

Objection Deadline: June 19, 2012 at 12:00 p.m. (prevailing U.S. Eastern Time)
Hearing Date and Time: June 26, 2012 at 11:00 a.m. (prevailing U.S. Eastern Time)

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Attorneys for the Debtors
and Debtors in Possession

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

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	:
IN RE:	: Chapter 11
	:
ARCAPITA BANK B.S.C.(c), et al.,	: Case No. 12-11076 (SHL)
	:
Debtors.	: Jointly Administered
	:
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**DEBTORS' MOTION FOR ORDER PURSUANT TO SECTION 1121(d)
OF THE BANKRUPTCY CODE EXTENDING THE DEBTORS'
EXCLUSIVE PERIODS TO FILE A PLAN OR PLANS OF
REORGANIZATION AND SOLICIT ACCEPTANCES THEREOF**

Arcapita Bank B.S.C.(c) ("*Arcapita Bank*") and certain of its subsidiaries and affiliates, as debtors and debtors in possession, each of which commenced a case under chapter 11 of title 11 of the United States Code (the "*Bankruptcy Code*") on March 19, 2012 (collectively, the "*Arcapita Group*"), together with Falcon Gas Storage Company, Inc., an affiliate of Arcapita that commenced a case under chapter 11 of the Bankruptcy Code on April 30, 2012 ("*Falcon*," and collectively with the Arcapita Group, the "*Debtors*") hereby submit this motion for order pursuant to section 1121(d) of the Bankruptcy Code extending the Debtors'

exclusive periods to file a plan or plans of reorganization and solicit acceptances thereof (the "*Motion*"). In support thereof, the Debtors respectfully represent:

PRELIMINARY STATEMENT

1. The Debtors' chapter 11 cases were filed on an emergency basis to prevent precipitous action threatened by hedge funds owning a small percentage of Arcapita's outstanding debt. As a result, the Debtors did not plan for the filing by working with their constituencies regarding their proposed reorganization. Those activities were initiated after the chapter 11 cases were filed and in an atmosphere of some distrust resulting from the unplanned filing.

2. The Debtors have made significant progress during the first 90 days of these cases. They engaged Alvarez & Marsal ("*A&M*") whose professionals immediately immersed themselves in the Debtors' financial and operational information. A&M built a solid understanding of the Debtors in order to advise them and to act as the main liaison with the Official Committee of Unsecured Creditors (the "*Committee*"). Once the Committee was formed, A&M developed clear and concise presentations to share with the Committee on a wide variety of topics, including cash budgets, organization structure, investments that needed funding to maintain value, such as Lusail, and the structure and funding of the underlying investments.

3. In addition, the Debtors have worked simultaneously with the provisional liquidator for AIHL (the "*JPL*") in the Cayman proceedings. The Debtors have worked closely with the JPL to apprise him of all matters that affect AIHL, as well as providing in-depth information on a wide variety of topics to enable the JPL to monitor AIHL as required in the Cayman proceedings.

4. The Debtors' goal is to complete a reorganization and to exit the chapter 11 proceedings as soon as practicable. The burdens of the Debtors' chapter 11 cases on the Debtors' relatively small management staff in gathering necessary information, addressing the impact of the cases, and negotiating with creditors have been substantial. The Debtors believe that quickly developing a plan of reorganization is in the best interests of their shareholders and their goal of maximizing the value of their assets. The Debtors have worked diligently since the filing of these proceedings to achieve this goal. However, as a global manager of Shari'ah-compliant alternative investments and an investment bank, the Debtors' chapter 11 cases present complex legal and business issues that require substantial time and diligence to resolve. Due to the size and complexity of the cases, the fact that much of the Debtors' business information is located throughout the world, and the Debtors' complex organizational structure, the Debtors need additional time to prepare a plan of reorganization and solicit acceptances thereof. The Debtors believe that ample cause exists to grant such extensions.

