

HEARING DATE AND TIME: April 17, 2012 at 11:00 a.m. (Eastern Time)

OBJECTION DEADLINE: April 10, 2012 at 12:00 p.m. (Eastern Time)

GIBSON, DUNN & CRUTCHER LLP

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Proposed 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' APPLICATION FOR AN ORDER APPROVING THE EMPLOYMENT
AND RETENTION OF GIBSON, DUNN & CRUTCHER LLP AS COUNSEL FOR THE
DEBTORS IN POSSESSION *NUNC PRO TUNC* TO THE PETITION DATE**

Arcapita Bank B.S.C.(c) ("*Arcapita*") and certain of its subsidiaries, as debtors and debtors in possession (collectively, the "*Debtors*" and each, a "*Debtor*"), submit this Application (the "*Application*") for the entry of an order, substantially in the form annexed hereto as *Exhibit A*, authorizing the Debtors to employ and retain Gibson, Dunn & Crutcher, LLP ("*Gibson Dunn*") as their general bankruptcy and restructuring counsel *nunc pro tunc* to March 19, 2012 (the "*Petition Date*") pursuant to section 327 of title 11 of the United States Code (the "*Bankruptcy Code*"), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*"), and Rule 2014-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "*Local Rules*"), and to compensate Gibson

Dunn pursuant to section 330 of the Bankruptcy Code. In support of this Application, the Debtors submit the Declaration of Michael A. Rosenthal (the "***Rosenthal Declaration***"), a copy of which is attached hereto as ***Exhibit B*** and incorporated by reference herein. In further support of this Application, the Debtors respectfully represent:

BACKGROUND

1. On March 19, 2012 (the "***Petition Date***"), each of the Debtors commenced cases (the "***Chapter 11 Cases***") under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or an examiner in these Chapter 11 Cases. No official committee has yet been appointed by the Office of the United States Trustee.

2. Founded in 1996, Arcapita is a leading global manager of Shari'ah-compliant alternative investments and operates as an investment bank. Arcapita is not a domestic bank licensed in the United States, nor does it have a branch or agency in the United States as defined in section 109(b)(3)(B) of the Bankruptcy Code. Arcapita is headquartered in Bahrain and is regulated under an Islamic wholesale banking license issued by the Central Bank of Bahrain. In addition to its Bahrain headquarters, the Arcapita Group, together with the other Debtors and their non-Debtor Subsidiaries, has offices in Atlanta, London, Hong Kong, and Singapore in addition to its Bahrain headquarters. The Arcapita Group's principal activities include investing for its own accounts and providing investment opportunities to third-party investors in conformity with Islamic Shari'ah rules and principles. The Arcapita Group also derives revenue from managing assets for its third party investors.

3. The Arcapita Group has approximately \$7 billion in assets currently under management. As of the Petition Date, on a consolidated basis, the Arcapita Group owns assets valued at approximately \$3.06 billion² and has liabilities of approximately \$2.55 billion. Approximately \$1.1 billion of the Debtors' prepetition liabilities are comprised of that certain murabaha, Shari'ah-compliant syndicated facility, issued on March 28, 2007, and maturing on March 28, 2012.³

JURISDICTION AND VENUE

4. The Court has jurisdiction to consider this Application 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 pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

5. By this Application, the Debtors seek entry of an order authorizing them, effective as of the Petition Date, to employ Gibson Dunn as the Debtors' general bankruptcy and restructuring counsel in the Chapter 11 Cases pursuant to section 327 of the Bankruptcy Code, Bankruptcy Rule 2014(a), and Local Rule 2014-1, and to compensate Gibson Dunn pursuant to section 330 of the Bankruptcy Code upon the terms and conditions described in the Engagement Letter (defined below).

² This includes Arcapita's beneficial interest in assets under management.

³ A description of the Debtors' business and the reasons for filing 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] (the "*Thompson Declaration*").

QUALIFICATIONS OF GIBSON DUNN

6. Gibson Dunn is an international law firm with over 1,000 attorneys in seventeen (17) offices in major cities throughout the United States, Europe, the Middle East, Asia, and South America. The firm maintains offices in New York City, Los Angeles, Orange County, San Francisco, Palo Alto, Dallas, Denver, and Washington, D.C., as well as in London, Paris, Munich, Brussels, Dubai, Sao Paulo, Singapore, and Hong Kong. Gibson Dunn has extensive expertise and experience in virtually all aspects of the law that may arise in these Chapter 11 Cases. In particular, Gibson Dunn has substantial bankruptcy and restructuring, corporate, employee benefits, environmental, finance, intellectual property, labor and employment, litigation, real estate, securities, and tax expertise.

7. The numerous attorneys practicing in Gibson Dunn's international Business Restructuring and Reorganization Practice Group have played significant roles in many large and complex cases under the Bankruptcy Code, including without limitation, representing the debtors in the chapter 11 cases of TBS Shipping Services, Inc., Almatix B.V., Building Materials Holding Corporation, Fleetwood Enterprises, Inc., Scotia Pacific Company LLC, Hoop Holding LLC, The FINOVA Group Inc., FLAG Telecom Holdings Limited, American Pad and Paper Company, House2Home, Inc., Convergent Communications, Inc., Medscape, Inc., Microage, Inc., Money's Foods, CollegeClub.com, Asbestos Claims Management Services, Financial News Network, First Republic Bank Corporation, Resorts International, Solutia, Inc., and Advanced Tissue Sciences, Inc.

8. Gibson Dunn helped to form Arcapita (under a different name) in or around 1996. For over 10 years, Gibson Dunn has served as general outside counsel to the Debtors. In its role as outside counsel to the Debtors, Gibson Dunn has become familiar with

virtually all aspects of the Debtors' business and legal affairs. On March 12, 2012, Henry A. Thompson, Executive Director and Head of Legal of Arcapita, executed an engagement letter with Gibson Dunn, a true and correct copy of which is attached to the Rosenthal Declaration as *Exhibit 1* (together with the Terms of Retention attached thereto, the "*Engagement Letter*," and the date of such execution, the "*Retention Date*"), concerning restructuring and other services to be provided to the Debtors by Gibson Dunn. Since the Retention Date, Gibson Dunn has continued to provide the Debtors with a wide array of legal services in connection with their business affairs and their restructuring and reorganization efforts, including assistance with prepetition restructuring negotiations with the Debtors' various stakeholders. Gibson Dunn's professionals have worked closely with the Debtors' management and other professionals with regard to these matters and, given both past representations and recent work, Gibson Dunn is well-acquainted with the Debtors' corporate history, debt structure, and business operations. As a result, Gibson Dunn has developed relevant experience and expertise regarding the Debtors that will assist it in providing effective and efficient services in the Chapter 11 Cases.

SERVICES TO BE PROVIDED

9. The Debtors seek to employ Gibson Dunn on an hourly basis to act as the Debtors' general bankruptcy and restructuring counsel in the Chapter 11 Cases and in any and all matters that arise with respect thereto or to the Debtors. In particular, the Debtors anticipate that Gibson Dunn will render, among others, the following professional services:

- (a) advise the Debtors of their rights, powers, and duties as debtors in possession under chapter 11 of the Bankruptcy Code;
- (b) prepare, on behalf of the Debtors, all necessary and appropriate applications, motions, proposed orders, other pleadings, notices, schedules, and other documents; and review all financial and other reports to be filed in the Chapter 11 Cases;

- (c) advise the Debtors concerning, and prepare responses to, applications, motions, other pleadings, notices, and other papers that may be filed and served in the Chapter 11 Cases;
- (d) advise the Debtors with respect to, and assist in the negotiation and documentation of, financing agreements and related transactions;
- (e) review the nature and validity of any liens asserted against the Debtors' property and advise the Debtors concerning the enforceability of such liens;
- (f) advise the Debtors regarding their ability to initiate actions to collect and recover property for the benefit of their estates;
- (g) counsel the Debtors in connection with the formulation, negotiation, and promulgation of a plan of reorganization and related documents;
- (h) advise and assist the Debtors in connection with any potential property dispositions;
- (i) advise the Debtors concerning executory contract and unexpired lease assumptions, assignments, and rejections as well as lease restructurings and recharacterizations;
- (j) assist the Debtors in reviewing, estimating, and resolving claims asserted against the Debtors' estates;
- (k) commence and conduct any and all litigation necessary or appropriate to assert rights held by the Debtors, protect assets of the Debtors' chapter 11 estates, or otherwise further the goal of completing the Debtors' successful reorganization;
- (l) provide corporate, employee benefit, environmental, litigation, tax, and other general nonbankruptcy services to the Debtors to the extent requested by the Debtors and agreed to by Gibson Dunn; and
- (m) perform all other necessary or appropriate legal services in connection with the Chapter 11 Cases for or on behalf of the Debtors as requested by the Debtors and agreed to by Gibson Dunn.

10. The Debtors require knowledgeable counsel to provide these essential professional services. Gibson Dunn has stated its desire and willingness to act in the Chapter 11 Cases and provide the necessary services as attorneys for the Debtors. As noted above, Gibson Dunn has substantial expertise in all of these areas, and has gained valuable knowledge of the Debtors' business and financial affairs as a result of its prepetition representation of the Debtors. For all of these reasons, the Debtors believe that Gibson Dunn is both well qualified and uniquely able to represent the Debtors' interests in the Chapter 11 Cases.

PREPETITION PAYMENTS TO GIBSON DUNN

11. As reflected above, since March 12, 2012, the Debtors have employed Gibson Dunn, as restructuring counsel, under the terms and conditions of the Engagement Letter. Given the Debtors' financial difficulties since execution of the Engagement Letter, the vast majority, but certainly not all, of the services provided by Gibson Dunn to the Debtors since execution, and pursuant to the terms, of the Engagement Letter have related either to the Debtors' prepetition reorganization and restructuring efforts or planning for the possibility of these Chapter 11 Cases.

12. Prior to the Petition Date, Gibson Dunn held an advance payment from the Debtors in the amount of approximately \$1,000,000 (the "*Advance Payment*"). Pursuant to the Engagement Letter, the Advance Payment was allocated as follows: (1) \$800,000 from Arcapita; (2) \$100,000 from Arcapita Investment Holdings Limited ("*AIHL*"); and (3) \$100,000 from Arcapita LT Holdings Limited ("*Arcapita LT*"). Before receipt of the Advance Payment, the Debtors compensated Gibson Dunn on a current basis upon presentation of invoices detailing the fees and expenses incurred on the Debtors' behalf. Prepetition payments were generally remitted by Arcapita and Arcapita, Inc., but were occasionally remitted by other Arcapita subsidiaries, including AIHL and Arcapita LT. The Advance Payment was held by Gibson Dunn to ensure payment by the Debtors.

13. Immediately prior to the Petition Date, Gibson Dunn applied the Advance Payment to fund the chapter 11 filing fees required to commence the Chapter 11 Cases and to pay all then accrued and anticipated, unpaid fees for services performed and expenses incurred through March 18, 2012. This amount included actual fees and expenses that had been incurred and recorded on Gibson Dunn's billing system as well as an estimate of fees and expenses (the "*Estimated Fees*") that were anticipated to be incurred through such date, but had not yet been

recorded on Gibson Dunn's billing system. As a result of application of the Advance Payment, all fees and expenses due to Gibson Dunn for the period prior to the Petition Date were paid in full and Gibson Dunn held no prepetition claims against the Debtors.⁴ As of the Petition Date, Gibson Dunn holds no (or, to the extent applicable, has agreed to waive any) prepetition claim against the Debtors. In the 12 months prior to the filing of the Chapter 11 Cases, Gibson Dunn submitted bills to the Debtors in the aggregate amount of \$1,425,881.03, and received payments from the Debtors in the aggregate amount of \$1,648,199.40 (which amount included payment for bills that were submitted to the Debtors prior to March 19, 2011), for professional services rendered and expenses incurred. In addition, as set forth in footnote 4, Gibson Dunn will, to the extent that the Estimated Fees exceed actual fees and expenses, apply such excess to the fees and expenses incurred after the Petition Date, as and when such fees and expenses are approved by this Court. As of March 19, 2012, the Debtors had an on-account balance of \$118,878.07 ("*Advance Payment Balance*"). This Advance Payment Balance will be held by Gibson Dunn as security for post-petition services and expenses and drawn down during the case as and when such post-petition fees and expenses are approved by this Court.

⁴ To the extent that the Estimated Fees exceed the actual fees and expenses incurred prior to the Petition Date, Gibson Dunn will apply such amounts to fees and expenses incurred after the Petition Date as and when such fees and expenses are approved by this Court. To the extent that Estimated Fees are less than the actual fees and expenses incurred prior to the Petition Date, Gibson Dunn will waive the right to be paid for such amounts. The reconciliation of fees will be completed promptly, and to the extent that the reconciliation indicates that the Estimated Fees exceed the actual fees and expenses, such amounts will be held on-account until the amounts can be applied to Gibson Dunn's fees and expenses that are approved by this Court.

