

Dennis F. Dunne
Evan R. Fleck
Stacey J. Rappaport
MILBANK, TWEED, HADLEY & M^cCLOY LLP
1 Chase Manhattan Plaza
New York, NY 10005
Telephone: (212) 530-5000

*Counsel for Official Committee of Unsecured
Creditors of Arcapita Bank B.S.C.(c), et al.*

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

-----	x	
	:	
In re:	:	Chapter 11
	:	
ARCAPITA BANK B.S.C.(c), et al.,	:	Case No. 12-11076 (SHL)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----	x	

**STATEMENT OF OFFICIAL COMMITTEE OF
UNSECURED CREDITORS IN CONNECTION WITH DEBTORS' APPLICATION
TO EMPLOY ROTHSCHILD INC. AND N M ROTHSCHILD & SONS LIMITED
AS FINANCIAL ADVISORS AND INVESTMENT BANKERS**

The Official Committee of Unsecured Creditors (the "Committee") of Arcapita Bank B.S.C.(c) and each of its affiliated debtors in possession (collectively, the "Debtors") in the above-captioned chapter 11 cases hereby submits this statement in connection with the *Debtors' Application for an Order Approving the Employment and Retention of Rothschild Inc. and N M Rothschild & Sons Limited as Financial Advisors and Investment Bankers for the Debtors Nunc Pro Tunc to the Petition Date* [Docket No. 53] (the "Original Retention Application"), as modified by the *Supplement to Debtors' Application for an Order Approving the Retention and Employment of Rothschild Inc. and N M Rothschild & Sons Limited as Financial Advisors and*

Investment Bankers for the Debtors Nunc Pro Tunc to the Petition Date [Docket No. 295]
(the “Supplement”):¹

STATEMENT

1. The Committee supports the relief requested in the Original Retention Application, as modified by the Supplement (the “Modified Application”), after negotiations among the Committee, the Debtors and Rothschild, which occurred over the course of several weeks and resulted in significant modifications to the proposed order and certain additional commitments by the Debtors and Rothschild.

2. As the Debtors properly acknowledge in the Supplement, the Committee had many concerns with the Original Retention Application, certain of which it previewed for the Court in its *Limited Objection of the Official Committee of Unsecured Creditors to Debtors’ Application for Approval of Their Employment and Retention of KPMG LLP as Valuation Advisor* [Docket No. 185], filed on May 29, 2012. Those concerns led the Committee to initiate good-faith negotiations with the Debtors and Rothschild, with the goal of avoiding judicial intervention. Although the path to the Modified Application – which the parties agree represents an appropriate framework for Rothschild’s compensation – was not a straightforward one, after much spirited debate and the contributions of the Office of the United States Trustee and AIHL’s Joint Provisional Liquidators, the Debtors and Rothschild finally announced in the filing of the Supplement that they had accepted retention terms that were consistent with those for which the Committee had long advocated.

3. Although the Debtors at first insisted that the Original Retention Application reflected the best possible terms that could be achieved, the Committee was able to

¹ Capitalized terms not defined herein shall have the meanings ascribed to them in the Original Retention Application or the Supplement, as appropriate.

secure significant economic concessions and other important modifications that safeguard the interests of unsecured creditors, which are reflected in the Supplement. The Debtors' attempts to characterize the Committee's position as unreasonable tactics or overly litigious histrionics are consequently unmerited. The Debtors are well aware of the persistent efforts that were required of the Committee to produce the Modified Application. The Committee's willingness to litigate, if necessary, is no mere tactical device; it instead reflects the utmost seriousness with which the Committee discharges its fiduciary duties.

4. Accordingly, given the material improvement to the terms of the Original Retention Application, the Committee supports entry of an order reflecting the terms of the Modified Application, which have been further modified subsequent to the filing of the Supplement.

Dated: New York, New York
July 6, 2012

MILBANK, TWEED, HADLEY & M^cCLOY LLP

By: /s/ Dennis F. Dunne

Dennis F. Dunne
Evan R. Fleck
Stacey J. Rappaport
1 Chase Manhattan Plaza
New York, NY 10005
Telephone: (212) 530-5000

*Counsel for Official Committee of Unsecured
Creditors of Arcapita Bank B.S.C.(c), et al.*