

C. **Bid Procedures**<sup>10</sup>

15. The material terms of the Bid Procedures are as follows:<sup>11</sup>

A. Assets for Sale. The Debtors intend to sell the Acquired Assets covered by the APA, including: (a) three recycling material recovery facilities in Arlington, Houston, and San Antonio, Texas; and (b) certain related contracts and real property leases (the contracts, as defined in the APA, the “Assigned Contracts”), which collectively comprise the Debtors’ recycling processing business in Texas. The APA contains a more detailed description of the Acquired Assets.

B. Proposed Buyer. Proposed Buyer has submitted, and the Debtors have preliminarily determined to accept, the APA which provides for the purchase of the Acquired Assets pursuant to the terms of the APA in exchange for consideration of \$12,050,000 and entry into the Processing Agreement, all as provided in the APA.

C. Qualified Bids and Qualified Bidders. Only Qualified Bidders (as defined in the proposed Bid Procedures) may participate in the Auction. To qualify as a “Qualified Bidder,” a bidder must (a) execute an appropriate confidentiality agreement acceptable to the Debtors and (b) submit a “Qualified Bid” by the Bid deadline. To constitute a Qualified Bid, a bid must: (i) be in writing and include economic benefits in excess of the sum of the Proposed Buyer’s bid, subject to the adjustments contained in the APA and the Bid Incentives provided therein; (ii) contain a mark-up of the APA that reflects the bidder’s proposed changes thereto; (iii) contain a mark-up of the Processing Agreement that reflects the bidder’s proposed changes thereto; (iv) identify the potential bidder and the officer(s) or authorized agent(s) who will appear on behalf of such bidder; (v) provide evidence satisfactory to the Debtors in their reasonable discretion of the bidder’s financial wherewithal and operational ability to consummate the proposed transactions, including such bidder’s ability to perform its obligations under the Processing Agreement; (vi) provide that the bid shall not be conditioned on the outcome of unperformed due diligence by the bidder, board approval, or any financing contingency or otherwise be subject to contingencies more burdensome than those in the APA; (vii) include the Qualified Bidder’s Good Faith Deposit (as described below); (viii) provide that the bidder’s offer is irrevocable until consummation of a transaction involving any other bidder for the Acquired Assets, as defined in the APA; (ix) contain a mark-up of the Sale Order that reflects the bidder’s proposed changes thereto; (x) include evidence of the bidder’s ability to provide adequate assurance of future performance under the Assigned Contracts; and (xi)

---

<sup>10</sup> As noted below, to facilitate the Bid Procedures, the Debtors respectfully request the Bid Deadline (as defined below) be no later than 12:00 noon (Eastern Time) on December 8, 2009; the Auction (as defined below) be scheduled for no later than 10:00 a.m. (Eastern Time) on December 14, 2009; and the Sale Hearing be scheduled, at the convenience of the Court, no later than December 16, 2009 at 11:00 am (Eastern Time).

<sup>11</sup> The summary of the Bid Procedures is provided for the Court’s convenience only. To the extent that the summary differs in any way from the terms of the Bid Procedures, the terms of the Bid Procedures shall control. Capitalized terms used but not defined in this summary shall have the meanings given in the Bid Procedures, annexed thereto as Exhibit I to the Proposed Order.

may not request or entitle the Qualified Bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment. Notwithstanding the foregoing, the Debtors shall have the right to waive any of the aforementioned requirements and deem a bid a Qualifying Bid if the Debtors find that allowing such bid will aid in maximizing the value to be gained from the sale to the Debtors' estates. All Qualified Bids will be considered, but the Debtors reserve their right to reject any or all bids. The Proposed Buyer is a Qualified Bidder and shall have standing to be heard in the Chapter 11 Cases.

D. Good Faith Deposits. Bidders (other than the Proposed Buyer) will be required to submit good faith deposits (the "Good Faith Deposits") with the Debtors on or before the Bid Deadline (as described below). Such Good Faith Deposits shall be equal to five percent (5%) of the cash purchase price. Good Faith Deposits of all Qualified Bidders shall be held in a separate interest-bearing account for the Debtors' benefit until consummation of a transaction involving any other bidder for the Acquired Assets. If a Successful Purchaser (as defined in the Bid Procedures) fails to consummate an approved Sale because of a breach or failure to perform on the part of such Successful Purchaser (as defined in the Bid Procedures), the Debtors will not have any obligation to return the Good Faith Deposit deposited by such Successful Purchaser, and such Good Faith Deposit shall irrevocably become property of the Debtors. All other deposits will be returned to the respective Qualified Bidders within ten (10) days following entry of the Approval Order.