**GIBSON DUNN'S FEES FOR SERVICES TO BE RENDERED
IN CONNECTION WITH THE CHAPTER 11 CASES**

14. Except as described in this paragraph, pursuant to the terms and conditions of the Engagement Letter⁵ and subject to the Court's approval, as set forth in the Rosenthal Declaration, Gibson Dunn intends to (a) charge for its legal services on an hourly basis in accordance with its ordinary and customary hourly rates in effect on the date services are rendered, and (b) seek reimbursement of actual and necessary out-of-pocket expenses. A list of the professionals currently expected to provide services to the Debtors and the current hourly rates for these professionals for 2012 is attached to the Rosenthal Declaration as *Schedule 1*. Other attorneys may also provide services to the Debtors as well, depending on the legal issues facing the Debtors. Pursuant to the Engagement Letter, Gibson Dunn's hourly rates may change from time to time in accordance with Gibson Dunn's established billing practices and procedures. Gibson Dunn will maintain detailed, contemporaneous records of time spent, as well as any actual and necessary expenses incurred, in connection with the rendering of the legal services described above by category and nature of the services rendered. Notwithstanding the foregoing, Gibson Dunn acknowledges that in connection with the normal bankruptcy fee approval process, Gibson Dunn may voluntarily, or may be required to, reduce its fees and expenses for a variety of reasons including but not limited to billing inefficiencies, duplicative services, and/or time entry discrepancies.

15. As set forth in the Rosenthal Declaration, Gibson Dunn intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with the

⁵ The Engagement Letter contains an indemnification provision whereby the Debtors agreed to indemnify Gibson Dunn for any liability arising in connection with Gibson Dunn's representation of the Debtors. As set forth in the Rosenthal Declaration, Gibson Dunn has agreed to waive this provision of the Engagement Letter.

procedures set forth in the applicable provisions of section 330 of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, as those procedures may be modified or supplemented by order of this Court. Gibson Dunn will first apply any Advance Payment Balance toward post-petition fees and expenses, after such post-petition fees and expenses are approved pursuant to the first Order of the Court awarding fees and expenses to Gibson Dunn, and thereafter will bill the Debtors for any balance due, subject to approval by the Court. Gibson Dunn has agreed not to share with any person or firm the compensation to be paid for professional services rendered in connection with the Chapter 11 Cases, other than as permitted pursuant to section 504 of the Bankruptcy Code.

GIBSON DUNN'S DISINTERESTEDNESS

16. To the best of the Debtors' knowledge, information, and belief, other than in connection with the Chapter 11 Cases, Gibson Dunn has no connection with the Debtors; Gibson Dunn does not represent, and has not represented, any entity other than the Debtors in matters related to the Chapter 11 Cases; Gibson Dunn does not have any connection with, and has not represented in the past, the United States Trustee for the Southern District of New York, or any person employed by the Office of the United States Trustee for the Southern District of New York; and Gibson Dunn does not have any connection with the Debtors' creditors, any other party in interest, or their respective attorneys and accountants, except as set forth below:

- (a) Prior to the Petition Date, Gibson Dunn performed certain legal services for the Debtors, as described above. Except for the possibility of de minimis amounts discussed in footnote 4 above, the Debtors do not owe Gibson Dunn any amount for services performed or expenses incurred prior to the Petition Date (and, as discussed in footnote 4 above, Gibson Dunn intends to waive the right to be paid for any amount by which actual fees and expenses exceed the Estimated Fees);
- (b) Gibson Dunn has approximately 1,000 attorneys and many other employees. It is possible that certain Gibson Dunn attorneys or employees hold interests in mutual funds or other investment vehicles that may own Debtors' securities;

- (c) From time to time, Gibson Dunn has referred matters to most or all of the Debtors' professionals to be retained in the Chapter 11 Cases. Likewise, certain of the Debtors' professionals have referred matters to Gibson Dunn; and
- (d) From time to time, Gibson Dunn likely has represented, and likely will continue to represent, certain creditors of the Debtors and other parties actually or potentially adverse to the Debtors in matters unrelated to the Chapter 11 Cases. As described below, Gibson Dunn has undertaken a detailed search to determine whether it represents or has represented any significant creditors, equity security holders, insiders or other parties in interest in such unrelated matters, and all such known representations within the last three years are described in Schedule 2, attached to the Rosenthal Declaration. Due to the breadth of Gibson Dunn's client base, the firm is not subject to undue influence of any single client.

17. To check and clear conflicts, and in preparing the Rosenthal Declaration, Gibson Dunn used a set of procedures that it has developed to ensure compliance with the requirements of the Bankruptcy Code and the Bankruptcy Rules regarding the retention of professionals in chapter 11 cases. As set forth in the Rosenthal Declaration, pursuant to these procedures, Gibson Dunn performed the following actions to determine whether Gibson Dunn or any of its attorneys has any connections with, has in the past represented, or is currently representing potential parties in interest in the Chapter 11 cases:

- (a) A list of interested parties (the "***Interested Parties***") was created using information provided by the Debtors and additional information identified by Gibson Dunn. The list of Interested Parties is comprised of the following entities, whose identities are set forth in Schedule 3, attached to the Rosenthal Declaration:
 - (i) the Debtor entities and their non-debtor subsidiaries;
 - (ii) the Debtors' prepetition and post-petition secured bank lenders, advisors and counsel;
 - (iii) holders of more than 5% of the Debtors' equity securities;
 - (iv) current officers and directors, board members of the Debtors and individuals who have served as officers or directors of the Debtors in the past two years;
 - (v) the Debtors' 50 largest unsecured creditors on a consolidated basis as identified in their chapter 11 petitions;
 - (vi) the Debtors' utility providers;
 - (vii) the Debtors' insurers and insurance brokers;

- (viii) banks where the Debtors hold accounts;
 - (ix) the Debtors' 50 largest customers;⁶
 - (x) the Debtors' 50 largest vendors;
 - (xi) parties relating to significant litigation involving the Debtors;
 - (xii) parties to executory contracts with the Debtors;
 - (xiii) the Debtors' ordinary course professionals and professionals that may be employed in the Chapter 11 Cases; and
 - (xiv) other significant parties in interest.
- (b) Gibson Dunn compared each of the Interested Parties to the names that Gibson Dunn maintains in its master client database created from its conflict clearance and billing records. Gibson Dunn's client database includes: (i) the name of each current or former client; (ii) the names of any entities materially related to, or materially adverse to, such current or former client; (iii) the names of the Gibson Dunn attorneys responsible for such current or former clients; (iv) the status of the matter as either "active" or "inactive"; and (v) the dates on which the matter was opened and/or closed; and
- (c) Any matches between the Interested Parties and the entities in Gibson Dunn's client database were identified, reviewed by an attorney and compiled for purposes of the Rosenthal Declaration. To the extent that Gibson Dunn currently represents, or has represented within the last three years, any of the Interested Parties, the identities of such entities and, for current clients, a brief description of the type of work performed by Gibson Dunn for the clients, are set forth in Schedule 2, attached to the Rosenthal Declaration. In determining whether a client is presently represented by Gibson Dunn, Gibson Dunn attorneys relied on the existence of an "active" notation on the report to reflect current representation. With respect to matters showing as "inactive," Gibson Dunn relied on the "close date" to determine whether the representation occurred within the past three years. If an "inactive" matter opened prior to March 19, 2009 showed no "close date", Gibson Dunn assumed for purposes of this disclosure that the matter was inactive during the past three years and did not include the client on Schedule 2, attached to the Rosenthal Declaration. If an "inactive" matter was opened on or after March 19, 2009 but showed no "close date," the client is included on Schedule 2, attached to the Rosenthal Declaration.

⁶ The Debtors intend to file a motion pursuant to section 107 of the Bankruptcy Code to seal the identities of the 50 largest customers, because such information is proprietary commercial information which could be used by potential competitors to the detriment of the Debtors' businesses.

18. As a supplement to the disclosure of Gibson Dunn's connections with the Interested Parties set forth in Schedule 2, attached to the Rosenthal Declaration, and without limiting such disclosure, Gibson Dunn represents, formerly has represented and in the future likely will represent Standard Chartered Bank, Bank of America, ING, Credit Suisse, Deutsche Bank, Goldman, Sachs & Company, and The Royal Bank of Scotland, or their respective affiliates, each of whom are among the Debtors' significant creditors, in matters wholly unrelated to the Chapter 11 Cases. Services provided to Standard Chartered Bank, Bank of America, ING, Credit Suisse, Deutsche Bank, Goldman, Sachs & Company, and The Royal Bank of Scotland, or their respective affiliates, do not individually represent a material percentage of Gibson Dunn's revenue for the twelve-month period ending on March 18, 2012. To be clear, Gibson Dunn does not and will not represent any of these parties in connection with the Chapter 11 Cases.

19. Gibson Dunn is confident that its diligence has resulted, to the greatest extent possible, in the disclosure of all potential conflicts. However, despite the efforts described above to identify and disclose Gibson Dunn's connections with parties in interest in the Chapter 11 Cases, as set forth in the Rosenthal Declaration, Gibson Dunn is unable to state with absolute certainty that every client representation or other connection has been disclosed because Gibson Dunn is an international law firm with over 1,000 attorneys in seventeen (17) offices. In this regard, if Gibson Dunn discovers additional information that requires disclosure, Gibson Dunn will file a supplemental disclosure with the Court. Additionally, to the extent that issues may arise which would cause the Debtors to be adverse to any of Gibson Dunn's clients, Gibson Dunn will obtain and disclose waivers or, to the extent that it would not be appropriate for

Gibson Dunn to represent the Debtors with respect to such matters, the Debtors will seek to employ special counsel.

20. Based upon the foregoing, to the best of the Debtors' knowledge, information, and belief, Gibson Dunn represents no interest adverse to the Debtors or their estates. Accordingly, the Debtors believe that Gibson Dunn is a "disinterested person" pursuant to sections 101(14) and 1107 of the Bankruptcy Code and as required by section 327(a) of the Bankruptcy Code.

DISCLOSURE OF INTERCOMPANY CLAIMS

21. Given the intertwined nature of the Debtors' businesses and the Debtors' corporate structure, intercompany claims exist between certain of the various Debtors. The Debtors do not anticipate any dispute between the individual Debtors regarding intercompany claims. However, in the event a dispute arises between the Debtors regarding intercompany claims, the Debtors will retain special counsel to handle the dispute on behalf of the applicable Debtors.

22. It is well established that intercompany claims are not sufficient in and of themselves to preclude joint representation by a single professional. Courts have repeatedly held that there is no *per se* rule against representation of multiple entities that may have claims against each other. *See In re BH & P, Inc.*, 949 F.2d 1300, 1315 (3d Cir. 1991) (holding that courts must take a "flexible" approach in considering employment of professionals and that "the existence of interdebtor claims is . . . no longer an automatic ground for disqualification of counsel . . ."); *In re Int'l Oil Co.*, 427 E.2d 186, 187 (2d Cir. 1970) (existence of intercompany claims was not "sufficient to saddle . . . estates [of four affiliated corporations] with the expense of separate [counsel]"); *In re Wheatfield Business Park LLC*, 286 B.R. 412, 423 (Bankr. C.D. Cal. 2002)

(“[I]f a potential conflict of interest arises because of a transaction between two affiliated business entities that are both debtors in chapter 11 cases, the appointment of special counsel to deal with that transaction may be sufficient to permit a single attorney or law firm to represent the related entities as their general chapter 11 counsel.”); *In re Global Marine, Inc.*, 108 B.R. 998, 1004 (Bankr. S.D. Tex. 1989); *In re Star Broadcasting*, 81 B.R. 835, 844 (Bankr. D.N.J. 1988).

BASIS FOR RELIEF REQUESTED

23. Section 327(a) of the Bankruptcy Code provides that a debtor in possession may, with the court’s approval, employ professionals that do not hold or represent an interest adverse to the estate and that are “disinterested persons,” as defined by section 101(14) of the Bankruptcy Code, to represent or assist the debtor in possession in carrying out its duties under the Bankruptcy Code. *See* 11 U.S.C. §§ 101(14). Additionally, section 1107(b) of the Bankruptcy Code provides that a professional is not disqualified for employment by a chapter 11 debtor in possession under section 327(a) of the Bankruptcy Code solely because of its employment by or representation of the debtor before the commencement of the case. *See* 11 U.S.C. § 1107(b).

24. Gibson Dunn’s services will enable the Debtors to execute faithfully their duties as debtors in possession, and are necessary to the successful functioning of the Chapter 11 Cases. Based upon both its extensive experience and expertise, and its prior representation of the Debtors, Gibson Dunn is both well-qualified and uniquely able to represent the Debtors during the Chapter 11 Cases in an efficient, cost-effective, and timely manner. As stated above, the Debtors do not believe that Gibson Dunn holds or represents any interest adverse to the Debtors’ estates, and they believe that Gibson Dunn is a “disinterested person” under the Bankruptcy

Code. Accordingly, the Debtors submit that the retention of Gibson Dunn is in the best interests of the Debtors, their estates, and their creditors and should be approved by the Court.

NOTICE

25. No trustee, examiner, or official committee of unsecured creditors has been appointed in the Chapter 11 Cases. The Debtors have provided notice of filing of the Application by electronic mail, facsimile and/or overnight mail to: (i) the Office of the United States Trustee for the Southern District of New York (Attn: Richard Morrissey, Esq.), (ii) Kasowitz Benson Torres & Friedman LLP, 1633 Broadway, New York, New York 10019 (Attn: David Friedman, Esq. and David Mark, Esq.) as attorneys for Euroville, S.a.r.l., (iii) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Stephen Karotkin, Esq.), as attorneys for Midtown Acquisitions, LLC and (iv) all parties listed on the Master Service List established in these Chapter 11 Cases. A copy of the Application is also available on the website of the Debtors' notice and claims agent, GCG, Inc., at www.gcginc.com/cases/arcapita.

