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*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**

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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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**FIRST INTERIM APPLICATION OF MILBANK, TWEED, HADLEY &
M^cCLOY LLP FOR APPROVAL AND ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED**

Name of applicant:	<u>Milbank, Tweed, Hadley & M^cCloy LLP</u>
Authorized to provide professional services to:	<u>Official Committee of Unsecured Creditors</u>
Date of retention:	<u>Order entered on June 29, 2012, retaining Milbank nunc pro tunc to April 10, 2012</u>
Period for which compensation and reimbursement are sought:	<u>April 11, 2012 – July 31, 2012</u>
Amount of compensation Requested:	\$4,245,724.00 (100%)
Amount of expense reimbursement Requested:	\$100,691.80 (100%)

This is an: X interim _____ final application.

This is the first interim fee application filed by Milbank, Tweed, Hadley & M^cCloy LLP in these cases.

**FIRST INTERIM FEE APPLICATION OF MILBANK, TWEED, HADLEY & M^cCLOY LLP
AS COUNSEL TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF ARCAPITA BANK B.S.C.(C), ET AL.
(APRIL 11, 2012 – JULY 31, 2012)**

Name	Position; Experience	Hourly Rate	Total Hours	Total Compensation
Dennis Dunne	Financial Restructuring Partner at Milbank for 14 years; admitted in 1991.	\$1,140	247.70	282,378.00
David Zeltner	Global Corporate Partner at Milbank for 1 year; admitted in 1978.	\$1,140	26.30	29,982.00
John Dewar	Global Project Finance Partner at Milbank for 4 years; admitted in 1991.	\$1,125	22.10	24,862.50
Stuart Harray	Global Corporate Partner At Milbank for 5 years; admitted in 1993.	\$1,125	21.20	23,850.00
Robert Jay Moore	Financial Restructuring Partner at Milbank for 15 years; admitted in 1977.	\$1,125	3.50	3,937.50
Jane Morgan	Global corporate Partner at Milbank for 1 year; admitted in 1997.	\$1,125	28.80	32,400.00
Wilbur Foster	Financial Restructuring Partner at Milbank for 21 years; admitted in 1982.	\$1,075	10.10	10,857.50
Paul Wessel	Tax Partner at Milbank for 5 years; admitted in 1988.	\$1,075	24.60	26,445.00
David Lamb	Global Corporate Partner at Milbank for 22 years; admitted in 1992.	\$1,030	26.70	27,501.00
Andrew Leblanc	Litigation Partner at Milbank for 6 years; admitted in 1998.	\$1,030 \$515.00*	57.70 6.00	59,431.00 3,090.00
Stacey Rappaport	Litigation Partner at Milbank for 8 years; admitted in 1997.	\$975	92.40	90,090.00
Abhilash Raval	Financial Restructuring Partner at Milbank for 5 years; admitted in 1997.	\$1,030 \$487.50*	86.10 26.00	83,947.50 \$12,675.00

Name	Position; Experience	Hourly Rate	Total Hours	Total Compensation
Evan Fleck	Financial Restructuring Partner at Milbank for 2 years; admitted in 2002.	\$900	576.10	518,490.00
Daniel Michalchuk	Global Project Finance Partner at Milbank for 12 years; admitted in 2001.	\$825	3.20	2,640.00
Patrick Holmes	Global Leveraged Finance Of Counsel at Milbank for 11 years; admitted in 1977.	\$995	24.00	23,880.00
Dennis O'Donnell	Financial Restructuring Of Counsel at Milbank for 5 years; admitted in 1992.	\$910	323.30	294,203.00
Lena Mandel	Senior Attorney at Milbank for 10 years; admitted in 1990.	\$795	61.30	48,733.50
Lisa Brabant	Real Estate Associate at Milbank for 14 years; admitted in 1999.	\$750	23.70	17,775.00
Mia Korot	Litigation Associate at Milbank for 8 years; admitted in 2004.	\$750	37.80	28,350.00
Erika Kuver-Del Duca	Real Estate Associate at Milbank for 9 years; admitted in 2004.	\$750	10.70	8,025.00
Mark Withey	Global Corporate Associate at Milbank for 3 years; admitted in 2001.	\$750	46.10	34,575.00
Cindy Chen Delano	Financial Restructuring Associate at Milbank for 1 year; admitted in 2005.	\$735	5.10	3,748.50
Peter Newman	Financial Restructuring Associate at Milbank for 8 years; admitted in 2005.	\$735	369.90	271,876.50
Sarah Sulkowski	Litigation Associate at Milbank for 1 year; admitted in 2009	\$720	17.70	12,744.00
Paul Torres	Litigation Associate at Milbank for 7 years; admitted in 2005.	\$720	19.10	13,752.00
Daniel Wayte	Global Corporate Associate at Milbank; admitted in 2005.	\$720	29.00	20,880.00
Rachel A. Fink	Global Corporate Associate at Milbank for 6 years; admitted in 2007.	\$695	12.10	8,409.50
Arif Mawany	Global Corporate Associate at Milbank; admitted in 2006.	\$695	83.50	58,032.50

Name	Position; Experience	Hourly Rate	Total Hours	Total Compensation
Morenike Johnson	Global Project Finance Associate at Milbank for 2 years; admitted in 2007.	\$675	12.70	8,572.50
Douglas Kim	Global Project Finance Associate at Milbank for 5 years; admitted in 2008.	\$675	19.60	13,230.00
Melanie Ann McLaughlin	Financial Restructuring Associate at Milbank for 2 years; admitted in 2008.	\$675	271.50	183,262.50
Nicole Leyton Rosser	Tax Associate at Milbank for 5 years; admitted in 2008.	\$675	28.50	19,237.50
Gabriel Carnwath	Global Corporate Associate at Milbank for 1 year; admitted in 2009.	\$650	50.70	32,955.00
Andrew H. Everett II	Global Corporate Associate at Milbank for 4 years; admitted in 2009.	\$650	100.80	65,520.00
Jared Joyce-Schleimer	Financial Restructuring Associate at Milbank for 4 years; admitted in 2009.	\$650	77.20	50,180.00
Nicholas Kamphaus	Financial Restructuring Associate at Milbank for 1 year; admitted in 2009.	\$650	645.90	419,835.00
Roger Lee	Financial Restructuring Associate at Milbank for 4 years; admitted in 2009.	\$650	226.70	147,355.00
Mark L. Rockefeller	Litigation Associate at Milbank for 1 year; admitted in 2012.	\$650	25.40	\$16,510.00
Anna Thomander	Financial Restructuring Associate at Milbank for 4 years; admitted in 2009.	\$650	86.20	56,030.00
John Calabrese	Litigation Associate at Milbank for 2 years; admitted in 2010.	\$625	16.90	10,562.50
Bradley Friedman	Financial Restructuring Associate at Milbank for 3 years; admitted in 2010.	\$625	308.50	192,812.50
Denise Linton	Litigation Associate at Milbank for 3 years; admitted in 2010.	\$625	9.70	6,062.50
Eluard Alegre	Financial Restructuring Associate at Milbank for 2 years; admitted in 2011.	\$570	433.40	247,038.00

Name	Position; Experience	Hourly Rate	Total Hours	Total Compensation
Adam Heasley	Global Corporate Finance Associate at Milbank for 2 years; admitted in 2011.	\$570	15.30	8,721.00
Tiffani Simmons	Real Estate Associate at Milbank for 1 year; admitted in 2011.	\$570	19.60	11,172.00
Greta Ulvad	Financial Restructuring Associate at Milbank for 1 years; admitted in 2011.	\$570	599.30	341,601.00
Jonathan Keen	Financial Restructuring Associate at Milbank for 1 years; admitted in 2011.	\$470	31.00	14,570.00
Jordan Lacy	Global Corporate Associate at Milbank for 1 year; admitted in 2012.	\$470	83.60	39,292.00
Andrew Tsang	Financial Restructuring Associate at Milbank for 1 year; admitted in 2012.	\$470	468.20	220,054.00
Monica Alston	Case Manager	\$260	36.30	9,438.00
Charmaine Thomas	Legal Assistant	\$210	134.60	28,266.00
Jacqueline Brewster	Legal Assistant	\$195	65.40	12,753.00
Wendy Sobel Barr	Legal Assistant	\$180	23.00	4,140.00
John Peter Kaytrosh	Legal Assistant	\$165	13.30	2,194.50
Rohan S. Kazi	Legal Assistant	\$165	13.70	2,260.50
Edward Milner	Litigation Technology Specialist	\$275	16.50	4,537.50
Total		\$689.77 (blended rate) ¹	6,155.30	\$4,245,724.00

¹ The blended rate excluding paraprofessionals is \$710.94 per hour.

