

Exhibit B

Bidding Procedures

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

IN RE:	§	
	§	Chapter 11
	§	
ALAMO IRON WORKS, INC.,	§	Case No. 10-51269
SOUTHWEST WHOLESALE SUPPLY	§	
CO., INC.,	§	
ALAMARK TECHNOLOGIES, LP,	§	Jointly Administered
ALAMO ADVERTISING, INC.	§	
	§	
	§	

Debtors.

Hearing Date & Time:
May __, 2010, at __.m.

BID PROCEDURES

These Bid Procedures describe the process by which the above-captioned debtors and debtors-in-possession (collectively the “Debtors”) are authorized to conduct a sale by auction (the “Auction”) of certain or all of their assets. These Bid Procedures were approved by order dated April ____, 2010, (the “Bid Procedures Order”) of the United States Bankruptcy Court for the Western District of Texas, San Antonio Division (the “Court”) (in which the Debtors’ Chapter 11 cases are pending) pursuant to the *Motion for Entry of Order (A) Authorizing and Scheduling Public Auction for the Sale of Certain or All of the Debtors’ Assets Free and Clear of All Liens, Claims, and Encumbrances, (B) Approving the Stalking Horse Bid as a Conforming Qualified Bid, (C) Approving Procedures for the Submission of Qualifying Bids, (D) Approving Bid Protections, and (E) Approving the Form and the Manner of Notice Pursuant to Fed. R. Bankr. P. 2002* (the “Bid Procedures Motion”).¹

(1) Assets to be Sold

The Debtors propose these Bid Procedures under which prospective bidders, if any, may qualify for and participate in the Auction, thereby competing to make the highest and/or best offer(s) for the Debtors’ assets (collectively, the “Assets”) or a portion of the Assets.

(2) Stalking Horse Agreement

The terms and conditions upon which the Debtors contemplate consummating a sale of their assets are further described in the Asset Purchase Agreement dated April __, 2010, between Alamo Distribution, LLC (the “Purchaser”) and the Debtors (the “Stalking Horse Bid”) filed on the Petition Date. The sale of the assets (the “Sale”) pursuant to the Stalking Horse Bid is subject to competitive bidding as set forth herein and approval by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Rule 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

¹ Capitalized terms not defined herein shall have the same meaning ascribed in the Bid Procedures Motion.

(3) Bid Procedures Notice

As soon as practicable after the date on which the Court enters the Bid Procedures Order, the Debtors shall serve by first-class mail the Bid Procedure Order, on (a) the Office of the United States Trustee, (b) all parties in this case who have requested notice pursuant to Bankruptcy Rule 2002, (c) McGlinchey Stafford, PLLC, Richard Aguilar, counsel to PNC Bank, N.A., (d) counsel to any statutory committee appointed in this chapter 11 case, (e) federal, state, and local regulatory and taxing authorities that are reasonably ascertainable by the Debtors to have a known claim or interest in the Assets, (f) those parties identified by the Debtors (and their representatives) as potential purchasers of the Assets, (g) all counterparties to the Debtors' executory contracts and unexpired leases, and (h) those entities listed on the Debtors' Creditor Matrix and the list of the Debtors' equity interest holders of record submitted to the Court. The Debtor, after consultation with PNC, Alamo and the Office of the United States Trustee shall publish the Publication Notice in appropriate trade publications and local and if appropriate national periodicals of general circulation.

(4) Confidentiality Agreement, Due Diligence, and Selection of Bidders

Upon request by a prospective bidder or group of bidders to the Debtors, the Debtors shall, upon execution by such prospective bidder(s) of a confidentiality agreement in form and substance satisfactory to the Debtors, and delivery of such prospective bidder's or bidders' certified financial statements for the preceding two years (or other evidence establishing to the Debtors' satisfaction such prospective bidder's or bidders' financial capability to timely close its/their proposed Qualifying Bid (as defined below)), provide such person(s) with reasonable access to all relevant business and financial information necessary to enable such person(s) to evaluate the assets and liabilities of the Debtors for the purpose of submitting a bid for the Assets or a portion of the Assets (a "Qualifying Bid"). 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 having the opportunity to conduct such due diligence.

