

**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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<b>IN RE:</b>	: <b>Chapter 11</b>
	: :
<b>ARCAPITA BANK B.S.C.(c), et al.,</b>	: <b>Case No. 12-11076 (SHL)</b>
	: :
<b>Debtors.</b>	: <b>Jointly Administered</b>
	: :
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**DEBTORS' STATEMENT AND RESERVATION OF RIGHTS WITH RESPECT TO  
INTERIM FEE APPLICATIONS**

Arcapita Bank B.S.C.(c) and certain of its subsidiaries and affiliates, as debtors and debtors in possession, (collectively, the "**Debtors**") hereby submit this statement and reservation of rights regarding the Interim Fee Applications, as defined below, that have been filed in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**"). As of the date hereof, the following Interim Fee Applications have been filed by professionals retained in the Chapter 11 Cases:

- First Application of Linklaters LLP, as Special Counsel for the Debtors and Debtors in Possession, for Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Actual and Necessary Expenses Incurred from March 19, 2012 Through June 30, 2012 [Docket No. 399] (the "**Linklaters Interim Fee Application**");

- First Interim Fee Application of KPMG LLP, as Valuation Advisor to the Debtors, for Allowance and Compensation for Professional Services Rendered and Reimbursement of Actual and Necessary Expenses Incurred from March 19, 2012 through June 30, 2012 [Docket No. 402] (the “***KPMG Valuation Interim Fee Application***”);
- First Application of Gibson, Dunn & Crutcher LLP as Attorneys for the Debtors and Debtors in Possession for Allowance of Interim Compensation for Services Rendered and for Reimbursement of Actual and Necessary Expenses Incurred from March 19, 2012 through July 31, 2012 [Docket No. 408] (the “***GDC Interim Fee Application***”);
- First Interim Fee Application of GCG, Inc., as Administrative Agent for the Debtors, for Allowance of Compensation and for Reimbursement of Expenses Incurred for the Period of March 19, 2012 through June 30, 2012 [Docket No. 409] (the “***GCG Interim Fee Application***”);
- First Fee Application of KPMG LLP (US), as Tax Consultants to the Debtors and Debtors in Possession, for Interim Allowance and Compensation for Professional Services Rendered and Reimbursement of Actual and Necessary Expenses Incurred from March 19, 2012 through July 31, 2012 [Docket No. 410] (the “***KPMG Tax Interim Fee Application***”);
- First Interim Application of King & Spalding LLP and King & Spalding International LLP for Allowance of Compensation for Professional Services Rendered and Expenses Incurred During the Period March 19, 2012 Through and Including July 31, 2012 [Docket No. 411] (the “***K&S Interim Fee Application***”);
- First Application of Alvarez & Marsal North America, LLC, as Financial Advisor to Arcapita Bank B.S.C. (c), et al. for Interim Approval and Allowance of Compensation for Services Rendered and Reimbursement of Expenses Incurred During Period from March 24, 2012 through and Including July 31, 2012 [Docket No. 413] (the “***A&M Interim Fee Application***”);
- First Application of Trowers & Hamblins as Attorneys for the Debtors and Debtors in Possession for Allowance of Interim Compensation for Services Rendered and for Reimbursement of Actual and Necessary Expenses Incurred from March 19, 2012 through July 31, 2012 [Docket No. 418] (the “***Trowers Interim Fee Application***”);
- First Application of Mourant Ozannes as Special Cayman Islands Counsel for the Debtors for Allowance of Interim Compensation for Services Rendered and for Reimbursement of Actual and Necessary Expenses Incurred from March 19, 2012 through July 31, 2012 [Docket No. 421] (the “***Mourant Interim Fee Application***” and, collectively with the Linklaters Interim Fee Application, the KPMG Valuation Interim Fee Application, the GDC Interim Fee Application, the GCG Interim Fee Application, the KPMG Tax Interim Fee Application, the K&S Interim Fee Application, the A&M Interim Fee Application, and the Trowers Interim Fee Application, the “***Interim Fee Applications***”).

The Debtors fully understand the importance of ensuring compliance with the fee and expense provisions and guidelines applicable to chapter 11 cases. At the same time, the

Debtors recognize that all of the professionals working on the Chapter 11 Cases have expended substantial time and effort to assist the Debtors and the Official Committee of Unsecured Creditors to satisfy their obligations under the bankruptcy code. Thus far, this hard work and effort has resulted in the consensual resolution of virtually every issue that has arisen in the Chapter 11 Cases. The Debtors also recognize that the work of the professionals is not done and that substantial additional time and effort will be required to address the issues that will arise in the future.

A meaningful review cannot occur until the outcome of future events is known. Therefore, subject to the reservation of rights herein, the Debtors do not object to the Interim Fee Applications or to the payment of the full amounts sought therein on an interim basis. However, the Debtors expressly reserve their right to object to any or all of the fees or expenses sought in the Interim Fee Applications at the final hearing on the allowance of fees and expenses of the various retained professionals.

Reserving the right to object does not subject the Debtors to any meaningful risk that the Debtors' estates will be injured. All of the professionals that have filed Interim Fee Applications are continuing in their efforts related to the Chapter 11 Cases, and at any point in time have substantial accrued, unpaid fees and unreimbursed expenses. Any fees or expenses that are paid now but ultimately disallowed by the Court can be recovered by way of a setoff against these accrued, unpaid fees and unreimbursed expenses. In addition, each of the professionals is more than capable of disgorging fees or expenses paid but ultimately disallowed.

Subject to the reservation of rights herein, the Debtors, therefore, believe that the Interim Fee Applications should be approved, and the payment of the fees and expenses requested thereunder should be authorized.

Dated: New York, New York  
August 29, 2012

Respectfully submitted,

/s/ Michael A. Rosenthal

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