NO PRIOR REQUEST

26. No prior request for the relief sought in this Application has been made to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: Manama, Kingdom of Bahrain
April 3, 2012

ARCAPITA BANK B.S.C.(c)

/s/ Mohammed A. Muiz Chowdhury
By: Mohammed A. Muiz Chowdhury
Title: Executive Director

HEARING DATE AND TIME: April 17, 2012 at 11:00 a.m. (Eastern Time)

OBJECTION DEADLINE: April 10, 2012 at 12:00 p.m. (Eastern Time)

GIBSON, DUNN & CRUTCHER LLP

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Proposed 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 |
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| ARCAPITA BANK B.S.C.(c), et al., | : | Case No. 12-11076 (SHL) |
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| Debtors. | : | Jointly Administered |
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**NOTICE OF HEARING ON DEBTORS' APPLICATION FOR AN ORDER
APPROVING THE EMPLOYMENT AND RETENTION OF GIBSON, DUNN &
CRUTCHER LLP AS COUNSEL FOR THE DEBTORS IN POSSESSION *NUNC PRO
TUNC TO THE PETITION DATE***

PLEASE TAKE NOTICE that a hearing on the annexed *Application for an Order Approving the Employment and Retention of Gibson, Dunn & Crutcher LLP as Counsel for the Debtors In Possession Nunc Pro Tunc to the Petition Date*, dated April 2, 2012 (the "**Motion**") of Arcapita Bank B.S.C.(c) and certain of its subsidiaries and affiliates, as debtors and debtors in possession (collectively, the "**Debtors**") will be held before the Honorable Sean H. Lane, United States Bankruptcy Judge, in Room 701 of the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"), One Bowling Green, New York, New York, 10004, on **April 17, 2012 at 11:00 a.m. (Eastern Time)**, or as soon thereafter as counsel may be heard.

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Motion (the “**Objections**”) shall be filed electronically with the Court on the docket of *In re 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 Court¹ 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 (“PDF”), 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) proposed 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.); (iii) Kasowitz Benson Torres & Friedman LLP, 1633 Broadway, New York, New York 10019 (Attn: David Friedman, Esq., and David Mark, Esq.) as attorneys for Euroville, S.a.r.l.; and (iv) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Stephen Karotkin, Esq.), as attorneys for Midtown Acquisitions, LLC, so as to be received no later than **April 10, 2012 at 12:00 p.m. (Eastern Time)** (the “**Objection Deadline**”).

¹ See Order (A) Waiving the Requirement That Each Debtor File a List of Creditors and Equity Security Holders and Authorizing Maintenance of Consolidated List of Creditors in Lieu of a Matrix; (B) Authorizing Filing of a Consolidated List of Top 50 Unsecured Creditors; and (C) Approving Case Management Procedures [Docket No. 21].

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
April 2, 2012

/s/ Michael A. Rosenthal
Michael A. Rosenthal (MR-7006)
Janet M. Weiss (JW-5460)
Matthew K. Kelsey (MK-3137)
GIBSON, DUNN & CRUTCHER LLP
200 Park Avenue
New York, New York 10166-0193
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PROPOSED ATTORNEYS FOR THE DEBTORS
AND DEBTORS IN POSSESSION

EXHIBIT A
Proposed Order

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

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

**ORDER APPROVING THE EMPLOYMENT AND RETENTION OF
GIBSON, DUNN & CRUTCHER LLP AS COUNSEL FOR
DEBTORS IN POSSESSION *NUNC PRO TUNC* TO THE PETITION DATE**

Upon consideration of the application (the “*Application*”) of Arcapita Bank B.S.C.(c) (“*Arcapita*”) and certain of its subsidiaries, as debtors and debtors in possession (collectively, the “*Debtors*” and each, a “*Debtor*”), in the above-captioned chapter 11 cases (the “*Chapter 11 Cases*”), for an order pursuant to section 327(a) of title 11 of the United States Code (the “*Bankruptcy Code*”), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), and Rule 2014-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “*Local Rules*”) approving their employment and retention of Gibson, Dunn & Crutcher LLP (“*Gibson Dunn*”) as general bankruptcy and restructuring counsel, *nunc pro tunc* to the Petition Date for the Debtors in their Chapter 11 Cases;¹ upon the Declaration of Michael A. Rosenthal in support of the Application (the “*Rosenthal Declaration*”); and it appearing that this Court has jurisdiction to consider the Application; and it appearing that adequate notice has been given; and any objections to the Application having been overruled; and it appearing that Gibson Dunn does not hold or represent

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

an interest adverse to the Debtors' estates, and is a disinterested person under section 101(14) of the Bankruptcy Code; and the Court finding that the employment of Gibson Dunn is necessary and in the best interest of the Debtors and their estates and creditors; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED:

1. Subject to the provisions hereof, the Application is granted.
2. Pursuant to section 327(a) of the Bankruptcy Code and subject to the provisions hereof, the Debtors' employment of Gibson Dunn as their general bankruptcy and restructuring counsel *nunc pro tunc* to the Petition Date, in accordance with the terms and conditions of the Engagement Letter (including the attached Terms of Retention) is hereby approved.
3. Gibson Dunn shall file applications to be compensated in accordance with the terms of the Engagement Letter, the standards and procedures set forth in sections 330 and 331 of the Bankruptcy Code, all applicable Bankruptcy Rules, the Local Rules, any guidelines promulgated by the Office of the United States Trustee, and further orders of the Court.
4. Gibson Dunn shall apply any Advance Payment Balance as a credit toward post-petition fees and expenses, after such post-petition fees and expenses are approved pursuant to the first Order of the Court awarding fees and expenses to Gibson Dunn. Any remaining balance due shall be paid by the Debtors upon the presentation of invoices by Gibson Dunn for fees and expenses incurred on the Debtors behalf, subject to approval by the Court.
5. Prior to any increases in Gibson Dunn's rates, as set forth in paragraph 14 of the Application, Gibson Dunn shall file a supplemental affidavit with the Court and provide ten business days' notice to the Debtors, the United States Trustee and any official committee. The supplemental affidavit shall explain the basis for the requested rate increases in accordance with

Section 330(a)(3)(F) of the Bankruptcy Code and state whether the Debtors have consented to the rate increase. The United States Trustee retains all rights to object to any rate increase on all grounds including, but not limited to, the reasonableness standard provided for in section 330 of the Bankruptcy Code, and the Court retains the right to review any rate increase pursuant to section 330 of the Bankruptcy Code.

6. Notwithstanding any terms of the Engagement Letter (including the attached Terms of Retention) to the contrary:

- (a) Gibson Dunn shall not be entitled to any late fees on unpaid fees and expenses due pursuant to the Engagement Letter;
- (b) The arbitration provisions of the Engagement Letter shall be subject to applicable bankruptcy law related to the application and enforcement of arbitration provisions; and
- (c) The Court shall have jurisdiction over any controversy arising from or related to the Application, the Engagement Letter, or Gibson Dunn's retention in the Chapter 11 Cases.

7. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

8. The Court shall retain jurisdiction with respect to all matters arising under or relating to the implementation and enforcement of this Order.

Dated: New York, New York
_____, 2012

THE HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE

Exhibit B
Rosenthal Declaration

**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

**DECLARATION OF MICHAEL A. ROSENTHAL
IN SUPPORT OF DEBTORS’ APPLICATION FOR AN ORDER APPROVING
THE EMPLOYMENT AND RETENTION OF GIBSON, DUNN & CRUTCHER LLP
AS COUNSEL FOR THE DEBTORS IN POSSESSION *NUNC PRO TUNC*
TO THE PETITION DATE, TOGETHER WITH DISCLOSURE OF
COMPENSATION PURSUANT BANKRUPTCY RULE 2016(b)**

I, Michael A. Rosenthal, declare and state as follows:

FOUNDATION

1. I am a partner in the law firm of Gibson, Dunn & Crutcher LLP (“*Gibson Dunn*”). I am admitted to practice before the courts of the State of New York, the State of Texas, the State of Illinois, the United States District Court for the Southern District of New York, the United States District Court for the Northern District of Texas and the United States District Court for the Southern District of Texas. I submit this Declaration, pursuant to sections 327(a) and 329 of title 11 of the United States Code (the “*Bankruptcy Code*”), Rules 2014 and 2016(b) of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), and Rule 2014-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “*Local Rules*”), in support of the Debtors’ Application for an Order Approving the Employment and Retention of Gibson, Dunn & Crutcher LLP as Counsel for Debtors in

Possession *Nunc Pro Tunc* to the Petition Date (the “*Application*”). Unless otherwise stated in this Declaration, I have personal knowledge of the facts set forth herein.¹

THE DEBTORS’ RETENTION OF GIBSON DUNN

A. Qualifications of Gibson Dunn

2. Gibson Dunn is an international law firm with over 1,000 attorneys. The firm maintains offices in New York City, Los Angeles, Orange County, San Francisco, Palo Alto, Dallas, Denver, and Washington, D.C., as well as in London, Paris, Munich, Brussels, Dubai, Sao Paulo, Singapore, and Hong Kong. Gibson Dunn has extensive expertise and experience in virtually all aspects of the law that may arise in the above-captioned chapter 11 cases (the “*Chapter 11 Cases*”). In particular, Gibson Dunn has substantial bankruptcy and restructuring, corporate, employee benefits, environmental, finance, intellectual property, labor and employment, litigation, real estate, securities and tax expertise.

3. The numerous attorneys practicing in Gibson Dunn’s international Business Restructuring and Reorganization Practice Group have played significant roles in many large and complex cases under the Bankruptcy Code, including without limitation, representing the debtors in the chapter 11 cases of TBS Shipping Services, Inc., Almatix B.V., Building Materials Holding Corporation, Scotia Pacific Company LLC, Hoop Holdings LLC, Fleetwood Enterprises, Inc., the FINOVA Group Inc., FLAG Telecom Holdings Limited, American Pad and Paper Company, House2Home, Inc., Convergent Communications, Inc., Medscape, Inc., Microage, Inc., Money’s Foods, CollegeClub.com, Asbestos Claims Management Services,

¹ Capitalized terms used but not defined herein shall have the meanings set forth in the Application.

Zales, Financial News Network, First Republic Bank Corporation, Resorts International, Solutia, Inc., and Advanced Tissue Sciences, Inc.

4. Gibson Dunn helped to form Arcapita (under a different name) in or around 1996. For over 10 years, Gibson Dunn has served as general outside counsel to the Debtors. In its role as outside counsel to the Debtors, Gibson Dunn has become familiar with virtually all aspects of the Debtors' business and legal affairs. On March 12, 2012, Henry A. Thompson, Executive Director and Head of Legal of Arcapita, executed an engagement letter with Gibson Dunn, a true and correct copy of which is attached hereto as *Exhibit 1* (together with the Terms of Retention attached thereto, the "*Engagement Letter*," and the date of such execution, the "*Retention Date*"), concerning restructuring and other services to be provided to the Debtors by Gibson Dunn. As set forth in the Application, since the Retention Date, I, and others at Gibson Dunn, have continued to provide the Debtors with a wide array of legal services in connection with their business affairs and their restructuring and reorganization effort. I and other Gibson Dunn professionals have worked closely with the Debtors' management and other professionals with regard to these matters and, given both past representations and recent work, we are well-acquainted with the Debtors' corporate history, debt structure, and business operations. As a result, I and other Gibson Dunn professionals have developed relevant experience and expertise regarding the Debtors that will assist us in providing effective and efficient services in these Chapter 11 Cases.

B. Scope of Services to be Provided

5. The Debtors seek to employ Gibson Dunn on an hourly basis to act as the Debtors' general bankruptcy and restructuring counsel in the Chapter 11 Cases and in any and all matters that arise with respect thereto or to the Debtors. As set forth more fully in the Application, these professional services include, but are not limited to (a) advising the Debtors of

their rights, powers, and duties as debtors in possession under chapter 11 of the Bankruptcy Code; (b) preparing, on behalf of the Debtors, all necessary and appropriate applications, motions, proposed orders, other pleadings, notices, schedules, and other documents, and reviewing all financial and other reports to be filed in the Chapter 11 Cases; and (c) counseling the Debtors in connection with the formulation, negotiation, and promulgation of a plan of reorganization and related documents.

C. Prepetition Payments to Gibson Dunn

6. As reflected above, since March 12, 2012, the Debtors have employed Gibson Dunn as restructuring counsel under the terms and conditions of the Engagement Letter. Given the Debtors' financial difficulties since execution of the Engagement Letter, the vast majority, but certainly not all, of the services provided by Gibson Dunn to the Debtors since execution, and pursuant to the terms, of the Engagement Letter have related either to the Debtors' prepetition reorganization and restructuring efforts or to planning for these Chapter 11 Cases.

7. Prior to the Petition Date, Gibson Dunn held an advance payment from the Debtors in the amount of approximately \$1,000,000 (the "***Advance Payment***"). Pursuant to the Engagement Letter, the Advance Payment was allocated as follows: (1) \$800,000 from Arcapita; (2) \$100,000 from Arcapita Investment Holdings Limited ("***AIHL***"); and (3) \$100,000 from Arcapita LT Holdings Limited ("***Arcapita LT***"). Before receipt of the Advance Payment, the Debtors compensated Gibson Dunn on a current basis upon presentation of invoices detailing the fees and expenses incurred on the Debtors' behalf. Prepetition payments were generally remitted by Arcapita and Arcapita, Inc., but were occasionally remitted by other Arcapita subsidiaries, including AIHL and Arcapita LT. The Advance Payment was held by Gibson Dunn to ensure payment by the Debtors.

