

**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)
: :
: : **Hearing Date: October 27, 2010 at 3:00 p.m.**
: : **Objection Deadline: October 20, 2010 at 4:00 p.m.**
-----X

**MOTION FOR AUTHORITY TO SELL
STOCK OF NON-DEBTOR AFFILIATE ADVANTA INSURANCE
COMPANY FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES**

Advanta Corp. (“*Advanta*”), as debtor and debtor in possession, respectfully
represents:

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 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 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*”).

Relief Requested

1. By this motion (the “*Motion*”), Advanta seeks entry of an order substantially in the form annexed hereto as *Exhibit A* (i) authorizing, pursuant to section 363 of the Bankruptcy Code, the sale of all of the issued and outstanding shares of common stock in non-debtor affiliate Advanta Insurance Company (“*AIC*”) to Agrinational Insurance Company (the “*Buyer*”), free and clear of all liens, claims, and encumbrances (the “*AIC Sale*”); (ii) authorizing Advanta to enter into that certain Stock Purchase and Sale Agreement with the Buyer in substantially the form annexed hereto as *Exhibit B* (the “*SPA*”); and (iii) granting the Buyer the protections afforded a good faith purchaser by section 363(m) of the Bankruptcy Code.

2. Advanta also seeks permission to pay the Buyer a termination fee in the amount of \$25,000 if the Buyer is outbid by an alternate buyer and Advanta does not sell the Shares (as defined below) to the Buyer (the “*Termination Fee*”). (See SPA § 6.2(b)).

3. In addition, to realize the sale in a more expeditious manner, Advanta requests that any order approving the AIC Sale be effective immediately, and the Court waive any stay pursuant to Bankruptcy Rule 6004.

Sale of Stock in Advanta Insurance Company

4. 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. 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.

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 a consensual chapter 11 plan. As part of such negotiations, Advanta and the Creditors’ Committee have explored the various strategic alternatives for AIC, including both sale and liquidation (an “**AIC Liquidation**”). Despite Advanta having taken steps to elicit prospective buyers for AIC over the past several months, as of September 3, 2010, Advanta had not obtained any *bona fide* offers for AIC. Seeking to avoid ongoing costs associated with AIC, Advanta submitted the *Motion for Order Authorizing Dissolution of Non-Debtor Affiliate Advanta Insurance Company Pursuant to Section 363(B) of the Bankruptcy Code* [Docket No. 771] (the “*Dissolution Motion*”). The *Order Authorizing Dissolution of Non-Debtor Affiliate Advanta Insurance Company Pursuant to Section 363(B) of the Bankruptcy Code* [Docket No. 819] (the “*Dissolution Order*”) was entered on September 21, 2010. The Dissolution Order authorized Advanta to dissolve AIC, but did not mandate its dissolution. Advanta reserved the right in the Dissolution Motion to continue to market a sale of AIC and not to proceed with an AIC Liquidation should such a sale become a possibility.

6. In late September 2010, following the entry of the Dissolution Order, Advanta received several offers to purchase the stock of AIC. The Buyer made the highest offer with the most favorable terms: \$16,666.66 per valid Insurance Permit² belonging to AIC (or approximately \$500,000 in total for the Licenses) plus the fair market value of certain of AIC’s assets, reimbursement of a pro-rated portion of certain fees and taxes of AIC, less certain

² Unless otherwise defined herein, capitalized terms have the meanings ascribed to such terms in the SPA.

adjustments, as described further below (the “**AIC Offer**”). As a result of Advanta’s persistent efforts to sell AIC, yielding no higher offer, and the projection that the AIC Offer will return greater value to Advanta than an AIC Liquidation, Advanta concluded that it is in the best interest of its estate to pursue the AIC Offer as an alternative to an AIC Liquidation. As a result, Advanta and the Buyer have executed the SPA, the terms of which are described in further detail below.

7. The salient terms of the SPA, a copy of which is annexed hereto as *Exhibit B*, are as follows:³

- **Sale and Purchase of Shares:** The Buyer has agreed to purchase all of the issued and outstanding shares of capital stock of AIC (the “*Shares*”) from Advanta.
- **Payment of Purchase Price:** The purchase price (the “*Purchase Price*”) consists of (i) \$500,000, which represents \$16,666.66 in respect of each valid Insurance Permit of the Company, including the District of Columbia Insurance Permit (but excluding the Wyoming Insurance Permit), each as set forth on Schedule 1.2(a) of the SPA, (ii) the fair market value of the Closing Assets as determined pursuant to this Section 1.2 of the SPA, (iii) a pro-rated portion of any fees and taxes paid by the AIC with respect to the Insurance Permits that were due on or after February 28, 2010 and for which the Advanta has provided evidence of payment thereof reasonably satisfactory to the Buyer, less (iv) any outstanding liabilities of AIC as reflected on the Closing Balance Sheet, but excepting accrued taxes, licenses and fees of the kind reflected on line 14, page 3 of the Statutory Financial Statements for the year ended December 31, 2009 but as reflected on the Closing Balance Sheet, to the extent reflecting future payments, and (v) the Down Payment (as defined below). The Buyer will pay the Purchase Price in full by wire transfer of immediately available funds at Closing.
- **Down Payment:** The Buyer has paid Advanta \$150,000 as a down payment on the Purchase Price (the “*Down Payment*”). If the Buyer terminates the SPA pursuant to Section 6.1(d) of the SPA and, at the time of such termination, the SPA has not been approved by the Bankruptcy Court pursuant to a Final Order, Advanta will return the Down Payment to the Buyer. From and after approval of the SPA by the Bankruptcy Court pursuant to a Final Order, the Down Payment will be non-refundable, regardless of whether the SPA is terminated prior to the Closing, unless terminated pursuant to the receipt of a **Superior Company**

³ This summary is qualified in its entirety by reference to the provisions of the SPA.

Proposal, in which case Advanta will promptly return the Down Payment to the Buyer.

- **Finder's Fee:** Advanta will pay Prisco Consulting, Inc. a finder's fee of \$35,000 for its services leading to the AIC Offer.
- **Adjustment of Purchase Price:** In the event that AIC is not eligible to issue insurance policies in any jurisdiction currently provided for under the Insurance Permits set forth on Schedule 1.2(a) of the SPA, other than Wyoming (each such jurisdiction an "**Unauthorized State**"), on the Closing Date, the Purchase Price payable at Closing will be decreased by the amount listed in the column entitled "Purchase Allocation" on Schedule 1.2(a) of the SPA for each Unauthorized State.
- **No Encumbrances:** The sale of the Shares to the Buyer will be free and clear of any and all claims, liens, encumbrances, judgments, and security interests.
- **Competing Transactions:** Pursuant to the SPA, and until termination of the SPA, Advanta has covenanted not to, and has agreed to use Commercially Reasonable Efforts to cause AIC not to, directly or indirectly, make, solicit, initiate or encourage the submission of proposals or offers from any person relating to a competing transaction (a "**Competing Transaction**"). Until the termination of the SPA, Advanta has covenanted not to, and has agreed to use Commercially Reasonable Efforts to cause AIC not to, directly or indirectly, participate in any negotiations regarding, furnish to any other person an information with respect to, or otherwise cooperate, assist or participate in any effort or attempt by any third party to propose or effect a Competing Transaction; provided that this covenant does not apply to any person who makes a Superior Company Proposal unless Advanta or AIC or any of their respective officers, directors, agents, employees, or representatives makes, solicits, initiates or encourages the submission of such Superior Company Proposal in violation of the SPA.
- **Indemnification:** The SPA contains mutual indemnities between Advanta and the Buyer. There is no indemnification liability for either party unless and until the aggregate amount of indemnifiable Losses equals or exceeds \$50,000, in which case liability is only for Losses in excess of \$50,000, and shall not exceed \$150,000 in any event.
- **Termination:** The SPA may be terminated (i) by mutual written consent of the Buyer and Advanta, (ii) by Advanta upon any Default of the Buyer not waived by Advanta, (iii) by the Buyer upon any Default of Advanta not waived by the Buyer, (iv) by either party if the satisfaction of certain conditions in the SPA have not been met or become impossible to meet on or before the 180th day following the date of the SPA, and (v) by Advanta if it receives a Superior Company Proposal that its board determines it must accept pursuant to its fiduciary duties and applicable Law.

- **Termination Fee:** Should Advanta receive a Superior Company Proposal and accept it, then upon termination of the SPA, Advanta shall pay the Buyer the Termination Fee.

**The Relief Requested Is Warranted and in the
Best Interests of Advanta and Its Estate**

A. Good Business Reasons Support Advanta’s Decision to Sell AIC

8. Section 363(b)(1) provides, in relevant part, that “[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” The use, sale, or lease of property of the estate, other than in the ordinary course of business, is authorized when there is a “good business reason” that justifies such action. *See, e.g., Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996) (citing *Fulton State Bank v. Schipper (In re Schipper)*, 933 F.2d 513, 515 (7th Cir. 1991)); *In re Abbotts Dairies of Penn., Inc.*, 788 F.2d 143 (3d Cir. 1986) (implicitly adopting the “sound business judgment” test of *Lionel Corp.* and requiring good faith); *In re Lionel Corp.*, 722 F.2d 1063, 1070 (2d Cir. 1983) (“The rule we adopt requires that a judge determining a § 363(b) application expressly find from the evidence presented before him at the hearing a good business reason to grant such an application.”); *In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 178 (D. Del. 1991) (affirming decision permitting debtor to sell assets where sound business reasons supported the sale); *In re Allegheny Int’l*, 117 B.R. 171 (W.D. Pa. 1990) (affirming bankruptcy court order allowing debtor to enter into financing arrangement because debtor provided good business reason for use of estate property pursuant to section 363(b)).

9. Good business reasons support Advanta’s decision to sell AIC. As discussed above, absent the AIC Sale or an AIC Liquidation, the value of AIC may decline as a result of yearly license fees and taxes, professional fees and employee costs incurred to maintain AIC’s business and its regulatory permits. The AIC Offer, or any Competing Transaction

consummated, will realize a greater return to Advanta's estate than an AIC Liquidation, affording Advanta additional liquidity during its chapter 11 case and providing for a greater recovery to creditors.

10. Accordingly, Advanta has determined in its sound business judgment that the sale of AIC pursuant to the SPA and on the terms proposed in this Motion is in the best interests of Advanta, its estate, and its creditors.

B. Sale of Shares Free and Clear of Liens, Claims, and Encumbrances Is Appropriate

11. Advanta further submits that it is appropriate that the Shares be sold free and clear of liens, claims, and encumbrances pursuant to section 363(f) of the Bankruptcy Code, with any such liens, claims, or encumbrances to attach to the sale proceeds thereof. Section 363(f) of the Bankruptcy Code provides:

The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if—

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). Because section 363(f) is stated in the disjunctive, when selling property of the estate it is only necessary to meet one of the five conditions of that section. 11 U.S.C. § 363(f). *See In re Kellstrom Indus. Inc.*, 282 B.R. 787, 793 (Bankr. D. Del. 2002) (“Section 363(f) is written in the disjunctive, not the conjunctive. Therefore, if any of the five conditions is

met, the debtor has the authority to conduct the sale free and clear of all liens.” *citing Citicorp Homeowners Servs., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988)).

12. Advanta does not believe that any entity has a lien on the Shares.

Nonetheless, with respect to any party asserting a lien, claim encumbrance, or other interest against the Shares, Advanta anticipates that it will be able to satisfy one or more of the conditions set forth in section 363(f). Thus, the sale of the Shares free and clear of liens, claims, and encumbrances will satisfy the statutory prerequisites of section 363(f) of the Bankruptcy Code.

C. Protections as a Good Faith Buyer

13. Section 363(m) of the Bankruptcy Code protects a good-faith purchaser’s interest in property purchased from the debtor notwithstanding that the sale conducted under section 363(b) is later reversed or modified on appeal. Specifically, section 363(m) states that:

The reversal or modification on appeal of an authorization under [section 363(b)] ... does not affect the validity of a sale ... to an entity that purchased ... such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale ... were stayed pending appeal.

Section 363(m) “fosters the ‘policy of not only affording finality to the judgment of the bankruptcy court, but particularly to give finality to those orders and judgments upon which third parties rely.’” *In re Chateaugay Corp.*, 1993 U.S. Dist. Lexis 6130, *9 (Bankr. S.D.N.Y. 1993) (quoting *In re Abbotts Dairies of Penn., Inc.*, 788 F.2d 143, 147 (3d Cir. 1986)). *See also Allstate Ins. Co. v. Hughes*, 174 B.R. 884, 888 (S.D.N.Y. 1994) (“Section 363(m) . . . provides that good faith transfers of property will not be affected by the reversal or modification on appeal of an unstayed order, whether or not the transferee knew of the pendency of the appeal”); *In re Stein & Day, Inc.*, 113 B.R. 157, 162 (Bankr. S.D.N.Y. 1990) (“pursuant to 11 U.S.C. § 363(m),

good faith purchasers are protected from the reversal of a sale on appeal unless there is a stay pending appeal”).

14. The AIC Sale is the result of arm’s length, good-faith negotiations with the Buyer. The Buyer has not, in connection with the proposed transaction, engaged in any conduct that constitutes a lack of good faith. Accordingly, the Buyer is entitled to the protections of section 363(m) of the Bankruptcy Code. *See In re Gucci*, 126 F.3d 380 (2d Cir. 1997) (a good faith purchaser is shown by integrity of his conduct during the course of the sale proceedings); *In re Bakalis*, 220 B.R. 525, 537 (Bankr. E.D.N.Y. 1998) (a determination of bad faith must be based on untoward conduct by the purchaser, such as fraud or collusion) (citing *Gucci*, 126 F.3d 380); *Cnty. Thrift & Loan v. Suchy (In re Suchy)*, 786 F.2d 900, 902 (9th Cir. 1985) (a good faith purchaser is one that has not engaged in conduct involving fraud or collusion nor has sought to take grossly unfair advantage of other bidders). In addition, neither Advanta nor the Buyer have engaged in any conduct that would cause or permit the application of section 363(n) of the Bankruptcy Code to the transactions contemplated by the SPA.