E. The Bidding Process. The Debtors shall (a) determine whether any bid is a Qualified Bid and whether any person is a Qualified Bidder; (b) provide reasonable assistance to Qualified Bidders in conducting their due diligence investigations; (c) receive offers from Qualified Bidders; and (d) negotiate any offers made to purchase the Acquired Assets. Any person who wishes to participate in this bidding process must be a Qualified Bidder. Neither the Debtors nor their representatives shall be obligated to furnish any information of any kind to any person who is not determined to be a Qualified Bidder. To facilitate the Auction and to assist the Debtors and other interested parties in assessing the terms of each bid, prospective bidders must utilize the APA and Processing Agreement to prepare their bids and mark all proposed changes to such agreements as part of their bid.

F. Access to Due Diligence Materials. The Debtors may afford any potential bidder the opportunity to conduct a reasonable due diligence review in the manner determined by the Debtors in their discretion. The Debtors either have provided or will provide to all parties that have either expressed an interest in purchasing the Acquired Assets or who the Debtors believe may have an interest in purchasing the Acquired Assets (each an "Interested Party" and, collectively, the "Interested Parties"), certain non-confidential information in connection with the proposed Sale, including, among other things, the proposed Bid Procedures and the APA. Should any Interested Party desire additional or further information, such Interested Party will be required to enter into a confidentiality agreement satisfactory to the Debtors in their business judgment, upon the execution of which such Interested Party will be given access to relevant and confidential information, subject to the Debtors' right to exclude such access for competitive concerns.

Each bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Acquired Assets prior to making any such bid; that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets in making its bid; and that it did not rely upon any written or oral statements, representations, promises, warranties or guarantees whatsoever, whether express, implied, by operation of law or otherwise, regarding the Acquired Assets, or the completeness of any information provided in connection therewith, except as expressly stated in these Bid Procedures or, as to the Successful Purchaser (as defined below), the APA.

G. Due Diligence From Bidders. Each Qualified Bidder shall comply with all reasonable requests for additional information and due diligence access by the Debtors or their advisors regarding such Qualified Bidder and its contemplated transaction. Failure by a Qualified Bidder to comply with requests for additional information and due diligence access will be a basis for the Debtors to determine that a bid made by a Qualified Bidder is not a Qualified Bid.

H. Bid Deadline. **The deadline for submitting bids by a Qualified Bidder shall be December 8, 2009 at 12:00 p.m. (Eastern Time) (the “Bid Deadline”).** Any person or entity wishing to participate in the Auction, as described below, must submit a Qualified Bid so that it will be received on or before the Bid Deadline. The Qualified Bid must be submitted to the Debtors, counsel to the Debtors, special counsel to the Debtors, and counsel for the Committee. A Bid received after the Bid Deadline shall not constitute a Qualified Bid unless otherwise agreed to by the Debtors.

I. Auction. If a Qualified Bid other than the Qualified Bid by Proposed Buyer is timely received, the Auction will be conducted at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York, 10019, commencing on December 14, 2009 at 10:00 a.m. (Eastern Time). Any bidder submitting a Qualified Bid may appear and submit its highest or best bid at the Auction. The Debtors may adjourn the Auction without further notice by announcement at the Auction. However, if no Qualified Bid other than the Qualified Bid by Proposed Buyer is timely received, the Debtors will not conduct an Auction and instead may present the Proposed Buyer’s Qualified Bid to the Court for approval at the Sale Hearing.

J. Bidding Increments and Auction Procedures. At the start of the Auction, the Debtors will advise all Qualified Bidders of what they believe to be the highest or otherwise best Qualified Bid with respect to the Acquired Assets (the “Highest Qualified Bid”). Only Qualified Bidders are eligible to participate in the Auction. The Committee and their respective counsel and advisors shall be permitted to attend the Auction. Bidding at the Auction shall begin with an initial minimum overbid of the Highest Qualified Bid for a consideration of at least \$750,000 and shall subsequently continue in \$250,000 increments or such other minimum increments as the Debtors determine (each such amount an “Overbid Amount”). The Debtors shall determine whether any overbid contains consideration in an Overbid Amount by evaluating (a) the cash consideration offered in such overbid for the Acquired Assets under the APA on terms substantially similar to the

terms contained in the APA and (b) the value of the Processing Agreement in the overbid to the Debtors based on the processing fee per ton multiplied by an assumed annual volume of 93,623 tons and no more than a 3 year term and otherwise on terms substantially similar to the terms contained in the Processing Agreement;<sup>12</sup> provided, however, that the Debtors reserve the right to consider the Determinative Factors (defined below) when evaluating any overbid; and provided further, however, that nothing contained herein or in the Sale Procedures Order modifies the Processing Agreement in any way whatsoever, the terms of which shall govern in all respects upon approval by the Court. During the Auction, Qualified Bidders will have the opportunity to revise their marked-up APA and Processing Agreement and each Qualified Bidder will be informed of the terms of the previous bid. Bidding at the Auction will continue until the Debtors determine that they have received the highest or otherwise best bid for the Acquired Assets (the "Successful Bid"). The bidder that submits the Successful Bid shall be the "Successful Purchaser." After the Debtors so determine, they will close the Auction. The Debtors will then determine and announce which bid has been determined to be the second highest or otherwise best bid (the "Backup Bid"). Within two (2) business days after concluding the Auction, the Successful Purchaser must complete and execute all agreements, contracts, instruments or other documents setting forth the terms and conditions upon which the Successful Bid was made.

In determining which bids comprise the Successful Bid and the Backup Bid, respectively, the Debtors will use their business judgment and only consider the following factors: (i) the speed and certainty of closing a Qualified Bid; (ii) the net economic return to the estates at closing of the competing bids, including, but not limited to, consideration of remuneration, form of remuneration, assumption of liabilities, and elimination of claims; and (iii) the value of the Processing Agreement to the Debtors, including but not limited to, its pricing terms and its strategic and commercial value to ACC's on-going operations ((i) through (iii) collectively, the "Determining Factors").

K. Reservation of Rights. The Debtors reserve the right to: (i) determine in their reasonable discretion which bid is the highest or best bid, consistent with the Determining Factors described above; and (ii) reject at any time prior to entry of a Court order approving an offer, without liability, any offer (other than the offer of Proposed Buyer) that the Debtors in their reasonable discretion deem to be: (a) inadequate or insufficient; (b) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or procedures set forth therein or in the Bid Procedures; or (c) contrary to the best interests of the Debtors and their estates. Subject to the provisions of the Bid Procedures and consistent with the Determining Factors, the selection of a Successful Purchaser shall be within the reasonable business judgment of the Debtors and subject to the approval of the Bankruptcy Court. The presentation of a particular bid to the Bankruptcy Court for approval shall not constitute the Debtors' acceptance of the bid, and the Debtors will be deemed to have accepted the bid only when the bid has been approved by the Bankruptcy Court at the Sale Hearing. At or before the Sale Hearing the

---

<sup>12</sup> A spreadsheet illustrating application of the formula is attached to the Processing Agreement and will be supplied to Qualified Bidders at or prior to the Auction.

Debtors may impose, in a manner consistent with the Bid Procedures and the Determining Factors described above, such other terms and conditions on the Qualified Bidders (other than Proposed Buyer) as the Debtors may determine to be in the best interests of the Debtors, their estates and their creditors.

L. Modification of Bid Procedures. The Debtors reserve the right to: (i) extend the deadlines set forth in the Bid Procedures and/or adjourn the Auction at the Auction and/or the Sale Hearing in open court without further notice; (ii) withdraw their offer to sell the Acquired Assets at any time subsequent to the Auction, subject to payment of the Bid Incentives if then due pursuant to the Sale Procedures Order; and (iii) reject any or all bids other than Proposed Buyer's Qualified Bid if, in the Debtors' reasonable business judgment, such other bids are not for fair and adequate consideration.

M. Closing with Alternative Backup Bidders. If for any reason the entity that submits the highest or otherwise best bid fails to consummate the purchase of the Acquired Assets, the offeror of the Backup Bid (the "Backup Bidder") will automatically be deemed to have submitted the highest or best bid and to the extent such Backup Bidder and the Debtors consent, the Debtors and such Backup Bidder are authorized to effect the sale of the Acquired Assets to such Backup Bidder as soon as is commercially reasonable. Following the Sale Hearing: (i) if such failure to consummate the purchase is the result of a breach by the Successful Purchaser, the Debtors are entitled to seek all available damages from the defaulting Successful Purchaser, but if the Successful Purchaser described herein is the Proposed Buyer, then the Debtors have such rights as are provided in the APA, and (ii) if such failure to consummate the purchase is the result of a breach by the Debtors, the Successful Purchaser shall have no recourse against the Debtors other than for recovery of its deposit, provided that if the Successful Purchaser described in the Bid Procedures is Proposed Buyer, Proposed Buyer has such rights as are provided in the APA.

N. Sale Hearing. The Sale Hearing shall be held before this Court on **December 16, 2009 at 11:00 a.m. (prevailing Eastern Time)**. The Sale Hearing may be adjourned, from time to time, without further notice to creditors or other parties-in-interest other than by announcement of said adjournment before this Court or on this Court's calendar on the date scheduled for said hearing.