

Exhibit A

The Debtors' Bidding Procedures

IN 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.)

THE DEBTORS' BIDDING PROCEDURES

These Bidding Procedures set forth the process by which DESA Holdings Corporation and its domestic subsidiary, DESA International, Inc., as debtors and debtors in possession (the "Debtors") in the above-captioned cases, are authorized to conduct a sale by auction (the "Auction") of all of the Debtors' assets or one of the Debtors' Divisions (as defined below). These Bidding Procedures were approved by order dated August __, 2002 (the "Bidding Procedures Order"), of the United States Bankruptcy Court for the District of Delaware (the "Court") (in which the Debtors' jointly administered chapter 11 bankruptcy cases, Case No. 02-11672 (PJW), are pending) pursuant to the motion for order (a) authorizing and scheduling a public auction for the sale of any and all of the Debtors' 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").

1. Assets to be Sold

The Debtors propose these Bidding Procedures, whereby prospective bidders, if any, may qualify for and participate in the Auction, thereby competing to make the highest and best offer for all of the Debtors' assets or one of the Debtors' Divisions (collectively, the "DESA Assets").

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.

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

2. Notice of Auction

As soon as practicable after the date that the Court enters the Bidding Procedures Order, the Debtors will serve (a) the Bidding Procedures Order, the Notice of Auction substantially in the form of Exhibit C to the Bidding Procedures Motion (with the Bidding Procedures attached thereto as an exhibit), and the Asset Purchase Agreement (as defined below) by first class mail to (i) the Office of the United States Trustee, (ii) all parties who have requested notice pursuant to FED. R. BANKR. P. 2002, (iii) Shearman & Sterling, counsel to the Agents for the Lenders, (iv) Stroock & Stroock & Lavan LLP, counsel to the official committee of unsecured creditors in the Debtors' Chapter 11 Cases (the "Creditors' Committee"), (v) federal, state and local regulatory and taxing authorities that are reasonably ascertainable by the Debtors to have a known interest in the DESA Assets, and (vi) those parties identified by the Debtors (and their representatives) as potential purchasers of the DESA Assets; and (b) the Notice of Auction substantially in the form of Exhibit B attached to the Bidding Procedures Motion (with the Bidding Procedures attached thereto as an exhibit) by first class mail deposited as soon as practicable after the date of the Bidding Procedures Order to those entities included on the Debtors' Creditor Matrix and the list of the Debtors' equity interest holders of record submitted to the Court.² Finally, as soon as practicable after the Court enters the Bidding Procedures Order, the Debtors propose to cause notice in substantially the form of the Notice of Auction to be published in a newspaper of national circulation.

3. Confidentiality Agreement and Selection of Bidders

Potential bidders (the "Bidders") for all of the DESA Assets or one of the Debtors' Divisions may be required to complete and execute a confidentiality agreement in form and substance satisfactory to the Debtors (provided, however, that if any Bidder is unable to complete and execute a confidentiality agreement in form and substance satisfactory to the Debtors, the Debtors will consult with the Lenders and the Creditors' Committee with regard to such confidentiality agreement), and provide the Debtors, the Lenders and the Creditors' Committee with such Bidder's certified financial statements for the preceding two years or other evidence establishing to the Debtors' satisfaction, after consultation with the Lenders and the Creditors' Committee, such prospective Bidder's financial capability to timely close its proposed Qualifying Bid (as defined below) and any other information the Debtors, after consultation with the Lenders and the Creditors' Committee, may reasonably request. When making a bid for any of the DESA Assets, all such bidders must abide by the Bidding Procedures outlined herein (a "Qualifying Bid"); provided, however, the Debtors may determine with the consent of the agent for the Lenders (the "Agent") and the Creditors' Committee, that a Bidder is not a Qualifying Bidder. Only those bids that are in material compliance with the Bidding Procedures (a "Conforming Qualifying Bid") will be eligible for consideration at the Auction; provided that the Debtors, with the consent of the Agent and the Creditors' Committee, retain the discretion to determine that a bid is not a Conforming Qualifying Bid. As appropriate, the Debtors, after consultation with the Lenders and the Creditors' Committee, shall require Bidders to present satisfactory financial qualifications before such bidder may be deemed to have submitted a Conforming Qualifying Bid.

² Capitalized terms not defined herein shall have the meaning given in the Bidding Procedures Motion.