D. Termination Fee Is Warranted and Should Be Approved

15. In connection with the AIC Sale, Advanta is seeking authorization to pay the Termination Fee described herein, if necessary. Approval of termination fees as a form of bidder protection in connection with a sale of assets pursuant to section 363 of the Bankruptcy Code has become a recognized practice in chapter 11 cases because it enables a debtor to ensure a sale to a contractually committed buyer at a price the debtor believes is fair, while providing the debtor with the potential of obtaining an enhanced recovery by allowing other bids to be made. *See, e.g., In re Fortunoff Fine Jewelry and Silverware, LLC*, Case No. 08-10353 (JMP) (Bankr. S.D.N.Y. February 22, 2008) (approving break-up fee); *In re Bally Total Fitness of*

Greater New York, Inc., Case No. 07-12395(BRL) (Bankr. S.D.N.Y. Aug. 21, 2007) (approving break-up fee and expense reimbursement); *In re G+G Retail, Inc.*, Case No. 06-10152 (RDD) (Bankr. S.D.N.Y. Jan. 30, 2006); *In re Footstar, Inc.* Case No. 04-22350 (ASH) (Bankr. S.D.N.Y. Apr. 6, 2004) (authorizing the debtors to enter into purchase agreements with break-up fees); *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc.*, (*In re Integrated Res., Inc.*), 147 B.R. 650 (S.D.N.Y. 1992), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993) (approving break-up fee and expense reimbursement); *In re Twinlab Corp., et al.*, Case No. 03-15564 (CB) (Bankr. S.D.N.Y. 2003) (approving break-up fee and expense reimbursement); *In re Adelpia Business Solutions, Inc., et al.*, Case No. 02-11389 (REG) (Bankr. S.D.N.Y. 2002) (approving break-up fee and expense reimbursement). Bankruptcy courts have approved bidding incentives similar to the Termination Fee under the “business judgment rule,” pursuant to which courts typically grant deference to the actions of a corporation’s board of directors taken in good faith and in the exercise of sound business judgment.

16. Here, the Termination Fee meets the “business judgment rule” standard. The Termination Fee is fair and reasonable in amount, particularly in view of the efforts that have been and will have to be expended by the Buyer. Moreover, the Termination Fee will enable Advanta to allow competing bids to be made, which may be materially higher or otherwise better than the AIC Offer, a clear benefit to Advanta’s estate. Advanta will only agree to a transaction that would trigger the Termination Fee if the transaction will yield a higher price for Advanta after taking into account payment of the Termination Fee.

17. Advanta submits that the proposed Termination Fee is reasonable, and its availability to Advanta will enable Advanta to maximize the value of its estate. Accordingly,

Advanta should be authorized to offer the Termination Fee as Advanta deems necessary in its business judgment.

An Auction of AIC Is Not Required

18. In accordance with Bankruptcy Rule 6004(f)(1), asset sales outside of the ordinary course of business may be by private or public sale. FED. R. BANKR. P. 6004(f)(1). A debtor has broad discretion in determining the manner in which its assets are sold. *Berg v. Scanlon (In re Alisa P'ship)*, 15 B.R. 802, 802 (Bankr. D. Del. 1981) (“[T]he manner of [a] sale is within the discretion of the trustee . . .”); *In re Bakalis*, 220 B.R. at 531 (noting that a trustee has “ample discretion to administer the estate, including authority to conduct public or private sales of estate property”) (internal quotations and citations omitted). As long as a debtor maximizes the return to its estate, a court should defer to a debtor’s business judgment. *In re Dura Auto. Sys., Inc.*, No. 06-11202 (KJC), 2007 Bankr. LEXIS 2764, at *253 (Bankr. D. Del. Aug. 15, 2007) (“The paramount goal in any proposed sale of property of the estate is to maximize the proceeds received by the estate.” (internal citations omitted)); *In re Bakalis*, 220 B.R. at 532 (recognizing that although a trustee’s business judgment enjoys great judicial deference, a duty is imposed on the trustee to maximize the value obtained from a sale); *In re Nepsco, Inc.*, 36 B.R. 25, 26 (Bankr. D. Me. 1983) (“Clearly, the thrust of th[e] statutory scheme [governing 363 sales] is to provide maximum flexibility to the trustee, subject to the oversight of those for whose benefit he acts, i.e., the creditors of the estate.”). Accordingly, if a debtor concludes that conducting a private sale, as opposed to a public auction, is in the best interest of the estate, the debtor should be permitted to do so. *Penn Mut. Life Ins. Co. v. Woodscape Ltd. P'ship (In re Woodscape Ltd. P'ship)*, 134 B.R. 165, 174 (Bankr. D. Md. 1991) (noting that, with

respect to sales of estate property, “[t]here is no prohibition against a private sale . . . and there is no requirement that the sale be by public auction.”).

19. Advanta has already engaged in an extensive marketing process for AIC. The AIC Offer was the highest *bona fide* offer with the most favorable terms received. As a result of the extensive marketing carried out by Advanta and its agents, Advanta believes that it is in the best interests of its estate to accept the AIC Offer and consummate the AIC Sale, and that a public auction will result in unnecessary additional costs to its estate that will likely yield no higher or better offers, and may well result in the loss of the AIC Offer and result in an AIC Liquidation.

20. In light of the foregoing, Advanta respectfully requests that, pursuant to section 363(b) of the Bankruptcy Code, the Court authorize the AIC Sale as provided for herein.

Waiver of Bankruptcy Rule 6004

21. Advanta seeks to close the proposed transaction as promptly as possible in order to preserve and maximize its recovery hereunder. In light of the foregoing, Advanta requests that any order approving the AIC Sale be effective immediately by waiving any stay pursuant to Bankruptcy Rule 6004.

Jurisdiction

22. This Court has jurisdiction to consider this matter and grant the relief requested herein pursuant to 28 U.S.C. §§ 157 and 1334. A proceeding to consider and grant such relief 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

23. 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 statutory committee of unsecured creditors; (iii) Bank of New York Mellon, as trustee under the Investment Note Indenture, and Law Debenture Trust Company of New York, as trustee under the 8.99% Indenture (both as defined in the Rosoff Declaration); (iv) the Buyer; 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 Prior Request

24. 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: October 6, 2010
Wilmington, Delaware

/s/ Zachary I. Shapiro

Mark D. Collins (No. 2981)
Paul N. Heath (No. 3704)
Chun I. Jang (No. 4790)
Zachary I. Shapiro (No. 5103)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

- and -

WEIL, GOTSHAL & MANGES LLP
Marcia L. Goldstein
Robert J. Lemons
767 Fifth Avenue
New York, NY 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

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)
:
: **Hearing: October 27, 2010 at 3:00 p.m. (EDT)**
: **Obj. Deadline: October 20, 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 for Authority to Sell Stock of Non-Debtor Affiliate Advanta Insurance Company Free and Clear of Liens, Claims and Encumbrances** (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 **October 20, 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 objection and the Motion will be held before The Honorable Kevin J. Carey at the Bankruptcy

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).

Court, 824 Market Street, 5th Floor, Courtroom 5, Wilmington, Delaware 19801 on **October 27, 2010 at 3:00 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: October 6, 2010
Wilmington, Delaware

Respectfully submitted,

/s/ Zachary I. Shapiro

Mark D. Collins (No. 2981)
Paul N. Heath (No. 3704)
Chun I. Jang (No. 4790)
Zachary I. Shapiro (No. 5103)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

- and -

WEIL, GOTSHAL & MANGES LLP
Marcia L. Goldstein
Robert J. Lemons
767 Fifth Avenue
New York, NY 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

ATTORNEYS FOR DEBTORS AND
DEBTORS IN POSSESSION

Exhibit A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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

**ORDER AUTHORIZING THE SALE
OF STOCK OF NON-DEBTOR AFFILIATE ADVANTA INSURANCE
COMPANY FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES**

Upon the motion, dated October 6, 2010 (the “*Motion*”), of Advanta Corp. (“*Advanta*”), as debtor and debtor in possession, pursuant to section 363 of title 11 of the United States Code (the “*Bankruptcy Code*”), for authorization to consummate the sale of all of the issued and outstanding shares of common stock in non-debtor affiliate Advanta Insurance Company, all as more fully described in the Motion;² 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

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).

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

1409; and due and proper notice of the Motion having been provided to the Notice Parties; and the relief requested in the Motion being in the best interests of Advanta, its estate and its creditors; 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 the SPA, in substantially the form annexed as *Exhibit B* to the Motion, and all of the terms and conditions thereof, is approved; and it is further

ORDERED that the failure specifically to include any particular provision of the SPA in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the SPA be authorized and approved in its entirety; and it is further

ORDERED that pursuant to section 363(b) of the Bankruptcy Code, Advanta is authorized to perform its obligations under and comply with the terms of the SPA, and consummate the AIC Sale, pursuant to and in accordance with the terms and conditions of the SPA; and it is further

ORDERED that Advanta is authorized to execute and deliver, and empowered to perform under, consummate and implement, the SPA, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the SPA, and to take all further actions as may be reasonably required for the purpose of assigning, transferring, granting, conveying and conferring the Shares to the Buyer, or as may be necessary or appropriate to the performance of the obligations as contemplated by the SPA; and it is further

ORDERED that the Termination Fee is approved and authorized to be paid pursuant to the terms of the SPA and such Termination Fee shall have administrative expense priority pursuant to sections 503(b) and 507 of the Bankruptcy Code; and it is further

ORDERED that the sale of the Shares to the Buyer shall vest the Buyer with all right, title and interest in the Shares, and pursuant to section 363(f) of the Bankruptcy Code, the AIC Sale shall be free and clear of any and all liens, claims and encumbrances against the Shares, with such liens, claims (as defined in section 101(5) of the Bankruptcy Code) and encumbrances, if any, to attach to the proceeds of the AIC Sale with the same force, effect, and priority as such liens, claims and encumbrances have on the Shares, as appropriate; and it is further

ORDERED that the transactions contemplated by the SPA are undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the AIC Sale shall not affect the validity of the sale of the Shares to the Buyer, unless such authorization is duly stayed pending such appeal. The Buyer, its affiliates, and their respective principals and advisors have proceeded in good faith and without collusion in all respects and are entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code; and it is further

ORDERED that the consideration provided by the Buyer for the Shares under the SPA is fair and reasonable and may not be avoided under section 363(n) of the Bankruptcy Code; and it is further

ORDERED that the rights and defenses of Advanta and any other party in interest with respect to any assertion that any liens, claims and encumbrances will attach to the proceeds of the AIC Sale are hereby preserved; and it is further

ORDERED that any stay under Bankruptcy Rule 6004 is waived; 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

Exhibit B

Final Form Stock Purchase and Sale Agreement

STOCK PURCHASE AND SALE AGREEMENT

by and between

AGRINATIONAL INSURANCE COMPANY, as Buyer

and

**ADVANTA CORP.,
as Seller**

Dated as of October 1, 2010

STOCK PURCHASE AND SALE AGREEMENT

THIS STOCK PURCHASE AND SALE AGREEMENT (this “**Agreement**”) is made and entered into as of October 1, 2010, between Agrinational Insurance Company (“**Buyer**”) and Advanta Corp. (“**Seller**”) and effective as of, and subject to approval by the Bankruptcy Court pursuant to a Final Order.

WITNESSETH:

WHEREAS, Seller is the record and beneficial owner of 5,000,000 shares of common stock, par value \$1.00 per share (the “**Shares**”) of Advanta Insurance Company (the “**Company**”), a stock property and casualty insurance company domiciled in the State of Arizona constituting all of the issued and outstanding shares of capital stock of the Company; and

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, the Shares, on the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

SALE AND PURCHASE

1.1 Purchase and Sale. At the closing of the transactions contemplated by this Agreement (the “**Closing**”) and subject to and upon the terms and conditions of this Agreement, Seller will sell, transfer, assign, convey and deliver to Buyer, and Buyer will purchase, accept and acquire from Seller, the Shares. Each certificate representing the Shares will be duly endorsed in blank or accompanied by a duly executed stock power.

1.2 Purchase Price.

(a) Upon execution of this Agreement, Buyer will pay Seller \$150,000 as a down payment on the Purchase Price (the “**Down Payment**”). If Buyer terminates this Agreement pursuant to **Section 6.1(d)** and, at the time of such termination, this Agreement has not been approved by the Bankruptcy Court pursuant to a Final Order, Seller will return the Down Payment to Buyer. From and after approval of this Agreement by the Bankruptcy Court pursuant to a Final Order, the Down Payment will be non-refundable, regardless of whether this Agreement is terminated prior to the Closing, unless terminated pursuant to **Section 6.1(f)**, in which case Seller will promptly return the Down Payment to Buyer.

(b) At the Closing, Buyer will pay to Seller as consideration for the sale of the Shares, an amount, subject to adjustment, if any, pursuant to **Section 1.2(b)**, to be determined as follows: the sum (such sum, as adjusted, the “**Purchase Price**”) of (i) \$500,000, which represents \$16,666.66 in respect of each valid Insurance Permit of the Company, including the

District of Columbia Insurance Permit (but excluding the Wyoming Insurance Permit), each as set forth on **Schedule 1.2(a)**, (ii) the fair market value of the Closing Assets as determined pursuant to this **Section 1.2**, (iii) a pro-rated portion of any fees and taxes paid by the Company with respect to the Insurance Permits that were due on or after February 28, 2010 and for which the Seller has provided evidence of payment thereof reasonably satisfactory to Buyer *less* (iv) any outstanding liabilities of the Company as reflected on the Closing Balance Sheet, but excepting accrued taxes, licenses and fees of the kind reflected on line 14, page 3 of the Statutory Financial Statements for the year ended December 31, 2009 but as reflected on the Closing Balance Sheet, to the extent reflecting future payments, and (v) the Down Payment.

(c) Adjustment to the Purchase Price. In the event that the Company is not eligible to issue insurance policies in any jurisdiction currently provided for under the Insurance Permits set forth on **Schedule 1.2(a)**, other than Wyoming (each such jurisdiction an “**Unauthorized State**”), on the Closing Date, the Purchase Price payable at Closing will be decreased by the amount listed in the column entitled “Purchase Allocation” on **Schedule 1.2(a)** for each Unauthorized State.

1.3 Closing. The Closing will take place at 10:00 a.m. (local time) within three Business Days after the satisfaction or waiver of the last of the conditions set forth in **Article IV** to be satisfied or waived, except for those conditions which may only be satisfied at the Closing (the “**Closing Date**”), at 4666 Faries Parkway, Decatur, Illinois, or at such other date, time or place as the Parties may mutually agree.

