

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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: Chapter 11
: Case No. 09-13931 (KJC)
: (Jointly Administered)
: Hearing: September 23, 2010 at 2:00 p.m.
: Objection Deadline: September 16, 2010 at 4:00 p.m.
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In re :
ADVANTA CORP., *et al.*, :
Debtors.¹ :

**MOTION TO EXTEND EXCLUSIVE PERIODS FOR THE FILING OF
A CHAPTER 11 PLAN AND SOLICITATION OF ACCEPTANCES THERETO**

Advanta Corp. and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the “*Debtors*”), respectfully represent:

Relief Requested

1. By this Motion, the Debtors request, pursuant to section 1121(d) of title 11 of the United States Code (the “*Bankruptcy Code*”), a further extension of the Debtors’

¹ The Debtors in these jointly administered chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Advanta Corp. (2070), Advanta Investment Corp. (5627), Advanta Business Services Holding Corp. (4047), Advanta Business Services Corp. (3786), Advanta Shared Services Corp. (7074), Advanta Service Corp. (5625), Advanta Advertising Inc. (0186), Advantennis Corp. (2355), Advanta Mortgage Holding Company (5221), Advanta Auto Finance Corporation (6077), Advanta Mortgage Corp. USA (2654), Advanta Finance Corp. (8991), Advanta Ventures Inc. (5127), BE Corp. (8960), ideablob Corp. (0726), Advanta Credit Card Receivables Corp. (7955), Great Expectations International Inc. (0440), Great Expectations Franchise Corp. (3326), and Great Expectations Management Corp. (3328). Information regarding the Debtors’ businesses and the background relating to events leading up to these chapter 11 cases can be found in (i) the Declaration of William A. Rosoff in Support of the Debtors’ Chapter 11 Petitions and First-Day Motions, filed on November 8, 2009, (the “*Rosoff Declaration*”), the date the majority of Debtors filed their petitions (the “*Commencement Date*”) under chapter 11 of title 11 of the United States Code (the “*Bankruptcy Code*”), and (ii) that certain supplement thereto, filed on November 20, 2009, the date Advanta Ventures Inc., BE Corp., ideablob Corp. and Advanta Credit Card Receivables Corp. filed their chapter 11 cases (the “*Second Commencement Date*”, and together with the Commencement Date, the “*Commencement Dates*”). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Further, in accordance with an order of this Court, the Debtors’ cases are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”).

exclusive periods for the Debtors' filing of a chapter 11 plan (the "*Plan Period*") and solicitation of acceptances thereof (the "*Solicitation Period*", and together with the Plan Period, the "*Exclusive Periods*") by an additional 60 days – i.e., to November 5, 2010 and January 3, 2011, respectively.² The Plan Period and the Solicitation Period currently expire on September 6, 2010 and November 3, 2010, respectively. The Debtors submit that the proposed further 60-day extension of the Exclusive Periods is justified and appropriate under the circumstances. A proposed order is attached hereto as *Exhibit A*.

Extension of Exclusive Periods

2. Section 1121(b) of the Bankruptcy Code provides for an initial period of 120 days after the commencement of a chapter 11 case during which a debtor has the exclusive right to propose and file a chapter 11 plan. *See* 11 U.S.C. § 1121(b). Section 1121(c)(3) of the Bankruptcy Code provides that if a debtor files a plan within this 120-day Plan Period, it has a period of 180 days after the commencement of the case to obtain acceptance of such plan, during which time competing plans may not be filed. *See id.* at § 1121(c)(3). Pursuant to section 1121(d) of the Bankruptcy Code, where the initial 120-day and 180-day Exclusive Periods provided for in the Bankruptcy Code prove to be insufficient time for proposal and solicitation of a plan, the Court may extend a debtor's Exclusive Periods for cause. *See id.* at § 1121(d).