8. Immediately prior to the Petition Date, Gibson Dunn applied the Advance Payment to fund the chapter 11 filing fees required to commence the Chapter 11 Cases and to pay all then accrued and anticipated unpaid fees for services performed and expenses incurred through March 18, 2012. This amount included actual fees and expenses that had been incurred and recorded on Gibson Dunn's billing system as well as an estimate of fees and expenses (the "*Estimated Fees*") that were anticipated to be incurred through such date, but had not yet been recorded on Gibson Dunn's billing system. As a result of application of the Advance Payment, all fees and expenses due to Gibson Dunn for the period prior to the Petition Date were paid in full and Gibson Dunn held no prepetition claims against the Debtors.² As of the Petition Date, Gibson Dunn holds no (or, to the extent applicable, agrees to waive any) prepetition claim against the Debtors. In the 12 months prior to the filing of the Chapter 11 Cases, Gibson Dunn submitted bills to the Debtors in the aggregate amount of \$1,425,881.03, and received payments from the Debtors in the aggregate amount of \$1,648,199.40 (which amount included payment for bills that were submitted to the Debtors prior to March 19, 2011), for professional services rendered and expenses incurred. As of March 19, 2012, the Debtors had an on-account balance of \$118,878.07 ("*Advance Payment Balance*"); in addition, as set forth in footnote 2, Gibson Dunn will, to the extent that the Estimated Fees exceed actual fees and expenses, increase the Advance Payment Balance accordingly. This Advance Payment Balance will be held by Gibson

² To the extent that the Estimated Fees exceed the actual fees and expenses incurred prior to the Petition Date, Gibson Dunn will apply such amounts to fees and expenses incurred after the Petition Date as and when such fees and expenses are approved by this Court. To the extent that Estimated Fees are less than the actual fees and expenses incurred prior to the Petition Date, Gibson Dunn will waive the right to be paid for such amounts. The reconciliation of fees will be completed promptly, and to the extent that the reconciliation indicates that the Estimated Fees exceed the actual fees and expenses, such amounts will be held on-account until the amounts can be applied to Gibson Dunn's fees and expenses that are approved by this Court.

Dunn as security for post-petition services and expenses and drawn down during the case as and when such post-petition fees and expenses are approved by this Court.

D. Payment of Gibson Dunn's Fees and Expenses

9. Except as described in this paragraph, pursuant to the terms and conditions of the Engagement Letter³ and subject to the Court's approval, Gibson Dunn intends to (a) charge for its legal services on an hourly basis in accordance with its ordinary and customary hourly rates in effect on the date services are rendered, and (b) seek reimbursement of actual and necessary out-of-pocket expenses. Pursuant to the Engagement Letter, Gibson Dunn's hourly rates may change from time to time in accordance with Gibson Dunn's established billing practices and procedures.⁴ Gibson Dunn will maintain detailed, contemporaneous records of time spent, as well as any actual and necessary expenses incurred, in connection with the rendering of the legal services described above by category and nature of the services rendered. Notwithstanding the foregoing, Gibson Dunn acknowledges that in connection with the normal bankruptcy fee approval process, Gibson Dunn may voluntarily, or may be required to, reduce its fees and expenses for a variety of reasons including but not limited to billing inefficiencies, duplicative services, and/or time entry discrepancies.

10. Gibson Dunn intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with the procedures set forth in the applicable

³ The Engagement Letter contains an indemnification provision whereby the Debtors agreed to indemnify Gibson Dunn for any liability arising in connection with Gibson Dunn's representation of the Debtors. Gibson Dunn has agreed to waive this provision of the Engagement Letter.

⁴ The hourly rates charged by Gibson Dunn professionals differ based on, among other things, the professional's level of experience. The names, positions, and current hourly rates in USD, as of the Petition Date, of the Gibson Dunn lawyers currently expected to have primary responsibility for providing services to the Debtors are listed in *Schedule 1*, which is attached hereto. Other attorneys may provide services as well, depending on the legal issues facing the Debtors.

provisions of sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, as those procedures may be modified or supplemented by order of this Court. Gibson Dunn will first apply any Advance Payment Balance toward post-petition fees and expenses, after such post-petition fees and expenses are approved pursuant to the first Order of the Court awarding fees and expenses to Gibson Dunn, and thereafter will bill the Debtors for any balance due, subject to approval by the Court. Gibson Dunn has agreed not to share with any person or firm the compensation to be paid for professional services rendered in connection with the Chapter 11 Cases, other than as permitted pursuant to section 504 of the Bankruptcy Code.

E. Gibson Dunn's Disinterestedness

11. To the best of my knowledge, information, and belief, insofar as I have been able to ascertain after reasonable inquiry, neither I, nor Gibson Dunn, nor any partner or associate thereof, has any connection with the Debtors; Gibson Dunn does not represent, and has not represented, any entity other than the Debtors in matters related to these Chapter 11 Cases; Gibson Dunn does not have any connection with, and has not represented in the past, the United States Trustee for the Southern District of New York, or any person employed by the Office of the United States Trustee for the Southern District of New York; and Gibson Dunn does not have any connection with the Debtors' creditors, any other party in interest, or their respective attorneys and accountants, except as set forth below:

- (a) Prior to the Petition Date, Gibson Dunn performed certain legal services for the Debtors, as described above. After Gibson Dunn's reconciliation of the Prepetition Payments and the completion of any necessary adjustments to the amount and application of the Advance Payment, as described above, the Debtors do not owe Gibson Dunn any amount for services performed or expenses incurred prior to the Petition Date (and, as discussed in footnote 2 above, Gibson Dunn intends to waive the right to be paid for any amount by which actual fees and expenses exceed the Estimated Fees);

- (b) Gibson Dunn has approximately 1,000 attorneys and many other employees. It is possible that certain Gibson Dunn attorneys or employees hold interests in mutual funds or other investment vehicles that may own Debtors' securities;
- (c) From time to time, Gibson Dunn has referred matters to most or all of the Debtors' professionals to be retained in these Chapter 11 Cases. Likewise, certain of the Debtors' professionals have referred matters to Gibson Dunn; and
- (d) From time to time, Gibson Dunn likely has represented, and likely will continue to represent, certain creditors of the Debtors and other parties actually or potentially adverse to the Debtors in matters unrelated to these Chapter 11 Cases. As described below, Gibson Dunn has undertaken a detailed search to determine whether it represents or has represented any significant creditors, equity security holders, insiders or other parties in interest in such unrelated matters, and all such known representations within the last three years are described in *Schedule 2*, which is attached hereto. Due to the breadth of Gibson Dunn's client base, the firm is not subject to undue influence of any single client.

12. To check and clear conflicts, and in preparing this Declaration, Gibson Dunn used a set of procedures that it has developed to ensure compliance with the requirements of the Bankruptcy Code and the Bankruptcy Rules regarding the retention of professionals in chapter 11 cases. Pursuant to these procedures, at my direction during the week of March 22, 2012, Gibson Dunn performed the following actions to determine whether Gibson Dunn or any of its attorneys has any connections with, has in the past represented, or is currently representing potential parties in interest in the Chapter 11 cases:

- (a) A list of Interested Parties was created using information provided by the Debtors and additional information identified by Gibson Dunn. The list of Interested Parties is comprised of the following entities, whose identities are set forth in *Schedule 3*, which is attached hereto:
 - (i) the Debtor entities and their non-debtor subsidiaries;
 - (ii) the Debtors' prepetition and postpetition secured bank lenders, advisors and counsel;
 - (iii) holders of more than 5% of the Debtors' equity securities;
 - (iv) current officers and directors, board members of the Debtors and individuals who have served as officers or directors of the Debtors in the past two years;

- (v) the Debtors' 50 largest unsecured creditors on a consolidated basis as identified in their chapter 11 petitions;
 - (vi) the Debtors' utility providers;
 - (vii) the Debtors' insurers and insurance brokers;
 - (viii) banks where the Debtors hold accounts;
 - (ix) the Debtors' 50 largest customers;⁵
 - (x) the Debtors' 50 largest vendors;
 - (xi) parties relating to significant litigation involving the Debtors;
 - (xii) parties to executory contracts with the Debtors;
 - (xiii) the Debtors' ordinary course professionals and professionals that may be employed in the Chapter 11 Cases; and
 - (xiv) other significant parties in interest.
- (b) Gibson Dunn compared each of the Interested Parties to the names that Gibson Dunn maintains in its master client database created from its conflict clearance and billing records. Gibson Dunn's client database includes: (i) the name of each current or former client; (ii) the names of any entities materially related to, or materially adverse to, such current or former client; and (iii) the names of the Gibson Dunn attorneys responsible for such current or former clients; (iv) the status of the matter as either "active" or "inactive"; and (v) the dates on which the matter was opened and/or closed; and
- (c) Any matches between the Interested Parties and the entities in Gibson Dunn's client database were identified, reviewed by an attorney and compiled for purposes of this Declaration. To the extent that Gibson Dunn currently represents, or has represented within the last three years, any of the Interested Parties, the identities of such entities and, for current clients, a brief description of the type of work performed by Gibson Dunn for the clients, are set forth in Schedule 2, which is attached hereto. In determining whether a client is presently represented by Gibson Dunn, Gibson Dunn attorneys relied on the existence of an "active" notation on the report to reflect current representation. With respect to matters showing as "inactive", Gibson Dunn relied on the "close date" to determine whether the representation occurred within the past three years. If an "inactive" matter opened prior to March 19, 2009 showed no "close date," Gibson Dunn assumed for purposes of this disclosure that the matter was inactive during the past three years and did not include the client on Schedule 2. If an "inactive"

⁵ The Debtors intend to file a motion pursuant to section 107 of the Bankruptcy Code to seal the identities of the 50 largest customers, because such information is proprietary commercial information which could be used by potential competitors to the detriment of the Debtors' businesses.

matter was opened on or after March 19, 2009 but showed no “close date,” the client is included on Schedule 2.

13. As a supplement to the disclosure of Gibson Dunn’s connections with the Interested Parties set forth in Schedule 2, and without limiting such disclosure, Gibson Dunn represents, formerly has represented and in the future likely will represent Standard Chartered Bank, Bank of America, ING, Credit Suisse, Deutsche Bank, Goldman, Sachs & Company, and The Royal Bank of Scotland, or their respective affiliates, each of whom are among the Debtors’ significant creditors, in matters wholly unrelated to the Chapter 11 Cases. Services provided to Standard Chartered Bank, Bank of America, ING, Credit Suisse, Deutsche Bank, Goldman, Sachs & Company, and The Royal Bank of Scotland, or their respective affiliates, do not individually represent a material percentage of Gibson Dunn’s revenue for the twelve-month period ending on March 18, 2012. To be clear, Gibson Dunn does not and will not represent any of these parties in connection with the Chapter 11 Cases.

14. Gibson Dunn is confident that its diligence has resulted, to the greatest extent possible, in the disclosure of all potential conflicts. However, despite the efforts described above to identify and disclose Gibson Dunn’s connections with parties in interest in these cases, Gibson Dunn is unable to state with absolute certainty that every client representation or other connection has been disclosed because Gibson Dunn is an international law firm with over 1,000 attorneys in seventeen (17) offices. In this regard, if Gibson Dunn discovers additional information that requires disclosure, Gibson Dunn will file a supplemental disclosure with the Court. Additionally, to the extent that issues may arise which would cause the Debtors to be adverse to any of Gibson Dunn’s clients, Gibson Dunn will obtain and disclose waivers, or, to the extent that it would not be appropriate for Gibson Dunn to represent the Debtors with respect to such matters, the Debtors will seek to employ special counsel.

15. Based upon information available to me at this time, I believe that Gibson Dunn is a “disinterested person” pursuant to section 101(14) of the Bankruptcy Code, and that Gibson Dunn holds no interest adverse to the Debtors as required by section 327(a) of the Bankruptcy Code. Specifically, I do not believe that the connections between Gibson Dunn and the entities listed herein and in Schedule 2 will impair Gibson Dunn’s ability to represent the Debtors in these Chapter 11 Cases.

16. No promises have been received by Gibson Dunn or any member or associate thereof as to payment or compensation in connection with this case other than in accordance with the provisions of the Bankruptcy Code and the Bankruptcy Rules. Other than with members and regular associates of the firm, Gibson Dunn has no agreement with any other entity to share with such entity any compensation received by Gibson Dunn.

F. Intercompany Claims

17. Given the nature of the Debtors’ businesses and the Debtors’ corporate structure, Gibson Dunn has learned that intercompany claims exist between certain of the various Debtors. In the event a dispute arises between the Debtors regarding intercompany claims, the Debtors will retain special counsel to handle the dispute on behalf of the applicable Debtors.

18. The foregoing constitutes the statement of Gibson Dunn pursuant to sections 327(a), 329 and 504 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016(b).

Pursuant to 28 U.S.C. section 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed on April 3, 2012.

/s/ Michel A. Rosenthal
Michael A. Rosenthal

Exhibit 1

Engagement Letter

GIBSON DUNN

Gibson, Dunn & Crutcher LLP

200 Park Avenue
New York, NY 10166-0193
Tel 212.351.4000
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MRosenthal@gibsondunn.com

Client C 30561-00017

March 12, 2012

Henry A. Thompson, Esq.
Executive Director, Head of Legal
Arcapita Bank B.S.C.(c)
P.O. Box 1406
Manama
Bahrain

Re: *Representation of Arcapita Bank B.S.C(c) ("Arcapita Bank"), Arcapita Investment Holdings Limited ("AIHL"), Arcapita LT Holdings Ltd. ("AIHL Sub"), and All Other Direct and Indirect Wholly-Owned Subsidiaries of Arcapita Bank (collectively, "Arcapita" or "You")*

Dear Henry:

As you know, Gibson, Dunn & Crutcher LLP ("Gibson Dunn" or the "Firm") has had the privilege of representing Arcapita in various pending matters (the "Pending Matters"). Most recently, you have asked us to represent you in connection with planning and preparation with respect to the negotiation of a restructuring or refinancing of Arcapita's debt and the possible filing by Arcapita of a case under the Bankruptcy Code. The representation of Arcapita in any such case is referred to as the "Restructuring" and, together with the Pending Matters, as the "Current Representations". This letter and the attached Terms of Retention set forth the terms of our engagement in the Current Representations.