5. Extending the Exclusive Periods (as defined below) would give effect to the intended purpose of the exclusivity periods in the Bankruptcy Code. The exclusivity periods in the Bankruptcy Code were designed to give debtors a fair opportunity to propose a chapter 11 plan and to enable solicitation of acceptances of the plan without the disruption that might be caused by the filing of multiple competing plans. A reasonable and meaningful exclusivity period is essential to enhancing the Debtors' ability to develop a consensual plan of reorganization. The Debtors hope to achieve a consensual plan and will work to achieve that goal. However, the Debtors have had insufficient time to develop a business plan, finalize valuations of the underlying portfolio assets, or determine claims treatments in a chapter 11 plan.

Once the Debtors develop a plan of reorganization, the Debtors intend to negotiate with the Committee and other constituencies.

6. The Debtors do not seek an extension of the Exclusive Periods as a negotiation tactic. Rather, the extension would afford the Debtors with a reasonable amount of time to focus on preserving and enhancing the value of their estates while they develop a sustainable cost structure and a plan to emerge from chapter 11.

JURISDICTION

7. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

8. The Debtors request an extension of the Exclusive Filing Periods (as hereinafter defined) pursuant to section 1121(d) of the Bankruptcy Code through and including November 14, 2012 and the Exclusive Solicitation Periods (as hereinafter defined) through and including January 14, 2013 pursuant to section 1121(d) of the Bankruptcy Code, without prejudice to the Debtors' right to seek additional extensions of such Periods.

9. An extension of the Exclusive Periods in these large, complex, and difficult reorganizations is essential to facilitating the development of a plan of reorganization and maximizing the ability of the parties in interest to negotiate a plan that is acceptable to the Debtors' constituencies, which themselves may have competing interests. Ample cause exists to grant the Debtors the extensions of the Exclusive Periods because, among other reasons, of the size and complexity of the cases, the Debtors' demonstrated efforts to share information and

negotiate with creditors, and their good faith efforts to proceed to bring these cases to a conclusion.

STATEMENT OF FACTS

10. On March 19, 2012 (the “*Petition Date*”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code. On April 30, 2012, Falcon Gas Storage Company, Inc. commenced a chapter 11 case which is being jointly administered with the other Debtors. The Debtors have continued to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases.

11. On April 5, 2012, the United States Trustee for the Southern District of New York (the “*U.S. Trustee*”) appointed the Committee.

12. Information regarding the Debtors’ business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Henry A. Thompson in Support of the Debtors’ Chapter 11 Petitions and First Day Motions and in Accordance with Local Rule 1007-2* [Dkt. No. 6].

13. Since the Petition Date, the Debtors have diligently worked to stabilize the businesses to maximize the value of the estates and to establish the foundation for their eventual emergence. For example, the Debtors retained A&M to comprehend the Debtors’ financial and operational information and organize and present it to the Committee. The Debtors also retained KPMG LLP (“*KPMG*”) to value the underlying portfolio assets, which will form the building blocks for the business plan development and emergence strategy being developed by Rothschild Inc. and NM Rothschild & Sons Limited (“*Rothschild*”).

14. Although the Debtors have taken significant steps toward developing a plan of reorganization, it is premature to propose a plan of reorganization without the underlying valuation that KPMG is currently performing. Further, religious observations will limit the parties' availability with the upcoming observance of Ramadan, which is anticipated to take place from approximately July 20, 2012 until August 18, 2012. During that time, much of the Debtors' relatively small staff will have religious obligations that may prevent them from dedicating their full attention to the development of a plan. Although the Debtors hope to file a plan of reorganization as soon as possible, in light of the complexities of the case and the need to assimilate a large amount of information, it would not benefit the Debtors or their constituencies to file a plan without obtaining all of the relevant inputs.