3. The Bankruptcy Code neither defines the term "cause" for purposes of section 1121(d) nor establishes formal criteria for an extension. The legislative history indicates, however, that it is intended to be a flexible standard to balance the competing interests of a debtor and its creditors. *See* H.R. Rep. No. 95-595, at 231-32 (1978), *reprinted in* 1978

² This request is without prejudice to the Debtors' rights to seek a further extension of exclusive periods or for other parties to challenge such request or seek to terminate the Debtors' Exclusive Periods, prior to such dates.

U.S.C.C.A.N. 5787 (noting that Congress intended to give bankruptcy courts flexibility to protect a debtor's interests by allowing unimpeded opportunity to negotiate settlement of debts without interference from other parties in interest).

4. In determining whether cause exists to extend the Exclusive Periods, a court may consider a variety of factors to assess the totality of circumstances in each case. *See In re McLean Indus., Inc.*, 87 B.R. 830, 834 (Bankr. S.D.N.Y. 1987) (identifying the factors used by courts to determine whether cause exists to extend exclusivity); *In re Dow Corning Corp.*, 208 B.R. 661, 664 (Bankr. E.D. Mich. 1997); *In re Express One Int'l, Inc.*, 194 B.R. 98, 100 (Bankr. E.D. Tex. 1996). Those factors include, without limitation:

- (a) the size and complexity of the debtor's case;
- (b) the existence of good-faith progress towards reorganization;
- (c) a finding that the debtor is not seeking to extend exclusivity to pressure creditors to accede to the debtor's reorganization demands;
- (d) existence of an unresolved contingency; and
- (e) the fact that the debtor is paying its bills as they come due.

See e.g., In re Adelpia Commc'ns Corp., 352 B.R. 578, 587 (Bankr. S.D.N.Y. 2006); *In re McLean Indus., Inc.*, 87 B.R. at 834 (citations omitted); *accord In re Express One Int'l, Inc.*, 194 B.R. at 100 (identifying four of the five above-quoted factors, among others, as relevant in determining whether "cause" exists to extend exclusivity); *In re United Press Int'l, Inc.*, 60 B.R. 265, 269 (Bankr. D.C. 1986) (holding that the debtor showed "cause" to extend its exclusivity period based upon certain of above-quoted factors).

5. Courts in this district and other districts have, on numerous occasions, granted extensions of the Exclusive Periods in liquidating chapter 11 cases. *See e.g., In re ProtoStar Ltd.*, Case No. 09-12659 (MFW) (Bankr. D. Del. December 17, 2009) (granting

debtors' first request for an extension of the exclusive periods); *In re Washington Mutual, Inc.*, Case No. 08-12229 (MFW) (Bankr. D. Del. November 20, 2009) (granting debtors' fourth request for an extension of the exclusive periods); *In re Stone Barn Manhattan, LLC*, Case No. 08-12579 (ALG) (Bankr. S.D.N.Y. July 16, 2009) (granting debtors' third request for an extension of exclusive periods); *In re Sharper Image Corp.*, Case No. 08-10322 (KG) (granting debtors' first request for an extension of the exclusive periods); *In re American Home Mortgage Holdings, Inc.*, Case No. 07-11666(KG) (Bankr. D. Del. November 24, 2008) (granting debtors' fourth request for an extension of exclusive periods).

6. The primary objective of a chapter 11 case is the formulation, confirmation, and consummation of a consensual chapter 11 plan. The Exclusive Periods are intended to afford a debtor a full and fair opportunity to propose a consensual plan and solicit acceptances of such plan without the deterioration and disruption that is likely to be caused by the filing of competing plans by non-debtor parties.

7. Here, the Debtors seek a further 60-day extension of the Exclusive Periods. Application of the aforementioned standards to the facts of these chapter 11 cases demonstrates sufficient cause to grant the Debtors' requested extension of the Exclusive Periods so that they may have a full and fair opportunity to propose a consensual plan and to solicit acceptances thereof.