(5) Submission of Bids

To be considered, each Qualifying Bid shall:

- (a) Be submitted in writing by a party satisfying the conditions described in the preceding paragraph (4) (each, a "Qualifying Bidder");
- (b) Be submitted by 12:00 p.m. (noon) prevailing San Antonio, Texas time on Monday, May 24, 2010, by (i) delivering the complete Qualifying Bid together with the Deposit (as defined below) to the Debtors at the address provided below and (ii) delivering a complete copy of the Qualifying Bid to the following:

The Debtors:

Anthony Koch
Alamo Iron Works, Inc.
943 AT&T Center Parkway
San Antonio, TX 78219
tkoch@aiwnet.com

Financial Advisor to the Debtors:

Tony Wolf
BDO Consulting Corporate Advisors, LLC
700 North Pearl, Suite 2000
Dallas, TX 75201
twolf@bdocca.com

Counsel for the Debtors:

David S. Gragg
Langley & Banack, Inc.
Trinity Plaza II
745 East Mulberry, Suite 900
San Antonio, TX 78212
dgragg@langleybanack.com

Counsel to PNC Business Credit:

Richard Aguilar
McGlinchey Stafford, PLLC
601 Poydras Street, 12th Floor
New Orleans, LA 70130
raguilar@mcglinchey.com

Counsel to any statutory committee appointed in this chapter 11 case:

None as of the filing of the Bid Procedures Motion

Counsel to The Unofficial Committee for Unsecured Trade Creditors:

None as of the filing of the Bid Procedures Motion

- (c) Be submitted in the form of an executed copy of an asset purchase agreement (including schedules and exhibits, a "Marked Agreement") that is (i) marked to reflect changes to the Stalking Horse Bid; (ii) irrevocable until twenty (20) days

after the Sale Hearing (as defined below); and (iii) for the purchase of the Assets “as is, where is” in exchange for a purchase price that is greater than or equal to (a) the Purchase Price (as defined in the Stalking Horse Agreement), plus (b) \$300,000 (the amount of the Break-Up Fee plus the maximum amount of the Expense Reimbursement); plus (c) \$100,000 (the “Initial Bid Increment”). The Debtors may consider a combination of multiple Bids, each of which is for less than all of the Assets, so long as (x) such combination of Bids collectively offers an aggregate amount equal to the Initial Bid Increment and (y) each Bid comprising such combination otherwise meets the requirements of a Qualified Bid (such combination of Bids, a “Combination Bid”);

- (d) (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 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 bidder and also to complete and sign, on behalf of the 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;
- (e) Not be considered to be a higher or better offer unless (i) the Debtors have determined in good faith that the offer, if accepted, is reasonably likely to be closed taking into account all legal, financial, regulatory, and other aspects of the proposal, including the entity making the proposal, and that it would, if closed, result in a sale of any or all of the Assets (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 three (3) days prior to the date of the Auction (unless otherwise agreed to by the Debtors);
- (f) Include an earnest-money deposit equal to ten percent (10%) of the total cash consideration bid for all of the Assets or portion of the Assets as set forth in such Qualifying Bidder’s Qualifying Bid, in cash or in other form of immediately available U.S. funds (each, a “Deposit”); and
- (g) If a Qualifying Bid is conditioned on the assumption and assignment of any executory contract or unexpired lease, include sufficient information to permit the Debtors 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.

(6) Information Requests

A Qualifying Bid that satisfies all of the required terms and conditions set forth in the preceding paragraphs shall be considered a "Conforming Qualifying Bid."

Upon receipt of a Conforming Qualifying Bid, the Debtors may communicate with such Qualifying Bidder prior to the Auction, and such Qualifying Bidder shall provide the Debtors within one business day after the Debtors' request therefor, with any information reasonably required by the Debtors in connection with their evaluation of such Conforming Qualifying Bid.

Prior to the Auction, the Debtors shall evaluate and share all information with Alamo Distribution, LLC, including each Conforming Qualifying Bid and asset purchase agreement that it has received. The Stalking Horse Bid is deemed a Conformed Qualifying Bid.

(7) Auction and Selection of Winning Bid

On Thursday, May 27, 2010, or on such date as the Debtors determine in their discretion, the Debtors shall conduct the Auction, on invitation to each Qualifying Bidder that has made a Conforming Qualifying Bid, to determine which bid(s) will be presented to the Court for approval at the Sale Hearing. Such invitations shall designate the time and location of the Auction. 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, and unless alternative arrangements are made in advance with the Debtors, each bidder must appear in person at the Auction or through a duly-authorized representative. If multiple Conforming Qualifying Bids are received, each such bidder shall have the right to continue to improve its bid at the Auction. Bidding will commence with: (a) the announcement of the highest and/or best Conforming Qualifying Bid(s) that constitutes a Superior Proposal(s) for all of the Assets or certain portions of the Assets and will proceed in monetary increments to be determined by the Debtors or (b) such other Bid Procedures as are determined by the Debtors.

