

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

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In re: : Chapter 11
ADVANTA CORP., *et al.*,¹ : Case No. 09-13931 (KJC)
Debtors. : (Jointly Administered)
 : **Hearing Date: TBD**
 : **Objection Deadline: At hearing**
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**EMERGENCY MOTION OF ADVANTA BANK CORP. FOR ENTRY OF AN ORDER
COMPELLING DEBTOR ADVANTA CORP. TO (I) TIMELY FILE A
REQUEST FOR AN EXTENSION OF TIME TO FILE 2009 CONSOLIDATED
FEDERAL INCOME TAX RETURN; OR, IN THE ALTERNATIVE, (II) ELECT
TO CARRY BACK 2009 CONSOLIDATED NET OPERATING LOSSES FIVE YEARS**

Advanta Bank Corp. ("ABC"), by and through its undersigned attorneys, hereby files this Motion of Advanta Bank Corp. for Entry of An Order Compelling Debtor Advanta Corp. ("Debtor" or "Advanta") to (I) Timely File A Request For an Extension of Time to File

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), BizEquity 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). Each of the Debtors (other than Advanta Credit Card Receivables Corp. and the Great Expectations entities) maintains its principal corporate office at Welsh & McKean Roads, P.O. Box 844, Spring House, Pennsylvania 19477-0844. Advanta Credit Card Receivables Corp. maintains its principal corporate office at 2215 B. Renaissance Drive, Suite 5, Las Vegas, Nevada 89119, and the Great Expectations entities maintain their principal corporate office at 1209 Orange Street, Wilmington, Delaware 19801. Additional information regarding the Debtors' businesses and the background relating to events leading up to these chapter II cases can be found in (i) the Declaration of William A. Rosoff in Support of the Debtors' Chapter II 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., BizEquity 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").

2009 Consolidated Federal Income Tax Return; Or, In The Alternative, (II) Elect to Carry Back Consolidated Net Operating Losses Five Years (“Motion”). In support of this Motion, ABC respectfully states as follows:

Jurisdiction And Venue

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of these chapter 11 cases and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

2. The statutory predicates for the relief requested herein are §§ 105(a) and 363 of the Bankruptcy Code.

Factual Background

A. The Debtor And Affiliated Chapter 11 Filings

3. Advanta and various of its affiliates filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code on November 8, 2009. Advanta announced on or about January 11, 2010 that it intended to pursue a liquidation of its remaining assets and an orderly wind-down of its business.

B. The Consolidated Tax Group And 2009 NOLs

4. ABC is a non-debtor, wholly-owned subsidiary of Advanta.

5. Advanta is the common parent of an affiliated group of corporations, including ABC, which files consolidated tax returns for federal income tax purposes (the “Consolidated Group”) pursuant to the terms of a tax sharing agreement (the “Tax Sharing Agreement”) that exists between and among the Consolidated Group. The Tax Sharing Agreement is dated as of May 1, 1995, and a true and correct copy of same has been affixed hereto as Exhibit A.

6. Upon information and belief, it is ABC’s understanding that the Consolidated Group may report a consolidated net operating loss (“NOL”) for 2009 and that Advanta, as the

Consolidated Group's common parent, may elect to carry back such net operating loss to offset the Consolidated Group's taxable income during the preceding five years.

7. Specifically, this five year NOL carry back is authorized under a recent amendment to the Internal Revenue Code ("IRC"). Prior to the amendment, IRC Section 172(b)(1)(A) provided that a net operating loss for any taxable year may be carried back to the two preceding tax years and carried forward to the 20 subsequent tax years. Newly enacted IRC Section 172(b)(1)(H) modifies the general two-year carry back rule and provides that taxpayers may elect to carry back 2008 or 2009 NOLs up to five years.

8. Notably, Revenue Procedure 2009-52, 4.01(2) provides that the five-year net operating loss carry back election must be made by the common parent of an affiliated group filing a consolidated return, and must be filed with the taxpayer's original or amended federal income tax return for the taxable year of the applicable net operating loss on or before the due date, including extensions, for the return.

9. ABC's preliminary estimates indicate that the potential tax refund that may be due from the Internal Revenue Service ("IRS") associated with such a tax election is approximately \$54 million (the "Anticipated Refund") if Advanta makes the five-year NOL carry back election. Moreover, ABC believes that it may be entitled to a significant portion of the Anticipated Refund pursuant to and in accordance with the Consolidated Group's Tax Sharing Agreement. In addition, ABC projects that its separate company tax loss for 2009 may exceed \$544 million (upon information, the Consolidated Group has reported a combined 2009 tax loss of approximately \$603 million).

10. The deadline for the Debtor to file the 2009 consolidated federal income tax return (the "Tax Return") is this coming Monday, March 15, 2010. If Advanta is not going to file the Tax Return by March 15th, it must request an extension from the IRS.

11. ABC has recently requested that the Debtor affirmatively elect the five-year NOL carryback treatment. See Exhibit B, attached hereto and made a part hereof. Furthermore, ABC has attempted, on a number of occasions, both through its business personnel and counsel, to ascertain Advanta's intentions in this regard. Regrettably, these inquiries have gone unanswered, and the Advanta business personnel have advised that they are not authorized to discuss federal income tax matters with ABC, despite the fact that ABC is a wholly-owned subsidiary of the Debtor and a member of the Consolidated Group.

12. In view of the foregoing, and against this factual backdrop, ABC feels that it has no alternative but to move before this Court, on an emergency basis, in order to compel the relief sought herein.

Relief Requested

13. By this Motion, ABC seeks the entry of an Order requiring Advanta to either timely secure an extension from the IRS to file its 2009 Tax Return; or, alternatively, if the Debtor chooses to file its 2009 Tax Return by this coming Monday, March 15, to affirmatively elect to carry back 2009 consolidated net operating losses five years.

Legal Argument

"Give me a lever long enough and a fulcrum on which to place it, and I shall move the world."

- *Archimedes*

14. Advanta seeks to use the lever that it currently holds over ABC - having the sole ability to file consolidated tax returns for the Consolidated Group, which includes ABC, with the

concomitant right to make (or not make) the five-year NOL carry back tax election. Importantly, however, is that the Debtor's goal is not so lofty as moving the world here. Instead, Advanta has refused to advise its wholly-owned subsidiary and a member of the Consolidated Group as to its intentions with respect to this important tax issue, presumably because it intends to file a consolidated federal tax return by this coming Monday's deadline without affirmatively making the five-year election that is so critical to ABC.

15. Should Advanta file the 2009 Tax Return without affirmatively electing the five-year NOL carry back, it is beyond cavil that ABC will be severely prejudiced.

16. Under IRC regulations, only Advanta, as the parent entity, can make the tax election, despite the fact that ABC is entitled to a substantial portion of the Anticipated Refund that will be owing as a consequence thereof. Because ABC cannot make this election itself, it is dependent on Advanta to do so, and will suffer a significant financial detriment if Advanta does not. Indeed, the failure to make this tax election on the consolidated 2009 Tax Return may arguably extinguish Advanta's right to do so at a later date. (As heretofore noted, Advanta has failed to respond in any meaningful fashion regarding its plans with respect to the 2009 Tax Return, let alone offered a substantive justification as to why it would not elect the five-year NOL carry back.)

17. Advanta may contend that it does not wish to carry back losses to offset taxes paid in prior years, but instead desires to preserve NOL's for future use, perhaps through a liquidating plan. Leaving aside for the moment that the NOL's, as discussed below, may be significantly impaired under such a scenario, it ignores the very real fact that ABC is one of the largest unsecured creditors of the Debtor and its estate, to whom Advanta plainly owes fiduciary

duties, both as a member of the Consolidated Group and as one of the Debtor's largest unsecured creditors.²

18. The timely resolution of this matter is critically important to ABC given the posture of ABC's ongoing regulatory discussions with the FDIC. ABC is under supervisory orders by the FDIC, and its current status is labeled by the FDIC as "critically undercapitalized", which is the lowest step before prudential regulators may be required to terminate a financial institution's banking charter. Because of this, the FDIC has expressed certain concerns regarding ABC's current liquidity and capital position.

19. Advanta's failure to elect the five-year NOL carry back on the 2009 consolidated Tax Return poses a grave and immediate threat to ABC's continued operations. No one, not even the Debtor, can fairly argue otherwise.

20. ABC believes that it may be entitled to a significant portion of the nearly \$54 million Anticipated Refund that the IRS will owe to the Consolidated Group if the five-year NOL carry back election is made here. As such, the affirmative tax election by the Debtor would significantly enhance ABC's liquidity and its balance sheet, and will, in all likelihood, serve to alleviate the FDIC's concerns in large measure. Put another way, ABC reasonably believes that a potential termination of ABC's banking charter by prudential regulators may be delayed - or quite possibly avoided altogether - if the Debtor elects the five-year NOL carry back and ABC receives its portion of the Anticipated Refund.

² Advanta's schedules reflect unsecured claims in the aggregate amount of \$226,565,460, of which two groups of noteholders are allegedly owed approximately \$225,569,000 in the aggregate, leaving less than \$1 million in vendor and other unsecured debt. Advanta lists ABC as holding unliquidated, disputed and contingent claims in its schedules. ABC believes that it may hold a general unsecured claim in excess of \$170,000,000, based on certain assumptions considered reasonable and depending on the amount of tax refunds that ABC ultimately may receive.

21. At a minimum, the Debtor should wish to increase the potential for tax refunds that come into the bankruptcy estate by virtue of affirmatively electing the five year loss carryback. That is, if the debtor elects to carry back losses for five years instead of merely two years, the anticipated tax refund is increased by \$28 million, from \$26 million to \$54 million. Even if the debtor does not believe that ABC is entitled to the lion's share of the anticipated tax refunds, it strains credulity to think that it would not want to increase funds flowing into the estate by this order of magnitude.

22. Strengthening ABC is in the best interests of the Debtor, its estate and creditors as well. The Debtor is currently in a liquidation mode, and ABC is one of the Debtor's most valuable remaining assets. Without the Anticipated Refund, ABC's liquidity position is put in jeopardy, which may cause prudential regulators to take adverse action against ABC. Any such action may impair or even extinguish the Debtor's equity position in ABC and convert it to a subordinated claim, notwithstanding the pendency of the Debtor's bankruptcy case. Thus, the Debtor's equity position in ABC could be severely devalued and its ability to receive distributions from ABC diminished, if not entirely eliminated, as a result thereof.

23. Admittedly, a chapter 11 debtor's business judgment is to be afforded a fair degree of deference, but here the Debtor's decision not to make the five-year tax election should not be afforded such deference, given that an important asset of its liquidating estate - *to wit*, its stock in ABC - will be greatly enhanced by the infusion of millions of additional dollars in tax refunds should the Debtor affirmatively elect to make the five-year tax election here. To be sure, any meaningful enhancement in ABC's liquidity position inures to the benefit of, among others, the Debtor and its estate, as the sole stockholder in ABC.

24. Courts will not defer to the debtor's business judgment if its decision "is so manifestly unreasonable that it could not be based on sound business judgment, but only on bad faith, or whim or caprice." Lubrizol Enterprises, Inc. v. Richmond Metal Finishers, Inc., 756 F.2d 1043, 1047 (4th Cir. Va. 1985). A debtor's business judgment is not entitled to deference "if there is no showing of benefit to the estate or if the risk of harm to [another party] will be disproportionate to the benefit to the estate." See Johnson v. Fairco Corp., 61 B.R. 317, 320 (N.D.Ill. 1986) (no deference where the debtor's actions are in bad faith or in gross abuse of its managerial discretion).

25. In In re Midwest Polychem, Ltd., 61 B.R. 559, 562-63 (N.D.Ill. 1986), the court refused to approve the debtor's decision to reject a contract, because it made "no business or equitable sense." The court held that even in the application of the business judgment test, it is always appropriate to consider the equities of the situation and measure the relative effects of rejection before granting approval.

26. In Mission Iowa Wind Co. v. Enron Corp., 291 B.R. 39 (S.D.N.Y. 2003), the debtor-parent negotiated a sale of its debtor-subsidiary's assets and allocated the proceeds in a way that benefited the parent to the detriment of the subsidiary. The district court vacated the bankruptcy court order approving the debtor's allocation of proceeds, holding that: "[I]t is incumbent on the Bankruptcy Court in these circumstances not to defer in conclusory fashion to the debtors' business judgment but to consider on the merits whether the price allocated to the U.S. Asset Sellers was a fair reflection of those assets' relative value and to make findings of fact on that question."

27. Like in the above cited cases, this Court should not defer to the Debtor's business judgment to the extent it does not intend to affirmatively elect the five-year NOL carry back on

the 2009 Tax Return. Because the economic benefits flowing from such an election are so significant, both to the Debtor and ABC, the failure to do so would be manifestly unreasonable and not in the best interests of the bankruptcy estate.

28. Section 105 of the Bankruptcy Code provides, in relevant part, that "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." Accordingly, this Court has authority to issue the order requested herein.

29. The affirmative tax election and resulting refunds would serve to provide additional capital and liquidity to ABC, stave off potentially disastrous action by prudential regulators of ABC, protect the Debtor's equity interest therein, and, ultimately, result in a greater recovery for the Debtor and its estate.

30. For the aforementioned reasons, ABC respectfully requests that this Court compel its parent, the Debtor here, to either timely file for an extension of the deadline to file the Tax Return or, alternatively, to affirmatively make the five year NOL tax election described above.

WHEREFORE, ABC respectfully requests that the Court enter an Order compelling the Debtor to: (i) immediately, and in no event later than March 15, 2010, file an extension with the IRS for an extension of the time file the 2009 Tax Return; or, alternatively, (ii) if the Debtor timely files its 2009 Tax Return, to make the five-year NOL carry back election as described above, and for such other and further relief as is just and proper.

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Dated: March 12, 2010

PEPPER HAMILTON LLP

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EXHIBIT A

TAX SHARING AGREEMENT

This Fourth Amended and Restated Tax Sharing Agreement, made this 15th day of May, 1995 by and between Advanta Corp., a Delaware corporation, and its wholly owned (except for director qualifying shares, when appropriate) direct and indirect subsidiaries, which are defined in Section 14 as parties hereto ("Subsidiaries"), shall be as follows:

WHEREAS, Advanta Corp. (formerly TSO Financial Corp.) entered into a First Amended and Restated Tax Sharing Agreement on October 1, 1986, a Second Amended and Restated Tax Share Agreement on August 20, 1988 and a Third Amended and Restated Tax Sharing Agreement on October 11, 1989 with its then existing subsidiaries, and the parties thereto now desire to amend and restate the First Amended and Restated Tax Sharing Agreement, the Second Amended and Restated Tax Sharing Agreement and the Third Amended and Restated Tax Sharing Agreement; and

WHEREAS, Advanta Corp. and its subsidiaries are, for purposes of the Internal Revenue Code of 1954, as amended, members of an affiliated group ("Affiliated Group") of which Advanta Corp. is the parent company, and of which all other Advanta Corp. subsidiaries are the member companies ("Member"); and

WHEREAS, it has been determined that for the current year the Affiliated Group should file a consolidated income tax return, and similar determinations may be made with respect to future years; and

WHEREAS, it is the intention of the parties that if such consolidated returns are filed, each Member company should contribute its fair and equitable share to the taxes payable by the Affiliated Group or compensation for the reduction in the net operating loss deduction, capital loss deduction, or other tax benefit of the Affiliated Group resulting from the inclusion of the Member companies in the Affiliated Group, but that in any event, the filing of such consolidated returns shall be beneficial rather than disadvantageous to each Member company and that each Member company should not

disadvantageous to each Member company and that each Member company should not with respect to any year, or part thereof, for which it is a Member of the Affiliated Group be required to pay more in lieu of taxes or receive a payment in lieu of a refund less than it would have paid or received if the Member company had at all times computed and paid its tax liability on a separate return basis. It is intended that this will comply with the pro rata method as described in SFAS 109 and its interpretation and all consideration of regulatory accounting principles.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Computation of Separate Tax.

In any year or part thereof in which it is planned that the Affiliated Group and any other affiliated subsidiaries of Advanta Corp. which may hereinafter become parties to this Agreement should file a consolidated income tax return (either for federal or state taxes), on or before the date provided by law for payment of any federal or state tax or estimated federal or state tax by a Member, or as soon thereafter as the necessary computations have been completed (hereinafter called the "Adjustment Date") a computation shall be made of the accrued taxes or refund of tax properly reflected in the income statement, on a separate company basis, that should be reflected under generally accepted accounting principals. The amount so computed is hereinafter referred to as the "Separate Member Tax" or the "Separate Member Refund," as the case may be.

2. Payments by Member Companies to Advanta Corp.

(a) If on any Adjustment Date there is a Separate Member Tax and the tax payment then due from the Affiliated Group is in excess of the amount of the Separate Member Tax, then the Member shall pay to Advanta Corp. an amount equal to the Separate

Member Tax. No member shall pay to Advanta Corp. an amount in excess of the amount which would have been payable on a separate company basis.

(b) If on any Adjustment Date there is a Separate Member Tax which exceeds the payment then due from the Affiliated Group, the Member shall pay to Advanta Corp. an Adjustment Payment equal to such Affiliated Group payment then due together with 100% of the excess of the Separate Member Tax over the Affiliated Group payment then due, or if no such payment is then due 100% of the Separate Member Tax.

(c) Any tax which is due as a result of an alternative minimum tax calculation shall be paid by the Advanta Corp. to the extent that such tax exceeds the regular tax.

(d) The quarterly estimated income tax payments and the annual tax liability shall be remitted to Advanta Corp. on the due dates prescribed by the Internal Revenue Code of 1954, as amended.

3. Payments by Advanta Corp. to Members.

(a) If on any Adjustment Date there is a Separate Member Refund, and for the period for which such computation is made the Affiliated Group also files a refund claim in an amount equal to or greater than the Separate Member Refund, then promptly after the receipt of the refund payment from the taxing authority there shall be paid to the Member an Adjustment Payment equal to the Separate Member Refund, together with the allocable share of any interest received with respect thereto.

(b) If on any Adjustment Date there is a Separate Member Refund and the Affiliated Group also is entitled to a refund, but such refund is less than the Separate Member Refund, Advanta Corp. shall pay to such Member payment in an amount equal to the Separate Member Refund, together with an allocable share of any interest promptly upon receipt of the refund payment from the taxing authority.

(c) If on any Adjustment Date there is a Separate Member Refund but no Affiliated Group refund, Advanta Corp. shall pay to the Member the amount equal to the Separate Member Refund.

4. Separate Member Loss.

If on any Adjustment Date the separate return computation for a Member would show a loss but not a Separate Member Refund, Advanta Corp. shall pay to the Member an amount equal to the amount of the loss which results in a tax benefit, determined in a manner consistent with the allocation of tax due to taxable Members, from those losses on the consolidated return.

5. Aggregation of Indirect Subsidiaries.

For purposes of determining payments to be made under Section 2, 3 and 4, the separate company calculations described in Section 1 shall be aggregated so that each direct subsidiary of Advanta Corp., which itself has one or more subsidiaries, shall be affiliated with its direct and indirect subsidiaries as if each such direct subsidiary of Advanta Corp. filed a consolidated return.

6. Deferred Taxes.

No member shall pay to Advanta Corp. any portion of its deferred federal income tax liability.

7. Audit Results.

If, as a result of audit or otherwise, it is determined that there was an error in the computation of any Adjustment Payment, an appropriate repayment or additional

payment shall promptly be made, together with interest thereon at the prime rate on the date of such repayment or additional payment, regardless of whether at that date Advanta Corp. and the Members are still joining in consolidated returns filed by the Affiliated Group.

8. Effective Date.

Promptly upon execution hereof, a computation shall be made of the amounts, if any, owing by Advanta Corp. to the Members or the Members to Advanta Corp., as if this Agreement had been in effect since January 1, 1995.

9. Termination.

This Agreement shall terminate if:

- (a) the parties agree in writing to such termination.
- (b) the Member's membership in the Affiliated Group ceases or is terminated for any reason whatsoever.
- (c) the Affiliated Group fails to file a consolidated return for any taxable year.

Notwithstanding the termination of this Agreement, its provisions will remain in effect with respect to any period of time during the tax year in which termination occurs for which the income of the terminating party must be included in the consolidated return.

10. Assignment.

The respective rights and obligations of each of the parties to this Agreement may not be assigned by any party without the prior written consent of the other parties hereto.

11. Arbitration.

Any disputes arising out of the interpretation or implementation of the terms and conditions of this Agreement shall be submitted to binding arbitration.

12. Access.

All materials, including but not limited to tax returns, supporting schedules, workpapers, correspondence and other documents relating to consolidated income tax returns filed by the Affiliated Group shall be made available to any party of this Agreement during regular business hours. This Paragraph 11 shall survive the termination of this Agreement.

13. Nonviolation of Applicable Laws.

No Member shall pay an amount in excess of any limitation contained within this Tax Sharing Agreement or which would otherwise cause such payment to be in violation of any applicable statute, regulation or administrative ruling.

14. Parties.

Any corporation which is currently or which may in the future become an affiliated subsidiary of Advanta Corp. shall become a party to this Agreement when it becomes a member of the Affiliated Group.

This Agreement shall be effective on the date set forth above, upon execution of same.

Amendment

As between Advanta Corp. and Advanta Insurance Company, Advanta Life Insurance Company, Direct National Life Insurance Company and TSO National Life Insurance Company, the Fourth Amended and Restated Tax Sharing Agreement dated May 1, 1995, shall be amended as follows:

To add a new provision at the end of Paragraph 2(d) stating:

; provided however that Advanta Insurance Company, Advanta Life Insurance Company, Direct National Life Insurance Company, and TSO National Life Insurance Company shall be required to make their respective estimated income tax payments no later than 60 days after each Advanta Corp. estimated income tax payment is due.

This Amendment has been agreed to by the parties set forth below, effective as of September 1, 1995, on the dates so indicated.

Advanta Corp.

By: Richard A. Greenawalt
Richard A. Greenawalt, President

Attest: Gene S. Schneyer
Gene S. Schneyer, Secretary

Date: 12/11/95

Advanta Insurance Company
Advanta Life Insurance Company
Direct National Life Insurance Company
TSO National Life Insurance Company

By: Charles Podowski
Charles Podowski, President

Attest: Ronald J. Souders
Ronald Souders, Secretary

Date: 12/11/95

Amendment and Adoption

As between ADVANTA Corp. and Colonial National Financial Corp., the Tax Sharing agreement hereby being adopted dated October 11, 1989, shall be amended as follows:

Paragraph four (4) shall state:

If on any Adjustment Date the separate return computation for a Member would show a loss but not a Separate Member Refund, ADVANTA Corp. shall pay in a reasonable time after the Adjustment Date to the Member an amount equal to the amount of the loss which results in a tax benefit, determined in a manner consistent with the allocation of tax due to taxable Members, from those losses on the consolidated return.

The Agreement has been adopted by the parties set forth below, effective as of April 14, 1993, on the dates so indicated.

ADVANTA Corp.

By: Richard Greenawalt
Richard A. Greenawalt, President

Attest: _____
Gene S. Schneyer

Date: _____

Colonial National Financial Corp.

By: [Signature]
John L. Richards, President

Attest: Julie Boyle
Julie Boyle

Date: 5/18/93

(amended)

EXHIBIT B



RECEIVED MAR 12 2010

Advanta
Bank Corp.
MEMBER FDIC
11850 South Election Road
Draper, UT 84020

March 10, 2010

Dennis Alter
Bill Rosoff
Advanta Corp.
Welsh & McKean Roads
P.O. Box 844
Spring House, PA 19477-08444

Re: Election for 5-Year Carryback of Federal Net Operating Losses

Dear Dennis and Bill:

We continue to miss seeing you both and hope you are well. We were pleased to hear that Bill Wirthlin had a good discussion with Bill Rosoff on the issues. We understand and appreciate the issues you are facing. Given the differing and overlapping constituents we both face, we think regular communication is a good thing.

We wanted to let you know that the Board today decided to amend the Call Report consistent with the discussions in the meeting last Thursday that Jay attended. We also wanted to formally request that Advanta Corp. ("Advanta") (i) file its consolidated income tax return as soon as possible, (ii) immediately thereupon elect to carry its 2009 consolidated net operating loss back five years as permitted under new federal income tax rules, and (iii) immediately thereupon file an application for a tentative carryback adjustment of the tax for the prior tax years affected by the 5-year net operating loss carryback.

Since Advanta is the common parent of an affiliated group of corporations, including Advanta Bank Corp ("ABC"), it files a consolidated return for federal income tax purposes (the "Consolidated Group"). We understand that the Consolidated Group will report a consolidated net operating loss in 2009, and that Advanta, as the Consolidated Group's common parent, may elect to carry this 2009 net operating loss to the Consolidated Group's preceding five taxable years. Our preliminary estimates indicate that the potential refund from the Internal Revenue Service associated with such an election should be approximately \$54 million (the "Anticipated Refund"). ABC believes that it is entitled to a portion of the Anticipated Refund pursuant to and in accordance with the Consolidated Group's tax sharing agreement dated May 1, 1995 (the "TSA").

The timely resolution of this matter is critically important to ABC given ABC's capital status as described in the Report of Examination as of December 31, 2009, which you have been provided, and our decision today to amend the December 31st call report. If the FDIC is appointed receiver of ABC, that event may impair, or even extinguish, Advanta's equity position in ABC and convert any equity into a subordinated claim, notwithstanding the pendency of Advanta's Chapter 11 bankruptcy case. Thus, Advanta's equity position in ABC could be severely devalued and its ability to receive distributions from ABC diminished, if not entirely eliminated, as a consequence of such a course of action by the prudential regulators of ABC.

ABC has discussed with its prudential regulators the possibility that it may be entitled to a portion of the Anticipated Refund should Advanta elect the 5-year net operating loss carryback, and that it is ABC's position that its portion of the Anticipated Refund is material to ABC's viability. We reasonably believe that an extinguishment of your equity in ABC may be delayed – or quite possibly avoided altogether – if ABC is able to demonstrate to its prudential regulators that Advanta intends to expeditiously file a 5-year net operating loss carryback claim and that ABC will receive a portion of the Anticipated Refund in a manner consistent with the TSA. In view of this, the 5-year net operating loss carryback claim requested in this letter may have the effect of, among other things, preserving Advanta's equity position in ABC. We believe ABC has intrinsic franchise value due to the uniqueness of ABC's type of banking charter and the lack of de novo charters currently being approved by the prudential regulators.

Please understand that the 5-year net operating loss carryback claim is a limited opportunity provided for under recent changes to the tax law. Section 172(b)(1)(A) of the Internal Revenue Code of 1986, as amended ("IRC"), provides that a net operating loss for any taxable year may be carried back to the 2 preceding tax years and carried forward to the 20 subsequent tax years. Newly enacted IRC Section 172(b)(1)(H) modifies the general 2-year carryback rule and provides that taxpayers may elect to carry back 2008 or 2009 net operating losses up to five years. Revenue Procedure 2009-52, 4.01(2) provides that the 5-year net operating loss carryback election must be made by the common parent of an affiliated group filing a consolidated return. The 5-year carryback election must be filed with the taxpayer's original or amended federal income tax return for the taxable year of the applicable net operating loss on or before the due date, including extensions, for the return. IRC Section 6411 provides for certain "quick refund" procedures using Form 1139 whereby taxpayers may file and attach a tentative net operating loss carryback claim to their tax return or within 12 months of the end of the year in which the net operating losses arose.

Against this backdrop, ABC requests that Advanta (i) file its consolidated income tax return as soon as possible, (ii) immediately thereupon elect to carry its 2009 consolidated net operating loss back five years as permitted under new federal income tax rules, and (iii) immediately thereupon file an application for a tentative carryback adjustment of the tax for the prior tax years affected by the 5-year net operating loss. We firmly believe this course of action will be mutually beneficial to ABC and Advanta. To be sure, the recovery by ABC of a sizable portion of the Anticipated Refund will enhance its capital position and, in all likelihood, provide the prudential regulators with a greater degree of comfort in its oversight of ABC. This outcome most assuredly inures to the benefit of Advanta and its bankruptcy estate given its equity stake in ABC. I wish to acknowledge the assistance of Frank Mayer in providing the detail for this letter. Please feel free to contact me or Frank with any questions you might have. In the meantime, thank you for your prompt attention to this matter.

Very truly yours,



Calvin M. Boardman
Chairman of the Board of Directors

cc: ABC Board of Directors

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

	-----X	
<i>In re</i>	:	Chapter 11
	:	
ADVANTA CORP., <i>et al.</i> , ³	:	Case No. 09-13931 (KJC)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	RE: D.I. _____
	-----X	

ORDER GRANTING MOTION OF ADVANTA BANK CORP. FOR ENTRY OF AN ORDER COMPELLING DEBTOR ADVANTA CORP. TO (I) TIMELY FILE A REQUEST FOR AN EXTENSION OF TIME TO FILE 2009 CONSOLIDATED FEDERAL INCOME TAX RETURN; OR, IN THE ALTERNATIVE, (II) ELECT TO CARRY BACK 2009 CONSOLIDATED NET OPERATING LOSSES FIVE YEARS

UPON THE MOTION of Advanta Bank Corp. (“ABC”) for Entry of an Order Compelling Advanta Corp. to (I) Timely File A Request For an Extension of Time to File 2009 Consolidated Federal Income Tax Return; or (ii) Elect to Carry Back 2009 Consolidated Net

³ 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), BizEquity 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). Each of the Debtors (other than Advanta Credit Card Receivables Corp. and the Great Expectations entities) maintains its principal corporate office at Welsh & McKean Roads, P.O. Box 844, Spring House, Pennsylvania 19477-0844. Advanta Credit Card Receivables Corp. maintains its principal corporate office at 2215 B. Renaissance Drive, Suite 5, Las Vegas, Nevada 89119, and the Great Expectations entities maintain their principal corporate office at 1209 Orange Street, Wilmington, Delaware 19801. Additional information regarding the Debtors' businesses and the background relating to events leading up to these chapter II cases can be found in (i) the Declaration of William A. Rosoff in Support of the Debtors' Chapter II 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., BizEquity 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*").

Operating Losses Five Years (the "Motion"), and having given due consideration to the Motion and any response or objections thereto, and this Court possessing jurisdiction to consider the Motion, and venue lying appropriately with this Court, and notice of the Motion being sufficient under the circumstances, and the relief requested by the Motion being just and proper, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED and any objections thereto are OVERRULED.
2. To the extent Advanta Corp. ("Advanta") does not intend to timely file its 2009 Consolidated Federal Income Tax Return ("Tax Return") on or before March 15, 2010, it is hereby ordered to immediately and timely file a request for an extension of time to file the Tax Return. Such request is to be made no later than 5:00 p.m. (EST) on March 15, 2010 and a filed copy of same shall promptly be provided to ABC and its counsel.
3. To the extent Advanta timely files the Tax Return on or before March 15, 2010, it is hereby ordered to take such steps as are necessary to affirmatively elect the five-year net operating loss carry back pursuant to and in accordance with Internal Revenue Code Section 172(b)(1)(A).
4. This Court shall retain jurisdiction with respect to all matter arising from or related to the implementation of this Order.

Dated: _____, 2010
Wilmington, Delaware

HONORABLE KEVIN J. CAREY,
CHIEF UNITED STATES BANKRUPTCY JUDGE