

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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| -----X | |
| IN RE: | : Chapter 11 |
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| ARCAPITA BANK B.S.C.(c), <i>et al.</i> , | : Case No. 12-11076 (SHL) |
| | : : |
| Reorganized Debtors. | : Jointly Administered |
| -----X | |
| IN RE: | : Chapter 11 |
| | : : |
| FALCON GAS STORAGE COMPANY, INC., | : Case No. 12-11790 (SHL) |
| | : : |
| Debtor. | : X |
| -----X | |

**DECLARATION OF WILLIAM A. LUNDSTROM IN SUPPORT OF
CONFIRMATION OF SECOND AMENDED JOINT PLAN OF
REORGANIZATION OF ARCAPITA BANK B.S.C.(c) AND
RELATED DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY
CODE WITH RESPECT TO FALCON GAS STORAGE COMPANY, INC.**

I, William A. Lundstrom, hereby declare as follows:

1. I am a director of Falcon Gas Storage Company, Inc. ("**Falcon**"), a Delaware corporation, a debtor and debtor in possession in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**"). I submit this declaration (the "**Declaration**") in support of confirmation of the *Confirmed Second Amended Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors Under Chapter 11 of the Bankruptcy Code (With First Technical Modifications)* [Docket No. 1265] (as amended and including all exhibits and supplements thereto, the "**Plan**"),¹ as it relates to Falcon, pursuant to section 1129 of title 11 of the United States Code (the "**Bankruptcy Code**").

¹ Capitalized terms used herein but not otherwise defined herein have the meanings ascribed to them in the Plan.

2. In my capacity as a director of Falcon, I am generally familiar with Falcon's day-to-day operations, business affairs, and books and records. I am authorized to submit this Declaration on behalf of Falcon.

3. All matters set forth in this Declaration are based on (a) my personal knowledge and belief; (b) my review of relevant documents; (c) inquiries made to others; (d) my view, based on my personal experience and knowledge of Falcon's businesses and financial condition; or (e) as to matters involving the requirements for confirmation of the Plan under section 1129 of the Bankruptcy Code, my reliance on the advice of Falcon's bankruptcy counsel. If I were called to testify, I could and would testify competently to the facts set forth herein.

FALCON'S ASSETS AND LIABILITIES

4. As of December 31, 2013, Falcon had \$1,482,845.29 in cash on hand and \$1,881,971.64 in other current assets.

5. As of December 31, 2013, Falcon had total accrued and unpaid liabilities, including postpetition Administrative Expenses, totaling approximately \$7,557,385.27.²

6. Based on the terms of the settlement described in Falcon's *Motion to Approve Falcon Settlement with Tide, the Hopper Parties, and HSBC* [Docket No. 1721] (the "*Tide/Hopper Settlement*"), I understand that, Falcon will receive approximately \$18,846,000 from the Tide/Hopper Settlement.

7. I am advised and believe that, as of the Effective Date of the Plan as to Falcon, the estimated recoveries for each Impaired Class of Claims and Interests as to Falcon under the Plan are likely to be greater than or equal to the Distributions they would likely receive in a hypothetical chapter 7 liquidation.

² The stated amount reflects the amounts that were invoiced to Falcon as of December 31, 2013. Falcon may have additional accrued and unpaid liabilities, including Administrative Expenses.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 15th day of January, 2014.

/s/ William A. Lundstrom
William A. Lundstrom
Director, Falcon Gas Storage Company, Inc.