The Debtors have Demonstrated Cause for an Extension of Exclusivity

A. These Cases Are Large and Complex

8. Both Congress and the courts have recognized the size and complexity of a debtor's case alone may constitute cause for the extension of a debtor's exclusive period to file a plan and the period to solicit acceptances of such a plan. "[I]f an unusually large company were to seek reorganization under chapter 11, the court would probably need to extend the time

in order to allow the debtor to reach an agreement.” H.R. Rep. No. 95-595, at 232 (1978),
reprinted in 1978 U.S.C.C.A.N. 5787. In In re Texaco Inc., the court stated:

The large size of a debtor and the consequent difficulty in formulating a plan of reorganization for a huge debtor with a complex financial structure are important factors which generally constitute cause for extending the exclusivity periods.

In re Texaco, Inc., 76 B.R. 322, 326 (Bankr. S.D.N.Y. 1987).

9. The size and complexity of these cases warrant an extension of the Exclusive Periods. The Debtors have announced that they plan on winding down their operations, and as described below, have already commenced the process of disposing of their assets. In order to maximize recoveries for all parties in interest, the Debtors require sufficient time to continue to resolve adversary proceedings, and to continue to evaluate their assets and liabilities, implicating, among other things, numerous potential tax and regulatory issues relating to the assets of the Debtors and their non-debtor subsidiaries. Moreover, although the Debtors have made significant progress in reconciling proofs of claim, they need additional time to evaluate claims for purposes of finalizing a chapter 11 plan and to continue evaluating potential causes of actions held by the estates.

B. *Substantial Good Faith Progress Has Been Demonstrated; The Debtors Are Not Seeking to Extend Exclusivity to Pressure Creditors*

10. Extension of a debtor’s exclusive period to file a plan and the period to solicit acceptances thereto are justified by progress in the resolution of issues facing the debtor’s estate. *See e.g., In re Serv. Merch. Co., Inc.*, 256 B.R. 744, 753-54 (Bankr. M.D. Tenn. 2000); *In re Amko Plastics, Inc.*, 197 B.R. 74, 77 (Bankr. S.D. Ohio 1996); *In re McLean Indus. Inc.*, 87 B.R. at 835; *In re Texaco, Inc.*, 76 B.R. at 327.

11. In less than nine months since the commencement of these chapter 11 cases, the Debtors have made significant strides in both protecting their assets as well as

recovering substantial value for creditors. While the Debtors believe significant value can be recovered from their assets, the process of analyzing, marketing, and soliciting bids for their assets is highly involved. These processes are progressing in earnest, and they are already yielding additional recoveries for creditors and other parties in interest. In addition, the Debtors have resolved the largest claim asserted against them in their chapter 11 cases. The recent settlement with the Federal Deposit Insurance Corporation (the “*FDIC*”), on behalf of itself and Advanta Bank Corp. (for which it is the receiver), of its tax litigation with Advanta (see Adversary Proceeding No. 10-50795 (KJC)), which resolved the FDIC’s claim against the Debtors, the sale of Advanta Life Insurance Company,³ and the retention of Great American Group, LLC⁴ and Christie’s Inc.⁵ to dispose of the Debtors’ personal property and corporate artwork collection, are indicative of the Debtors’ progress with respect to maximizing the value of their estates.

12. Moreover, throughout the initial nine months, the Debtors have made every effort to keep creditors apprised of developments and are conducting regular meetings and conferences with the official committee of unsecured creditors appointed in these chapter 11 cases (the “*Committee*”). Additionally, the Debtors have already (i) filed their schedules of assets and liabilities and statements of financial affairs, (ii) delivered to the Committee a working draft of the wind-down business plan, and (iii) negotiated the structure of a chapter 11 plan with the Committee. The Debtors’ chapter 11 plan is at an advanced stage, and the Debtors expect to

³ See *Order Authorizing the Sale of Stock of Advanta Life Insurance Company Free and Clear of Liens, Claims and Encumbrances* dated May 12, 2010 [Docket No. 499].