The bid or bids determined by the Debtors to be the highest and/or best offer or offers for the Assets at the Auction (each, a "Final Accepted Bid") shall be submitted for approval by the Court; the bidders making the Final Accepted Bid(s) may be referred to as the Final Accepted Bidder(s). In the Debtors business judgment a increment of \$100,000.00 may be imposed on each bid after the bid including the Initial Bidding Increment.

PNC Bank, N.A., the first lien holder as to the Debtors' assets, may credit bid up under 11 U.S.C. Section 363 (k). PNC Bank, N.A. shall not be required to qualify as a Qualified Bidder or place a Deposit.

(8) Sale Hearing

The Final Accepted Bid(s) will be subject to approval by the Court. Please be advised that the hearing to approve the asset purchase agreement(s) of the Final Accepted Bidder(s) accepted by the Debtors at the Auction will be held before the Honorable _____, United States Bankruptcy Judge in the United States Bankruptcy Court for the Western

District of Texas, San Antonio Division (the "Court"), _____, Room _____, San Antonio, Texas 78205 (the "Sale Hearing") on May _____, 2010 at _____ prevailing San Antonio, Texas time.

(9) Deposits

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

Each 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 any Final Accepted Bidder fails to close the purchase of any of the Assets, such party's Deposit, together with any interest paid thereon, shall be forfeited to, and retained irrevocably by, the Debtors, and the Debtors specifically reserves the right to seek all appropriate additional damages from such bidder, and such bidder is disqualified from further bidding and from the Auction process ("Disqualified Bidder"). Furthermore, in such a circumstance, the bidder of the next highest and/or best Conforming Qualifying Bid for such Assets as determined by the Debtors to constitute a Superior Proposal will automatically be deemed to have submitted the highest and/or best Conforming Qualifying Bid, and such bidder shall be subject to the Bid Procedures as if such bidder were originally determined to be a Final Accepted Bidder; *provided, however,* nothing herein shall affect the Debtors' right to retain the Deposit of any Disqualified Bidder and to seek all available damages from any such bidder that otherwise fails to close the purchase of any of the Assets pursuant to the Bid Procedures.

Except as otherwise set forth herein, after the closing of the purchase of the Assets, the Debtors shall return to each unsuccessful Qualifying Bidder its Deposit, together with any interest paid thereon, submitted by such Qualifying Bidder.

(10) Closing

The Debtors and Final Accepted Bidder shall use their commercially reasonable efforts to consummate each Court-approved transaction within two (2) business days after the Sale Hearing. The net (as determined in PNC's reasonable discretion) proceeds of sale shall be paid directly to PNC Bank, N.A, ("PNC") ; provided however, from the net proceeds an amount equal to the outstanding second lien indebtedness on the Gonzales Street property (not to exceed \$225,000.00) shall be held in an account at PNC for a period not to exceed 90 days following receipt by PNC of the net proceeds of the sale; provided [a] if during such 90 day period, PNC is paid in full all pre- and post- petition obligations owing by Debtors to PNC, then such amount shall be available to pay the second lienholder to the extent their claims may be established; and further provided [b] if PNC remains unpaid at the end of such 90 day period, then such amount shall be applied to PNC's obligations until PNC is paid in full (with any balance being applied in accordance with clause [a]).

(11) Reservation of Rights: Deadline Extensions

The Debtors reserve their right, in their sole discretion and in their reasonable business judgment (after consultation with PNC Business Credit and counsel for the Official Unsecured Creditors Committee, if any such counsel is retained), to: (i) impose, at or prior to the Auction, additional terms and conditions on a sale of any of the Assets consistent with the Bid Procedures Order; (ii) extend the deadlines set forth in the Bid Procedures; (iii) adjourn the Auction at the Auction, and/or adjourn the Sale Hearing in open court without further notice; (iv) withdraw from the Auction any or all of the Assets at any time prior to or during the Auction or cancel the Auction; (v) reject all Conforming Qualifying Bids if no bid is, in the Debtors' reasonable business judgment for fair and adequate consideration; and (vi) modify the Bid Procedures, including, without limitation, any and all processes and rules regarding conduct of activities at the Auction, including, *among other things*, the manner in which bids are submitted and the permitted increments of such bids.

Dated: April _____, 2010

Respectfully submitted,

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