BASIS FOR RELIEF REQUESTED

15. Section 1121(b) of the Bankruptcy Code provides for an initial period of 120 days after the commencement of a chapter 11 case during which a debtor has the exclusive right to file a chapter 11 plan (the "*Exclusive Filing Period*"). Section 1121(c)(3) of the Bankruptcy Code provides that if a debtor files a plan within the 120-day Exclusive Filing Period, it has an exclusive period of 180 days from the commencement date to obtain acceptances of its plan (the "*Exclusive Solicitation Period*"). Arcapita Group's initial Exclusive Filing Period and Exclusive Solicitation Period are currently set to expire on July 17, 2012 and September 17, 2012, respectively. Falcon's initial Exclusive Filing Period and Exclusive Solicitation Period are currently set to expire on August 28, 2012 and October 29, 2012 (together, the "*Exclusive Periods*").

16. Pursuant to section 1121(d) of the Bankruptcy Code, the Court may extend the Exclusive Periods for cause. *See* 11 U.S.C. § 1121(d) ("[O]n request of a party in interest

made within the respective periods specified in subsections (b) and (c) of this section and after notice and a hearing, the court may for cause reduce or increase the 120-day period or the 180-day period referred to in this section.”). However, the 120-day period “may not be extended beyond a date that is 18 months after the [petition] date” and the 180-day period “may not be extended beyond a date that is 20 months after the [petition] date.” *Id.* § 1121(d)(2).

17. Congress established and incorporated the Exclusive Periods into the Bankruptcy Code to afford debtors a full and fair opportunity to propose a chapter 11 plan and to enable solicitation of acceptances of the plan without disruption that could be caused by the filing of multiple competing plans. Indeed, the primary objective of a chapter 11 case is the formulation, confirmation, and consummation of a consensual chapter 11 plan. Granting the Debtors an extension of the Exclusive Periods would give the Debtors a greater opportunity to propose and negotiate a plan of reorganization and fulfill the purpose of the Exclusive Periods.

18. Here, the initial 120- and 180-day Exclusive Periods provided in the Bankruptcy Code are insufficient to accommodate the size and complexity of these chapter 11 cases. Section 1121(d) of the Bankruptcy Code empowers this Court to extend such periods “for cause.” The Bankruptcy Code neither defines the term “cause” for purposes of section 1121(d) nor establishes formal criteria for an extension. The legislative history of section 1121 indicates, however, that it is intended to be a flexible standard to balance the competing interests of a debtor and its creditors. *See* H.R. Rep. No. 95-595, at 231-32 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5963 (noting that Congress intended to give Bankruptcy Courts great flexibility to protect a debtor’s interests by allowing a debtor an unimpeded opportunity to negotiate settlement of debts without interference from other parties in interest); *see also Gaines v. Perkins*

(*In re Perkins*), 71 B.R. 294, 297 (W.D. Tenn. 1987) (“The hallmark of [section 1121(d) of the Bankruptcy Code] is flexibility.”).

19. In exercising its broad discretion, this Court may consider a variety of factors to assess the totality of circumstances in each case. See *In re Borders Group, Inc.*, 460 B.R. 818, 821-22 (Bankr. S.D.N.Y. 2011) (“The determination of cause under section 1121(d) is a fact-specific inquiry and the court has broad discretion in extending or terminating exclusivity.”); *In re Adelpia Commc’ns Corp.*, 352 B.R. 578, 587 (Bankr. S.D.N.Y. 2006) (identifying objective factors courts historically have considered in determining whether cause exists to extend or terminate exclusivity); see also *In re McLean Indus., Inc.*, 87 B.R. 830, 834 (Bankr. S.D.N.Y. 1987) (identifying factors used by courts to determine whether cause exists to extend exclusivity); *In re Dow Corning Corp.*, 208 B.R. 661, 664-65 (Bankr. E.D. Mich. 1997).