⁴ See *Order (I) Authorizing the Employment and Retention of Great American Group, LLC as the Exclusive Sales Agent for Sale of Certain Personal Property Nunc Pro Tunc to April 19, 2010, and (II) Approving the Sale of Such Personal Property by Auction* dated May 10, 2010 [Docket No. 486].

⁵ See *Order Authorizing Advanta Shared Services Corp. to Employ and Retain Christie's Inc. and Motion to Approving Sale of Artwork* dated August 10, 2010 [Docket No. 716].

file their chapter 11 plan supported by the Committee within the next 60 days, and very likely before the end of September.

**C. *Substantial Contingencies Remain;
The Debtors Have Been Paying Bills as They Become Due***

13. As previously noted, the Debtors must resolve and/or complete analysis of a variety of issues before they can file a chapter 11 plan that will maximize recoveries for creditors, including determining to what extent their chapter 11 plan may need to reserve for disputed claims. In addition, since the commencement of these cases, the Debtors have been paying their bills as they generally become due. Thus, no party in interest will be harmed by the extensions of the Exclusive Periods.

14. In summary, the Debtors submit that extension of the Exclusive Periods will increase the likelihood of a greater distribution to the Debtors' stakeholders by facilitating an orderly, efficient and cost-effective plan process for the benefit of all creditors and permit the Debtors to finalize a consensual chapter 11 plan. Termination of the Exclusive Periods, on the other hand, could give rise to the threat of multiple plans and a contentious confirmation process resulting in increased administrative expenses and consequently diminishing returns to the Debtors' creditors. Moreover, it could significantly delay, if not completely undermine, the Debtors' ability to confirm any plan in these cases. Accordingly, the Debtors request that the Court extend the Exclusive Periods as provided herein.

Jurisdiction

15. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Notice

16. No trustee or examiner has been appointed in these chapter 11 cases.

Notice of this Motion will be provided to (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel to the Committee; (iii) Bank of New York Mellon as trustee under the Investment Note Indenture (as defined in the Rosoff Declaration); (iv) Law Debenture Trust Company of New York as successor trustee under the 8.99% Indenture (as defined in the Rosoff Declaration); and (v) those parties who have requested notice pursuant to Bankruptcy Rule 2002 (collectively, the “*Notice Parties*”). The Debtors respectfully submit that no further notice of this Motion is required.

No Previous Request

17. No previous request for the relief sought herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: September 3, 2010
Wilmington, Delaware

/s/ Zachary I. Shapiro

Mark D. Collins (No. 2981)
Paul N. Heath (No. 3704)
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ATTORNEYS FOR
DEBTORS AND DEBTORS IN
POSSESSION

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

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:
In re : Chapter 11
:
ADVANTA CORP., *et al.*, : Case No. 09-13931 (KJC)
:
Debtors.¹ : (Jointly Administered)
:
: **Hearing: September 23, 2010 at 2:00 p.m. (EDT)**
: **Obj. Deadline: September 16, 2010 at 4:00 p.m. (EDT)**
-----X

NOTICE OF MOTION AND HEARING

Advanta Corp. and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the “*Debtors*”), today, filed the **Motion to Extend Exclusive Periods for the Filing of a Chapter 11 Plan and Solicitation of Acceptances Thereto** (the “*Motion*”) with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801 (the “*Bankruptcy Court*”).

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Motion must be in writing, filed with the Clerk of the Bankruptcy Court and served upon and received by the undersigned counsel for the Debtors on or before **September 16, 2010 at 4:00 p.m. (Eastern Daylight Time)**.

PLEASE TAKE FURTHER NOTICE that if an objection is timely filed, served and received and such objection is not otherwise timely resolved, a hearing to consider such

¹ The Debtors in these jointly administered chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Advanta Corp. (2070), Advanta Investment Corp. (5627), Advanta Business Services Holding Corp. (4047), Advanta Business Services Corp. (3786), Advanta Shared Services Corp. (7074), Advanta Service Corp. (5625), Advanta Advertising Inc. (0186), Advantennis Corp. (2355), Advanta Mortgage Holding Company (5221), Advanta Auto Finance Corporation (6077), Advanta Mortgage Corp. USA (2654), Advanta Finance Corp. (8991), Advanta Ventures Inc. (5127), BE Corp. (8960), ideablob Corp. (0726), Advanta Credit Card Receivables Corp. (7955), Great Expectations International Inc. (0440), Great Expectations Franchise Corp. (3326), and Great Expectations Management Corp. (3328).

objection and the Motion will be held before The Honorable Kevin J. Carey at the Bankruptcy Court, 824 Market Street, 5th Floor, Courtroom 5, Wilmington, Delaware 19801 on **September 23, 2010 at 2:00 p.m. (Eastern Daylight Time)**.

IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: September 3, 2010
Wilmington, Delaware

Respectfully submitted,

/s/ Zachary I. Shapiro

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ATTORNEYS FOR DEBTORS AND
DEBTORS IN POSSESSION

Exhibit A

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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<i>In re</i>	:	Chapter 11
	:	
ADVANTA CORP., <i>et al.</i> ,	:	Case No. 09-13931 (KJC)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
	:	
	:	Re: Docket No. ____
	X	

**ORDER PURSUANT TO SECTION 1121(d) OF THE BANKRUPTCY
CODE FURTHER EXTENDING DEBTORS’ EXCLUSIVE PERIODS FOR
FILING A CHAPTER 11 PLAN AND SOLICITING ACCEPTANCES THEREOF**

Upon the motion, dated September 3, 2010 (the “*Motion*”) of Advanta Corp. and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the “*Debtors*”), pursuant to section 1121(d) of title 11 of the United States Code (the “*Bankruptcy Code*”), for an order further extending the exclusive period during which the Debtors may file a chapter 11 plan (the “*Plan Period*”) and the period during which the Debtors may solicit acceptances thereof (the “*Solicitation Period*,” and together with the Filing Period, the “*Exclusive Periods*”), all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are Advanta Corp. (2070), Advanta Investment Corp. (5627), Advanta Business Services Holding Corp. (4047), Advanta Business Services Corp. (3786), Advanta Shared Services Corp. (7074), Advanta Service Corp. (5625), Advanta Advertising Inc. (0186), Advantennis Corp. (2355), Advanta Mortgage Holding Company (5221), Advanta Auto Finance Corporation (6077), Advanta Mortgage Corp. USA (2654), Advanta Finance Corp. (8991), Advanta Ventures Inc. (5127), BE Corp. (8960), ideablob Corp. (0726), Advanta Credit Card Receivables Corp. (7955), Great Expectations International Inc. (0440), Great Expectations Franchise Corp. (3326), and Great Expectations Management Corp. (3328).

requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties;² and the relief requested in the Motion being in the best interests of the Debtors, their creditors and their estates; and the Court having reviewed the Motion; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court, and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is GRANTED; and it is further

ORDERED pursuant to section 1121(d) of the Bankruptcy Code, each Debtor's Plan Period is extended through and including November 5, 2010; and it is further

ORDERED pursuant to section 1121(d) of the Bankruptcy Code, each Debtor's Solicitation Period is extended through and including January 3, 2011; and it is further

ORDERED that the extension of the Exclusive Periods granted herein is without prejudice to the Debtors seeking a further extension of the Exclusive Periods pursuant to section 1121(d) of the Bankruptcy Code and is without prejudice to any party in interest, including the Committee, contesting such further request or seeking to terminate any Exclusive Period prior to the extended dates set forth herein; and it is further

² Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

Dated: September _____, 2010
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE