TAKE NOTICE that on June 14, 2002, DESA Holdings Corporation and its domestic subsidiary, DESA International, Inc., as debtors and debtors in possession (the "Debtors") in the above-captioned cases, filed a motion for order (a) authorizing and scheduling a public auction for the sale (the "Sale") of any and all of the assets of the Debtors' (the "DESA Assets") free and clear of all liens, claims and encumbrances, (b) approving procedures for the submission of qualifying bids, and (c) approving the form and manner of notice pursuant to FED. R. BANKR. P. 2002 (the "Bidding Procedures Motion").

PLEASE TAKE FURTHER NOTICE that on August 7, 2002, the United States Bankruptcy Court for the District of Delaware (the "Court") entered an order approving the Bidding Procedures Motion (the "Bidding Procedures Order").

PLEASE TAKE FURTHER NOTICE that the Debtors are soliciting bids for all of the DESA Assets or the Debtors' Zone Heating Division or the Debtors' Specialty Products Division (each as defined herein). The Debtors' operations are divided into three divisions. The Debtors have a specialty products division (the "Specialty Products Division"), a zone heating division and an international division that supports the zone heating division (collectively, the "Zone Heating Division," and with the Specialty Products Division, the "Divisions"). The Specialty Products Division includes all of the Debtors' operations related to, in part, (i) motion sensor lighting, (ii) door chimes and switches, (iii) lawn and garden electrical products, and (iv) consumer fastening systems. The Zone Heating Division includes all of the Debtors' operations related to (i) indoor vent-free heating products, (ii) vent-free hearth products, (iii) vented hearth products, (iv) outdoor heating products, and (v) all of the international operations and nondebtor subsidiaries.

PLEASE TAKE FURTHER NOTICE that the Bidding Procedures attached to the Bidding Procedures Order as Exhibit A shall govern the Auction (the "Bidding Procedures"). The Bidding Procedures Order and the attached Bidding Procedures [Docket No. 224] are available from the Debtors' counsel listed below, from the website <https://www.bmccorp.net/DESA/> or on the Court's website at <https://ecf.deb.uscourts.gov/cgi-bin/login.pl>.

¹ The Debtors consist of the following two entities: DESA Holdings Corporation and DESA International, Inc.

PLEASE TAKE FURTHER NOTICE that all interested bidders should carefully read the Bidding Procedures. To the extent there are any inconsistencies between the Bidding Procedures and the summary description of its terms and conditions contained in this Notice, the terms of the Bidding Procedures shall control.

PLEASE TAKE FURTHER NOTICE that any bidder desiring to qualify for participation in the Auction must deliver its Qualifying Bid in writing to each of the persons set forth in the Bidding Procedures such that the Qualifying Bid is actually received by each of the persons not later than 4:00 p.m. Eastern Time, on November 8, 2002.

PLEASE TAKE FURTHER NOTICE that on November 13, 2002 at 10:00 a.m., Eastern Time, the Debtors shall conduct an auction of the DESA Assets at the offices of Kirkland & Ellis, 153 East 53rd Street, 39th Floor, New York, New York 10022.

PLEASE TAKE FURTHER NOTICE that the hearing to approve the Sale will be held on November 15, 2002, at 1:30 p.m. (Eastern Time), before the Honorable Peter J. Walsh, United States Bankruptcy Judge in the United States Bankruptcy Court for the District of Delaware (the "Court"), Marine Midland Plaza, 824 Market Street, Wilmington, Delaware 19801

PLEASE TAKE FURTHER NOTICE the Debtors reserve their rights in their reasonable business judgment, with the consent of the Agent and the Creditors' Committee (as such terms are defined in the Bidding Procedures), to: (i) impose, at or prior to the Auction, additional terms and conditions on a sale of the DESA Assets consistent with the Bidding Procedures Order; (ii) extend the deadlines set forth in the Bidding Procedures and adjourn the Auction at the Auction without further notice; (iii) withdraw from the Auction any or all of the DESA Assets at any time prior to or during the Auction or cancel the Auction; (iv) reject all Conforming Qualifying Bids if no bid is for fair and adequate consideration; and (v) modify the Bidding Procedures, including, without limitation, any and all processes and rules regarding conduct of activities at the Auction, including, inter alia, the manner in which bids are submitted and the permitted increments of such bids.

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