4. Due Diligence and Asset Purchase Agreement

Upon (A) execution of a confidentiality agreement as described above, (B) the Bidder providing financial statements or such other evidence of financial capability as described above, and (C) the Debtors' determining, with the consent of the Agent and the Creditors' Committee, that the Bidder has demonstrated sufficient financial capability to warrant due diligence, the Debtors will provide such Bidders with reasonable access to Debtors' books, records and executives for the purpose of conducting due diligence prior to the Auction. The Debtors reserve the right in their discretion, after obtaining the consent of the Agent and the Creditors' Committee, to modify and otherwise limit a particular Bidder's access to certain information depending upon the particular circumstances of such Bidder, including, inter alia, if a Bidder is a competitor of the Debtors. By participating in the Auction, all Bidders are deemed to acknowledge that they have had sufficient and reasonable access to the Debtors' books, records and executives for the purposes of conducting due diligence and opportunity to conduct such due diligence.

All Qualifying Bids, to be eligible for the Auction must, inter alia, contain (A) an executed copy of the asset purchase agreement attached to the Bidding Procedures Order as an exhibit (the "Asset Purchase Agreement"), or (B) an executed copy of a modified version of the Asset Purchase Agreement (with a red-lined comparison to the Asset Purchase Agreement provided).

Each Qualifying Bidder shall provide to the Debtors, the Lenders and the Creditors' Committee within one business day after the Debtors' request therefor, any information reasonably required by the Debtors, the Lenders and the Creditors' Committee in connection with the Debtors' evaluation of such Qualifying Bid.

5. Submission of Bids

In order to become a Conforming Qualifying Bid, a Bidder submitting a Qualifying Bid that shall remain open and irrevocable in accordance with its terms until after each Final Accepted Bidder (as defined below) closes the purchase of all of the DESA Assets or one of the Debtors' Divisions, as applicable, must, inter alia, comply with all of the following provisions of this section:

(a) Any Bidder desiring to qualify for participation in the Auction must deliver its Qualifying Bid in writing to each of the addresses below 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. Qualifying Bids received after this deadline may be rejected in the discretion of the Debtors, with the consent of the Agent and the Creditors' Committee.

i. The Debtors:

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and

Pachulski, Stang, Ziehl, Young & Jones
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iii. Financial advisors to the Debtors:

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iv. Counsel to the Agent:

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Facsimile: (212) 848-7179

v. Financial advisors to the Agent:

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vi. Counsel to the Creditors' Committee:

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vii. Financial advisors to the Creditors' Committee:

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(b) (i) If the Debtors, together with the Agent and the Creditors' Committee, are not satisfied with a Bidder's ability to submit the Full Deposit (as defined below) or to close the sale transaction contemplated by such Bidder's Qualifying Bid after reviewing the financial evidence (as described above) offered by such Bidder, the Debtors, with the consent of the Agent and the Creditors' Committee, may require that such Bidder's Qualifying Bid include a submission to the Debtors of a good faith deposit of at least 5% of the enterprise value of the Qualifying Bid for all or part of the DESA Assets (the "Initial Enterprise Formula") in cash or in other form of immediately available U.S. funds (the "Initial Deposit") no later than one day after the Debtors notify the Qualifying Bidder of the amount of the Initial Deposit; provided, however, that the Debtors in their discretion, the consent of the Agent and the Creditors' Committee, shall fix the amount of the Initial Deposit in accordance with the Initial Enterprise Formula, and (ii) all Qualifying Bidders must commit to provide, in the event such Qualifying Bid ultimately is determined by the Debtors to be a Final

Accepted Bid, a deposit in cash or in other form of immediately available U.S. funds in an amount sufficient to bring the total deposit up to the amount that is equal to 10% of the enterprise value of the Final Accepted Bid (the "Final Enterprise Formula") for the DESA Assets; provided, however, that the Debtors in their discretion, with the consent of the Agent and the Creditors' Committee, shall fix the amount of the Remaining Deposit in accordance with the Final Enterprise Value (the "Remaining Deposit" and together with the Initial Deposit, the "Full Deposit") and the Remaining Deposit shall be received by the Debtors within the earlier of one business day after the Debtors notify the Qualifying Bidder that it has been determined to be the Final Accepted Bidder and one business day prior to the Sale Hearing (as defined below).

(c) Each Initial Deposit and Remaining Deposit received by the Debtors shall be maintained in an interest-bearing account and be subject to the jurisdiction of the Court.

(d) Each Qualifying Bid must (i) provide for review by the Debtors, the Agent, and the Creditors' Committee of the Qualifying Bidder's draft submissions relating to the approval of the Qualifying Bidder's purchase of the DESA Assets by the Federal Trade Commission in accordance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, if necessary in the sole discretion of the Debtors, after consultation with the Lenders and the Creditors' Committee, (ii) represent that the Qualifying Bidder is prepared to immediately initiate all actions necessary to obtain all other applicable regulatory approvals for the qualifying bid, and (iii) provide its best estimate of the time period within which such approvals will be obtained.

(e) Unless the Debtors otherwise determine, with the consent of the Agent and the Creditors' Committee, each Qualifying Bid must: (i) clearly state the portion of consideration to be paid in cash and the portion to be paid in any other form of value; (ii) provide such information as to permit the Debtors, the Agent and the Creditors' Committee to accurately assess the value of such consideration, if any consideration is to be provided in a form other than cash; (iii) give sufficient indicia that the Bidder or its representative is legally empowered by power of attorney or otherwise, and financially capable, to both bid on behalf of the Qualifying Bidder and also to complete and sign, on behalf of the Qualifying Bidder, a binding and enforceable asset purchase agreement, including as such agreement may be amended at the Auction; and (iv) identify each and every executory contract or unexpired lease, the assumption and assignment of which is a condition to closing and provide evidence of the bidder's ability to comply with section 365 of the Bankruptcy Code.

(f) Conforming Qualifying Bids will be considered to be higher or better offers if (i) the Debtors' Board of Directors has determined in good faith, and the Agent and the Creditors' Committee agree, that the offer, if accepted, is reasonably likely to be closed after taking into account all legal, financial,

regulatory and other aspects of the proposal and the entity making the proposal, and that the Debtors' Board of Directors believes in good faith, and the Agent and the Creditors' Committee agree, would, if closed, result in a sale of all of the DESA Assets or one of the Debtors' Divisions (the "Superior Proposal"), and (ii) such bid is not conditioned on the outcome of due diligence that is not completed by the date that is two business days prior to the date of the Auction (unless otherwise agreed to by the Debtors, with the consent of the Agent and the Creditors' Committee).

(g) If a Qualifying Bid is conditioned on the assumption and assignment of any executory contract or unexpired lease, the Qualifying Bid must include sufficient information to permit the Debtors, the Agent and the Creditors' Committee to determine the proposed assignee's ability to comply with section 365 of the Bankruptcy Code (as applicable), including providing adequate assurance of such assignee's ability to perform in the future.

All persons or entities who submit a Qualifying Bid for any DESA Assets shall be deemed to have read and understood the terms and conditions of these Bidding Procedures and shall comply with and be bound by such Bidding Procedures.

6. Credit Bid of the Prepetition Lenders

In certain circumstances, the Prepetition Lenders to which the Debtors are indebted under the Prepetition Credit Facility are allowed to credit bid (the "Bank Bid"). The Bank Bid will be deemed a Qualifying Bid subject to and upon compliance with all requirements described herein and in the Bidding Procedures, and the Prepetition Lenders will be deemed a Qualifying Bidder subject to and upon compliance with all requirements described herein and in the Bidding Procedures, and will be allowed to participate in the Auction; provided, however, that:

- (a) The Prepetition Lenders need not deliver certified financial statements for the preceding two years (or other evidence establishing to the Debtors' satisfaction the Prepetition Lenders' financial capability to timely close its proposed Qualifying Bid) as required herein;
- (b) The Prepetition Lenders need not submit a Qualifying Bid before the Auction in order to attend or participate in the Auction; and
- (c) The Prepetition Lenders will not be required to provide an Initial Deposit or a Remaining Deposit as required herein.

7. Auction and Selection of Winning Bid

The Auction will be held on November 13, 2002 at 10:00 a.m. (prevailing Eastern Time) at the offices of Kirkland & Ellis, 153 East 53rd Street, 39th Floor, New York, New York 10022. The only persons who will be permitted to bid at the Auction are those bidders that have

made Conforming Qualifying Bids. For its Conforming Qualifying Bid to be considered, the bidder(s) must appear in person at the Auction or through a duly authorized representative, unless alternative arrangements are made in advance with the Debtors.

Prior to the Auction, the Debtors shall evaluate, in conjunction with the Lenders and the Creditors' Committee, each Conforming Qualifying Bid they have received and shall select (with the consent of (i) the Agent and (ii) in the event that there are multiple Conforming Qualifying Bids that together would provide more than one proposal that would provide cash consideration that would pay the Lenders in full in cash, the Creditors' Committee) the Confirming Qualifying Bid or Bids that they determine to be the highest and best offer or offers that constitute a Superior Proposal for the DESA Assets.