Those factors include, but are not limited to:

- (i) the size and complexity of the debtor’s case;
- (ii) the necessity for sufficient time to permit the debtor to negotiate a chapter 11 plan and prepare adequate information;
- (iii) the existence of good faith progress towards reorganization;
- (iv) the fact that the debtor is paying its bills as they become due;
- (v) whether the debtor has demonstrated reasonable prospects for filing a viable plan;
- (vi) whether the debtor has made progress in negotiations with its creditors;
- (vii) the amount of time which has elapsed in the case;
- (viii) whether the debtor is seeking an extension of exclusivity in order to pressure creditors to submit to the debtor’s reorganization demands; and
- (ix) whether an unresolved contingency exists.

Adelpia Commc’ns, 352 B.R. at 587 (noting that the nine factors listed above are “objective factors which courts historically have considered in making determinations of this character”);

see also Borders, 460 B.R. at 822 (evaluating the nine factors set forth in *Adelphia* to hold that debtor established cause to extend exclusivity); *McLean Indus.*, 87 B.R. at 834. No one factor on this non-exhaustive list is dispositive. Rather than merely checking off or mechanically counting which factors apply, courts “tak[e] a broader, more global view — focused on what is best for these chapter 11 cases; most in keeping with the letter and spirit of chapter 11; and what is most appropriate under the unique facts of a case” *Adelphia Commc’ns*, 352 B.R. at 582.

20. Applying these factors to the facts of these chapter 11 cases, and analyzing the totality of the circumstances, it is clear that there is ample cause to grant the Debtors’ requested extensions of the Exclusive Periods. The extensions are necessary and appropriate in order for the Debtors to have the opportunity contemplated by the Bankruptcy Code to propose a chapter 11 plan and solicit acceptances of such a plan.

A. Cause Exists to Extend the Exclusive Periods in These Cases

i. The Size and Complexity of These Cases Necessitate Additional Time to Permit the Debtors to Negotiate and Propose a Chapter 11 Plan

21. The complexity of the Debtors’ organizational and capital structures are just two of the factors that contribute to the complexity of these chapter 11 cases. The Debtors recently filed their schedules and statements of financial affairs [Dkt. Nos. 212-223] and reports of financial information pursuant to Federal Rule of Bankruptcy Procedure 2015.3 [Dkt. Nos. 224-229]. The information in these reports illustrates some of the complexities presented by the case. In order to prepare these financial assessments, the Debtors were required to gather information regarding assets and contracts in numerous locations throughout the world, including a tremendous amount of information maintained by or relating to the Debtors’ foreign affiliates and third parties. The Debtors also had to collect information about non-debtor affiliate entities in which they had a substantial interest, many of which have separate businesses and separate

credit facilities with different investors, and some of which have joint venture partners. The financial information is further complicated because the Shari'ah-compliant nature of the Debtors' investments presents certain unique legal issues relating to jointly owned investments that require careful consideration.

22. Although the Debtors have been working tirelessly to complete the initial compilation of their financial data, additional analysis still needs to be completed. For example, the Debtors' professionals are still in the process of completing their preliminary valuation analyses of the Debtors' underlying assets. Moreover, the Debtors had to wait for the filing of the Schedules and Statements, which were not finalized until June 8, 2012, prior to establishing a bar date. Before the Debtors can develop a viable, fair and comprehensive reorganization, complete and accurate information regarding the nature, validity, and amount of claims is required. Only then can the Debtors analyze the potential recoveries to creditors.

23. The current Exclusive Period deadlines do not afford the Debtors sufficient time to evaluate and value the assets belonging to, and claims asserted against, the Debtors and to prepare an adequate disclosure statement for solicitation purposes. In light of the size and complexity of these chapter 11 cases, the Debtors need additional time to finish collecting and analyzing the relevant information necessary to formulate a plan of reorganization.

ii. The Debtors Have Made Progress in Negotiations with Creditors

24. Since the filing of the chapter 11 cases, the Debtors have made an extensive amount of information and analysis available to the Committee and endeavored to work cooperatively with the Committee. The Debtors have been in regular communication with the Committee, including weekly conference calls, multiple presentations to the Committee's

advisors addressing major case goals, and sharing relevant transaction documents, analyses, and financial reports. In furtherance of their commitment to maximize the value of their estates, the Debtors have attempted to include creditors in decisions that affect recoveries.