(a) Deliveries of Seller at Closing. At the Closing, Seller will deliver or cause to be delivered (or, as applicable, tendered subject only to Closing) to Buyer the following:

(i) Certificates representing the Shares, which will be registered in the name of Buyer, or duly endorsed for transfer to Buyer or accompanied by duly executed stock powers so as to assign good and valid title to the Shares free and clear of all Liens and to constitute Buyer the sole and beneficial owner and record stockholder of the Company;

(ii) A certificate executed by Seller as to the accuracy of its representations and warranties as of the Closing in accordance with **Section 4.1(a)** and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing in accordance with **Section 4.1(b)**;

(iii) A certificate of the Secretary or an Assistant Secretary of Seller certifying as to the requisite corporate or other action, if any, authorizing the transactions contemplated by this Agreement and the incumbency and signatures of the officers of Seller executing this Agreement;

(iv) A copy of the Company’s articles of incorporation, certified by the Secretary of State of the State of Arizona, as of a date not more than five days before the Closing Date and a certificate, issued by the Insurance Department of the State of Arizona, as of a date not more than five Business Days before the Closing Date, as to the

legal existence and good standing of the Company under the insurance Laws of the State of Arizona;

(v) Certificates issued by the insurance departments of the jurisdictions set forth in **Schedule 1.2(a)**, as of a date not more than 30 days before the Closing Date, that the Insurance Permits set forth in **Schedule 1.2(a)** are valid and in good standing and grant the Company authority to transact the business set forth in **Schedule 1.2(a)** with respect to each such Insurance Permit;

(vi) A Closing Date Balance Sheet identical in all material respects to the draft provided under **Section 5.8**;

(vii) A statement calculating the Purchase Price identical in all material respects to the draft provided under **Section 5.10**;

(viii) The resignations of the existing officers, directors and employees of the Company;

(ix) An executed counterpart of a cross-receipt evidencing receipt of the Purchase Price; and

(x) Books and records of the Company in the possession, custody or control of Seller or its Affiliates or their respective agents as set forth on **Schedule 1.3(a)(x)**; provided, that the Seller will be permitted to retain a copy of such materials following the Closing;

(b) Deliveries of Buyer at Closing. At the Closing, Buyer will deliver or cause to be delivered (or, as applicable, tendered subject only to Closing) to Seller the following:

(i) The Purchase Price as calculated in the statement delivered by Seller pursuant to **Section 1.3(a)(vii)** by wire transfer of immediately available funds pursuant to wire instructions delivered by Seller not less than two days prior to the Closing Date;

(ii) A certificate executed by Buyer as to the accuracy of its representations and warranties as of the Closing in accordance with **Section 4.2(a)** and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing in accordance with **Section 4.2(b)**;

(iii) A certificate of the Secretary or Assistant Secretary of Buyer certifying as to the requisite corporate or other action, if any, authorizing the transactions contemplated by this Agreement and the incumbency and signatures of the officers of Buyer executing this Agreement; and

(iv) An executed counterpart of a cross-receipt evidencing receipt of the Shares.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth on the Buyer's Disclosure Schedule, Buyer hereby represents and warrants to Seller, as of the date of this Agreement (except if another date is specified in the representation or warranty) as follows:

2.1 Organization. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of Delaware. Buyer has all requisite power and authority (corporate and other) to enter into this Agreement, perform its obligations hereunder and consummate the transactions contemplated hereby. Buyer has previously delivered to Seller true, correct and complete copies of the Governing Documents of Buyer.

2.2 Authorization. Buyer has all requisite power to execute and deliver this Agreement and to perform its obligations hereunder. All necessary and appropriate action has been taken by Buyer with respect to the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly and validly executed and delivered by Buyer and when duly executed and delivered by Seller will constitute a valid and binding obligation of Buyer enforceable against it in accordance with its terms, except (i) as the same may be limited by applicable bankruptcy, insolvency, rehabilitation, reorganization, receivership, conservatorship, moratorium or other similar Laws of general application relating to or affecting creditors' rights, including, the effect of statutory or other Laws regarding fraudulent conveyances and preferential transfers, and (ii) for the limitations imposed by general principles of equity. The foregoing exceptions set forth in clauses (i) and (ii) of this **Section 2.2** are hereinafter referred to as the "**Enforceability Exceptions.**"

2.3 Consents and Approvals. **Schedule 2.3** sets forth all Buyer Consents except Buyer Consents which, if not obtained, would not reasonably be expected to have, individually or in the aggregate, a Buyer Material Adverse Effect.

2.4 Investment Intent. Buyer is acquiring the Shares solely for its own account for investment, and not with a view to, or for resale in connection with, the distribution thereof within the meaning of the Securities Act of 1933 (the "**Securities Act**"). Buyer acknowledges that the Shares are not registered under the Securities Act and may not be transferred or sold except pursuant to an applicable exemption therefrom.

2.5 Litigation. There is no claim, litigation, action, suit, proceeding, investigation, audit, examination or inquiry, administrative or judicial, at law or in equity, before any federal, state or local court or regulatory agency, or other Authority (collectively "**Actions**"), pending or, to Buyer's Knowledge, threatened against Buyer or its Affiliates, which, individually or in the aggregate, is reasonably likely to have a Buyer Material Adverse Effect or which seeks to prohibit, enjoin or otherwise challenge the consummation of the transactions contemplated by this Agreement.

2.6 No Conflicts. Neither the execution and delivery by Buyer of this Agreement, nor the consummation by Buyer of the transactions contemplated hereby will

(i) conflict with or result in a breach of any provision of the Governing Documents of Buyer, (ii) violate, conflict with or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or otherwise) to terminate, accelerate or cause a default under the terms, conditions or provisions of any Contract, indenture, instrument, order, judgment or decree binding on Buyer, except for such violations, conflicts, breaches, defaults, terminations, accelerations, or Liens which would not have a Buyer Material Adverse Effect, (iii) violate any judgment, order, decree, stipulation, injunction or charge of any Authority by which Buyer is bound, except for such violations which would not reasonably be expected to have, individually or in the aggregate, a Buyer Material Adverse Effect, or (iv) require any consent, approval, declaration, order or authorization of, or registration or filing with, any Authority or other Person by or with respect to Buyer in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except where the failure to obtain any such consent, approval, declaration, order or authorization or to make any such registration or filing would not reasonably be expected to have, individually or in the aggregate, a Buyer Material Adverse Effect.

2.7 Transaction Financing. Buyer has on hand or readily available (including within its subsidiaries, if readily available to Buyer) Cash and Cash Equivalents in an amount sufficient to enable it to purchase the Shares as provided in **Section 1.2**.

2.8 Brokers and Finders. No broker, finder or investment banker is entitled to any fee or commission in connection with the transactions contemplated hereby based upon any arrangements made by or on behalf of Buyer.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth on the Seller's Disclosure Schedule, Seller hereby represents and warrants to Buyer, as of the date of this Agreement (except if another date is specified in the representation or warranty) as follows:

3.1 Organization. Seller is a corporation duly organized and validly existing and in good standing under the Laws of the State of Delaware. The Company is a stock insurance corporation duly organized, validly existing and in good standing under the Laws of the State of Arizona. Seller has all requisite power and authority (corporate and other) to enter into this Agreement, perform its obligations hereunder and consummate the transactions contemplated hereby. The Company has all requisite power and authority (corporate and other) and Permits necessary to conduct its business as presently conducted and to own or operate any Property owned by it or used in its business as presently conducted. The Company is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction listed on **Schedule 3.1**, is not qualified to do business in any other jurisdiction, and neither the nature of the business conducted by it nor the Property it owns, leases or operates requires it to qualify to do business as a foreign corporation in any other jurisdiction except where the failure to be so qualified would not have (i) a Material Adverse Effect, (ii) a material adverse effect on the ability of Seller to execute and deliver this Agreement, to perform its obligations hereunder

or to consummate the transactions contemplated hereby. Seller has previously delivered to Buyer true, correct and complete copies of the Governing Documents of Seller and the Company.

3.2 Authorization. Seller has all requisite power to execute and deliver this Agreement and to perform its obligations hereunder. All necessary and appropriate action has been taken by Seller with respect to the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly and validly executed and delivered by Seller and when duly executed and delivered by Buyer will constitute a valid and binding obligation of Seller enforceable against it in accordance with its terms, subject to the Enforceability Exceptions.

3.3 Subsidiaries. The Company does not own (either of record or beneficially), control, directly or indirectly, any direct or indirect equity interest or any right (contingent or otherwise) to acquire the same in any other Person.

3.4 Capitalization and Security Holders. The authorized capital stock of the Company consists solely of 5,000,000 shares of common stock, \$1.00 par value per share, of which 5,000,000 shares are validly issued and outstanding. All of the Shares have been validly issued and are fully paid and non-assessable. Seller is the lawful owner, beneficially and of record, of all of the Shares and has good and valid title to the Shares, free and clear of all Liens or Contracts of any kind, including voting trusts and other Contracts restricting or otherwise relating to the voting, dividend rights or dispositions of the Shares. Except as set forth on **Schedule 3.4**, (i) there are no outstanding Contracts or rights of any type relating to the issuance, sale or transfer by the Company of any capital stock or other ownership interests in the Company, including the Shares, (ii) there are no outstanding securities which are convertible into or exchangeable for any shares of capital stock of the Company; and (iii) the Company has no obligation of any kind to issue any additional securities. None of the shares of Company capital stock outstanding was issued in violation of the preemptive right of any person or any Contract or Law by which the Company at the time of issuance was bound. Upon consummation of the transactions contemplated by this Agreement, Buyer will acquire record and beneficial ownership of the Shares, free and clear of any Liens, Contracts or rights of any kind.

3.5 Share Ownership and Authority. Seller owns beneficially and of record all of the issued and outstanding shares of capital stock of the Company, and Seller has the full and unrestricted power to sell, assign, transfer and deliver the Shares to Buyer in accordance with the terms of this Agreement. At the Closing, Seller will transfer and convey to Buyer and Buyer will acquire, good, valid and marketable title to the Shares, free and clear of any and all rights, title, interest and claims of others, including all Liens or Contracts of any kind, including voting trusts and other Contracts restricting or otherwise relating to the voting, dividend rights or dispositions of the Shares and restrictions on transfer of any nature whatsoever and without the consent of any third parties, except for restrictions on transfer imposed by or pursuant to the securities Laws of the United States.

3.6 Legal Proceedings.

(a) There is no Action, pending or, to Seller's Knowledge, threatened, against or affecting or which pertain to or involve the Company or any Property of the Company or any individual in his or her capacity as a director, officer or employee of the Company or any aspect of the business or operation of the Company, or the ability of the Company to conduct or transact any insurance business or to consummate the transactions contemplated by this Agreement or any Seller's Closing Documents to which the Company is party, at law or in equity, before any federal, state or local court or regulatory agency, or other Authority, which, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect. There is no Action, pending or, to Seller's Knowledge, threatened against Seller or its Affiliates or any of their respective assets or Property that seeks to prohibit, enjoin or otherwise challenge the consummation of the transactions contemplated by this Agreement.

(b) There is no Action pending or, to Seller's Knowledge, threatened in which the Company is either a plaintiff or (if not a formal proceeding) an aggrieved party or claimant and there are no orders, decrees or injunctions issued in favor of the Company.

3.7 Bank Accounts. **Schedule 3.7** sets forth a list of all bank accounts maintained by the Company.

3.8 Form of Capital and Surplus and Other Assets. As of the Closing Date, the Company's capital and surplus and other assets set forth in the Closing Balance Sheet will consist only of (i) Permitted Investments and (ii) bonds on deposit with certain states as required to maintain Insurance Permits in those states. **Schedule 3.8** sets forth a description of the items constituting the Company's capital and surplus and other assets set forth in the Statutory Financial Statements of the Company (collectively, the "**Securities**"), including the values thereof, valued as of December 31, 2009 in accordance with the valuation methods set forth in **Section 5.9**.

3.9 No Conflicts; Compliance with Law.

(a) Neither the execution and delivery by Seller of this Agreement, nor the consummation by Seller of the transactions contemplated hereby will (i) conflict with or result in a breach of any provision of the Governing Documents of Seller, (ii) violate, conflict with or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or otherwise) to terminate, accelerate or cause a default under the terms, conditions or provisions of any Contract, indenture, instrument, order, judgment or decree binding on Seller, except for such violations, conflicts, breaches, defaults, terminations, accelerations, or Liens which would not have a Material Adverse Effect, (iii) violate any judgment, order, decree, stipulation, injunction or charge of any Authority by which Seller is bound, except for such violations which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iv) require any consent, approval, declaration, order or authorization of, or registration or filing with, any Authority or other Person by or with respect to Seller in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except where the

failure to obtain any such consent, approval, declaration, order or authorization or to make any such registration or filing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The Company is in compliance with all applicable Laws relating to the operation, conduct or ownership of the Property or business of the Company, except for any such failure to comply that would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(c) Neither the Company nor, to Seller's Knowledge, any officer, director, employee or authorized agent on behalf of the Company, has made any unlawful payment to, or entered into any Contract to make any unlawful payment to, any governmental or quasi-governmental official, or to any other Person or entity.

3.10 Consents and Approvals. **Schedule 3.10** sets forth all Seller Consents except Seller Consents which, if not obtained, would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Seller or the Company to consummate the transactions contemplated by this Agreement or to perform its obligations hereunder.

3.11 Tax Matters.

(a) (i) All Taxes (whether or not shown on any Tax Return) owed by the Company or any Affiliated Group have been timely paid and all Taxes required to be withheld by the Company or any Affiliated Group have been timely withheld and paid to the relevant Authority, (ii) the Company and each Affiliated Group has timely filed all Tax Returns required to be filed by it, (iii) all such Tax Returns were true, accurate and complete in all respects at the time of filing (including the disclosure of Tax positions as required) and disclosed all Taxes required to be paid by the Company and each Affiliated Group for the periods covered thereby, and (iv) the charges, accruals and reserves for Taxes with respect to the Company reflected on the Latest Balance Sheet (excluding any provision for deferred income Taxes reflecting either differences between the treatment of items for accounting and income Tax purposes or carryforwards) are adequate to cover Tax liabilities accruing through the end of the last period for which the Company ordinarily records items on its books.

(b) Since January 1, 2006, the Company has not been subject to any federal, state, local or foreign Tax audit or other Tax Action brought by any Tax Authority, no such Tax audit or Action is pending or, to Advanta's Knowledge, threatened by any Authority, and neither the Company nor Advanta has received any notice of such audit or other Tax Action. All federal and state income or franchise Tax Returns filed with respect to Tax years of the Company through the Tax year ended December 31, 2004 have been audited and closed or are Tax Returns with respect to which the applicable period for assessment under applicable Law, after giving effect to extensions or waivers, has expired. No undisclosed deficiencies have been asserted with respect to the Company or any Affiliated Group by any Authority with respect to any Tax Return of the Company or any Affiliated Group with respect to which the applicable period for assessment has not expired (in each case, in accordance with the immediately preceding sentence). All deficiencies proposed as a result of any Tax audit of the Company or any

Affiliated Group have been paid, reserved against, settled or are being contested in good faith by appropriate proceedings as described in **Schedule 3.11(b)**. There are no Liens for Taxes upon the assets of the Company. Neither the Company nor any Affiliated Group has requested any extension of time within which to file any Tax Return which has not since been filed. Neither the Company nor any Affiliated Group has granted any waivers or extensions of the statute of limitations period with respect to any Taxes or Tax Returns which period, after giving effect to extensions or waivers, has not expired. No claim or notice of claim has been made or given at any time by any taxing Authority in any jurisdiction in which the Company does not file Tax Returns indicating that the Company is or may be subject to taxation by such jurisdiction. The Company does not have any liability for Taxes of any other Person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), as a transferee or successor, by Contract, or otherwise.

(c) The Company is not required to include in income for any Post-Closing Tax Period any adjustment pursuant to Section 481(a) of the Code (or any similar provision of the Tax Laws of any jurisdiction) by reason of a voluntary change in accounting method nor does Seller have any Knowledge that any Tax Authority has proposed any such adjustment or change in accounting method. The Company is not required to include any item of income in or exclude any item of deduction from taxable income as a result of any “closing agreement” as defined in Section 7121 of the Code (or any corresponding provisions of any state, local or foreign Tax Law). The Company is not required to include any item of income in taxable income as a result of any deferred inter company item or any excess loss account described in the Treasury Regulations concerning consolidated returns, as a result of the transactions contemplated by this Agreement. The Company has not been at any time during the past ten years a member of an affiliated group, as defined in Section 1504 of the Code, other than one of which Seller was the common parent, or filed or been included in a combined, consolidated or unitary income tax return other than one filed by Seller.

(d) The Company has not made any payments and is not obligated under any Contract to make any payments that will be nondeductible, in whole or in part, under Section 280G or 162(m) of the Code.

(e) **Schedule 3.11(e)** contains a true, accurate and complete list of all Tax sharing, Tax allocation, Tax indemnification and similar Contracts to which the Company is a party or by which the Company is bound.

(f) There are no requests for rulings or determinations in respect of any Tax or Tax Asset pending between the Company and any Tax Authority. Neither the Company or any member of any Affiliated Group has received a tax opinion with respect to any transaction relating to the Company other than a transaction in the ordinary course of business. During the five year period ending on the date hereof, neither Seller nor the Company, or any Affiliate of Seller has made or changed any Tax election, changed any annual Tax accounting period, or adopted or changed any method of Tax accounting (to the extent that any such action may materially affect the Company), nor has it, to the extent it may affect or relate to the Company, filed any amended Tax Return, entered into any Tax closing Contract, settled any Tax claim or assessment, or surrendered any right to claim a Tax refund, offset or other reduction in Tax liability. The Company shall not be required to include in any Post-Closing Tax Period taxable

income attributable to income economically realized in a Pre-Closing Tax Period as a result of the installment method of accounting, the long term contract method of accounting, the cash method of accounting or any comparable provision of state, local, or foreign Tax Law, or for any other reason.

(g) The Company has not participated in a “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4(b) or a “potentially abusive tax shelter” within the meaning of Section 6112(b) of the Code. During the five year period ending on the date hereof, neither the Company nor any of its Affiliates was a distributing or controlled corporation in a transaction intended to be governed by Section 355 of the Code.

(h) Each insurance policy issued by the Company (whether or not the risk associated with such policy has been assumed by a reinsurer) and each insurance policy that is a subject of an Assumed Risk Agreement has at all times since its issuance met all requirements of the Code and all applicable Treasury Regulations, Revenue Rulings and Revenue Procedures that must be met for the federal Tax treatment of the policy to conform to the federal Tax treatment, if any, that was (i) represented would be received by the purchaser, policyholder or any beneficiary thereof in any materials provided to the purchaser or policy holder at or prior to the time the policy was issued, renewed, modified or exchanged or (ii) was customary for that type of policy at the time it was issued, renewed, modified or exchanged. There is no pending claim by any Tax Authority or any pending application for a private letter ruling, technical advice memorandum or similar ruling, that, if sustained or issued, would be inconsistent with the preceding sentence. The Company is and at all times has been taxable as an insurance company within the meaning of Section 1.801-3(a) of the Treasury Regulations but not as a life insurance company within the meaning of Section 816 of the Code and Section 1.801-3(b) of the Treasury Regulations. The Company does not have a policyholders surplus account within the meaning of Section 815 of the Code. Items listed in Section 807(c) of the Code of the Company reflected in all federal income Tax Returns of the Company or the Affiliated Group for all years since (and including) the year ended December 31, 2005 were properly determined in accordance with all applicable requirements under the Code. All reinsurance Contracts entered into by the Company are reinsurance Contracts for federal income Tax purposes. No basis exists for the Internal Revenue Service to make any material adjustments under Section 845(a) of the Code or determination of a significant tax avoidance effect under Section 845(b) of the Code.

3.12 Financial Statements. Seller has delivered to Buyer true, correct and complete copies of the Statutory Financial Statements of the Company for the years ended December 31, 2002 through December 31, 2009 and the fiscal quarters ending March 31, 2010 and June 30, 2010. The Statutory Financial Statements (including the notes thereto) of the Company as of and for the years ended December 31, 2002 through December 31, 2009 and for the fiscal quarters ending March 31, 2010 and June 30, 2010, have been prepared in conformity with SAP applied on a consistent basis and present fairly on the basis of SAP, in all material respects, the admitted assets, liabilities and capital and surplus of the Company at the dates stated therein and the results of its operations and financial position for the periods then ended. The books and records of the Company have been and are being maintained in accordance with SAP and reflect only actual transactions. Except as disclosed on such Statutory Financial Statements or in the notes thereto, there has not been any change in the business, financial condition or results of operations of the Company during the twelve-month period ending on the date hereof

that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

3.13 Reports; Required Filings. All statements, reports, forms or other information required by Law to be filed with any Authority respect to the Company (“**Regulatory Filings**”) have been or will be timely filed, and all required approvals of any Authority in respect thereof are in full force and effect, except for any such Regulatory Filings or approvals that if not made or obtained would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. All Regulatory Filings described in the preceding sentence were true and correct in all material respects when filed and were in compliance with all applicable Laws, except for any failures to comply that would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, and no deficiencies have been asserted by any Authority with respect to any Regulatory Filings that have not been satisfied.

3.14 Insurance; Reinsurance. The Company has not issued or assumed new insurance policies since May 30, 2009 (“**New Business Termination Date**”). **Schedule 3.14** sets forth (a) a schedule of the Company’s obligations (as reserved on the Latest Balance Sheet) for insurance policies issued before the New Business Termination Date, indicating the date, if any, as of which the Company will have no further obligations under such policies for claims timely made and verified, (b) a complete list of risks assumed by the Company through reinsurance Contracts (the “**Assumed Risk Agreements**”), and (c) a complete list of reinsurance policies with respect to the Company’s obligations under insurance policies issued by it or Assumed Risk Agreements. All reinsured obligations are reinsured on 100% coinsurance basis. The Company has made available to Buyer copies of all insurance policies, Assumed Risk Agreements and reinsurance policies referenced in the preceding sentence. Except as set forth in **Schedule 3.14**, the Company has no obligations under any insurance policy issued by it or any Contract to assume the risk under any other insurance policy.

3.15 No Restrictions on Business. Neither the Company, Seller nor any of their respective officers or employees is subject to any Contract with any Person, including but not limited to any Authority, or is otherwise subject to any restriction (other than pursuant to generally applicable Law) (i) limiting the ability of the Company to engage in any line of business, to compete with any Person, to do business with any Person or in any location or to employ any Person or (ii) limiting the ability of any other Person to compete with or obtain products or services from the Company. To Seller’s Knowledge, no Authority is considering issuing or requesting any such Contract or otherwise imposing any such restriction. There are no disciplinary proceedings pending before or, to the Seller’s Knowledge, being contemplated by the Insurance Department of the State of Arizona or any other applicable regulatory Authority in any other jurisdiction.

3.16 Undisclosed Liabilities. The Company does not have any Liabilities that would be required by SAP to be and were not reflected or reserved against in the Latest Balance Sheet. The Company has no Liabilities (a) that have arisen since the Latest Balance Sheet Date and that would be required by SAP to be included on a balance sheet prepared in accordance with SAP, and (b) which, to Seller’s Knowledge, are Liabilities of the Company, whether or not required by SAP to be included on a balance sheet prepared in accordance with SAP, and are not

either reflected or reserved against in the Latest Balance Sheet or disclosed pursuant to clause (a), other than in the cases of clauses (a) and (b), (x) Liabilities arising under or resulting from this Agreement, and (y) Liabilities which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

3.17 Absence of Changes. Since the New Business Termination Date, the Company has conducted no business other than the administering insurance policies issued and Assumed Risk Agreements assumed prior to the New Business Termination Date (including collecting renewal premiums on written and assumed policies). Except as contemplated by this Agreement, the Buyer's Closing Documents or the Seller's Closing Documents, since January 1, 2010, the Company has not:

(a) been engaged in or conducted any business other than an insurance business;

(b) mortgaged, pledged or subjected to any Lien any of its assets or Property except such Liens as (i) are reflected in the Statutory Financial Statements for the year ended December 31, 2009, (ii) arise out of Taxes not yet due and payable, or (iii) relate to immaterial Property or otherwise which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(c) sold or transferred any assets or Property or cancelled any debts or claims, except for sales of investment assets, followed by reinvestment of the net proceeds thereof;

(d) made any loan or advance to, or guaranteed the obligations of, any Person;

(e) entered into any Contract, insurance, reinsurance or otherwise, except for the purchase or sale of investment assets in the ordinary course of business consistent with past practice;

(f) declared, made, set aside or paid any dividend, distribution or payment on, or any purchase or redemption of, any shares of any class of its capital stock (whether in cash, stock, property or any combination thereof) or made any commitments therefor;

(g) made any change in its accounting methods or practices, or made any change in depreciation or amortization policies or rates adopted by it;

(h) except as set forth in its consolidated federal income tax return for its 2009 taxable year and other previously filed Tax Returns, changed any method of accounting with respect to Taxes, revoked, changed or made any Tax elections, or compromised or entered into any settlements in respect of Taxes;

(i) made any payment or commitment to pay any Person, except payments in the ordinary course of business consistent with past practice;

(j) except for investment assets acquired in the ordinary course of business, made any acquisition of any of the assets, Property, capital stock or business of any other Person;

(k) suffered or had any adverse change, event or condition in its business, results of operations, assets, financial condition, or the manner of conducting its business except for such changes events or conditions which have not resulted, individually or in the aggregate, in a Material Adverse Effect;

(l) issued, granted, sold or otherwise disposed of any of its capital stock or other securities, or options, warrants or rights to subscribe for, purchase, or otherwise acquire any shares of its capital stock or securities (including any securities convertible into or exchangeable for shares of its capital stock or securities);

(m) directly or indirectly redeemed, purchased or otherwise acquired any shares of its capital stock;

(n) effected a split, modification or reclassification of its capital stock or a recapitalization of the Company;

(o) amended its Governing Documents;

(p) formed, acquired or disposed of any interest in any corporation, partnership, joint venture or other entity;

(q) written up, written down or written off the value of any material amount of Property; or

(r) entered into any Contract to do any of the acts or things described in this **Section 3.17.**

3.18 State Licenses; Compliance with Law.

(a) The Company's Arizona certificate of authority to transact the business of life insurance is in full force and effect and the Company has not received any notice of default or termination with respect to such certificate of authority or any threatened cancellation or termination in connection therewith.

(b) **Schedule 1.2(a)** contains a true and correct list of each state in which the Company is eligible, authorized or qualified to issue insurance policies. The Insurance Permits set forth on **Schedule 1.2(a)**, together with the Company's Arizona certificate of authority constitute all Insurance Permits required for the conduct of the Company's business as now conducted. The Company has not received from any Authority any notice of suspension, cancellation or termination in connection with any Insurance Permit, or any subpoena or other notice of investigation of any current or prior business practice of the Company.

(c) The Company is in good standing with all applicable insurance regulatory Authorities with respect to the conduct of business by the Company as currently conducted.

(d) Since its formation, the Company has been engaged solely and exclusively in the insurance business and has conducted no insurance business or other business in any

jurisdiction other than the jurisdictions listed in **Schedule 1.2(a)** with respect to which it would be required to have an insurance Permit.

(e) The Company has (i) paid all guaranty fund assessments that are due, or claimed or asserted by any insurance regulatory Authority to be due from the Company, or (ii) provided for all such assessments in the Latest Balance Sheet.

(f) No Action is pending nor, to Seller's Knowledge, is any Action threatened in which any Person is seeking to revoke or deny the renewal of any Insurance Permit.

(g) Except as limited by state statute generally applicable to all companies of a similar type as the Company, the Company's authority to write the lines and classes of insurance set forth on **Schedule 1.2(a)** is unrestricted, the Company is not a party to any Contract with any Authority limiting or restricting the Company's ability to make full use of such Insurance Permits, each such Insurance Permit is currently in good standing, no such Insurance Permit has been withdrawn, modified, restricted or conditioned in any respect by a state insurance regulatory Authority. No application for an Insurance Permit filed by the Company since January 1, 2008 has been denied or withdrawn. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any of the Insurance Permits set forth on **Schedule 1.2(a)**.

(h) The Company has complied and is in compliance with all Laws applicable to the operation of its business as presently conducted, the failure to comply with which would reasonably be expected to have a Material Adverse Effect.

3.19 Intellectual Property. The Company does not own any trademarks, service marks, registered copyrights or similar property rights.

3.20 Personal Property. The Company has good and marketable title to, and owns outright, all of its Property (including, but not limited to, Property reflected in the Latest Balance Sheet), except for (a) deposits with state regulatory authorities reflected in the Latest Balance Sheet, and (b) those Properties and assets disposed of in the ordinary course of business after the Latest Balance Sheet Date, and none of such Property or assets is encumbered by any Lien except such Liens as (x) are reflected on the Latest Balance Sheet, (y) arise out of Taxes not yet due and payable, or (z) relate to immaterial Property or assets or otherwise which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. All leases pursuant to which the Company leases any Property are valid and binding in accordance with their respective terms, and there is not under any such lease any existing default by the Company or to Seller's Knowledge by any other party thereto, or to Seller's Knowledge, any event of default or event which, with notice or lapse of time or both, would constitute a default. All tangible Property owned or used by the Company and material to its business has been properly maintained and, to Seller's Knowledge, is in good operating order and repair.

3.21 Real Property; Environmental Matters.

(a) The Company does not own and since its formation has never owned any real property. The Company is not a party to any lease (as lessee or lessor) or sublease (as sublessee or sublessor) of real property.

(b) The Company is not subject to any Liability (and has not handled or disposed of any substance, arranged for the disposal of any substance (including any Hazardous Material), or owned or operated any Property or facility in any manner that could reasonably be expected to form the basis for any future Environmental Claim against the Company giving rise to any Liability) for damage to the atmosphere or any site, location or body of water (surface or subsurface) or for any other reason under any Environmental Law. No notice, citation, summons or order has been received by the Company and no complaint has been filed and no penalty has been assessed or, to the Seller's Knowledge, threatened by any Authority or third party with respect to (i) any alleged violation by the Company of any Environmental Law, (ii) any alleged failure by the Company to have any Environmental Permit required under any Environmental Law in connection with its business or (iii) any other Environmental Claim to which the Company or any of its Property is, or reasonably could be expected to be, subject. To the Seller's Knowledge, no environmental inspection report has been prepared by any Person concerning compliance with, or actual or potential liability under, applicable Environmental Law with respect to the Company's business, operations, or Property.

3.22 Employee Matters.

(a) **Schedule 3.22(a)** identifies each director, full-time or part-time employee, independent contractor, consultant, distributor, insurance salespersons or agents or other Persons performing similar functions (collectively, "**Employee**") as of the date of this Agreement. As of the Closing Date, after giving effect to the resignations delivered pursuant to **Section 1.3(a)(viii)**, the Company will not have an Employees other than those appointed by the Buyer. **Schedule 3.22(a)** describes all Contracts for the provision of services by any other Person to the Company, including collective bargaining Contracts.

(b) The Company does not have any Liabilities to any current or former Employee of the Company or any Affiliate of the Company, including, pursuant to (i) any indemnification Contracts, (ii) the Company's Governing Documents, as currently in effect or as in effect at any time since the Company's formation, or (iii) any other Contract (any such obligation or liability referred to herein as an "**Employee-Related Liability**").

(c) Since January 1, 2006, the Company has not maintained, contributed to, been obligated to contribute to or had Liability (including any Liability under Title IV of ERISA or any Liability incurred by an ERISA Affiliate) with respect to any Employee Benefit Plan (any such obligation or liability referred to herein as a "**Benefit-Related Liability**"). The Company has at no time had any employee, profit sharing, stock option, stock purchase, pension, retirement, bonus, severance or deferred compensation plan or arrangement or any other welfare or benefit plan or any unfunded Liabilities in respect of any such plan or arrangement.

(d) In entering into this Agreement or carrying out the transactions contemplated hereby, Buyer will assume no Liability pursuant to this Agreement with respect to any Employee-Related Liability or Benefit-Related Liability of the Company or its Affiliates, or with respect to any Contract of the Company or any of its Affiliates with any Employee.

(e) There are no Actions against the Company pending or, to Seller's Knowledge, threatened to be brought or filed with or by any Authority, arbitrator or court based

on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any Employee by the Company.

3.23 Producers, Agents and Brokers.

(a) Each insurance producer, agent and broker (collectively, “**Producers**”), at the time such Producer solicited, negotiated, sold or produced any insurance business of the Company, to the extent required by applicable Law, was duly and appropriately licensed as a Producer (for the type of business solicited, negotiated, sold or produced by such Producer), in each case, in the particular jurisdiction in which such Producer solicited, negotiated, sold or produced such insurance business.

(b) The Company is not and has never been a party to any profit sharing, contingent fee, placement service, market service or similar Contract with any Producer. The Company does not pay and has at no time paid any Producer, any fees, commissions, overrides, production bonuses or other amounts based upon (i) the amount of business placed with the Company by clients of such Producer, (ii) such Producer’s clients’ rate of renewal of policies with the Company or (iii) the profitability of the business placed by such Producer. The Company has never provided or submitted a false, sham, phony or otherwise artificial bid or quote with respect to prospective insurance business. To Seller’s Knowledge, no Producer has violated any term or provision of any applicable Law applicable to any aspect (including, but not limited to, the soliciting, negotiating, marketing, sale or production) of the Company’s insurance business.

(c) Since January 1, 2004, there have been no Contracts with Producers or marketing Contracts to which the Company is or was a party or by which any of its assets is, was, may be or may have been bound.

3.24 Insurance Coverage. **Schedule 3.24** contains a complete and correct list of all insurance policies maintained by Seller or its Affiliates (other than the Company) which provide coverage for the Company or its Employees. The Company is a named insured on each such policy and, as of the Closing Date, will be removed as a named insured on each such policy. The Company maintains no insurance policies which provide coverage for it or its Employees.

3.25 Contracts. **Schedule 3.25** sets forth all Contracts to which the Company is a party or by which the Company or its Property are or may be bound or to which the Company or its assets are or may be subject, true and complete copies of which, to the extent written, have been made available to Buyer. As of the Closing Date, Contracts designated as "Closing Contracts" on **Schedule 3.25** will constitute all Contracts to which the Company is a party or by which the Company or its assets are or may be bound or to which the Company or its assets are or may be subject.

3.26 Brokers and Finders. Except for Prisco Consulting, Inc., the fees and expenses of which will be paid by Seller, no broker, finder or investment banker is entitled to any fee or commission in connection with the transactions contemplated hereby based upon any arrangements made by or on behalf of Seller or the Company.

ARTICLE IV

CONDITIONS PRECEDENT TO OBLIGATIONS

4.1 Conditions to Obligations of Buyer. Buyer's obligations to purchase the Shares and to take the other actions required to be taken by it at the Closing are subject to the satisfaction, at or prior to the Closing, of each or the following conditions (unless waived in writing by Buyer):

(a) Representations and Warranties. Seller's representations and warranties not qualified by materiality contained in this Agreement will be accurate and true in all material respects and Seller's representations and warranties qualified by materiality contained in this Agreement will be accurate and true in all respects, and such representations and warranties will be accurate in all material respects, if unqualified by materiality, or in all respects, if qualified by materiality, on and as of the Closing as though such representations and warranties were made as of the Closing.

(b) Performance of Agreement. Seller and the Company will have performed and complied with the covenants and obligations they are required to perform or to comply with pursuant to this Agreement at or prior to the Closing in all material respects, including the delivery or tender (subject only to Closing) of each item required under **Section 1.3(a)**.

(c) Consents. Each of the Closing Consents identified on **Schedule 4.1(c)** and each Closing Consent which, if not obtained, would result in any of the conditions set forth in **Section 4.2** not to be fulfilled will have been obtained and will be in full force and effect without any condition that Buyer reasonably determine is likely to have a material adverse effect on the Company's ability to conduct business after the Closing.

(d) No Adverse Proceeding. There will not be pending or threatened any Action against Buyer, Seller or the Company seeking to restrain, prohibit or otherwise challenge the transactions contemplated by this Agreement or for the purpose of enjoining or preventing the consummation of this Agreement, or otherwise claiming that this Agreement or the consummation of the transactions contemplated hereby is illegal; nor will any Authority have notified Buyer, Seller or the Company (and not subsequently withdrawn such notice) that the consummation of the transactions contemplated by this Agreement would constitute a violation of applicable Law and that it intends to commence an Action to restrain consummation of such transactions, to force divestiture of Property by the Company or Buyer if such transactions are consummated or to materially modify the terms or the results of such transactions.

(e) Resignation of Officers and Directors. There will have been tendered to Buyer evidence of the resignation of the directors, officers and employees of the Company (effective as of the Closing Date and subject only to Closing) in a form reasonably satisfactory to Buyer.

(f) Assets and Liabilities. Seller will have delivered to Buyer a Closing Date Balance Sheet identical in all material respects to the draft provided under **Section 5.8**. The Closing Date Balance Sheet will reflect no liabilities or obligations of any kind or nature not

reflected on the Latest Balance Sheet and assets consisting only of Permitted Investments and bonds or deposits with certain states as required to obtain Insurance Permits in such states.

4.2 Conditions to Obligations of Seller. Seller's obligations to sell the Shares and to take the other actions required to be taken by it at the Closing are subject to the satisfaction, at or prior to the Closing, of each or the following conditions (unless waived in writing by Seller):

(a) Representations and Warranties. Buyer's representations and warranties not qualified by materiality contained in this Agreement will be accurate and true in all material respects and Buyer's representations and warranties qualified by materiality contained in this Agreement will be accurate and true in all respects, and such representations and warranties will be accurate in all material respects, if unqualified by materiality, or in all respects, if qualified by materiality, on and as of the Closing as though such representations and warranties were made as of the Closing.

(b) Performance of Agreement. Buyer will have performed and complied with the covenants and obligations it is required to perform or to comply with pursuant to this Agreement at or prior to the Closing in all material respects, including the delivery or tender (subject only to Closing) of each item required under **Section 1.3(b)**.

(c) Consents. Each of the Closing Consents identified on **Schedule 4.2(c)** and each Closing Consent which, if not obtained, would result in any of the conditions set forth in **Section 4.1** not to be fulfilled will have been obtained and will be in full force and effect without any condition that Seller reasonably determines is likely to have a material adverse effect on Seller's or its Affiliates' ability to conduct their respective businesses as currently conducted after the Closing.

(d) No Adverse Proceeding. There will not be pending or threatened any Action against Buyer, Seller or the Company seeking to restrain, prohibit or otherwise challenge the transactions contemplated by this Agreement or for the purpose of enjoining or preventing the consummation of this Agreement, or otherwise claiming that this Agreement or the consummation of the transactions contemplated hereby is illegal; nor will any Authority have notified Buyer, Seller or the Company (and not subsequently withdrawn such notice) that the consummation of the transactions contemplated by this Agreement would constitute a violation of applicable Law and that it intends to commence an Action to restrain consummation of such transactions or to materially modify the terms or the results of such transactions.

ARTICLE V

COVENANTS

5.1 Conduct of Business of the Company Prior to the Closing. Seller covenants and agrees that on and after the date hereof and prior to the Closing, and except as provided on **Schedule 5.1** or as otherwise expressly contemplated or permitted by this Agreement or as approved by Buyer in writing, Seller will take Commercially Reasonable Efforts to cause the following:

(a) The business, operations, activities and practices of the Company will be conducted (i) only in the ordinary course of business and consistent with past practice and (ii) in compliance in all material respects with all applicable Laws;

(b) The Company will not take any action or fail to take any action as a result of which any of the changes or events listed in **Section 3.17** would be likely to occur;

(c) The Company will preserve and maintain in full force and effect the Insurance Permits set forth on **Schedule 1.2(a)**;

(d) The Company will not fail to discharge or satisfy any Liability arising from its operations when the same will become due and payable;

(e) The Company will not make any payment to any shareholder of the Company or to any of such shareholder's Affiliates, or forgive any indebtedness due or owing from such shareholder or such shareholder's Affiliates to the Company; provided, however, that the Company may reimburse Seller or its Affiliates in the ordinary course of business consistent with past practice for costs incurred by them on the Company's behalf or for services provided by them to the Company;

(f) The Company will not enter into, amend, terminate or fail to renew any Contract except as contemplated by this Agreement and except for the purchase or sale of investment assets in the ordinary course of business consistent with past practice;

(g) Neither the Seller nor the Company will not take any action inconsistent with fulfilling the conditions to either Party's obligation to close under **Article IV**; and

(h) The Company will not enter into any Contract to do any of the foregoing.

5.2 Buyer's Conduct Prior to the Closing. Buyer covenants and agrees that on and after the date hereof and prior to the Closing, and except as provided on **Schedule 5.2** or as otherwise expressly contemplated or permitted by this Agreement or as approved by Seller in writing, Buyer will not take any action inconsistent with fulfilling the conditions to either Party's obligation to close under **Article IV**.

5.3 Competing Transactions.

(a) Until termination of this Agreement as herein provided, Seller will not, and will use Commercially Reasonable Efforts to cause the Company not to, directly or indirectly through any officer, director, agent, employee, Representative or otherwise, make, solicit, initiate or encourage the submission of proposals or offers from any person (including any of its officers or employees) relating to any re-capitalization, merger, consolidation or other business combination involving the Company, any sale of all or a substantial portion of the assets of the Company, or the sale of the Shares or any equity interest in the Company (any of the foregoing, a “**Competing Transaction**”).

(b) Until termination of this Agreement as herein provided, Seller will not, and will use Commercially Reasonable Efforts to cause the Company not to, directly or indirectly, participate in any negotiations regarding, furnish to any other person any information with respect to, or otherwise cooperate, assist or participate in any effort or attempt by any third party to propose or effect any Competing Transaction, provided that the foregoing will not apply to any Person who makes a Superior Company Proposal unless Seller solicited such Superior Company Proposal in violation of **Section 5.3(a)**.

(c) Seller will promptly communicate to Buyer the terms of any Competing Transaction which it, the Company, or any other Person on their behalf may receive.

5.4 Access to Records. From the date of this Agreement until the Closing, Seller, at reasonable times and upon reasonable notice, will make or cause to be made fully available to Buyer, and its Representatives, for examination the Property of the Company and all books, Contracts, records and documents relating to the Company’s business, including, the books and records of the Seller to the extent that they pertain to the Company. Seller will cause its officers and employees and the officers and employees of the Company to furnish to Buyer, upon reasonable prior notice, such financial data and other information with respect to the Property and the conduct of the business of the Company as Buyer may from time to time reasonably request in such manner so as not to interfere unreasonably with the operation of the business of Seller, the Company or their Affiliates, and will provide Buyer with access to such officers and employees during normal business hours and in such manner so as not to interfere unreasonably with the operation of the business of Seller, the Company or their Affiliates.

5.5 Filings.

(a) Buyer, with the cooperation of Seller and the Company, will, within 15 days of the date of execution of this Agreement, prepare and file: (a) with the Insurance Department of the State of Arizona and any other applicable state insurance department the Form A filing and such other applications or notifications as may be required in order to obtain any Consents described in **Section 4.2(c)** and will provide Seller with a copy of such filing(s), and (b) such other pre-acquisition applications, notifications or registrations as may be required by any Authority to be made prior to Closing in order for the Company to maintain, following the Closing, the Insurance Permits set forth on **Section 1.2(a)**, to comply with all applicable state insurance holding company statutes, and to consummate the transactions contemplated by this Agreement. Insofar as any such applications and notifications are required to be executed or

acknowledged by Seller or the Company, Seller will cause the same to be duly executed or acknowledged by the appropriate party in a timely fashion. Buyer will use Commercially Reasonable Efforts to cause any conditions imposed by any Authorities to the consummation of the transactions contemplated hereby to be satisfied.

(b) Seller will make available to Buyer all information and materials in its possession, custody, or control required by the Insurance Department of the State of Arizona or any other Authority relating to Seller or the Company in order to obtain as promptly as practicable Consents described in **Sections 4.1(c) and 4.2(c)**. Buyer will make available to Seller all information and materials in their possession, custody, or control required by the Insurance Department of the State of Arizona or any other Authority relating to Buyer in order to obtain as promptly as practicable Consents described in **Sections 4.1(c) and 4.2(c)**.

(c) As promptly as practicable following the execution of this Agreement, Seller shall file with the Bankruptcy Court a motion seeking approval of this Agreement as a private sale. Purchaser agrees that it will promptly take such actions as are reasonably requested by Seller to assist in obtaining entry of an order approving this Agreement, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of demonstrating that Buyer is a "good faith" purchaser under Section 363(m) of the Bankruptcy Code.

(d) Each Party will supply the other Party with copies of all filings made by it pursuant to this **Section 5.5** upon the filing of same and will provide the other Party notice as soon as practicable when all approvals required to be obtained by it under this **Section 5.5** have been obtained.

5.6 Preparation of Financial Statements. Subsequent to the Closing, Seller will use Commercially Reasonable Efforts to provide Buyer with such assistance in the preparation of Statutory Financial Statements of the Company as may reasonably be requested by Buyer or the Company. Subsequent to the Closing, Seller will also provide to Buyer such information as may reasonably be requested for the financial reporting period in which the Closing occurs and for subsequent reporting periods.

5.7 Filing Fees. On or prior to the Closing Date, the Company will have paid all remaining annual statement filing fees, license renewal fees, examination fees, membership fees or dues to state guaranty associations and joint underwriting associations, minimum required state insurance premium taxes (i.e., those imposed without regard to the amount of premiums written) and other Taxes, fees or assessments paid by the Company in order to maintain the Insurance Permits in good standing due as of the Closing Date. Buyer will pay all filing fees, examination and review fees, publication fees and all other costs and expenses of any Authority or otherwise in connection with the Form A filed pursuant to **Section 5.5**.

5.8 Closing Date Balance Sheet. Seller will provide Buyer with a draft Closing Date Balance Sheet not less than one Business Day prior to the Closing Date.

5.9 Statement of Assets. Seller will provide Buyer with a complete list and specific description of the assets which will be held by the Company upon Closing (collectively,

the “**Closing Assets**”) not later than 6:00 p.m. (Eastern Time) on the day immediately prior to the Closing Date (the “**Valuation Date**”). Such description will include a valuation of the Closing Assets at fair market value as of the Valuation Date. The fair market value of the Closing Assets will be determined as follows: (a) Cash and Cash Equivalents will be valued at face value and (b) investment securities traded in a recognized public market will be valued at their closing composite price on the Valuation Date as reported by Bloomberg LP or, if such values are not reported by Bloomberg LP, for the Business Day preceding the Valuation Date as reported by The Wall Street Journal (if there is no closing price, then the average bid and asked prices will be used); provided, however, that if the investment security is quoted only on a yield or discount rate basis, then such security will be valued at the price calculated in accordance with generally accepted financial practice for the mean of the quoted bid and asked yield or rate.

5.10 Statement as to Purchase Price. Seller will provide Buyer with a draft calculation of the Purchase Price not later than 6:00 p.m. (Eastern Time) on the Valuation Date.

5.11 Satisfaction of Closing Conditions. Seller and Buyer will cooperate in using Commercially Reasonable Efforts to cause the conditions to the Closing under **Sections 4.1** and **4.2** to be satisfied as soon as practicable.

5.12 Statutory Examination. In the event a statutory examination of the financial condition of the Company by the Insurance Department of the State of Arizona (a “**Statutory Examination**”) occurs or commences prior to the Closing Date, Seller hereby agrees to use Commercially Reasonable Efforts to cooperate and cause the Company to cooperate with the Insurance Department of the State of Arizona and its agents (and, to the extent such Statutory Examination continues after Closing, to cooperate with the Company and the Buyer) in connection with such Statutory Examination including, but not limited to, providing such information and materials in the possession or control of Seller as may be requested from time to time by the Insurance Department of the State of Arizona.

5.13 Pending or Threatened Action. Between the date of this Agreement and the Closing Date, Seller and Buyer will each inform the other, promptly after Knowledge thereof, of any pending or threatened Action by any Authority which could reasonably be anticipated (i) to prohibit or restrain or impair the consummation of the transactions contemplated by this Agreement or the performance by the Parties of their respective obligations hereunder (including by causing any of the conditions to the Closing under **Sections 4.1** and **4.2** not to be satisfied), or (ii) to have a Material Adverse Effect or Buyer Material Adverse Effect.

5.14 Change of Name. As promptly as practicable following the Closing, and consistent with the filing requirements of the various state insurance Authorities, Buyer will cause the Company to change its name and will not issue any policies or otherwise use in commerce the name “Advanta Insurance Company.”

5.15 Notification of Changes.

(a) Seller will, promptly after Knowledge thereof but not later than the Closing Date, notify the Buyer in writing of any event or the existence of any state of facts that (i) is reasonably likely to make any of its representations and warranties in this Agreement

untrue as of the Closing Date, or (ii) would materially impair the ability of Seller to perform its obligations under this Agreement prior to or at Closing.

(b) Buyer will, promptly after Knowledge thereof but not later than the Closing Date, notify the Seller in writing of any event or the existence of any state of facts that (i) is reasonably likely to make any of its representations and warranties in this Agreement untrue as of the Closing Date, or (ii) would materially impair the ability of Buyer to perform its obligations under this Agreement prior to or at Closing.

(c) Unless the Party receiving notice under **Sections 5.15(a)** or **(b)** has the unilateral right to terminate this Agreement pursuant to **Section 6.1** by reason of the information disclosed in such notice and exercises that right within the period of ten Business Days of receiving such notice, notice pursuant to this **Section 5.15** will be deemed to have amended and qualified the representations and warranties contained in **Article 2** or **3** above, as applicable, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of such information.

5.16 Payment of Brokers' or Finders' Fees. At or prior to the Closing, Seller will pay the finder's fee due to Prisco Consulting, Inc.

5.17 Post-Closing Filings; Post-Closing Assistance. To the extent any regulatory filings, audits, information reports to policyholders, businesses, reinsurers, Authorities and any other similar filings or reports of the Company or associated with ownership of the Company are required by applicable Law after the Closing Date (a) Seller will complete and file such filings or reports if required of Seller and associated with Seller's ownership of the Company, and (b) Buyer will complete and file (or cause the Company to complete and file) such reports if required of the Company or required of Buyer and associated with Buyer's ownership of the Company. With respect to Taxes of or relating to the Company or the transactions contemplated by this Agreement, Seller and Buyer will (i) reasonably cooperate, and will cause their respective Affiliates and Representatives reasonably to cooperate, in preparing and filing all Tax Returns (including making available to each other records necessary or useful in connection with the preparation of such Tax Returns), (ii) retain all books and records with respect to Tax matters pertaining to the Company relating to any Pre-Closing Tax Period, and to abide by all record retention Contracts entered into with any Tax Authority, (iii) give the other party reasonable written notice prior to destroying or discarding any such books and records and, as reasonably requested by the other Party, allowing such Party to take possession of books and records intended to be destroyed or discarded, and (iv) upon request of the other Party (and, except as specifically provided in this Agreement, at such requesting Party's sole expense) to use Commercially Reasonable Efforts to obtain any certificate or other document from any Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed on such requesting Party.

5.18 Termination of Contracts. Seller will and will cause the Company to terminate all Contracts set forth on **Schedule 3.25** or to amend such Contracts to remove the Company as a party thereto, and to discharge the Company from any and all obligations, liabilities or commitments thereunder, effective prior to or as of the Closing Date, except for such Contracts designated Closing Contracts on **Schedule 3.25**.

5.19 Confidentiality.

(a) For purposes of this Agreement, “**Confidential Information**” means non-public information of or regarding a Party or its Affiliates (the “**Disclosing Party**”) delivered by or on behalf of Disclosing Party to the other Party (the “**Receiving Party**”) or its Representatives, whether furnished before or after the date of this Agreement, and regardless of the manner in which it is furnished, together with all analyses, compilations, studies or other documents or records prepared by Receiving Party and/or its Representatives to the extent such analyses, compilations, studies, documents or records contain, otherwise reflect, or are generated from such information.

(b) Receiving Party and its Representatives (i) will use the Confidential Information solely for exercising the Receiving Party’s rights and fulfilling its obligations under this Agreement or as expressly permitted hereunder, and (ii) will keep the Confidential Information strictly confidential and will not (except as required by applicable law, regulation or legal process, and only after compliance with **Section 5.19(d)**), without Disclosing Party’s prior written consent, disclose any information in the Confidential Information. Notwithstanding the foregoing, the Confidential Information (or portions thereof) may be disclosed to those of Receiving Party’s Affiliates and their respective Representatives who need to know such information for purposes permitted under the preceding sentence (it being understood that prior to such disclosure Receiving Party’s or its Affiliate’s Representatives who need to know such information for the purpose of considering the Transaction will be informed of the confidential nature of the Confidential Information and will have agreed to be bound by this Agreement or bound by substantially similar contractual or professional duties of confidentiality). Receiving Party agrees to be responsible for any breach of this Agreement by its Representatives.

(c) The term “Confidential Information” does not include any information to the extent Receiving Party can establish that (i) at the time of disclosure or thereafter it was generally known by the public (other than as a result of its disclosure by Receiving Party or its Representatives in violation of this Agreement); (ii) was available to Receiving Party on a non-confidential basis from a person who was not otherwise bound to a confidentiality agreement with Disclosing Party or its Representatives or was not otherwise prohibited from transmitting the information to Receiving Party, provided that disclosure of Confidential Information of the Company to Buyer or its Affiliates before the Closing will not remove such information from the definition of Confidential Information after the Closing. Notwithstanding the foregoing, customer and consumer information subject to the Gramm-Leach- Bliley Act or similar federal or state laws regarding privacy or security of customer information, and their implementing regulations and agency guidances, will be deemed to be Confidential Information, whether or not covered by (i) or (ii) above.

(d) In the event that Receiving Party is requested or required to disclose all or any part of the information contained in the Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction or a federal, state or local governmental or regulatory body or pursuant to a civil investigative demand or similar judicial process, Receiving Party will (i) notify Disclosing Party immediately of the existence, terms and circumstances surrounding such request or requirement, (ii) consult with Disclosing Party on the advisability of taking legally available steps to resist or narrow such

request or requirement, (iii) if disclosure of any such information is required, disclose only that portion of the information which, upon written advice of Receiving Party's legal counsel, Receiving Party is legally required to disclose, and (iv) exercise Receiving Party's commercially reasonable efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded to such information. In any event, Receiving Party will not oppose action by Disclosing Party to obtain such a protective order or other assurance.

(e) Receiving Party agrees that Disclosing Party has not granted Receiving Party any license, copyright, or similar right with respect to any of the Confidential Information or any other information provided to Receiving Party by Disclosing Party.

(f) Upon termination of this Agreement pursuant to **Article VI**, Receiving Party will promptly, at Receiving Party's option, deliver to Disclosing Party or destroy all of the Confidential Information, including all copies, reproductions, summaries, analyses or extracts thereof or based thereon in Receiving Party's possession or in the possession of any of Receiving Party's Affiliates or their respective Representatives. Receiving Party will promptly certify to Disclosing Party that it has returned or destroyed the Confidential Information, as applicable, pursuant to the preceding sentence. Notwithstanding the delivery or destruction of the Confidential Information, Receiving Party agrees that it, its Affiliates and its Representatives will continue to be bound by its obligations under this **Section 5.19**.

ARTICLE VI

TERMINATION

6.1 Termination of Agreement. Subject to **Section 6.2**, this Agreement may be terminated by notice at any time prior to the Closing:

- (a) by the mutual written consent of Buyer and Seller;
- (b) by Seller upon any Default of Buyer not waived by Seller;
- (c) by Buyer upon any Default of Seller not waived by Buyer;
- (d) by Buyer if the satisfaction of any of the conditions set forth in **Section 4.1** will not have been met or will have become impossible to meet on or before the 180th day following the date of this Agreement (other than through the failure of Buyer to comply with its obligations hereunder);
- (e) by Seller if the satisfaction of any of the conditions to Seller's obligation to close under **Section 4.2** will not have been met or will have become impossible to meet on or before the 180th day following the date of this Agreement (other than through the failure of Seller to comply with its obligations hereunder);
- (f) by Seller if (i) Seller receives a Superior Company Proposal, (ii) in light of such Superior Company Proposal a majority of the Seller's board of directors determines in good faith, after consultation with outside counsel, that the failure to withdraw or modify its recommendation of this Agreement to the Bankruptcy Court would be inconsistent with the

board's exercise of its fiduciary duty under applicable Law, (iii) Seller notifies Buyer in writing of the determinations described in clause (ii) above, (iv) at least ten Business Days following the notice referred to in clause (iii) above, and taking into account any revised proposal made by Buyer after such notice, such Superior Company Proposal remains a Superior Company Proposal and a majority of Seller's board of directors again makes the determinations referred to in clause (ii) above, and (v) Seller's board of directors concurrently approves, and Seller concurrently enters into, subject to Bankruptcy Court approval, a definitive agreement providing for the implementation of such Superior Company Proposal; and

(g) by Buyer if the Bankruptcy Court does not approve the termination fee set forth in Section 6.2(b).

6.2 Effect of Termination.

(a) Each Party's right of termination under **Section 6.1** is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to **Section 6.1**, all obligations of the Parties under this Agreement will terminate, except as provided in **Section 6.4**, provided, however, that, if this Agreement is terminated pursuant to **Section 6.1(b)** or **(c)** or because one or more of the conditions to the terminating Party's obligations under this Agreement is not satisfied as a result of the other Party's Default, the terminating Party's right to pursue all legal remedies will survive such termination unimpaired.

(b) Upon termination of this Agreement pursuant to **Section 6.2(f)**, Seller shall pay Buyer a termination fee in the amount of \$25,000 by wire transfer of immediately available funds no more than three Business Days after the later of the date of such termination and the date on which Buyer provides Seller with wire transfer instructions.

6.3 Extensions and Waiver. At any time prior to the Closing Date, Buyer and Seller may by mutual written agreement extend the time for performance of any of the obligations or other acts of Buyer, Seller or the Company; waive any untruths, inaccuracies or omissions in the representations and warranties of Buyer or Seller contained herein; or extend the Closing Date.

6.4 Survival. **Article VIII, Sections 5.16, 5.19, 6.2**, and this **Section 6.4** will survive any termination of this Agreement.

ARTICLE VII

INDEMNIFICATION AND LIMITATIONS

7.1 Indemnification by Seller. Subject to **Sections 7.3** and **7.4**, Seller will indemnify and hold harmless Buyer, its Affiliates and their respective directors, officers, stockholders, successors and assigns from and against any and all liabilities, claims, Liens, obligations, damages, losses, costs and expenses (including fines, guaranty fund and other assessments, penalties and reasonable investigatory and attorney's fees and disbursements) (collectively, "**Losses**") incurred or suffered by such Persons arising out of, based upon or resulting from

- (a) any breach by Seller of or inaccuracy of Seller's representations, warranties or covenants contained in this Agreement;
- (b) past or in force insurance policies issued by the Company at any time prior to the Closing, including, any extra contractual obligations or liabilities related thereto;
- (c) any pending or threatened Action set forth on **Schedule 3.6(a)**;
- (d) any Action based upon the conduct of the Company's business at any time during the period from the formation of the Company through the Closing;
- (e) any violation or alleged violation of applicable Law based upon the conduct of the Company's business at any time during the period from the formation of the Company through the Closing;
- (f) any liabilities of the Company arising out of or relating to activities of any Producer prior to the Closing Date; and
- (g) any claim against the Company by any Employee of the Company during the period prior to the Closing, including, any Employee-Related Liability and any Benefit-Related Liability.

7.2 Indemnification by Buyer. Subject to **Sections 7.3** and **7.4**, Buyer will indemnify and hold harmless Seller, its Affiliates and their respective directors, officers, stockholders, successors and assigns from and against any and all Losses incurred or suffered by such Persons arising out of, based upon or resulting from

- (a) any breach by Buyer of or inaccuracy of Buyer's representations, warranties or covenants contained in this Agreement;
- (b) any Action based upon the conduct of the Company's business at any time after the Closing;
- (c) any violation or alleged violation of applicable Law based upon the conduct of the Company's business at any time after the Closing;

(d) any liabilities of the Company arising out of or relating to activities of any Producer after the Closing; and

(e) any claim against the Company by any employee, officer or director of the Company after the Closing, including, any Employee-Related Liability and any Benefit-Related Liability.

7.3 Survival; Time Limitations.

(a) Subject to **Sections 7.3(b)-(3)** and **7.4**, the representations and warranties and, as applicable, covenants and obligations of the Parties contained in this Agreement will survive the Closing and the consummation of the transactions contemplated hereby.

(b) Except as provided in **Sections 7.3(c)** and **(d)**, neither Buyer nor Seller may commence a claim for indemnification under this **Article VII** with respect to any Losses after February 28, 2011.

(c) Notwithstanding anything to the contrary herein, Buyer may commence claims for indemnification for Losses under this **Article VII** in respect of any breach or inaccuracy of any Seller Specified Representations or under **Sections 7.1(b)-(g)** indefinitely.

(d) Notwithstanding anything to the contrary herein, Seller may commence claims for indemnification for Losses under this **Article VII** in respect of any breach or inaccuracy of any Buyer Specified Representations or under **Sections 7.2(b)-(e)** indefinitely.

7.4 Limitations on Liability for Certain Losses.

(a) A Party will have no liability to indemnify under this **Article VII** (an “**Indemnity Obligation**”) unless and until the aggregate amount of indemnifiable Losses which may be recovered from such Party under this **Article VII** equals or exceeds \$50,000, in which case such Party will be liable for only such Losses as exceed \$50,000, subject to **Section 7.4(b)**.

(b) A Party’s aggregate Indemnity Obligations hereunder will not exceed the amount of the portion of the Purchase Price described in **Section 1.2(a)(i)**.

7.5 Third Party Actions.

(a) In the event that a Party (an “**Indemnified Party**”) has Knowledge of any third-party claim or Action, instituted or threatened, which involves or appears reasonably likely to involve a Loss indemnifiable under this **Article VII** (separately and collectively, a “**Claim**”), the Indemnified Party will, promptly provide notice of such Claim to the Party that would bear the Indemnity Obligation for such Loss (the “**Indemnifying Party**”), which notice will describe such Claim in reasonable detail, including sufficient information to allow the Indemnifying Party assess the amount of such Claim and whether it is indemnifiable under this **Article VII**. Any delay or failure to so notify the Indemnifying Party of a Claim will relieve the Indemnifying Party from liability under this **Article VII** only to the extent the Indemnifying Party establishes actual harm caused by such delay or failure.

(b) The Indemnifying Party (at its expense) will have the right and be given the opportunity to defend against each Claim. If the Indemnifying Party does not undertake the defense of any Claim within a reasonable period after receipt of notice of the same, the Indemnified Party will have the right to elect to undertake the defense of such Claim, subject to the right of the Indemnifying Party to assume the defense at any time prior to the final determination or settlement of the Claim. Regardless of whether the Indemnifying Party assumes defense of a Claim Indemnified Party may, at its own expense, monitor the defense of such Claim. The Indemnified Party will use Commercially Reasonable Efforts to provide the Indemnifying Party with any information it may reasonably request for the investigation or defense of a Claim and otherwise to cooperate and to cause its Affiliates and Representatives to cooperate in such investigation and defense. The Indemnified Party will not make any settlement with respect to any Claim without prior written consent of the Indemnifying Party, which consent will not be unreasonably withheld, conditioned or delayed.

7.6 Subrogation. The Indemnifying Party will be subrogated to any right or cause of action which the Indemnified Party may have against any other Person with respect to any matter giving rise to a claim for indemnification under this **Article VII**.

7.7 Tax Treatment of Payments. All payments made pursuant to this **Article VII** will be treated for tax purposes as adjustments to the Purchase Price.

7.8 Exclusive Remedy. After the Closing, and except for claims of fraud or intentional misrepresentation and except for the specific performance of covenant, where appropriate under generally applicable Law, the obligations to indemnify under this **Article VII** will provide the exclusive remedy against a Party for any breach of any representation, warranty, covenant or other claim arising out of or relating to this Agreement or any other document, certificate, schedule or instrument required to be delivered or executed in connection herewith and or the transactions contemplated hereby.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

8.1 Effectiveness of the Agreement. This Agreement shall not be effective until approved by the Bankruptcy Court pursuant to a Final Order.

8.2 Notice.

All notices, requests, demands and other communications required or permitted under this Agreement will be in writing (i) by personal delivery (which will include delivery by Federal Express or similar services), (ii) by United States mail if sent postage prepaid by certified or registered mail, return receipt requested, (iii) by confirmed facsimile transmission, in each case to the address listed below (or such other address as the Party receiving such notice may have provided, by notice, to the Party sending such notice from time to time). Any such notice will be deemed given upon receipt if delivered personally or by confirmed facsimile transmission or, if mailed, four Business Days after the mailing as follows:

If to Seller: Advanta Insurance Company
Welsh & McKean Roads
P.O. Box 844
Spring House, PA 19477-0844
Facsimile: (215) 444-5026

With a copy to: Advanta Corp.
Welsh & McKean Roads
P.O. Box 844
Spring House, PA 19477-0844
Attention: General Counsel
Facsimile: (215) 444-5915

If to Buyer: Agrinational Insurance Company
76 St. Paul St.
Suite 500
Burlington, VT 05401-4477
Attn: Michael Lusk, President
Facsimile: (802) 860-0440

With a copy to: Archer Daniels Midland Company
4666 Faries Parkway
PO Box 1470
Decatur, IL 62535
Attn: Michael Scott, Director, Insurance Operations
Facsimile: (217) 451-6192

8.3 Entire Agreement. This Agreement embodies the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understanding relative to said subject matter, provided that the Parties do not intend to release any claims, known or unknown, accrued as of the date of this Agreement for breach of the Confidentiality Agreement, dated March 15, 2010, by and between Buyer and Seller.

8.4 Binding Effect; Assignment. This Agreement and the various rights and obligations arising hereunder will inure to the benefit of and be binding upon Buyer, its successors and assigns, and Seller, its successors and assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder will be transferred or assigned (by operation of law or otherwise) by any Party without the prior written consent of the other Party, except that (a) Buyer will have the right to assign its rights and obligations hereunder and to transfer and assign ownership of the Company or its assets and Property to any directly or indirectly wholly-owned Subsidiary of Buyer or any Affiliate of Buyer, and (b) upon liquidation of Seller pursuant to the chapter 11 cases of the Seller and certain of its affiliates, which are being jointly administered in the Bankruptcy Court for the District of Delaware under Case No. 09-13931 (KJC), Seller will have the right to assign its rights and obligations hereunder to any successor to substantially all of its assets, provided that, if such liquidation and assignment occurs prior to the Closing, the Shares are also assigned to such successor. No assignment will operate in any way to modify or discharge any of the obligations of the assigning Party contemplated by this Agreement.

8.5 No Third-Party Beneficiaries. Nothing herein, expressed or implied, is intended or will be construed to confer upon or give to any person, firm, corporation or legal entity, other than the Parties, any rights, remedies or other benefits under or by reason of this Agreement.

8.6 Counterparts. This Agreement may be executed simultaneously in multiple counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument. The signatures to this Agreement may be evidenced by facsimile copies or PDF copies reflecting a Party's signature, and any such facsimile copy or PDF copy will be sufficient to evidence the signature of such Party as if it were an original signature.

8.7 Captions. The article and section headings of this Agreement are inserted for convenience only and will not constitute a part of this Agreement in construing or interpreting any provision hereof.

8.8 Expenses and Transactions. Each of the Parties will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

8.9 Waiver; Consent. This Agreement may not be changed, amended, terminated, augmented, rescinded or discharged (other than in accordance with its terms), in whole or in part, except by a writing executed by the Parties, and no waiver of any of the provisions or conditions of this Agreement or any of the rights of a Party will be effective or

binding unless such waiver will be in writing and signed by the party claimed to have given or consented thereto.

8.10 Further Assurances. The Parties will, in good faith, execute such other and further instruments, assignments or documents as may be necessary for the consummation of the transactions contemplated by this Agreement and consistent with its provisions and will use Commercially Reasonable Efforts to assist and cooperate with each other in connection with these activities. Without limiting the generality of the foregoing, in the event at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as reasonably requested by the other Party and at the sole cost and expense of the requesting Party (unless the requesting party is entitled to indemnification therefore under **Article VII**). Upon reasonable notice, each Party will furnish or cause to be furnished to the other Party and its Representatives access, during normal business hours, to such information and records relating to the Company as is reasonably necessary for financial reporting and accounting matters, insurance regulatory reporting requirements, the preparation and filing of any Tax Returns, reports or forms, or the defense of any Tax related claim or assessment, provided, that neither Party will be required to take any action that would unreasonably interfere with the conduct of the business of such Party or its Affiliates or Representatives or unreasonably disrupt their normal operations and provided further that the Party requesting such access will pay or promptly reimburse any reasonable costs or expenses incurred by the Party providing such access.

8.11 Governing Law. This Agreement will in all respects be construed in accordance with and governed by the Laws of the State of Delaware, without regard to any such Laws relating to choice or conflict of laws that would apply the Laws of any other jurisdiction. The Parties agree that the state and federal courts located in New Castle County, Delaware, will be the exclusive jurisdiction for the resolution of all disputes between the Parties arising out of or related to this Agreement. Each Party agrees that any right to trial by jury with respect to any claim, action or proceeding arising out of, or in connection with, this Agreement is waived.

8.12 Construction. In this Agreement, unless a clear contrary intention appears:

- (a) the singular number includes the plural number and vice versa;
- (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (c) reference to any Contract, document or instrument, including Governing Documents, means such Contract, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and any addenda, exhibits, or schedules thereto;
- (d) reference to any Law means such Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and

regulations promulgated thereunder, and reference to any section or other provision of any Law means that provision of such Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;

(e) “Article,” “Section,” “Schedule,” and “Exhibit” refer to articles, sections, schedules and exhibits of or to this Agreement;

(f) "hereunder," "hereof," "hereto," and words of similar import will be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;

(g) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and

(h) "or" is used in the inclusive sense of "and/or.”

Buyer understands that Seller is in bankruptcy liquidation and expects to have few, if any, employees and no insurance businesses by the end of 2010. Seller’s obligations under Sections 5.4, 5.5(b), 5.6 and 5.17 and the definition of “Commercially Reasonable Efforts,” as applied to Seller will be interpreted in keeping the understanding set forth in the preceding sentence.

8.13 Certain Definitions. In the context of this Agreement, the following terms, when utilized in this Agreement and unless the context otherwise requires, will have the meanings indicated, which meaning will be equally applicable to both the singular and plural forms of such terms.

“*Actions*” has the meaning set forth in **Section 2.5**.

“*Affiliate*” with respect to any Person means any other Person controlled by, controlling or under common control with such Person. For the purposes of this definition, “control” (including the correlative terms “controlling”, “controlled by” and “under common control with”), with respect to any Person, means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by Contract or otherwise.

“*Affiliated Group*” means an affiliated group (as that term is defined by Section 1504(a) of the Code without regard to the limitations contained in Section 1504(b) of the Code) that, at any time on or before the Closing Date, includes or has included the Company or any predecessor of or successor to the Company (or another such predecessor or successor), or any other group of corporations that, at any time on or before the Closing Date, files or has filed Tax Returns on a combined, consolidated or unitary basis with the Company or any predecessor of or successor to the Company (or another such predecessor or successor).

“*Agreement*” has the meaning set forth in the introductory paragraph hereto.

“*Assumed Risk Agreements*” has the meaning set forth in **Section 3.14**.

“*Authority*” means any federal, state, local or foreign governmental or regulatory court, legislative body, agency, commission, department, bureau, instrumentality or other governmental authority.

“*Bankruptcy Court*” means the United States Court for the District of Delaware or such other court that exercises jurisdiction over the chapter 11 cases of the Seller and certain of its affiliates, which are being jointly administered under Case No. 09-13931 (KJC).

“*Benefit-Related Liability*” has the meaning set forth in **Section 3.22(c)**.

“*Business Day*” means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by Law to close.

“*Buyer*” has the meaning set forth in the introductory paragraph hereto.

“*Buyer Consent*” means any notice, consent, approval, order or authorization of, or registration, declaration or filing with, any Authority or any third party is required in connection with Buyer's execution and delivery of this Agreement or its performance of the terms hereof.

“*Buyer Material Adverse Effect*” means a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby or to perform its obligations hereunder.

“*Buyer's Disclosure Schedule*” means **Schedules 2.1** through **2.8**.

“*Buyer's Specified Representations*” means the following representations and warranties of Buyer: **Section 2.1** (Organization), **Section 2.2** (Authorization), **Section 2.4** (Investment Intent), and **Section 2.8** (Brokers and Finders).

“*Cash*” means United States dollars.

“*Cash Equivalents*” means, as at any date of determination and as reflected on a balance sheet in accordance with SAP: marketable securities (i) issued or directly and unconditionally guaranteed as to interest and principal by the United States federal government or (ii) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States federal government, in each case maturing within one year after such date.

“*Claim*” has the meaning set forth in **Section 7.5(a)**.

“*Closing*” has the meaning set forth in **Section 1.1**.

“*Closing Assets*” has the meaning set forth in **Section 5.9**.

“*Closing Date*” has the meaning set forth in **Section 1.3**.

“*Closing Date Balance Sheet*” means a balance sheet of the Company prepared by Seller in accordance with SAP, dated as of the Closing Date.

“*Code*” means the Internal Revenue Code of 1986.

“Commercially Reasonable Efforts” means the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as possible, provided, however, that a Person required to use Commercially Reasonable Efforts under this Agreement will not be thereby required to take actions that would result in a material adverse change in the benefits to such Person of this Agreement and the transactions contemplated hereby or to dispose of or make any change to its business, expend any material funds or incur any other material burden except as specifically and expressly required by this Agreement. Buyer understands that Seller is in bankruptcy liquidation and expects to have few, if any, employees and no insurance businesses by the end of 2010. Seller’s *“Commercially Reasonable Efforts”* will be interpreted in keeping the understanding set forth in the preceding sentence.

“Company” has the meaning set forth in the recitals hereto.

“Competing Transaction” has the meaning set forth in **Section 5.3**.

“Confidential Information” has the meaning set forth in **Section 5.19(a)**.

“Closing Consent” means Consent identified as such on **Schedules 4.1(c) or 4.2(c)**.

“Contract” means any agreement, contract, Lease, consensual obligation, promise, commitment, arrangement or undertaking (whether written or oral and whether express or implied).

“Default” means with respect to any Party (i) the failure of any of the representations or warranties of such Party in this Agreement and not qualified by materiality to be accurate or true in any material respect, or the failure of any of the representations or warranties of such Party in this Agreement qualified by materiality to be accurate or true in any respect, in each case as of the date of this Agreement (except if another date is specified in the representation or warranty), or (ii) such Party’s material breach of any covenant or obligation under this Agreement.

“Disclosing Party” has the meaning set forth in **Section 3.19(a)**.

“Down Payment” has the meaning set forth in **Section 1.2(a)**.

“Employee Benefit Plan” means any “employee benefit plan” (as such term is defined in section 3(3) of ERISA), and any other retirement, pension, profit-sharing, thrift, savings, target benefit, employee stock ownership, cash or deferred, deferred or incentive compensation, bonus, stay bonus, stock option, employee stock purchase, phantom stock, stock appreciation, change in control, retention compensation, medical, dental, vision, psychiatric or other counseling, employee assistance, tuition reimbursement, vacation, holiday, sick pay, disability, salary continuation, termination allowance, severance, employee relocation, death benefit, survivor income, dependent care assistance, legal assistance or fringe benefit (cash or non-cash) plan, program, policy, practice or arrangement, or any cafeteria plan under Section 125 of the Code, in which any current or former officer, director, independent contractor or employee of the Company or any ERISA Affiliate has ever had any present or contingent obligation, including any obligation to make contributions.

“*Employee-Related Liability*” has the meaning set forth in **Section 3.22(b)**.

“*Employees*” has the meaning set forth in **Section 3.22(a)**.

“*Enforceability Exceptions*” has the meaning set forth in **Section 2.2**.

“*Environmental Claim*” means any Action, hearing, communication (written or oral), demand, claim, citation, notice or notice of violation, warning, consent decree, judgment or order by any Person alleging, claiming, concerning or finding liability or potential liability (including, liability or potential liability for investigatory costs, clean-up costs, governmental response or oversight costs, natural resources damages, property damages, penalties, personal injuries, death or any other damages or costs, including, litigation and settlement costs and consultants’ and attorneys’ fees) arising out of, based on or resulting from, in whole or in part, (a) the actual or alleged presence, threatened release, release, emission, disposal, storage, treatment, transportation, generation, manufacture or use of any Hazardous Material at or from any location or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law or (c) under any Environmental Law.

“*Environmental Law*” means the Federal Water Pollution Control Act, the Federal Resource Conservation and Recovery Act of 1976, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, each as amended, and any other Law concerning pollution or protection of the environment, natural resources or human health, including any Law relating to emissions, discharges, releases or threatened releases of any Hazardous Material into ambient air, surface water, ground water or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any Hazardous Material. Without limiting the definition of the term “*Laws*” hereunder, for purposes of the foregoing, “*Laws*” specifically includes- nuisance, trespass and “toxic tort.”

“*Environmental Permit*” means any authorization, approval, registration or license or permit relating to the Environmental Laws.

“*ERISA*” means the Employee Retirement Income Security Act of 1974.

“*ERISA Affiliate*” means any entity that is, or ever has been, required to be aggregated with the Company as a single employer under Sections 414(b), (c), (m) or (o) of the Code.

“*Final Order*” means an order or judgment of the Bankruptcy Court that has not been reversed, vacated, or stayed, and as to which (a) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired, and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending, or (b) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal

Rules of Bankruptcy Procedure or the local court rules, may be filed relating to such order shall not cause such order to not be a Final Order.

“*Governing Documents*” means (a) as to a corporation, the certificate or articles of incorporation and bylaws, (b) as to a limited partnership or limited liability partnership, the certificate of limited partnership or limited liability partnership, as the case may be, and the partnership agreement, and (c) as to a limited liability company, the certificate of limited liability company and limited liability company agreement.

“*Hazardous Material*” means any material, substance, waste, pollutant, contaminant, chemical or other matter that is defined as a hazardous material, hazardous substance, hazardous waste, toxic material, toxic substance or other term having a similar meaning under applicable Law or is otherwise subject to elimination, abatement, removal, remediation or cleanup under applicable Law.

“*Indemnified Party*” has the meaning set forth in **Section 7.5(a)**.

“*Indemnifying Party*” has the meaning set forth in **Section 7.5(a)**.

“*Indemnity Obligations*” has the meaning set forth in **Section 7.4(a)**.

“*Insurance Permit*” means Permits to issue, underwrite, assume, place, sell or otherwise transact the business of insurance or reinsurance.

“*Knowledge*” means (a) for an individual, the actual knowledge of a particular fact, circumstance, event or other matter in question, (b) for a corporation, the Knowledge of any individual serving as a director or officer of such corporation, (c) for a partnership, limited partnership or limited liability partnership, the Knowledge of any general partner of such partnership or of any individual occupying a fiduciary role in the management of such partnership substantially similar to that of a corporate officer, (d) for a limited liability company, the Knowledge of any manager or managing member of such company or of any individual occupying a fiduciary role in the management of such company substantially similar to that of a corporate officer.

“*Law*” means any law, statute, rule, ordinance or regulation, and any judgment, writ, decree, injunction, order or requirement, established principle of common law, directive or administrative ruling of any Authority.

“*Latest Balance Sheet*” means the balance sheet contained in the Company’s Statutory Financial Statements for the fiscal quarter ended June 30, 2010.

“*Latest Balance Sheet Date*” June 30, 2010.

“*Liability*” or “*Liabilities*” means any direct or indirect indebtedness, liability, or other obligation, whether fixed, unfixed, secured or unsecured, accrued, absolute, contingent or otherwise.

“*Liens*” will refer to any lien (including but not limited to liens for unpaid taxes), pledge, mortgage, security interest, charge, adverse claim, attachment, automatic or other stay in bankruptcy or insolvency proceeding, or other encumbrance of any kind.

“*Losses*” has the meaning set forth in **Section 7.1**.

“*Material Adverse Effect*” means a material adverse effect on the Properties, Liabilities, business, results of operations or financial condition of the Company, taken as a whole.

“*New Business Termination Date*” has the meaning set forth in **Section 3.14**.

“*Party*” means a party to this Agreement.

“*Permit*” means any federal, state, local or other governmental consent, license, permit, grant, eligibility, qualification or authorization which is held by the Company in a particular jurisdiction immediately prior to the Closing Date.

“*Permitted Investments*” means (a) Cash, (b) Cash Equivalents, or (c) other investment grade marketable securities.

“*Person*” means any natural person, corporation, limited liability company, unincorporated organization, partnership, limited partnership, limited liability partnership, association, joint-stock company, joint venture, trust or government, or any agency or political subdivision of any government.

“*Producers*” has the meaning set forth in **Section 3.23(a)**.

“*Property*” means any real, personal or mixed assets or property, whether tangible or intangible.

“*Purchase Price*” has the meaning set forth in **Section 1.2(a)**.

“*Receiving Party*” has the meaning set forth in **Section 3.19(a)**.

“*Regulatory Filings*” has the meaning set forth in **Section 3.13**.

“*Representatives*” means, with respect to a Person, that Person’s officers, employees, attorneys, auditors and other agents and representatives.

“*SAP*” means the statutory accounting practices prescribed or permitted by the Insurance Department of the State of Arizona.

“*Securities*” has the meaning set forth in **Section 3.8**.

“*Securities Act*” has the meaning set forth in **Section 2.4**.

“*Seller*” has the meaning set forth in the introductory paragraph hereto.

"Seller Consent" means any notice, consent, approval, order or authorization of, or registration, declaration or filing with, any Authority or any third party is required in connection with Seller's execution and delivery of this Agreement or its performance of the terms hereof.

"Seller's Disclosure Schedule" means **Schedules 3.1** through **3.26**.

"Seller Specified Representations" means the following representations and warranties of Seller: **Section 3.1** (Organization), **Section 3.2** (Authorization), **Section 3.4** (Capitalization and Security Holders), **Section 3.5** (Share Ownership and Authority), **Section 3.11** (Tax Matters), **Section 3.14** (Insurance; Reinsurance), **Section 3.15** (No Restrictions on Business), **Section 3.16** (Undisclosed Liabilities), **Section 3.18** (State Licenses; Compliance with Law), **Section 3.22** (Employee Matters), **Section 3.23** (Producers, Agents and Brokers), and **Section 3.26** (Brokers and Finders).

"Shares" has the meaning set forth in the recitals hereto.

"Statutory Examination" has the meaning set forth in **Section 5.12**.

"Statutory Financial Statements" means the annual statements and quarterly Statements of the Condition and Affairs of the Company filed with the Insurance Department of the State of Arizona, in each case including all exhibits, interrogatories, notes and schedules thereto and any actuarial opinion, affirmation or certification or other supporting documentation filed in connection therewith.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons will be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or persons will be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or will be or control any managing director or general partner of such limited liability company, partnership, association or other business entity.

"Superior Company Proposal" means any proposal made by any Person other than an Affiliate of Seller to acquire all or substantially all the equity securities or assets of the Company, pursuant to merger, consolidation, liquidation or dissolution, recapitalization, sale of all or substantially all its assets or otherwise, (i) on terms which Seller's board of directors determines in good faith, after consultation with Seller's outside legal counsel and financial advisors, to be more favorable from a financial point of view to Seller than the transactions contemplated by this Agreement, taking into account all the terms and conditions of such proposal, and this Agreement (including any proposal by Buyer to amend the terms of this

Agreement) and (ii) that is reasonably capable of being completed, taking into account all financial, regulatory, legal and other aspects of such proposal; provided that Seller's board of directors shall not so determine that any such proposal is a Superior Company Proposal prior to the time that is 48 hours after the time at which Seller has complied in all material respects with **Section 5.3(c)** with respect to such proposal.

"*Tax*" means (i) any federal, state, local or foreign net income, gross income, gross receipts, windfall profit, severance, property, production, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, *ad valorem*, value-added, transfer, stamp, or environmental tax (including taxes under Code Section 59A), escheat payments or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, addition to tax or additional amount imposed by any governmental authority and (ii) any liability of the Company or any Subsidiary of the Company for the payment of amounts determined by reference to assessments or charges described in clause (i) as a result of being a member of an affiliated, consolidated, combined or unitary group, or as a result of any obligation of the Company under any written or unwritten agreement or arrangement providing for the allocation or payment of such assessments or charges or payment for benefits with respect to such assessments or charges (or the Laws providing for them) between the Company and any other Person (including, but not limited to, members of any Affiliated Group other than the Company).

"*Tax Asset*" means any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute that could be carried forward or back to reduce Taxes (including deductions and credits related to alternative minimum Taxes).

"*Tax Return*" means any return, report or similar statement required to be filed with any Authority with respect to any Tax (including any attached schedules), including, any information return, claim for refund, amended return or declaration of estimated Tax.

"*Treasury Regulations*" means the final and temporary Treasury Regulations promulgated under the Code. Any reference to a Treasury Regulation that is subsequently amended, modified, recodified or otherwise superseded will be deemed to be a reference to the superseding Treasury Regulation(s) to the greatest extent possible so as to achieve the result originally intended, if possible, under this Agreement.

"*Unauthorized State*" has the meaning set forth in **Section 1.2(c)**.

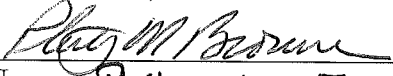
"*Valuation Date*" has the meaning set forth in **Section 5.9**.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]


[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first written above.

ADVANTA CORP.

By: 
Name: Philip M. Browne
Title: Chief Financial Officer

AGRINATIONAL INSURANCE COMPANY

By: 
Name: Peter A. Joy
Title: Vice President and Assistant Secretary

Schedule 1.3(a)(x)

Business Records

The Parties agree that Seller will have a duty to provide only the following records of the Company books and records of the Company in the possession, custody or control of Seller or its Affiliates or their respective agents:

1. All minute books, stock transfer books, stock certificate books, corporate certificates, and corporate seals of the Company.
2. The following financial books and records only with respect to the periods from January 1, 2006 to the present:
 - statutory financial statement workpapers
 - journal entries
 - state compliance filings
 - account reconciliations
 - premium remittance reports
 - claim reports
 - tax records
 - accounts payable records

BUYER'S DISCLOSURE SCHEDULES

Schedule 5.1

Actions Permitted Between Signing and Closing

The Company may make and Seller may cause the Company to make one or more extraordinary dividends at any time prior to the Closing provided that (a) such extraordinary dividends in the aggregate shall not reduce the capital and surplus of the Company below the minimum amount required to maintain the Insurance Permits in full force and effect, and (b) the effects of all such extraordinary dividends are reflected on the Closing Balance Sheet and statements of assets and the Purchase Price delivered pursuant to **Sections 5.8** through **5.10**.