

May 1, 2014

Honorable Sean H. Lane
United States Bankruptcy Court
Southern District of New York
Courtroom 701
One Bowling Green
New York, NY 10004-1408

Re: In re Arcapita Bank B.S.C.(c), et al.; Case No. 12-11076 (SHL);
Order on Objection to GPZ Claim No. 383

Dear Judge Lane:

Concurrent with this letter, Arcapita Bank has respectfully lodged a proposed Order Granting Debtors' Third Omnibus Objection to Claims (as to Claim No. 383) (the "Proposed Order"). This Proposed Order reflects the discussion with the Court at the April 30, 2014 hearing on the Debtors' objection to Claim No. 383 of G.P. Zachariades Overseas, Ltd. ("GPZ").

The proposed order allows GPZ an unsecured prepetition claim in a total amount of \$7,429,971.10, as calculated below (the "Allowed GPZ Claim"). This amount exceeds the number that I originally presented to the Court (and that was set forth in our Reply Brief) and addresses your questions about the treatment of the portion of the Arbitrator's Award related to (a) the Arbitrator's fees and expenses and the costs of the arbitration before the ICC International Court of Arbitration (USD 155,772), all of which were pre-paid by GPZ to the ICC before the Arcapita petition date of March 19, 2012 (the "Petition Date"), and (b) reimbursement for GPZ's costs and expenses (BD 116,558.67), which were also incurred before the Petition Date. The Court correctly observed that these amounts should be included in the Allowed GPZ Claim and the Proposed Order does include them. I sincerely apologize to the Court for not picking up this discrepancy before my presentation to the Court.

The only amount of the Arbitrator's Award excluded from the Allowed GPZ Claim is interest accruing after the Petition Date. The interest calculation is set forth in Paragraphs 111 and 123 of the ICC Award, at page 43. The Arbitrator found that interest through January 31, 2012 is BD 291,155.411; this entire amount is now included in the Allowed GPZ Claim. In addition, the Arbitrator found that interest accrued from February 1, 2012 at the

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daily rate of BD 103.046; as post-petition interest on unsecured claims is not allowed in a chapter 11 case where, as in the Arcapita case, creditors are not paid in full, the Allowed GPZ Claim only includes this per diem interest for the period February 1, 2012 through March 18, 2012 (the day before the Petition Date).

As now reflected in the proposed Order, the total allowed unsecured claim in favor of GPZ is comprised of the following:

Principal	BD 2,329,733
Interest at 7.3% thru 1/31/12 per Award	BD 291,155.411
Interest 2/1/12 to Petition Date at daily rate of BD 103.046	BD 4,843.162
GPZ' costs and expenses	BD 116,558.67
Total BD Portion of Award	BD 2,742,290.243
BD Portion converted to USD at 2.6526 conversion rate	USD 7,274,199.10
ICC Arbitrator's fees paid by GPZ (in USD)	USD 155,772.00
TOTAL ALLOWED GPZ CLAIM	USD 7,429,971.10

As you will recall, the ICC arbitration itself had concluded before the Petition Date and the stay was lifted solely so that the Arbitrator could issue his award. The Arbitrator's fees were "prepaid" by GPZ through a pre-arbitration deposit of USD 165,000. GPZ argued that, if it prevailed, any Award should include GPZ's costs and expenses, including the ICC and Arbitrator's fees that GPZ had pre-paid. [ICC Award ¶¶ 115-121.] In ruling in favor of GPZ, the Arbitrator included in the Arbitration Award an award for USD 155,772 in Arbitrator and ICC fees that had been paid from the USD 165,000 deposit made by GPZ. [ICC Award ¶ 123(4).] As stated previously, this amount is reflected in the Allowed GPZ Claim. However, the ICC and the Arbitrator have been paid in full and neither the ICC nor the Arbitrator has suffered any loss as a result of the ICC Arbitration or the Arcapita chapter 11 proceedings.

I hope this provides a sufficient explanation of the Proposed Order and addresses the issues that you raised at the hearing. As you know, GPZ did not respond to the Debtors' claim objection or appear at the hearing in this matter.

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I would be happy to answer any further questions.

Sincerely,

Michael A. Rosenthal

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