If multiple Conforming Qualifying Bids are received, each such bidder shall have the right to continue to improve its Conforming Qualifying Bids at the Auction. Bidding will commence with (a) the announcement of the highest and best Conforming Qualifying Bid(s) constituting a Superior Proposal, and will proceed in monetary increments to be determined by the Debtors, or (b) such other Bidding Procedures as are determined by the Debtors, with the consent of the Agent and the Creditors' Committee.

The bid or bids that the Debtors determine (with the consent of (i) the Agent and (ii) in the event that there are multiple Conforming Qualifying Bids that together would provide more than one proposal that would provide cash consideration that would pay the Lenders in full in cash, the Creditors' Committee) to be the highest and best offer or offers for the DESA Assets (each, a "Final Accepted Bid") shall be submitted for approval by the Court; provided, however, the Debtors shall have the right, in their discretion (with the consent of (i) the Agent and (ii) in the event that there are multiple Conforming Qualifying Bids that together would provide more than one proposal that would provide cash consideration that would pay the Lenders in full in cash, the Creditors' Committee) to reject any and all Conforming Qualifying Bids made at the Auction.

Within one business day after the Debtors notify the party submitting each Final Accepted Bid that such bidders' offer has been determined to be the Final Accepted Bid (each, a "Final Accepted Bidder"), each Final Accepted Bidder shall deliver its Remaining Deposit to the Debtors. Following approval by the Court of the Final Accepted Bid and receipt by the Debtors of each Final Accepted Bidder's Full Deposit as required by this Order, the Debtors shall close each Court-approved transaction on or before ten days after the Sale Hearing.

8. Sale Hearing

Any Conforming Qualifying Bid that is accepted by the Debtors at the Auction will be subject to approval by the Court. Please be advised that the hearing to approve the asset purchase agreement of the Final Accepted Bidder accepted by the Debtors at the Auction will be held on November __, 2002, at __: __.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 (the "Sale Hearing").

9. Return of Deposits

Except as otherwise set forth herein, after the closing of the purchase of the DESA Assets, the Debtors shall return to each unsuccessful Qualifying Bidder its Initial Deposit, together with any interest paid thereon, submitted by such Qualifying Bidder; provided, however, each Conforming Qualifying Bidder, by making the Initial Deposit, commits to making the Full Deposit if such bidder is deemed to have submitted the highest and best Conforming Qualifying Bid as described herein and is deemed to be the Final Accepted Bidder.

10. Failure to Close the Purchase of the DESA Assets

If any Final Accepted Bidder fails to close the purchase of all of the DESA Assets or one of the Debtors' Divisions, as applicable, such party's Full Deposit, together with any interest paid thereon, shall be forfeited to, and retained irrevocably by, the Debtors, and the Debtors specifically reserve the right to seek all appropriate additional damages from such bidder. Furthermore, in such a circumstance, the bidder of the next highest and best Conforming Qualifying Bid for such DESA Assets as determined by the Debtors (with the consent of (i) the Agent and (ii) in the event that there are multiple Conforming Qualifying Bids that together would provide more than one proposal that would provide cash consideration that would pay the Lenders in full in cash, the Creditors' Committee) that constitutes a Superior Proposal will automatically be deemed to have submitted the highest and best Conforming Qualifying Bid, and such bidder shall be subject to the Bidding Procedures as if such bidder were originally determined to be a Final Accepted Bidder; provided, however, that nothing herein shall affect the Debtors' right to retain the Full Deposit of any bidder that is or is deemed to be a Final Accepted Bidder and to seek all available damages from any such bidder that otherwise fails to close the purchase of the DESA Assets pursuant to the Bidding Procedures.

11. Closing

The closing of each sale of the DESA Assets by each Final Accepted Bidder will occur on or before ten days after the Sale Hearing in accordance with the terms of each executed Asset Purchase Agreement.

Each Full Deposit shall be applied by the Debtors against the cash portion of the purchase price to be paid by each Final Accepted Bidder at the closing of the transaction approved by the Court. If the Prepetition Lenders are a Final Accepted Bidder, the Bank Bid shall be applied by the Debtors against the purchase price to be paid by the Prepetition Lenders at the closing of the transaction approved by the Court.

12. Reservation of Rights: Deadline Extensions

The Debtors reserve their rights in their reasonable business judgment, with the consent of the Agent and the Creditors' Committee, 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.

Dated: August __, 2002

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