* Milbank bills travel time at 50% of its normal rates.

**FIRST INTERIM FEE APPLICATION OF MILBANK, TWEED, HADLEY & M^CCLOY LLP
AS COUNSEL TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF ARCAPITA BANK B.S.C.(C), ET AL.
(APRIL 11, 2012 – JULY 31, 2012)**

ACTIVITY	HOURS	FEES
Adequate Protection Issues	177.30	\$120,308.00
Asset Sales	467.00	\$334,154.00
Automatic Stay Enforcement & Litigation	207.60	\$131,061.50
Bahrain Issues	41.20	\$31,518.50
Cash Management	343.60	\$247,634.50
Cayman Proceedings Issues	84.80	\$68,017.50
Claims Analysis and Estimation	19.30	\$10,974.50
Committee Administration	637.10	\$427,202.50
Committee Meetings	379.70	\$299,508.00
Committee Retention Applications	299.00	\$189,917.50
Communications with Creditors & Website	117.80	\$88,576.00
Corporate Matters	63.50	\$53,720.00
Court Hearings	472.60	\$347,720.00
Debtor-in-Possession Meetings and Communications	89.30	\$74,652.00
Project Finance and Infrastructure	181.50	\$122,650.50
DIP Financing	36.50	\$34,306.50
Employee Issues	241.70	\$177,455.00
Exclusivity Issues	70.20	\$53,490.00
Fee Applications – Other	40.10	\$15,836.50
File, Docket & Calendar Maintenance	266.40	\$91,288.00
Investments and Portfolio Companies	204.00	\$137,454.00
Insurance Matters	4.90	\$3,611.00
Intercompany Issues	.90	\$585.00
Islamic Finance Issues	100.00	\$74,430.00
Litigation	32.10	\$22,856.00
Milbank Fee Statements and Applications	180.60	\$100,459.00
Other Foreign Proceedings Issues	2.30	\$1,495.00

ACTIVITY	HOURS	FEES
Private Equity Issues	71.20	\$46,440.00
Real Estate Matters	568.30	\$427,071.50
Reorganization Plan	.60	\$540.00
Reporting Requirements	31.50	\$21,692.00
Retention of Professionals	579.60	\$397,581.00
Secured Creditor Issues	2.80	\$2,520.00
Travel Time	32.00	\$15,765.00
Vendor/Customer Issues	7.60	\$5,692.00
Voidable Transfers and Other Potential Claims	100.70	\$67,541.50
Total	6155.30	\$4,245,724.00

**FIRST INTERIM FEE APPLICATION OF MILBANK, TWEED, HADLEY & M^CCLOY LLP
AS COUNSEL TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF ARCAPITA BANK B.S.C.(C), ET AL.
(APRIL 11, 2012 – JULY 31, 2012)**

DISBURSEMENTS	AMOUNT
Airfreight	\$2,116.16
Local Transportation	\$13,470.18
Court Search	\$172.90
Computerized Database Research	\$52,864.35
Mail	\$.45
Meals	\$3,720.55
Messenger	\$647.68
Photocopying/Printing	\$12,675.85
Outside Reproduction	\$2,942.89
Telephone	\$8,460.39
Transcript	\$1,761.57
Travel	\$1,858.83
TOTAL DISBURSEMENTS	\$100,691.80

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Creditors of Arcapita Bank B.S.C.(c), et al.*

**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.,²	:	Case No. 12-11076 (SHL)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**FIRST INTERIM APPLICATION OF MILBANK, TWEED, HADLEY & M^cCLOY LLP
FOR APPROVAL AND ALLOWANCE OF COMPENSATION FOR SERVICES
RENDERED AND FOR REIMBURSEMENT OF EXPENSES**

TO THE HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE:

Milbank, Tweed, Hadley & M^cCloy LLP (“Milbank”), counsel to the Official Committee of Unsecured Creditors (the “Committee”) of Arcapita Bank B.S.C.(c) (“Arcapita”) and its affiliated debtors in possession in the above-captioned cases (collectively, the “Debtors”), hereby submits its application (the “Application”), pursuant to sections 330 and 331 of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (as amended, the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy

Rules”), the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases, effective December 4, 2009 (together, the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, effective January 30, 1996 (the “U.S. Trustee Guidelines,” and together with the Local Guidelines, the “Guidelines”), and the Order Granting Debtors’ Motion for Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Committee Members, dated May 18, 2012 (the “Interim Compensation Order”), for interim approval and allowance of (i) compensation for professional services rendered to the Committee from April 11, 2012 through and including July 31, 2012 (the “First Interim Compensation Period”), and (ii) reimbursement of expenses incurred in connection with such services; and in support thereof respectfully represents as follows:

I. **INTRODUCTION**

A. Background

1. Bankruptcy Filing. On March 19, 2012 (the “Petition Date”), Arcapita and five of its affiliates commenced the above-captioned chapter 11 cases in this Court. On April 30, 2012, Falcon Gas Storage Co., Inc. (“Falcon”) commenced its case under chapter 11 of the Bankruptcy Code. The Debtors’ chapter 11 cases have been consolidated for procedural purposes and are being jointly administered pursuant to Rule 1015(b) of the Bankruptcy Rules. The Debtors are authorized to operate their businesses and manage their properties as debtors in

² The Debtors in these chapter 11 cases are Arcapita Bank B.S.C.(c), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited, and Falcon Gas Storage Company, Inc.

possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the chapter 11 cases.

2. Creditors' Committee. On April 5, 2012, the United States Trustee for the Southern District of New York (the "U.S. Trustee") appointed the Committee.³

3. Jurisdiction. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue of the chapter 11 cases is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding under 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code. Pursuant to the Local Guidelines, a certification regarding compliance with the Guidelines is attached hereto as Exhibit A.

B. Retention of Milbank and Billing History

4. Authorization for Milbank's Retention. On June 29, 2012, the Court issued the Order Under 11 U.S.C. § 1103 and Fed. R. Bankr. P. 2014 and 5002, Authorizing Retention and Employment of Milbank, Tweed, Hadley & McCloy LLP as Counsel to Official Committee of Unsecured Creditors of Arcapita Bank B.S.C.(c), et al., Effective as of April 10, 2012 [Docket No. 289] (the "Retention Order"), authorizing Milbank's retention as counsel for the Committee in these cases. The Retention Order authorized Milbank to receive compensation pursuant to the procedures set forth in the Bankruptcy Code, the Bankruptcy Rules, the Guidelines, the Interim Compensation Order and the local rules and orders of this Court.

³ The Committee is currently comprised of the following entities: (i) Arcsukuk (2011-1) Limited c/o BNY Mellon Corporate Trustee Services Limited; (ii) Barclays Bank PLC; (iii) Central Bank of Bahrain; (iv) Commerzbank AG; (v) National Bank of Bahrain B.S.C.(c); and (vi) VR Global Partners, L.P.

5. First Interim Compensation Period. In accordance with the Interim

Compensation Order, Milbank submitted the following monthly fee statements (each, a "Fee Statement") seeking interim compensation and reimbursement of expenses:

- (a) On July 12, 2012, Milbank filed and served on the Notice Parties (as defined in the Interim Compensation Order) its first fee statement for the period from April 11, 2012 through and including April 30, 2012 (the "First Fee Statement"). The First Fee Statement sought (i) allowance of \$1,007,228.50 as compensation for services rendered and (ii) reimbursement of \$21,602.23 in expenses. As of the date hereof, Milbank has received a total of \$827,385.03, which represents payment of (i) 80% of Milbank's fees; and (ii) 100% of the expenses incurred pursuant to the First Fee Statement.
- (b) On July 17, 2012, Milbank filed and served on the Notice Parties its second fee statement for the period from May 1, 2012 through and including May 31, 2012 (the "Second Fee Statement"). The Second Fee Statement sought (i) allowance of \$1,320,068.00 as compensation for services rendered and (ii) reimbursement of \$45,261.93 in expenses. As of the date hereof, Milbank has received a total of \$1,101,316.33, which represents payment of (i) 80% of Milbank's fees and (ii) 100% of the expenses incurred pursuant to the Second Fee Statement.
- (c) On July 31, 2012, Milbank filed and served on the Notice Parties its third fee statement for the period from June 1, 2012 through and including June 30, 2012 (the "Third Fee Statement"). The Third Fee Statement sought (i) allowance of \$1,002,303.00 as compensation for services rendered and (ii) reimbursement of \$19,013.88 in expenses. As of the date hereof, Milbank has not received any payments in connection with the Third Fee Statement.
- (d) On August 15, 2012, Milbank filed and served on the Notice Parties its fourth fee statement for the period from July 1, 2012 through and including July 31, 2012 (the "Fourth Fee Statement," and collectively with the First Fee Statement, Second Fee Statement, and Third Fee Statement, the "First Interim Period Fee Statements"). The Fourth Fee Statement sought (i) an allowance of \$916,124.50 as compensation for services rendered and (ii) the reimbursement of \$14,813.76 in expenses. As of the date hereof, Milbank has not received any payments in connection with the Fourth Fee Statement.

