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FOR IMMEDIATE RELEASE

**Court Approves Orleans Homebuilders' Disclosure Statement;  
Hearing to Consider Proposed Plan Scheduled for Mid-November;  
Expectation to Emerge from Bankruptcy Shortly Thereafter**

**Bensalem, Pa., Oct. 5, 2010** --/PRNewswire-FirstCall/ -- Orleans Homebuilders, Inc. (the "Company", or "Orleans") (Pink Sheets: OHBIQ.PK) and certain affiliated debtors have received Bankruptcy Court approval of the Company's Modified First Amended Disclosure Statement (the "Disclosure Statement"), which paves the way for the Company to begin soliciting creditor approval of its proposed Modified First Amended Joint Plan of Reorganization (the "Plan"). The Plan, which was developed consensually between the Company, certain of its secured lenders, and the unsecured creditors committee, details how creditors' claims will be treated. The Company expects the Plan to be confirmed by the U.S. Bankruptcy Court and to go into effect before year-end, at which time the Company will emerge from Chapter 11 protection.

These key parties recommend a "yes" vote from creditors entitled to vote on the Plan, as acceptance of the Plan would provide for greater and more certain recovery for general unsecured creditors, which include trade creditors, contractors and vendors, as well as holders of certain securities issued by an affiliate of the Company. Under the Plan, the Company would emerge from Chapter 11 with under \$200 million in debt, down from more than \$500 million in funded debt at the time of the filing on March 1, 2010.

"All the parties have worked closely and collaboratively, and we are very pleased to present a consensual plan of reorganization for creditor consideration. The Company, the unsecured creditors committee and the Plan's sponsors all believe that the Plan provides the best possible outcome for all creditor classes. We anticipate ballots will be distributed this week, and that we will be able to hold our confirmation hearing on or about November 16, 2010," stated Mitchell B. Arden, Senior Managing Director and Shareholder of Phoenix Management, who has been serving as Orleans' Chief Restructuring Officer. "This is a major and very positive step forward in Orleans' bankruptcy process, and enables us to plan for the Company's emergence before the end of the year. Orleans' vendors, contractors and employees should be congratulated as they have done an excellent job maintaining construction schedules and quality standards, and I would like to thank our customers, who have continued to show their confidence in the Company's ability to deliver an outstanding home."

The Plan calls for different treatments if certain impaired classes vote to accept or reject the Plan. If holders of aggregate unsecured claims (Class 3), which include general unsecured, junior subordinated note and trust preferred securities and convenience class creditors, vote as a class in the aggregate to accept the Plan, they would receive their pro rata share of a \$6 million cash pool and the proceeds of certain avoidance claims (net of certain fees and expenses). In this scenario, the Company's secured lenders would agree to waive their deficiency claims, claim for adequate protection, and enforcement of subordination provisions under the Company's subordinated notes and trust preferred securities. Estimated recoveries for unsecured creditors is expected to be between approximately 3% and 5%.

However, if Class 3 votes as a class to reject the Plan, the Company still intends to seek confirmation of the Plan, and holders would receive proceeds from sales of assets unencumbered as of the date of the bankruptcy filing, as well as up to \$4 million from the proceeds of any avoidance claims. But in this scenario, the secured creditors would not waive their deficiency or adequate protection claims or rights to enforce subordination provisions, and the anticipated recovery and timing thereof for unsecured creditors is uncertain. **Both the Company and the unsecured creditors committee believe that under this scenario, recovery for Class 3 would be less than if Class 3 voted to accept the Plan, and that any distributions would not take place as soon.**

If Class 3 were to reject the Plan, holders of general unsecured claims less than \$25,000 (and those with greater claims that elect to reduce their claims to \$25,000) would receive an amount equal to 3% of each claim, less than they would potentially receive if Class 3 accepts the Plan.

The Plan provides that all administrative, DIP facility, tax, priority, and certain other secured claims, including secured operational lien claims, would be paid in full or reinstated 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. All stock, junior notes and trust preferred securities would be cancelled on the effective date of the Plan.

The Bankruptcy Code defines acceptance of a plan of reorganization by a class of creditors as acceptance by those holding a majority in number and at least two-thirds in dollar amount of the allowed claims of that class that have actually been voted on the plan. Those classes that are not impaired are deemed to accept the plan automatically and will not be required to vote. Similarly, holders of common stock, which will be cancelled when the plan goes into effect, are deemed to reject the plan.

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 does not underwrite any customer mortgages.

Information about the reorganization, including copies of the Plan and the Disclosure Statement and links to other Court filings, can be found at [www.orchestration.com](http://www.orchestration.com).

### **About Orleans Homebuilders, Inc.**

Orleans Homebuilders develops, builds and markets high-quality single-family homes and townhouses. Its operations in Pennsylvania and New Jersey date back more than 90 years. 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 200 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 confirmation 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, customers, or other creditors; 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.

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