25. On many occasions, the Debtors have demonstrated their willingness to negotiate with the Committee, and accordingly have minimized the number of disputes that have had to be adjudicated by the Court. The Debtors' history of sharing information and negotiating with the Committee provides evidence of the Debtors' intent to continue to collaborate and discuss the formulation of a reorganization plan with the Committee and its professionals. The Debtors hope to continue their constructive relationship to negotiate a consensual plan of reorganization.

26. The Debtors' request for an extension is not a negotiation tactic designed to strong arm creditors into accepting certain terms. Rather the Debtors' need for additional time is simply a reflection of the fact that more time is required to ascertain the information needed to formulate a chapter 11 plan. The Debtors and their professionals are working to obtain and develop the necessary information. An extension of the Exclusive Periods will not harm creditors because regardless of which entity proposes a plan, allowing the Debtors to focus on obtaining the information and developing the modeling to propose a plan is in the best interests of all constituencies. *See* 11 U.S.C. § 1121(d).

iii. The Debtors Have Made Good Faith Progress Towards Reorganization and Have Reasonable Prospects of Reorganization

27. The Debtors' efforts to share information and negotiate with creditors also demonstrate that they have made good faith progress towards reorganization. The Debtors have attempted to keep the relevant stakeholders involved so the Debtors are in the best position to achieve a consensual plan.

28. Moreover, the significant progress that the Debtors' limited personnel and professionals have made illustrates the Debtors' desire to exit from the chapter 11 process quickly. The Debtors' progress in compiling and analyzing the necessary information to formulate a reorganization plan is significant in light of the fact that the Debtors' have a relatively small number of employees to handle these issues. The Debtors' relevant personnel are also simultaneously dealing with a number of time-consuming tasks that need to be completed for the chapter 11 cases as well as maintaining investor relations, continuing to maintain the day-to-day operations, and working with the provisional liquidator in the Cayman proceeding.

29. The Debtors' good faith is also demonstrated by their efforts to streamline their business. For example, the Debtors have prepared employee retention and termination plans that will reduce costs. [Dkt. No. 205.] Progress in streamlining their operations, their cooperation with stakeholders, and good faith progress towards reorganization all indicate that the Debtors have reasonable prospects of reorganization.

iv. Only 90 Days Have Elapsed Since the Petition Date and More Time Is Necessary to Formulate a Reorganization Plan

30. This is the Debtors' first request for an extension of the Exclusive Periods as the Debtors' chapter 11 cases have been on file for only 90 days. The reasonable extensions that the Debtors seek will not unnecessarily prolong resolution of these chapter 11 cases. To the contrary, extensions of the Exclusive Periods will increase the likelihood that the Debtors will be able to emerge from chapter 11 as quickly as possible. Because the requested extensions are aimed at maximizing the value of the Debtors' estate, extending the Debtors' Exclusive Periods will not cause any prejudice to the relevant stakeholders.

v. The Debtors Are Making Required Postpetition Administrative Expense Payments As They Come Due and Have the Ability to Continue to Do So

31. Courts considering a request for the extension of exclusivity also may assess a debtor's liquidity and solvency. *See Adelpia Commc'ns*, 352 B.R. at 587. Here, the Debtors have sufficient liquidity to pay their postpetition administrative expenses in a timely fashion, and will continue to do so. This ability to pay their postpetition expenses is another factor to be considered in determining whether there is cause to extend the Exclusive Periods.

B. The Debtors' Extension Requests Are Justified and Granting Their Requests Would Facilitate the Preparation of a Restructuring Plan

32. The Debtors recognize that "extensions are not granted routinely or cavalierly," *In re Borders Group, Inc.*, 460 B.R. at 821 (citing *In re McLean Indus., Inc.*, 87 B.R. 830, 834 (Bankr. S.D.N.Y. 1987)). The Debtors share their stakeholders' desire for a quick exit from chapter 11, but given the size and complexity of their cases, their limited staff, and the other factors set forth herein, an extension of their Exclusive Periods is appropriate and necessary. Taking the above-articulated factors in totality, there is ample cause to extend the Exclusive Periods.

