

Contact: The Abernathy MacGregor Group, Inc.
Dan Hilley, dch@abmac.com
(213) 630-6550; (888) 477-4319

FOR IMMEDIATE RELEASE

Orleans Homebuilders, Inc. Files Plan of Reorganization, Disclosure Statement

Plan Would Allow Orleans to Reduce Debt by More Than 50%

Bensalem, Pa., Aug. 12, 2010 –/PRNewswire-FirstCall/ -- Orleans Homebuilders, Inc. (the “Company”, or “Orleans”) (Pink Sheets: OHBIQ.PK), which develops, builds and markets high-quality single-family homes and townhouses and whose operations in Pennsylvania and New Jersey date back more than 90 years, along with certain affiliated debtors, today filed its Plan of Reorganization (the “Plan”) and related Disclosure Statement with the United States Bankruptcy Court (the “Court”) for the District of Delaware. The Plan details how the claims for each class of creditors will be treated in connection with the proposed emergence of the Company from Chapter 11 protection later this year.

Under the Plan, the Company would emerge from Chapter 11 with under \$200 million in debt, down from more than \$400 million at the time of the filing.

Mitchell B. Arden, Senior Managing Director and Shareholder of Phoenix Management who has been serving as Orleans’ Chief Restructuring Officer, stressed that “We remain appreciative of all those who have supported Orleans through this challenging period and enabled us to reach this point today. A reorganized Orleans Homebuilders provides continuity for our existing homebuyers, vendors, and employees for the benefit of the many communities in which we operate. For these reasons, we are optimistic the Plan will be confirmed.”

Mr. Arden further stated that “we have spent the past few months negotiating with those holding more than 80% of the Company’s secured debt to reach an agreement in principle with respect to a reasonable and fair treatment for all creditor classes. The Plan filed today reflects our best efforts in that regard, and it provides a path to the future for Orleans Homebuilders that did not exist five months ago. When confirmed, the Plan would also provide future value to creditors from working with us as we continue to build fine homes for our customers.”

Under the terms of the Plan, which remains subject to a vote of the creditors and Court confirmation, all administrative, DIP facility, tax, priority, and certain secured and operational lien claims would be paid in full and are unimpaired. Holders of certain pre- and post-petition secured claims would receive their pro rata share of common stock in the reorganized company, new notes, and cash depending on their relative priority.

Holders of general unsecured claims, including the secured creditors’ deficiency claims, would receive their pro rata share of the proceeds of sales of assets unencumbered as of the date of the bankruptcy filing. Holders of general unsecured claims may also participate on a pro rata basis in certain potential recoveries from avoidance actions. The anticipated recovery for this class is estimated to be minimal. Holders of general unsecured claims may elect to convert their claims to a convenience class, which provides for a 5% cash payment based on claims limited to \$25,000.

Holders of junior subordinated notes and trust preferred securities would receive recovery comparable to the class of general unsecured creditors, which recoveries, other than certain potential recoveries from avoidance actions, would be turned over to certain of the Company's secured creditors. All junior notes and trust preferred securities would be cancelled on the effective date of the Plan.

The Plan does not provide for distributions to the holders of equity interests. On July 29, 2010, Orleans Homebuilders filed a Form 15 with the Securities Exchange Commission ("SEC") to terminate registration for the existing common stock under the Securities Exchange Act and to terminate or suspend any obligations to file reports with the SEC.

The Company and most of its operating subsidiaries filed voluntary petitions to commence the Chapter 11 process on March 1, 2010. The filing did not include certain of the Company's subsidiaries, including its mortgage services subsidiary, Alambry Funding Inc., which provides mortgage brokerage services for customers and financial institutions but which does not underwrite any customer mortgages.

As of June 30, 2010, the Company had total earned revenue of approximately \$218.2 million for the 2010 fiscal year compared with \$330.9 million for the 2009 fiscal year. The Company's net loss for fiscal year 2010 was \$57.9 million, compared with \$129.5 million for the prior fiscal year.

Information about the reorganization, including copies of the Plan of Reorganization and Disclosure Statement filed today and links to other Court filings, can be found at www.orchestration.com.

About Orleans Homebuilders, Inc.

The Company serves a broad customer base including first-time, move-up, luxury, empty-nester and active adult homebuyers. The Company currently operates in the following 11 distinct markets: Southeastern Pennsylvania; Central and Southern New Jersey; Orange County, New York; Charlotte, Raleigh and Greensboro, North Carolina; Richmond and Tidewater, Virginia; Chicago, Illinois; and Orlando, Florida. The Company's Charlotte, North Carolina operations also include adjacent counties in South Carolina. The Company employs approximately 210 people.

Forward-Looking Statements

Certain information included herein and in other Company statements, reports and SEC filings is or may be forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements concerning the anticipated filing of a plan of reorganization and the timing and contents thereof; potential emergence from Chapter 11 and the timing thereof; the potential preservation of the Company's name and operations; any sale of the Company or its assets, potential restructurings of the Company's liabilities; required bankruptcy court approvals; potential strategic transactions, including refinancing, reorganizations, recapitalization and sale transactions involving the Company; payments to trade creditors, employees, or customers; anticipated and potential asset sales; anticipated liquidity; anticipated recoveries by creditors; and strategic transactions and alternatives including but not limited to the sale or restructuring of the Company. Such forward-looking information involves important risks and uncertainties that could significantly affect actual results and cause them to differ materially from expectations expressed herein and in other Company statements, reports and SEC filings. These risks and uncertainties include the Company's ability to operate under the terms of the DIP Loan Agreement; the Company's ability to obtain court approval with respect to motions relating to the bankruptcy filings; the ability of the Company to develop, confirm and consummate its current proposed Plan of Reorganization, or any other Plans, with respect to the Chapter 11 proceeding; the ability of the Company to obtain and maintain normal terms with vendors and service providers and to maintain contracts critical to its operations; the ability of the Company to continue to attract buyers of its homes; the ability to continue normal business operations; the potential adverse impact of the Chapter 11 proceedings; the ability of the Company to attract, motivate and/or retain key executives and employees; access to liquidity; local, regional and national economic conditions; the effects of governmental

regulation; the competitive environment in which the Company operates; fluctuations in interest rates; changes in home prices; the availability of capital; the ability of the Company to engage in a financing or strategic transaction; the availability and cost of labor and materials; our dependence on, and continued retention of, certain key employees; and weather conditions. Additional information concerning factors the Company believes could cause its actual results to differ materially from expected results is contained in Item 1A of the Company's Annual Report on Form 10-K/A for the fiscal year ended June 30, 2008 filed with the SEC and subsequently filed Quarterly Reports on Form 10-Q, as well as the Current Reports on Form 8-K and press releases filed with the Securities and Exchange Commission on August 14, 2009, October 6, 2009, November 5, 2009, December 9, 2009, December 23, 2009, February 1, 2010 February 19, 2010, March 3, 2010, March 11, 2010, March 22, 2010, April 20, 2010, April 22, 2010, April 27, 2010, May 25, 2010, June 11, 2010 and June 25, 2010.

#