We will endeavor to keep you informed of the progress of your matters and respond to your inquiries. You acknowledge the need to provide us with accurate and complete information and the need to cooperate and keep us informed of any developments related to the Current Representations. Unless otherwise agreed in writing, the terms of this letter and the attached Terms of Retention will also apply to any additional matters that we handle on behalf of Arcapita, including any of its wholly-owned subsidiaries to which we also provide legal services, as to which you represent that you have the authority to bind such subsidiaries to the terms of this letter.

GIBSON DUNN

Henry A. Thompson, Esq.
March 12, 2012
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Fees and Billing

We will bill you for our services and reimbursable expenses in accordance with the provisions of the following paragraph. While our practice is to charge for our legal services based primarily on the amount of time devoted to a matter at hourly rates for the particular professionals involved, a variety of other factors, identified in the attached Terms of Retention, may also be considered. Janet Weiss and I will be primarily responsible for the representation of Arcapita in the Restructuring, although we intend to take maximum advantage of Jeff Trinklein's long-standing knowledge of, and institutional relationship with, Arcapita. The partners who have typically been responsible for the Pending Matters will continue to be responsible for those matters. Other attorneys and paralegals may also perform services during the course of this engagement. For more information, please refer to the section on Professional Fees in the Terms of Retention.

For services and reimbursable expenses incurred prior to the date of receipt of the Advance Payment (as defined below) in connection with the Pending Matters, you have agreed to pay us in accordance with the normal payment practices that have governed our relationship. For services and reimbursable expenses related to the Restructuring and, from and after the date of receipt of the Advance Payment, the Pending Matters, we will bill you and you will pay us in accordance with the Advance Deposit Arrangement (as defined below).

We will not charge Arcapita for certain ancillary services, such as word processing and standard secretarial time. We will invoice you for the cost of other services incurred on your behalf. Please refer to the section on Costs and Ancillary Services in the Terms of Retention for additional information.

Advance Deposit Arrangement

We have requested, and you have agreed to, an advance deposit arrangement for services and reimbursable expenses from and after the date of receipt of the Advance Payment (the "Advance Deposit Arrangement"). Pursuant to the Advance Deposit Arrangement, you have agreed to advance the sum of USD \$1,000,000 (the "Advance Payment"), which Advance Payment will be paid USD \$800,000 by Arcapita Bank, USD \$100,000 by AIHL and USD \$100,000 by AIHL Sub, to GD&C to ensure the payment by you of legal fees and expenses incurred in connection with GD&C's representation of you in the Restructuring. The Advance Payment will be placed on account and, from time to time, we will apply the Advance Payment against our fees and disbursements, which will be deemed to have been earned immediately upon such application. On or about the third business day of each month, GD&C will bill you for fees

GIBSON DUNN

Henry A. Thompson, Esq.
March 12, 2012
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and expenses incurred from the end of the last billing period through the end of the previous month, and will apply the Advance Payment to pay such outstanding fees and expenses. You agree that no later than thirty days after issuance of each such bill, you will (a) pay GD&C any amount by which the bill exceeds the Advance Payment and (b) fully replenish the Advance Payment to the USD \$1,000,000 level. In addition to applying the Advance Payment to pay each monthly bill, GD&C will be entitled to apply the Advance Payment: (1) prior to the filing of a bankruptcy or chapter 11 case by or against you, in payment of any then outstanding fees and expenses incurred through the day immediately preceding the filing of any such bankruptcy or chapter 11 case by or against you, or (2) after the filing of a bankruptcy or chapter 11 case by or against you, in payment of fees and expenses incurred by GD&C in connection with such case to the extent authorized by the Bankruptcy Code. GD&C reserves the right to request an additional advance payment if it appears that the original Advance Payment provided for herein will not be sufficient to ensure the payment by you of anticipated fees and expenses, including but not limited to fees and expenses incurred in connection with, or in contemplation of, the filing of a bankruptcy case or chapter 11 case by or against you.

Arbitration

We appreciate the opportunity to serve as your attorneys and look forward to a productive and mutually rewarding relationship. If you become dissatisfied with our charges or services, we encourage you to bring that to our attention immediately. We believe that most problems of this nature can be resolved through good faith discussion. In the event that we cannot resolve a dispute through discussion, we believe that binding arbitration offers a more expeditious and less expensive alternative than court action.

By signing this engagement letter agreement, you agree to binding arbitration in New York City of any dispute, claim or controversy regarding our services as described in the attached Terms of Retention, including any dispute as to the fees for our services, which you might otherwise have the right to arbitrate under Part 137 of the Rules of the Chief Administrator of the Courts. You are also agreeing that Arcapita is waiving its right to a jury or court trial, and is waiving any right Arcapita might have to collect punitive damages. This waiver of punitive damages applies only to the maximum extent permitted by law. If you do not wish to agree to arbitration, you should advise us before signing this letter. If you have any questions or concerns regarding the advisability of arbitration, we encourage you to discuss them with us, independent counsel, or your other advisors.

GIBSON DUNN

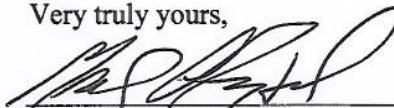
Henry A. Thompson, Esq.
March 12, 2012
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Confirmation of Agreement

You should review and familiarize yourself with the attached Terms of Retention, which are incorporated into this engagement letter agreement. If this letter and the Terms of Retention accurately reflect your understanding of our agreement, please acknowledge your approval and acceptance of these terms by signing and returning to me the enclosed copy of this letter, along with the requested Advance Payment. I would be pleased to answer any questions you might have.

On behalf of Gibson, Dunn & Crutcher LLP, I look forward to a mutually rewarding relationship.

Very truly yours,



Michael Rosenthal
of GIBSON, DUNN & CRUTCHER LLP

Agreed to this ___ day of March, 2012.

ARCAPITA BANK B.S.C.(c), ON ITS OWN
BEHALF AND ON BEHALF OF ARCAPITA
INVESTMENT HOLDINGS LIMITED,
ARCAPITA LT HOLDINGS LTD, AND ALL
OTHER DIRECT AND INDIRECT WHOLLY-
OWNED SUBSIDIARIES OF ARCAPITA
BANK B.S.C.(C)

By: 

Henry A. Thompson, Executive Director,
Head of Legal and
Authorized Representative

**TERMS OF RETENTION
OF
GIBSON, DUNN & CRUTCHER LLP**

Except as modified in writing, the following provisions will apply to the relationship between Gibson, Dunn & Crutcher LLP (the "Firm" or "we") and the client ("you"), as identified in the accompanying letter agreement:

1. Professional Fees. The Firm will bill you for the services it provides based on a variety of factors, including: the time expended; the complexity of the matter; time limitations imposed; the novelty and difficulty of the issues posed; the amount involved and the results obtained; and the experience, reputation, and ability of the attorney or attorneys performing services on your behalf. The billing rates of our attorneys and paralegals vary, depending generally upon the experience and capabilities of the attorney or paralegal involved, and we adjust these rates from time to time. Unless otherwise agreed in writing, we will charge you for their services at their assigned rates. The current assigned rates of the attorneys assigned to the Restructuring are: Michael A. Rosenthal (\$1,045 per hour); Jeff Trinklein (\$1,025 per hour); Janet Weiss (\$1,025 per hour); Matt Kelsey (\$785 per hour); and James O'Grady (\$705 per hour). Upon any adjustment in our assigned rates, we will charge you the adjusted rates. Other attorneys and paralegals may also perform services during the course of this engagement.

2. Costs and Ancillary Services. The Firm will invoice you for the cost of certain ancillary services incurred on your behalf. Generally, we will not charge you for certain services, such as word processing and regular secretarial time. Whenever practicable, discounts obtained from vendors will be passed on to you. Under certain circumstances, we may ask you to advance anticipated costs or to pay outside vendors directly for their services. The primary ancillary services and our specific policies regarding billing are set forth below. Other services may be rendered during the course of our engagement, and will also be billed to you. Our charges for these costs and ancillary services are subject to change from time to time.

2.1. Word Processing. Most of the Firm's offices have advanced word processing capabilities and our offices are linked by a network which facilitates efficiency and service to clients. The Firm does not charge for equipment usage or word processing time.

2.2. Secretarial Time. The Firm will not charge you for regular secretarial time. We bill for secretarial overtime services only if your specific demands require late night work or in other unusual circumstances (typically a large case or transaction with dedicated secretaries). The standard fee for overtime secretarial services is \$40 per hour.

2.3. Duplicating/Copying. The Firm has a substantial investment in duplicating equipment which is located not only in our service centers but also at several locations on each floor to provide quick turn-around when needed. In-house copying is billed to the client at a flat rate of \$.10 per page. If you instruct us to do so, we will use outside copying services to the extent possible. Outside duplicating services are charged to the client at the Firm's actual cost with no mark-up.

2.4. Telephone. The Firm will not charge you for local telephone service. Long distance calls are charged at a fixed rate per minute equal to the allocated actual cost as revised from time-to-time.

2.5. Telecopy. The Firm provides in-house FAX services at numerous locations for convenience and confidentiality in serving clients. There is no charge for incoming FAX documents.

Charges for outgoing documents are strictly limited to the associated long distance telephone charges. There is not a per page charge.

2.6. Legal Research. Computerized research (such as Lexis and Westlaw) is available at the attorney's desk or in a central library location. Certain vendors bill the Firm based on an annual flat rate. The Firm charges for on-line computer research time based on an allocation of the overall annual cost to provide and manage those services. The rates clients pay factor in the benefit of any discounts the Firm is able to negotiate with vendors of such services.

2.7. Overnight And Local Deliveries. We will charge you for overnight deliveries and local deliveries by outside messenger services at the Firm's actual cost. We will pass on negotiated discounts to you.

2.8. Postage. The Firm will not charge you for postage, except for large volume mailings, which are billed at the Firm's actual cost.

2.9. File Storage. The Firm will not charge you for file storage except in extraordinary circumstances and only after consultation with you and your agreement. The Firm may, at its own discretion, choose to store files electronically rather than hardcopy.

2.10. Office Supplies. We will not charge you for routine quantities of office supplies. You may incur a charge, equal to the Firm's actual cost, for substantial and unusual orders of office supplies required for a particular matter.

2.11. Travel and Subsistence. Our attorneys are instructed to incur transportation, lodging, meal and other travel costs at reasonable rates. The Firm instructs its attorneys to comply with the policies of individual clients regarding airline usage and to obtain the lowest fare available consistent with those policies. We will bill you for all travel costs at the Firm's actual cost, including passing along the direct discount offered by airline carriers. From time to time additional travel benefits from certain carriers based on volume are received by the Firm; all such benefits are generally retained by the Firm.

2.12. Employee Transportation. Under certain circumstances, the Firm provides transportation for its employees, especially when public transportation is not available or safe. In those situations where the Firm provides transportation to or from the office for an employee as part of that particular employee's regular schedule, such costs will not be billed to you. In those situations where employees are working overtime for you because of the time demands of a particular matter, the actual transportation costs may be billed at the discretion of the billing attorney.

2.13. Meetings/Meals (Other Than Travel Related). When a client or third party is present and the meeting is for the benefit of the client, the client may be billed for actual meal-related costs at the discretion of the billing attorney. Meals or beverages ordered where the client or a third party is not present will not be billed to the client, even if the meeting is for the client's benefit.

2.14. Storage Fees. The Firm charges a small monthly fee for storing images (tiff files) of discovery documents which are typically linked to databases. The cost is \$.003/file for the first 500,000 files and \$.001/file thereafter.

2.15. Other Costs and Third Party Vendors. Other costs that we incur for your benefit (such as expert witness fees; filing fees; etc.) will be billed at the Firm's actual cost. In addition, the services provided to you may involve services provided by third parties outside the Firm. You will be required to pay for these outside services directly, or to reimburse us if we make payment for these services on your behalf. When there are substantial expenditures involving outside vendors or substantial out of pocket expenditures, we will require either that you pay those sums to us before we expend them or that you directly contract with and pay the outside vendor. You agree that you will

indemnify the Firm for any claim made against the Firm from an outside vendor for services rendered in connection with the Firm's representation of you.

3. Estimates Not Binding. It is often impractical to determine in advance the amount of effort that will be needed to complete all the necessary work on a matter or the total amount of fees and costs which may be incurred. Obviously, any estimates or budgets may need to be adjusted upwards or downwards as changes occur. Moreover, these estimates and budgets are not intended to be binding, are subject to unforeseen circumstances; and by their nature are inexact.

4. Billing and Payment. Except to the extent otherwise provided in the engagement letter to which these Terms of Retention is attached, fees and expenses will generally be billed monthly and are payable upon presentation, but in no event to exceed 30 days from presentation of our statement. We expect prompt payment, and our experience indicates that prompt billing and prompt payment enhances the working relationship. We reserve the right to postpone or defer providing additional services or to discontinue our representation, to the extent legally permissible, if billed amounts are not paid when due. We also reserve the right to charge a late fee of 1% per month on all sums that are not paid within 30 days of presentation of our statement. You also agree that you will promptly review our statements and raise any questions regarding the amounts and items billed within 30 days of presentation. If you object to only a portion of the charges on a statement, then you agree to pay the remainder of the charges, which will not constitute a waiver of your objection.

5. Advance Payments. The Firm may have required an advance payment before working on this matter. All advance payments shall be deemed to be advances for attorneys' fees and for costs and expenses. Where permitted, the Firm will maintain such advance fee payments in a general account. The amount of this advance payment does not represent our estimate of the total charges which may be incurred, but is only a partial advance payment. Of course, the amount of work which we are called upon to perform may subsequently exceed our prior expectations. The Firm reserves its right, as a condition to the provision of further services, to require an advance payment, if none has previously been provided, and/or an increase in any advance payment. Any charge for services or expenditures not covered by the advance payment is due and payable directly by you upon receipt of each monthly statement. At the conclusion of our representation, any portion of any advance payment which has not been used up by services rendered or payment to third parties made or incurred will be refunded to you.

With respect to litigation matters, such matters may proceed to trial or hearing. Preparing for and conducting the trial or hearing is often time consuming and expensive. Thus, if the matter appears headed for trial, we may require an additional advance payment prior to our commencement of preparation for the trial or hearing. The amount of the advance payment will be determined once the trial or hearing appears inevitable and as soon as possible prior to the date the matter is set for trial or hearing, based upon an estimate of the magnitude of service and expenditures included. If you fail to provide this additional advance payment within 15 days after it is requested by us, you agree that we have the right to discontinue our representation to the extent legally permissible.

6. Termination of Representation.

6.1. Termination By You. You have the right to terminate our services at any time. If you decide to terminate our services, you agree to give us prompt written notice of such termination. Upon our termination, you will remain obligated to pay for all services rendered and costs or expenses paid or incurred on your behalf prior to the date of such termination or which are reasonably necessary thereafter. If we are attorneys of record in any proceeding, you agree to execute and return to us a Substitution of Attorney promptly upon receipt from us.

6.2. Termination By Us. We also have the right to withdraw from this representation if, among other things, you fail to honor the terms of our engagement letter and these Terms of Retention, you fail to make payment of any of our statements in a timely manner, you fail to cooperate or to follow

our advice on a material matter, or any fact or circumstance occurs that would, in our view, render our continuing representation unlawful or unethical, and we determine that we are permitted to withdraw our representation. If we elect to withdraw, you will take all steps necessary to free us of any obligation to perform further services, including the execution of any documents necessary to complete our withdrawal. Notwithstanding such termination, you will remain obligated to pay us for all services provided and to reimburse us for all costs and expenses paid or incurred on your behalf.

6.3. Date of Termination. Our representation of you will be considered terminated at the earlier of (a) your termination of our representation, (b) our withdrawal from our representation of you or (c) the substantial completion of our work for you. In the event there has been no work performed by our attorneys on your behalf for a period of six consecutive months, we agree that our attorney-client relationship will have been terminated.

6.4 Duties Upon Termination. Upon termination of our involvement in a particular matter for which we were engaged, we will have no further duty to inform you of future developments or changes in law which may be relevant to such matter. Further, unless you and the Firm agree in writing to the contrary, we will have no obligation to monitor renewal or notice duties or similar deadlines which may arise from the matters for which we had been engaged. If your matter involves obtaining a judgment and such judgment is obtained, we will only be responsible for those post-judgment services (such as recording abstracts, filing judgment liens, and calendaring renewals of judgments) as are expressly agreed to by you and the Firm in writing, and for which you will be obliged to pay.

7. Arbitration.

7.1. ARBITRATION OF ALL DISPUTES, CLAIMS OR CONTROVERSIES. PART 137 OF THE RULES OF THE CHIEF ADMINISTRATOR OF THE COURTS GIVES YOU THE RIGHT, IN CERTAIN CIRCUMSTANCES, TO SUBMIT A DISPUTE ABOUT THE FEES FOR OUR SERVICES TO ARBITRATION. A COPY OF THE WRITTEN INSTRUCTIONS AND PROCEDURES FOR PART 137 IS ATTACHED. BY SIGNING THIS AGREEMENT, YOU ACKNOWLEDGE: 1) THAT YOU HAVE READ THESE WRITTEN INSTRUCTIONS AND PROCEDURES, 2) THAT YOU HAVE BEEN ADVISED OF YOUR RIGHT TO USE THE FEE ARBITRATION PROCEDURES OF PART 137, AND 3) THAT YOU ARE NOT REQUIRED TO AGREE TO ARBITRATE ANY FEE DISPUTE IN AN ARBITRAL FORUM OUTSIDE PART 137. NOTWITHSTANDING WHATEVER RIGHTS YOU MAY HAVE UNDER PART 137, BY SIGNING THIS AGREEMENT, YOU HEREBY AGREE TO RESOLVE ALL FEE DISPUTES BY ARBITRATION BEFORE AN ARBITRAL FORUM OUTSIDE PART 137. YOU THEREBY AGREE TO WAIVE YOUR RIGHTS WITH REGARD TO ARBITRATION PURSUANT TO PART 137, WHICH INCLUDES THE RIGHT TO REJECT THE ARBITRATOR(S) AWARD BY COMMENCING AN ACTION ON THE MERITS IN A COURT OF LAW.

AS A MATERIAL PART OF OUR AGREEMENT, YOU AND THE FIRM AGREE THAT ANY AND ALL DISPUTES, CLAIMS OR CONTROVERSIES ARISING OUT OF OR RELATING TO THIS AGREEMENT, OUR RELATIONSHIP, OR THE SERVICES PERFORMED OR ANY OTHER MATTER OR THING, SHALL BE DETERMINED EXCLUSIVELY BY CONFIDENTIAL, FINAL AND BINDING ARBITRATION AS FOLLOWS:

(A) THE MATTERS SUBMITTED TO ARBITRATION SHALL BE HEARD AND DETERMINED BY A SINGLE ARBITRATOR IN THE PRINCIPAL CITY OF THE FEDERAL JURISDICTION IN WHICH THIS AGREEMENT IS ENTERED INTO, IN ACCORDANCE WITH THE THEN EXISTING RULES FOR COMMERCIAL ARBITRATION OF THE JUDICIAL ARBITRATION AND MEDIATION SERVICES ("JAMS").

(B) ANY PARTY TO THE ARBITRATION MAY REQUEST JAMS TO IDENTIFY PANELS OF RETIRED OR FORMER JURISTS QUALIFIED AND ABLE TO

SIT AS ARBITRATORS OF THE MATTERS SUBMITTED FOR ARBITRATION, AND THE ARBITRATOR DETERMINING THE SUBMITTED MATTERS SHALL BE SELECTED FROM SUCH PANELS PURSUANT TO JAMS RULES.

(C) DISPUTES, CLAIMS AND CONTROVERSIES SUBJECT TO FINAL AND BINDING ARBITRATION UNDER THIS AGREEMENT INCLUDE, WITHOUT LIMITATION, ALL THOSE THAT OTHERWISE COULD BE TRIED IN COURT TO A JUDGE OR JURY IN THE ABSENCE OF THIS AGREEMENT. SUCH DISPUTES, CLAIMS AND CONTROVERSIES INCLUDE, WITHOUT LIMITATION, CLAIMS FOR PROFESSIONAL MALPRACTICE, DISPUTES OVER OUR FEES AND EXPENSES, ANY DISPUTES OVER THE QUALITY OF SERVICES WHICH WE RENDER, ANY CLAIMS RELATING TO OR ARISING OUT OF YOUR OR OUR PERFORMANCE UNDER THIS AGREEMENT, AND ANY OTHER CLAIMS ARISING OUT OF ANY ALLEGED ACT OR OMISSION BY YOU OR US.

(D) EXCEPT AS OTHERWISE DETERMINED BY THE ARBITRATOR, THE FEES OF THE ARBITRATION INITIALLY WILL BE PAID EQUALLY BY BOTH THE FIRM AND YOU. HOWEVER, THE ARBITRATOR SHALL HAVE THE RIGHT TO ORDER EITHER PARTY TO PAY ALL FEES AND COSTS AS PART OF THE AWARD.

(E) BY AGREEING TO SUBMIT ALL DISPUTES, CLAIMS AND CONTROVERSIES TO BINDING ARBITRATION, YOU AND THE FIRM EXPRESSLY WAIVE ANY RIGHTS TO HAVE SUCH MATTERS HEARD OR TRIED IN COURT BEFORE A JUDGE OR JURY OR IN ANOTHER TRIBUNAL. YOU AND THE FIRM FURTHER AGREE, TO THE MAXIMUM EXTENT PERMITTED BY LAW, TO WAIVE ANY RIGHT YOU OR THE FIRM MAY HAVE TO PUNITIVE DAMAGES.

(F) THE ARBITRATOR SHALL BE AUTHORIZED TO DETERMINE ALL ISSUES IN ARBITRATION AS IF THE ARBITRATOR WERE SITTING AS A JUDGE WITHOUT A JURY, AND THE ARBITRATOR SHALL RENDER A WRITTEN REASONED AWARD WITH FINDINGS OF FACT AND CONCLUSIONS OF LAW SUFFICIENT TO SUPPORT SUCH JUDICIAL REVIEW AS IS PROVIDED BY APPLICABLE STATUTES GOVERNING ARBITRATIONS.

(G) ANY ARBITRATION AWARD SHALL BE FINAL, BINDING AND CONCLUSIVE UPON THE PARTIES, SUBJECT ONLY TO JUDICIAL REVIEW PROVIDED BY STATUTES GOVERNING ARBITRATIONS, AND A JUDGMENT RENDERED ON THE ARBITRATION AWARD MAY BE ENTERED IN ANY STATE OR FEDERAL COURT HAVING JURISDICTION THEREOF.

7.2. WAIVER OF RIGHT TO JURY OR COURT TRIAL. YOU UNDERSTAND THAT BY ENTERING INTO THIS AGREEMENT YOU AND THE FIRM ARE WAIVING ANY RIGHT TO A JURY OR COURT TRIAL, AND YOU ARE WAIVING YOUR RIGHT TO ARBITRATE FEE DISPUTES UNDER PART 137 OF THE RULES OF THE CHIEF ADMINISTRATOR OF THE COURTS (22 N.Y.C.R.R.).

7.3 WAIVER OF RIGHT TO RECEIVE PUNITIVE DAMAGES. YOU UNDERSTAND THAT BY ENTERING INTO THIS AGREEMENT, YOU AND THE FIRM ARE WAIVING, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY RIGHT YOU OR THE FIRM HAVE TO AN AWARD OF PUNITIVE DAMAGES.

7.4 OTHER ARBITRATION SERVICE PROVIDERS. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE PARTIES TO STIPULATE AND AGREE TO CONDUCT THE ARBITRATION BEFORE AND PURSUANT TO THE THEN EXISTING RULES OF ANY OTHER AGREED-UPON ARBITRATION SERVICES PROVIDER.

8. Identity of the Client. The Firm's client for purposes of this engagement is only the person(s), entity or entities identified in the accompanying letter agreement. Unless expressly agreed, we are not undertaking the representation of any related or affiliated person or entity, nor any family member, parent corporation or entity, subsidiary, or affiliated corporation or entity, nor any of your or their officers, directors, agents, partners or employees.

9. Conflicts of Interest. To assist in avoiding representation of parties with conflicts of interest, we maintain a computerized conflict of interest index. The Firm will not represent any party with an interest that may be adverse to that of a person or entity included in the index without an examination to determine whether a conflict of interest would actually be created. To allow us to conduct a conflicts check, you represent that you have identified for us all persons and entities that are or may become involved in this matter, including all persons and entities that are affiliated with you and the other involved or potentially involved parties (such as parent corporations, subsidiaries and other affiliates, officers, directors and principals). You also agree that you will promptly notify us if you become aware of any other persons or entities that are or may become involved in this matter.

10. Consent to Electronic Communications. In order to maximize our efficiency, we intend to use state of the art communication devices to the fullest extent possible (e.g., e-mail, document transfer by computer, cellular telephones, facsimile transfers and such other devices which may develop in the future). The use of such devices under current technology may place your confidences and privileges at risk. However, we believe the efficiencies involved in the use of these devices outweighs the risk of accidental disclosure. By agreeing to these terms you consent to the use of these electronic communication devices.

11. Related Proceedings and Activities. If any claim is brought against the Firm or any of its personnel based on your negligence or misconduct, if we are asked to testify as a result of our representation of you, or if we must defend the confidentiality of your communications in any proceeding, you agree to pay us for any resulting costs, including for our time, calculated at the hourly rate for the particular individuals involved, even if our representation of you has ended.

12. Limitations on Liability.

12.1. General Limitation on Liability. You agree that the Firm shall not have any liability to you in connection with our representation of you except for liability for losses, claims, damages, liabilities or expenses incurred by you that result from our professional malpractice, gross negligence or willful misconduct.

12.2. Registered Limited Liability Partnership. Gibson, Dunn & Crutcher LLP is a California registered limited liability partnership. As a result, with certain possible limited exceptions, none of which may be applicable, the partners of the Firm are not liable or accountable, directly or indirectly, including by way of indemnification, contribution, assessment, or otherwise, for debts, obligations, or liabilities of or chargeable to the Firm or another partner in the Firm, whether arising in tort, contract, or otherwise, that are incurred, created, or assumed by the Firm, by reason of being a partner or acting in the conduct of the business or activities of the Firm.

12.3. Additional Rights. The provisions of this Section 12 are in addition to any rights that we may have at common law or otherwise, including but not limited to any right of contribution.

12.4. Indemnification. You agree to indemnify and hold harmless the Firm and each current, former and future partner, associate and employee of the Firm, to the full extent permitted by law, from and against all claims, actions, liabilities or damages related to or arising out of our representation of you and you will reimburse us for all expenses as they are incurred by us in connection with investigating, preparing to defend or defending against such claims or actions (including attorneys' fees, experts' fees, disbursements and compensation for the time expended by attorneys of the Firm in connection with any

such action or claim, calculated at the hourly rate for the particular individuals involved), whether or not in connection with pending or threatened litigation in which we are a party or potential party; provided, however, that you will not be responsible for any claims, actions, liabilities, damages, losses or expenses which are finally judicially determined to have resulted from our professional malpractice, gross negligence or willful misconduct.

13. No Guarantee of Outcome. We do not and cannot guarantee the outcome in any matter. Our comments about the outcome of your matter are expressions of opinion only.

14. Document Retention and Destruction. In the course of our representation of you, we are likely to come into possession of copies or originals of documents or other materials belonging to you or others (collectively, "materials"). Once the particular matter to which those materials relate has been concluded, we will make arrangements either to return the documents to you, retain them in our storage facilities or to dispose of the materials. In the absence of any other arrangements made with you, the Firm's records retention policy provides that upon the expiration of seven years after a matter has been closed, all materials in the file may be destroyed or discarded without notice to you. Accordingly, if there are any documents or other materials you wish to have retrieved from your file at the conclusion of a matter, it will be necessary for you to advise us of that request to insure that they are not destroyed.

The Firm's files pertaining to the matter will not be delivered to you. You agree that the Firm's files include, for example, Firm administrative records, time and expense reports, personnel and staffing materials, and credit and accounting records, as well as internal lawyer's work product (such as drafts, notes, internal memoranda, and legal and factual research, including investigative reports and mental impressions prepared by us for our internal use). You agree that the Firm's files remain our property and for various reasons, including the minimization of unnecessary storage expenses, or for no reason, we may destroy or otherwise dispose of the Firm's files within a reasonable time after the conclusion of the matter.

15. Application to Subsequent Matters. The agreement reflected in these Terms of Retention, and in the accompanying letter, applies to our present representation of you and to any subsequent matters which we agree to undertake on your behalf, unless we agree in writing to some different arrangement.

You also agree to pay the Firm on the same basis as set forth above, the Firm's fees, charges and expenses incurred in responding to subpoenas, in testifying (and preparing testimony) by deposition or otherwise, and otherwise responding with respect to claims or demands relating to or arising out of the matters in which we have represented or are representing you, whether or not related to our services and whether or not we are then representing you.

16. Entire Agreement. These Terms of Retention and the accompanying letter agreement supersede all other prior and contemporaneous written and oral agreements and understandings between us and contain the entire agreement between the parties. This agreement may be modified only by subsequent written agreement of the parties. You acknowledge that no promises have been made to you other than those stated in this agreement.

17. Partial Invalidity. If any provision or portion of this agreement is held in whole or in part to be unenforceable for any reason, the remainder of that provision and of the entire agreement will be severable and remain in effect.

18. Applicable Law. This agreement shall be governed by the internal law, and not the law pertaining to choice or conflict of laws, of the State of New York.

19. Compliance With Section 307 of the Rules of the Securities and Exchange Commission.
The Firm has adopted policies relating to compliance with the rules adopted pursuant to the Sarbanes-Oxley Act, and will provide a copy of these policies to you upon request.

20. Severability. If any section or portion of these terms are determined by any court or arbitrator to be illegal or invalid, the validity of the remaining terms shall not be affected therein and said illegal or invalid term shall be deemed not to be a part of this Agreement.

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UCS 137-3 (5/02)

**STANDARD WRITTEN INSTRUCTIONS AND PROCEDURES
TO CLIENTS FOR THE RESOLUTION OF FEE DISPUTES PURSUANT
TO PART 137 OF THE RULES OF THE CHIEF ADMINISTRATOR**

Part 137 of the Rules of the Chief Administrator of the Courts provides a procedure for the arbitration (and in some cases mediation) of fee disputes between attorneys and clients in civil matters. Your attorney can provide you with a copy of Part 137 upon request or you can download a copy at <http://www.nycourts.gov/admin/feedispute> . Fee disputes may involve both fees that you have already paid to your attorney and fees that your attorney claims are owed by you. If you elect to resolve your dispute by arbitration, your attorney is required to participate. Furthermore, the arbitration will be final and binding on both your attorney and you, unless either of you seeks a trial *de novo* within 30 days, which means either of you reject the arbitrator's decision by commencing an action on the merits of the fee dispute in a court of law within 30 days after the arbitrator's decision has been mailed. Fees disputes which may not be resolved under this procedure are described in Part 137.1 of the Rules of Chief Administrator of the Courts: representation in criminal matters; amounts in dispute involving a sum of less than \$1000 or more than \$50,000 unless the parties consent; and claims involving substantial legal questions, including professional malpractice or misconduct. Please consult Part 137.1 for additional exclusions.

Your attorney may not bring an action in court to obtain payment of a fee unless he or she first has provided written notice to you of your right to elect to resolve the dispute by arbitration under Part 137. If your attorney provides you with this notice, he or she must provide you with a copy of the written instructions and procedures of the approved local bar association-sponsored

fee dispute resolution program (“Local Program”) having jurisdiction over your dispute. Your attorney must also provide you with the “Request for Fee Arbitration” form and advise that you must file the Request for Fee Arbitration with the local program within 30 days of the receipt of the notice. If you do not file the Request within those 30 days, you will not be permitted to compel your attorney to resolve the dispute by arbitration, and your attorney will be free to bring a lawsuit in court to seek to obtain payment of the fee.

In order to elect to resolve a fee dispute by arbitration, you must file the attached “Request for Fee Arbitration” with the approved local program. An updated list of local programs is available at <http://www.nycourts.gov/admin/feedispute> or by calling 877-FEES 137 (877- 333-7137).

Filing of the Request for Fee Arbitration must be made with the appropriate local program for the county in which the majority of legal services were performed. Once you file the Request for Fee Arbitration, the local program will mail a copy of the request to your attorney, who must provide a response within 15 days of the mailing. You will receive at least 15 days notice in writing of the time and place of the hearing and of the identity of the arbitrator(s). The arbitrator(s) decision will be issued no later than 30 days after the date of the hearing. You may represent yourself at the hearing, or you may appear with an attorney if you wish.

Some local programs may offer mediation services in addition to arbitration. Mediation is a process by which those who have a fee dispute meet with the assistance of a trained mediator to clarify issues and explore options for a mutually acceptable resolution. Mediation provides the opportunity for your attorney and you to discuss your concerns without relinquishing control over the outcome and of achieving a result satisfactory to both of you. Participation in mediation is voluntary for your attorney and you, and it does not waive any of your rights to arbitration

under these rules. If you wish to attempt to resolve your dispute through mediation, you may indicate your wish on the Request for Fee Arbitration form.

More information, including an updated list of local programs, is available at:
<http://www.nycourts.gov/admin/feedispute> or by calling (877) FEES 137.

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Schedule 1

List of Gibson Dunn Professionals

SCHEDULE 1 - LIST OF GIBSON DUNN PROFESSIONALS

| Timekeeper | Position | Current Rate |
|---------------------|-------------------|---------------------|
| Craig Millet | Partner | 995 |
| Janet Weiss | Partner | 1,025 |
| Jeffrey Trinklein | Partner | 1,025 |
| Matthew J. Williams | Partner | 865 |
| Michael Rosenthal | Partner | 1,045 |
| Matthew Kelsey | Of Counsel | 785 |
| Ayesha Chatterjee | Associate | 475 |
| Brian Kim | Associate | 620 |
| Douglas Levin | Associate | 515 |
| Joshua Weisser | Associate | 735 |
| Jeremy Graves | Associate | 595 |
| Saud Almotawa | Visiting Attorney | 175 |

Schedule 2

Disclosure of Representation

SCHEDULE 2 – DISCLOSURE OF REPRESENTATION

Set forth below are the Interested Parties (other than the Debtors and the Debtors' affiliated entities) whom Gibson Dunn currently represents or has represented within the past three years. Several Interested Parties fall into multiple categories below; however, each Interested Party has been listed only once.

Debtor and non-debtor affiliates

1. Garrison Investment Group LP: Gibson Dunn currently represents Garrison Investment Group LP as DIP Agent and Lender and Prepetition Secured Lender in connection with the chapter 11 case of Church Street Health Management, LLC, pending before the U.S. Bankruptcy Court in the Middle District of Tennessee. A majority of the membership interests in Church Street are indirectly owned by Arcapita Bank B.S.C.(c). Substantially all of the assets of Church Street and its subsidiaries are proposed to be sold, with the consent of the equity holders, pursuant to Section 363 of the Bankruptcy Code in accordance with Bid Procedures approved by the Middle District of Tennessee Bankruptcy Court. The indirect affiliate of Arcapita Bank B.S.C.(c) that is the principal equity holder of Church Street Health Management, LLC, is represented in the Church Street case by King and Spaulding. Gibson Dunn established an ethical screen upon being retained by Garrison Investments in connection with the Church Street matter between the Garrison Investment team and those lawyers that historically had performed services for the Debtors. Pending consummation of the above-referenced Section 363 Sale, no member of the Garrison Investment team will perform services for the Debtors.

Significant Equity Holders

2. Jasmine Quadrilateral Investment Corp: Gibson Dunn currently represents Jasmine Quadrilateral Investment Corporation in corporate and tax matters that are unrelated to the Debtors and these chapter 11 cases.

Current officers and directors, board members of the Debtors and individuals who served as officers or directors of the Debtors in the past two years

3. No disclosures.

Secured Lenders

4. Standard Chartered Bank: Gibson Dunn has represented and currently represents Standard Chartered Bank and Standard Bank PLC in corporate and litigation matters that are unrelated to the Debtors and these chapter 11 cases.

Debtors Top 50 Largest Unsecured Creditors

5. Bank of America, N. A.: Gibson Dunn has represented and currently represents Bank of America, N.A. in corporate and litigation matters unrelated to the Debtors. In addition, Gibson Dunn has represented Bank of America's affiliated entities Banc of America Securities Holdings and Bank of America Securities LLC in matters unrelated to the Debtors and these

chapter 11 cases. From April 2011 until March 2012, approximately .1% of Gibson Dunn's revenues was earned from Bank of America.

6. Credit Suisse: Gibson Dunn has represented and currently represents Credit Suisse in various matters unrelated to the Debtors. In addition, Gibson Dunn has represented and currently represents affiliated entities Credit Suisse Alternative Investments, Credit Suisse (USA), Inc., Credit Suisse First Boston, Credit Suisse First Boston Mortgage Securities Corp., Credit Suisse Group, Credit Suisse Holdings (USA), Inc., Credit Suisse Premier Manager-Asia, LP, Credit Suisse Securities (USA) LLC, and CSFB Private Equity Partners Fund III LP in various matters unrelated to the Debtors and these chapter 11 cases. From April 2011 until March 2012, approximately 1.13% of Gibson Dunn's revenues was earned from Credit Suisse.

7. ING: Gibson Dunn has represented and currently represents ING in various matters that are unrelated to the Debtors and these chapter 11 cases. Additionally, Gibson Dunn represents ING Real Estate Finance (USA) LLC, INV Investment Advisors LLC, and ING Financial Partners Inc. in real estate and litigation matters that are unrelated to these chapter 11 cases. From April 2011 until March 2012, approximately .05% of Gibson Dunn's revenues was earned from ING.

8. Deutsche Bank AG: Gibson Dunn has represented and currently represents Deutsche Bank AG in various matters that are unrelated to the Debtors and these chapter 11 cases. From April 2011 until March 2012, approximately .9% of Gibson Dunn's revenues was earned from Deutsche Bank.

9. Goldman, Sachs & Company: Gibson Dunn has represented and currently represents Goldman, Sachs & Company in corporate and litigation matters that are unrelated to the Debtors and these chapter 11 cases. From April 2011 until March 2012, approximately .41% of Gibson Dunn's revenues was earned from Goldman Sachs.

10. The Royal Bank of Scotland: Gibson Dunn has represented and currently represents Royal Bank of Scotland in corporate and litigation matters unrelated to the Debtors and these chapter 11 cases. In addition, Gibson Dunn represents RBS Securities, Inc. and Royal Bank of Scotland (France) in matters unrelated to these chapter 11 cases. From April 2011 until March 2012, approximately .07% of Gibson Dunn's revenues was earned from The Royal Bank of Scotland.

The Debtors' Bank Accounts

11. J.P. Morgan Chase: Gibson Dunn has represented and currently represents J. P. Morgan Chase in corporate, litigation, and real estate matters that are unrelated to the Debtors and these chapter 11 cases.

12. Bank of Bahrain: Gibson Dunn represents Bank of Bahrain and Kuwait B.S.C. in corporate matters unrelated to these chapter 11 cases.

Ordinary Course Professionals

13. Ernst & Young, LLP: Gibson Dunn currently represents Ernst & Young, LLP in various corporate matters that are unrelated to the Debtors and these chapter 11 cases.

Debtors' Significant Vendors

14. American Express: Gibson Dunn has represented and currently represents American Express Travel Related Services in matters unrelated to the Debtors and these chapter 11 cases.

15. Paget-Brown Trust Company Ltd: Gibson Dunn represents and has represented Paget-Brown Trust Company Ltd. on various matters unrelated to the Debtors.

16. KPMG: Gibson Dunn has represented and currently represents KPMG LLP on various matters that are unrelated to the Debtors and these chapter 11 cases. In addition, Gibson Dunn represents KPMG Germany and KPMG AZSA LLC on various matters unrelated to the Debtors and these chapter 11 cases

17. Korn Ferry International: Gibson Dunn represents and has represented Korn Ferry International in various matters unrelated to the Debtors and these chapter 11 cases.

18. Navigant Consulting, Inc. Gibson Dunn represents and has represented Navigant Consulting, Inc. on corporate matters unrelated to the Debtors and these chapter 11 cases.

19. Blackstone Group: Gibson Dunn represents and has represented Blackstone Group L.P. in corporate matters unrelated to the Debtors and these chapter 11 cases. In addition, Gibson Dunn represents Blackstone Group (HK), Blackstone Real Estate Special Situation, and GSO/Blackstone Debt Funs Management LLC in corporate and litigation matters unrelated to the Debtors and these chapter 11 cases.

20. Marsh: Gibson Dunn represents and has represented Marsh on various corporate and litigation matters unrelated to the Debtors and these chapter 11 cases.

21. PricewaterhouseCoopers: Gibson Dunn represents and has represented PricewaterhouseCoopers LLP, PricewaterhouseCoopers International Limited and PricewaterhouseCoopers AG, Liquidator in litigation and bankruptcy matters unrelated to the Debtors and these chapter 11 cases.

Parties to Significant Executory Contracts:

22. Xerox Corporation: Gibson Dunn has represented and currently represents Xerox Corporation in various corporate and litigation matters unrelated to the Debtors and these chapter 11 cases.

23. Microsoft Bahrain: Gibson Dunn does not currently represent Microsoft Bahrain. However, Gibson Dunn has represented and currently represents Microsoft in corporate and litigation matters unrelated to the Debtors and these chapter 11 cases.

Professionals that may be employed in Chapter 11

24. Rothschild: Gibson Dunn has represented and currently represents Nathaniel Rothschild in corporate and litigation matters unrelated to the Debtors and these chapter 11 cases.

Schedule 3

List of Interested Parties

SCHEDULE 3 – LIST OF INTERESTED PARTIES

(i) Debtor and non-debtor affiliates:

Arcapita Bank B.S.C.(c)
Arcapita Investment Holdings Limited
Arcapita LT Holdings Limited
WindTurbine Holdings Limited
AEID II Holdings Limited
RailInvest Holdings Limited
AEI II Cayman Holdings Limited
AEI II Holdings Limited
AHQ Cayman Holdings Limited
AIA Limited
AIDT India Holdings Limited
AIFL Investment Holdings Limited
AMPAD Holdings Limited
AquaInvest Holdings Limited
ARC (Cayman) Real Estate Fund Holdings Limited
ARC Management Limited
Arcapita (Europe) Limited
Arcapita (HK) Limited
Arcapita (Singapore) Limited
Arcapita (US) Limited
Arcapita Fund Administration Services Limited
Arcapita GCC Real Estate Management I Limited
Arcapita Hong Kong Limited
Arcapita Inc.
Arcapita Industrial Management I Limited
Arcapita Industrial Management II Limited
Arcapita Industrial Management Sarl
Arcapita Investment Management Limited
Arcapita Investment Funding Limited
Arcapita Limited (UK)
Arcapita Pte. Limited (Singapore)
Arcapita Structured Finance Limited
Arcapita Ventures I Holdings Limited
Arcapita Ventures I WCF Limited
ArcIndustrial European Development Holdings Limited
ArcResidential Japan Holdings Limited
ArcResidential Japan WCF Limited
Ard Limited
Aspen Valley Ranch Holdings Limited
Aspen Valley Ranch WCF Limited
Avionics Holdings Limited
Avionics WCF Limited

Bert Funding Company Limited
Blacktop Holdings Limited
Bospower Holdings Limited
Bospower WCF II Limited
BosPower WCF Limited
BT Holdings Limited BT WCF Limited
Cajun Holdings Limited
Castello Holdings Limited
Castello WCF Limited
CEE Residential I Holdings Limited
CEIP Holdings Limited
CEIP WCF Limited
Chicago Condominium Holdings Limited
Chicago Condominium WCF Limited
Commerce - MGI (Malaysia) Ltd.
Commerce MGI SDN. BHD
Compufin Limited
Condo Conversion WCF Limited
DAH Holdings Limited
Distric Cooling Holdings Limited
Drillbit Holdings Limited
Drillbit WCF II Limited
Drillbit WCF Limited
Earth Holdings Limited
Earth WCF Limited
ElectricInvest Holdings Limited
ElectricInvest WCF II Limited
ElectricInvest WCF Limited
Eternal Holdings Limited
FEDI Limited
FlowInvest WCF Limited
Fountains WCF Limited
French Kitchen Holdings Limited
Gas Holdings Limited
Gas WCF Limited
HEDI Investments Limited
India Growth Holdings Limited
Innovations Holdings Limited
Insulation Holdings Limited
Isle Holdings II Limited
Isoftechnology WCF Limited
ISP International Limited
JEDI Limited
JJ Holdings Limited KEDI Limited
La Mesa Holdings Limited Locker Room Holdings II Limited
Locker Room Holdings Limited

Loghomes Holdings Limited
Loghomes II WCF Limited
LogHomes WCF Limited
Logistics Holdings Limited
Logistics WCF Limited
Longwood Holdings Limited
Lusail Heights Holdings Limited
Majestic Global Investments Limited
MC Limited
MEDI Limited
Medifax Holdings Limited
MS Surgery Holdings Limited
NavIndia Holdings Limited
Oman Industrial Holdings Limited
Oman Logistics Fund Holdings Limited
Orlando Residential Holdings Limited
OSP Holdings Limited
OSP WCF Limited
Outlet Center Holdings Limited
Outlet Center WCF Limited
Palatine Holdings Limited
Perennial Holdings II Limited
Perennial Holdings III Limited
Perennial Holdings IV Limited
Perennial Holdings Limited
PointPark Properties EOOD
Pointpark Properties France SAS
Pointpark Properties GmbH
PointPark Properties Pte. Limited
Pointpark Properties S.p.z.o.o.
Pointpark Properties S.r.o.
Pointpark Properties SK S.r.o.
PointPark Properties W.L.L.
PointPark Properties, S.L.
Poland Residential Holdings Limited
Pond Bay Holdings Limited
Premium Coffee Holdings Limited
PVC Holdings Limited
PVC WCF Limited
Rapids Limited
Riffa Holdings Limited
Riffa WCF Limited
Ritzy Property Holdings Limited
Saudi Industrial Holdings Limited
Singapore Industrial Holdings Limited
Singapore Industrial II Holdings Limited

Singapore Industrial II WCF Limited
Singapore Industrial WCF Limited
Small Smiles Holdings Limited
Sonar Holdings Limited
Sortalogic Holdings Limited
StockMore Holdings Limited
StoraFront Holdings Limited
Storapod Holdings Limited
Storapod WCF II Limited
Storapod WCF Limited
TechInvest Holdings Limited
TechInvest WCF Limited
Tender Loving Care Holdings Limited
US Senior Living WCF Limited
VGC WCF Limited
Victory Heights Lifestyle Holdings Limited
Victory Heights WCF Limited
WaterWarf Holdings II Limited
WaterWarf Holdings Limited
Waverly Holdings Limited
Wind Power Holdings Limited
WindTurbine WCF Limited
YAK Holdings Limited

(ii) **Debtors' prepetition and postpetition secured bank lenders, advisors and counsel:**

Standard Charter Bank
WestLB AG

(iii) **Holders of more than 5% of the Debtors' equity securities:**

Jasmine Quadrilateral Investment Corp.

(iv) **Current officers and directors, board members of the Debtors and individuals who have served as officers or directors of the Debtors in the past two years:**

Dr. Khalid Boodai
Mr. Khalifa Mohammed Al-Kindi
Hajah Hartini Binti Haji Abdulla
Dr. HJ Mohd. Amin Liew Bin Abdullah
Sheikh Mohammed Abdulaziz Aljomaih
Mr. Abdulaziz Hamad Aljomaih
Mr. Ghazi Fahad Alnafisi
Sheikh Khalid Bin Thani Bin Abdullah Al-Thani
Mr. Ibrahim Yusuf Al-Ghanim
Mr. Abdulla Abdullatif Al-Fozan

Mr. Abdulrahman Abdulaziz Al-Muhanna
Mr. Junaidi Masri
H.E. Sheikh Jassim Bin Hamad Bin Jassim Bin Jabr
Mr. Atif Ahmed Abdulmalik
Mr. Aamer Abduljalil Al-Fahim

(v) **Professionals to be employed by the Debtors in these chapter 11 cases:**

Gibson, Dunn & Crutcher LLP
Linklaters
Rothschild
The Garden City Group, Inc.
Alvarez & Marsal
KPMG
Hatim S. Zu'Bi & Partners
Trowers & Hamlins
Mourant Ozannes

(vi) **The Debtors' 50 largest unsecured creditors on a consolidated basis as identified in their chapter 11 petitions:**

Central Bank of Bahrain
Commerzbank
National Bank of Bahrain
Bahrain Bay Development B.S.C.(c)
District Cooling Capital Limited
Arcsukuk (2011 - 1) Limited
Euroville Sarl (formally Satinland Finance Sarl)
Riyad Bank
VR Global Partners LP
Midtown Acquisitions LP
Thornbeam Limited
Perbadanan Tabung Amanah Islam Brunei
Fortis Bank NA/NV
Overseas Fund Co. S.P.C.
Devonshire Limited
Standard Bank plc
BBB Holding Company II Limited
Goldman Sachs Lending Partners
Barclays Bank plc
Bank of America N.A.
CIMB Bank Berhad
Credit Suisse, London
Deutsche Bank Luxembourg S.A.
European Islamic Investment Bank Plc
Malayan Banking Berhad, London Branch

Mashreqbank psc
Royal Bank of Scotland N.V.
The Royal Bank of Scotland plc
The Arab Investment Company S.A.A.
ING Bank N.V.
HSH Nordbank AG, Luxembourg Branch
Yayasan Sultan Haji Hassanal Bolkihah
Bandtree SDN BHD
Saudi Industrial Capital I Limited
Fuad Al Ghanim & Sons General Trading and Contracting
BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse
Aktiengesellschaft
BBK B.S.C.
Boubyan Bank K.S.C.
Doha Bank
Natixis
Perbadanan Tabung Amanah Islam Brunei
Tadhamon Capital B.S.C.
Kuwait Finance House KSC
NavIndia Holding Company Limited
Commerzbank (beneficiary PVC (Lux) Lux Holding Company S.a. r.l.)
Falcon Gas Storage Company, Inc.
The Governor and Company of the Bank of Ireland
Bank of Taiwan, Singapore Branch
G.P. Zachariades Overseas Ltd.
Tabung Amanah Pekerja

(vii) **The Debtors' ordinary course professionals:**

Ernst & Young
Keypoint Consulting
Haya Rashed Al Khalifa Law Firm
Farid Hassani

(viii) **The Debtors' landlords:**

Noon Investment Company (storage)

(ix) **The Debtors' utility providers:**

Ministry of Electricity
Bahrain Telecom. Company
Zain Bahrain B.S.C.(c)
Menatelecom
Bahrain Bay Utilities Company BSC(c)
2Connect

(x) **The Debtors' insurers and insurance brokers:**

Solidarity General
Marsh Ltd.

(xi) **The Debtors' list of bank accounts:**

JP Morgan Chase, New York
Arab Banking Corporation
Bank of Bahrain & Kuwait
National Bank of Bahrain
Bahrain Islamic Bank
DBS Bank Ltd
Standard Chartered Bank
Standard Bank PLN
Standard Bank SGD

(xii) **The Debtors' 50 largest customers:**

[REDACTED]

(xiii) **The Debtors' 50 largest vendors:**

Keypoint Consulting WLL
Nass Contracting Co. W.L.L / Murray & Ro
ADP Total Source
Bahrain Bay Development B.S.C. (c)
King & Spalding
American Express
Advent Resource Consultancy
Ernst & Young
Paget Brown & Co
Bahrain Bay Utilities Company BSC(c)
Al-Gosaibi Travel Agency
KPMG
Social Insurance Organization (GOSI)
Yousef A Alammar
Korn / Ferry International
National Bank of Bahrain BSC
Gibson, Dunn & Crutcher
Bahrain Telecom. Company
Cleary Gottlieb Steen & Hamilton LLP
Navigant Consulting Inc
CDL Properties Ltd.
Linklaters

Walter Knoll AG & Co. KG
Illinois Department of Revenue
PointPark Properties s.r.o.
Path Solutions K.S.C.C
Sima Samiealhak Q Malak
Dawnay, Day & Co. Limited
Takaful International Co.
ASM Formule 3 / Art Grand Prix
GlassRanter Advisory & Capital Group, LL
CrediMax
Rothschild
The Blackstone Group International Limit
Central Bank of Bahrain
Marsh
MAF Dalkia Bahrain
Treasurer, State of Maine
2Connect WLL
Oliver Wyman Limited
Siteco
Riyadh House Est
Ministry of Electricity
Maples and Calder
KMS Team New York Inc.
Peter Paul Pardi
Pricewaterhouse Coopers LLP
CMS Cameron McKenna LLP
St. Christophers School
Al-Moayyed Computers

(xiii) Parties relating to significant litigation to Debtors:

Riffa Views B.S.C.(c)
GP Zachariades Overseas Ltd.
Tide Natural Gas Storage I, LP
Tide Natural Gas Storage II, LP
Falcon Gas Storage Company, Inc.
Profine GmbH
Commerzbank

(xiv) Parties to executory contracts:

Shutdown Maintenance Service
Quick Zebra Services
MAF Dalkia Bahrain
Path Solutions
Microsoft Bahrain

Zutecgulf W.L.L., Bahrain
EastNets
Xerox
Prevention Software
Honeywell
Sonar Security