6. In accordance with the Interim Compensation Order and as reflected in the foregoing summary, in the First Interim Period Fee Statements, Milbank has requested an aggregate payment of \$4,346,415.80, and has received \$1,928,701.36.

7. Attached hereto as Exhibit B is a summary of the amounts detailed in the foregoing discussion and amounts (if any) that remain due and outstanding as of the date hereof.

8. Milbank has not entered into any agreement, express or implied, with any other party for the purpose of fixing or sharing fees or other compensation to be paid for professional services rendered in these cases.

9. No promises have been received by Milbank or any member thereof as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code.

II. **APPLICATION**

10. By this Application, Milbank seeks interim allowance of (a) compensation for professional services rendered by Milbank, as counsel for the Committee, during the First Interim Compensation Period and (b) reimbursement of expenses incurred by Milbank in connection with such services.

11. Specifically, Milbank seeks approval of \$4,245,724.00 as compensation for legal services rendered on behalf of the Committee during the First Interim Compensation Period and \$100,691.80 for reimbursement of expenses incurred in connection with the rendering of such services, for a total award of \$4,346,415.80.⁴

12. Pursuant to the Interim Compensation Order, Milbank has received payment of \$1,928,701.36 during the First Interim Compensation Period. Pursuant to this Application, Milbank seeks further payment of \$2,417,714.44, which amount represents the

⁴ The foregoing amounts reflect certain voluntary reductions of Milbank's fees. However, Milbank reserves the right to seek the allowance of all or a portion of such reduced fees at a later date.

portion of Milbank's fees for legal services rendered and expenses incurred during the First Interim Compensation Period not previously paid to Milbank.

13. The fees sought by Milbank in this Application reflect an aggregate of 6,155.30 hours of attorney and paraprofessional time spent and recorded in performing services for the Committee during the First Interim Compensation Period, at a blended average hourly rate of \$689.77 for both professionals and paraprofessionals. The blended hourly rate for professionals only is \$710.94.

14. Milbank rendered to the Committee all services for which compensation is sought solely in connection with these cases and in furtherance of the duties and functions of the Committee.

15. Milbank maintains computerized records of the time expended in the rendering of the professional services required by the Committee. These records are maintained in the ordinary course of Milbank's practice. For the convenience of the Court and parties in interest, a billing summary for services rendered during the First Interim Compensation Period is attached as part of the cover sheet to this Application, setting forth the name of each attorney and paraprofessional for whose work on these cases compensation is sought, each attorney's year of bar admission, the aggregate amount of time expended by each such attorney or paraprofessional, the hourly billing rate for each such attorney or paraprofessional at Milbank's current billing rates, and an indication of the individual amounts requested as part of the total amount of compensation requested. In addition, set forth in the billing summary is additional information indicating whether each attorney is a partner, of counsel, senior attorney or associate, the number of years each attorney has held their current position and each attorney's area of concentration. The compensation requested by Milbank is based on the customary

compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code.

16. Milbank also maintains computerized records of all expenses incurred in connection with the performance of professional services. A billing summary for expenses incurred during the First Interim Compensation Period is attached as part of the cover sheet to this Application, setting forth the amounts for which reimbursement is sought by type of expense.

III.
SUMMARY OF PROFESSIONAL SERVICES RENDERED

17. To provide an orderly summary of the services rendered on behalf of the Committee by Milbank, and in accordance with the U.S. Trustee Guidelines, Milbank has established the following separate project billing categories in connection with these cases:

00100	Adequate Protection Issues
00200	Asset Sales
00300	Automatic Stay Enforcement & Litigation
00400	Bahrain Issues
00500	Business Plan Review and Analysis
00600	Cash Management
00700	Cayman Proceedings Issues
00800	Claims Analysis and Estimation
00900	Committee Administration
01000	Committee Meetings
01100	Committee Retention Applications
01200	Communication with Creditors & Website
01300	Corporate Matters
01400	Court Hearings
01500	Debtor-in-Possession Meetings and Communications
01600	Project Finance and Infrastructure
01700	DIP Financing
01800	Disclosure Statement
01900	Employee Issues
02000	Environmental Issues
02100	Estimation Issues
02200	Exclusivity Issues
02300	Executory Contracts
02400	Exit Financing

02500	Fee Applications - Other
02600	File, Docket & Calendar Maintenance
02700	Investments and Portfolio Companies
02800	Insurance Matters
02900	Intellectual Property Issues
03000	Intercompany Issues
03100	Islamic Finance Issues
03200	Litigation
03300	Milbank Fee Statements and Applications
03400	Other Foreign Proceedings Issues
03500	Other International Matters
03600	Private Equity Issues
03700	Real Estate Matters
03800	Reclamation Issues
03900	Regulatory Issues
04000	Reorganization Plan
04100	Reporting Requirements
04200	Retention of Professionals
04300	Rule 2004 Examinations
04400	SEC Investigations and Securities Litigation
04500	Secured Creditor Issues
04600	Substantive Consolidation
04700	Tax Issues
04800	Travel Time
04900	Utilities Matters
05000	Vendor/Customer Issues
05100	Voidable Transfers and Other Potential Claims

18. The following summary is intended only to highlight key services rendered by Milbank in certain project billing categories where Milbank has expended a considerable number of hours on behalf of the Committee and is not meant to be a detailed description of all of the work performed. Detailed descriptions of the day-to-day services provided by Milbank and the time expended performing such services in each project billing category were attached to and filed as exhibits to the First Interim Period Fee Statements. Such detailed descriptions show that Milbank was heavily involved in the performance of services for the Committee on a daily basis, including night and weekend work, often under extreme time constraints to meet the needs of the Committee in these cases.

A. Asset Sales

19. During the First Interim Compensation Period, Milbank worked closely with the other professional advisors to analyze the terms of a proposal to monetize three groups of portfolio companies owned partially and indirectly by the Debtors that own, operate and/or develop a range of European real estate assets, together with the management company that oversees these portfolio companies (collectively, the “IPO Assets”). The proposal is to transfer the IPO Assets to a newly incorporated company that would offer its shares for sale to institutional investors through a public offering (the “Eurolog IPO”). The objective of Milbank’s diligence and discussions with the Debtors’ counsel and other professionals has been to ensure that the Eurolog IPO maximizes recoveries for the Debtors’ estates.

20. Milbank worked on this project primarily in two separate phases during the First Interim Compensation Period. The Debtors initially proposed to launch the Eurolog IPO at the end of June 2012 and Milbank worked intensely to complete the necessary due diligence and negotiations to accommodate this timing. In light of the market conditions at the end of May 2012, the process was put on hold. In late June 2012, the Debtors asked Milbank and Houlihan to resume their diligence with respect to the Eurolog IPO, with a view to seeking Court approval for the transaction in August in order for the Debtors to be in a position to potentially launch the EuroLog IPO if and when the European IPO markets re-opened in Fall 2012

21. As part of the due diligence process, Milbank, on behalf of the Committee, has reviewed and analyzed all of the materials made available to it regarding the IPO Assets and the structure of the proposed Eurolog IPO transaction. Milbank has also requested a variety of additional information and documentation to enable it to complete this exercise.

22. During the First Interim Compensation Period, Milbank also reviewed and, in some cases, negotiated documentation for the Eurolog IPO, including the IPO prospectus and term sheets for underwriting agreements, a master transfer agreement governing the transfer of the IPO Assets to the listing vehicle, a trade mark license agreement and a relationship agreement. In addition, Milbank, at the direction of the Committee, conferred with the Debtors' legal advisors regarding an agreement on a process for Committee approval of the terms of the Eurolog IPO and for seeking Court approval for same.

23. Milbank regularly updated the Committee as to the material terms of the proposed Eurolog IPO and the status of the process.

B. Automatic Stay Enforcement & Litigation

24. During the First Interim Compensation Period, Milbank attorneys researched and analyzed issues arising in connection with the applicability of the automatic stay to various actions taken or proposed to be taken by parties in interest. Milbank attorneys also reviewed and advised the Committee in connection with a number of motions to lift the automatic stay.

25. **Tide Lift Stay Motion.** Tide Natural Gas Storage II, LP (together, "Tide") sought relief from the stay in order to continue an action against Arcapita, Arcapita Inc., and Falcon that it had commenced prior to the Petition Date in the United States District Court for the Southern District of New York (the "District Court Action"). In the District Court Action, Tide alleged, among other things, fraud, breach of express warranty, breach of contract and various securities violations in connection with the sale by Falcon to Tide of a natural gas storage business called NorTex Gas Storage Company, LLC ("NorTex"), and sought, alternatively, money damages, disgorgement of Falcon's unjust gains, or rescission of the

purchase and sale of NorTex. At the direction of the Committee, Milbank drafted and filed a joinder to the Debtors' objection to this motion, which included, among other responses, a suggestion that the matter be sent to mediation. On August 1, 2012, the Court entered an order deferring any decision on the motion and ordering that the parties participate in a mediation in an attempt to achieve a consensual resolution of the overall dispute between Falcon and Tide.

C. Bahrain Issues

26. During the First Interim Compensation Period, Milbank, along with the Committee's Bahraini counsel, Hassan Radhi & Associates ("Hassan Radhi"), assessed the impact, direct or indirect, of the civil and corporate law of the Kingdom of Bahrain on the issues arising in the chapter 11 cases. Among the areas addressed were (i) the interplay between Bahraini and U.S. law regarding a creditor's right to set off mutual debts; (ii) the rights of terminated employees under Bahraini law; and (iii) the fiduciary duties of the directors of an insolvent corporation under Bahraini law.

27. Each of these issues arose in connection with the Committee's consideration of proposed transactions or court relief requested by the Debtors. Milbank and Hassan Radhi worked together to provide the Committee with written and oral reports that enabled the Committee to respond expeditiously and appropriately to each of the Debtors' requests.

D. Cash Management

28. During the First Interim Compensation Period, Milbank reviewed the procedures proposed by the Debtors with respect to their cash management system and negotiated with the Debtors a series of consensual interim cash management orders setting forth a vetting process for proposed transfers of cash by any of the Debtors, including the Debtors'

submission of periodic budgets, pending implementation of more formal, long term procedures. Milbank, along with the Committee's other professionals, has taken a central role in reviewing the Debtors' proposed budgets and negotiating modifications with the Debtors in certain instances to ensure that the interests of the Debtors' unsecured creditors are protected.

29. Additionally, as part of a more permanent resolution of the cash management issue, the Committee has been engaged in protracted negotiations with the Debtors regarding a "protocol" governing the budgeting process, the approval of the Debtors' funding of investments controlled by their non-debtor affiliates, and the allocation of both the proceeds from the disposition of assets and expenses among the Debtors. In this connection, Milbank attorneys have spent substantial time drafting, reviewing, revising and negotiating this protocol.

E. Cayman Proceedings Issues

30. During the First Interim Compensation Period, Milbank attorneys spent time addressing a number of issues that arose in the liquidation proceedings of AIHL in the Cayman Islands (the "Cayman Liquidation"). Working together with the Committee's local Cayman counsel, Walkers Global ("Walkers"), Milbank provided advice to the Committee with respect to a number of threshold legal issues.

31. Milbank also kept the Committee apprised of developments in the Cayman Liquidation through communication with the Debtors' counsel and the Joint Provisional Liquidators (the "JPLs") of AIHL and their counsel, as well as review of the interim report published by the JPLs. Finally, during the First Interim Compensation Period, Milbank participated in a number of discussions with both the Debtors and the JPLs regarding the resolution of certain intercompany claims between the Debtors and AIHL and the ultimate

formulation of a chapter 11 plan and a parallel Cayman scheme of arrangement that will allow the Debtors and AIHL to emerge from insolvency in both jurisdictions.

F. Claims Analysis and Estimation

32. During the First Interim Compensation Period, Milbank attorneys spent time addressing the parameters of the claims reconciliation process proposed by the Debtors. More specifically, Milbank reviewed and analyzed, in draft form, the Debtors' motion to establish a deadline for filing proofs of claims and certain procedures in connection therewith (the "Bar Date Motion"). Milbank attorneys asked the Debtors to include certain protective or clarifying provisions in the order of Bar Date Motion. They agreed.

G. Committee Administration

33. Promptly following the Committee's formation, Milbank prepared numerous documents necessary for the efficient administration of the Committee's affairs, including by-laws to govern internal Committee affairs, a comprehensive contact list, and several memoranda summarizing matters requiring the Committee's immediate attention. Milbank also developed an elaborate protocol for the allocation of the numerous tasks involved in ensuring that the Committee is kept apprised of all aspects of these cases in a timely manner without duplication of effort. This protocol includes (i) meetings among Milbank's team members and between Milbank and other Committee professionals, and (ii) the maintenance of comprehensive rolling task lists, calendar notifications and project calendars on a daily basis. Additionally, Milbank has established a system whereby all substantive court filings are reviewed, on a real-time basis, to provide the Committee with a comprehensive summary and analysis of each material document filed in these cases.

34. Milbank has also communicated frequently with the Debtors in order to obtain the information required to enable the Committee to independently assess the soundness of the Debtors' various business decisions. Milbank's efforts in setting up the Committee's administration in an efficient manner has ensured that the Committee will have the logistical tools necessary to effectively carry out its fiduciary responsibilities to the unsecured creditors of each of the Debtors.

H. Committee Meetings

35. During the First Interim Compensation Period, the Committee held weekly telephonic meetings. Prior to each such meeting, Milbank (in consultation with the Committee's financial advisors) prepared an agenda for discussion. Milbank also prepared and distributed for the Committee's prior review various related materials prepared by the Committee's professionals. During each Committee meeting, Milbank discussed with the Committee all significant case developments that occurred since the previous meeting and assisted the Committee in formulating a position with respect to each matter.

36. Through telephonic Committee meetings and numerous other communications with the Committee's members, Milbank has assisted the Committee in (i) fulfilling its obligations to the unsecured creditors of each of the Debtors' estates and (ii) making informed decisions regarding the numerous issues that have arisen in the chapter 11 cases.

37. In accordance with the Committee's by-laws, Milbank recorded minutes during each of the Committee meetings conducted during the First Interim Compensation Period. The Committee meeting minutes identify the Committee members (and their counsel) in attendance at the particular meeting, describe agenda items discussed and the related Committee

resolutions, and set forth the results of all votes taken by the Committee members with respect to particular issues, if any. Milbank periodically distributed the Committee meeting minutes to the Committee for review and approval.

I. Committee Retention Applications

38. During the First Interim Compensation Period, Milbank worked with the Committee's Chair to coordinate the selection process of the Committee's other professionals, including: (i) Houlihan, as investment banker, (ii) FTI Consulting Inc., as financial advisor ("FTI"), (iii) Walkers, as Cayman Islands counsel, and (iv) Hassan Radhi, as Bahraini counsel. In addition to preparing Milbank's own retention application, Milbank attorneys also assisted in the preparation and drafting of the retention applications for these professionals. Additionally, Milbank analyzed and addressed informal questions and issues raised by the U.S. Trustee with respect to these retention applications.

J. Communications with Creditors & Website

39. During the First Interim Compensation Period, Milbank led the Committee's efforts to establish a court-approved information-sharing protocol (the "Creditor Information Protocol") in accordance with section 1102(b)(3) of the Bankruptcy Code. The Creditor Information Protocol requires creditors' committees to (i) provide creditors with access to information and (ii) solicit and receive comments from creditors. Milbank attorneys negotiated the contents of the Creditor Information Protocol with counsel for the Debtors and, ultimately, filed it with the Court. See Stipulation and Agreed Order Between Debtors and Official Committee of Unsecured Creditors Regarding Creditor Access to Information Pursuant to 11 U.S.C. Sections 105(a), 1102(b)(3)(A) and 1103(c) (Docket No. 207), which the Bankruptcy Court approved on June 6, 2012.

40. Pursuant to the Creditor Information Protocol, Milbank has established and is maintaining a website (the "Committee Website") helping the Committee to communicate with creditors. Milbank attorneys have drafted the content populating the Committee Website, including, among many other things, (i) general information about the Debtors' chapter 11 cases, including adversary proceedings, (ii) highlights of significant events in the chapter 11 cases, (iii) important documents and (iv) answers to frequently asked questions.

41. Additionally, during the First Interim Compensation Period, many creditors lodged inquiries with Milbank regarding the Debtors' chapter 11 cases via telephone and by e-mail. In accordance with the Creditor Information Protocol, Milbank attorneys have regularly reviewed and responded to all such inquiries. Moreover, Milbank attorneys held in-person meetings with certain creditors holding significant claims against the Debtors.

K. Corporate Matters

42. During the First Interim Compensation Period, Milbank, on behalf of the Committee, reviewed and analyzed documentation regarding the corporate structure of the Debtors and their portfolio companies, including share purchase documentation, proxy agreements, administration agreements and corporate governance materials. Additionally, Milbank attorneys reviewed materials detailing portfolio company funding and the Debtors' obligations thereunder, and analyzed potential consequences of the failure to fulfill such obligations. In connection with the foregoing, with the assistance of the Committee's financial advisors, Milbank began to analyze and prepare summaries of the corporate and capital structures of the Debtors and their portfolio companies.

43. Milbank, on behalf of the Committee, also drafted and sent to the Debtors comprehensive diligence requests with respect to the foregoing, in order to enable the Committee

to properly analyze the Debtors' various requests for approval of deal funding throughout the course of these cases.

L. Court Hearings

44. During the First Interim Compensation Period, Milbank attorneys prepared for and appeared at a number of court hearings, including the regularly scheduled omnibus hearings and various special hearings and case conferences. To prepare for each hearing, among other things, Milbank attorneys reviewed and analyzed pleadings and related documents and correspondence, conducted factual and legal research and, in certain instances, prepared responsive pleadings, exhibits, argument and cross-examination outlines. Following each hearing, Milbank promptly advised the Committee of the pertinent rulings.

M. Debtor-in-Possession Meetings and Communications

45. Immediately following the Committee's formation, numerous issues arose that required Milbank to be in frequent contact with the Debtors and their advisors to ensure that the Committee's concerns could be properly addressed. Milbank regularly reviewed with the Debtors matters that affected the Committee's constituency. Throughout the First Interim Compensation Period, Milbank attorneys were in frequent communications with the Debtors' advisors, including through numerous conference calls.

46. Because the members of the Committee and the Debtors are located in several countries throughout the world, during the First Interim Compensation Period, Milbank, together with the Debtors' advisors, coordinated a videoconference in which the Debtors, the Committee and their respective professionals were able to participate from their respective locations in the U.S., England and Bahrain. During the videoconference, the Committee and the Debtors discussed long term strategy, including the Debtors' future business plan, potential DIP

financing and other issues of significant concern for both the Debtors and their unsecured creditors.

N. Project Finance & Infrastructure

47. During the First Interim Compensation Period, Milbank attorneys reviewed and analyzed diligence certain of the Debtors' infrastructure-related projects and investments, including documents relating to, among other things, debt and organization structures, credit facilities, shareholder rights and obligations, client services and licensing agreements.

48. Additionally, Milbank attorneys analyzed and summarized the Debtors' funding requests for infrastructure-related projects and investments and advised the Committee on the related legal issues, including with respect to potential liabilities in the event of non-funding. Where necessary, Milbank attorneys drafted additional diligence requests to enable the Committee to better evaluate the merits of various deal funding requests.

O. Employee Issues

49. During the First Interim Compensation Period, Milbank attorneys reviewed and analyzed the Debtors' motion seeking to pay employee wages and benefits (the "Wages Motion"), and negotiated with the Debtors regarding, among other things, the continued extension of interest-free loans to employees and payment of "leaving indemnities" to departing expatriate employees resident in Bahrain.

50. Also during the First Interim Compensation Period, the Debtors filed a motion (the "Employee Motion") to (a) pay certain amounts in connection with terminating the employment of approximately 100 employees, (b) enter into a "Global Settlement," allowing employees participating in certain incentive programs to avoid certain liabilities to the Debtors in

return for various concessions from those employees, and (c) institute a “Key Employee Incentive Plan” (the “KEIP”) and a “Key Employee Retention Program” (the “KERP”) to provide incentives to specified employees whom the Debtors wished to retain.

51. Milbank researched and advised the Committee with respect to several issues raised by the Employee Motion, including the enforceability of the rights waived by parties to the Global Settlement, as well as the viability of various alternative solutions. In consultation with the Committee and the Committee’s financial advisors, Milbank negotiated with the Debtors regarding the relief sought in the Employee Motion. After reaching an agreement with the Debtors regarding the terms on which such relief could be granted, Milbank drafted and filed a statement in support of the Employee Motion, explaining the rationale for the Committee’s position.

P. DIP Financing

52. During the First Interim Compensation Period, Milbank attorneys were involved in numerous discussions with the Debtors’ counsel and financial advisors as well as Houlihan with respect to the Debtors’ desire and need for debtor in possession financing (“DIP Financing”), the Debtors’ efforts to obtain same, and potential alternatives thereto. In addition, Milbank attorneys have reviewed and analyzed each DIP Financing proposal that was submitted to the Debtors during this period.

Q. Exclusivity Issues

53. Milbank researched, analyzed and advised the Committee with respect to the relief sought by the Debtors’ motion for a first extension of the exclusive periods for the filing of, and solicitation of acceptances for, their chapter 11 plan(s) (the “Exclusivity Motion”). Milbank prepared a draft objection to the Exclusivity Motion that was focused primarily on the

issues relating to the flow of information between the Debtors and the Committee and the length of the Debtors' requested extension of their exclusive periods.

54. At the direction of the Committee, Milbank negotiated a compromise with the Debtors, whereby the Committee agreed to not object to the Exclusivity Motion on the condition that the extension of the exclusivity periods be reduced from 120 to 90 days and the Debtors abide by specified "milestone" deliverables. These deliverables included the timely delivery to the Committee of valuation reports with respect to the Debtors' assets and updates regarding the Debtors' equity marketing process. Since the entry of the order approving the Exclusivity Motion based on this compromise, Milbank has monitored the Debtors' compliance with the time table for each of these deliverables.

R. Fee Applications - Other

55. During the First Interim Compensation Period, Milbank professionals coordinated filing and service of monthly fee statements of the Committee's financial advisors. Milbank also reviewed the monthly fee statements of the Debtors' professionals for, among other purposes, compliance with the Interim Compensation Order and the Guidelines.

S. File, Docket & Calendar Maintenance

56. During the First Interim Compensation Period, Milbank paraprofessionals maintained internal filing, record-keeping, docket-monitoring and calendaring systems in order to organize and keep track of the documents filed in these cases, ongoing projects and upcoming deadlines. Milbank paraprofessionals organized pleadings in order to ensure easy access by Milbank attorneys. Milbank attorneys also monitored the docket on a real-time basis and summarized and circulated substantive pleadings to the Arcapita team. These summaries enabled Milbank to stay abreast of developments in these cases, facilitated the assignment of

projects and helped ensure that deadlines were not missed.

57. As the Court may be aware, the Debtors, through their financial advisor Rothschild Inc. and N M Rothschild & Sons Limited (together, “Rothschild”), maintain an electronic data room (the “Dataroom”), through which the Debtors share certain documents with interested parties, including the Committee and its advisors. During the First Interim Compensation Period, Milbank professionals and paraprofessionals monitored the Dataroom and circulated relevant documents to the appropriate Milbank attorneys.

T. Investments and Portfolio Companies

58. During the First Interim Compensation Period, Milbank attorneys reviewed, analyzed, and summarized documents relating to the Debtors’ various investments and portfolio companies, including structure and investment charts, loan documents, credit agreements, shareholder agreements, and intercreditor agreements. Milbank attorneys also monitored the Dataroom for additional diligence with respect to such investments and portfolio companies.

59. Milbank advised the Committee with respect to legal issues arising from the funding or sale of certain of the Debtors’ investments and portfolio companies, as well as potential liabilities in the event of non-funding.

U. Islamic Finance Issues

60. Immediately following Milbank’s retention by the Committee, Milbank began reviewing the Debtors’ *shari’ah*-compliant financing arrangements as part of the Committee’s analysis of the Debtors’ capital structure and prepetition lending relationships. In connection therewith, Milbank attorneys devoted substantial time to analyzing the Debtors’ use of *murabaha* structures, the potential treatment of *shari’ah*-compliant financing arrangements

under the Bankruptcy Code and other effects that the Debtors' *shari'ah* compliance may have on the chapter 11 cases. Throughout the First Compensation Period, Milbank kept the Committee apprised of the numerous *shari'ah*-related financing issues through conference calls and memoranda.

V. Litigation

61. During the First Interim Compensation Period, Milbank attorneys reviewed, analyzed and summarized for the Committee various issues relating to the prepetition litigation pending in the District Court and in a Texas state court regarding the sale of NorTex.

62. Also during the First Interim Compensation Period, Milbank attorneys reviewed, analyzed, and summarized the complaint filed by Falcon against Enterprise Jet Center, Inc. (the "Enterprise Adversary Proceeding"), which alleged claims for breach of contract and negligence in connection with damage to an airplane leased by Falcon. Based on its review of the pleadings and discussions with the Debtors' advisors, Milbank, in conjunction with the Committee's financial advisors, provided recommendations to the Committee with respect to the settlement of the Enterprise Adversary Proceeding.

W. Milbank Fee Statements and Applications

63. During the First Interim Compensation Period, Milbank professionals and paraprofessionals carefully reviewed draft fee statements to redact privileged, confidential and other non-public information. Milbank also served its fee statements as required by the Interim Compensation Order.

64. Also during the First Interim Compensation Period, Milbank professionals and paraprofessionals began to prepare and draft this Application, compiling time entries entered by Milbank attorneys and paraprofessionals by project billing categories and summarizing the

work performed in each category.

X. Private Equity Issues

65. During the First Interim Compensation Period, Milbank attorneys reviewed, analyzed, and summarized documentation related to the Debtors' portfolio of private equity assets and investments, including structure and transaction charts, loan agreements, funding obligations, private placements documents and administrative agreements.

66. Additionally, Milbank attorneys analyzed and summarized funding requests for the Debtors' private equity investments and advised the Committee on the legal issues arising therefrom, including with respect to potential obligations that may arise due to the non-funding of such investments.

Y. Real Estate Matters

67. During the First Interim Compensation Period, Milbank worked closely with the Committee's other professional advisors to analyze potential strategies with respect to the structure and terms of the Debtors' real estate transactions and investments. Milbank regularly updated the Committee as to the status of the foregoing through electronic mail and telephonic meetings.

68. During the First Interim Compensation Period, Milbank attorneys, on behalf of the Committee, undertook a comprehensive review of the sale-leaseback transactions entered into by the Debtors with respect to real property in Lusail City, Qatar (the "Lusail Transaction"), and Arcapita's headquarters building in Bahrain (the "HQ Transaction" and together with the Lusail Transaction, the "Sale-Leaseback Transactions"), including a review and analysis of the transaction documents and numerous legal issues arising therefrom. With the

assistance of the Committee's financial advisors, Milbank prepared for the Committee summaries of all of the foregoing.

69. Also during the First Interim Compensation Period, Milbank attorneys carefully negotiated with the Debtors regarding the terms of the proposed order authorizing the Debtors to make an investment in the amount of approximately \$30.4 million in connection with the Lusail Transaction. Ultimately, Milbank attorneys drafted and filed a statement in support of this funding request, which explicitly outlined each of the protections negotiated by Milbank on behalf of the Committee.

Z. Reporting Requirements

70. During the First Interim Compensation Period, Milbank advised the Committee members with respect to their obligations to disclose certain information pursuant to Bankruptcy Rule 2019, which requires the Committee to file a statement (the "Rule 2019 Statement") that includes, among other things, the nature and amount of each "disclosable economic interest" held by each Committee member in relation to the Debtors as of the date the Committee was formed. Milbank attorneys collected this information from each Committee member and worked closely with them to ensure that their responses were in compliance with Bankruptcy Rule 2019. Finally, Milbank drafted the Committee's Rule 2019 Statement and prepared it for filing with the Court.

AA. Retention of Professionals

71. During the First Interim Compensation Period, Milbank assisted the Committee with its review of the proposed retention of the Debtors' professionals in order to, among other things, minimize the likelihood of any duplication of efforts among those professionals and ensure that the fee structures indemnification provisions in connection with

these retentions would be reasonable. In evaluating the retention applications for the Debtors' professionals, Milbank reviewed comparable professional fees in similar cases and analyzed, among other issues, those regarding the proposed scope of employment, the size of success fees, the conditions on payment of success fees, the payment for services rendered by estate professionals for the benefit of non-Debtors and the standard of review to be accorded to the Committee with respect to the Debtors' professionals' compensation. Milbank then negotiated with the Debtors regarding the terms of the respective orders approving retention of each of the Debtors' professionals.

72. Most significantly, Milbank provided advice to the Committee, based upon extensive research and analysis, with respect to the Debtors' proposed retention of Rothschild. The Committee initially opposed the terms of the Debtors' Rothschild retention. While preparing a draft objection to the proposed retention and coordinating with Houlihan regarding potential expert testimony to be given at an evidentiary hearing on Rothschild's retention application, Milbank reached a compromise with the Debtors and Rothschild that obviated the need to file an objection and was ultimately accepted by the Court.

IV. **ALLOWANCE OF COMPENSATION**

73. The professional services rendered by Milbank have required a high degree of professional competence and expertise to address, with skill and dispatch, the numerous issues requiring evaluation and action by the Committee. The services rendered to the Committee were performed efficiently, effectively and economically, and the results obtained to date have benefited the unsecured creditors of each of the Debtors' estates.

74. The allowance of interim compensation for services rendered and reimbursement of expenses in chapter 11 cases is expressly provided for in section 331 of the Bankruptcy Code:

Any professional person . . . may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered . . . as is provided under section 330 of this title.

75. With respect to the level of compensation, section 330(a)(1)(A) of the Bankruptcy Code provides, in pertinent part, that the Court may award to a professional person “reasonable compensation for actual, necessary services rendered[.]” Section 330(a)(3), in turn, provides that:

In determining the amount of reasonable compensation to be awarded to . . . [a] professional person, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- (E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and expertise in the bankruptcy field; and
- (F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

76. The Congressional policy expressed above provides for adequate compensation in order to continue to attract competent professionals to bankruptcy cases. In re

Drexel Burnham Lambert Group, Inc., 133 B.R. 13, 20 (Bankr. S.D.N.Y. 1991) (“Congress’ objective on requiring that the market, not the Court, establish attorneys’ rates was to ensure that bankruptcy cases were staffed by appropriate legal specialists.”); In re Busy Beaver Bldg. Ctrs., Inc., 19 F.3d 833, 850 (3d Cir. 1994) (“Congress rather clearly intended to provide sufficient economic incentive to lure competent bankruptcy specialists to practice in the bankruptcy courts.”) (citation and internal quotation marks omitted).

77. In assessing the “reasonableness” of the fees requested, courts have looked to a number of factors, including those first enumerated by the Fifth Circuit in In re First Colonial Corp. of America, 544 F.2d 1291, 1298-99 (5th Cir. 1977) and thereafter adopted by most courts.⁵ See In re Nine Assocs., Inc., 76 B.R. 943, 945 (S.D.N.Y. 1987) (adopting First Colonial/Johnson analysis); In re Cuisine Magazine, Inc., 61 B.R. 210, 212–13 (Bankr. S.D.N.Y. 1986) (same); see generally 3 Collier on Bankruptcy ¶ 330.03[9] (enumerating First Colonial and Johnson as the “leading cases to be considered in determining a reasonable allowance of compensation”). Milbank respectfully submits that the consideration of these so-called Johnson factors should result in this Court’s allowance of the full compensation requested.

- (A) The Time and Labor Required. The professional services rendered by Milbank on behalf of the Committee have required the continuous expenditure of substantial time and effort, under time pressures that sometimes required the performance of services late into the evening and, on a number of occasions, over weekends and holidays. The services rendered required a high degree of professional competence and expertise in order to be administered with skill and dispatch.

⁵ The factors embraced by the Fifth Circuit in First Colonial were first adopted by the Fifth Circuit’s decision in Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974), except that First Colonial also included the “spirit of economy” as a factor expressly rejected by Congress in enacting section 330 of the Bankruptcy Code. Stroock & Stroock & Lavan v. Hillsborough Holdings Corp. (In re Hillsborough Holdings Corp.), 127 F.3d 1398, 1403 (11th Cir. 1997). A majority of the First Colonial factors are now codified in section 330(a)(3). 3 COLLIER ON BANKRUPTCY ¶ 330.03[9] (Lawrence P. King et al., eds., 16th ed. 2011).

- (B) The Novelty and Difficulty of Questions. Novel and complex issues have arisen, and will continue to arise, in the course of the chapter 11 cases. In these cases, as in many others in which the firm is involved, Milbank's effective advocacy and creative approach to problem-solving have helped to clarify and resolve difficult issues and will continue to prove beneficial.
- (C) The Skill Requisite to Perform the Legal Services Properly. Milbank believes that its recognized expertise in the area of financial restructuring, its ability to draw from highly-experienced professionals in other areas of its practice such as employment, asset divestiture, litigation, tax, intellectual property and finance and its practical approach to the resolution of issues help maximize the distributions to the unsecured creditors of each of the Debtors.
- (D) The Preclusion of Other Employment by Applicant Due to Acceptance of the Case. Due to the size of Milbank's financial restructuring department and the firm as a whole, Milbank's representation of the Committee has not precluded the acceptance of new clients. However, the number of matters needing attention on a continuous basis has required numerous Milbank attorneys, across multiple practice groups, to commit significant portions of their time to the chapter 11 cases.
- (E) The Customary Fee. The compensation sought herein is based upon Milbank's normal hourly rates for services of this kind. Milbank respectfully submits that the compensation sought herein is not unusual given the magnitude of the chapter 11 cases and the time dedicated to the representation of the Committee. Such compensation is commensurate with fees Milbank has been awarded in other cases, as well as with fees charged by other attorneys of comparable experience.
- (F) Whether the Fee Is Fixed or Contingent. Milbank charges customary hourly rates, as adjusted annually, for the time expended by its attorneys and paraprofessionals in representing the Committee, and Milbank's fee is not outcome dependent.
- (G) Time Limitations Imposed by Client or Other Circumstances. As stated above, Milbank has been required to attend to various issues as they have arisen in the chapter 11 cases. Often, Milbank has had to perform these services under significant time constraints requiring attorneys and paraprofessionals assigned to the chapter 11 cases to work evenings and on weekends.
- (H) The Amount Involved and Results Obtained. The Committee represents the interests of unsecured creditors of each of the Debtors that, in the aggregate, hold unsecured claims estimated to be valued in at least the hundreds of millions of dollars. The Committee's participation, with Milbank's counsel and guidance, has greatly contributed to the efficient administration and prospects for reorganization of the chapter 11 cases.
- (I) The Experience, Reputation and Ability of the Attorneys. Milbank has a sophisticated and nationally recognized corporate reorganization and financial

restructuring practice, and Milbank attorneys involved in this representation have played a major role in numerous complex restructurings including, for example, the chapter 11 cases of Lehman Brothers Holdings Inc., Eastman Kodak Company, The Great Atlantic & Pacific Tea Company, Inc., Nortel Networks Inc., Capmark Financial Group Inc., Hayes Lemmerz International, Inc., DBSD North America, Inc., Refco, Inc., Enron Corp., TOUSA, Inc., Vicorp, Interstate Bakeries Corp., Winn-Dixie Stores, Inc., Fruit of the Loom Inc., Adelphia Communications Corp., RCN Corp., US Airways Group, Inc., Global Crossing Ltd., Fleming Companies, Inc., and Dairy Mart Convenience Stores, Inc. Milbank's experience enables it to perform the services described herein competently and expeditiously.

- (J) The "Undesirability" of the Case. The chapter 11 cases are not undesirable but, as already indicated, require a significant commitment of time from many Milbank attorneys.
- (K) Nature and Length of Professional Relationship. Milbank was selected as the Committee's counsel shortly after the Committee's formation, on April 10, 2012, and was retained *nunc pro tunc* to that date pursuant to an order of the Court dated June 29, 2012. Milbank has been rendering services continuously to the Committee since the Committee was formed, and Milbank has rendered such services in a necessary and appropriate manner.

78. The total time spent by Milbank attorneys and paraprofessionals during the First Interim Compensation Period was 6,155.30 hours and has a fair market value of \$4,245,724.00. Milbank submits that, as demonstrated by this Application and supporting exhibits, its services were rendered economically and without unnecessary duplication of efforts. In addition, the work involved, and thus the time expended, was carefully assigned in consideration of the experience and expertise required for each particular task.

V. **EXPENSES**

79. Milbank has incurred a total of \$100,691.80 in expenses in connection with representing the Committee during the First Interim Compensation Period. Milbank records all expenses incurred in connection with its performance of professional services. Detailed descriptions of these expenses were attached and filed as exhibits to the First Interim Period Fee Statements.

80. Throughout the First Interim Compensation Period, Milbank has been keenly aware of cost considerations and has tried to minimize the expenses charged to the Debtors' estates.

81. Milbank's policy is to charge its clients in all areas of practice for expenses, other than fixed and routine overhead expenses, incurred in connection with representing its clients. The expenses charged to Milbank's clients include, among other things, telephone toll and other charges, regular mail and express mail charges, special or hand delivery charges, photocopying charges, out-of-town travel expenses, local transportation expenses, expenses for working meals, computerized research charges and transcription costs.

82. Milbank charges the Committee for these expenses at rates consistent with those charged to Milbank's other bankruptcy clients, which rates are equal to or less than the rates charged by Milbank to its non-bankruptcy clients. Milbank seeks reimbursement from the Debtors at the following rates for the following expenses: (i) ten cents (\$0.10) per page for photocopying; (ii) ten cents (\$0.10) per page for black and white printing; and (iii) one dollar and twenty-five cents (\$1.25) per page for color printing.

83. In accordance with section 330 of the Bankruptcy Code and the Guidelines, Milbank seeks reimbursement only for the actual cost of such expenses to Milbank.⁶

84. In providing or obtaining from third parties services which are reimbursable by clients, Milbank does not include in such reimbursable amount any costs of investment, equipment or capital outlay.

⁶ The cost of expenses Milbank is seeking reflects any discounted rates based on volume or other discounts which Milbank anticipates receiving from certain outside vendors; however, Milbank does not perform a retrospective reconciliation of any "year-end" adjustments (positive or negative) to the actual discounted cost of such expenses.

85. Milbank regularly charges its non-bankruptcy clients for ordinary business hourly fees and expenses for secretarial, library, word processing and other staff services because such items are not included in the firm's overhead for the purpose of setting billing rates. However, Milbank is not seeking reimbursement of hourly fees of its secretarial services.

VI. **NOTICE**

86. No trustee or examiner has been appointed in the chapter 11 cases. Pursuant to the Interim Compensation Order, notice of this Application has been served upon: (i) Arcapita Bank B.S.C.(c), Arcapita Building, Bahrain Bay, P.O. Box 1406, Manama, Kingdom of Bahrain (Attn: Henry Thompson); (ii) Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166 (Attn: Michael A. Rosenthal, Esq., Janet M. Weiss, Esq., and Matthew K. Kelsey, Esq.); and (iii) 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.). Milbank submits that, in light of the relief requested herein, no other or further notice need be provided.

VII. **CONCLUSION**

WHEREFORE, Milbank respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit C, conforming to the amounts set forth in fee schedule attached hereto as Exhibit B: (i) allowing Milbank (a) interim compensation for professional services rendered as counsel for the Committee during the First Interim Compensation Period in the amount of \$4,245,724.00; and (b) reimbursement of expenses incurred in connection with rendering such services in the aggregate amount of \$100,691.80, for a total award of \$4,346,415.80; (ii) authorizing and directing the Debtors to pay (to the extent not

previously paid in accordance with the Interim Compensation Order) to Milbank \$2,417,714.44 which is an amount equal to the difference between (a) this \$4,346,415.80 award; and (b) \$1,928,701.36, the total of all amounts that the Debtors have previously paid to Milbank pursuant to the Interim Compensation Order for services rendered and expenses incurred during the First Interim Compensation Period; and (iii) granting such further relief as is just.

Dated: New York, New York
August 16, 2012

MILBANK, TWEED, HADLEY & M^cCLOY LLP

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Creditors of Arcapita Bank B.S.C.(c), et al.

Exhibit A

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

----- x
: **Chapter 11**
: **Case No. 12-11076 (SHL)**
: **(Jointly Administered)**
: **Debtors.**
: **(Jointly Administered)**
----- x

**CERTIFICATION UNDER GUIDELINES FOR FEES AND DISBURSEMENTS
FOR PROFESSIONALS IN RESPECT OF FIRST APPLICATION OF MILBANK,
TWEED, HADLEY & M^cCLOY LLP, COUNSEL TO OFFICIAL COMMITTEE
OF UNSECURED CREDITORS, FOR INTERIM ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES DURING PERIOD FROM
APRIL 11, 2012 THROUGH AND INCLUDING JULY 31, 2012**

Pursuant to the Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases, effective December 4, 2009 (together, the “Local Guidelines”), and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “U.S. Trustee Guidelines” and, together with the Local Guidelines, the “Guidelines”), the undersigned, a member of the firm Milbank, Tweed, Hadley & M^cCloy LLP (“Milbank”), counsel to the Official Committee of Unsecured Creditors (the “Committee”) of Arcapita Bank B.S.C.(c) and its affiliated debtors in possession in the above-captioned cases (collectively, the “Debtors”)¹, hereby certifies with respect to Milbank’s first application for allowance of compensation for services rendered and for reimbursement of expenses, dated

¹ The Debtors in these chapter 11 cases are Arcapita Bank B.S.C.(c), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited, and Falcon Gas Storage Company, Inc. The location of the Debtors’ corporate headquarters is Arcapita Building, Bahrain Bay, P.O. Box 1406, Manama, Kingdom of Bahrain.

August 16, 2012 (the "Application"), for the period of April 11, 2012 through and including July 31, 2012 (the "First Compensation Period") as follows:

1. I am the professional designated by Milbank in respect of compliance with the Guidelines.

2. I make this certification in support of the Application, for interim compensation and reimbursement of expenses for the First Compensation Period, in accordance with the Local Guidelines.

3. In respect of section A.1 of the Local Guidelines, I certify that:

a. I have read the Application.

b. To the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Guidelines.

c. Except to the extent that fees or disbursements are prohibited by the Guidelines, the fees and disbursements sought are billed at rates in accordance with practices customarily employed by Milbank and generally accepted by Milbank's clients.

d. In providing a reimbursable service, Milbank does not make a profit on that service, whether the service is performed by Milbank in-house or through a third party.²

4. With respect to section A.2 of the Local Guidelines, I certify that Milbank has previously provided monthly statements of Milbank's fees and disbursements in accordance with section A.2 of the Local Guidelines by filing and serving monthly statements in accordance with the Interim Compensation Order (as defined in the Application), except that completing reasonable and necessary internal accounting and review procedures have at times precluded filing fee statements within the time periods specified in the Local Guidelines.

² The cost of expenses Milbank is seeking reflects any discounted rates based on volume or other discounts which Milbank anticipates receiving from certain outside vendors; however, Milbank does not perform a

5. With respect to section A.3 of the Local Guidelines, I certify that: (a) the Debtors; (b) the chair of the Committee; and (c) the Office of the United States Trustee for the Southern District of New York will be provided with a copy of the Application concurrently with the filing thereof and will have at least 14 days to review such Application prior to any objection deadline with respect thereto.

Dated: New York, New York
August 16, 2012

By: /s/ Dennis F. Dunne
Dennis F. Dunne

retrospective reconciliation of any “year-end” adjustments (positive or negative) to the actual discounted cost of such expenses.

Exhibit B

CASE NO.: 12-11076 (SHL) (Jointly Administered)
CASE NAME: IN RE ARCAPITA BANK B.S.C.(C), et al.

First Interim Compensation Period
April 11, 2012 – July 31, 2012

Date/Document Number of Statement	A. Fees for Which Approval is Sought	B. Amount of Fees for Which Monthly Payment was Sought (80%)	C. Fees Paid to Date	D. Expenses Requested to be Approved and Paid	E. Expenses Paid to Date	F. Amounts Payable Pursuant to Interim Compensation Order Yet Unpaid (i.e., (B+D) – (C+E))
7/12/12 Docket No. 316	\$1,007,228.50	\$805,782.80	\$805,782.80	\$21,602.23	\$21,602.23	\$0.00
7/17/12 Docket No. 324	\$1,320,068.00	\$1,056,054.40	\$1,056,054.40	\$45,261.93	\$45,261.93	\$0.00
7/31/12 Docket No. 361	\$1,002,303.00	\$801,842.40	\$0.00	\$19,013.88	\$0.00	\$820,856.28
8/15/12 Docket No. 406	\$916,124.50	\$732,899.60	\$0.00	\$14,813.76	\$0.00	\$747,713.36

Exhibit C

**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)**
:
----- X

**ORDER GRANTING FIRST APPLICATION OF MILBANK, TWEED,
HADLEY & M^cCLOY LLP, COUNSEL TO OFFICIAL COMMITTEE OF
UNSECURED CREDITORS FOR INTERIM APPROVAL AND
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED
AND REIMBURSEMENT OF EXPENSES INCURRED DURING PERIOD FROM
APRIL 11, 2012 THROUGH AND INCLUDING JULY 31, 2012**

Upon the application filed on August 16, 2012 (the “Application”)¹ of Milbank, Tweed, Hadley & M^cCloy LLP (“Milbank”), counsel to the Official Committee of Unsecured Creditors (the “Committee”) of Arcapita Bank B.S.C.(c) and its affiliated debtors and debtors in possession (collectively, the “Debtors”),² in the above-captioned chapter 11 cases, pursuant to sections 330 and 331 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended, the “Bankruptcy Code”), rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), rule 2016-1 of the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”), the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases, effective December 4, 2009 (together with Local Rule 2016-1, the “Local Guidelines”), the United States Trustee Guidelines

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

² The Debtors in these chapter 11 cases are Arcapita Bank B.S.C.(c), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited, and Falcon Gas Storage Company, Inc. The location of the Debtors’ corporate headquarters is Arcapita Building, Bahrain Bay, P.O. Box 1406, Manama, Kingdom of Bahrain.

for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, effective January 30, 1996 (the “U.S. Trustee Guidelines”), and the Order Granting Debtors’ Motion for Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Committee Members, dated May 18, 2012 [Docket No. 159] (the “Interim Compensation Order”), seeking entry of an order allowing and authorizing: (i) compensation for professional services rendered by Milbank during the period from April 11, 2012 through and including July 31, 2012 (the “First Interim Compensation Period”); and (ii) reimbursement of expenses incurred by Milbank in connection with such services during the First Interim Compensation Period; and a hearing having been held before this Court to consider the Application (the “Hearing”); and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that notice of the Application was good and sufficient under the circumstances and that no other or further notice need be given; and for the reasons set forth more fully on the record of the Hearing; and upon the record therein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Application is granted and the fees and expenses of Milbank for the First Interim Compensation Period are approved on an interim basis, in the amounts and to the extent provided on Schedule A attached hereto.

2. The Debtors are authorized and directed to pay promptly to Milbank the amount of \$2,417,714.44, which is the total amount outstanding to Milbank and unpaid for services rendered and expenses incurred during the First Interim Compensation Period.

3. The Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to implementation of this Order.

Dated: New York, New York
_____, 2012

HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE

Schedule A

CASE NO.: 12-11076 (SHL) (Jointly Administered)
CASE NAME: IN RE ARCAPITA BANK B.S.C.(C), et al.

FIRST INTERIM COMPENSATION PERIOD								
APRIL 11, 2012 – JULY 31, 2012								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
APPLICANT	DATE/DOCKET NO. OF APPLICATION	INTERIM FEES REQUESTED ON APPLICATION	FEES ALLOWED	FEES TO BE PAID FOR CURRENT FEE PERIOD	FEES TO BE PAID FOR PRIOR FEE PERIOD(S) (IF ANY) (I.E., HOLDBACK RELEASE)	TOTAL FEES TO BE PAID	INTERIM EXPENSES REQUESTED	EXPENSES TO BE PAID FOR CURRENT FEE PERIOD
Milbank, Tweed, Hadley & McCloy LLP	8/16/2012 Docket No. [418]	\$4,245,724.00	\$4,245,724.00	\$2,383,886.80	\$0.00	\$2,383,886.80	\$100,691.80	\$33,827.64