

Recurring Questions and the Trustee's Answers as of July 1, 2009

In response to numerous emails and phone messages, the following are responses to frequently asked questions regarding the status of Genaera Corporation and the formation of the Genaera Liquidating Trust. Please accept our apologies for not writing back to each of you with an individually responsive message.

What has happened to shares of stock owned by Genaera Corporation

stockholders? Shares of Genaera Corporation (the "Company") stock owned as of the Record Date became non-transferable units of beneficial ownership in the Genaera Liquidating Trust (the "Trust"). The Record Date is defined as the last day the Company's stock traded on the NASDAQ stock exchange. As described in the proxy statement sent to stockholders in advance of the Special Meeting of Stockholders on June 4, 2009 (the "Proxy Statement"), NASDAQ could, at its initiative halt trading of Genaera stock, once the Company filed its request to delist the common stock and filed a Certificate of Dissolution. NASDAQ exercised this right on June 12, 2009, the date the Company filed a Form 15 with the Securities and Exchange Commission ("SEC") and a Certificate of Dissolution with Secretary of State of Delaware and transferred its assets and liabilities to the Trust.

Where can I learn more about Genaera's dissolution and liquidation? Copies of the Company's filings with the SEC describing the dissolution and liquidation may be found at www.sec.gov under "company filings." Significant filings include the Proxy Statement filed on May 14, 2009 that is referenced below and a Current Report on Form 8-K filed on June 12, 2009. Exhibits to the June 12, 2009 8-K include a copy of the Liquidating Trust Agreement (the "Trust Agreement") and a corresponding press release providing an overview of the dissolution and liquidation process. The press release included in the June 12, 2009 8-K can also be found on the Genaera website. Other relevant filings include Current Reports on Form 8-K filed on May 27, 2009 and June 10, 2009.

When are distributions likely to be made and how much will be distributed to unit holders?

It is not clear how much money, if any, will be available for distributions. The Proxy Statement executed by the former CEO on behalf of the then current Board of Directors, dated May 14, 2009, included an "Estimated Distribution to Stockholders" table on page 17. The "Low" estimated per share distribution amount was one fifth of a cent per share (\$0.002) and the "High" estimated per share distribution amount was \$0.017 per share. The proxy noted that **"these estimates are not guarantees and they do not reflect the total range of possible outcomes."**

Those estimates reflected the Board and management's estimates and intentions, as of mid May 2009, as to the net assets and liabilities to be transferred to the Trust after payment of accrued expenses, accounts payable, severance and other expenses as well as income from sale of fixed assets. To estimate "low" and "high" per share distribution amounts the Company's management provided its estimate of trust expenses through

December of 2009. Those estimates did not include: costs of administering the trust beyond 2009; funds potentially received from the sale of the Company's intellectual property and development programs; costs to maintain intellectual property and other assets beyond 2009 or a reserve for contingencies. The Trustee will attempt to realize more value for the Company assets than reflected in those estimates. However, it must be noted that the proxy statement detailed extensive efforts by the Company's management and its representatives to monetize its programs and license rights, which efforts did not result in any substantial payments to the Company in 2009. The Trustee believes some value can be realized for the Company's intellectual property and development programs and is making a good faith effort to do so within the scope of the assets available. However, there are no guarantees that the Trustee will have any greater success than the Company's management monetizing the Company's assets.

How will the Trustee communicate with unit holders (i.e. persons holding Genaera stock on the last day of trading, June 12, 2009)? The Trustee will principally communicate by mail and by use of the Company's website, www.genaera.com. The Trustee currently anticipates continuing to maintain the website for the indefinite future. Under the Trust Agreement, certain information is required to be mailed to unit holders. The Trust is currently in the process of obtaining a listing of unit holders. Given the anticipated number of unit holders, we anticipate the cost of each mailing will be about \$15,000. Accordingly, we will use the Trust's website when possible. The Trustee is required to mail information to unit holders at the following times under the Trust Agreement:

1. As soon as practicable after the Record Date the Trustee is to mail a notice indicating how many units stockholder as of the Record Date beneficially owns and the contact details of the Trustee.
2. Within 90 days after the end of each calendar year and after termination of the Trust, the Trustee shall submit a written report and account to the beneficiaries of the Trust (the "Beneficiaries") showing:
 - a. the assets and liabilities of the Trust at the end of such calendar year or upon termination and the receipts and disbursements of the Trustee for such calendar year or period;
 - b. changes in the trust assets and liabilities not previously reported; and
 - c. actions taken by the Trustee that it has not previously reported, and which, in its opinion, materially affect the trust assets or liabilities.
3. Within a reasonable time following a material event relating to the trust's assets, the Trustee will either prepare and mail to the Beneficiaries an interim report describing such event or use any other means reasonably calculated to disseminate such interim report to the Beneficiaries, including, without limitation, use of the Trust's website. The occurrence of a material event will be determined solely by the Trustee.
4. Federal Income Tax Information. The Trust Agreement provides that as soon as practicable after the close of each calendar year, the Trustee shall mail to each

person who was a Beneficiary at the close of the year, a statement showing, on a per unit basis the dates and amount of all distributions made by the Trustee, income earned on assets held by the Trust, if any, such other information as is reasonably available to the Trustee which may be helpful in determining the amount of gross income and expenses attributable to the Trust that such Beneficiary should include in such person's Federal income tax return, if any, for such year and any other information as may be required to be furnished under applicable law. In addition the Trust Agreement also provides that after receipt of a request in good faith, the Trustee shall furnish to any person who has been a Beneficiary at any time during the current or preceding year, at the expense of such person and at no cost to the Trust, a statement containing such further information as is reasonably available to the Trustee which shall be helpful in determining the amount of taxable income which such person should include in such person's Federal income tax return.

How do I realize the loss from my shares of Genaera stock for federal income tax purposes? In all cases you should consult your tax advisor for your individual circumstances, but the Trustee can highlight the following information for you.

Below is an excerpt on stockholders' federal income tax treatment of the liquidating trust transaction prepared by the Company's outside counsel and included in the June 12, 2009 press release. The Trustee assumes that the tax information to be provided to unit holders after the end of 2009 includes a best estimate of the net assets transferred to the Trust by the Company, i.e. the computation of the amount reflected in (x) below from which the stockholder can determine his/her gain or loss.

"The Trust is intended to qualify as a "liquidating trust" and as a "grantor trust" for federal income tax purposes. As such, the Trust will be a complete pass-through entity for federal income tax purposes and, accordingly, will not itself be subject to federal income tax. For federal income tax purposes, stockholders of the Company on the record date will be deemed to receive from the Company and transfer to the Trust a pro rata share of the assets actually transferred by the Company to the Trust. Accordingly, each stockholder will recognize gain or loss in an amount equal to the difference between (x) the fair market value of such stockholder's pro rata share of the assets of the Company that were transferred to the Trust, subject to such stockholder's pro rata share of the liabilities of the Company that were assumed by the Trust and (y) such stockholder's adjusted tax basis in the shares of the Company's common stock held by such stockholder on the record date. The beneficiaries will be required to take into account, in accordance with their method of accounting, a pro rata share of the Trust's items of income, deduction, gain, loss or credit, regardless of the amount or timing of distributions to beneficiaries. Stockholders of the Company are urged to consult with their own tax advisers as to the tax consequences to them of the establishment and operation of, and distributions, if any, by, the Trust."

How long will the Trust continue? In practical terms the Trust continues until it has realized whatever value can be obtained for the Company assets, paid the liabilities and

distributed the balance remaining, if any, to unit holders. The Trust is not to be maintained longer than necessary to wrap up the affairs of the Company and can only continue as long as it has resources to continue and a good economic or legal reason to do so. Expressed in more formal terms, the Trust Agreement provides that the Trust continues until “(i) such time as termination is required by the applicable laws of the State of Delaware, (ii) the final distribution of all the Trust Assets . . . , or (iii) the expiration of a period of three (3) years from the Transfer Date; provided that the Trustee, in its discretion, may extend the termination of the Trust pursuant to this subparagraph (iii) of this Section 4.1 to such later date as it may designate, if it determines that an extension is reasonably necessary to fulfill the purpose of the Trust, as specified in this Agreement.”

Can you answer questions concerning the way the stock traded before the Company dissolved or why the trading began on the pink sheets in recent days? No we can not. The Trust and the Trustee are not involved in matters relating to trading in the Company stock and can not expend its very limited resources on these issues. The Trustee did provide information to the OTC and FINRA as to the dissolution of the Company, filing of Forms 15 and 25 with the SEC and related matters.

The Genaera Liquidating Trust
By: Argyce LLC, Trustee
By: John Skolas
President and CEO