



NEWS RELEASE

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FOR IMMEDIATE RELEASE

DATE: June 28, 2012

The Philadelphia Orchestra Association Announces Confirmation of Its Plan of Reorganization to Exit Chapter 11 Bankruptcy Protection

(Philadelphia, June 28, 2012)—The Philadelphia Orchestra Association (POA) and its wholly owned subsidiary, the Academy of Music, Inc. (AOM), announced today that its Plan of Reorganization has been confirmed by the United States Bankruptcy Court of the Eastern District of Pennsylvania. With the confirmation order entered by the Honorable Eric L. Frank, the Association anticipates its emergence from Chapter 11 by the end of July at the time that all conditions to effectiveness of the Plan are satisfied.

As confirmed, the Association will address more than \$100 million in claims, debts, and liabilities with a settlement of \$5.49 million. Of that total, \$4.25 million will be paid on or before the effective date of the Plan.

“When we made the difficult, yet necessary decision to file for bankruptcy, our objective was to reduce our structural deficit by creating a realistic cost structure that would allow the Orchestra to survive and ultimately thrive,” said Richard B. Worley, chairman of The Philadelphia Orchestra Association. “This has been a challenging process and we would not have succeeded without the hard work, cooperation, and support of many. We are deeply grateful to all who worked with us and who supported us, especially our musicians and staff, the Kimmel Center, the Annenberg Foundation, and generous supporters in the community who were willing to invest substantial sums to help us weather the storm. That we were able to conclude this process consensually without litigation or work stoppage is particularly gratifying. We would be remiss if we didn’t make special mention of the efforts of Judge Frank who kept our case on track toward confirmation and Chief Judge Stephen Raslavich, who played a pivotal role as mediator in helping our musicians and the Association reach a new labor agreement.”

Mr. Worley further said, “In receiving Plan confirmation, we are now well-positioned to rebuild our audiences, rebuild our donor base and grow our endowment. There is still much work to be done to ensure our future and we intend to make the most of the opportunities available to us as we conclude the reorganization process. We move forward with confidence knowing that with hard work, outstanding execution, and support from the Philadelphia community, the Orchestra’s vibrancy and excellence will remain for our beloved audiences—both here and abroad.”

On April 16, 2011, The Philadelphia Orchestra Association filed for Chapter 11 bankruptcy protection. This decision was based upon several critical financial challenges facing the organization, specifically its rapidly dwindling operating funds and a structural deficit of \$14.5 million. Although The Philadelphia Orchestra had no long-term debt, it was operating at a significant loss based upon depleted revenues, eroding endowment income, unfunded pension obligations, and increased fixed costs.

With consensual agreements reached in the reorganization process with the musicians of The Philadelphia Orchestra, the Kimmel Center, the American Federation of Musicians and Employers' Pension Fund (AFM-EPF), the Pension Benefit Guaranty Corporation (PBGC), as well as Encore Series Incorporated and Peter Nero and the Philly Pops (PNPP), the Association will exit bankruptcy having addressed key issues that had greatly impacted its significant structural deficit. Since its filing, the Association has experienced increased attendance and an increased number of Annual Fund donors, specifically new donors. The Association has also raised nearly \$37 million for its Transformation Fund, which was created in April 2011 to assist the Orchestra through its financial restructuring and in the runway funding for its plan.

"We have tremendous momentum—artistically and institutionally—as we move forward from this process," said Allison Vulgamore, president and CEO of The Philadelphia Orchestra. "Returning from our successful residency pilot in China where the Orchestra reaffirmed its world-renowned sound throughout the provinces, to the profound enthusiasm displayed by Philadelphia audiences during our recent Stokowski Celebration at the Academy of Music, our community is newly invigorated around The Philadelphia Orchestra. As we close a critical time in our history with this confirmation, we have begun a transformative new era with Yannick Nézet-Séguin as our music director with a strong resolve to ensure that *this* Orchestra remains the cultural icon of Philadelphia that it has always been—a world ambassador for our Commonwealth."

For more information regarding The Philadelphia Orchestra, its confirmed Plan of Reorganization, or its 2012-13 artistic season, please visit www.philorch.org. To support The Philadelphia Orchestra, please visit www.philorch.org/support or call 215.893.3133.

The Philadelphia Orchestra

Renowned for its distinctive sound, desired for its keen ability to capture the hearts and imaginations of audiences, and admired for an unrivaled legacy of "firsts" in music-making, The Philadelphia Orchestra remains one of the preeminent orchestras in the world.

The Philadelphia Orchestra has cultivated an extraordinary roster of artistic leaders in its 112 seasons, including music directors Fritz Scheel, Carl Pohlig, Leopold Stokowski, Eugene Ormandy, Riccardo Muti, Wolfgang Sawallisch, and Christoph Eschenbach, as well as the Orchestra's current chief conductor, Charles Dutoit. In the 2012-13 season, Yannick Nézet-Séguin will become the eighth music director of The Philadelphia Orchestra. Named music director designate in 2010, Nézet-Séguin brings a vision that extends beyond symphonic music and into the vivid world of opera and choral music.

Philadelphia is home and the Orchestra nurtures an important relationship with patrons who support the main season at the Kimmel Center for the Performing Arts. The Orchestra also performs for Philadelphia audiences at the Mann Center

for the Performing Arts, Penn's Landing, and other regional venues. The Philadelphia Orchestra Association continues to own the Academy of Music—a National Historic Landmark—as it has since 1957.

The ensemble maintains an important tradition of presenting community educational programs for local audiences. Today the Orchestra executes a myriad of education and civic partnership programs, notably its Neighborhood Concert Series, Sound All Around and Family Concerts, eZseatU, and more.

Through concerts, tours, residencies, presentations, and recordings, The Philadelphia Orchestra touches the lives of countless music lovers around the world. The Orchestra annually performs at Carnegie Hall, the Kennedy Center, and the Mann Center for the Performing Arts while also enjoying a three-week residency at the Saratoga Performing Arts Center in New York and a strong partnership with the Bravo! Vail Valley Music Festival.

For more information on The Philadelphia Orchestra, please visit www.philorch.org.

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