

Insurance Company (“*AIC*”) in accordance with any applicable rules, regulations or procedures governing its dissolution. A proposed order is attached hereto as *Exhibit A*.

Advanta Insurance Company

2. AIC is a direct subsidiary of Advanta, and was incorporated under the laws of the State of Arizona on June 17, 1986. AIC was the holding company for Advanta Life Insurance Company, Advanta Insurance Agency, Inc. and First Advanta Insurance Agency, Inc., the stock of all of which were recently transferred to Advanta. AIC has approximately \$5.5 million of assets, consisting almost entirely of cash and bonds, and no liabilities.

3. As a regulated insurance entity domiciled in the State of Arizona, AIC is required to file statutory financial statements with the Department of Insurance of the State of Arizona on a quarterly basis. It must also pay various periodic fees to maintain its insurance licenses in numerous jurisdictions. In order to avoid incurring the cost of preparing and filing third quarter statutory financial statements and any further licensing fees for an entity that is not currently conducting any business and is not expected to in the future, relief is sought to authorize the dissolution of AIC.

Basis for Relief

4. Section 363(b) of the Bankruptcy Code provides, in relevant part, that a debtor in possession "after notice and hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). The standard for approval of the sale and use of property of the estate under section 363(b) in this Circuit is whether the debtor can demonstrate a sound business justification for the proposed transaction. *Dai-ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999) (“In determining whether to authorize the use, sale or lease of property of the estate under this section, courts require the debtor to show that a sound

business purpose justifies such actions.”) (citing to *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983) (setting forth the “sound business purpose” test in the context of a sale of assets under § 363(b)); *In re Stroud Food*, 163 B.R. 730, 732 (Bankr. M.D. Pa. 1993); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169 (D. Del. 1991) (adopting *Lionel* in this District in the context of a sale of assets).

5. Over the past several months, the Debtors have been negotiating with the committee of unsecured creditors in these chapter 11 cases (the “*Creditors’ Committee*”) the terms of consensual chapter 11 plans. As part of such negotiations, Advanta and the Creditors’ Committee have explored the various strategic alternatives for AIC, including both its sale, or its dissolution. Advanta has taken steps to elicit prospective buyers for AIC over the past several months, however such efforts have been unsuccessful to date, with no *bona fide* offers having been made for AIC as of the filing of this Motion.²

6. As discussed above, AIC has purely financial assets and no outstanding liabilities, and Advanta will incur costs in preparing and filing statutory financial statements and paying licensing fees should AIC remain in existence. Accordingly, Advanta believes that it is in the best interests of its estate to dissolve AIC at this time. While AIC is not a Debtor in these chapter 11 cases, Advanta believes that Court approval of the proposed dissolution is necessary because Advanta must approve AIC’s dissolution, as the sole shareholder of AIC.

Jurisdiction

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.

² The Debtors will continue their efforts to market AIC, and reserve the right to withdraw this Motion should a *bona fide* offer for AIC be made.

Notice

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 Creditors' 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*"). Advanta respectfully submits that no further notice of this Motion is required.

No Previous Request

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

WHEREFORE, Advanta respectfully requests 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
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ATTORNEYS FOR
DEBTORS AND DEBTORS IN
POSSESSION

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

-----X
:
In re : Chapter 11
:
ADVANTA CORP., *et al.*, : Case No. 09-13931 (KJC)
:
Debtors.¹ : (Jointly Administered)
:
: (Proposed) Hearing Date: 9/23/10 at 2:00 p.m. (EDT)
-----X (Proposed) Obj. Deadline: 9/16/10 at 4:00 p.m. (EDT)

NOTICE OF MOTION AND HEARING THEREON

PLEASE TAKE NOTICE that, on September 3, 2010, Advanta Corp., as debtor and debtor in possession (“*Advanta*”), filed the **Motion for Order Authorizing Dissolution of Non-Debtor Affiliate Advanta Insurance Company Pursuant to Section 363(b) of the Bankruptcy Code** (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 contemporaneously with the Motion, Advanta filed **Advanta’s Motion Seeking Shortened Notice and Objection Periods for Motion for Order Authorizing Dissolution of Non-Debtor Affiliate Advanta Insurance Company Pursuant to Section 363(b) of the Bankruptcy Code** (the “*Motion to Shorten*”).

The hearing date and objection deadline set forth herein are consistent with the dates proposed in the Motion to Shorten. In the event that the Bankruptcy Court does not approve the dates

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).

proposed in the Motion to Shorten, Advanta will file and serve a separate notice notifying all parties in interest of the revised hearing date and objection deadline.

PLEASE TAKE FURTHER NOTICE that pursuant to the Motion to Shorten, Advanta proposes that any responses or objections to the Motion be made by **September 16, 2010 at 4:00 p.m. (Eastern Daylight Time)**.

PLEASE TAKE FURTHER NOTICE that pursuant to the Motion to Shorten, Advanta proposes that a hearing with respect to the Motion be held at the omnibus hearing already scheduled for **September 23, 2010 at 2:00 p.m. (Eastern Daylight Time)** before The Honorable Kevin J. Carey at the Bankruptcy Court, 824 Market Street, 5th Floor, Courtroom 5, Wilmington, Delaware 19801.

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**

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

**ORDER AUTHORIZING DISSOLUTION OF
NON-DEBTOR AFFILIATE ADVANTA INSURANCE COMPANY
PURSUANT TO SECTION 363(B) OF THE BANKRUPTCY CODE**

Upon the motion, dated September 3, 2010 (the “*Motion*”) of Advanta Corp. (“*Advanta*”) as debtor and debtor in possession (collectively, the “*Debtors*”), pursuant to section 363(b) of title 11 of the United States Code (the “*Bankruptcy Code*”), for an order authorizing the dissolution of non-debtor affiliate Advanta Insurance Company, 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 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

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).

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

in the best interests of Advanta, its creditors and its estate; 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 that Advanta is authorized, but not directed, to dissolve Advanta Insurance Company in accordance with any applicable rules, regulations or procedures governing its dissolution; and it is further

ORDERED that any assets remaining after such dissolution shall be distributed to Advanta; and it is further

ORDERED that Advanta is authorized, but not directed, to take any and all actions necessary to implement the terms of this Order; and it is further

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: _____, 2010
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE