

PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P. IS SENDING YOU THIS DOCUMENT AND THE ACCOMPANYING MATERIALS BECAUSE YOU MAY BE A CREDITOR ENTITLED TO VOTE TO ACCEPT THE ATTACHED CHAPTER 11 PLAN OF LIQUIDATION OF PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P. (THE "PLAN"). THIS SOLICITATION IS BEING CONDUCTED TO OBTAIN SUFFICIENT ACCEPTANCES OF THE PLAN PRIOR TO THE FILING OF A VOLUNTARY CASE UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE. IF THE REQUIRED CREDITORS VOTE TO ACCEPT THE PLAN AND IF OTHER PRE-FILING CONDITIONS ARE MET, PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P. INTENDS TO FILE A VOLUNTARY PETITION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE AND SEEK BANKRUPTCY COURT APPROVAL OF THE PLAN.

BECAUSE NO CHAPTER 11 CASE HAS YET BEEN COMMENCED, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. FOLLOWING THE COMMENCEMENT OF ITS CHAPTER 11 CASE, PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P. EXPECTS TO PROMPTLY SEEK ONE OR MORE ORDERS OF THE BANKRUPTCY COURT (I) APPROVING (A) THIS DISCLOSURE STATEMENT AS HAVING CONTAINED ADEQUATE INFORMATION AND (B) THE SOLICITATION OF VOTES AS HAVING BEEN IN COMPLIANCE WITH SECTION 1126(b) OF THE BANKRUPTCY CODE AND (II) CONFIRMING THE PLAN DESCRIBED HEREIN.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

-----X
:
In re: : Chapter 11
:
PHILADELPHIA ENTERTAINMENT AND : Case No. _____ (____)
DEVELOPMENT PARTNERS, L.P.,¹ :
:
Debtor. :
-----X

**DISCLOSURE STATEMENT FOR CHAPTER 11 PLAN OF LIQUIDATION OF
PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P.**

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Dated: March 10, 2014
Philadelphia, Pennsylvania

EXHIBITS

Exhibit 1 Chapter 11 Plan of Liquidation of Philadelphia Entertainment and Development Partners, L.P.

PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P. (THE “DEBTOR”) IS PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE CHAPTER 11 PLAN OF LIQUIDATION OF PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P. (AS AMENDED, MODIFIED, OR SUPPLEMENTED, THE “PLAN”) TO HOLDERS OF CLAIMS AND INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. THE DEBTOR IS COMMENCING SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN BEFORE THE DEBTOR FILES ANY VOLUNTARY CASE UNDER CHAPTER 11 OF THE BANKRUPTCY CODE.

THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH OR REVIEWED BY THE BANKRUPTCY COURT, AND IS NOT NECESSARILY IN COMPLIANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE DEBTOR URGES EACH HOLDER OF A CLAIM OR AN INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY.

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THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. NEITHER THIS DISCLOSURE STATEMENT NOR THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

THIS DISCLOSURE STATEMENT MAY CONTAIN “FORWARD LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES

LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS “MAY,” “EXPECT,” “ANTICIPATE,” “ESTIMATE” OR “CONTINUE” OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD LOOKING STATEMENTS.

THIS DISCLOSURE STATEMENT CONTAINS OR MAY CONTAIN, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN DOCUMENTS RELATED TO THE PLAN AND THE ADMINISTRATION OF THE CHAPTER 11 CASE THAT MAY BE ATTACHED HERETO AND/OR INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE DEBTOR BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. THE DEBTOR DOES NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION. ANY FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

THE DEBTOR IS MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTOR MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTOR HAS NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE OF THIS DISCLOSURE STATEMENT.

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS, ALTERNATIVES TO CONFIRMATION, AND CONSUMMATION OF THE PLAN, ALL DESCRIBED IN GREATER DETAIL HEREIN. THE DEBTOR URGES EACH HOLDER OF A CLAIM OR AN INTEREST TO CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ANY

LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN VOTING TO ACCEPT OT REJECT THE PLAN AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY.

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I. INTRODUCTION

Philadelphia Entertainment and Development Partners, L.P. (the “*Debtor*”) prepared this Disclosure Statement in connection with the solicitation of votes for acceptance of the Plan. This Disclosure Statement is intended to provide adequate information of a kind, and in sufficient detail, to enable the Debtor’s creditors to make an informed judgment about the Plan, including whether to vote to accept or reject the Plan. A copy of the Plan is attached hereto as Exhibit 1 and is incorporated by reference. The Debtor is distributing this Disclosure Statement and the Plan, and is soliciting votes to accept or reject the Plan, prior to the filing of any voluntary case under chapter 11 of the Bankruptcy Code.

To the extent that the information provided in this Disclosure Statement and the Plan (including any attached exhibits) are in conflict, the terms of the Plan (including any attached exhibits) will control. Creditors should refer only to this Disclosure Statement and the Plan to determine whether to vote to accept or reject the Plan.

The Debtor believes that approval of the Plan is in the best interests of the Debtor’s Estate and all parties in interest. The Plan, which provides for, among other things, the payment in full of any and all allowed administrative and priority claims against the Debtor and its Estate and the creation of a liquidation trust to pursue claims and causes of action for the benefit of holders of unsecured claims, presents the best chance for any recovery for creditors of the Debtor’s Estate. Any additional delay in the resolution of the Chapter 11 Case will result in additional administrative expenses and claims to the detriment of the Debtor’s Estate and all parties in interest.

PURSUANT TO THE BANKRUPTCY CODE, ONLY CREDITORS WHO ACTUALLY VOTE ON THE PLAN WILL BE COUNTED FOR PURPOSES OF DETERMINING WHETHER THE REQUIRED NUMBER OF ACCEPTANCES HAS BEEN OBTAINED.

A. Overview of Chapter 11.

The Debtor is soliciting votes to accept or reject the Plan prior to the commencement of the Chapter 11 Case. Following the solicitation of votes to accept or reject the Plan, the Debtor intends to file a voluntary petition under section 301 of the Bankruptcy Code commencing the Chapter 11 Case and promptly seek one or more orders of the Bankruptcy Court (i) approving (a) this Disclosure Statement as having contained “adequate information” and (b) the solicitation of votes as having been in compliance with section 1126(b) of the Bankruptcy Code, and (ii) confirming the Plan.

Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court’s confirmation of a plan binds the debtor, any entity acquiring property under the plan, any holder of a claim or equity interest in a debtor and all other entities as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code, to the terms and conditions of the confirmed plan. Subject to certain limited exceptions, the order

issued by the bankruptcy court confirming a plan provides for the treatment of claims against and interests in the Debtor in accordance with the terms of the confirmed plan.

B. Rules of Interpretation and Construction.

Unless otherwise specified, all section or exhibit references in the Disclosure Statement are to the respective section in, or exhibit to, the Disclosure Statement, as the same may be amended, waived, or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Disclosure Statement as a whole and not to any particular section, subsection, or clause contained therein. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the Disclosure Statement. The headings in this Disclosure Statement are for convenience of reference only and shall not limit or otherwise affect the interpretation of the Disclosure Statement. Unless otherwise provided, any reference in this Disclosure Statement to an existing document, exhibit or schedule means such document, exhibit or schedule as it may have been amended, restated, revised, supplemented or otherwise modified. Further, where appropriate from a contextual reading of a term, each term includes the singular and plural form of the term regardless of how the term is stated and each stated pronoun is gender neutral. In computing any period of time set forth in the Disclosure Statement, the provisions of Bankruptcy Rule 9006(a) shall apply.

All capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

C. Recommendation of the Debtor and Plan Overview.

The Debtor believes that the Plan, which provides for, among other things, the settlement of certain tax claims asserted against the Debtor, and the creation of a liquidation trust for the benefit of the Debtor’s unsecured creditors, will allow for a prompt resolution of the Debtor’s Chapter 11 Case and will achieve the best possible result for claimants. The following is a brief overview of the Plan and it is qualified by reference to the Plan itself.

The Plan is the result of negotiations by and among the Debtor, RBS Citizens, National Association (“**RBS Citizens**”), the City of Philadelphia, and various of the Debtor’s other creditors. RBS Citizens is a Holder of a Secured Claim against the Debtor, which Secured Claim will be satisfied from the proceeds of the sale of certain real property of the Debtor, with the remaining outstanding balance owing to RBS Citizens being treated as the RBS Citizens Deficiency Claim. This sale may occur prior to the confirmation of the Plan or prior to the commencement of the Chapter 11 Case. As discussed in more detail herein, RBS Citizens has agreed to allow Holders of General Unsecured Claims to receive a specified percentage recovery on their Claims before RBS Citizens will have any right to receive a distribution on account of its unsecured deficiency claim, which will allow for increased recoveries to other Holders of General Unsecured Claims. The Plan also provides for the resolution of the claims of the City of Philadelphia against the Debtor with respect to certain unpaid real estate taxes, with such unpaid taxes to be paid by the Purchaser in the event the real property is sold to a third party Purchaser or RBS Citizens in the event the real property is transferred to RBS Citizens. Further, the Plan provides for the liquidation of the remaining assets of the Estate, including the investigation and prosecution of Causes of Action of the Estate, by a Liquidation Trust to be formed pursuant to

the Plan and a Liquidation Trust Agreement. The Liquidation Trust is to be managed by a Liquidation Trustee and will be responsible for liquidating the Liquidation Trust Assets and making Distributions to Holders of Allowed Claims as well as all other administrative tasks necessary for ultimate resolution of the Chapter 11 Case, pursuant to the terms of the Plan and the Liquidation Trust Agreement.

The General Partner and Limited Partners of the Debtor are making a cash contribution to the Debtor in the aggregate amount of \$750,000 (a portion of which has already been provided to the Debtor and a portion of which will be provided just prior to commencement of the Chapter 11 Case) and RBS Citizens will contribute to the Debtor \$150,000 from the proceeds of the Real Property Sale (collectively, the “**Initial Funding Amount**”), which amount is to be used by the Debtor or the Liquidation Trustee, as applicable, to (i) fund the costs and expenses of the Debtor for preparing for the Chapter 11 Case, (ii) fund the costs and expenses of administering the Chapter 11 Case, and (iii) pay in full all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, and Allowed Priority Claims (if any), other than any Secured Claims or Priority Claims in favor of the City of Philadelphia, with any excess amounts to be transferred to the Liquidation Trust as Liquidation Trust Assets to be used by the Liquidation Trustee in accordance with the Plan and the Liquidation Trust Agreement. The General Partner and Limited Partners have waived any Claim and right to repayment in connection with the Initial Funding Amount, and RBS Citizens has agreed to repayment of its portion of the Initial Funding Amount only after Holders of Allowed General Unsecured Claims receive a specified recovery from the Liquidation Trust as set forth in Section 4.3 of the Plan. This Initial Funding Amount by the General Partner, Limited Partner, and RBS Citizens is a critical component of the Chapter 11 Case and the Plan as it allows for the payment of administrative and priority claims against the Debtor, which is necessary in order to confirm the Plan, with excess amounts to be transferred to the Liquidation Trust and used as initial funding for the Liquidation Trust. As consideration for the Initial Funding Amount, the Debtor agreed to pursue confirmation of the Plan providing for certain releases and exculpations in favor of the General Partner, the Limited Partners, and RBS Citizens. The General Partner, Limited Partners, and RBS Citizens would not agree to provide the Initial Funding Amount without receiving the benefit of the releases and exculpations provided in the Plan and the Debtor’s commitment to seek confirmation of the Plan.

D. Summary of Classification and Treatment of Claims and Interests Under the Plan

As described more fully in this Disclosure Statement, the Plan provides for Distributions on account of Allowed Claims. Any Claim estimates are subject to change and allowance or estimation in accordance with section 502(c) of the Bankruptcy Code. For a more detailed description of the classification and treatment of Claims and Interests under the Plan, please see Section IV.A. through C. hereof.

<u>Class</u>	<u>Description</u>	<u>Impaired / Entitled to Vote</u>	<u>Treatment</u>
Class 1	Priority Claims	Unimpaired / Not entitled to	Any Allowed Priority Claim in favor of the City of Philadelphia in connection with the Real Property shall be

<u>Class</u>	<u>Description</u>	<u>Impaired / Entitled to Vote</u>	<u>Treatment</u>
		vote	<p>paid in full by either (a) the Purchaser of the Real Property in connection with a sale of the Real Property, (b) RBS Citizens to the extent the Real Property is transferred to RBS Citizens, or (c) the Purchaser in the event the Real Property is sold during the Chapter 11 Case, to the extent such Allowed Priority Claim has not already been paid in full prior to the Effective Date of the Plan, and such payment shall be in full and final satisfaction, settlement, release, and discharge of such Allowed Priority Claim.</p> <p>The Debtor does not believe there are any other Holders of Allowed Priority Claims. To the extent any such Holder of an Allowed Priority Claim exists, except to the extent that such Holder has agreed with the Debtor or Liquidation Trustee to a different treatment of such Claim, each such Holder shall receive, in full and final satisfaction, settlement, release, and discharge of each such Allowed Priority Claim, Cash in an amount equal to such Allowed Priority Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date the Priority Claim becomes an Allowed Claim, and (iii) the date for payment provided by any agreement or arrangement between the Debtor or the Liquidation Trustee and the Holder of the Allowed Priority Claim.</p>
Class 2	RBS Citizens Secured Claims	Impaired / Entitled to vote	<p>In full and final satisfaction, settlement, release, and discharge of the RBS Citizens Secured Claims, (i) RBS Citizens will be paid the full amount of the Net Proceeds realized from the Real Property Sale or, (ii) in the event the Real Property is sold during the Chapter 11 Case to RBS Citizens or an affiliate thereof pursuant to a Credit Bid or otherwise, the Real Property will be transferred to RBS Citizens free and clear of any liens, claims, encumbrances, and other interests to the fullest extent permitted by sections 363 and 1141 of the Bankruptcy Code. Upon such payment or receipt of all right, title, and interest in and to the Real Property, the Liens securing such Allowed RBS Citizens Secured Claim shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person. For the avoidance of doubt, the RBS Citizens Secured Claim shall be deemed an Allowed Claim under the Plan. Any RBS Citizens Deficiency Claim shall be classified as a Class 3 General Unsecured Claim, provided that it will receive the treatment described in Section 4.3 of the Plan.</p>

<u>Class</u>	<u>Description</u>	<u>Impaired / Entitled to Vote</u>	<u>Treatment</u>
Class 3	General Unsecured Claims	Impaired / Entitled to vote	<p>Except to the extent that a Holder of an Allowed General Unsecured Claim has agreed to a different treatment of such Claim, in full and final satisfaction, settlement, release, and discharge of each Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim (except for the RBS Citizens Deficiency Claim) will receive on account of such Allowed General Unsecured Claim such Holder's Pro Rata Share of the proceeds of the Liquidation Trust Assets after all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, and Allowed Priority Claims (if any) are paid in full in accordance with the Plan, until all Allowed General Unsecured Claims are paid in full or the Liquidation Trust Assets are exhausted; <u>provided, however</u>, that no portion of the Liquidation Trust Operational Reserve, including any Liquidation Trust Counsel Contingency Fee Amount deposited therein, shall be used for payment of any Allowed General Unsecured Claims until all Liquidation Trust Operational Expenses have been paid or otherwise satisfied in full. Any recovery under the Plan to Holders of Allowed General Unsecured Claims is contingent upon the investigative efforts of the Liquidation Trustee and any recoveries by the Liquidation Trust on account of Causes of Action, including the License Fee Claims, transferred to the Liquidation Trust.</p> <p>The RBS Citizens Deficiency Claim shall be deemed an Allowed General Unsecured Claim under the Plan; provided, however, RBS Citizens will not share in any Distribution from the Liquidation Trust on account of any RBS Citizens Deficiency Claim unless and until all other Holders of Allowed General Unsecured Claims receive a recovery from the Liquidation Trust in an amount equal to the greater of (a) \$3 million in the aggregate, and (b) the percentage recovery received by RBS Citizens on account of its RBS Citizens Secured Claims from the Real Property Sale based on (i) the Net Proceeds realized by RBS Citizens in connection with the Real Property Sale (in the event the Real Property is sold and/or transferred to the Purchaser) or (ii) the fair market value of the Real Property as mutually agreed upon by the Debtor and RBS Citizens or, if the Debtor and RBS Citizens are unable to mutually agree on the fair market value of the Real Property, the fair market value of the Real Property as determined by Order of the Bankruptcy Court, which valuation shall be binding on the Debtor and RBS Citizens (in the event the Real Property is sold and/or transferred to RBS Citizens or an affiliate thereof) (the greater of (a) and (b) above being the "<i>Unsecured Priority Recovery</i>"). Following payment of the Unsecured Priority Recovery, RBS Citizens will be</p>

<u>Class</u>	<u>Description</u>	<u>Impaired / Entitled to Vote</u>	<u>Treatment</u>
			<p>reimbursed from the Liquidation Trust for any Section 506(c) Costs and its portion of the Initial Funding Amount (collectively, the “RBS Citizens Expenses”). Once the Unsecured Priority Recovery and RBS Citizens Expenses are paid, RBS Citizens, on account of its RBS Citizens Deficiency Claim, will share <i>pro rata</i> with Holders of Allowed General Unsecured Claims with respect to any additional Distributions from the Liquidation Trust. For example, if the total consideration provided or the Bankruptcy Court-ordered valuation of the Real Property is \$13 million and the total amount of the RBS Citizens’ Claims is \$65 million, then RBS Citizens will not share in any Distribution from the Liquidation Trust on account of its RBS Citizens Deficiency Claim unless and until (a) all other Holders of Allowed General Unsecured Claims receive an Unsecured Priority Recovery from the Liquidation Trust in an amount equal to the greater of (i) \$3 million in the aggregate and (ii) twenty percent (20%) of their Allowed General Unsecured Claims, and (b) payment to RBS Citizens of the RBS Citizens Expenses.</p> <p>The Debtor estimates that the total RBS Citizens Deficiency Claim will be in the range of \$55 million to \$70 million. The Debtor further believes that the other General Unsecured Claims amount to approximately \$24 million in the aggregate. The Debtor believes that it holds valuable Causes of Action, including, without limitation, a Cause of Action to recover the License Fee paid by the Debtor to the Pennsylvania Gaming Control Board in the amount of \$50 million. If the Debtor fails to recover anything on such Causes of Action, however, there may be no Distribution to Class 3 under the Plan.</p>
Class 4	Subordinated Other Claims	Impaired / Not entitled to vote	The Debtor does not believe that there will be any Subordinated Other Claims. To the extent any Holder of an Subordinated Other Claim exists, such Holder will not receive any Distribution on account of such Subordinated Other Claim, and each such Holder of a Subordinated Other Claim shall not receive or retain any interest in the Debtor, the Liquidation Trust, the Liquidation Trust Assets, the Estate, or other property or interests of the Debtor or Liquidation Trust on account of such Subordinated Other Claim.
Class 5	Interests	Impaired / Not entitled to vote	Each Holder of an Interest in the Debtor will not receive any Distribution on account of such Interest. Each such Interest shall not receive or retain any interest in the Debtor, the Liquidation Trust, the Liquidation Trust Assets, the Estate, or other property or interests of the

<u>Class</u>	<u>Description</u>	<u>Impaired / Entitled to Vote</u>	<u>Treatment</u>
			Debtor or Liquidation Trust on account of such Interests. Each such Interest will be cancelled as of the Effective Date.

E. Summary of Voting Requirements for Plan Confirmation.

Under the Bankruptcy Code, only classes of claims that are “impaired” are entitled to vote to accept or reject the Plan. The Bankruptcy Code requires, as a condition to confirmation of a consensual plan of reorganization, that each impaired class of claims accepts the Plan. A class of creditors is deemed to accept a plan because the holders of Allowed Claims in such class are not impaired. An impaired class of creditors votes to accept a plan if the holders of at least two-thirds in dollar amount, and more than one-half in number, of those creditors that actually cast ballots vote to accept such plan.

A class of interest holders is deemed to accept a plan if the holders of at least two-thirds in amount of those interest holders that actually cast ballots vote to accept such plan. A class of interest holders are impaired, not entitled to vote, and deemed to reject the plan if the plan treats such holders by providing that they will retain no property and receive no distributions under the plan.

Any Claim in an impaired Class that is subject to a pending objection or is scheduled as unliquidated, disputed or contingent is not entitled to vote unless the holder of such Claim has obtained an order of the Court temporarily allowing the Claim for the purpose of voting on the Plan.

F. Voting Instructions and Deadline.

This Disclosure Statement is being distributed to Holders of Claims against and Interests in the Debtor to assist such Holders in evaluating the feasibility of the Plan, the manner in which their Claims and Interests are treated and in determining that the Plan satisfies the requirements for confirmation set forth in Bankruptcy Code section 1129. A copy of the Plan is attached hereto as Exhibit 1. The purpose of this Disclosure Statement is to assist those entitled to vote on the Plan to make an informed judgment in voting to accept or reject the Plan.

This Disclosure Statement describes the background of the Debtor and the significant events leading up to the solicitation of votes to accept or reject the Plan. It describes the Plan, which divides Claims and Interests into Classes and provides for the treatment of Allowed Claims and Allowed Interests.

- 1. General Information.** Under the Bankruptcy Code, certain Classes of creditors are deemed to accept or reject the Plan and the vote of these Classes will not be solicited.

2. **Unimpaired Classes Are Deemed to Accept the Plan and Do Not Vote.** If a Creditor holds a Claim included within a Class that is not impaired under the Plan, under Bankruptcy Code section 1126(f) the Class is deemed to have accepted the Plan and such Creditor's vote of such Claim will not be solicited. Class 1 is unimpaired under the Plan.
3. **Voting and Record Date.** If a Creditor holds a Claim classified in a voting Class of Claims under the Plan, the Creditor's acceptance or rejection of the Plan is important and must be in writing and filed on time. The record date for determining which creditors may vote on the Plan is March 1, 2014. The Voting Deadline is **March 27, 2014 at 5:00 p.m. (prevailing Eastern Time).**
 - a. How to Vote. IN ORDER FOR A VOTE TO BE COUNTED, THE BALLOT MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RETURNED TO THE VOTING AGENT BY THE VOTING DEADLINE.
 - b. Ballots. Creditors must use only the ballot or ballots sent to them with this Disclosure Statement. If a Creditor has Claims in more than one Class, it should receive multiple ballots. IF A CREDITOR RECEIVES MORE THAN ONE BALLOT THE CREDITOR SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM AND SHOULD COMPLETE AND RETURN ALL OF THEM.

IF A CREDITOR IS A MEMBER OF A VOTING CLASS AND DID NOT RECEIVE A BALLOT FOR SUCH CLASS, OR IF SUCH BALLOT IS DAMAGED OR LOST, OR IF A CREDITOR HAS ANY QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT:

DLA Piper LLP (US)
1251 Avenue of the Americas
New York, New York 10020
Attn: Thomas R. Califano
Daniel G. Egan
Tel: 212-335-4500

II. BACKGROUND INFORMATION

A. Overview of the Debtor and the Issuance of the Gaming License.

The Debtor is a limited partnership organized and existing under the laws of the Commonwealth of Pennsylvania. The sole general partner of the Debtor is FDC/PEDP GP, LLC, a Pennsylvania limited liability company (the "**General Partner**"). The sole limited partners of the Debtor are FDC Pennsylvania, LP, a Pennsylvania limited partnership,

Washington Philadelphia Investors, L.P., a Pennsylvania limited partnership, and Washington Philadelphia Investors I, L.P., a Pennsylvania limited partnership (collectively, the “**Limited Partners**”). At all relevant times, the Debtor’s affairs were managed by the General Partner.

The Debtor was formed in January 2005 for the purpose of obtaining a Category 2 slot machine license (the “**Gaming License**”) from the Pennsylvania Gaming Control Board (the “**Gaming Board**”) pursuant to applicable Pennsylvania law, and the development and operation of a gaming casino in the City of Philadelphia, along with certain ancillary businesses and operations, including a hotel, restaurants, parking garage, and other entertainment facilities. In connection with the Debtor’s efforts to obtain the Gaming License and operate a gaming casino, the Debtor acquired an approximately thirty (30) acre parcel of real property located at 1499 S. Christopher Columbus Boulevard in Philadelphia, Pennsylvania (as described in more detail in the Plan, the “**Real Property**”). The Debtor’s acquisition of the Real Property was financed through a loan provided to the Debtor by RBS Citizens, which loan is described in more detail below. The Real Property is collateral for the loan.

In December 2005, the Debtor submitted to the Gaming Board its application to obtain the Gaming License and operate a Category 2 gaming facility in Philadelphia. On December 20, 2006, following the Gaming Board’s review of the Debtor’s application and following several public hearings on the application, the Gaming Board voted to approve the Debtor’s Gaming License application. On May 29, 2008, the Gaming Board issued the Debtor its Gaming License. In connection with the Gaming License, the Debtor was required to pay to the Gaming Board a Category 2 slot machine license fee in the amount of \$50 million (the “**License Fee**”), when *inter alia* the Board’s decision became a final, binding, nonappealable determination, not subject to a pending legal challenge. As set forth in its February 1, 2007 Adjudication in support of its December 20, 2006 Order, the Gaming Board ordered that the License Fee was required to be paid by the Debtor “within four (4) months from the date of the February 1, 2007 Adjudication or ten (10) calendar days following the conclusion of any appeals to the grant of this license pursuant to 4 Pa. C. S. § 1204 (if any).” As the result of the substantial unavoidable delays experienced by the Debtor from the outset as the result of the efforts of community activists, state and local politicians, and others, and the need to involve the Pennsylvania Supreme Court to address same, on July 1, 2007, the Debtor petitioned the Gaming Board for an extension of time to pay the License Fee. The Gaming Board rejected that request and, on October 17, 2007, pursuant to an Order of the Gaming Board the Debtor paid the License Fee to the Commonwealth of Pennsylvania. The Debtor paid this License Fee under protest and, in conjunction therewith, wrote to the Gaming Board reserving its right to seek the refund of that License Fee as the result of the delays being experienced, and anticipated in the future.

B. Revocation of the Gaming License.

Subsequent to paying the License Fee to the Commonwealth of Pennsylvania, the Debtor continued to suffer substantial unforeseeable delays not due to its own acts or omissions or within its reasonable control, and, commencing in September 2009, the Gaming Board and its Office of Enforcement Counsel (“**OEC**”) actively and improperly prevented the Debtor from obtaining extensions of time to which it was entitled, and failed to properly act on submissions made to them for the change of control of the Debtor’s gaming casino as envisioned by the

Gaming Act, and as countenanced by them for other licensees, including for the Rivers Casino in Pittsburgh.

On September 1, 2009, in response to the Debtor's Petition for an Extension of Time, the Gaming Board issued an Order granting an extension of time until May 29, 2011 for the Debtor to have its casino open, with at least 1500 slot machines available to the public for play. However, notwithstanding the then current conditions in the economy and the financial industry generally, and the gaming industry specifically—as was acknowledged by the Gaming Board in its September 1 Adjudication—the Gaming Board and OEC unilaterally established arbitrary deadlines for the performance by the Debtor of certain tasks as enumerated therein. The Gaming Board had not, and has not to date, established deadlines such as this regarding other licensees. Due to circumstances beyond its control, and notwithstanding its best efforts, the Debtor could not comply with such deadlines, and the Gaming Board refused to grant reasonable extensions of time to do so, even though the Debtor established that there was “good cause” shown. This resulted in the imposition of substantial economic sanctions against the Debtor and a continuum of show cause hearings addressed to why the Debtor's Gaming License should not be revoked.

During the ensuing period, the Debtor continued to meet its financial obligations and seek out potential investors and lenders for the development of its gaming casino, including Wynn and ultimately Harrahs. However, the Gaming Board and OEC refused to acknowledge that any delay suffered by the Debtor was primarily due to circumstances beyond its reasonable control and, even though it was presented with a proposed transaction with Harrahs for a change of control of the Gaming License, on December 23, 2010 the Gaming Board failed to consider such proposed transaction in good faith and instead issued its Order revoking the Gaming License. The Debtor timely appealed that Order.

On November 10, 2011, the Pennsylvania Commonwealth Court affirmed the Gaming Board's revocation of the Gaming License. The Debtor timely filed a Petition for Allowance of Appeal with the Pennsylvania Supreme Court, but on March 29, 2012, the Pennsylvania Supreme Court denied the Petition. The Pennsylvania Supreme Court's Order became final fourteen days after it was entered, when the time to seek rehearing expired.

Although the Gaming Act does not preclude the return to the Debtor of its License Fee in situations such as this, no portion of the License Fee was ever returned to the Debtor by the Gaming Board or any other entity. In fact, the Gaming Board is presently seeking applicants to purchase the very same Gaming License, in exchange for which the Commonwealth of Pennsylvania will receive substantial funds in any amount in excess of \$50 million.

C. The Debtor's Prepetition Capital Structure.

1. The RBS Citizen's Loan.

On or about April 27, 2007, the Debtor entered into a Loan Agreement with RBS Citizens (as amended, restated, or modified from time to time, the “***RBS Citizens Loan Agreement***”) pursuant to which RBS Citizens agreed to make a revolving credit loan to the Debtor in the maximum principal amount of \$10 million. To evidence the loan, the Debtor issued a promissory note in favor of RBS Citizens in the principal amount of \$10 million (as

amended, restated, or modified from time to time, the “**RBS Citizens Promissory Note**”). The original maturity date under the RBS Citizens Promissory Note was October 30, 2007.

As security for the Debtor’s obligations to RBS Citizens under the RBS Citizens Loan Agreement and RBS Citizens Promissory Note, the Debtor entered into an Open-End Mortgage and Security Agreement with RBS Citizens, dated as of April 26, 2007 (as amended, restated, or modified from time to time, the “**RBS Citizens Mortgage and Security Agreement**”) pursuant to which the Debtor granted to RBS Citizens a first priority lien on and security interest in the Real Property and certain related personal property. The Debtor and RBS Citizens also entered into an Assignment of Leases and Rents, dated as of April 27, 2007 (as amended, restated, or modified from time to time, the “**RBS Citizens Assignment of Leases and Rents**”).

On or about August 24, 2007, the Debtor and RBS Citizens entered into an amendment to the RBS Citizens Loan Agreement providing for, among other things, an increase in the maximum amount of the loan to \$25 million and an extension of the maturity date of the loan to January 31, 2008. On or about September 10, 2007, the Debtor and RBS Citizens entered into a second amendment to the RBS Citizens Loan Agreement providing for, among other things, a further increase in the maximum amount of the loan to \$60 million and an extension of the maturity date of the loan to March 31, 2008. In addition, as further security for the Debtor’s obligations to RBS Citizens, the Debtor and RBS Citizens entered into a Security Agreement, dated as of September 10, 2007 (as amended, restated, or modified from time to time, the “**RBS Citizens Security Agreement**”), pursuant to which the Debtor granted to RBS Citizens a first priority lien on and security interest in substantially all of the Debtor’s personal property. The RBS Citizens Security Agreement provides that the Gaming License would not be subject to RBS Citizens’ liens and security interests. The Debtor and RBS Citizens entered into several other amendments to the RBS Citizens Loan Agreement providing for, among other things, extensions of the maturity date of the loan.

The Debtor defaulted on its obligations under the terms of the RBS Citizens Loan Agreement by, among other things, failing to pay all amounts due and owing to RBS Citizens by the maturity date. A total amount of approximately \$75 million is due and owing by the Debtor to RBS Citizens under the RBS Citizens Loan Agreement.

2. Other Indebtedness.

The Debtor incurred additional indebtedness in connection with, among other things, its efforts to develop the gaming casino in Philadelphia. As of February 1, 2014, the total amount of such additional indebtedness was approximately \$24 million. Additional indebtedness was due and owing to the City of Philadelphia for unpaid real estate taxes assessed in connection with the Real Property in the asserted approximate amount of \$14,094,007 and on account of which the City of Philadelphia has agreed to accept \$8,157,086. As discussed below and in the Plan, RBS Citizens negotiated a settlement with the City of Philadelphia with respect to such unpaid real estate taxes.

III. EVENTS LEADING TO FORMULATION AND SOLICITATION OF PLAN

Following the Gaming Board's revocation of the Debtor's Gaming License, the Debtor ceased operations. The Debtor subsequently engaged in extensive negotiations with its significant creditors, including RBS Citizens, in an effort to achieve a resolution of the Debtor's debt obligations. In addition, RBS Citizens engaged in extensive negotiations with the City of Philadelphia regarding the unpaid real estate taxes. These negotiations were largely successful and culminated in the formulation and distribution of this Disclosure Statement and the Plan, which incorporates the terms of the settlements reached with various creditors and the terms of an orderly liquidation of the Debtor's assets that the Debtor believes will maximize value for its creditors. In addition, the Debtor entered into a Plan Support Agreement with RBS Citizens pursuant to which, among other things, RBS Citizens agreed, subject to the terms and conditions of the Plan Support Agreement, to vote all of its Claims to accept the Plan.

RBS Citizens, with the Debtor's cooperation, has commenced a process pursuant to which it is seeking a purchaser of the Real Property, and RBS Citizens is seeking to consummate such purchase prior to the filing of the Chapter 11 Case, with the Net Proceeds of such sale to be used to satisfy the secured claim of RBS Citizens. In the event the Real Property is not sold prior to the filing of the Chapter 11 Case, the Debtor will seek to consummate a sale of the Real Property during the Chapter 11 Case, with the Net Proceeds of the sale of the Real Property being used to satisfy the secured claim of RBS Citizens. In addition, RBS Citizens achieved a resolution with the City of Philadelphia regarding the unpaid real estate taxes, with the agreed upon amount of such unpaid taxes to be paid by the Purchaser or RBS Citizens from the proceeds of the Real Property Sale. Further, the Plan provides for the creation of a liquidation trust for the benefit of the Debtor's creditors to which any remaining assets of the Debtor, other than the Real Property and the proceeds thereof, will be transferred. Such assets include Avoidance Actions and other Causes of Action, including any and all claims and causes of action that may exist in connection with or arising out of payment of the License Fee and/or the revocation of the Debtor's Gaming License against the Pennsylvania Gaming Control Board, the Commonwealth of Pennsylvania, the Pennsylvania Treasury, or any other person or entity that was a transferee or recipient of the License Fee or was involved, directly or indirectly, in the issuance and/or revocation of the Gaming License. The Debtor believes that the Plan presents the best possible chance for recovery for the Debtor's creditors.

IV. SUMMARY OF THE CHAPTER 11 PLAN OF LIQUIDATION FOR THE DEBTOR

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT 1.

A. Treatment of Claims and Interests Under the Plan.

The following table sets forth the classification of Claims against and Interests in the Debtor for all purposes, including voting, confirmation and Distribution under the Plan and in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Debtor classifies a

Claim or Interest under the Plan in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class with the balance of any such Claim or Interest classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that any such Claim or Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. Each Class set forth below is treated under the Plan as a distinct Class for voting and Distribution purposes.

Class	Description	Treatment	Entitled to Vote
1	Priority Claims	Unimpaired	No (deemed to accept)
2	RBS Citizens Secured Claim	Impaired	Yes
3	General Unsecured Claims	Impaired	Yes
4	Subordinated Other Claims	Impaired	No (deemed to reject)
5	Interests	Impaired	No (deemed to reject)

B. Treatment of Unclassified Claims Under the Plan.

1. Administrative Expense Claims.

Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees to less favorable treatment with the Debtor or Liquidation Trustee, each Holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to the unpaid amount of such Allowed Administrative Expense Claim on the later of the Effective Date and the date on which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is reasonably practicable; provided, however, that Allowed Administrative Expense Claims of the U.S. Trustee for statutory fees under 28 U.S.C. § 1930 shall be paid on the Effective Date and thereafter, as such fees may thereafter accrue and be due and payable, by the Liquidation Trustee in accordance with the applicable schedule for payment of such fees. To be eligible to receive distributions under the Plan on account of an Administrative Expense Claim that is not otherwise Allowed by the Plan, a request for payment of Administrative Expense Claim must have been or be filed with the Bankruptcy Court on or before the Administrative Expense Claims Bar Date. Any Administrative Expense Claim that is not asserted in accordance with Section 2.1 of the Plan shall be deemed disallowed under the Plan and shall be forever barred against the Debtor, the Estate, the Liquidation Trust, or any of their Assets or property, and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim.

2. Compensation and Reimbursement Claims.

All Professionals seeking payment of Compensation and Reimbursement Claims shall (i) file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred in the Chapter 11 Case by the date that is thirty (30) days after the Effective Date and (ii) be paid (a) the full unpaid amounts as is Allowed by the Bankruptcy Court within five (5) Business Days after the date that such Claim is Allowed by Order of the Bankruptcy Court, or (b) upon such other terms as may be mutually agreed upon between the Holder of such an Allowed Compensation and Reimbursement Claim and the Debtor or Liquidation Trustee. Any Compensation and Reimbursement Claim that is not asserted in accordance with Section 2.2 of the Plan shall be deemed disallowed under the Plan and shall be forever barred against the Debtor, the Estate, the Liquidation Trust, or any of their Assets or property, and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim.

C. Treatment of Classified Claims and Interests Under the Plan.

1. Priority Claims (Class 1).

Any Allowed Priority Claim in favor of the City of Philadelphia in connection with the Real Property shall be paid in full in an amount in accordance with the Tax Settlement Agreement by either (a) the Purchaser of the Real Property in connection with a Prepetition Sale, (b) RBS Citizens to the extent the Real Property is transferred to RBS Citizens, or (c) the Purchaser in the event the Real Property is sold during the Chapter 11 Case, to the extent such Allowed Priority Claim has not already been paid in full prior to the Effective Date, and such payment shall be in full and final satisfaction, settlement, release, and discharge of such Allowed Priority Claim.

The Debtor does not believe there are any other Holders of Allowed Priority Claims. To the extent any such Holder of an Allowed Priority Claim exists, except to the extent that such Holder has agreed with the Debtor or Liquidation Trustee to a different treatment of such Claim, each such Holder shall receive, in full and final satisfaction, settlement, release, and discharge of each such Allowed Priority Claim, Cash in an amount equal to such Allowed Priority Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date the Priority Claim becomes an Allowed Claim, and (iii) the date for payment provided by any agreement or arrangement between the Debtor or the Liquidation Trustee and the Holder of the Allowed Priority Claim.

Class 1 is Unimpaired and is deemed to accept the Plan.

2. RBS Citizens Secured Claim (Class 2).

In full and final satisfaction, settlement, release, and discharge of the RBS Citizens Secured Claims, (i) RBS Citizens will be paid the full amount of the Net Proceeds realized from the Real Property Sale or, (ii) in the event the Real Property is sold during the Chapter 11 Case to RBS Citizens or an affiliate thereof pursuant to a Credit Bid or otherwise, the Real Property will be transferred to RBS Citizens free and clear of any liens, claims, encumbrances, and other

interests to the fullest extent permitted by sections 363, 1141, and 1146(a) of the Bankruptcy Code. Upon such payment or receipt of all right, title, and interest in and to the Real Property, the Liens securing such Allowed RBS Citizens Secured Claim shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person. For the avoidance of doubt, the RBS Citizens Secured Claim shall be deemed an Allowed Claim under the Plan. Any RBS Citizens Deficiency Claim shall be classified as a Class 3 General Unsecured Claim, provided, however, it will receive the treatment described below.

Class 2 is Impaired and is entitled to vote to accept or reject the Plan.

3. General Unsecured Claims (Class 3).

Except to the extent that a Holder of an Allowed General Unsecured Claim has agreed to a different treatment of such Claim, in full and final satisfaction, settlement, release, and discharge of each Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim (except for the RBS Citizens Deficiency Claim) will receive on account of such Allowed General Unsecured Claim such Holder's Pro Rata Share of the proceeds of the Liquidation Trust Assets after all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, and Allowed Priority Claims are paid in full in accordance with this Plan, until all Allowed General Unsecured Claims are paid in full or the Liquidation Trust Assets are exhausted; provided, however, that no portion of the Liquidation Trust Operational Reserve, including any Liquidation Trust Counsel Contingency Fee Amount deposited therein, shall be used for payment of any Allowed General Unsecured Claims until all Liquidation Trust Operational Expenses have been paid or otherwise satisfied in full. Any recovery under the Plan to Holders of Allowed General Unsecured Claims is contingent upon the investigative efforts of the Liquidation Trustee and any recoveries by the Liquidation Trust on account of Causes of Action, including, without limitation, the License Fee Claims, transferred to the Liquidation Trust.

The RBS Citizens Deficiency Claim shall be deemed an Allowed General Unsecured Claim under the Plan; provided, however, RBS Citizens will not share in any Distribution from the Liquidation Trust on account of any RBS Citizens Deficiency Claim unless and until all other Holders of Allowed General Unsecured Claims receive a recovery from the Liquidation Trust in an amount equal to the greater of (a) \$3 million in the aggregate, and (b) the percentage recovery received by RBS Citizens on account of its RBS Citizens Secured Claims from the Real Property Sale based on (i) the Net Proceeds realized by RBS Citizens in connection with the Real Property Sale (in the event the Real Property is sold and/or transferred to the Purchaser) or (ii) the fair market value of the Real Property as mutually agreed upon by the Debtor and RBS Citizens or, if the Debtor and RBS Citizens are unable to mutually agree on the fair market value of the Real Property, the fair market value of the Real Property as determined by Order of the Bankruptcy Court, which valuation shall be binding on the Debtor and RBS Citizens (in the event the Real Property is sold and/or transferred to RBS Citizens or an affiliate thereof) (the greater of (a) and (b) above being the "***Unsecured Priority Recovery***"). Following payment of the Unsecured Priority Recovery, RBS Citizens will be reimbursed from the Liquidation Trust for any Section 506(c) Costs and its portion of the Initial Funding Amount (collectively, the "***RBS Citizens***

Expenses”). Once the Unsecured Priority Recovery and RBS Citizens Expenses are paid, RBS Citizens, on account of its RBS Citizens Deficiency Claim, will share *pro rata* with Holders of Allowed General Unsecured Claims with respect to any additional Distributions from the Liquidation Trust. For example, if the Allowed Claims in Class 3 other than the RBS Citizens Deficiency Claim total \$20 million, and if the Net Proceeds derived from the Real Property Sale or the Bankruptcy Court-ordered valuation of the Real Property is \$13 million and the total amount of the RBS Citizens’ Claims is \$65 million, then RBS Citizens will not share in any Distribution from the Liquidation Trust on account of its RBS Citizens Deficiency Claim unless and until (a) all other Holders of Allowed General Unsecured Claims receive an Unsecured Priority Recovery from the Liquidation Trust in an amount equal to the greater of (i) \$3 million in the aggregate and (ii) twenty percent (20%) of their Allowed General Unsecured Claims (\$4 million in the example), and (b) payment to RBS Citizens of the RBS Citizens Expenses.

Class 3 is Impaired and is entitled to vote to accept or reject the Plan.

4. Subordinated Other Claims (Class 4).

The Debtor does not believe that there are any Subordinated Other Claims. To the extent any Holder of an Subordinated Other Claim exists, such Holder will not receive any Distribution on account of such Subordinated Other Claim, and each such Holder of a Subordinated Other Claim shall not receive or retain any interest in the Debtor, the Liquidation Trust, the Liquidation Trust Assets, the Estate, or other property or interests of the Debtor or Liquidation Trust on account of such Subordinated Other Claim.

Class 4 is Impaired and is deemed to reject the Plan.

5. Interests (Class 5).

Each Holder of an Interest in the Debtor will not receive any Distribution on account of such Interest. Each such Interest shall not receive or retain any interest in the Debtor, the Liquidation Trust, the Liquidation Trust Assets, the Estate, or other property or interests of the Debtor or Liquidation Trust on account of such Interests. Each such Interest will be cancelled as of the Effective Date.

Class 5 is Impaired and is deemed to reject the Plan.

D. Acceptance or Rejection of the Plan.

Only Impaired Classes of Claims that are not deemed to reject the Plan are entitled to vote to accept or reject the Plan. Classes 4 and 5 are deemed to reject the Plan in accordance with section 1126(g) of the Bankruptcy Code.

1. Impaired Classes.

Pursuant to section 1126 of the Bankruptcy Code, each Impaired Class of Claims or Interests that will receive a Distribution pursuant to the Plan may vote separately to accept or reject the Plan. Each Holder of an Allowed Claim in such an Impaired Class shall receive a ballot and may cast a vote to accept or reject the Plan. Classes 4 and 5 are not entitled to receive

or retain any property under the Plan and, therefore, are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Class 1 is Unimpaired, is not entitled to vote to accept or reject the Plan, and is deemed to accept the Plan. Classes 2 and 3 are Impaired and are the only Classes of Claims or Interests entitled to vote on the Plan.

2. Acceptance by a Class.

A Class of Claims entitled to vote to accept or reject the Plan accepts the Plan if the Holders of Claims in such voting Class that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Claims that complete and return Ballots in such Class vote to accept the Plan. A Class of Interests is deemed to accept the Plan if the Plan has been accepted by Holders of at least 2/3 of the amount of the Allowed Interests held by Holders of such Interests who vote in such Class. Class 1 is Unimpaired under the Plan and, therefore, is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

3. Cramdown Under Section 1129(b) of the Bankruptcy Code.

If all applicable requirements for confirmation of the Plan are met as set forth in section 1129(a) of the Bankruptcy Code except subsection (8) thereof, the Debtor may request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code on the bases that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims or Interests that is Impaired under, and has not accepted or is deemed to reject, the Plan.

E. Means for Implementation of the Plan.

1. Initial Funding Amount.

The General Partner, Limited Partners, and RBS Citizens have agreed to provide to the Debtor and Debtor's Estate the Initial Funding Amount in the aggregate amount of \$900,000—\$750,000 of which is being contributed by the General Partner and Limited Partners and \$150,000 of which is being contributed by RBS Citizens from the proceeds of the Real Property Sale. The General Partner and Limited Partners have waived any Claim and right to repayment in connection with the Initial Funding Amount, and RBS Citizens has agreed to receive repayment of its portion of the Initial Funding Amount only after Holders of Allowed General Unsecured Claims receive a specified recovery (*i.e.*, the Unsecured Priority Recovery) from the Liquidation Trust as set forth in Section 4.3 of the Plan. The Initial Funding Amount will be used by the Debtor or the Liquidation Trustee, as applicable, to (i) fund the costs and expenses of the Debtor for preparing for the Chapter 11 Case, (ii) fund the costs and expenses of administering the Chapter 11 Case, and (iii) pay in full all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, and Allowed Priority Claims (if any), but not to fund distributions to the City of Philadelphia or the Commonwealth of Pennsylvania, in accordance with the Plan. Any portion of the Initial Funding Amount that remains after payment in full of the foregoing will be transferred to the Liquidation Trust as Liquidation Trust Assets to be used by the Liquidation Trustee in accordance with the Plan and the Liquidation Trust Agreement. As consideration for the Initial Funding Amount and the

waiver by the General Partner and Limited Partners of any Claim and right to repayment in connection with the same, and RBS Citizens' agreement to defer repayment of its portion of the Initial Funding Amount in accordance with Section 4.3 of the Plan, Section 11 of the Plan provides for certain releases and exculpations in favor of the General Partner, the Limited Partners, and RBS Citizens. The General Partner, Limited Partners, and RBS Citizens would not agree to provide the Initial Funding Amount without receiving the benefit of the releases and exculpations provided in the Plan.

2. Sale of Real Property.

RBS Citizens has commenced a process, with the cooperation of the Debtor, to sell the Real Property to the Purchaser, with the Net Proceeds of such sale to be applied towards the RBS Citizens Secured Claim. In the event the Real Property is not sold and/or transferred prior to the Petition Date, pursuant to the Plan, the Real Property shall be sold to the Purchaser under and in accordance with sections 363, 1123(a)(5), 1123(b)(4), 1129(b)(2)(A), 1141, and 1146(a) of the Bankruptcy Code and the terms and conditions of the Real Property Sale Documents free and clear of any and all Claims, Liens, Interests and encumbrances, other than Assumed Liabilities. For the avoidance of doubt, RBS Citizens may Credit Bid at a 363 Sale. Upon the earlier of the entry of the 363 Sale Order or the entry of the Plan Confirmation Order, the Debtor, RBS Citizens, and the Purchaser shall be authorized and directed to take any and all action necessary to consummate the Real Property Sale. Upon consummation of the Real Property Sale, all Net Proceeds of the Real Property Sale shall be paid directly to RBS Citizens on account of the RBS Citizens Secured Claim in accordance with Section 4.2 of the Plan (to the extent such Net Proceeds have not already been paid to RBS Citizens prior to the Petition Date). In addition, in connection with the Real Property Sale and in full and final satisfaction, settlement, release, and discharge of any and all Allowed Priority Claims in favor of the City of Philadelphia, the City of Philadelphia shall be paid an amount as set forth in the Tax Settlement Agreement, which amount shall be paid by either (a) the Purchaser of the Real Property in connection with a Prepetition Sale, (b) RBS Citizens to the extent the Real Property is transferred to RBS Citizens, or (c) the Purchaser in the event the Real Property is sold during the Chapter 11 Case, to the extent such Allowed Priority Claim has not already been paid in full prior to the Effective Date.

In the event that the Purchaser defaults under the agreement of sale in connection with a Prepetition Sale, the deposit paid by the Purchaser thereunder shall be used to reimburse PEDP for any and all reasonable costs and expenses incurred by it in connection with the sale, and any remaining deposit amount shall be paid to RBS Citizens and applied by RBS Citizens to the RBS Citizens Secured Claim. To the extent that there are any Post-Closing Escrowed Funds in connection with the Real Property Sale, the Post-Closing Escrowed Funds and any interest earned thereon shall remain subject in all respects to the liens and security interests of RBS Citizens, which liens and security interests shall be deemed fully perfected, and neither the Debtor nor its Estate shall be deemed to have any interest in the Post-Closing Escrowed Funds (including any interest earned thereon) or any balance remaining and released from escrow after satisfaction of the escrow conditions, together with such interest, which balance and interest shall be payable solely to RBS Citizens.

In the event that there are no bidders at the 363 Sale and RBS Citizens elects not to exercise its right to Credit Bid, then the Debtor, at the request of RBS Citizens, shall stipulate to

the entry of an order of the Bankruptcy Court granting RBS Citizens relief from the automatic stay to allow RBS Citizens to commence a foreclosure action against the Real Property.

3. The Liquidation Trust.

a. Appointment of the Liquidation Trustee. The Debtor has selected Brian R. Ford as the Liquidation Trustee for the Liquidation Trust. The Liquidation Trustee shall be the successor to all of the privileges of the Estate and the Debtor including, but not limited to, the attorney/client privilege. The Liquidation Trustee shall receive compensation in the amount of \$10,000 per month, payable from the Liquidation Trust Operational Reserve, during the term of the Liquidation Trust and shall not be required to file a fee application to receive compensation. The Liquidation Trustee shall be subject to removal only by the Bankruptcy Court upon application or motion by a beneficiary of the Liquidation Trust, after notice and a hearing, and for cause shown, including (a) the willful and continued refusal by the Liquidation Trustee to perform his duties under the Plan and Liquidation Trust Agreement, and (b) gross negligence, gross misconduct, fraud, embezzlement or theft.

b. Creation of Liquidation Trust. On the Effective Date, the Liquidation Trustee shall sign the Liquidation Trust Agreement and in his capacity as Liquidation Trustee accept all Liquidation Trust Assets on behalf of the beneficiaries thereof, and be authorized to obtain, seek the turnover, liquidate, and collect all of the Liquidation Trust Assets not in its possession. The Liquidation Trust will be deemed created and effective without any further action by the Bankruptcy Court or any Person as of the Effective Date. The Liquidation Trust shall be established for the primary purpose of liquidating the Liquidation Trust Assets and for making Distributions in accordance with the Plan and the Liquidation Trust Agreement, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary to, and consistent with, the liquidating purpose of the Liquidation Trust.

c. Beneficiaries of Liquidation Trust. The Holders of Allowed Claims entitled to Distributions shall be the beneficiaries of the Liquidation Trust. Such beneficiaries shall be bound by the Liquidation Trust Agreement. The interests of the beneficiaries in the Liquidation Trust shall be uncertificated and, other than the interests of RBS Citizens (which shall be transferrable), shall be nontransferable except upon death of the interest holder or by operation of law.

d. Vesting and Transfer of Assets to the Liquidation Trust. Pursuant to Bankruptcy Code section 1141(b), the Liquidation Trust Assets shall vest in the Liquidation Trust; provided, however, that the Liquidation Trustee may abandon or otherwise not accept any Liquidation Trust Assets that the Liquidation Trustee believes, in good faith, have no value to the Liquidation Trust. Any Liquidation Trust Assets that the Liquidation Trustee so abandons or otherwise does not accept shall not be property of the Liquidation Trust. As of the Effective Date, all Liquidation Trust Assets vest in the Liquidation Trust and all Assets dealt with in the Plan shall be free and clear of all Liens, Claims and Interests except as otherwise specifically provided in the Plan or in the Plan Confirmation Order.

e. Retention of the Liquidation Trust Counsel. Effective as of the Effective Date and the creation of the Liquidation Trust, the Liquidation Trust Counsel shall be retained as litigation counsel to the Liquidation Trust on the terms and conditions set forth in the Liquidation Trustee Counsel Engagement Letter and shall be compensated solely from the Liquidation Trust Counsel Upfront Payment and the Liquidation Trust Counsel Contingency Fee Amount. The Liquidation Trust Counsel shall also be entitled to repayment from the Liquidation Trust Operational Reserve of out-of-pocket costs and expenses incurred by it as set forth in the Liquidation Trust Counsel Engagement Letter. The Liquidation Trust Counsel shall not be authorized to engage or utilize the services of any other professional in connection with the performance of its duties as Liquidation Trust Counsel without the prior written approval of the Liquidation Trustee.

f. Certain Powers and Duties of the Liquidation Trust and Liquidation Trustee.

(i) General Powers of the Liquidation Trustee. The Liquidation Trustee shall be the exclusive trustee of the Liquidation Trust and the Liquidation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3). The powers, rights, and responsibilities of the Liquidation Trustee shall be specified in the Liquidation Trust Agreement and shall include the authority and responsibility to: (a) receive, manage, invest, supervise, and protect Liquidation Trust Assets; (b) pay taxes or other obligations incurred by the Liquidation Trust; (c) retain and compensate, without further order of the Bankruptcy Court, the services of employees, professionals and consultants to advise and assist in the administration, prosecution and distribution of Liquidation Trust Assets; it being understood, however, that the Liquidation Trust Counsel shall only be compensated as provided in Section 6.3(e) of the Plan; (d) calculate and implement Distributions of Liquidation Trust Assets; (e) investigate, prosecute, compromise, and settle, in accordance with the specific terms of the Liquidation Trust Agreement, Causes of Action vested in the Liquidation Trust; (f) resolve issues involving Claims and Interests in accordance with the Plan; (g) undertake all administrative functions of the Chapter 11 Case, including the payment of fees payable to the Office of the United States Trustee and the ultimate closing of the Chapter 11 Case. The Liquidation Trust is the successor to the Debtor, the Estate, and the Debtor's right to books and records. Causes of Action that will vest in the Liquidation Trust include Causes of Action for recovery of the License Fee in the amount of \$50 million (*i.e.*, the License Fee Claims); however, there can be no assurance as to the outcome of such License Fee Claims or the dollar amount of any recovery that will be obtained by the Liquidation Trust.

(ii) Books and Records. On the Effective Date, the Liquidation Trust shall: (a) take possession of all books, records, and files of the Debtor and the Estate; and (b) provide for the retention and storage of such books, records, and files until such time as the Liquidation Trust determines, in accordance with the Liquidation Trust Agreement, that retention of same is no longer necessary or required. The General Partner and Limited Partners shall make available to and cooperate in turning over to the Liquidation Trust all books, records, and files of the Debtor and the Estate that are in their possession.

(iii) Investments of Cash. The Liquidation Trust may invest Cash (including any earnings thereon or proceeds therefrom) as permitted by Bankruptcy Code section 345 or in other prudent investments, provided, however, that such investments are permitted to

be made by a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings, or other controlling authorities.

(iv) Costs and Expenses of Administration of the Liquidation Trust.

All Liquidation Trust Operating Expenses shall be the responsibility of and paid by the Liquidation Trust in accordance with the Liquidation Trust Agreement from the Liquidation Trust Operational Reserve.

(v) Reporting. In no event later than thirty (30) Business Days after the end of the first full month following the Effective Date and on a quarterly basis thereafter until all Cash in the Liquidation Trust has been released or paid out in accordance with the Plan, the Liquidation Trustee shall file with the Bankruptcy Court a report setting forth the amounts, recipients and dates of all Distributions made by the Liquidation Trustee under the Plan through each applicable reporting period.

g. Federal Income Tax Treatment of the Liquidation Trust for the Liquidation Trust Assets. For federal income tax purposes, it is intended that the Liquidation Trust be classified as a liquidating trust under section 301.7701-4 of the Treasury regulations and that such trust be owned by its beneficiaries. Accordingly, for federal income tax purposes, it is intended that the beneficiaries be treated as if they had received a distribution from the Estate of an undivided interest in each of the Liquidation Trust Assets (to the extent of the value of their respective share in the applicable assets) and then contributed such interests to the Liquidation Trust, and the Liquidation Trust's beneficiaries will be treated as the grantors and owners thereof.

h. Tax Reporting. The Liquidation Trustee shall file tax returns for the Liquidation Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with the Plan. The Liquidation Trust also shall annually (for tax years in which Distributions from the Liquidation Trust are made) send to each holder of a beneficial interest a separate statement setting forth the holder's share of items of income, gain, loss, deduction or credit and all such holders shall report such items on their federal income tax returns; provided, however, that no such statement need be sent to any Class that is not expected to receive any Distribution from the Liquidation Trust. The Liquidation Trust's taxable income, gain, loss, deduction or credit will be allocated to the Liquidation Trust's beneficiaries in accordance with their relative beneficial interests in the Liquidation Trust.

As soon as possible after the Effective Date, the Liquidation Trust shall make a good faith valuation of assets of the Liquidation Trust, and such valuation shall be used consistently by all parties for all federal income tax purposes. The Liquidation Trust also shall file (or cause to be filed) any other statements, returns, or disclosures relating to the Liquidation Trust that are required by any Governmental Unit for taxing purposes. The Liquidation Trust may request an expedited determination of taxes of the Debtor or of the Liquidation Trust under Bankruptcy Code section 505(b) for all tax returns filed for, or on behalf of, the Debtor and the Liquidation Trust for all taxable periods through the dissolution of the Liquidation Trust.

The Liquidation Trust shall be responsible for filing all federal, state, and local tax returns for the Debtor and the Liquidation Trust. The Liquidation Trust shall comply with all

withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions made by the Liquidation Trust shall be subject to any such withholding and reporting requirements.

i. Payment of Taxes. The Liquidation Trust shall be responsible for payments of all Allowed tax obligations of the Debtor, and any taxes imposed on the Liquidation Trust or the Liquidation Trust Assets. The Liquidation Trustee shall honor the Tax Settlement Agreement.

j. Term of Liquidation Trust. The Liquidation Trustee shall be discharged and the Liquidation Trust shall be terminated, at such time as (i) all Disputed Claims have been resolved, (ii) all of the Liquidation Trust Assets have been liquidated, (iii) all duties and obligations of the Liquidation Trustee under the Liquidation Trust Agreement have been fulfilled, (iv) all Distributions required to be made by the Liquidation Trust under the Plan and the Liquidation Trust Agreement have been made, and (v) the Chapter 11 Case has been closed; provided, however, that in no event shall the Liquidation Trust be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion within the six-month period prior to the fifth anniversary (or the end of any extension period approved by the Bankruptcy Court), determines that a fixed period extension (not to exceed one (1) year, together with any prior extensions, without a favorable letter ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the Liquidation Trust as a liquidating trust for federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the Liquidation Trust Assets.

4. Liquidation Trust Operational Reserve.

On the Effective Date, the Liquidation Trustee shall establish the Liquidation Trust Operational Reserve in an authorized depository in the Eastern District of Pennsylvania, which shall initially be funded from amounts remaining in the Initial Funding Amount as of the Effective Date, which funds shall vest in the Liquidation Trust free and clear of all Liens, Claims, encumbrances, charges and other interests. In addition, the first \$750,000 in monetary proceeds arising out of the Claims and Causes of Action pursued by the Liquidation Trust, net of the Liquidation Trust Counsel Contingency Fee Amount, shall be deposited into the Liquidation Trust Operational Reserve. Thereafter, the Liquidation Trustee shall have the authority to replenish the Liquidation Trust Operational Reserve from additional monetary proceeds arising out of the Claims and Causes of Action pursued by the Liquidation Trust, net of the Liquidation Trust Counsel Contingency Fee Amount, in an amount he determines necessary in his reasonable judgment. Funds in the Liquidation Trust Operational Reserve shall be used by the Liquidation Trustee only for the payment of Liquidation Trust Operating Expenses. Any Liquidation Trust Counsel Contingency Fee Amount shall be deposited in the Liquidation Trust Operational Reserve, provided that such amount may only be used to compensate the Liquidation Trust Counsel in accordance with the terms of the Liquidation Trust Counsel Engagement Letter.

5. Transfer of Assets and Assumption of Liabilities.

On the Effective Date, (i) the Debtor shall, in accordance with the Plan, cause the Liquidation Trust Assets to be transferred to the Liquidation Trust and (ii) the Liquidation Trust shall assume all obligations of the Debtor under the Plan.

6. Preservation of Right to Conduct Investigations.

The preservation for the Liquidation Trust of any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 is necessary and relevant to the liquidation and administration of the Liquidation Trust Assets. Accordingly, any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 held by the Debtor prior to the Effective Date shall vest with the Liquidation Trust and shall continue until dissolution of the Liquidation Trust.

7. Prosecution and Resolution of Causes of Action.

a. The Liquidation Trust's Exclusive Authority to Pursue, Settle, or Abandon Causes of Action. From and after the Effective Date, prosecution and settlement of all Causes of Action, including Avoidance Actions and License Fee Claims, transferred to the Liquidation Trust shall be the sole responsibility of the Liquidation Trust pursuant to the Plan and the Plan Confirmation Order. From and after the Effective Date, the Liquidation Trust shall have exclusive rights, powers, and interests of the Estate to pursue, settle or abandon such Causes of Action as the sole representative of the Estate pursuant to Bankruptcy Code section 1123(b)(3). All Causes of Action of the Estate, including Avoidance Actions and License Fee Claims, that are not expressly released or waived under the Plan are reserved and preserved and vest in the Liquidation Trust in accordance with the Plan. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, or this Disclosure Statement to any Cause of Action against it as any indication that the Debtor or Liquidation Trustee will not pursue any and all available Causes of Action against such Person. The Liquidation Trustee expressly reserves all Causes of Action, except for any Causes of Action against any Person that are expressly released or waived under the Plan, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of confirmation or consummation of the Plan.

b. Settlement of Causes of Action. Settlement by the Liquidation Trust of any Cause of Action transferred to the Liquidation Trust shall require: (i) approval only of the Liquidation Trustee if the amount claimed by the Liquidation Trust against a defendant is less than one million dollars (\$1,000,000); (ii) approval of the Liquidation Trustee and the Bankruptcy Court, upon notice and a hearing, if the amount claimed by the Liquidation Trust against a defendant is unliquidated or equals to or exceeds one million dollars (\$1,000,000); and (iii) approval only of the Liquidation Trustee if the Liquidation Trustee determines to abandon any Cause of Action.

8. Effectuating Documents and Further Transactions.

Upon entry of the Plan Confirmation Order, the Debtor and the Liquidation Trustee shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, consents, certificates, resolutions, programs, and other agreements and/or documents, and take such acts and actions as may be reasonably necessary or appropriate to effectuate, implement, consummate, and/or further evidence the terms and conditions of the Plan and any transactions described in or contemplated by the Plan. The Debtor or Liquidation Trustee, as applicable, may, and all Holders of Allowed Claims or Interests receiving Distributions pursuant to the Plan, at the request or direction of the Debtor or Liquidation Trustee, as applicable, shall, from time to time, prepare, execute, and deliver any agreements or documents, and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

9. Authority to Act.

Prior to, on, or after the Effective Date (as appropriate), all matters expressly provided for under the Plan that would otherwise require approval of the partners, managers, or other owners, direct or indirect, of the Debtor shall be deemed to have occurred and shall be in effect prior to, on, or after the Effective Date (as applicable) pursuant to the applicable law of the Commonwealth of Pennsylvania, without any further vote, consent, approval, authorization, or other action by such partners, managers, or other owners of the Debtor or notice to, order of, or hearing before, the Bankruptcy Court.

10. Cancellation of Documents.

On the Effective Date, except to the extent otherwise provided in the Plan, any and all notes, instruments, debentures, certificates and other documents evidencing Claims and Interests in the Debtor including, without limitation, the RBS Citizens Loan Documents, shall be deemed automatically extinguished, canceled, and of no further effect with the Debtor having no continuing obligations thereunder, and shall be deemed rejected and terminated.

11. Dissolution of the Debtor.

On the Effective Date and upon the Debtor causing the Liquidation Trust Assets to be transferred to the Liquidation Trust in accordance with Section 6.3 of the Plan, the Debtor, the General Partner, and the Limited Partners shall have no further duties or responsibilities in connection with implementation of the Plan. Upon entry of a final decree closing the Chapter 11 Case, the Debtor shall be deemed dissolved for all purposes in accordance with applicable state law without the need to take any further action or file any plan of dissolution, notice, or application with the Secretary of State of the Commonwealth of Pennsylvania.

12. Filing of Monthly and Quarterly Reports and Payment of Statutory Fees.

The filing of the final monthly operating report (for the month in which the Effective Date occurs) and all subsequent quarterly Liquidation Trust reports shall be the responsibility of the Liquidation Trustee. All statutory fees under 28 U.S.C. § 1930 with respect to the period

prior to the Effective Date shall be paid by the Debtor from the Initial Funding Amount on the Effective Date or other required payment date. With respect to the period after the Effective Date, the Liquidation Trustee shall be obligated to pay quarterly statutory fees under 28 U.S.C. § 1930 to the U.S. Trustee and such obligation shall continue until such time as the Chapter 11 Case is closed, dismissed or converted.

13. Transfer Tax Exemption.

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property in contemplation of, in connection with, or pursuant to the Plan, including the 363 Sale, shall not be subject to any stamp tax or other similar tax in the United States, and the Plan Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forego the collection of any such tax and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to (i) the creation of any mortgage, deed of trust, lien or other security interest; (ii) the making or assignment of any lease or sublease; (iii) any restructuring transaction authorized under the Plan; or (iv) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation or dissolution; (c) deeds; or (d) assignments executed in connection with any transaction occurring under the Plan.

14. Closing of the Chapter 11 Case.

When all Liquidation Trust Assets have been liquidated and converted into Cash and such Cash has been distributed in accordance with the Liquidation Trust Agreement and the Plan Confirmation Order, the Liquidation Trustee shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

F. Distributions Under the Plan.

1. Distribution Record Date.

As of the close of business on the Distribution Record Date, the various transfer registers for each of the Classes of Claims or Interests as maintained by the Debtor or its agents shall be deemed closed, and there shall be no further changes in the record Holders of any of the Claims or Interests. The Debtor or the Liquidation Trustee shall have no obligation to recognize any ownership transfer of the Claims or Interests occurring after the Distribution Record Date. The Debtor, the Liquidation Trustee, or any party responsible for making Distributions shall be entitled to recognize and deal for all purposes under the Plan only with those record holders stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable.

2. Date of Distributions.

Except as otherwise provided in the Plan, any Distributions and deliveries to be made under the Plan with respect to Claims that are Allowed as of the Effective Date shall be made on

the Effective Date or as soon thereafter as is reasonably practicable. Except as otherwise provided in the Plan, any Distributions and deliveries to be made under the Plan with respect to Claims that are Allowed after the Effective Date shall be made as soon as is reasonably practicable after the date on which such Claim becomes Allowed. Distributions made after the Effective Date to holders of Allowed Claims shall be deemed to have been made on the Effective Date and, except as otherwise provided in the Plan, no interest shall accrue or be payable with respect to such Claims or any Distribution related thereto. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

3. Delivery of Distributions.

If any Distribution to a Holder of an Allowed Claim is returned as undeliverable, the Debtor or Liquidation Trustee, as applicable, shall use reasonable efforts to determine the correct current address of such Holder, at which time such Distribution shall be made to such Holder without interest; provided that such returned, undeliverable, or uncashed Distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of three (3) years from the Effective Date. After such date, all unclaimed property or interest in property shall revert to the Liquidation Trust and be treated as Liquidation Trust Assets, and the Claim of any other Holder to such property or interest in property and such Holder's interest in the Liquidation Trust shall be discharged and forever barred.

4. Manner of Payment.

Any Distributions to be made by or on behalf of the Debtor or the Liquidation Trustee, as applicable, pursuant to the Plan shall be made by checks drawn on accounts maintained by the Debtor or the Liquidation Trustee, respectively, or by wire transfer if circumstances justify, at the option of the Debtor or the Liquidation Trustee, as applicable.

5. Setoffs.

The Debtor and the Liquidation Trustee, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable bankruptcy or nonbankruptcy law, with the approval of the Bankruptcy Court and upon no less than three (3) days' notice to the applicable Holder of a Claim or Interest, or as may be agreed to by the Holder of a Claim or Interest, may, but shall not be required to, set off against any Allowed Claim or Interest and the Distributions to be made pursuant to the Plan on account of such Allowed Claim or Interest (before any Distribution is to be made on account of such Allowed Claim or Interest), any claims of any nature whatsoever that the Debtor, or the Liquidation Trustee as successor to the Debtor, may have against the Holder of such Allowed Claim or Interest, provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest under the Plan shall constitute a waiver or release by the Debtor or the Liquidation Trustee of any such claim the Estate or the Liquidation Trust may have against the Holder of such Claim or Interest.

6. Distributions After Effective Date.

For Disputed Claims that have not been Allowed as of the Effective Date, any Distributions made after the Effective Date to Holders of such Disputed Claims (which later become Allowed Claims after the Effective Date) shall be deemed to have been made on the Effective Date.

7. No Postpetition Interest.

Unless otherwise specifically provided for in the Plan or in the Plan Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims or Interests, and no Holder of a Claim or Interest shall be entitled to interest accruing on or after the Petition Date.

8. Distributions Free and Clear.

Except as may be otherwise provided in the Plan, all Distributions under the Plan shall be free and clear of any Liens, Claims, encumbrances, and other interests.

9. Fractional Dollars; De Minimis Distributions.

Notwithstanding any other provision of the Plan, Cash payments of fractions of dollars shall not be made. Whenever any Distribution to a Holder of a Claim would otherwise call for Distribution of Cash in a fractional dollar amount, the actual Distribution of such Cash shall be rounded to the nearest whole dollar (up or down), with half dollars (or less) being rounded down. Neither the Debtor nor the Liquidation Trustee shall be required to make any Cash payment of less than fifty dollars (\$50.00) with respect to any Claim unless a request therefor is made in writing to the Debtor or the Liquidation Trustee, as applicable; provided, however, that neither the Debtor nor the Liquidation Trustee shall have any obligation to make any Distribution, whether final or not, unless and until the total amount of such Distribution to a specific Holder of an Allowed Claim is equal to or greater than ten dollars (\$10.00).

10. Allocation of Distributions Between Principal and Interest.

To the extent that any Allowed Claim entitled to a Distribution under the Plan includes both principal and accrued but unpaid interest, such Distribution shall be allocated to the principal amount (as determined for federal income tax purposes) of the Claim first, and then to accrued but unpaid interest.

11. Prepayment.

Except as otherwise provided in the Plan or the Plan Confirmation Order, the Debtor and the Liquidation Trustee shall have the right to prepay, without penalty, all or any portion of an Allowed Claim.

G. Procedures for Disputed Claims.

1. Allowance of Claims and Interests.

Except as expressly provided in the Plan, or in any order entered in the Chapter 11 Case prior to the Effective Date, including the Plan Confirmation Order, no Claim or Interest shall be deemed Allowed unless and until such Claim or Interest is deemed Allowed under the Bankruptcy Code or Allowed by the Bankruptcy Court by entry of a Final Order in the Chapter 11 Case allowing such Claim or Interest. Prior to and following the Effective Date, the Liquidation Trust shall be vested with any and all rights and defenses the Debtor had with respect to any Claim or Interest immediately prior to the Effective Date.

2. Objections to Claims.

The Debtor, RBS Citizens, and the Liquidation Trustee shall be entitled to file objections to all Claims and Interests that are not deemed Allowed Claims or Interests under the Plan and Plan Confirmation Order, *i.e.*, Claims or Interests listed on the Debtor's schedules of liabilities as not disputed, not contingent, and not unliquidated, or that are the subject of filed proofs of claim or interests in a liquidated amount are not deemed Allowed unless and until the Claims Objection Deadline passes with no objection as to such Claims or Interests filed. Any objections to Claims shall be served and filed on or before the later of (i) one hundred eighty (180) days after the Effective Date or (ii) such later date as may be fixed by the Bankruptcy Court after reasonable notice and opportunity to object. If an objection has not been filed to a Claim or the Schedules have not been amended with respect to a Claim that (a) was scheduled by the Debtor but (b) was not scheduled as contingent, unliquidated, and/or disputed, by the Claims Objection Deadline, as the same may be extended by order of the Bankruptcy Court, the Claim to which the Proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been Allowed earlier by a Final Order of the Bankruptcy Court.

3. Estimation of Claims.

Before or after the Effective Date, the Debtor, RBS Citizens, or the Liquidation Trustee may (but are not required to) at any time request that the Bankruptcy Court estimate any Contingent Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to such objection. In the event that the Bankruptcy Court estimates any Contingent Claim or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Liquidation Trustee or RBS Citizens may pursue supplementary proceedings to object to the allowance of such Claim; provided, however, the Liquidation Trustee may elect not to pursue such supplementary proceedings, instead electing to treat such maximum amount as the Allowed amount of such Claim.

4. Distributions Relating to Disputed Claims.

At such time as a Contingent Claim or a Disputed Claim becomes an Allowed Claim, a Distribution shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. To the extent that all or a portion of a Contingent Claim or a Disputed Claim is disallowed, the Holder of such Claim shall not receive any Distribution on account of the portion of such Claim that is disallowed.

5. Distributions after Allowance.

To the extent that a Contingent Claim or a Disputed Claim becomes an Allowed Claim after the Effective Date, a Distribution shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Contingent Claim or Disputed Claim becomes a Final Order, the Debtor or Liquidation Trustee, as applicable, shall provide to the Holder of such Claim the prior Distributions, if any, to which such Holder is entitled under the Plan.

6. Rights to Settle Claims.

Except as otherwise expressly provided in the Plan, including in Section 11.6 of the Plan (Debtor Releases), nothing contained in the Plan or in the Plan Confirmation Order shall be deemed to be an admission, a waiver, or the relinquishment of any rights or Causes of Action that the Debtor may have or which the Liquidation Trustee may choose to assert on behalf of the Estate under any provision of the Bankruptcy Code or any applicable nonbankruptcy law or rule, common law, equitable principle or other source of right or obligation, including, without limitation, (i) any and all Causes of Action or defense against any Person, and (ii) the turnover of all property of the Estate. Section 8.6 of the Plan shall not apply to any Claims released, waived, relinquished, exculpated, compromised, or settled under the Plan or pursuant to a Final Order, including the Plan Confirmation Order. Except as expressly provided in the Plan, nothing contained in the Plan or in the Plan Confirmation Order shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of recoupment or setoff, or other legal or equitable defense and the Debtor and the Liquidation Trustee shall not be barred by any estoppel doctrine or theory. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtor or the Liquidation Trustee, as applicable, will not pursue any and all available Causes of Action against it. The Debtor and the Liquidation Trustee expressly reserve all rights to prosecute any and all Causes of Action, including Avoidance Actions and License Fee Claims, against any Person, except as otherwise expressly provided in the Plan.

H. Executory Contracts and Unexpired Leases.

1. Assumption and Rejection of Contracts and Leases.

Except as otherwise provided in the Plan, or in any order, including the Plan Confirmation Order, providing for the assumption, or assumption and assignment, of any executory contract or unexpired lease, as of the Effective Date, the Debtor shall be deemed to have rejected each executory contract and unexpired lease to which it is a party, except any

(i) contracts or leases that were previously assumed or rejected by the Debtor, (ii) contracts or leases that are the subject of a motion to assume filed by the Debtor on or before the Plan Confirmation Date, (iii) contracts or leases assumed and assigned to the Purchaser in connection with the Real Property Sale, (iv) the Plan Support Agreement and the Tax Settlement Agreement, both of which the Debtor hereby assumes, and (v) contracts or leases set forth in a schedule of executory contracts or unexpired leases to be assumed ("**Assumption Notice**"), which Assumption Notice shall be served upon all affected parties and filed with the Bankruptcy Court no later than fifteen (15) days prior to the Plan Confirmation Hearing. The Debtor shall have the right to amend the Assumption Notice at any time prior to the Effective Date (i) to delete any executory contract or unexpired lease and provide for its rejection under the Plan or otherwise, or (ii) to add any executory contract or unexpired lease and provide for its assumption under the Plan (each such notice, an "**Amended Assumption Notice**"). As set forth in Section 9.4 of the Plan, the Debtor will provide notice of and opportunity to object to any Amended Assumption Notice to the party or parties to those agreements affected by the Amended Assumption Notice. The Plan Confirmation Order shall constitute an order of the Bankruptcy Court under section 365 and 1123(b) of the Bankruptcy Code approving the contract and lease assumptions or rejections as of the Effective Date. Following the Effective Date, all executory contracts or unexpired leases that have not been expressly assumed as set forth above shall be deemed rejected.

2. Inclusiveness.

Unless otherwise specified, each executory contract and unexpired lease assumed or rejected by the Debtor shall include any and all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease.

3. Payments Related to Assumption of Contracts and Leases.

Any monetary amounts by which any executory contract and unexpired lease to be assumed under the Plan are in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtor upon assumption thereof, or if assigned to the Purchaser and the Purchaser so agrees, by the Purchaser.

4. Objections to Assumption/Cure Amounts.

Any Person that is a party to an executory contract or unexpired lease that will be assumed under the Plan and that objects to such assumption (including the proposed Cure) must file with the Bankruptcy Court and serve upon parties entitled to notice a written objection. Any such objection must be filed and served on the Debtor, RBS Citizens, and their counsel on or before five (5) days prior to the Plan Confirmation Hearing or, in the event an Amended Assumption Notice is served on such party, ten (10) days following service of such Amended Assumption Notice. Any Person that fails to timely file and serve such objection shall be deemed to waive any and all objections to the proposed assumption and assignment (including the proposed Cure) of its contract or lease.

In the absence of a timely objection by a Person that is a party to an executory contract or unexpired lease, the Plan Confirmation Order shall constitute a conclusive determination

regarding the amount of any Cure and compensation due under the applicable executory contract or unexpired lease, as well as a conclusive finding that the Debtor or any assignee, as applicable, has demonstrated adequate assurance of future performance with respect to such executory contract or unexpired lease, to the extent required.

5. Rejection Damages Claims.

All Rejection Damages Claims or other Claim for damages arising from the rejection under the Plan of an executory contract or unexpired lease must be filed and served on the Liquidation Trustee and its counsel within thirty (30) days after the earlier of (i) the Effective Date or (ii) the date provided in any other applicable Order of the Bankruptcy Court. Any Rejection Damages Claims not filed within such time shall be forever barred from assertion against the Debtor, its Estate, the Liquidation Trust, the Liquidation Trust Assets, and their property and such Persons holding such Claims will not receive and be barred from receiving any Distributions on account of such untimely Rejection Damages Claims, absent further order of the Bankruptcy Court. All Rejection Damages Claims will be treated as General Unsecured Claims against the Debtor and, to the extent they are deemed Allowed General Unsecured Claims, will receive the treatment set forth in Section 4.3 of the Plan.

I. Conditions Precedent to Confirmation and Effective Date.

1. Conditions to Confirmation of the Plan.

Confirmation of the Plan shall not occur, and the Plan Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or with respect to clauses (c) and (d) only waived by the Debtor:

(a) An order, in form and substance satisfactory to the Debtor and RBS Citizens, approving the Disclosure Statement and finding that the Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code shall have been entered within sixty (60) days after the Petition Date or such later date as agreed by RBS Citizens;

(b) The proposed Plan Confirmation Order shall be in form and substance satisfactory in all respects to the Debtor, RBS Citizens, and the Liquidation Trustee;

(c) All provisions, terms and conditions of the Plan are approved in the Plan Confirmation Order; and

(d) The Purchaser shall have been selected by the Debtor and/or RBS Citizens.

2. Conditions Precedent to Effective Date of the Plan.

The occurrence of the Effective Date of the Plan is subject to the following conditions precedent, which have been satisfied or waived by the Debtor:

(a) the Plan Confirmation Order in form and substance satisfactory to the Debtor, RBS Citizens, and the Liquidation Trustee shall have been entered by the Bankruptcy Court within ninety (90) days after the Petition Date or such later date as is agreed by RBS Citizens and shall be a Final Order;

(b) the Real Property Sale shall have been consummated;

(c) all actions, documents, and agreements necessary to implement the Plan, including, without limitation, all actions, documents, and agreements necessary to implement any transactions contemplated under the Plan, including the Real Property Sale Documents and the Liquidation Trust Agreement, shall have been effected or executed;

(d) the absence of any pending or threatened government action or any law that has the effect of or actually does prevent consummation of any transaction contemplated under the Plan; and

(e) there shall have been no modification or stay of the Plan Confirmation Order or entry of other court order prohibiting transactions contemplated by the Plan from being consummated.

3. Waiver of Conditions.

Unless otherwise specifically provided in the Plan, the conditions set forth in Sections 10.1 and 10.2 of the Plan, other than 10.1(a) and (b), may be waived in whole or in part by the Debtor without notice to any other parties in interest or the Bankruptcy Court and without a hearing. The Debtor may not waive any of the conditions in Section 10.1(a), 10.1(b), 10.2(a), or 10.2(b) of the Plan. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtor regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of a party to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

4. Effect of Failure of Conditions.

If the conditions precedent specified in Sections 10.1 or 10.2 of the Plan have not been satisfied or, subject to Section 10.3 of the Plan, waived by the Debtor within one hundred twenty (120) days after the Petition Date, then (a) the Plan Confirmation Order shall be vacated, (b) no Distributions under the Plan shall be made, (c) the Debtor and all Holders of Claims and Interests shall be restored to the *status quo ante* as of (i) the day immediately following the 363 Sale, if the 363 Sale shall have occurred, or (ii) the day immediately preceding the Plan Confirmation Date as though the Plan Confirmation Date never occurred, and (d) all of the Debtor's obligations with respect to the Claims and the Interests shall remain unchanged and nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claims against the Debtor or any Causes of Action against any other Person or to prejudice in any manner the rights of the Debtor or any other Person in any further proceedings involving the Debtor or otherwise. Notwithstanding anything in the Plan to the contrary, the stay invoked by section 362 of the Bankruptcy Code shall remain in effect.

J. Settlement, Release, Injunction And Related Provisions.

1. Binding Effect.

On the Plan Confirmation Date, the Plan shall be binding upon the Debtor, the Liquidation Trust, and all present and former Holders of Claims against and Interests in the Debtor, and their respective Related Persons, regardless of whether any such Holder of a Claim or Interest voted or failed to vote to accept or reject the Plan.

2. Compromise and Settlement of Claims, Interests and Controversies.

Pursuant to sections 363 and 1123(b) of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any Distribution to be made on account of such Allowed Claim or Interest. The entry of the Plan Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate and Holders of Claims and Interests and is fair, equitable and reasonable.

3. Injunction.

Except as otherwise expressly provided in the Plan, the Plan Confirmation Order or a separate order of the Bankruptcy Court, all Persons who have held, hold or may hold Claims against or Interests in the Debtor, are permanently enjoined, on and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtor on account of any such Claim or Interest, (c) creating, perfecting or enforcing any encumbrance of any kind against the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Interest, (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Interest, and (e) commencing or continuing in any manner any action or other proceeding of any kind with respect to any claims and Causes of Action, which are retained by the Debtor and the Liquidation Trust pursuant to the Plan.

Except as otherwise expressly provided in the Plan, all Persons shall be precluded from asserting against the Debtor, the Debtor's Estate, the Liquidation Trust, the Liquidation Trustee, each of their respective successors and assigns, and each of their assets and properties any other Claims or Interests based upon any documents, instruments or any act or omission, transaction or other activity for any kind or nature that occurred before the Effective Date.

4. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or Plan Confirmation Order, all injunctions or stays provided for under the Plan and ordered in the Plan Confirmation Order or pursuant to sections 105 or 362 of the Bankruptcy Code arising under or entered during the Chapter 11 Case, or otherwise, and in existence on the Plan Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay and to the extent consistent with the terms and provisions of the Plan or the Plan Confirmation Order, as applicable.

5. Injunction Against Interference with Plan.

Upon the Bankruptcy Court's entry of the Plan Confirmation Order, all Holders of Claims and Interests, the Debtor, and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the Debtor's, the Liquidation Trust's, the Liquidation Trustee's, and their respective affiliates', employees', advisors', officers' and directors', and agents' implementation or consummation of the Plan.

6. Debtor Releases.

ON THE PLAN CONFIRMATION DATE, THE DEBTOR AND ITS RELATED PERSONS, AND ANY PERSON OR ENTITY CLAIMING BY OR THROUGH THE DEBTOR OR ITS RELATED PERSON, SHALL RELEASE AND BE PERMANENTLY ENJOINED FROM ANY PROSECUTION OR ATTEMPTED PROSECUTION OF ANY AND ALL CLAIMS EXCEPT FOR CLAIMS ARISING FROM GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS DETERMINED BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION AND CAUSES OF ACTION THAT CONSTITUTE PROPERTY OF THE DEBTOR'S ESTATE, INCLUDING THE AVOIDANCE ACTIONS, THAT THEY HAVE OR MAY HAVE AGAINST ANY OF THE RELEASED PARTIES AND ALL OF THEIR RESPECTIVE MEMBERS, OFFICERS, DIRECTORS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, EMPLOYEES, PARTNERS, AFFILIATES AND REPRESENTATIVES AND THEIR RESPECTIVE PROPERTY IN CONNECTION WITH (I) THE RBS CITIZENS LOAN DOCUMENTS OR ACTIONS TAKEN IN CONNECTION THEREWITH, (II) THE DEBTOR, AND (III) THE CHAPTER 11 CASE.

ON THE EFFECTIVE DATE, AND EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR IN THE PLAN CONFIRMATION ORDER, THE RELEASED PARTIES AND ALL OF THEIR RESPECTIVE MEMBERS, OFFICERS, DIRECTORS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, EMPLOYEES, PARTNERS, AFFILIATES AND REPRESENTATIVES AND THEIR RESPECTIVE PROPERTY SHALL BE RELEASED FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, CAUSES OF ACTION, AVOIDANCE ACTIONS AND LIABILITIES IN EACH CASE THAT CONSTITUTE PROPERTY OF THE DEBTOR'S ESTATE THAT THE DEBTOR OR ITS RELATED PERSONS MAY BE ENTITLED TO ASSERT, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS,

OR OTHERWISE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR THEREAFTER ARISING, BASED IN WHOLE OR IN PART UPON ANY, ACT OR OMISSION, TRANSACTION, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE, INCLUDING, BUT NOT LIMITED TO, THE ADMINISTRATION OF THE CHAPTER 11 CASE, AND THE NEGOTIATION, SOLICITATION, CONFIRMATION AND CONSUMMATION OF THE PLAN.

THE RELEASES AND THE EXCULPATION SET FORTH IN SECTION 11.7 OF THE PLAN ARE INTEGRAL PARTS OF THE PLAN. FOR THE BENEFIT OF THE DEBTOR'S ESTATE, RBS CITIZENS IS AGREEING TO ALLOW OTHER HOLDERS OF GENERAL UNSECURED CLAIMS TO RECEIVE A SPECIFIED RECOVERY ON ACCOUNT OF THEIR CLAIMS BEFORE RBS CITIZENS WILL HAVE ANY RIGHT TO RECEIVE A DISTRIBUTION ON ACCOUNT OF THE RBS CITIZENS DEFICIENCY CLAIM PURSUANT TO THE PLAN, AND THE GENERAL PARTNER, LIMITED PARTNERS, AND RBS CITIZENS ARE AGREEING TO PAY THEIR RESPECTIVE PORTIONS OF THE INITIAL FUNDING AMOUNT AND FOREGO OR PARTIALLY SUBORDINATE, AS APPLICABLE, ANY RIGHT TO RECEIVE REPAYMENT OF THE SAME, BUT THEY ARE ONLY WILLING TO DO SO IF THEY RECEIVE ASSURANCE THAT THEY WILL NOT BE SUBJECT TO POTENTIAL LITIGATION.

7. Exculpation.

None of the Released Parties, nor any of their respective members, officers, directors, employees, advisors, professionals, attorneys or agents or any of their successors and assigns, shall have or incur any liability to any Holder of a Claim or Interest, or other party in interest, or any of their respective members, officers, directors, employees, advisors, professionals, attorneys or agents or any of their successors and assigns, for any act or omission in connection with, related to, or arising out of, in whole or in part, the Chapter 11 Case, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan, including without limitation, the negotiation and solicitation of the Plan, except for their willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction, and, in all respects, the Debtor, the Released Parties, and each of their respective members, officers, directors, employees, advisors, professionals, attorneys or agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

8. Third Party Releases.

ON THE EFFECTIVE DATE, EXCEPT AS OTHERWISE PROVIDED HEREIN AND EXCEPT FOR THE RIGHT TO ENFORCE THE PLAN, ALL PERSONS WHO HAVE (I) VOTED TO ACCEPT THE PLAN OR WHO ARE PRESUMED TO HAVE VOTED TO ACCEPT THE PLAN UNDER SECTION 1126(f) OF THE BANKRUPTCY CODE, (II) ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN AND WHO VOTE TO REJECT THE PLAN OR ABSTAIN FROM VOTING, AND (III) DO NOT MARK THEIR BALLOTS AS OPTING OUT OF THE RELEASES GRANTED

UNDER SECTION 11.8 OF THE PLAN, SHALL, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BE DEEMED TO FOREVER RELEASE, WAIVE AND DISCHARGE THE RELEASED PARTIES AND EACH OF THEIR RESPECTIVE CONSTITUENTS, PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, REPRESENTATIVES, ATTORNEYS, PROFESSIONALS, ADVISORS, AFFILIATES, FUNDS, SUCCESSORS, PREDECESSORS, AND ASSIGNS OF AND FROM ALL LIENS, CLAIMS, CAUSES OF ACTION, LIABILITIES, ENCUMBRANCES, SECURITY INTERESTS, INTERESTS OR CHARGES OF ANY NATURE OR DESCRIPTION WHATSOEVER RELATING TO THE DEBTOR, THE CHAPTER 11 CASE OR AFFECTING PROPERTY OF THE ESTATE, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, SCHEDULED OR UNSCHEDULED, CONTINGENT OR NOT CONTINGENT, UNLIQUIDATED OR FIXED, ADMITTED OR DISPUTED, MATURED OR UNMATURED, SENIOR OR SUBORDINATED, WHETHER ASSERTABLE DIRECTLY OR DERIVATIVELY BY, THROUGH, OR RELATED TO THE DEBTOR, AGAINST SUCCESSORS OR ASSIGNS OF THE DEBTOR AND THE INDIVIDUALS AND ENTITIES LISTED ABOVE WHETHER AT LAW, IN EQUITY OR OTHERWISE, BASED UPON ANY CONDITION, EVENT, ACT, OMISSION OCCURRENCE, TRANSACTION OR OTHER ACTIVITY, INACTIVITY, INSTRUMENT OR OTHER AGREEMENT OF ANY KIND OR NATURE OCCURRING, ARISING OR EXISTING PRIOR TO THE EFFECTIVE DATE IN ANY WAY RELATING TO OR ARISING OUT OF, IN WHOLE OR IN PART, THE DEBTOR, THE CHAPTER 11 CASE, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONSUMMATION OF THE PLAN OR THE ADMINISTRATION OF THE PLAN, INCLUDING WITHOUT LIMITATION, THE NEGOTIATION AND SOLICITATION OF THE PLAN, ALL REGARDLESS OF WHETHER (A) A PROOF OF CLAIM OR EQUITY INTEREST HAS BEEN FILED OR IS DEEMED TO HAVE BEEN FILED, (B) SUCH CLAIM OR EQUITY INTEREST IS ALLOWED OR (C) THE HOLDER OF SUCH CLAIM OR EQUITY INTEREST HAS VOTED TO ACCEPT OR REJECT THE PLAN, EXCEPT FOR WILLFUL MISCONDUCT OR GROSS NEGLIGENCE. FOR THE AVOIDANCE OF DOUBT, NOTHING CONTAINED IN SECTION 11.8 OF THE PLAN SHALL IMPACT THE RIGHT OF ANY HOLDER OF AN ALLOWED CLAIM TO RECEIVE A DISTRIBUTION ON ACCOUNT OF ITS ALLOWED CLAIM IN ACCORDANCE WITH SECTION 4 OF THE PLAN.

9. Necessity and Approval of Releases and Injunctions.

The releases, exculpations, and injunctions set forth in Section 11 of the Plan are integral consideration and critical parts of the Plan, and the Released Parties have relied on the efficacy and conclusive effects of such releases and injunctions and on the Bankruptcy Court's retention of jurisdiction to enforce such releases and injunctions when making concessions and exchanging consideration in connection with the Chapter 11 Case and pursuant to the Plan. Pursuant to Bankruptcy Code sections 1123(a)(5), 1123(b)(3), and 1123(b)(6), as well as Bankruptcy Rule 9019, entry of the Plan Confirmation Order shall constitute the Bankruptcy Court's approval of the releases and injunctions set forth in Section 11 of the Plan and shall constitute the Bankruptcy Court's finding that such releases and injunctions are: (i) in exchange for the good, valuable, and reasonably

equivalent consideration provided by the Released Parties, including (a) RBS Citizen's agreement to allow other Holders of General Unsecured Claims to receive a specified percentage recovery on account of their Claims before RBS Citizens will have any right to receive a distribution on account of the RBS Citizens Deficiency Claim and (b) the General Partner's, Limited Partners', and RBS Citizens' agreement to pay their respective portions of the Initial Funding Amount and forego or partially subordinate, as applicable, any right to receive repayment of the same; (ii) in the best interests of the Debtor, its Estate, and all Creditors; (iii) fair, equitable, and reasonable; and (iv) a bar to any of the releasing parties as set forth in the Plan asserting any Claims or Causes of Action released pursuant to such release.

10. Release of Liens.

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code or other applicable law.

K. Retention of Jurisdiction.

Notwithstanding entry of the Plan Confirmation Order, substantial consummation of the Plan and occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, and related to the Chapter 11 Case for, among other things, the following purposes:

(a) to hear and determine motions and/or applications for the assumption or rejection of executory contracts or unexpired leases and the allowance, classification, priority, compromise, estimation, or payment of Claims resulting therefrom;

(b) to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Plan Confirmation Date;

(c) to ensure that Distributions to holders of Allowed Claims are accomplished as provided in the Plan;

(d) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim;

(e) to enter, implement, or enforce such orders as may be appropriate in the event the Plan Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(f) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the

consummation, implementation, or enforcement of the Plan, the Plan Confirmation Order, or any other order of the Bankruptcy Court;

(g) to hear and determine any application to modify the Plan in accordance with applicable provisions of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Plan Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(h) to hear and determine all applications under sections 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Plan Confirmation Date;

(i) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Plan Confirmation Order, any transactions or payments contemplated by the Plan or under any agreement, instrument, or other document governing or relating to any of the foregoing;

(j) to take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation;

(k) to resolve any disputes concerning any release, injunction, exculpation, or other waiver or protection provided in the Plan;

(l) to approve, as may be necessary or appropriate, any Claims settlement entered into or offset exercised by the Liquidation Trust;

(m) to resolve any dispute or matter arising under or in connection with the Liquidation Trust, including any request for an extension of the term of the Liquidation Trust;

(n) to order the production of documents, disclosures, or information, or to appear for deposition demanded pursuant to Bankruptcy Rule 2004;

(o) to determine such other matters and for such other purposes as may be provided in the Plan Confirmation Order;

(p) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including any requests for expedited determinations under section 505(b) of the Bankruptcy Code);

(q) to hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code; and

(r) to enter a final decree closing the Chapter 11 Case.

L. Miscellaneous Provisions of the Plan.

1. Successors and Assigns.

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executory, administrator, successor or assign of that Person.

2. Payment of Statutory Fees.

All fees then due and payable pursuant to 28 U.S.C. § 1930, as determined by agreement of the Debtor and Office of the U.S. Trustee or the Bankruptcy Court at the Plan Confirmation Hearing, shall be paid on or before the Effective Date by the Debtor from the Initial Funding Amount. All such fees that become due and payable thereafter shall be paid by the Liquidation Trust from the Liquidation Trust Operational Reserve. The Debtor or Liquidation Trust, as applicable, shall pay quarterly fees to the U.S. Trustee until the Chapter 11 Case is closed or converted and/or the entry of a final decree. The Liquidation Trust shall file post-confirmation quarterly reports or any pre-confirmation monthly operating reports not filed as of the Plan Confirmation Hearing in conformance with the U.S. Trustee Guidelines.

3. Substantial Consummation.

On the Effective Date, the Plan shall be deemed to be substantially consummated within the meaning set forth in section 1101 and pursuant to section 1127(b) of the Bankruptcy Code.

4. Amendments.

a. Modifications to Plan.

The Plan or any Exhibits thereto may be amended, modified, or supplemented by the Debtor in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code. In addition, after the Plan Confirmation Date, the Debtor or Liquidation Trustee may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Plan Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

b. Other Amendments.

The Debtor may make appropriate technical adjustments and modifications to the Plan prior to the Effective Date without further order or approval of the Bankruptcy Court.

5. Revocation or Withdrawal of the Plan.

The Debtor reserves, subject to the Plan Support Agreement, the right to revoke or withdraw the Plan prior to the Effective Date and to file subsequent plans. If the Debtor revokes or withdraws the Plan, or if Confirmation or Consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) except for any Real Property Sale which

may have occurred, any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for Consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, the Debtor or any other Person, (ii) prejudice in any manner the rights of the Debtor or any other Person, or (iii) constitute an admission of any sort by the Debtor or any other Person.

6. Severability.

The Plan is not severable. Nevertheless, if, prior to the entry of the Plan Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Plan Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

7. Section 1146 Exemption.

To the fullest extent permitted under section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under or pursuant to the Plan, and the execution, delivery, or recording of any instrument of transfer under or pursuant to the Plan, and the revesting, transfer, or sale of any property of or to the Debtor, the Purchaser, or the Liquidation Trust, including but not limited to the Real Property (to the extent the Real Property is not sold prior to the commencement of the Chapter 11 Case), shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or other Governmental Unit in which any instrument under the Plan is to be recorded shall, pursuant to the Plan Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax, or similar tax.

8. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of laws, shall govern the rights, obligations, construction, and implementation of the Plan and the transactions consummated or to be consummated in connection therewith.

9. Entire Agreement.

On the Effective Date, the Plan, together with the Plan Support Agreement, supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

10. Section 1125(c) Good Faith Compliance.

The Debtor and its Related Persons shall be deemed to have acted in good faith under section 1125(c) of the Bankruptcy Code.

11. Solicitation.

As of and subject to the occurrence of the Plan Confirmation Date, the Debtor and its Related Persons shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including without limitation, sections 1125(a) and (c) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation.

12. Effective Notice.

All notices to or requests of the Debtor or Liquidation Trustee by parties in interest in connection with the Plan shall be in writing and delivered either by (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) overnight delivery, all charges prepaid, and shall be deemed to have been given when received by:

If to the Debtor:

Philadelphia Entertainment and Development Partners, L.P.
Attn: Brian R. Ford
8595 Collier Blvd.
Suite 107
Naples, FL 34114
Tel: (856) 266-6443

-and-

Philadelphia Entertainment and Development Partners, L.P.
Attn: Brian R. Ford
One Medford Way
Medford, NJ 08055
Tel: (856) 266-6443

-with a copy to-

DLA Piper LLP (US)
One Liberty Place
1650 Market Street
Philadelphia, Pennsylvania 19103
Attn: Stuart M. Brown
Carl Buchholz
Tel: (215) 656-3300

-and-

DLA Piper LLP (US)
1251 Avenue of the Americas
New York, New York 10020
Attn: Thomas R. Califano, Esq.
Daniel G. Egan, Esq.
Tel: (212) 335-4500

If to the Liquidation Trustee:

Brian R. Ford
8595 Collier Blvd.
Suite 107
Naples, FL 34114
Tel: (856) 266-6443

-and-

Brian R. Ford
One Medford Way
Medford, NJ 08055
Tel: (856) 266-6443

-with a copy to-

Cozen O'Connor, as litigation counsel
1900 Market Street
Philadelphia, Pennsylvania 19103
Attn: F. Warren Jacoby, Esq.
Tel: (215) 665-2154

V. RISKS AND CONSIDERATIONS

A. Bankruptcy Considerations.

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

In addition, the occurrence of the Effective Date is conditioned on the satisfaction (or waiver) of the conditions precedent set forth in Section 10.2 of the Plan, and there can be no assurance that such conditions will be satisfied or waived. In the event the conditions precedent described in Section 10.2 of the Plan have not been satisfied or waived (to the extent possible) by the Debtor (as provided for in the Plan) within sixty (60) days after the Plan Confirmation Date, which period may be extended by the Debtor, then the Plan Confirmation Order will be vacated, no Distributions will be made pursuant to the Plan, and the Debtor and all Holders of Claims and Interests will be restored to the *status quo ante* as of the day immediately preceding the Plan Confirmation Date as though the Plan Confirmation Date had never occurred.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtor believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each Class of Claims and Interests encompass Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

In addition, there can be no assurance that the Liquidation Trust Assets will be sufficient to pay all Liquidation Trust Operational Expenses or make any distributions to the Liquidation Trust Beneficiaries.

The Plan provides for no Distribution to certain Classes as specified in Sections 3 and 4 of the Plan. The Bankruptcy Code conclusively deems these Classes to have rejected the Plan. Pursuant to section 1129(a)(10) of the Bankruptcy Code, notwithstanding the fact that these Classes are deemed to have rejected the Plan, the Bankruptcy Court may confirm the Plan if at least one Impaired Class votes to accept the Plan (with such acceptance being determined without including the vote of any “insider” in such class). As to each Impaired Class that has not accepted the Plan, the Plan may be confirmed if the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to these Classes. The Debtor believes that the Plan satisfies these requirements.

B. No Duty to Update Disclosures.

The Debtor has no duty to update the information contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, or unless the Debtor is required to do so pursuant to an order of the Bankruptcy Court. Delivery of the Disclosure Statement after the date hereof does not imply that the information contained herein has remained unchanged.

C. Representations Outside this Disclosure Statement.

This Disclosure Statement contains representations concerning or related to the Debtor and the Plan that are authorized by the Bankruptcy Code and the Bankruptcy Court. Please be advised that any representations or inducements outside this Disclosure Statement and any related documents which are intended to secure your acceptance or rejection of the Plan should not be relied upon by Holders of Claims or Interests that are entitled to vote to accept or reject the Plan.

D. No Admission.

The information and representations contained herein shall not be construed to constitute an admission of, or be deemed evidence of, any legal effect of the Plan on the Debtor, the Liquidation Trust, or Holders of Claims and Interests.

E. Tax and Other Related Considerations.

A discussion of potential tax consequences of the Plan is provided in Section VIII hereof; however, the content of this Disclosure Statement is not intended and should not be construed as tax, legal, business or other professional advice. Holders of Claims and/or Interests should seek advice from their own independent tax, legal or other professional advisors based on their own individual circumstances.

VI. PLAN CONFIRMATION AND CONSUMMATION

A. Plan Confirmation Hearing.

Bankruptcy Code section 1128(a) requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of the Plan. On, or as promptly as practicable after the filing of the Plan and approval of this Disclosure Statement, the Debtor will request pursuant to the requirements of the Bankruptcy Code and the Bankruptcy Rules, that the Bankruptcy Court schedule the Plan Confirmation Hearing. Notice of the Plan Confirmation Hearing will be provided to all known Creditors, Interest Holders or their representatives. The Plan Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Plan Confirmation Hearing or any subsequent adjourned Plan Confirmation Hearing.

Pursuant to Bankruptcy Code section 1128(b), any party in interest may object to confirmation of a chapter 11 plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtor, the basis for

the objection and the specific grounds of the objection, and must be filed with the Bankruptcy Court, with a copy to Chambers, together with proof of service thereof, and served upon: (i) DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020 (Attn: Tom Califano, Esq. and Daniel G. Egan, Esq.) and DLA Piper LLP (US), One Liberty Place, 1650 Market Street, Philadelphia, Pennsylvania 19103 (Attn: Stuart M. Brown, Esq. and Carl Buchholz, Esq.), attorneys for the Debtor; (ii) the Office of the United States Trustee for the Eastern District of Pennsylvania, 833 Chestnut Street, Suite 500, Philadelphia, Pennsylvania 19107; and (iii) such other parties as the Bankruptcy Court may order.

Bankruptcy Rule 9014 governs objections to confirmation of the Plan. **UNLESS AN OBJECTION TO CONFIRMATION OF THE PLAN IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND FILED WITH THE BANKRUPTCY COURT, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT IN DETERMINING WHETHER TO CONFIRM THE PLAN.**

B. Plan Confirmation Requirements Under the Bankruptcy Code.

At the Plan Confirmation Hearing, the Bankruptcy Court will consider the terms of the Plan and determine whether the Plan terms satisfy the requirements set out in section 1129 of the Bankruptcy Code.

C. Plan Consummation.

Upon confirmation of the Plan by the Bankruptcy Court, the Plan will be deemed consummated on the Effective Date. Distributions to Holders of Claims receiving a Distribution pursuant to the terms of the Plan will follow consummation of the Plan.

D. Best Interests of Creditors Test.

The Bankruptcy Code requires that, with respect to an impaired class of claims or interests, each holder of an impaired claim or interest in such class either (i) accept the plan or (ii) receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount (value) such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code on the effective date.

The costs of a chapter 7 liquidation would necessarily include fees payable to a trustee in bankruptcy, as well as fees likely to be payable to attorneys, advisors, and other professionals that such a chapter 7 trustee may engage to carry out its duties under the Bankruptcy Code. Other costs of liquidating the Debtor's Estate would include the expenses incurred during the bankruptcy case and allowed by the Bankruptcy Court in the chapter 7 case, such as reimbursable compensation for the Debtor's professionals, including, but not limited to, any attorneys and real estate brokers. The foregoing types of claims, costs, expenses, and fees that may arise in a chapter 7 liquidation case would be paid in full before payments would be made towards pre-chapter 11 priority and unsecured claims. In addition, in a chapter 7 liquidation, holders of allowed general unsecured claims would no longer receive the benefit of the settlement reached between the Debtor and RBS Citizens regarding the treatment of RBS Citizens Claims that are incorporated into the Plan, including with respect to the treatment of the

RBS Citizens Deficiency Claim, and the General Partner, Limited Partners, and RBS Citizens would not be obligated to fund the Initial Funding Amount. Further, there is no assurance that a chapter 7 trustee would be able to engage counsel on a contingency fee basis. Holders of allowed general unsecured claims also may not receive the benefit of the resolutions reached with the City of Philadelphia regarding its claims for unpaid real estate taxes. Without the benefit of these settlements and resolutions, any recoveries for holders of allowed general unsecured claims in a chapter 7 liquidation would be significantly diluted.

Accordingly, the Debtor believes that in a chapter 7 liquidation, Holders of Claims and Interests would receive less than such Holders would receive under the Plan. There can be no assurance, however, as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Debtor's conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

E. Feasibility.

Pursuant to section 1129(a)(11) of the Bankruptcy Code, a debtor must demonstrate that a bankruptcy court's confirmation of a plan is not likely to be followed by the liquidation or need for further financial reorganization of the debtor or its successor under the plan, unless such liquidation or reorganization is proposed under the plan. Pursuant to the Plan, the Real Property is being sold to the Purchaser, with all of the Debtor's remaining assets being transferred to the Liquidation Trust to be liquidated and distributed to the Liquidation Trust's beneficiaries. Therefore, the Bankruptcy Court's confirmation of the Plan is not likely to be followed by liquidation or the need for any further reorganization.

F. Acceptance by Impaired Classes.

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in below, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. As a general matter under the Bankruptcy Code, a class is "impaired," unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such claim or equity interest; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds (2/3) in amount and a majority in number actually voting cast their ballots in favor of acceptance. A vote may be disregarded if the Bankruptcy Court determines, after

notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Claims in Class 1 are not Impaired under the Plan and, as a result, the Holders of such Claims are deemed to have accepted the Plan. Any Class of Claims that is not occupied as of the commencement of the Plan Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. If no votes to accept or reject the Plan are received with respect to a Class whose votes have been solicited under the Plan (other than a Class that is deemed eliminated under the Plan), such Class shall be deemed to have voted to accept the Plan.

G. Section 1129(b).

Section 1129(b) of the Bankruptcy Code provides that the Bankruptcy Court may confirm a plan even if a class of impaired claims or interests votes to reject the plan if the plan does not unfairly discriminate and is fair and equitable with respect to each impaired class of claims or interests that has not accepted the plan.

1. No Unfair Discrimination.

The “no unfair discrimination” test requires that the plan not provide for unfair treatment with respect to classes of claims or interests that are of equal priority, but are receiving different treatment under the plan.

2. Fair and Equitable.

The fair and equitable requirement applies to classes of claims of different priority and status, such as secured versus unsecured. The plan satisfies the fair and equitable requirement if no class of claims receives more than 100% of the allowed amount of the claims in such class. Further, if a class of claims is considered a dissenting class (“*Dissenting Class*”), *i.e.*, a Class of Claims that is deemed to reject the Plan because the required majorities in amount and number of votes is not received from the Class, the following requirements apply:

a. Class of Secured Claims:

Each holder of an impaired secured claim either (i) retains its liens on the subject property, to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the effective date of the plan of at least the allowed amount of such claim, (ii) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale (or if sold, on the proceeds thereof), or (iii) receives the “indubitable equivalent” of its allowed secured claim.

b. Class of Unsecured Creditors:

Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and

interests that are junior to the claims of the Dissenting Class will not receive any property under the plan.

c. Class of Interests:

Either (i) each interest holder will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of interests that are junior to the interests of the Dissenting Class will not receive any property under the plan.

The Debtor believes the Plan does not “discriminate unfairly” and will satisfy the “fair and equitable” requirement notwithstanding that certain Classes of Claims are deemed to reject the Plan because no Class that is junior to such Class will receive or retain any property on account of the Claims and Interests in such Class and the Plan does not provide for unfair treatment with respect to Classes of Claims or Interests that are of equal priority.

VII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor believes the Plan is in the best interests of creditors and should accordingly be accepted and confirmed. If the Plan as proposed, however, is not confirmed, the following alternatives may be available: (i) a liquidation of the Debtor’s assets pursuant to chapter 7 of the Bankruptcy Code; (ii) an alternative chapter 11 plan may be proposed and confirmed; or (iii) the Debtor’s Chapter 11 Case may be dismissed.

A. Chapter 7 Liquidation.

If a plan pursuant to chapter 11 of the Bankruptcy Code is not confirmed by the Bankruptcy Court, the Chapter 11 Case may be converted to a liquidation case under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed, pursuant to applicable provisions of chapter 7 of the Bankruptcy Code, to liquidate the assets of the Debtor for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effect that a chapter 7 liquidation would have on the recoveries of Holders of Claims is set forth in Section VII hereof. The Debtor believes that such a liquidation would result in smaller distributions being made to the Debtor’s creditors than those provided for in the Plan because (a) the likelihood that other assets of the Debtor would have to be sold or otherwise disposed of in a less orderly fashion, (b) additional administrative expenses attendant to the appointment of a trustee and the trustee’s employment of attorneys and other professionals, (c) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation, (d) creditors likely would not receive the benefit of the settlements and resolutions reached with RBS Citizens and the City of Philadelphia as described herein and in the Plan.

B. Alternative Plan Pursuant to Chapter 11 of the Bankruptcy Code.

If the Plan is not confirmed, the Debtor, or any party in interest (if, pursuant to section 1121 of the Bankruptcy Code, the Debtor has not filed a plan within the time period prescribed under the Bankruptcy Code) may propose a different plan. Such a plan might involve

an alternative means for the liquidation of the Debtor's assets in a chapter 11 bankruptcy case. However, the Debtor believes that the terms of the Plan provide for an orderly and efficient liquidation of the Debtor's assets and will result in the realization of the most value for Holders of Claims and Interests against the Debtor's Estate.

C. Dismissal of the Debtor's Chapter 11 Case.

Dismissal of the Debtor's Chapter 11 Case (after it is filed) would have the effect of restoring (or attempting to restore) all parties to the *status quo ante*. Upon dismissal of the Debtor's Chapter 11 Case, the Debtor would lose the protection of the Bankruptcy Code, thereby requiring, at the very least, an extensive and time-consuming process of negotiation with the various creditors of the Debtor, and possibly resulting in costly and protracted litigation in various jurisdictions. Most significantly, dismissal of the Debtor's Chapter 11 Case would permit secured creditors to foreclose upon any assets that are subject to their Liens. Dismissal will also permit unpaid unsecured creditors to obtain and enforce judgments against the Debtor. The Debtor believes that these actions could lead ultimately to the liquidation of the Debtor's assets under chapter 7 of the Bankruptcy Code. Therefore, the Debtor believes that dismissal of the Debtor's Chapter 11 Case is not a preferable alternative to the Plan.

VIII. CERTAIN FEDERAL TAX CONSEQUENCES

A. General.

The following discussion summarizes certain material U.S. federal income tax consequences to Holders (as defined below) entitled to vote on the Plan. This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "**IRC**"), applicable Treasury Regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service (the "**Service**"). There can be no assurance that the Service will not take a contrary view, no ruling from the Service has been or will be sought nor will any counsel provide a legal opinion as to any of the expected tax consequences set forth below.

Legislative, judicial or administrative changes or interpretations may be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences to the beneficial owners of Claims (each a "**Holder**" and collectively, the "**Holders**"), the Liquidation Trust or the Debtor. It cannot be predicted at this time whether any tax legislation will be enacted or, if enacted, whether any tax law changes contained therein would affect the tax consequences described herein.

The following summary is for general information only. The tax treatment of a Holder may vary depending upon such Holder's particular situation. This summary does not address all of the tax consequences that may be relevant to a Holder, including any alternative minimum tax consequences and does not address the tax consequences to a Holder that has made an agreement to resolve its claim in a manner not explicitly provided for in the Plan. This summary also does not address the U.S. federal income tax consequences to persons not entitled to vote on the Plan or Holders subject to special treatment under the U.S. federal income tax laws, such as brokers or

dealers in securities or currencies, certain securities traders, tax-exempt entities, financial institutions, insurance companies, foreign persons, partnerships and other pass-through entities, Holders that have a “functional currency” other than the United States dollar and Holders that have acquired Claims in connection with the performance of services. The following summary assumes that the Claims are held by Holders as “capital assets” within the meaning of Section 1221 of the IRC and that all Claims denominated as indebtedness are properly treated as debt for U.S. federal income tax purposes.

The tax treatment of Holders and the character, amount and timing of income, gain or loss recognized as a consequence of the Plan and the distributions provided for by the Plan may vary, depending upon, among other things: (i) whether the Claim (or portion thereof) constitutes a Claim for principal or interest; (ii) the type of consideration received by the Holder in exchange for the Claim and whether the Holder receives Distributions under the Plan in more than one taxable year; (iii) whether the Holder is a citizen or resident of the United States for tax purposes, is otherwise subject to U.S. federal income tax on a net basis, or falls into any special class of taxpayers, such as those that are excluded from this discussion as noted above; (iv) the manner in which the Holder acquired the Claim; (v) the length of time that the Claim has been held; (vi) whether the Claim was acquired at a discount; (vii) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or prior years; (viii) whether the Holder has previously included in income accrued but unpaid interest with respect to the Claim; (ix) the method of tax accounting of the Holder; (x) whether the Claim is an installment obligation for U.S. federal income tax purposes; and (xi) whether the “market discount” rules are applicable to the Holder. Therefore, each Holder should consult its tax advisor for information that may be relevant to its particular situation and circumstances, and the particular tax consequences to such Holder of the transactions contemplated by the Plan.

THE FOLLOWING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FOLLOWING DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER’S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND APPLICABLE NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, TAXPAYERS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE, (B) ANY SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (C) TAXPAYERS

SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

B. U.S. Federal Income Tax Consequences to the Debtor.

If there is a discharge of a debt obligation by a debtor (or, in the case of indebtedness with multiple obligors, indebtedness that is allocable to such debtor) for an amount less than the adjusted issue price (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments), such discharge generally would give rise to cancellation of debt (“**COD**”) income, which must be included in the debtor’s income (or, in the case of a debtor that is treated as a disregarded entity for U.S. federal income tax purposes, in the income of its owner). However, the Debtor should be able to utilize a special tax provision which excludes from income debts discharged in a chapter 11 case (the “**Bankruptcy Exception**”). Notably, the Debtor may not recognize income as a result of the discharge of debt pursuant to the Plan because section 108 of the Internal Revenue Code provides that taxpayers in bankruptcy cases do not recognize income from discharge of indebtedness. A taxpayer is, however, required to reduce its “tax attributes” by the amount of the debt discharged. Tax attributes are reduced in the following order: (i) net operating losses for the taxable year of the discharge, and any net operating loss carryover to such taxable year; (ii) general business credits; (iii) minimum tax credits, (iv) capital loss carryovers; (v) the basis of the property of the taxpayer; (vi) passive activity loss and credit carryovers; and (vii) foreign tax credit carryovers.

C. U.S. Federal Income Tax Treatment With Respect to the Liquidation Trust.

It is intended that the Liquidation Trust will be treated as a “grantor trust” for U.S. federal income tax purposes. In general, a grantor trust is not a separate taxable entity. The Service, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an advanced ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. The Debtor is not requesting a private letter ruling regarding the status of the Liquidation Trust as a grantor trust. Consistent with the requirements of Revenue Procedure 94-45, however, the Liquidation Trust Agreement requires all relevant parties to treat, for federal income tax purposes, the transfer of the Debtor’s assets to the Liquidation Trust as (i) a transfer of such assets to the beneficiaries of the Liquidation Trust (to the extent of the value of their respective interests in the applicable Liquidation Trust Assets) followed by (ii) a transfer of such assets by such beneficiaries to the Liquidation Trust (to the extent of the value of their respective interests in the applicable Liquidation Trust Assets), with the beneficiaries of the Liquidation Trust being treated as the grantors and owners of the Liquidation Trust. Each beneficiary of the Liquidation Trust will generally recognize gain (or loss) in its taxable year that includes the Effective Date in an amount equal to the difference between the amount realized in respect of its Claim and its adjusted tax basis in such Claim. The amount realized for this purpose should generally equal the amount of cash and the fair market value of any other assets received or deemed received for U.S. federal income tax purposes under the Plan in respect of such Holder’s Claim. A Holder that is deemed to receive for U.S. federal income tax purposes a non-cash asset under the Plan in respect of its Claim should generally have a tax basis in such asset in an amount equal to the fair market value of such asset on the date of its deemed receipt.

The Plan and the Liquidation Trust Agreement generally provide that the beneficiaries of the Liquidation Trust must value the assets of the Liquidation Trust consistently with the values determined by the Liquidation Trustee for all U.S. federal, state, and local income tax purposes. As soon as possible after the Effective Date, the Liquidation Trustee shall make a good faith valuation of the assets transferred to the Liquidation Trust.

Consistent with the treatment of the Liquidation Trust as a grantor trust, the Liquidation Trust Agreement and the Plan will require each Holder to report on its U.S. federal income tax return its allocable share of the Liquidation Trust's income. Therefore, a Holder may incur a U.S. federal income tax liability with respect to its allocable share of the income of the Liquidation Trust whether or not the Liquidation Trust has made any distributions to such Holder. The character of items of income, gain, deduction, and credit to any Holder and the ability of such Holder to benefit from any deduction or losses will depend on the particular situation of such Holder.

In general, a distribution of underlying assets from the Liquidation Trust to a beneficiary thereof may not be taxable to such Holder because such Holders are already regarded for U.S. federal income tax purposes as owning such assets. Holders are urged to consult their tax advisors regarding the appropriate U.S. federal income tax treatment of distributions from the Liquidation Trust.

The Liquidation Trustee will file with the Service tax returns for the Liquidation Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a) and will also send to each Holder a separate statement setting forth such Holder's share of items of Liquidation Trust income, gain, loss, deduction, or credit. Each such Holder will be required to report such items on its U.S. federal income tax return.

The discussion above assumes that the Liquidation Trust will be respected as a grantor trust for U.S. federal income tax purposes. If the Service were to successfully challenge such classification, the U.S. federal income tax consequences to the Liquidation Trust and the beneficiaries of the Liquidation Trust could differ materially from those discussed herein (including the potential for an entity level tax to be imposed on all income of the Liquidation Trust).

D. U.S. Federal Income Tax Treatment With Respect to Holders of Allowed Claims that are Beneficiaries of the Liquidation Trust.

Holders of Allowed Claims as of the Effective Date that are beneficiaries of the Liquidation Trust, including Holders of Allowed Claims in Class 3, should be treated as receiving from the Debtor their respective shares of the applicable assets of the Liquidation Trust in satisfaction of their Allowed Claims, and simultaneously transferring such assets to the Liquidation Trust. Accordingly, a Holder of such Claim should generally recognize gain or loss in an amount equal to the amount deemed realized on the Effective Date (as described above) less its adjusted tax basis of its Claim. Additionally, such Holders should generally recognize their allocable share of income, gain, loss and deductions recognized by the Liquidation Trust on an annual basis.

Because a Holder's ultimate share of the assets of the Liquidation Trust based on its Allowed Claim will not be determinable on the Effective Date due to, among other things, the existence of Disputed Claims and the value of the assets at the time of actual receipt not being ascertainable on the Effective Date, such Holder should recognize additional or offsetting gain or loss if, and to the extent that, the aggregate amount of cash and fair market value of the assets of the Liquidation Trust ultimately received by such Holder is greater than or less than the amount used in initially determining gain or loss in accordance with the procedures described in the preceding paragraph. It is unclear when a Holder of an Allowed Claim that is a beneficiary of the Liquidation Trust should recognize, as an additional amount received for purposes of computing gain or loss, an amount attributable to the disallowance of a Disputed Claim.

The character of any gain or loss as capital gain or loss or ordinary income or loss and, in the case of capital gain or loss, as short-term or long-term, will depend on a number of factors, including: (i) the nature and origin of the Claim; (ii) the tax status of the Holder of the Claim; (iii) whether the Claim has been held for more than one year; (iv) the extent to which the Holder previously claimed a loss or bad debt deduction with respect to the Claim; and (v) whether the Claim was acquired at a market discount. A Holder that purchased its Claim from a prior Holder at a market discount may be subject to the market discount rules of the IRC. Under those rules (subject to a *de minimis* exception), assuming that such Holder has made no election to accrue the market discount and include it in income on a current basis, any gain recognized on the exchange of such Claim generally would be characterized as ordinary income to the extent of the accrued market discount on such Claim as of the date of the exchange.

It is possible that the Service may assert that any loss should not be recognizable until the Liquidation Trustee makes its final distribution of the assets of the Liquidation Trust. Holders should consult their tax advisors regarding the possibility that the recognition of gain or loss may be deferred until the final distribution of the assets of the Liquidation Trust.

Although not free from doubt, Holders of Disputed Claims should not recognize any gain or loss on the date that the assets of the Debtor are transferred to the Liquidation Trust, but should recognize gain or loss in an amount equal to: (i) the amount of cash and the fair market value of any other property actually distributed to such Holder less (ii) the adjusted tax basis of its Claim. It is possible, however, that such Holders may be required to recognize the fair market value of such Holder's allocable share of the Liquidation Trust's assets, as an amount received for purposes of computing gain or loss, either on the Effective Date or the date such Holder's Claim becomes an Allowed Claim.

Holders of Allowed Claims will be treated as receiving a payment of interest (includible in income in accordance with the Holder's method of accounting for tax purposes) to the extent that any cash or other property received (or deemed received) pursuant to the Plan is attributable to accrued but unpaid interest, if any, on such Allowed Claims. The extent to which the receipt of cash or other property should be attributable to accrued but unpaid interest is unclear. The Debtor and the Liquidation Trust intend to take the position, and the Plan provides, that such cash or property distributed pursuant to the Plan will first be allocable to the principal amount of an Allowed Claim and then, to the extent necessary, to any accrued but unpaid interest thereon. Each Holder should consult its tax advisor regarding the determination of the amount of consideration received under the Plan that is attributable to interest (if any). A Holder generally

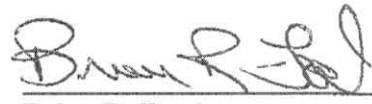
IX. RECOMMENDATION AND CONCLUSION

The Debtor believes the Plan is in the best interests of the Estate and urges the Holders of Impaired Claims entitled to vote to accept the Plan and to evidence such acceptance by properly voting and timely returning their ballots.

Dated: March 10, 2014
Philadelphia, Pennsylvania

Respectfully submitted,

**PHILADELPHIA ENTERTAINMENT
AND DEVELOPMENT PARTNERS, L.P.,
a Pennsylvania limited partnership**

By: 
Name: Brian R. Ford *
Title: Authorized Signatory


As sole member of Persul Mangier LLC
its Authorized signatory


EXHIBIT 1

PLAN