33. Moreover, the length of the requested extensions is reasonable. A 120 day extension will accommodate the upcoming observation of Ramadan and is commensurate with the size and complexity of the cases. "A reasonable time in light of the bankruptcy case in its entirety is the root consideration." *McLean Indus.*, 87 B.R. at 834. Terminating exclusivity prematurely, and accordingly introducing the possibility for the introduction of multiple and competing plans, would threaten to prolong the duration of these chapter 11 cases and increase the risk that the stakeholders would not be able to agree upon a consensual plan. Thus, the

Debtors request an extension of the Exclusive Periods in order to facilitate the preparation of a reorganization plan.

NOTICE

34. No trustee or examiner has been appointed in these chapter 11 cases. The Debtors have provided notice of filing of the Motion by electronic mail, facsimile and/or overnight mail to: (i) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Richard Morrissey, Esq.); (ii) Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005 (Attn: Dennis Dunne, Esq. and Evan Fleck, Esq.); and (iii) all parties listed on the Master Service List established in these chapter 11 cases. A copy of the Motion is also available on the website of the Debtors' notice and claims agent, GCG, Inc., at www.gcginc.com/cases/arcapita.

NO PRIOR REQUEST

35. No prior motion for the relief sought in this Motion has been made to this or any other court.

CONCLUSION

For the reasons set forth herein, the Debtors respectfully request that the Court enter an order, substantially in the form annexed hereto as Exhibit A, extending the Debtors' Exclusive Periods for filing a plan or plans or reorganization through and including November 14, 2012 and to obtain acceptances of its plan through and including January 14, 2013, and granting the Debtors such other and further relief as is just and proper.

Dated: New York, New York
June 12, 2012

Respectfully submitted,

/s/ Michael A. Rosenthal

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ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION

Objection Deadline: June 19, 2012 at 12:00 p.m. (prevailing U.S. Eastern Time)
Hearing Date and Time: June 26, 2012 at 11:00 a.m. (prevailing U.S. Eastern Time)

GIBSON, DUNN & CRUTCHER LLP

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Attorneys for the Debtors
and Debtors in Possession

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

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	:
IN RE:	: Chapter 11
	:
ARCAPITA BANK B.S.C.(c), et al.,	: Case No. 12-11076 (SHL)
	:
Debtors.	: Jointly Administered
	:
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**NOTICE OF DEBTORS' MOTION FOR ORDER PURSUANT TO SECTION 1121(d) OF
THE BANKRUPTCY CODE EXTENDING THE DEBTORS' EXCLUSIVE PERIODS
TO FILE A PLAN OR PLANS OF REORGANIZATION AND SOLICIT
ACCEPTANCES THEREOF**

PLEASE TAKE NOTICE that on June 12, 2012, the above-captioned debtors and debtors in possession (the "**Debtors**") filed the annexed *Debtors' Motion for Order Pursuant to Section 1121(d) of the Bankruptcy Code Extending the Debtors' Exclusive Periods to File a Plan or Plans of Reorganization and Solicit Acceptances Thereof* (the "**Motion**").

PLEASE TAKE FURTHER NOTICE that a hearing (the "**Hearing**") to consider the Motion will take place before the Honorable Sean H. Lane, United States Bankruptcy Judge, in Room 701 of the United States Bankruptcy Court, One Bowling Green, New York, New York

10004-1408 (the “*Bankruptcy Court*”) on **June 26, 2012 at 11:00 a.m. (prevailing U.S. Eastern Time)**, or as soon thereafter as counsel may be heard.

PLEASE TAKE FURTHER NOTICE that any and all objections to the Motion (the “*Objections*”) shall be filed electronically with the Court on the docket of *Arcapita Bank B.S.C.(c), et al.*, Ch. 11 Case No. 12-11076 (SHL) (the “*Docket*”), pursuant to the Case Management Procedures approved by this Court and the Court’s General Order M-399 (available at <http://nysb.uscourts.gov/orders/orders2.html>), by registered users of the Court’s case filing system and by all other parties in interest on a 3.5 inch disk, preferably in portable document format, Microsoft Word, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers), in accordance with the customary practices of the Bankruptcy Court and General Order M-399, to the extent applicable, and served in accordance with General Order M-399 on (i) counsel for the Debtors, Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, New York, 10166 (Attn: Michael A. Rosenthal, Esq., Janet M. Weiss, Esq., and Matthew K. Kelsey, Esq.); (ii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Richard Morrissey, Esq.); and (iii) Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005 (Attn: Dennis Dunne, Esq. and Evan Fleck, Esq.), so as to be received no later than **June 19, 2012 at 12:00 p.m. (prevailing U.S. Eastern Time)** (the “*Objection Deadline*”).

PLEASE TAKE FURTHER NOTICE that if no Objections are timely filed and served with respect to the Motion, the Debtors may, on or after the Objection Deadline, submit to the Bankruptcy Court an order substantially in the form of the proposed order annexed to the Motion, which order may be entered with no further notice or opportunity to be heard.

Dated: New York, New York
June 12, 2012

/s/ Michael A. Rosenthal
Michael A. Rosenthal (MR-7006)
Craig H. Millet (admitted *pro hac vice*)
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ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION

EXHIBIT A
Proposed Order

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

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IN RE:	:	Chapter 11
	:	
ARCAPITA BANK B.S.C.(c), et al.,	:	Case No. 12-11076 (SHL)
	:	
Debtors.	:	Jointly Administered
	:	
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**ORDER PURSUANT TO SECTION 1121(d) OF THE BANKRUPTCY CODE
EXTENDING THE DEBTORS’ EXCLUSIVE PERIODS TO FILE A PLAN OR PLANS
OF REORGANIZATION AND SOLICIT ACCEPTANCES THEREOF**

Upon consideration of the Motion (the “*Motion*”)¹ of Arcapita Bank B.S.C.(c), and certain of its subsidiaries and affiliates, as debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “*Debtors*” and each, a “*Debtor*”), for entry of an order pursuant to section 1121(d) of title 11 of the United States Code (the “*Bankruptcy Code*”) extending the Debtors’ exclusive periods to file a plan or plans of reorganization (the “*Exclusive Filing Period*”) and solicit acceptances thereof (the “*Exclusive Solicitation Period*,” and together with the Exclusive Filing Period, the “*Exclusive Periods*”); and the Court having found that it has jurisdiction to consider this Motion pursuant to 28 U.S.C. sections 157 and 1334; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. sections 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and notice of the Motion and the opportunity for a hearing on the Motion was appropriate under the particular circumstances; and the Court having reviewed the Motion and having considered the statements in support of the relief requested therein at a hearing before the

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

Court (the “*Hearing*”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED:

1. The Motion is granted to the extent set forth herein.
2. Pursuant to section 1121(d) of the Bankruptcy Code, the Debtors’

Exclusive Filing Period in which to file a chapter 11 plan is extended to and including November 14, 2012.

3. Pursuant to section 1121(d) of the Bankruptcy Code, the Debtors’

Exclusive Solicitation Period in which to solicit acceptances of their chapter 11 plan is extended to and including January 14, 2013.

4. Extensions of the Exclusive Filing Periods granted herein are without

prejudice to such further requests that may be made pursuant to section 1121(d) of the Bankruptcy Code by the Debtors or any party in interest, for cause shown, upon notice and a hearing.

5. The Court retains jurisdiction with respect to all matters arising from or

related to the implementation of this Order.

Dated: New York, New York
_____, 2012

THE HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE